



**BEING THERE
FOR EACH OTHER.
WITH A HEART
FOR THE WORLD.**



ANNUAL REPORT
of the Sava Insurance Group
and Sava Re d.d. **2023**

This version of the annual report does not comply with the ESEF Regulation and is an unofficial version of the official annual report published in accordance with the ESEF Regulation in XHTML format. The official annual financial report, prepared in accordance with the ESEF Regulation, is available on the Company's [financial reports website](#).



Our people are the heart and soul of the Group

As part of the Group, we each have our own way of building our future and shaping the world around us. As individuals, we grow professionally and personally in a rewarding work environment and through diverse and innovative sustainability projects. What we have in common is our commitment to our work and customers. What drives us is our concern for people, nature and the community.



Benefits and activities offered to support the health, safety and development of our employees



FLEXIBLE WORKING HOURS



WORKING FROM HOME



COMPANY HEALTH DAY



SPORTS ACTIVITIES



PROFESSIONAL TRAINING



PARENT-FRIENDLY BENEFITS



SOCIAL EVENTS FOR EMPLOYEES



INSURANCE ON FAVOURABLE TERMS

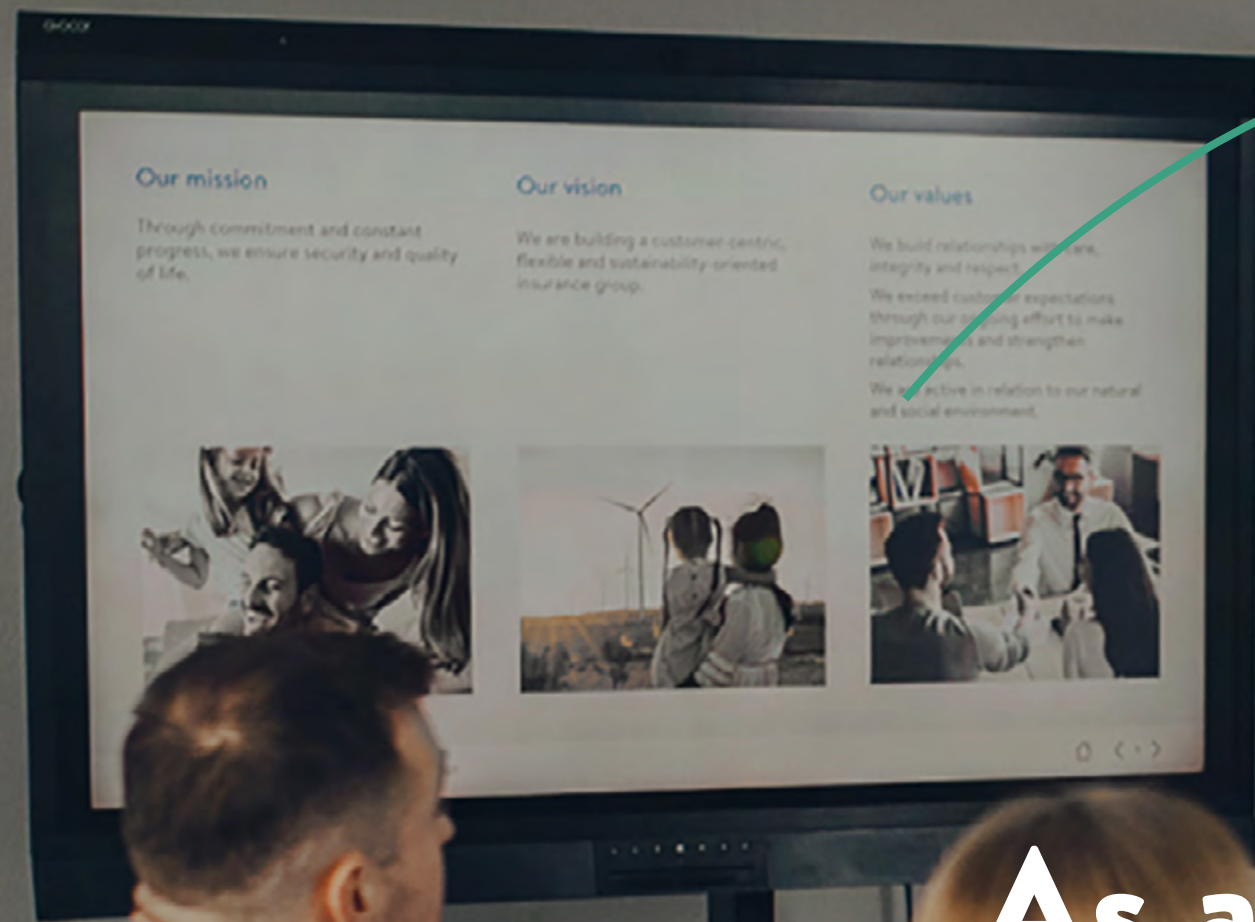
As a good employer, we foster a sense of community

It is in our nature to care for each other. We nourish this instinct in a supportive, flexible working environment based on integrity and respect. We listen to the needs and aspirations of each individual, encourage professional and personal development, and provide opportunities for international engagement.



As employees, we value the opportunity to excel

To excel in every way. This means always focusing on our customers and their needs, wants and challenges. It means setting goals for ourselves – each employee individually – monitoring our performance against those goals and striving to meet and exceed them. Year after year.



As a group, we take care of nature and the community

Our sustainability focus is rooted in the Group's core values and mission. Security and quality of life cannot be guaranteed without investing in a stable, prosperous and cleaner future. As part of the environment in which we do business, we actively engage and help with donations, sponsorship, volunteering and fundraising through our Heart for the World initiative.



September
2023
AM BEST

A

A

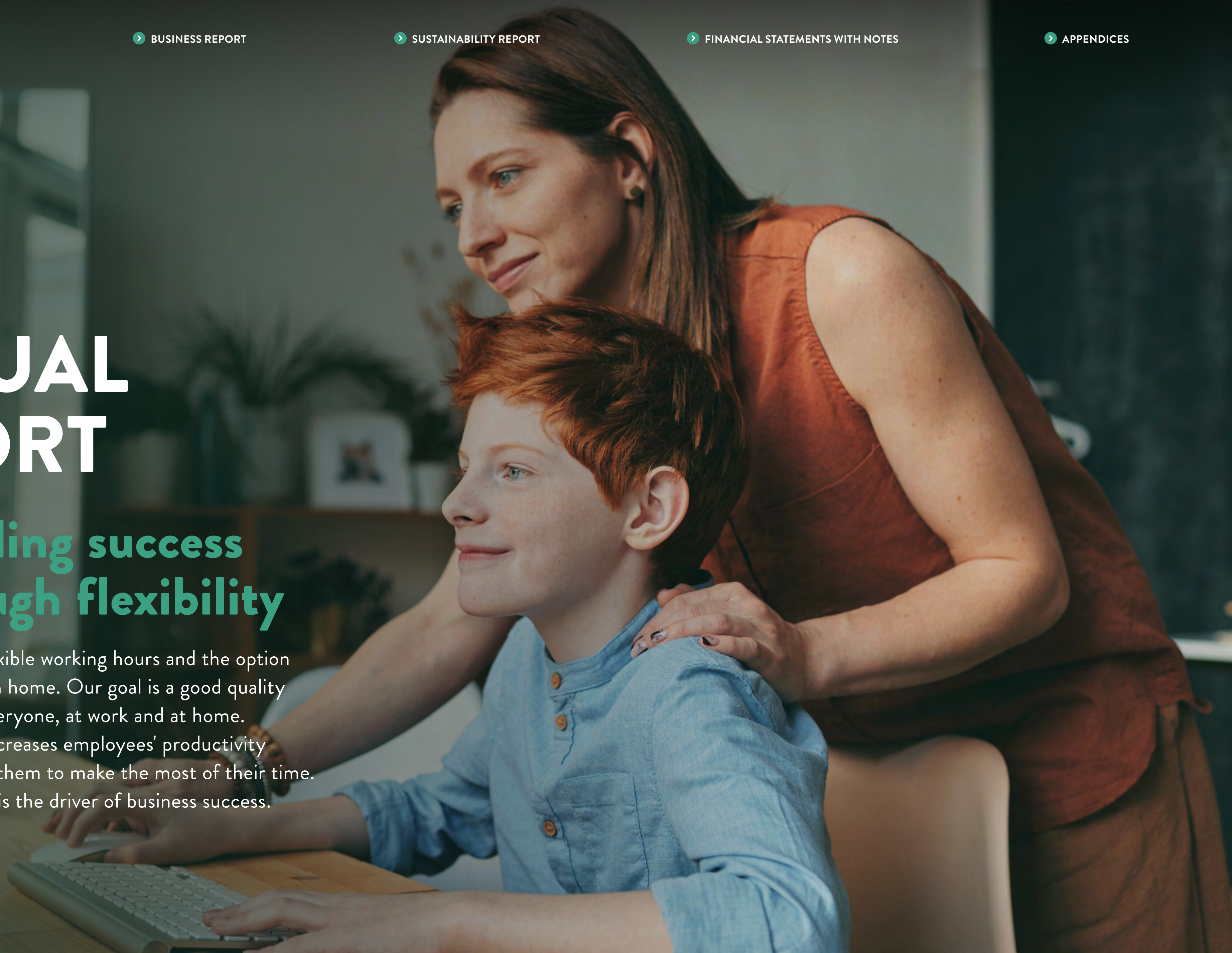
September
2023
S&P GLOBAL RATINGS



ANNUAL REPORT

Building success through flexibility

We offer flexible working hours and the option to work from home. Our goal is a good quality of life for everyone, at work and at home. Flexibility increases employees' productivity and enables them to make the most of their time. Satisfaction is the driver of business success.





Declaration of the management board

To the best of our knowledge and in accordance with the International Financial Reporting Standards, Slovenian laws, the Solvency II Directive, and the international sustainability reporting standards of the Global Reporting Initiative (GRI), the consolidated and separate financial statements give a true and fair representation of the financial position and profit or loss of the Sava Insurance Group and Sava Re d.d. The business report provides 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 2024




Marko Jazbec
Chairman of the Management Board




Polona Pirš Zupančič
Member of the Management Board




Peter Skvarča
Member of the Management Board




David Benedek
Member of the Management Board



Key figures

EUR	2023	2022	Change	Index
Business volume	910,113,382	795,535,596	114,577,786	114.4
Insurance revenue	697,562,811	608,987,793	88,575,018	114.5
Insurance service result	83,477,762	76,073,417	7,404,345	109.7
Finance result	18,097,793	1,511,878	16,585,915	-
Net profit	64,657,172	46,923,441	17,733,731	137.8
	31 December 2023	31 December 2022	Change	Index
Equity	585,663,613	531,463,677	54,199,936	110.2
Net contractual service margin (CSM)	149,351,142	129,365,490	19,985,652	115.4
Investment portfolio position	1,503,282,095	1,415,231,399	88,050,696	106.2
Total assets	2,568,546,136	2,312,140,248	256,405,888	111.1
Assets under management	2,411,800,065	2,006,528,479	405,271,586	120.2
	2023	2022	Change	Index
Combined ratio	93.1%	92.6%	+0.5 p. p.	-
Return on equity (ROE)	10.8%	8.3%	+2.5 p. p.	-
Return on investment portfolio	2.1%	0.6%	+1.5 p. p.	-
Solvency ratio	188%–194%	183%	-	-

For definitions and calculations, please refer to the appended glossary.

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

The methodologies and estimated impact of the transition to the new standards are presented in the notes to the financial statement of the annual report.



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BUSINESS REPORT

Caring for people is the cornerstone of business relationships

Caring for each other permeates every facet of our business environment. In addition to donating and organising activities, we regularly participate in blood drives. As an insurer, we recognise the importance of responding in a timely manner in times of distress, and we encourage active community involvement at all levels. Because business is about people, and caring is at the heart of every relationship.



The Group achieved strong organic growth across all segments and markets, bringing our business volume to EUR 910 million, which is almost a 15% increase year on year.

1 Letter from the chairman of the management board²

Dear Shareholders, Business Partners and Employees,

The financial year 2023 was another trying year that brought completely new challenges for the Sava Insurance Group. The war in Ukraine led to a surge in inflation. In addition, Slovenia and other countries in which the Group operates were hit by severe storms and floods during the summer, resulting in significant damage to property. We focused our efforts on fast-track claims handling to fulfil our “Never Alone” promise, offering policyholders the necessary support and assistance. First and foremost, we stood by our customers on the ground by simplifying the reporting and claims handling processes. Then, we provided an extra day of volunteering leave and financial support to the worst-affected areas. The loss events resulted in claims totalling EUR 88 million, with a lower impact on the Group’s result due to adequate reinsurance protection.

Despite the significant impact of these claims, particularly on Zavarovalnica Sava, the Group exceeded its profit guidance. The Group’s other operating segments performed better than planned. Sava Re’s business in international reinsurance markets contributed significantly to the above-target performance. The market growth in reinsurance prices over the last few years, the restructuring of the reinsurance portfolio to improve

profitability and the absence of major claims were the driving forces behind the strong outperformance of the profit target. In addition, the investment result played a significant role in exceeding the plan. Due to rising interest rates, the Group’s investment return was 2.1%, 0.6 percentage points higher than planned. The Group’s companies that manage financial assets also closed 2023 well ahead of target. This performance was driven by both capital market movements and increased inflows into the funds. All this helped to mitigate the negative impact of the storm and flood losses.

The Group achieved strong organic growth across all segments and markets, bringing our business volume to EUR 910 million, which is almost a 15% increase year on year. I am confident that we will exceed the EUR 1 billion threshold by the end of the strategy period. We are pleased that our Group companies are vastly improving their market position and expanding their product range and sales channels. Our strong organic growth is supporting us to operate more cost-effectively. The Group’s revenue growth also demonstrates its ability to respond to external circumstances by adjusting pricing, thus ensuring stable performance.



In terms of organisational structure, sustainability was being progressively integrated into the Group companies' operations in 2023 and is now increasingly taken into account in day-to-day activities.

The customer solutions and processes put in place during the last strategy period helped speed up claims handling, which has already resulted in faster settlement of storm and flood claims. Continuing our customer-centric approach and optimising our business processes are both focus areas that will maintain momentum in the 2023–2027 strategy period. These focus areas will drive further improvements in our business – particularly in streamlining our business processes and enhancing our relationship with customers at all points of the customer journey.

In the non-life business, we further developed our product range in line with the needs and wishes of our customers. We offered products with strong sustainability credentials, products targeted at specific policyholder segments, and products promoting online sales and bancassurance. In the life and pension business, our focus over the past year was to expand the life risk insurance ecosystem by adding more customer services, developing additional health coverage options, and upgrading unit-linked life insurance and bancassurance products.

In 2023, an independent institution verified our carbon footprint calculation for the previous year. This calculation provides the basis for setting more precise milestones on our way towards our strategic target of reducing our carbon footprint by 55% in scope 1 and 2 emissions by 2030. An important measure taken was relocating the head offices of six Slovenian companies and one Macedonian insurance company to new, more

energy-efficient premises, which has already helped to reduce our carbon footprint for 2023. Last year, we began systematically collecting and processing data across our value chains (insurance portfolio, investment portfolio and suppliers) to identify the necessary actions to achieve our sustainability goals. In terms of organisational structure, sustainability was being progressively integrated into the Group companies' operations in 2023 and is now increasingly taken into account in day-to-day activities. Our employees are actively developing a culture of sustainability to set an example for the wider community. This involves organising a number of volunteer activities as part of the Heart for the World initiative. In 2023, our employees dedicated more than 5,000 hours to corporate volunteerism.

Another important milestone in 2023 was the successful transition to the new IFRS 17 and IFRS 9 accounting standards, which required a substantial effort from our employees and involved restructuring some IT systems, processes and organisation over the past few years. I believe the transition has been successful, and I am confident that the data collected at the end of the project will help us better monitor our business and respond more quickly to emerging risks.

To sum up, 2023 posed a particular challenge for the Group due to the unprecedented scale of the summer floods that affected a considerable part of Slovenia. I am proud that the Group demonstrated these three qualities in such circumstances:

Heart – our loss adjusters, agents and other colleagues gave their “all” to ensure that the policyholders affected were able to get their claims paid as quickly as possible.

Flexibility – although the structure of an insurance company is complex, some processes at Zavarovalnica Sava were streamlined in response to the massive flood damage.

Business line diversification – the Group ended the year with a solid performance despite the significant impact of flood claims on the business result. In particular, reinsurance in international reinsurance markets performed significantly better than planned in 2023. In addition to external influences, this is due to the hard work of our reinsurance team to improve the portfolio towards profitability over the last few years.

Many thanks to all our colleagues for their contributions and efforts in 2023. We have shown that by working together, we can overcome major challenges and accomplish ambitious goals.

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	<p>MANAGEMENT BOARD</p> <ul style="list-style-type: none"> Marko Jazbec (chairman) Polona Pirš Zupančič Peter Skvarča David Benedek <p>SUPERVISORY BOARD</p> <ul style="list-style-type: none"> Davor Ivan Gjivoje Jr. (chairman) Keith William Morris (deputy chairman) Klemen Babnik Matej Gomboši Edita Rituper (employee representative) Blaž Garbajs (employee representative)
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor	Deloitte Revizija d.o.o., Dunajska 165, 1000 Ljubljana, Slovenia
Largest shareholder and holding	Slovenski Državni Holding d.d. (Slovenian Sovereign Holding) and the Republic of Slovenia – together 31.6% (no-par-value shares: 5,436,319)
Credit ratings: S&P Global Ratings AM Best	A /stable/, September 2023 A /stable/, September 2023
Investor relations contact	ir@sava-re.si
The Company has no branches.	



2.2 Significant events in 2023

Major loss events

In the summer of 2023, Slovenia and certain other countries in which the Group is present were hit by a wave of storms and floods that caused significant property damage. The gross claims resulting from these events amounted to EUR 88.3 million. Taking into account reinsurance protection, the net impact of these events on the Group's result was EUR 27.4 million.

Changes to the management and supervisory boards

Changes in the composition of the management and supervisory boards are described in section [5.3 "Governing bodies of Sava Re"](#).

Other significant events

- In June 2023, the 39th general meeting of shareholders was held⁴.
- In September 2023, the rating agencies S&P Global Ratings and AM Best reaffirmed the "A" ratings of Sava Re and Zavarovalnica Sava. The outlook was stable.

2.3 Significant events after the reporting date

- On 22 February 2024, Sava Re signed a contract to acquire a 2.5% stake in TBS Team 24. Upon completion of the transaction, Sava Re held a 90% stake in the company as at 27 February 2024.

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 2023: existing rating affirmed
AM Best	A	stable	September 2023: existing rating affirmed



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

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

The Group is one of the leading insurance groups based in the Adriatic region, with a presence in six countries of the region. Pozavarovalnica Sava d.d. (Sava Re) is the parent company of the Sava Insurance Group and a reinsurance company headquartered in Ljubljana, Slovenia. The Group operates in the insurance and asset management sectors, and also engages in secondary activities. It continuously improves the quality and integrity of the services it provides:

- **Reinsurance:** Sava Re is one of the largest reinsurance companies based in southeastern Europe, serving more than 450 partners in over 110 reinsurance markets worldwide and building a globally diversified reinsurance portfolio.
- **Insurance, Slovenia:** in Slovenia, the insurance business is conducted through Zavarovalnica Sava and Vita. Zavarovalnica Sava offers a wide range of non-life and life insurance policies. It markets its products through its own distribution network and external channels, always focusing on the needs of its customers. Vita is a life insurance company in Slovenia operating on a bancassurance model. It operates exclusively through the branches of NLB d.d. Its product mix is dominated by unit-linked life insurance.

- **Insurance, international:** the Sava Insurance Group operates through subsidiaries and branches in the markets of Croatia, Serbia, Montenegro, North Macedonia and Kosovo. Motor insurance business accounts for a significant portion of the non-life insurance business written in these markets, but there is an increasing trend towards all other non-life business, including health insurance. 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 provides a comprehensive range of supplementary pension insurance, as it manages pension fund assets and distributes pension annuity payments. The Group's pension company in North Macedonia manages both 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 TBS Team 24's assistance services supplement the Group's core business in all the markets where the Group has a presence through companies. 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.

The Group is also successfully expanding its activities in other areas, in particular the hospital and healthcare activities in Slovenia, which are carried out through the associated company DCB (SVN). In 2023, having established Vita S Holding, the Group was preparing to enter the North Macedonian healthcare market. In 2023, the Group expanded its activities to include the development of comprehensive IT solutions in Serbia.



Sava Re (parent company)

- Zavarovalnica Sava | 100%
- ZS Svetovanje | 100%
- ASISTIM | 100%
- Sava Infond | 84%
- Vita | 100%
- Sava Pokojninska | 100%
- TBS Team 24 | 87.5%
- DCB | 40.1%

15%

Slovenia

Croatia

- Zavarovalnica Sava (branch) | 100%

2.6 Composition of the Sava Insurance Group⁷

Composition of the Sava Insurance Group as at 31 December 2023⁸

The percentages in the diagram refer to shareholdings of Sava Re or other controlling companies.

- Sava Životno Osiguranje | 100%
- Sava Neživotno Osiguranje | 100%
- ASP | 100%
- Sava Car (SRB) | 100% (owned by Sava Car (MNE))

Serbia

Kosovo

- Illyria | 100%
- Illyria Life | 100%

Montenegro

- Sava Osiguranje | 100%
- Sava Agent | 100%
- Sava Car (MNE) | 100%

North Macedonia

- Sava Osiguruvanje | 93.86%
- Sava Station | 100%
- Sava Penzisko Društvo | 100%
- Vita S Holding | 80%

- Direct subsidiary
- Indirect subsidiary
- Associate company

⁷ GRI 2-1, 2-2.

⁸ The shareholdings provided for 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 2023" provides disclosures about all Group companies, including equity stakes and voting rights.



2.7 General information on Group companies as at 31 December 2023⁹

As at 31 December 2023, 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 56, 1001 Ljubljana, Slovenia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Bulevar Vojvode Mišića 51, 11040 Beograd, Serbia	Sheshi Nëna Terezë 33, 10000 Priština, Kosovo	Železnička 41, Opština Centar, PF 133, 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, David Benedek	Jošt Dolničar (chair), Uroš Lorenčič, Primož Močivnik, Robert Ciglarič	Bojan Mijailović (chair), Aleksandar Ašanin	Shpend Balija	managing director: Melita Gugulovska, executive director: Kristian Leskov 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 Gjivoje jr. (chair), Keith William Morris, Klemen Babnik, Matej Gomboši, Edita Rituper, Blaž Garbajs	Marko Jazbec (chair), Pavel Gojkovič, Polona Pirš Zupančič, Peter Skvarča, Aleš Perko, Branko Beranič	Peter Skvarča (chair), Nebojša Ščekić, Josif Jusković	Marko Jazbec (chair), Rok Moljk, Andreja Rahne, Milan Viršek, Ilirijana Dželadini	



	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 Priština, Kosovo	Bulevar Vojvode Mišića 51, 11040 Beograd, 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 executive director: Nebojša Šćekić non-executive directors of the company: Marko Jazbec (chair), Milan Viršek, Zvonko Peković	managing director Albin Podvorica deputy managing director: Mehmeti Fisnik	management board Miloš Brusin (chair), Ana Bojanić	executive director Siniša Mićunović	managing director Aljaž Kos
		board of directors Marko Jazbec (chair), Andreja Rahne, Rok Moljk, Milan Viršek, Ilirijana Dželadini	supervisory board Polona Pirš Zupančič (chair), Pavel Gojkovič, Uroš Čamilović		



	Sava Agent (MNE)	Sava Station (MKD)	Sava Pokojninska (SVN)	TBS Team 24 (SVN)	Sava Penzisko Društvo (MKD)	Vita (SVN)
Registered office	Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro	Železnička 41, Opština Centar, 1000 Skopje, North Macedonia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Majka Tereza 1, 1000 Skopje, North Macedonia	Trg Republike 3, 1000 Ljubljana, Slovenia
ID number	02699893	7005350	1550411000	5946948000	5989434	1834665000
Main activity	insurance agency	technical testing and analysis	pension fund	provision of assistance services	fund management activities	life insurance
Share capital (EUR)	10,000	199,821	6,301,109	8,902	2,110,791	7,043,900
Book value of combined equity interest of all Group members (EUR)	10,000	199,821	6,301,109	7,789	2,110,791	7,043,900
% 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%	Sava Re: 100.0%
Governing bodies	executive director	managing director	management board	managing director	management board	management board
	Snežana Milović	Aleksandar Mihajloski	Andrej Plos (chair), Igor Pšunder	Edvard Hojnik	Snežana Stankovič (chair), Petar Taleski, Tatjana Bojkovska	Barbara Smolnikar (chair), Irena Prelog, Tine Pust
			supervisory board	holder of procuration	supervisory board	supervisory board
			David Benedek (chair), Rok Moljk, Hermina Kastelec, Pavel Gojkovič, Irena Šela, Tomaž Šalamon, Uroš Krajnc	Aleksandra Tkalčič	Pavel Gojkovič (chair), Rok Moljk, Peter Skvarča, Erol Hasan	David Benedek (chair), Pavel Gojkovič, Andreja Rahne, Jure Košir



	DCB (SVN)	Vita S Holding (MKD)	Sava Infond (SVN)	ASP (SRB)	Sava Car (SRB)
Registered office	Pod Skalo 4, 4260 Bled, Slovenia	Ul. Dimche Mirchev 20, Opština Centar, 1000 Skopje, North Macedonia	Ulica Eve Lovše 7, 2000 Maribor, Slovenia	Bulevar Kralja Aleksandra 17, 11000 Beograd, Serbia	Brače Jerkovića 108A, Beograd, Serbia
ID number	5690366000	7690088	5822416000	17077295	21822302
Main activity	hospital activities	non-specialised wholesale trade	fund management activities	computer programming	technical testing and analysis
Share capital (EUR)	379,123	1,320,026	1,460,524	1,129	100,000
Book value of combined equity interest of all Group members (EUR)	189,562	1,056,021	1,460,524	1,129	100,000
% equity share / voting rights held by Group members	Sava Re: 40.1% / 50.0%	Sava Re: 80%	Sava Re: 84.00% / 84.85% Zavarovalnica Sava: 15.00% / 15.15%	Sava Re: 100%	Sava Car (MNE): 100%
Governing bodies	managing director	managing director	management board	managing director	managing director
	Zvonko Novina, Robert Cugelj	Iskra Kostova, Suzana Jovanova	Jožica Palčič (chair), Samo Stonič, Jure Dubravica	Ivana Ivetić	Nemanja Parapid
	supervisory board	supervisory board	supervisory board		
	Blaž Jakič (chair), David Benedek (deputy chair), Jaka Kirn, Milan Marinič, Polonca Jug Mauko, Matej Narat	David Benedek (chair), Zvonko Novina, Snežana Stanković, Simon Trpeski, Nebojša Mojsoski	David Benedek (chair), Polona Pirš Zupančič, Jure Košir, Uroš Lorenčič		

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

2.8 Changes in Group composition¹¹

In 2023, Sava Re established Vita S Holding (MKD), a healthcare company based in North Macedonia, and acquired ASP (SRB), a Serbian company providing development and maintenance services for core IT systems. In 2023, Sava Re sold G2I (GBR) and the Croatian company SO Poslovno Savjetovanje ceased operations.

¹⁰ GRI 202-02.

¹¹ GRI 2-6.



3 Shareholders and share trading

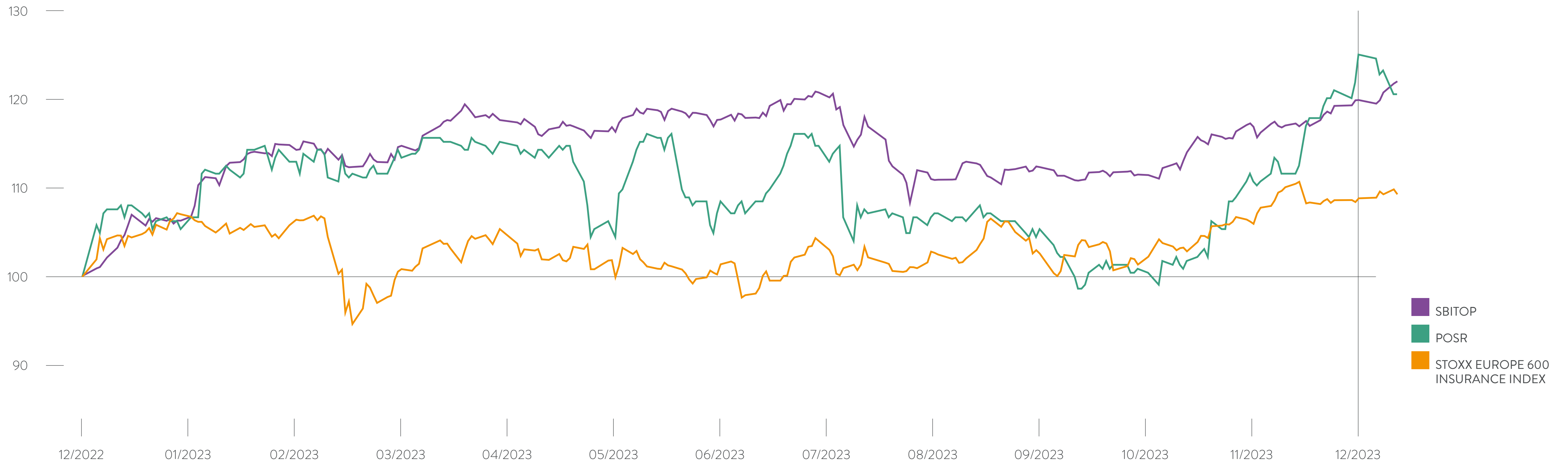
Sava Re’s share price rose by 25.0% from EUR 22.4 to EUR 28.0 in 2023. During this period, it reached a high of EUR 28.0 and a low of EUR 22.1. In 2023, the average price was EUR 24.6. Considering the dividend

payout of EUR 1.60 per share (representing a dividend yield of 6.5%), the return on the share in 2023 was 32.1%.

The SXIP (STOXX Europe 600 Insurance) also rose in 2023, by 8.8%. The Ljubljana Stock Exchange index (SBITOP) also increased over the period. It gained 19.8%.

In 2023, turnover in Sava Re shares was EUR 15.8 million (2022: EUR 17.9 million). The average daily turnover in 2023 was EUR 66,114, compared to EUR 71,859 in 2022.

POSR share price performance from 1 January 2023 to 31 December 2023 compared to the SBITOP Index and the STOXX Europe 600 Insurance Index in % (31 December 2022 = 100)





Basic details about the POSR share

	31 December 2023	31 December 2022
Share capital (EUR)	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,376	4,316
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	1,721,966	1,721,966
Consolidated book value per share (EUR)	37.79	34.29
Market capitalisation, closing rate at (EUR)	433,935,488	347,148,390
	2023	2022
Consolidated earnings per share (EUR)	4.16	3.01
Share price at end of period (EUR)	28.00	22.40
Average share price during reporting period (EUR)	24.56	25.26
Period low (EUR)	22.10	20.10
Period high (EUR)	28.00	30.40
Turnover during the period (EUR)	15,801,226	17,892,849
Average daily trade volume (EUR)	66,114	71,859

Shareholders

Sava Re shareholder structure as at 31 December 2023

Type of investor	Domestic investors	International investors
Insurance and pension companies	17.9%	0.0%
Other financial institutions*	18.0%	19.6%
Republic of Slovenia	13.9%	0.0%
Natural persons	11.5%	0.2%
Investment funds and mutual funds	2.4%	0.0%
Other commercial companies	2.6%	1.0%
Banks	0.0%	13.0%
Total	66.3%	33.7%

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

The composition of shareholders remained largely unchanged in 2023. International ownership increased by 0.3 percentage points to 33.7%.

Fiduciary accounts with banks, attorneys and other financial institutions altogether account for 25.7% 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 2023¹²

Shareholder	Number of shares	% of share capital	% voting rights
1 InterCapital Securities Ltd. – fiduciary account	3,295,534	19.1%	21.3%
2 Slovenian Sovereign Holding	3,043,883	17.7%	19.6%
3 Republic of Slovenia	2,392,436	13.9%	15.4%
4 European Bank for Reconstruction and Development (EBRD)	1,071,429	6.2%	6.9%
5 Modra Zavarovalnica d.d.	714,285	4.1%	4.6%
6 OTP Banka d.d. – fiduciary account	434,529	2.5%	2.8%
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 Modri Zajamčeni Podsklad (guaranteed sub-fund)	168,150	1.0%	1.1%
Total	12,058,891	70.0%	77.8%
Sava Re d.d., treasury shares*	1,721,966	10.0%	-

* Treasury shares carry no voting rights.

** Pursuant to Article 235a of the Slovenian Companies Act (ZGD-1), Sava Re started the process of identifying shareholders who are registered with intermediaries as holders of shares and who are not themselves intermediaries (ultimate shareholders). The process was last carried out on 2 October 2023. According to the information received, on that date, Croatia Osiguranje d.d. held 2,439,852 POSR shares, and Adris Grupa d.d. held 838,197 POSR shares.

In 2023, the combined equity share of the ten largest shareholders increased from 67.9% to 70.0% and their share of voting rights from 75.5% to 77.8%.

As at 31 December 2023, the top four largest shareholders of Sava Re exceeded the 5% threshold (qualifying holding under Article 77 of the Slovenian Takeover Act, ZPre-1).

In 2023, the chairman of the management board of Sava Re, Marko Jazbec, increased his holding of Sava Re shares by 500 to 12,000 shares. In 2023, purchases were also made by management board member Polona Pirš Zupančič, who acquired 570 shares and

now holds 4,318 shares, and management board member David Benedek, who acquired 400 shares and now holds 1,200 shares. At the end of 2023, members of the management and supervisory boards together held 18,718 shares, representing 0.11% of the share capital.

POSR shares held by members of supervisory and management boards as at 31 December 2023

	Number of shares	% of share capital
Marko Jazbec	12,000	0.070%
Polona Pirš Zupančič	4,318	0.025%
Peter Skvarča	1,200	0.007%
David Benedek	1,200	0.007%
Total management board	18,718	0.109%
Total management and supervisory boards	18,718	0.109%

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 confer the following rights on their holders:

- 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.

Treasury 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 treasury 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 treasury shares of the Company, representing 10% of the Company’s share capital.

The Company initially acquired its treasury shares only on the regulated market for financial instruments. However, after the announcement of the share-repurchase programme in November 2014, the Company repurchased its treasury 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 treasury shares to fill the quota was performed on 11 April 2016.

From 1 January 2023 to 31 December 2023, Sava Re did not buy back or sell any treasury shares. The total number of treasury shares as at 31 December 2023 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 treasury shares.

Dividend

At the 39th general meeting of shareholders held on 5 June 2023, the shareholders adopted the proposal of the management and supervisory boards to use EUR 24,796,313.60 of the distributable profits to pay a dividend of EUR 1.60 per share. The dividend was paid on 21 June 2023 to shareholders registered in the share register on 20 June 2023.

Contingent capital

The Company had no contingent capital as at 31 December 2023.

Details of dividends paid each year in respect of the previous financial year¹³

EUR, except percentages	2018	2019	2020	2021	2022	2023
Amount of dividend payment	12,398,157	14,722,811	0	13,173,042	23,246,544	24,796,314
Dividend/share	0.80	0.95	0.00	0.85	1.50	1.60
Dividend yield	4.8%	5.6%	-	3.4%	5.9%	6.5%

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 12-month period.

3.1 Responsibility to investors¹⁴

Sava Re's investors (shareholders) and analysts are important stakeholders, with whom Sava Re maintains transparent, professional and comprehensive relationships.

As a Ljubljana Stock Exchange first listing company, Sava Re respects the principle of equal treatment and informing of all members of the public. Sava Re communications follow recommendations for uniform information to all shareholders, and through public announcements Sava Re enables simultaneous and transparent information to be provided in line with the financial calendar. In this way, the Company builds confidence among shareholders and potential investors in the 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 2023, Sava Re issued 50 public announcements in both the Slovenian and English language.

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 Company aims to set up an open communication channel with investors. It seeks to raise awareness of the real value of the Sava Re and Sava Insurance Group brand and, consequently, of everything that investing in POSR shares entails. In 2023, Sava Re continued its efforts to improve the liquidity of the POSR share. Responsibility towards investors is reflected in cooperation and building a two-way relationship through various communication tools.

In 2023, Sava Re reached out to investors through investor and analyst conferences, webcasts organised by the Ljubljana Stock Exchange, a press conference on the occasion of the announcement of unaudited results, a letter to shareholders, an invitation to the gen-

eral meeting of shareholders, an email newsletter and through similar means. It also sponsored the Ljubljana Stock Exchange's capital market development and financial literacy project.

Sava Re also uses its official website www.sava-re.si, in particular the Investors subpage, to provide timely and uniform information to investors, shareholders and other members of the financial community. The subpage contains all the essential information on the POSR share price development, key indicators, dividends, financial reports, analyses and a financial calendar. A calendar of past investment conferences is also available on the website, together with the material presented at each event. Also presented are the events Sava Re will attend in the coming year.

Investors, shareholders and analysts can contact Sava Re's office of the management board and of compliance by phone at +386 1 47 50 200 and by email at investor relations 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 (ZGD-1).

In 2023, 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 the supervisory board committee findings, the supervisory board also adopted appropriate resolutions and recommendations.

The supervisory board acted within the framework of the powers and responsibilities conferred upon it by legal and regulatory provisions, the Slovenian Corporate Governance Code for Listed Companies, the Company's articles of association, and its rules of procedure.

COMPOSITION OF THE SUPERVISORY BOARD

The composition of the supervisory board changed in 2023. The term of office of Andrej Gorazd Kunstek and Edita Rituper, members of the supervisory board, employee representatives, expired on 12 June 2023. The works council reappointed Edita Rituper for a four-year term of office, and Blaž Garbajs was appointed as the second employee representative, his first term of office on the supervisory board. Both the appointed members began their new terms of office on 13 June 2023.

In 2023, the supervisory board comprised the following members: Davor Ivan Gjivoje Jr (Chairman), Keith William Morris (Deputy Chairman), Klemen Babnik, Matej Gomboši, Andrej Gorazd Kunstek (until 12 June 2023), Edita Rituper and Blaž Garbajs (from 13 June 2023).

The size and composition of the supervisory board allowed 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 sessions, the members expressed their opinions and positions and sought 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 careful examination of issues, and that they complied with both the relevant laws and internal regulations. Session materials were provided in a timely manner, allowing the members sufficient time

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

The supervisory board held ten sessions during 2023, one of which was held by correspondence. All members attended all sessions convened during their term of office. Most of the sessions were held at the Company's head office. The number/intensity of sessions in 2023 were driven by the transition to IFRS 17, as well as by the strategically important development of the Company's next five-year plan.

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 2023 are, in particular, outlined below.

Business plans of the Company and the Sava Insurance Group

In late 2023, the supervisory board considered and approved the Business Plan of the Sava Insurance Group and Sava Re d.d. for 2024.

Financial reports – annual report

The supervisory board reviewed the unaudited financial statements of the Group and the Company for 2022, and it adopted the audited annual report of the Group and the Company for 2022, including the auditor's report and opinion on the 2022 annual report, and the supervisory board's own report on its activities in 2022.

Financial reports – interim reports

The supervisory board also periodically reviewed other select financial reports in 2023, in particular the statements of results of the Sava Insurance Group with the financial statements of Sava Re d.d. for January–March 2023 and January–September 2023, and the unaudited financial report for January–June 2023.

Investment

The supervisory board monitored asset management periodically and as part of its 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 2023, the supervisory 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. Following the floods in Slovenia (and the wider region) in August, the supervisory board took note of the report on the reinsurance protection covering the Group and non-Group portfolio.

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 2022 and the risk reports for the first, second and third quarters of 2023. In March, it took note of the Own Risk and Solvency Assessment (ORSA) Report of Sava Re d.d. and the Sava Insurance Group for 2023. The report covered select and relevant information on the own risk and solvency assessment of Sava Re d.d. (the parent company) and the Sava Insurance Group.

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

Actuarial matters

In 2023, the supervisory board considered the actuarial function report of Sava Re d.d. for 2022, and it took note of the Sava Insurance Group non-life actuarial function report for 2022 and the Sava Insurance Group life actuarial function report for 2022.

Granting authorisation to new key function holders

Following the surrender of authorisation of the holder of both the actuarial function at the level of Sava Re and the non-life actuarial function at the level of the Sava Insurance Group, the supervisory board gave its consent to the management board in May 2023 to grant mandates to two new actuarial function holders, namely the holder of the non-life actuarial function at the level of the Sava Insurance Group and the holder of the actuarial function at the level of Sava Re.

Compliance monitoring

In 2023, the supervisory board of Sava Re took note of the annual report of the compliance function holder for 2022 and his annual work plan for 2023. It also took note of the compliance function holder's half-yearly report for the period from 1 January to 30 June 2023.

Internal audit

In 2023, 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 2022 and the annual report on internal auditing for 2022, including a quality assurance and improvement programme of the Company's internal audit department, and 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 2023, 30 June 2023 and 30 September 2023. 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 is of the opinion that the internal audit reports are 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 appropriate support. In addition, it also monitors the operations of these companies and has not detected any major irregularities.

At the end of 2023, the supervisory board considered and approved the annual work plan of the internal audit department for 2024.

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 2022.

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 2022, including the opinion that all key risk areas were effectively managed and their functions were aligned to ensure ample coverage of the risks to which the Company and the Group were exposed.

Solvency II policies

In 2023, 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.

Personnel matters

Succession planning

In 2023, the supervisory board considered the management board's regular report on succession planning and approved the Policy on Human Resource Development and Succession Planning of the Sava Insurance Group.

Appointment of supervisory board committees

With the expiry of his term of office on the supervisory board, Andrej Gorazd Kunstek also concluded his term of office on two supervisory board committees. To replace Mr. Kunstek's positions, the supervisory board appointed Edita Rituper as a new member of the nominations and remuneration committee and Blaž Garbajs as a new member of the audit committee. Both took up their positions on the supervisory board committees on 13 June 2023. At the end of December, the supervisory board also appointed Blaž Garbajs as an additional member of the nominations and remuneration committee..

Remuneration of members of management and supervisory bodies

Variable remuneration of the management board in 2022

In 2023, 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 2022, in accordance with the internal methodology for determining the variable remuneration of the management board members.

Methodology for determining the variable pay of a management board member

In March, the supervisory board adopted amendments to the methodology for determining the variable pay of a management board member, effective for 2023. In December, it reviewed the methodology again and adopted amendments with effect from 2024.

Remuneration policy and remuneration report

In accordance with the Slovenian Companies Act, in 2023 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 2022. The general meeting approved the 2022 directors' remuneration report. The advisory vote to approve the remuneration policy was not carried. The Company will again submit a revised policy to the shareholders for consideration at the next ordinary general meeting of Sava Re in 2024.

Goals of the management board for determining the variable remuneration for 2024

In late 2023, the supervisory board approved the management board's goals for 2024 for determining the variable remuneration of a management board member.

Start of the nomination process for the appointment of a supervisory board member

In December, the supervisory board adopted a resolution to start the nomination process for the appointment of a supervisory board member with a four-year term commencing on 9 March 2025.

Adoption of internal regulations

In March and August 2023, the supervisory board approved amendments to the act on the management board relating to the Company's internal organisation. In March, it also took note of the information on the revision of the Sustainable Investment Policy of the Sava Insurance Group.

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 2023, for 5 June 2023.

Consideration of additional reports

Benchmark analyses

The supervisory board discussed in depth the analysis of solvency and financial position reports of various other companies in the insurance industry for 2022.

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 2023 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 motor insurance subsidiary.

Report on the activities of the works council

In March 2023, the supervisory board considered the works council's report on the state of employee participation in management for 2022.

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, the preliminary calculations under the new accounting standards, and the state of the transition to these new standards.

Overseeing the work of supervisory board committees

In March 2023, the supervisory board considered the 2022 risk committee report and the 2022 audit committee report. It also assessed the quality of the work of the two committees. At each session, it monitored the committees' activities through reports and session 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 services. The supervisory board was regularly updated on the status of the periodic review launched by the Insurance Supervision Agency in October 2022. The supervisory board was informed of the results and conclusions of this review at the end of March 2023.

Strengthening supervisory board best practices

In line with best practice, the members of the supervisory board complete questionnaires upon taking office and annually thereafter, including a declaration that they have no conflicts of interest. In 2023, 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 2023 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. It carried out a self-assessment with positive results, and it included an action plan to continuously improve the board's operation.

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

Composition in 2023

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

In 2023, the audit committee comprised the following members: Matej Gomboši (chairman), Andrej Gorazd Kunstek (until 12 June 2023), Blaž Garbajs (from 13 June 2023), Katarina Sitar Šuštar (external member) and Dragan Martinović (external member).

Operation in 2023

The audit committee met nine times in 2023. All ses-

sions were held at the Company's head office, and all members attended all sessions convened during their term of office.

The main activities of the audit committee in 2023 are outlined below.

Overseeing the integrity of financial information

The audit committee monitored the integrity of financial information. The main focus was on monitoring the financial reporting processes, in particular the transition to the new reporting standard IFRS 17. In this respect, it made recommendations and suggestions on materials for supervisory board sessions to ensure compliance with relevant professional standards and adherence to 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 annual internal audit work plan. In addition, it monitored the quarterly reports of the internal audit department on internal auditing of Group companies (Group Internal Audit). The committee used these reports to keep up to date with and monitor information systems security activities to ensure business continuity and defence

against cyberattacks. It also reviewed the quality assurance and improvement programme of the Company's internal audit department and the department's self-assessment for 2022. It discussed the proposed bonus for the director of internal audit for her individual-performance-based pay for 2022. The audit committee carried out an interview with the head of the internal audit department without the presence of the members of management and the minute taker, in accordance with the internal audit standards and the recommendations for the work of audit committees issued by the Slovenian Directors Association. The audit committee also took note of information on the selection process for the provider of the internal audit quality assessment to be carried out in all Group companies in 2024.

Overseeing the operation of the risk management system

In line with the Company's corporate governance system (the supervisory board having established a separate risk committee), the audit committee took note of the effectiveness and efficiency of the risk management framework by reviewing 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 2023. It took note of the amendments to the Inter-

nal Audit Policy of the Sava Insurance Group and Sava Re d.d. and gave a favourable opinion on the proposed amendments.

The audit committee also took note of the reports of other key function holders of Sava Re and the Sava Insurance Group for 2022.

Monitoring the statutory audit of separate and consolidated financial statements

In 2022, a contract was signed with Deloitte Revizija d.o.o., Dunajska Cesta 165, 1000 Ljubljana (Deloitte) 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 and 2023. In 2022 and 2023, the Group's subsidiary companies were audited by the local audit staff of the same auditing firm.

Statutory audit of financial statements

During 2023, 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 2022. It also took note of the results of the auditor's review of compliance with the ESEF Directive and the findings of the review of the absolute level of net assets as required by the local regulators

in the relevant markets. The committee also took note of a number of other reports by the Company and the external auditor relating to the audit of the financial statements.

Setting audit focus areas

The audit committee took note of the 2023 audit plan and, among other things, participated in setting the audit focus areas. In December 2023, it also took note of the external auditor's report and the management letter following the pre-audit of the 2023 financial statements. Together with the external auditor, the audit committee reviewed and followed up on information security findings and measures and the effectiveness of information system controls.

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

At the general meeting of shareholders of Sava Re in 2022, Deloitte was elected to audit the financial statements for the period 2022–2024. In 2023, there was no need for the audit committee to conduct a selection process for a candidate firm to be the auditor of the Company's annual report.

Preparation of the contract between the auditor and the Company

In 2022, a contract was signed with Deloitte to audit the financial statements for the period from 2022 to 2024. However, in 2023 there was no need for the audit committee to consider the proposal for the contract with the external auditor or any annex thereto.

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 of the external auditor of the 2022 annual report and assessed the quality of the service provided in auditing the annual report of the Sava Insurance Group and Sava Re d.d.

Independence of the auditor of the Company's annual report

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 took note of the report on the recruitment of the Group auditor's team members or the granting of mandates to the Group auditor's team members in corporate bodies or other key functions in individual companies of the Sava Insurance Group. The audit committee also carried out a separate interview with the external auditor without the presence of management.

External oversight of the auditor's work

The audit committee took note of the letter of notification of the audit firm Deloitte on the requests received from the market regulators in relation to the submission of reports, namely from (1) the Insurance Supervision Agency (ISA) for the submission of the additional report to the audit committee for 2022 and (2) the Agency for Public Oversight of Auditing (APOA) for the submission of the reports issued based

on the requirements of the resolution on the additional audit review of insurance companies and the additional auditor's report for 2022.

Cooperation with the market regulators

In 2023, the audit committee took note of information on the completion of the Insurance Supervision Agency's review of operations that started in 2022. It also took detailed note of the quarterly management board reports on the Company's correspondence with the Insurance Supervision Agency, other market regulators and inspection services.

Performing other tasks

In 2023, the audit committee also performed other tasks. It prepared a report on its work in 2022 for the supervisory board. In the context of corporate oversight, the committee took note of the report on implementing the whistleblower protection system in a work-related context at Sava Re, presented by the compliance function holder. It also confirmed its work plan for 2024, including the attached timetable.

Further strengthening audit committee best practices

The audit committee carried out a self-assessment of the quality of its work, which was then presented 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 2023. It also took note of information on the fit and proper assessment of its members and the assessment of its own competence as a collective body, both of which were conducted in

2023. All the audit committee members signed an annual declaration of their independence, which was also presented to the supervisory board.

Conclusions

The chairman 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 sessions.

The supervisory board is of the opinion that the audit committee thoroughly considered relevant issues within its terms of reference, taking into account the fact that the board established a separate risk committee. It provided the supervisory board with high quality 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 a central 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 Slovenian Corporate Governance Code for Listed Companies, and other applicable risk management regulations.

Composition in 2023

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

In 2023, the risk committee comprised the following members: Keith William Morris (chairman), Davor Ivan Gjivoje Jr, Slaven Mičković (external member, deputy chairman) and Janez Komelj (external member).

Operation in 2023

The risk committee met six times in 2023. All members attended almost all the sessions convened (one member was excused from one session).

The main activities of the risk committee in 2023 are outlined below.

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.

The risk committee reviewed in depth all risk management documents submitted to it, brought to its attention, or approved by the supervisory board, including:

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

The risk committee also took note of the report on the regular annual review of the Solvency II policies for 2023. It took note of the amendments to the Capital Management Policy of the Sava Insurance Group and Sava Re d.d. and the Own Risk and Solvency Assessment Policy of the Sava Insurance Group and Sava Re d.d., and it gave a favourable opinion on the proposed amendments.

It discussed the analysis of solvency and financial position reports in the insurance industry for 2022.

Performing other tasks

The risk committee also performed other tasks in 2023: It prepared a report on its work in 2022 for the supervisory board. As reinsurance is one of the areas of the risk management system by which a reinsurance company covers part of the assumed risks in excess of its retentions according to its tables of retention limits, the risk committee also reviewed the Company's reinsurance programme for 2023. During the supervisory board sessions, the committee took note of the report on reinsurance protection covering the Group and non-Group portfolio and the follow-up report on claims inflation for the non-life business of Zavarovalnica Sava. The committee also took note of the 2023 credit rating reports issued by S&P Global Ratings and AM Best. It also took note of the audit committee's work (audit committee minutes) to ensure mutual information and insight into the work of the other, and

that key areas are adequately monitored through the complementary work of the two committees.

Further strengthening risk committee best practices

The risk committee carried out a self-assessment of the quality of its work, which was then presented 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 2023. It also took note of the information on the fit and proper assessment of its members and the assessment of its own competence as a collective body, both of which were conducted in 2023. All the risk committee members 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 sessions.

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 Slovenian 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, prepare proposals on the remuneration of the management and supervisory boards, and assist the supervisory board in other areas where, amongst other possible tasks, 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 Slovenian Corporate Governance Code for Listed Companies.

Composition in 2023

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

In 2023, the nominations and remuneration committee comprised the following members: Klemen Babnik (chairman), Davor Ivan Gjivoje Jr, Keith William Morris, Matej Gomboši, Andrej Gorazd Kunstek (until 12 June 2023), Edita Rituper (from 13 June 2023) and Blaž Garbajs (from 14 December 2023).

Operation in 2023

The nominations and remuneration committee met four times in 2023. All the members attended all committee sessions.

The main activities of the nominations and remuneration committee in 2023 are outlined below.

Succession planning

In 2023, the nominations and remuneration committee considered the management board's regular report on succession planning and approved the Policy on Human Resource Development and Succession Planning of the Sava Insurance Group.

Act on the management board

The nominations and remuneration committee considered the proposed amendments to the act on the management board and recommended that the supervisory board approve them.

Remuneration of members of management and supervisory bodies

Variable remuneration of the management board in 2022

In accordance with the internal methodology for determining the variable pay of a management board member, the nominations and remuneration committee assessed the management board's performance in 2022. This assessment served as the basis for the supervisory board's resolution on the payment of variable remuneration to management board members for their business and individual performance in 2022.

Methodology for determining the variable pay of a management board member

The nominations and remuneration committee considered the proposed amendments to the methodology for determining the variable pay of a management board member for 2023 and 2024 and recommended that the supervisory board approve them.

Remuneration policy and remuneration report

The nominations and remuneration committee considered the proposed Directors' Remuneration Report of Sava Re d.d. for 2022 (Article 294b of ZGD-1) and the proposed Remuneration Policy for Members of Management and Supervisory Bodies of the Sava Insurance Group (Article 294a of ZGD-1), which the management and supervisory boards then submitted to the 39th general meeting for approval. The remuneration policy was not approved by the general meeting. At the end of 2023, the committee again reviewed the proposed amendments to the Remuneration Policy for Members of Management and Supervisory Bodies of the Sava Insurance Group (Article 294a of ZGD-1) and recommended that the supervisory board resubmit the policy for approval to the general meeting to be convened in 2024.

Goals of the management board for determining the variable remuneration for 2024

At the end of 2023, after extensive discussion, the nominations and remuneration committee proposed that the supervisory board approve the proposed goals of the management board for 2024.

Performing other tasks

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 sessions.

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 Slovenian Corporate Governance Code for Listed Companies, and the recommendations of the Insurance Supervision Agency.

Composition in 2023

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

In 2023, the fit and proper committee comprised the following members: Keith William Morris (chairman), Klemen Babnik, Rok Saje (compliance officer) and Klara Hauko (director of human resource management).

Operation in 2023

The fit and proper committee met two times in 2023. All the members attended both sessions.

The main activities of the fit and proper committee in 2023 are outlined below.

In March 2023, the committee carried out a fit and proper assessment of the candidates for the position of a member of the supervisory board of Sava Re representing the interests of employees. 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 boards as collective bodies.

When changes were made to the membership of the supervisory board's committees, the fit and proper committee reassessed the fitness and suitability of the new members to also serve as members of the individual committees. It also reassessed the competence of each committee as a collective body in its new composition.

Performing other tasks

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 sessions.

CONCLUDING FINDINGS

The year 2023 was marked by a challenging global geopolitical and economic situation, and in August Slovenia (and the wider nearby region) were hit by flooding on an unprecedented scale. 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 of the Company enabled the Sava Insurance Group to achieve virtually all the goals set in its plan for the 2023 financial year, despite the aforementioned loss events and 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 2023, and those of the key function holders of the Company's risk control system.

As of 2023, the Sava Insurance Group made the transition to the new accounting standards IFRS 17 and IFRS 9. The standards have been successfully introduced into regular reporting processes at all levels.

In 2023, the Sava Insurance Group entered the 2023–2027 strategy period with a new strategy that strategically builds upon and further strengthens the previous strategy period.

In 2024, 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 2024, in addition to its day-to-day responsibilities, it will focus in particular on monitoring the implementation of the 2024 business plan and the five-year strategy.

Equally so, the supervisory board will continue to give its steadfast support to the management board, within the scope of its responsibilities, possibilities, and defined powers.

ANNUAL REPORT 2023

The Company's management board submitted the audited Annual Report of the Sava Insurance Group and Sava Re d.d. for 2023 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 2023, 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 2023, 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 session on 4 April 2024.

The supervisory board notes that the annual report for 2023 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 2023 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 agrees with 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 2023, 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 2023 annual report, and based on the opinion of the external auditor and the opinion of the audit committee, the supervisory board is of the opinion that the annual report gives a true and fair opinion 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 2023 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 2023, 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 2023 of EUR 57,546,609.84; EUR 27,120,968.00 to be appropriated for dividends, and the remaining part of the distributable profit of EUR 30,425,641.84 to be left unallocated as retained earnings. Thus, the proposed gross dividend per share is EUR 1.75.

The supervisory board proposes that the general meeting of shareholders grant discharge to the management board for the financial year 2023.



Davor Ivan Gjivoje, Jr.
Chairman of the Supervisory Board of Sava Re d.d.

Ljubljana, 4 April 2024



5 Corporate governance statement¹⁶

Sava Re issues this corporate governance statement to publicly disclose information on the nature, structure and effectiveness of the Company's internal governance and control system. It aims to increase transparency, accountability and trust among all the Company's stakeholders, including shareholders, employees and the general public. The Company prepares this statement in accordance with Article 70(5) of the Slovenian Companies Act (ZGD-1) and the recommendations of the Slovenian Corporate Governance Code for Listed Companies. The statement is a special section of the business report as part of the annual report for 2023. It covers the period from 1 January 2023 to 31 December 2023, with additional disclosure of significant events occurring after this period up to the date of 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 its SEOnet information system (<http://seonet.ljse.si>) and on the Company's official website (<http://www.sava-re.si>).

5.1 Corporate governance policy

In December 2023, with the consent of the Company's supervisory board, the Sava Re management board adopted the revised Corporate Governance Policy of the Sava Insurance Group and the revised Corporate Governance Policy of Sava Re d.d. The documents set out the main subsidiary governance principles for the Sava Insurance Group and the governance rules for Sava Re, taking into account the goals, mission, vision and values of the Group. The policies represent a commitment to future action.

The Corporate Governance Policy of Sava Re d.d. is available through the Ljubljana Stock Exchange SEOnet information system and from the Company's website.

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

As a public limited company, Sava Re's reference code in 2023 was the Slovenian Corporate Governance Code for Listed Companies adopted by the Ljubljana Stock Exchange and the Slovenian Directors' Association on 9 December 2021. It is available in Slovenian and English from the Ljubljana Stock Exchange website.

The management and 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. It intends to carry out an external assessment of the corporate governance statement in the current 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 members of management and supervisory bodies were presented to the 39th general meeting of shareholders of Sava Re (held on 5 June 2023). As the remuneration policy was not approved at the general meeting, an amended policy will be considered at the next general meeting in 2024 (scheduled for 27 May 2024).

¹⁶ GRI 2-23.

¹⁷ GRI 2-19, 2-20.

5.2.3 Relationship between the Company and shareholders – Relations with shareholders

Recommendation 10.1: Holding general meetings by electronic means

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

5.2.4 Supervisory board

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

In 2024, 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 term 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 supervisory board's evaluation during the current strategy period.

Recommendation 18.4: Supervisory board committees – Term of office of an external member of a committee not tied to the term of office of the 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, given the complexity of fit and proper assessment procedures upon the appointment of new committee members and upon their reappointment, the terms of office of 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 not those of the management board, as they are an internal procedural document.





5.3 Governing 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 and 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 its 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 (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, but not later than by the end of 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 and through its website (www.ljse.si), on the AJ PES website (www.ajpes.si) and on the Company's official website (www.sava-re.si), as well as 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 their voting rights, shareholders must send the Company a registration form no later than by the end of the fourth day prior to 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 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.

Treasury shares carry no voting rights.

The general meeting in 2023

The general meeting of shareholders was convened once in 2023.

In accordance with the Company's 2023 financial calendar, the 39th general meeting of shareholders was held on 5 June 2023. Among other things, the general meeting was presented with the annual report for 2022, 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 2022 with the opinion of the supervisory board thereto. The general meeting received the management board's report on treasury shares. At the 39th general meeting, the shareholders adopted the management and supervisory boards' proposal to use EUR 24,796,313.60 of the distributable profits for dividends. The dividend was EUR 1.60 gross per share, payable on 21 June 2023 to shareholders of record on 20 June 2023. The shareholders granted discharge to the management and supervisory boards for 2022. At the 39th general meeting, the shareholders approved the Directors' Remuneration Report of Sava Re d.d. for the Financial Year 2022, whereas the advisory vote on the resolution to approve the Remuneration Policy for Members of Management and Supervisory Bodies of Sava Re d.d. was not carried. Although the remuneration policy is valid and consistent with the law, it is not fully aligned with the recommendations of the shareholder Slovenian Sovereign Holding (SSH) published on 4 May 2023. The Company will put a revised

remuneration policy to a vote at the next annual general meeting of Sava Re. The remuneration report and the remuneration policy were also published on the Company's website immediately after the 39th general meeting and will remain publicly available for at least ten years. No legal actions to challenge any general meeting resolutions were announced at the general meeting.

5.3.2 Supervisory board

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

In accordance with the Company's articles of association and applicable law, 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 works council, which informs the general meeting of its decision. Supervisory board members are appointed for a term of up to four years and may be re-elected. The supervisory board members elect a chair and deputy chair from among their number.

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 members complement each other so as to form a homogeneous team, which

also ensures a sound and prudent oversight of the Company's affairs. In 2023, 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 2023, the gender balance on the supervisory board was 16.67% women and 83.33% men. The implementation of the policy on diversity of the supervisory board in 2023 is detailed below.

Terms of reference and operation of the supervisory board

The supervisory board must comply with the applicable legislation, particularly the Slovenian Companies Act and the Insurance Act, the Company's articles of association and the supervisory board's rules of procedure. In accordance with the law, the supervisory board must be convened at least on a quarterly basis, generally after the end of each quarter of the financial year, and more frequently if necessary. 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

The 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 its 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 Members of Management and Supervisory Bodies of Sava Re d.d., which was submitted for approval to the 39th general meeting (held on 5 June 2023). For more details on the remuneration policy, please refer to the section "The general meeting in 2023".

The remuneration of supervisory board members in 2023 is disclosed in more detail in section [16.10 "Related party disclosures"](#) in the notes to the financial statements and in more detail in the Directors' Remuneration Report for 2023, 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 2023 are provided in section 3 “Shareholders and share trading”.

The supervisory board in 2023

In 2023, the supervisory board comprised the following members: Davor Ivan Gjivoje Jr (Chairman), Keith William Morris (Deputy Chairman), Klemen Babnik, Matej Gomboši, Andrej Gorazd Kunstek (until 12 June 2023), Edita Rituper and Blaž Garbajs (from 13 June 2023).

5.3.3 Supervisory board committees

Pursuant to legislation, the Code and best practice, the supervisory board appoints one or more committees, tasking them with specific areas, the preparation of draft resolutions of the supervisory board, the implementation of resolutions of the supervisory board and other tasks requiring specialist expertise, thereby providing the board with 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 main 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 2023, the audit committee comprised the following members: Matej Gomboši (chairman), Andrej Gorazd Kunstek (until 12 June 2023), Blaž Garbajs (from 13 June 2023), Katarina Sitar Šuštar (external member) and Dragan Martinović (external member).

Risk committee

The main 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, and the risk strategy, and monitor operational risks;
- 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 2023, the risk committee comprised the following members: Keith William Morris (chairman), Davor Ivan Gjivoje Jr, Slaven Mičković (external member) and Janez Komelj (external member).

Nominations and remuneration committee

The main 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 consider the proposal of the chair of the management board regarding the composition of the management board and the Company’s governance, and draw up proposals for the supervisory board;
- carry out the nomination process 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 2023, the nominations and remuneration committee comprised the following members: Klemen Babnik (chairman), Davor Ivan Gjivoje Jr, Keith William Morris, Matej Gomboši, Andrej Gorazd Kunstek (until 12 June 2023), Edita Rituper (from 13 June 2023) and Blaž Garbajs (from 14 December 2023).

Fit and proper committee

The main tasks of the fit and 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;
- at the request of the Company’s works council, carry out a fit and proper assessment of any employee representative on the supervisory board elected by the works council.

In 2023, the fit and proper committee comprised the following members: Keith William Morris (chairman), Klemen Babnik, Rok Saje (compliance officer) and Klara Hauko (director of human resource management).



Composition of the supervisory board in 2023

Full name	Davor Ivan Gjivoje Jr	Keith William Morris	Klemen Babnik	Matej Gomboši	Edita Rituper	Blaž Garbajs	Andrej Gorazd Kunstek
Function	chair	deputy chair	member	member	member	member (from 13 June 2023)	member (until 12 June 2023)
Employment	Networld Inc. / DGG Holdings Ltd., 36 Cattano Ave. Fl. 5. Ste. 3, 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	Sava Re d.d., Dunajska Cesta 56, 1000 Ljubljana, Slovenia
First appointed	7 March 2017	15 July 2013	17 July 2021	17 July 2021	1 January 2022	13 June 2023	23 January 2013
End of term of office	8 March 2025	17 July 2025	17 July 2025	17 July 2025	13 June 2027	13 June 2027	12 June 2023
Representative of shareholders/employees	of shareholders	of shareholders	of shareholders	of shareholders	of employees	of employees	of employees
Attendance at sessions	10/10	10/10	10/10	10/10	10/10	5/5	5/5
Gender	M	M	M	M	Ž	M	M
Nationality	American	British	Slovenian	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1968	1948	1983	1975	1966	1980	1974
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	university graduated economist	university graduated economist, master of science 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 business, governance, corporate governance, sustainable development	finance, corporate finance, insurance business, governance	insurance and reinsurance business, actuarial affairs, governance
Independence under the Code	YES	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"> nominations and remuneration committee, member (from 13 June 2023) 	<ul style="list-style-type: none"> audit committee, member (from 13 June 2023) nominations and remuneration committee, member (from 14 December 2023) 	<ul style="list-style-type: none"> audit committee, member (until 12 June 2023) nominations and remuneration committee, member (until 12 June 2023)
Attendance of committee sessions	<ul style="list-style-type: none"> risk committee: 6/6 nominations and remuneration committee: 3/3 	<ul style="list-style-type: none"> risk committee: 6/6 nominations and remuneration committee: 3/3 fit and proper committee: 2/2 	<ul style="list-style-type: none"> nominations and remuneration committee: 3/3 fit and proper committee: 2/2 	<ul style="list-style-type: none"> audit committee: 9/9 nominations and remuneration committee: 3/3 	<ul style="list-style-type: none"> nominations and remuneration committee: 2/3 	<ul style="list-style-type: none"> audit committee: 4/9 nominations and remuneration committee: 0/3 	<ul style="list-style-type: none"> audit committee: 5/9 nominations and remuneration committee: 1/3
Notes on memberships of management or supervisory bodies of third parties	<p>Networld Inc. / DGG Holdings Ltd., 36 Cattano Ave. Fl. 5. Ste. 3, Morristown, NJ 07960, USA – chief executive officer</p> <p>Adria Lines Dover, Delaware, USA – chief executive officer</p> <p>Sava d.d., Dunajska 152, 1000 Ljubljana, Slovenia – chair of the supervisory board</p> <p>Sava Turizem d.d., Dunajska 152, 1000 Ljubljana, Slovenia – chair of the supervisory board</p>	<p>HMS Victory Preservation Endowment Fund Ltd, HM Naval Base (PP66) Portsmouth Hampshire PO1 3NH, UK – chair of the board of directors</p>	<p>Sava d.d., Dunajska 152, 1000 Ljubljana, Slovenia – member of the supervisory board</p> <p>Sava Turizem d.d., Dunajska 152, 1000 Ljubljana, Slovenia – member of the supervisory board</p>	<p>Imark, Matej Gomboši, Inštitut za Svetovanje in Informatiko, s.p., Panonska Ulica 101, Beltinci, 9231 Beltinci, Slovenia – founder</p>	/	/	/

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



External member of supervisory board committees in 2023

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 sessions	9/9	9/9	6/6	6/6	2/2	2/2
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	Ministry of Labour, Family, Social Affairs and Equal Opportunities, Štukljeva Cesta 44, 1000 Ljubljana, 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	Flat, Katarina Sitar Šuštar, s.p. , Zaprice 6b, 1241 Kamnik, Slovenia – founder	Shramba d.o.o. , Vilharjeva Cesta 27, 1000 Ljubljana, Slovenia – founder and managing director UHY Revizija in Svetovanje, d.o.o. , Vurnikova 2, 1000 Ljubljana, Slovenia – founder and holder of procuration	SM, Poslovno Svetovanje, Slaven Mičković, s.p. , Avčinova 12, 1000 Ljubljana, Slovenia – founder	/	/	/

The operation of the supervisory board and its committees in 2023 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 chair 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 the diversification of technical knowledge, experience and skills, and the way members complement each other so as to form a homogenous team and ensure sound and prudent conduct of the Company's business. In 2023, 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 2023, the gender balance on the management board was 33.33% women and 66.67% men until 21 March 2023, and 25% women and 75% men from 22 March 2023. The implementation of the policy on diversity of the management board in 2023 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

The 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) team-performance-based pay relating to joint 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 and 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 2023. For more details on the remuneration policy, please refer to the section "The general meeting in 2023".

The remuneration of the members of the management board in 2023 is disclosed in more detail in section 16.10 "Related party disclosures" in the notes to the financial statements and in more detail in the Directors' Remuneration Report for 2023, 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 2023 are provided in section 3 "Shareholders and share trading".

The management board in 2023

In 2023, the management board comprised the following members: Marko Jazbec (chairman), Polona Pirš Zupančič, Peter Skvarča and David Benedek (the latter from 22 March 2023).

The average age of the members of the management board is 50.38 years. All the members of the management board are citizens of the Republic of Slovenia.¹⁹



Composition of the management board in 2023

Full name	Marko Jazbec	Polona Pirš Zupančič	Peter Skvarča	David Benedek
Function	chairman	member	member	member (from 22 March 2023)
Work area at management board level	<ul style="list-style-type: none"> • coordination of work of the management board • general, HR, organisational and legal affairs • public relations • compliance • internal audit • management of strategic investments in Slovenia-based insurance companies (from 22 March 2023) • information technology • sustainable development 	<ul style="list-style-type: none"> • corporate finance • strategic planning and controlling • accounting • investor relations • capital and risk management • actuarial affairs 	<ul style="list-style-type: none"> • development of reinsurance and reinsurance underwriting, Group and non-Group • reinsurance protection (retrocession), Group and non-Group • development of reinsurance processes and technology • reinsurance technical accounting • management of strategic investments in non-Slovenian subsidiaries 	<ul style="list-style-type: none"> • financial operations and asset management • management of strategic investments in pension companies and asset management companies (AMCs) • management of strategic investments in healthcare companies • managing overarching cooperation with commercial banks or banking groups at Group level
First appointed	12 May 2017	14 January 2018	19 June 2020	22 March 2023
End of term of office	13 May 2027	15 January 2028	19 June 2025	22 March 2028
Gender	M	F	M	M
Nationality	Slovenian	Slovenian	Slovenian	Slovenian
Year of birth	1970	1975	1975	1973
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 economist, master of science in economics
Professional profile	banking, insurance business, finance, strategic management, corporate governance, business administration	insurance and reinsurance business, corporate governance, controlling, accounting, risk management, actuarial affairs, corporate governance, business administration	insurance and reinsurance business, corporate governance, business administration	banking, insurance business, finance, corporate governance, 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	/
Notes on memberships of management or supervisory bodies of related parties	<p>Illyria sh.a., Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo – chair of the board of directors</p> <p>Illyria Life sh.a., Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo – chair of the board of directors</p> <p>Sava Osiguranje a.d., Ulica Svetlane Kane Radevič br. 1, 81000 Podgorica, Montenegro – chair of the board of directors</p> <p>Zavarovalnica Sava d.d., Ulica Eve Lovše 7, 2000 Maribor, Slovenia – chair of the supervisory board</p> <p>Vita, Življenjska Zavarovalnica, d.d., Trg Republike 3, 1001 Ljubljana, Slovenia – chair of the supervisory board (until 7 June 2023)</p>	<p>Sava Životno Osiguranje a.d.o., Bulevar Vojvode Mišića 51, 11000 Belgrade, Serbia – chair of the supervisory board</p> <p>Sava Infond, Družba za Upravljanje, d.o.o., Ulica Eve Lovše 7, 2000 Maribor, Slovenia – chair of the supervisory board (until 15 August 2023), deputy chair of the supervisory board (from 16 August 2023)</p> <p>Zavarovalnica Sava d.d., Ulica Eve Lovše 7, 2000 Maribor, Slovenia – deputy chair of the supervisory board</p>	<p>Sava Osiguruvanje, a.d., Železnička 41, Opština Centar, PF 133, 1000 Skopje, North Macedonia – non-executive member of the board of directors</p> <p>Sava Penzisko Društvo a.d., Ulica Majka Tereza 1, 1000 Skopje, North Macedonia – supervisory board member</p> <p>Zavarovalnica Sava d.d., Ulica Eve Lovše 7, 2000 Maribor, Slovenia – member of the supervisory board</p> <p>Sava Neživotno Osiguranje a.d., Bulevar Vojvode Mišića 51, 11000 Belgrade, Serbia – chair of the board of directors</p>	<p>Sava Pokojninska Družba d.d., Ulica Eve Lovše 7, 2000 Maribor, Slovenia – chair of the supervisory board (from 28 June 2023)</p> <p>DCB d.o.o., Pod Skalo 4, 4260 Bled, Slovenia – deputy chair of the supervisory board (from 30 June 2023)</p> <p>Sava Infond, Družba za Upravljanje, d.o.o., Ulica Eve Lovše 7, 2000 Maribor, Slovenia – member of the supervisory board (from 3 June 2023), chair of the supervisory board (from 16 August 2023)</p> <p>Vita, Življenjska Zavarovalnica, d.d., Trg Republike 3, 1001 Ljubljana, Slovenia – chair of the supervisory board (from 7 June 2023)</p> <p>Vita S Holding d.o.o., Skopje, Ul. Dimche Mirchev 20, Center Municipality, 1000 Skopje, North Macedonia – chair of the supervisory board (from 14 September 2023)</p>

5.4 Internal control and risk management systems relating to financial reporting²⁰

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

Apart from the Slovenian Companies Act (ZGD-1), Sava Re is governed by the Slovenian Insurance Act (ZZavar-1), 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 level 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 the Sava Insurance Group Financial Control 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 system controls (access restrictions, segregation of duties, limit systems and 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 valuation of assets and liabilities arising from insurance and reinsurance contracts follows the four-eyes principle, while the calculations are based on the valuation methodology for insurance and reinsurance contracts in accordance with IFRS 17. In addition, for consolidation purposes, additional internal controls are in place to review the consolidation processes for manual data entry and internal controls over items where adjustments are made to the Group, as well as controls over all the procedures carried out for the Group (e.g. consolidation adjustments). Members of the Group submit the financial information required for the prepa-

ration of the consolidated financial statements in reporting packages, prepared in accordance with International Financial Reporting Standards (IFRS) and the parent company'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 and control of financial data between subsidiaries and the parent company 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.

A system of internal controls is also in place for other important business processes. Effective risk management requires that companies ensure a functioning and established internal control system. The systematic internal controls of companies 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, legal provisions and internal regulations. All major business processes have been specified, including details on control points and the persons responsible for each control. 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, allocating investments and prohibiting trading based on inside information.

Other entities authorised by Sava Re to provide individual services must do so in compliance with the law, implementing regulations, service contracts, internal rules and work instructions in force 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 its own internal audit department, which provides assurance and advice to the management board on how to increase added value and improve the efficiency and effectiveness of operations. The internal audit department 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 internal audit also reports on its findings to the management board, the audit committee and the supervisory board.

5.5 External audit

In 2022, a contract was signed with Deloitte Revizija d.o.o., Dunajska 165, 1000 Ljubljana, for the audit of the financial statements for the period 2022–2024.

Deloitte has also audited the financial statements of Sava Re and the Sava Insurance Group for 2022 and 2023. In 2022 and 2023, the Group's subsidiary companies were audited by the local audit staff of the same auditing firm.

5.6 Disclosures in accordance with Article 70(6) of the Companies Act²¹

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

The composition of Sava Re's share capital, the list of qualified shareholders under the Slovenian Takeovers Act as at 31 December 2023, the rights and obligations attached to the shares, the 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 scheme

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 the Company's internal rules. The process and criteria for the selection of candidates for members of the management board and 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, are clearly set out in the Company's fit and proper policy for relevant persons.

The management board as a whole and its individual members may be removed from office 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 works 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 the Company's 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, are clearly set out in the Company's fit and proper policy for relevant persons.

Supervisory board members who are shareholder representatives may be removed from office by the general meeting for reasons prescribed by law, by a resolution passed 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 treasury shares)

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

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

With the additional treasury share repurchases in April 2016, the management board fully exhausted the general meeting authorisation granted in 2014 to purchase treasury 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). As is customary in the industry, retrocession contracts 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 a new product, major change in the Company's business 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 in the event of termination of their office by mutual consent, in which case there must be no grounds of fault for their removal from office, in conjunction with the 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 members²²

The parent company’s management and supervisory bodies are the 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 company fully exercises its governance function by setting the business strategy from the top down, taking into account both the Group as a whole and its individual 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 at the Group level and 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 and risk management at the Group level. The latter takes into account any interaction between the risks of individual Group companies, in particular risk con-

centration 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 principle of proportionality. 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 the Group’s policies, consider 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’s policies, determine their adjustments to these policies, ensuring that the subsidiary complies with applicable laws, implementing regulations and the rules of sound and prudent operation.

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

Ljubljana, 15 March 2024
Sava Re Management Board

Marko Jazbec, Chairman

Polona Pirš Zupančič, Member

Peter Skvarča, Member

David Benedek, Member

Ljubljana, 4 April 2024
Sava Re Supervisory Board

Davor Ivan Gjivoje Jr, Chairman



6 Mission, vision, strategic focus and goals

6.1 Our purpose²³

Through a positive climate, good business culture, continuous training and investments in employees, we contribute to the ongoing 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, ongoing training of employees and external stakeholders, and the utilisation 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 create a climate of trust and loyalty among our stakeholders and to be 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 through our ongoing effort to make improvements and strengthen relationships.
 We are active in relation to our natural and social environment.

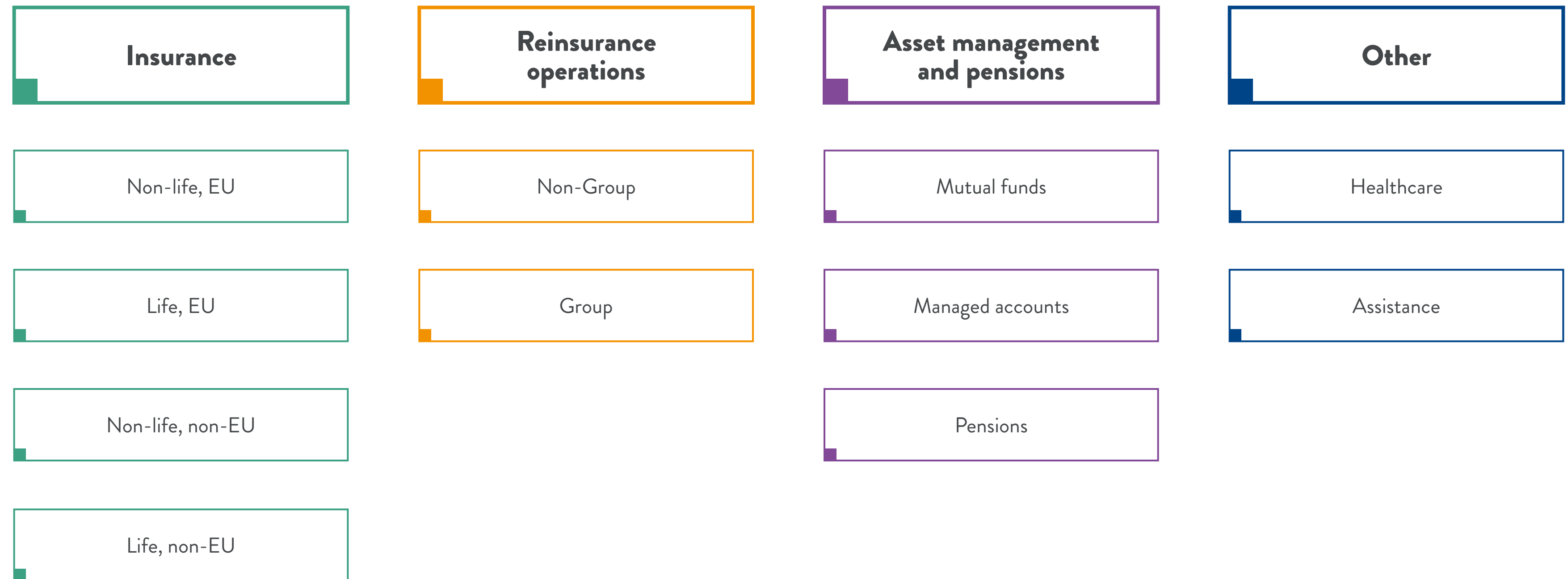


6.2 Strategic focus of the Sava Insurance Group

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

Integral risk management



Corporate support functions

For the 2023–2027 period, the Group has adopted a 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 first objective is customer-oriented communication, which is achieved by integrating all communication channels through a centralised customer relationship management system. The second objective is to establish a hybrid sales model that will allow 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, and mobile applications, which will improve customer service during sales, claims handling and other services.



- The Group has two key objectives in **optimising its business processes**: to speed up and 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 five-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% (within the optimal capitalisation 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 2024

The Sava Insurance Group has set the following financial targets for 2024.

Major targets for 2024

	2024 plan
Business volume*	> EUR 925 million
Business volume growth*	> 5%
Return on equity	> 10.5%
Profit, net of tax	> EUR 70 million
Solvency ratio	170%–210%
Combined ratio	< 95%
Return on investment portfolio	2.2%

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

Planned growth in business volume for 2024

	2024 plan
Non-life, EU	> 6%
Life, EU	> 2%
Reinsurance	> 1%
Non-life, non-EU	> 8%
Life, non-EU	> 10%
Asset management	> 5%

6.4 Goals achieved in 2023²⁴

6.4.1 Targets achieved in 2023

Achievement of targets in 2023

EUR million	2023	2023 plan	As % of plan
Business volume	910.1	> 800	113.8%
Business volume growth	14.4%	> 4%	✓
Return on equity	10.8%	> 9.5%	✓
Profit, net of tax	64.7	> 53	22.1%
Solvency ratio	188%–194%	170%–210%	✓
Combined ratio	93.1%	< 95%	✓
Return on investment portfolio	2.1%	> 1.5%	✓

The Sava Insurance Group achieved all its financial targets in 2023. It increased its business volume to EUR 910.1 million, 13.8% ahead of plan. All operating segments exceeded their targets. The net profit was EUR 64.7 million, which translates into an above-target return on equity. The combined ratio deteriorated compared to last year due to the summer storms in Slove-

nia and other markets in which the Group operates, but it remained within the target range. The Group's active management of its investment portfolio also resulted in a return well above the lower end of the target range. The reinsurance segment and the net investment result were the main contributors to the above-target performance.



6.4.2 Achievement of strategic targets

Goals achieved in the Group's strategic focus areas

Customer at the centre

The main customer-centricity activities focused on consolidating customer support processes in call centres and introducing 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.

We enhanced our digital and self-service solutions for customers, especially those dedicated to online sales, and optimised the user experience.

We launched a technology- and design-focused transformation of Zavarovalnica Sava's website on a target digital customer experience management platform, making possible a simplified roll-out of this solution to other Group companies.

At Zavarovalnica Sava, we implemented a solution to automate digital communication and used it to launch additional e-communication campaigns, increasing the share of electronic communication to 13.2%.

Process optimisation

By optimising business processes and, at the same time, planning the IT solutions on which business processes are implemented, we have standardised internal procedures for preparing functional specifications, adapted the way we manage change, and implemented activities to improve our employees' skills required for better-quality process optimisation (full-day workshops, individual training, mentoring and presentations at internal conferences).

The most visible optimisations were implemented in automated claims reporting, the procurement process, automated mass task allocation and extended internal use of the electronic central population register (eCRP of Slovenia).

For the changeover of the core business system in the Slovenian insurance segment, we continued the inventory and simultaneous changes of processes related to product configuration, sales, register of persons, investment accounts, reinsurance, commissions, receipt and control of quotes, bookkeeping and claims.

Sustainable development

We have further enhanced the sustainability of the Group's business in line with our sustainable development strategy. We pay particular attention to reducing the carbon intensity of our operations – through investments in energy efficiency and the digitalisation of processes. By increasing the share of ESG investments in our portfolio and responsible (re)insurance under-

writing, we are also bringing sustainability into the value chain and focusing on sustainable elements in our range of products. We support global sustainability trends and focus on goals related to climate change and caring for the health and well-being of our customers, employees and the wider community.

Achievement of strategic goals by key business pillar

Non-life insurance

In the financial year 2023, we continued to successfully pursue the product development and upgrading planned for the strategy period. In terms of products with a strong sustainability component, we expanded our micromobility and solar power products to the non-EU markets while responding to additional market requirements by modifying some of our products (personal accident, health and assistance insurance). At the Group level, we further strengthened our cooperation with banks, launched credit protection insurance to cover borrowers in the event of their inability to repay a loan due to accidental death, loss of employment, illness and similar risks, and successfully prepared the technical basis for redesigning non-life policies for micro, small and medium-sized companies. We successfully addressed the challenges associated with the development of claims inflation, and we began to work more broadly on changes and adjustments to non-life underwriting rules in light of the emerging reality of increasingly extreme climate change. We responded in

good time to the increased reporting standards associated with the EU Taxonomy on sustainability and, following the successful acquisition of ASP.ins, prepared a more concrete roadmap for the development of software solutions for 2024.

Life insurance and pensions

In the life and pensions segment, in the past year the Group focused on accelerating the increase in the number of policyholders covered by the life risk insurance ecosystem, which provides customers with pay-as-you-live life insurance while giving them access to a wide range of benefits and services from selected contractual partners. We paid particular attention to developing and enhancing a wide range of additional coverages for health risks, such as critical illness treatment abroad and access to a second opinion, and we further expanded our range of products with new critical illness cover packages. The existing group accident and health insurance packages were redesigned, the unit-linked life insurance products were adapted to the new accounting standards, the selection of bancassurance products was expanded, cooperation was strengthened and new banking partners were gained. In addition, cooperation between the North Macedonian pension company and the new banking partner was established. In process development, the underwriting process in the non-EU markets was overhauled, while in the domestic market the product development and management control processes were upgraded in line with the requirements of the Insurance Distribution Directive.

Reinsurance

One of the key strategic focus areas is the appropriate diversification of the reinsurance portfolio, geographically, within individual markets, by classes of insurance and form of reinsurance cover. Sava Re systematically followed this approach when renewing its contracts in 2023. Developments in 2023 remained strongly linked to the geopolitical and macroeconomic picture of the global economy: the situation in the Middle East (Israel and Gaza), the war in Ukraine and the related volatility in global energy markets. The situation was further exacerbated by more severe natural catastrophes (storms, floods, fires, etc.) and other loss events, which led the reinsurance industry to further tighten reinsurance conditions, in terms of both pricing and content (stricter conditions in reinsurance contracts). The main focus was on portfolio restructuring by form of reinsurance, with a shift from proportional

business to non-proportional business, thereby achieving a more appropriate portfolio diversification. There was also a strong strategic focus on a more appropriate geographic diversification, where Sava Re made some significant changes. We reduced concentrations in individual major markets, sought opportunities in markets where Sava Re did not have a strong presence and reduced exposures on individual treaties. This trend is expected to continue in 2024, and, with the measures already introduced and implemented, Sava Re will achieve a better-balanced reinsurance portfolio, in line with the key strategic focus of achieving the required profitability and low volatility of the portfolio.

Asset management

Sava Infond continued to digitalise its business in 2023, maintaining its position in key sales channels and recording positive net inflows into its fund of funds.

Assistance services

In 2023, TBS Team 24 achieved record performance and outstanding operating results. The company efficiently introduced the automatic transfer of case data to non-EU companies and, in cooperation with Zavarovalnica Sava, set up digital reporting of assistance cases. This innovation is key to achieving the company's goal of becoming a digitally focused assistance company.

During the year, TBS Team 24 also expanded its services with the introduction of e-Call services in partnership with some of the world's leading car manufacturers. Together with our partners and our continued investment in digital technologies, the company remains committed to achieving high quality and customer satisfaction standards.

7 Business environment

Global economic developments²⁵

Despite a moderation, high inflation, stagnant euro area economic activity and persistent geopolitical tensions remained at the forefront of 2023. The euro area has been stagnating since the third quarter of 2022, and this is projected to continue until mid-2024. The slowdown is the result of several factors, including tight monetary policy and lower savings surpluses, as well as external factors, such as the general weakness of the global industrial cycle and the energy shock in the region. The expected level of gross domestic product (GDP) is below the pre-pandemic trend and business sentiment in Europe is weaker, with some of the negative sentiment stemming from a deterioration in the economic outlook for Germany.

Inflation in euro area countries was set to fall from a peak of 10.6% in 2023 to 2.9% at year end. The decline in inflation rates in the euro area and elsewhere in

the developed world was mainly due to central banks' restrictive monetary policies. Although inflation is not yet at the European Central Bank's target level, the declining trend in inflation suggests that no further rate hikes are expected, and the market is already pricing in an interest rate cut in 2024. Similar to the euro area, inflation in the US fell from a peak of 9.1% to 3.4% in December 2023. In addition to high inflation, risks to future economic growth include a possible slowdown in the Chinese economy and geopolitical tensions, notably Russia's ongoing military aggression against Ukraine and the war in the Middle East.

A positive factor for future economic growth is the robustness of the US economy, which grew by 3.3% in the fourth quarter despite high interest rate hikes, with consumer spending (as a result of savings during the pandemic) and ample fiscal support being the key

drivers of growth. US households and businesses are in a strong financial position, so the likelihood of more serious financial problems is diminished.

The year 2023 was better than expected in terms of returns at year-end 2022. Both shares and bonds closed in positive territory. The European STOXX 600 Index rose by 12.7%, the US S&P 500 Index by 20.3%, and the MSCI ACWI Global Equity Index by 16.3% for the year, all in euro terms. European and US government bond yields also fell in 2023, contributing to the positive performance of government bond indices. As interest rates normalise, the starting point for expected returns on shares and bonds will be historical averages. Higher yields made bonds an attractive asset class again, especially compared with domestic bank deposits, where yields are still very low.

²⁵ Source: Eurostat, U.S. Bureau of Labor Statistics in Bloomberg 2023, data for the period from 30 December 2022 to 29 December 2023.



Economic developments in markets in which the Sava Insurance Group operates

Markets in the region were affected by the same factors as mentioned above. In all markets, economic growth continued in 2023 and inflation, while still high, eased slightly compared to the previous year. In most

markets, economic growth in 2024 is estimated to be similar to or slightly higher than in 2023, and average inflation growth rates are expected to moderate.

Overview of the main macroeconomic indicators for the countries in which the Sava Insurance Group operates²⁶

	GDP (real growth in %)					Average rate of inflation (%)					Unemployment rate (%)				
	2020	2021	2022	E2023	P2024	2020	2021	2022	E2023	P2024	2020	2021	2022	E2023	P2024
Slovenia	-4.2%	8.2%	2.5%	1.6%	2.8%	-0.1%	1.9%	8.8%	7.6%	3.9%	5.0%	4.7%	4.0%	3.6%	3.5%
Croatia	-8.5%	13.1%	6.2%	2.7%	2.6%	0.0%	2.7%	10.7%	8.6%	4.2%	9.0%	8.1%	6.8%	6.3%	5.9%
Serbia	-0.9%	7.6%	2.3%	2.0%	3.0%	1.6%	4.1%	12.0%	12.4%	5.3%	9.7%	11.0%	9.4%	9.1%	9.0%
North Macedonia	-4.7%	3.9%	2.1%	2.5%	3.2%	1.2%	3.2%	14.2%	10.0%	4.3%	16.4%	15.4%	14.4%	14.3%	14.1%
Kosovo	-5.3%	10.7%	3.5%	3.8%	4.0%	0.2%	3.3%	11.7%	4.7%	3.1%	26.0%	20.8%	n/a	n/a	n/a
Montenegro	-15.3%	13.0%	6.1%	4.5%	3.7%	-0.2%	2.4%	13.1%	8.3%	4.3%	17.9%	16.6%	14.7%	n/a	n/a

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

After 2022, the impact of claims inflation on the Group’s business in 2022 increased as the inflation rate rose sharply, and the Group’s insurers responded by increasing their premium rates, reducing the impact of claims inflation on the Group’s business in 2023. Continued high inflation increased the expenses of Group companies.

In the summer, Slovenia and some other countries in which the Group operates were hit by a wave of storms and floods that caused significant damage to property. The gross claims resulting from these events totalled EUR 88.3 million in 2023 and, taking into account our reinsurance protection, the impact of these events on the Group’s result was EUR 27.4 million. The largest

impact on the financial performance was reported by Zavarovalnica Sava (EUR 26.4 million).

The finance result of insurance companies and the performance of pension and asset management companies benefited from favourable developments in the financial markets, which increased interest income, assets under management and fund inflows.

²⁶ Source: IMAD, Economic Mirror, No. 1/2024, International Monetary Fund, World Economic Outlook, October 2023, www.statista.com.



Markets in which the Sava Insurance Group operates

Sava Re, the parent company of the Sava Insurance Group, transacts the reinsurance business in over 100 countries worldwide²⁷. The following section contains a description of the international non-life insurance market and insurance markets in which the Sava Insurance Group operates.

Global non-life reinsurance markets²⁸

The year 2023 saw a challenging international environment, with both the start of the Israel– Hamas war and the

ongoing war in Ukraine, with the associated volatility in global energy markets. Non-life claims showed an upward trend, driven by higher replacement costs compared to the pre-pandemic period. While the pressure on the cost of construction materials generally eased during the year, higher salary and financing costs came to the fore as a result of increased inflation rates in the international environment and restrictive monetary policies by central banks. At the same time, insured losses from natural catastrophes have been on the rise, exceeding USD 100 billion in 2023

for the fourth consecutive year, with climate change and intensive urbanisation in exposed areas cited as key factors in the increased frequency and magnitude. Challenging market conditions have led to a sharp increase in non-life reinsurance prices in 2023, and the global outlook is for continued but less pronounced price increases in the future. Increased geopolitical and macroeconomic instability weakens growth prospects but reinforces the key role of insurance in risk transfer. In this context, the closing of the insurance gap, price increases and higher investment

returns in a higher interest rate environment are positive factors that improve expected profitability.

Insurance markets

All insurance markets in which Sava Insurance Group operates grew in 2023, and most of the Group’s insurers maintained or increased their market shares compared to 2022.

Overview of the main indicators of the trends in the insurance markets in which the Sava Insurance Group operates

	Growth/decline in premiums (%)				Premiums per capita (EUR)				Premiums as % of GDP (%)			
	2020	2021	2022	2023	2020	2021	2022	2023	2020	2021	2022	E2023
Slovenia ^{*29}	2.0%	2.5%	7.0%	9.0%	1,208.9	1,236.4	1,320.7	1,432.3	5.4%	5.0%	4.9%	4.8%
Croatia ^{**30}	-2.3%	10.7%	8.0%	7.8%	345.1	392.8	427.8	449.1	2.7%	2.6%	2.5%	2.3%
Serbia ^{***31}	2.5%	8.7%	12.4%	16.5%	134.6	147.8	167.9	200.2	2.1%	2.0%	2.0%	1.9%
North Macedonia ³²	-5.2%	15.7%	10.0%	12.3%	78.5	90.9	113.5	127.4	1.5%	1.6%	1.6%	1.6%
Kosovo ³³	-0.2%	15.4%	14.2%	9.2%	56.3	65.3	75.9	82.9	1.5%	1.6%	1.5%	1.5%
Montenegro ³⁴	-1.1%	5.5%	9.6%	10.3%	150.6	159.4	174.1	188.7	2.2%	2.0%	1.8%	1.8%

* The above premium figures exclude the premiums of the Croatian branches of Zavarovalnica Sava and Generali.

** For 2023, gross premiums written are no longer available, so premiums paid are shown. For the 2023/2022 premium growth, the premiums paid in 2022 are also taken into account for comparability. Premium figures exclude the premiums of the Austrian and Italian branches of Euroherc.

*** The 2023 estimate is based on premium growth in the first nine months of 2023.

²⁷ GRI 2-6.

²⁸ Source: Sigma, Nos. 6/2023 and 3/2023, <https://www.swissre.com/institute/research/sigma-research.html>.

²⁹ Source for premiums: Slovenian Insurance Association; source for GDP: IMAD, Economic Mirror, No. 1/2024; source for population: Statistical Office of the Republic of Slovenia.

³⁰ Source for premiums: Croatian Insurance Bureau; source for GDP and population: 2020–2022: Croatian National Bank, 2023: International Monetary Fund.

³¹ Source for premiums: National Bank of Serbia; source for GDP and population: Statistical Office of the Republic of Serbia; GDP 2023: International Monetary Fund.

³² Source for premiums: Insurance Supervision Agency, North Macedonia; source for GDP 2020–2022: National Bank of the Republic of North Macedonia; source for GDP 2023: International Monetary Fund; source for population: State Statistical Office, North Macedonia.

³³ Source for premiums: Central Bank of the Republic of Kosovo; source for GDP 2020–2022 and population: Kosovo Agency of Statistics; GDP 2023: International Monetary Fund.

³⁴ Source for premiums: Insurance Supervision Agency, Montenegro; source for GDP 2020–2022 and population: Statistical Office, Montenegro; GDP 2023: International Monetary Fund.



Slovenia

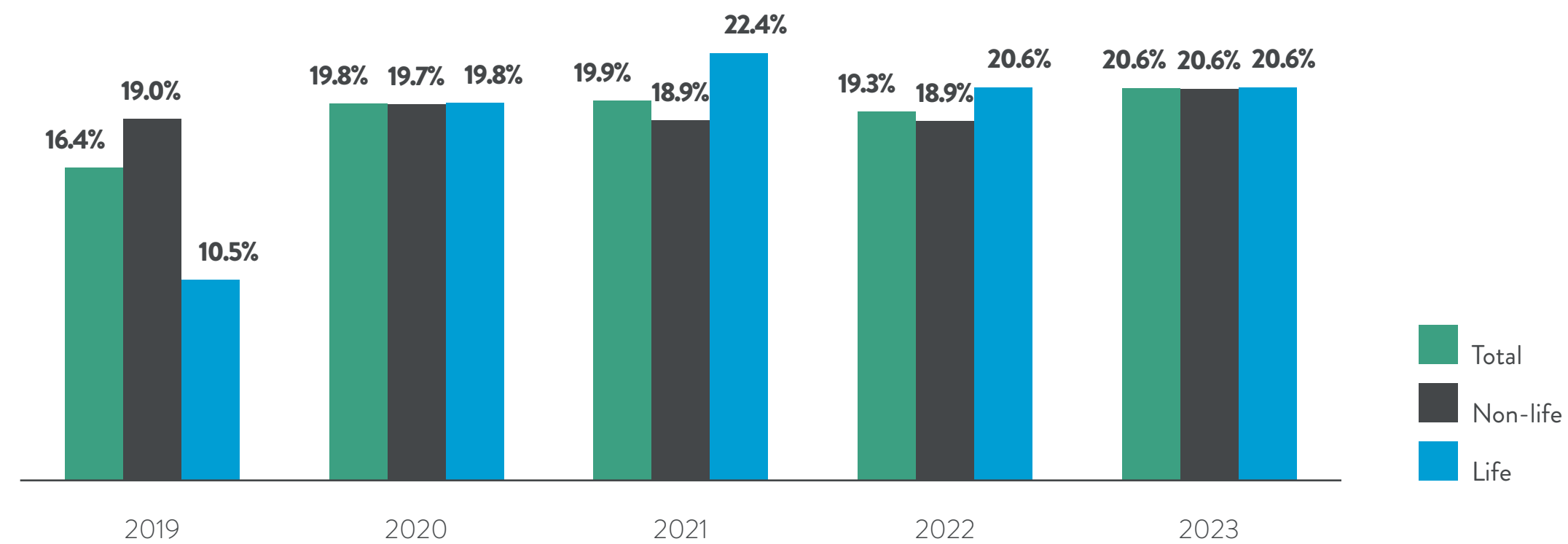
In 2023, the Slovenian insurance market consisted of 12 domestic insurance companies, 6 foreign branches and 2 reinsurance companies, which are all members of the Slovenian Insurance Association (SIA). In 2023, the non-life insurance business accounted for 72.5% of total insurance premiums and life insurance for 27.5%. In 2023, gross premiums written in the Slovenian insurance market grew by 9.0% (non-life premiums by 9.6% and life premiums by 7.6%). 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 2023, with a market share of 20.6%.

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

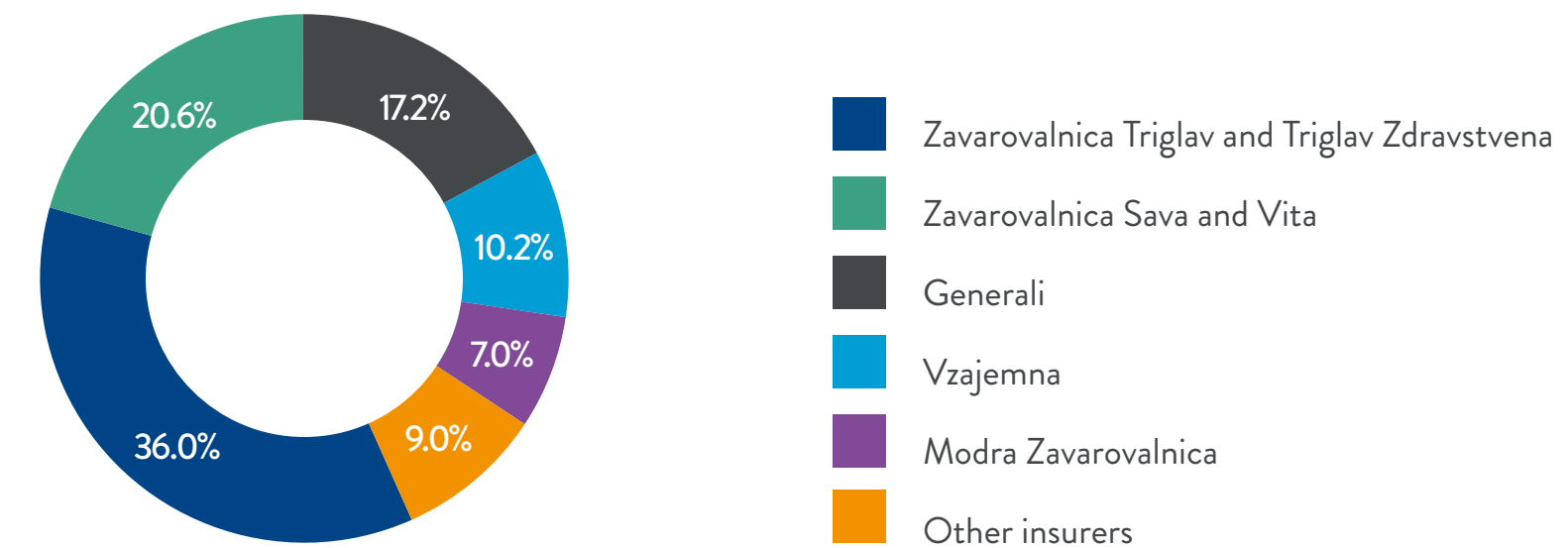
EUR	2023		2022	
	Gross premiums written	Market share	Gross premiums written	Market share
Sava Re	215,914,974	40.3%	199,405,329	44.3%
Triglav Re	319,389,312	59.7%	250,292,376	55.7%
Total	535,304,286	100.0%	449,697,705	100.0%

Market shares of Zavarovalnica Sava and Vita*



* Premium figures exclude the premiums of the Croatian branches of Zavarovalnica Sava and Generali.

Slovenia: insurance market shares 2023*

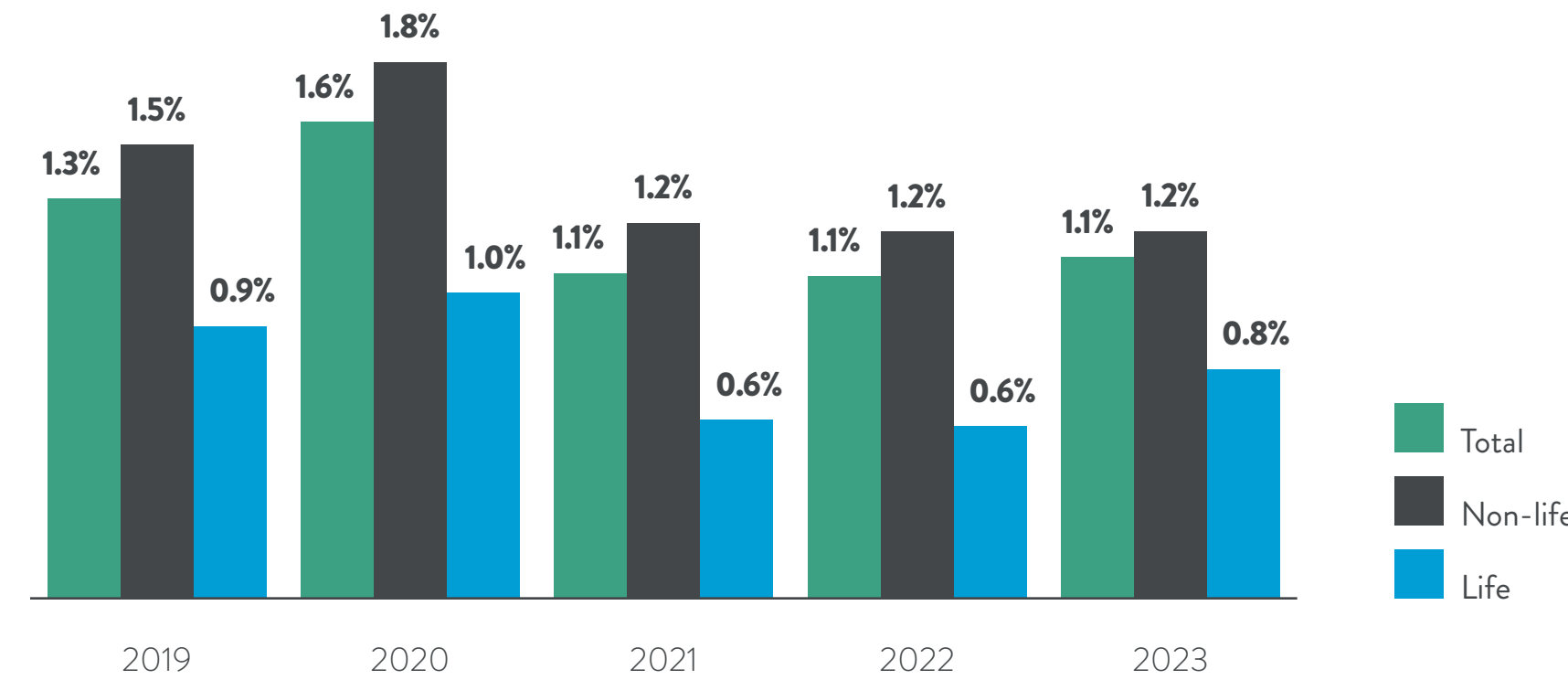




Croatia

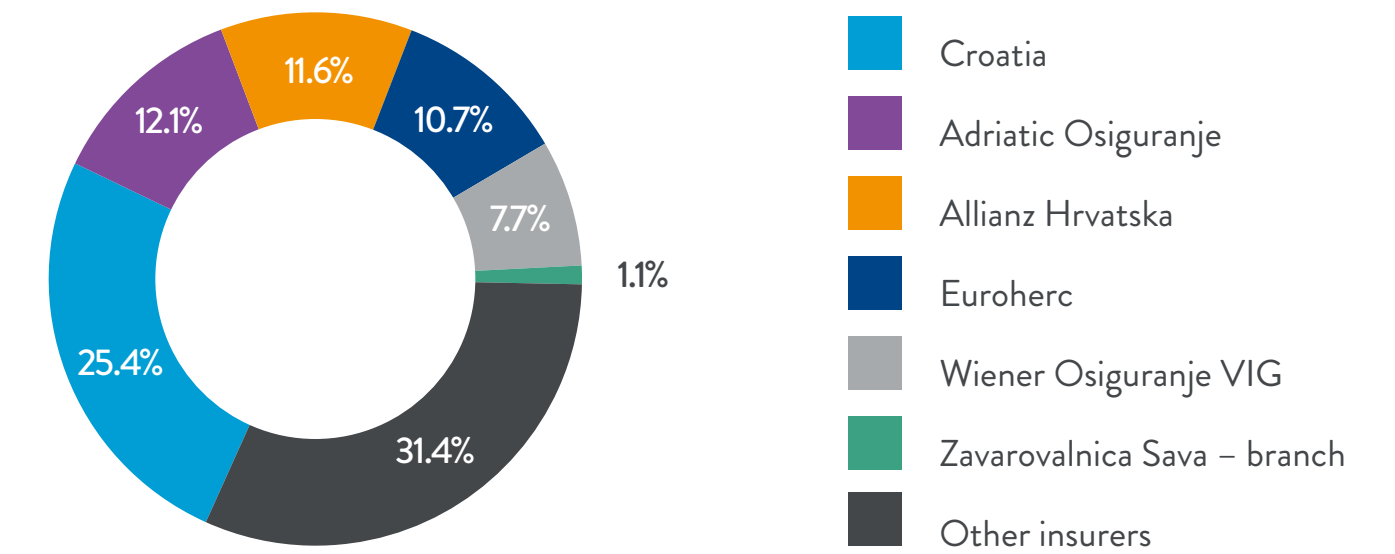
at the end of 2023, the Croatian insurance market consisted of 14 domestic insurers and 2 foreign branches. In 2023, the non-life insurance business accounted for 81.2% of total insurance premiums and life insurance for 18.8%. In 2023, premiums paid (data on gross premiums written are no longer collected by the insurance bureau as of 2023) in the Croatian insurance market grew by 7.8% (non-life premiums grew by 14.6% and life premiums fell by 14.2%). The Sava Insurance Group operates on the market through a branch of Zavarovalnica Sava, which sells non-life and life insurance in Croatia. In 2023, it ranked 13th among all companies operating in the Croatian insurance market, with a market share of 1.1%.

Market shares of Zavarovalnica Sava – branch*



* For 2023, gross premiums written are no longer available, so premiums paid are shown. Premium figures exclude the premiums of the Austrian and Italian branches of Euroherc.

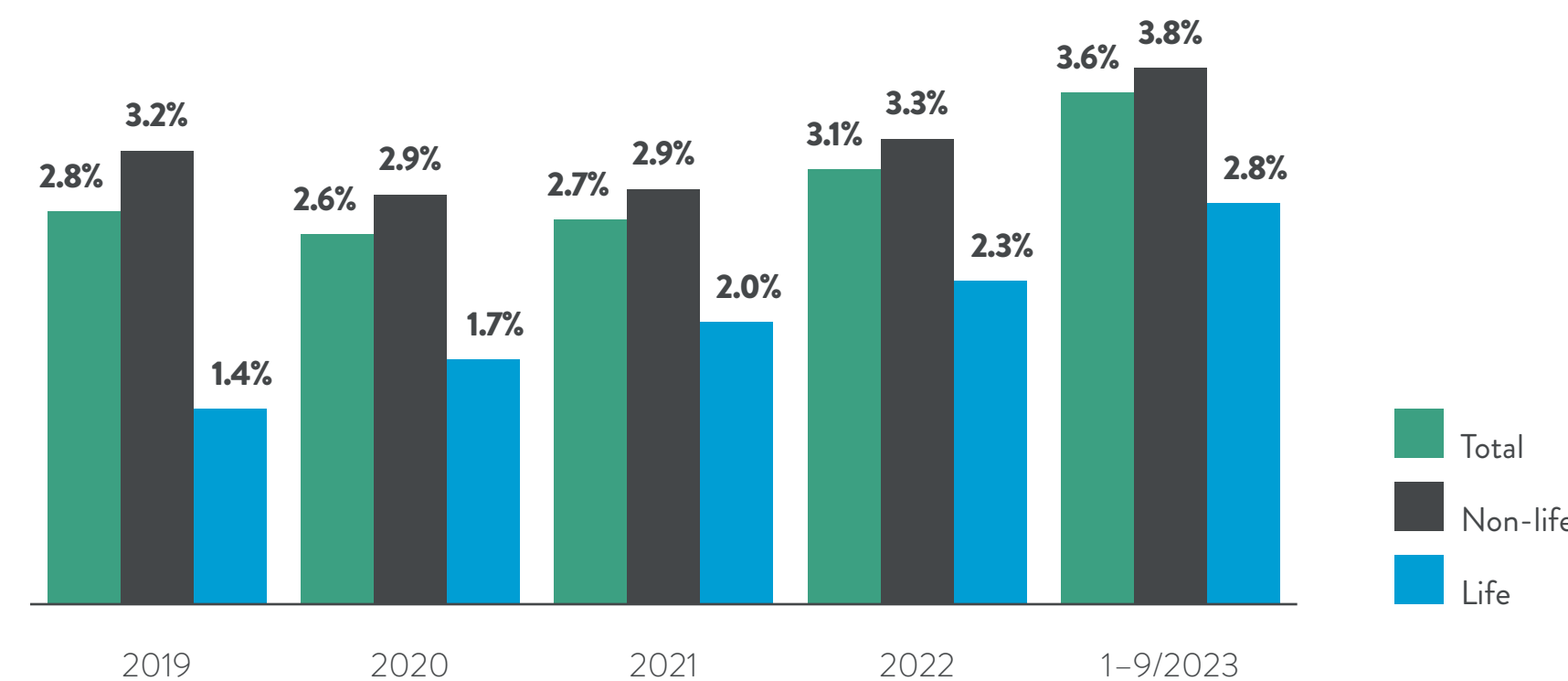
Croatia: insurance market shares 2023*



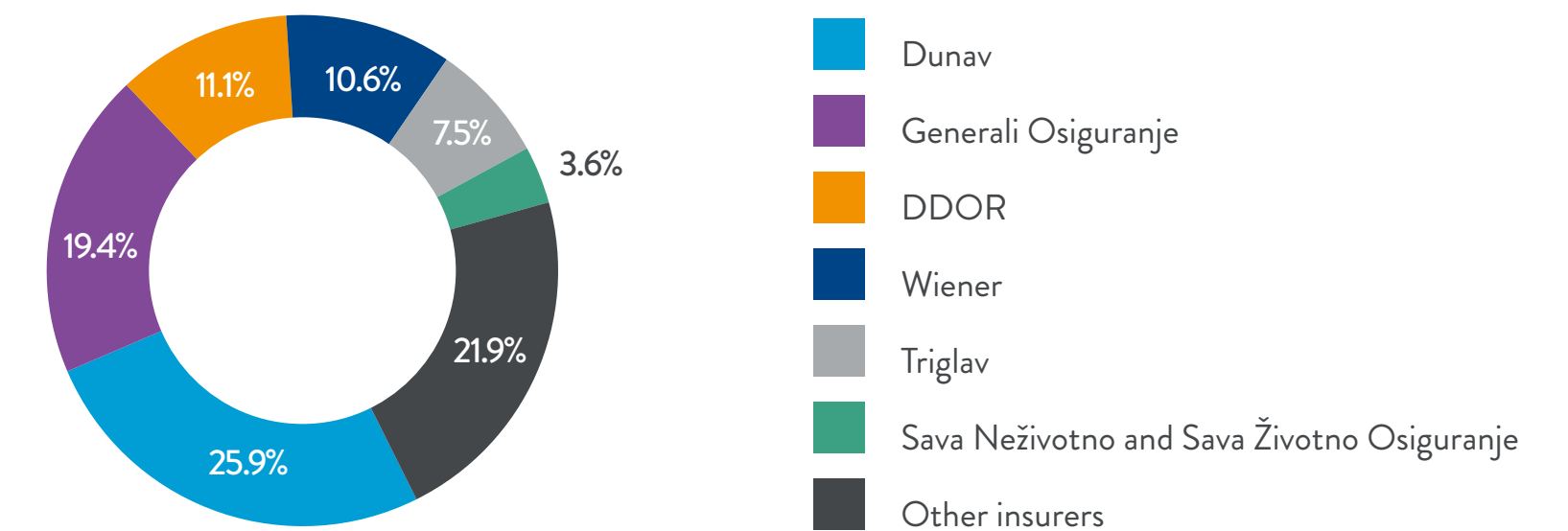
Serbia

The Serbian insurance market in 2023 consisted of 16 insurance companies. The non-life insurance business accounted for 81.5% of total insurance premiums in the first nine months of 2023 and life insurance for 18.5%. In the first nine months of 2023, gross premiums written in the Serbian insurance market grew by 16.5% (non-life premiums by 19.3% and life premiums by 6.3%). 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 10th among all insurers on the market in the first nine months of 2023, with a market share of 3.6%.

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



Serbia: insurance market shares 1-9/2023

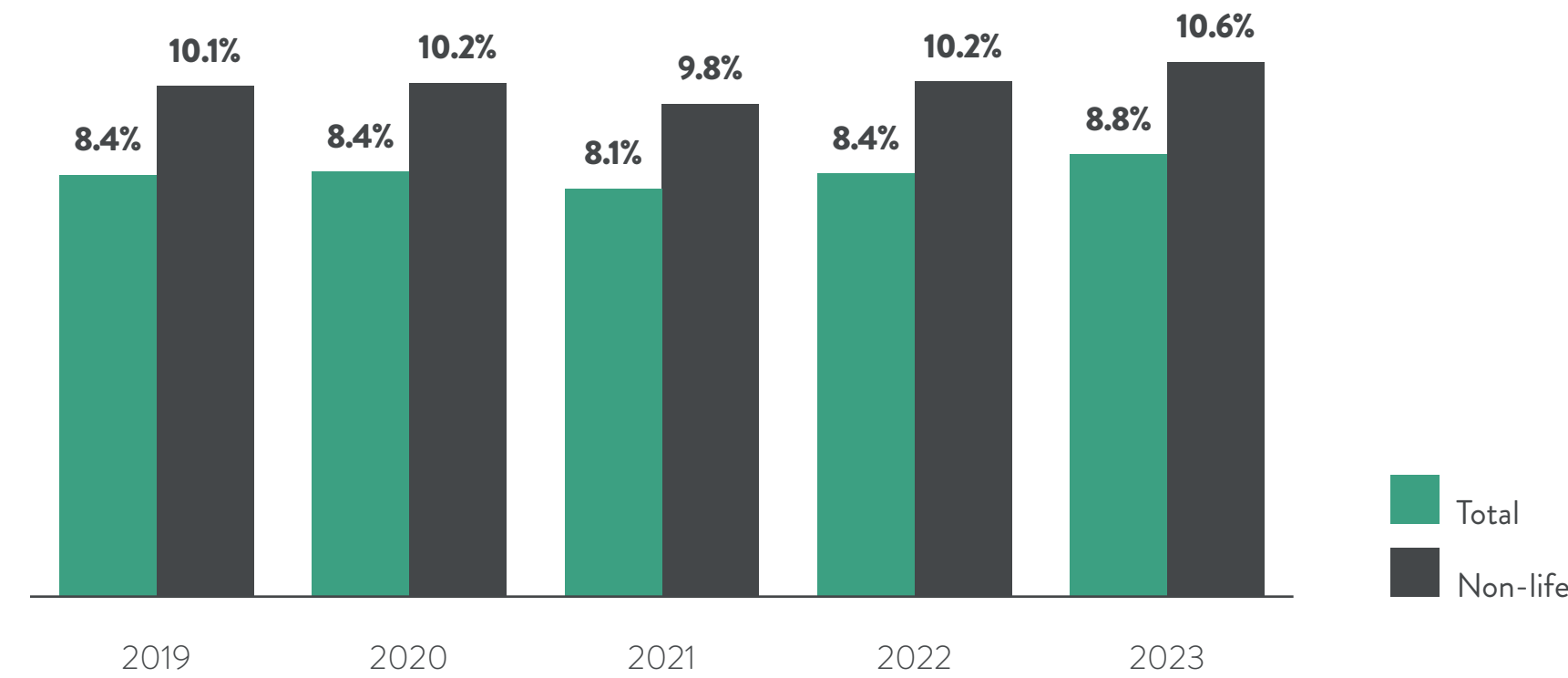




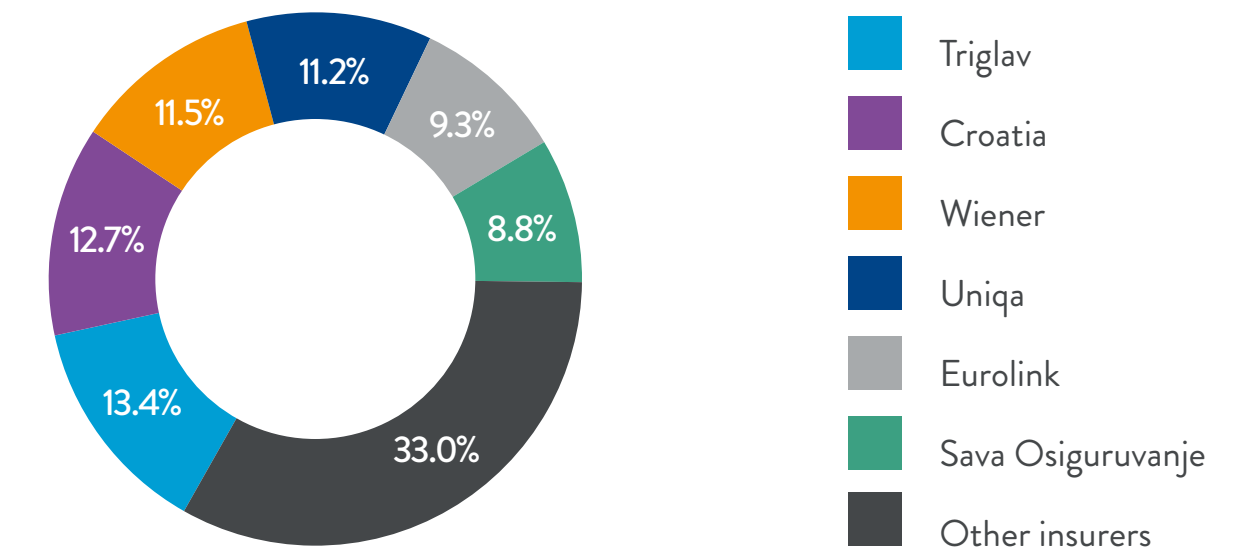
North Macedonia

The North Macedonian insurance market in 2023 consisted of 17 insurance companies. In 2023, the non-life insurance business accounted for 82.7% of total insurance premiums and life insurance for 17.3%. In 2023, gross premiums in the North Macedonian insurance market grew by 12.3% (non-life premiums by 12.9% and life premiums by 9.4%). 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 2023, with a market share of 8.8%.

Market shares of Sava Osiguranje (MKD)



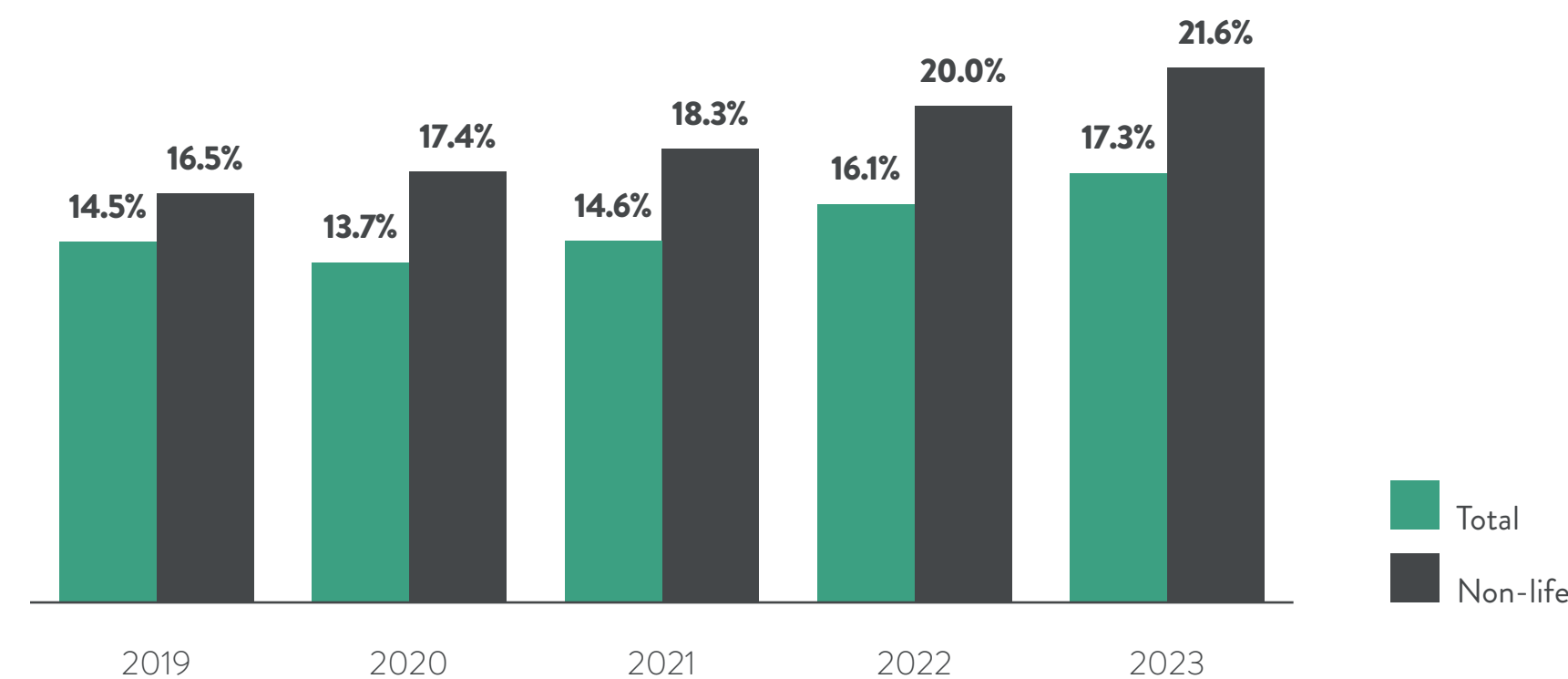
North Macedonia: insurance market shares 2023



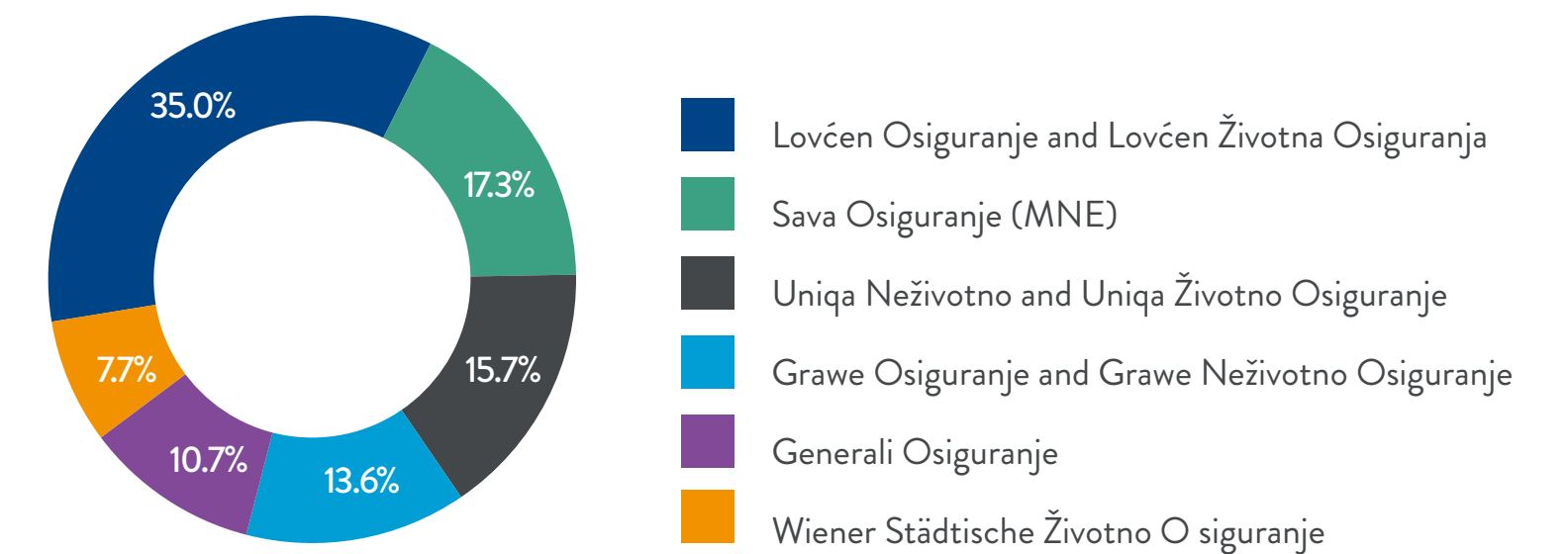
Montenegro

The Montenegrin insurance market in 2023 consisted of 9 insurance companies. In 2023, the non-life insurance business accounted for 80.2% of total insurance premiums and life insurance for 19.8%. In 2023, gross premiums written in the Montenegrin insurance market grew by 10.3% (non-life premiums by 10.3% and life premiums by 10.5%). 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 2023, with a market share of 17.3%.

Market shares of Sava Osiguranje (MNE)



Montenegro: insurance market shares 2023

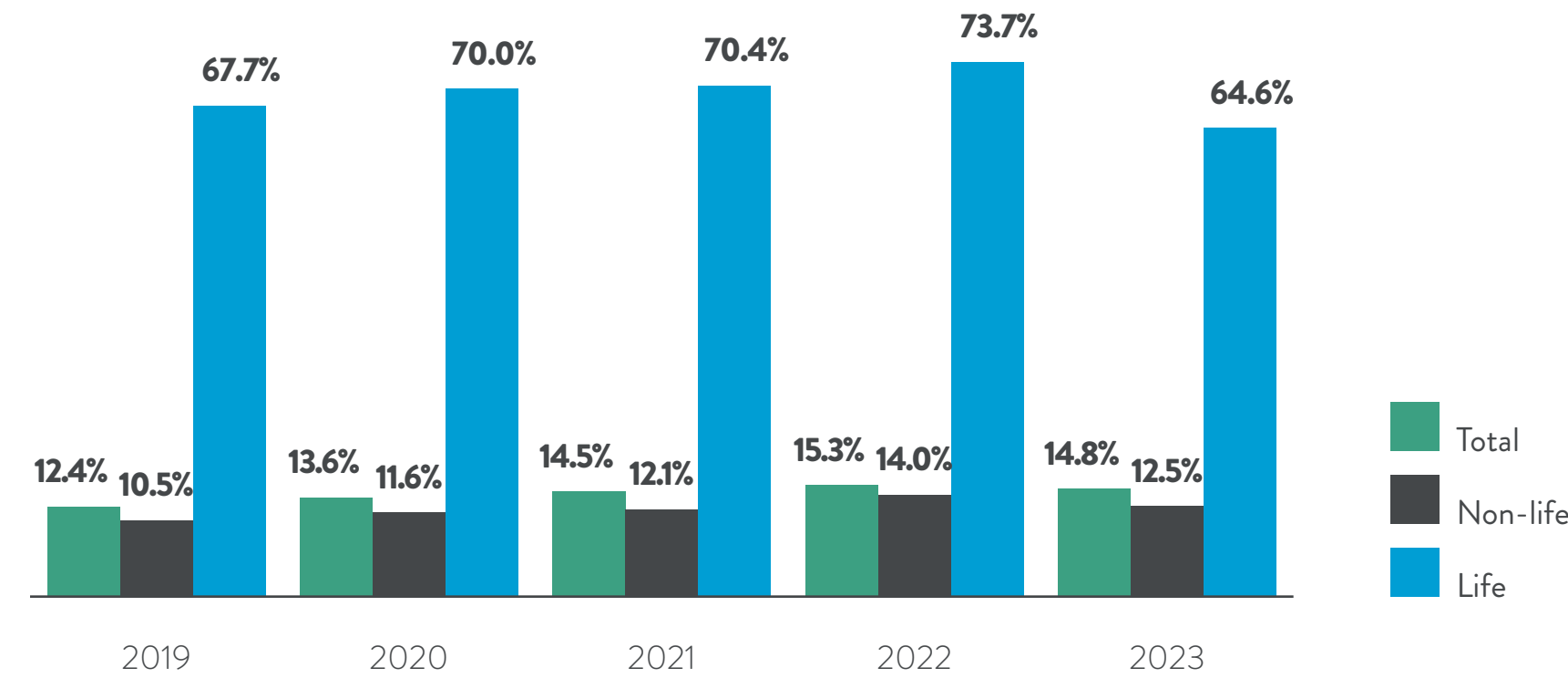




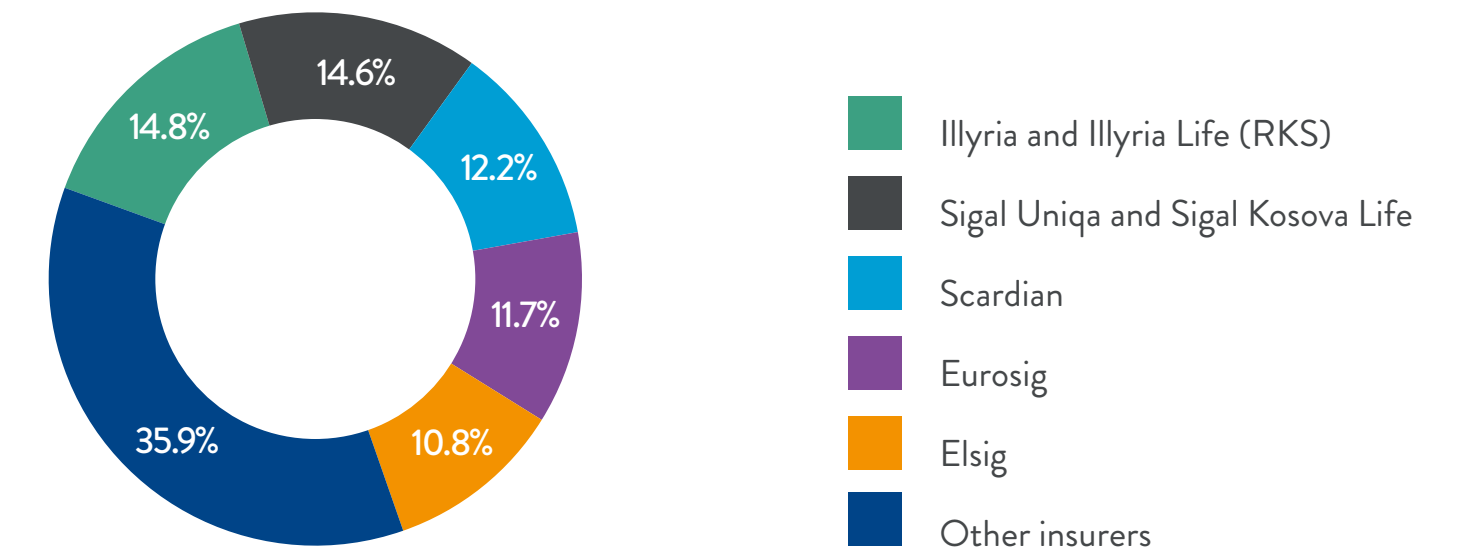
Kosovo

In 2023, the Kosovo insurance market consisted of 14 insurance companies. In 2023, the non-life insurance business accounted for 95.5% of total insurance premiums and life insurance for 4.5%. In 2023, gross premiums written in the Kosovo insurance market grew by 9.2% (non-life premiums by 9.5% and life premiums by 3.5%). 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 2023, with a market share of 14.8%.

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



Kosovo: insurance market shares 2023





8 Review of operations of the Sava Insurance Group and Sava Re³⁵

8.1 Sava Insurance Group

8.1.1 Business volume

Business volume grew by 14.4% to EUR 910.1 million in 2023, mainly driven by growth in non-life and life gross premiums written. In non-life insurance, this

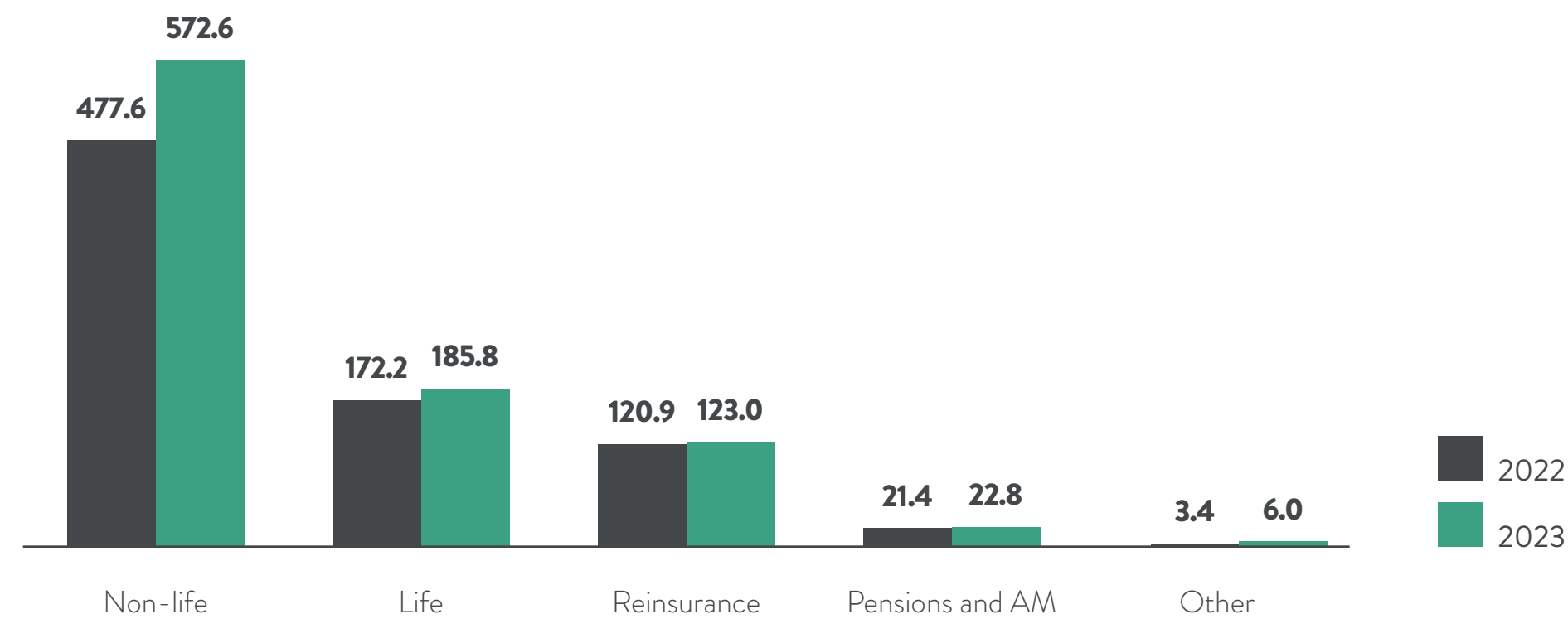
growth was generated by higher prices and organic business growth, and in life insurance by strong sales of new policies and additional payments made to existing policies. Business volume increased in all segments.

Gross written premiums increased by 14.3% to EUR 884.6 million in 2023.

EUR	2023	2022	Change	Index
Business volume	910,113,382	795,535,596	114,577,786	114.4

Business volume by segment

(€m)



Gross premiums written by class of business

EUR	2023		2022	
	Amount	Share	Amount	Share
Property	201,173,345	22.7%	190,850,080	24.7%
Land motor vehicles	192,694,694	21.8%	153,629,655	19.8%
Motor vehicle liability	166,180,679	18.8%	137,553,032	17.8%
Accident, health and assistance	89,833,560	10.2%	75,076,200	9.7%
General liability	24,729,085	2.8%	23,368,600	3.0%
Marine, suretyship and goods in transit	17,488,998	2.0%	14,817,533	1.9%
Other insurance	3,212,344	0.4%	2,832,415	0.4%
Total non-life	695,312,704	78.6%	598,127,515	77.3%
Unit-linked life	121,013,982	13.7%	109,918,305	14.2%
Traditional life	68,235,616	7.7%	66,088,471	8.5%
Total life	189,249,598	21.4%	176,006,776	22.7%
Total	884,562,302	100.0%	774,134,291	100.0%

³⁵ A glossary of selected insurance terms and calculation methods for ratios is appended to this annual report.



8.1.2 Business and performance

Summary of the consolidated income statement

EUR	2023	2022	Change	Index
Insurance revenue	697,562,811	608,987,793	88,575,018	114.5
Insurance service expenses	-657,125,518	-537,510,550	-119,614,968	122.3
Claims incurred	-465,474,154	-368,309,774	-97,164,380	126.4
Operating expenses	-189,565,020	-165,031,036	-24,533,984	114.9
Onerous contracts	-2,086,344	-4,169,740	2,083,396	50.0
Insurance service result before reinsurance	40,437,293	71,477,243	-31,039,950	56.6
Reinsurance service result	43,040,469	4,596,174	38,444,295	936.4
Insurance service result	83,477,762	76,073,417	7,404,345	109.7
Net investment result	27,923,277	6,536,061	21,387,216	427.2
Net insurance finance result	-13,304,198	-9,140,857	-4,163,341	145.5
Net exchange gains	1,192,505	1,836,939	-644,434	64.9
Finance result	15,811,584	-767,857	16,579,441	-
Non-insurance revenue	25,551,080	21,404,517	4,146,563	119.4
Other expenses	-51,014,545	-44,382,684	-6,631,861	114.9
Income from investments in subsidiaries and associates	2,286,209	2,279,735	6,474	100.3
Net other operating income	3,501,264	3,894,917	-393,653	89.9
Profit before tax	79,613,353	58,502,045	21,111,308	136.1
Income tax expense	-14,956,182	-11,578,604	-3,377,578	129.2
Net profit	64,657,171	46,923,441	17,733,730	137.8

	2023	2022	Change
Combined ratio	93.1%	92.6%	+0.5 p.p.
Loss ratio	64.5%	64.4%	+0.1 p.p.
Expense ratio	28.6%	28.2%	+0.4 p.p.
Return on investment portfolio	2.1%	0.6%	+1.5 p.p.
Return on equity	10.8%	8.3%	+2.5 p.p.

Insurance service result

The insurance service result before reinsurance was EUR 31.0 million lower than in the previous year, reflecting the high volume of claims related to the summer extreme weather events. Reinsurance protection significantly mitigated the impact of these claims on the **insurance service result**, and the Group also significantly increased its insurance revenue, both of which contributed to a stronger insurance service result than in the previous year. It is also important to note that the insurance service result in 2022 was impacted by inflation and the resulting increase in claims incurred.

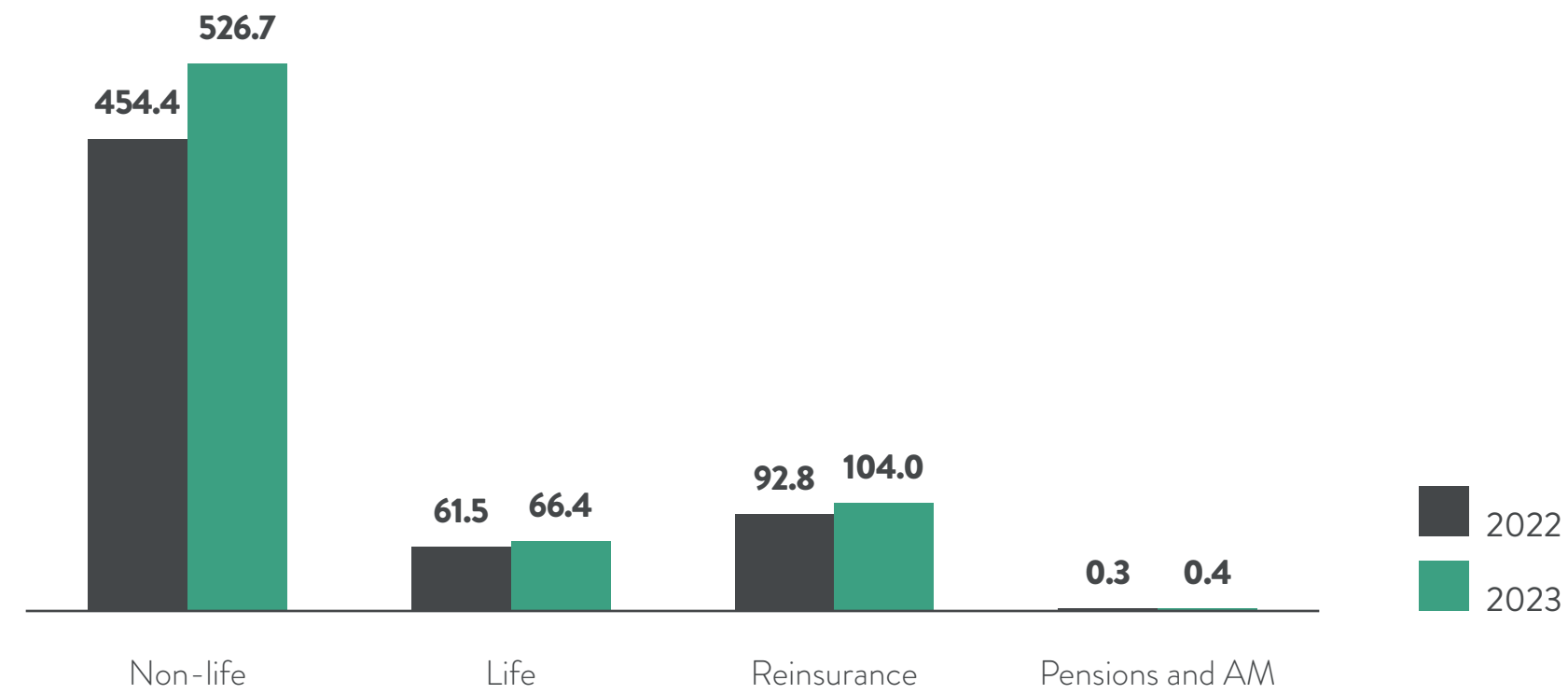


Insurance revenue grew by EUR 88.6 million, driven by premium growth, particularly in the non-life business, where it increased by EUR 72.3 million due to price increases resulting from claims inflation and due to organic growth. In the reinsurance segment, revenue was up EUR 11.2 million due to a change in its composition towards the more profitable non-propor-

tional business. In the life segment, revenue increased by EUR 4.9 million due to growth in gross premiums and a shift in the portfolio composition towards life risk insurance products. These products have a higher share of premiums counted as insurance revenue compared to those with a savings component.

Insurance revenue by segment

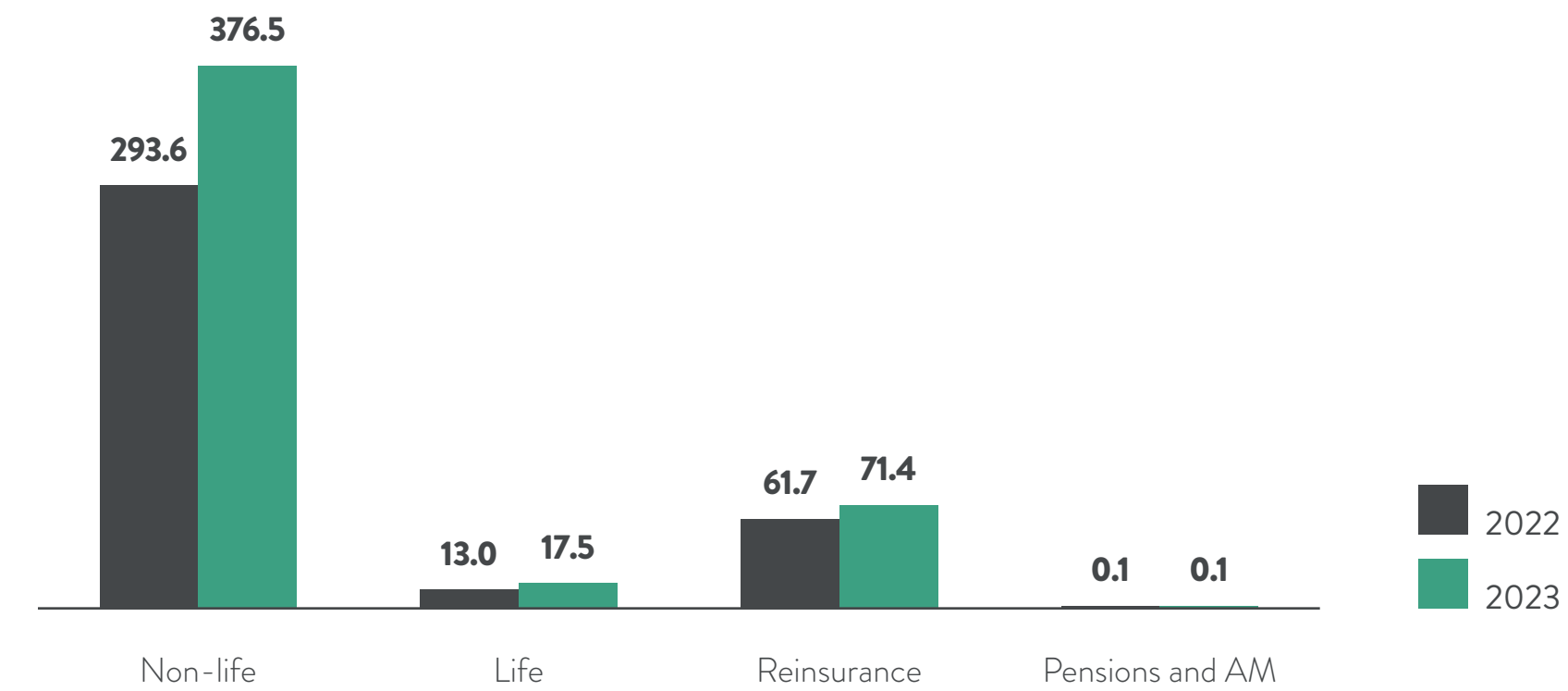
(€m)



Claims incurred increased by EUR 97.2 million in 2023. The non-life business accounted for the majority of the increase, at EUR 82.9 million, mainly due to the extreme summer weather events that affected Slovenia, Croatia and Serbia.

Claims incurred by segment

(€m)



Claims incurred by class of business

EUR	2023		2022	
	Amount	Share	Amount	Share
Property	166,525,223	35.8%	119,448,121	32.4%
Land motor vehicles	140,695,828	30.2%	101,518,032	27.6%
Motor vehicle liability	85,356,588	18.3%	81,936,483	22.2%
Accident, health and assistance	44,048,404	9.5%	34,379,109	9.3%
General liability	6,716,482	1.4%	15,697,709	4.3%
Other insurance	4,577,072	1.0%	2,313,336	0.6%
Total non-life	447,919,597	96.2%	355,292,790	96.5%
Total life	17,554,557	3.8%	13,016,984	3.5%
Total	465,474,154	100.0%	368,309,774	100.0%

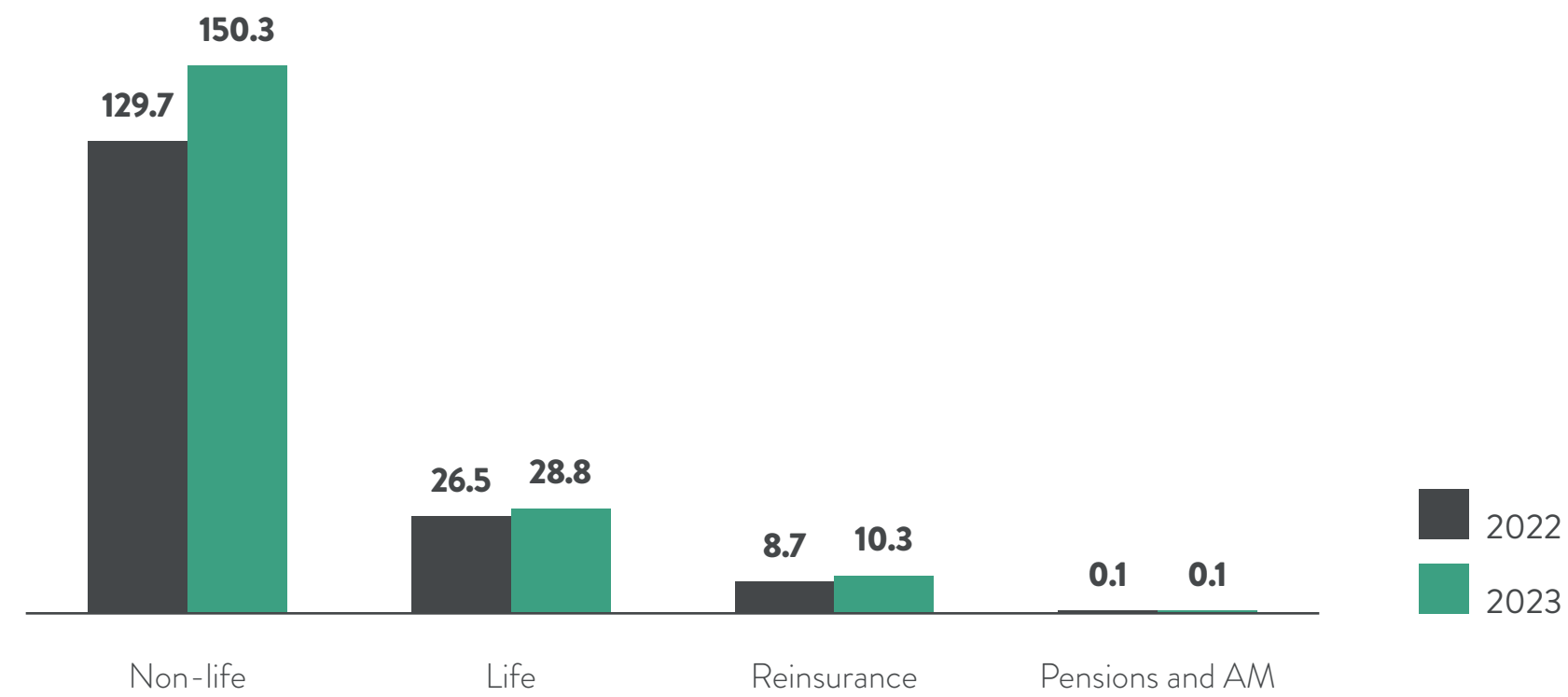


Operating expenses increased by EUR 24.5 million in 2023. Acquisition costs were up EUR 12.1 million due to higher sales, while administrative costs increased by

EUR 12.4 million, particularly due to higher business volume and general price increases driven by inflation.

Operating expenses by segment

(€m)



Expenses for onerous contracts decreased significantly (by EUR 2.1 million, or 50.0%). In 2022, the life business incurred more of these expenses as part of the portfolio moved from profitable to unprofitable following the update of mortality assumptions. However, in 2023, the trend was reversed due to the improved profitability of the non-life business.

The **reinsurance service result** for 2023 showed a higher surplus due to the difference in the volume of claims between the two years that triggered the reinsurance protection. In 2023, the amounts recovered from reinsurance were significantly higher than in the previous year because of the severe summer weather events.

Finance result and investment return

EUR	2023	2022	Change	Index
Net investment result	27,923,277	6,536,061	21,387,216	427.2
Net insurance finance result	-13,304,198	-9,140,857	-4,163,341	145.5
Net exchange gains	1,192,505	1,836,939	-644,434	64.9
Finance result	15,811,584	-767,857	16,579,441	-
	2023	2022	Change	Index
Return on investment portfolio	2.1%	0.6%	+1,5 p.p.	-

The **net investment result** was EUR 27.9 million, up EUR 21.4 million from the previous year. Consequently, the **return on the investment portfolio** was also higher, at 2.1%. The result improved mainly due to higher interest income from investing at higher interest rates and the net increase in the fair value of FVTPL investments.

Income and expenses relating to investment portfolio

EUR	2023	2022	Change
Interest income at effective interest rate	20,603,022	15,437,863	5,165,159
Change in fair value of FVTPL assets	9,487,368	10,274,947	-787,579
Gains on disposal of FVTPL assets	138,529	362,779	-224,250
Gains on disposal of other IFRS asset categories	67,299	1,307,558	-1,240,259
Income from dividends and shares – other investments	1,090,425	1,312,273	-221,848
Movement in expected credit losses (ECL)	1,028,500	1,356,121	-327,621
Other income	4,637,235	4,840,772	-203,537
Income relating to investment portfolio	37,052,378	34,892,313	2,160,065
Change in fair value of FVTPL assets	6,526,739	22,054,962	-15,528,223
Losses on disposal of FVTPL assets	164,670	358,481	-193,811
Losses on disposal of other IFRS asset categories	880,674	1,715,175	-834,501
Impairment losses on other investments	216	0	216
Movement in expected credit losses (ECL)	738,818	1,027,660	-288,842
Other expenses	817,984	3,199,974	-2,381,990
Expenses relating to investment portfolio	9,129,101	28,356,252	-19,227,151
Net investment result	27,923,277	6,536,061	21,387,216
Net income and expenses from subsidiaries and associates	2,286,209	2,279,735	6,474
Net investment income relating to the investment portfolio	30,209,486	8,815,796	21,393,690
Return on investment portfolio	2.1%	0.6%	1.5 p.p.

The **net insurance finance result** decreased by EUR 4.2 million due to higher discount rates, which reflect the increase in market interest rates.

Net other operating expenses

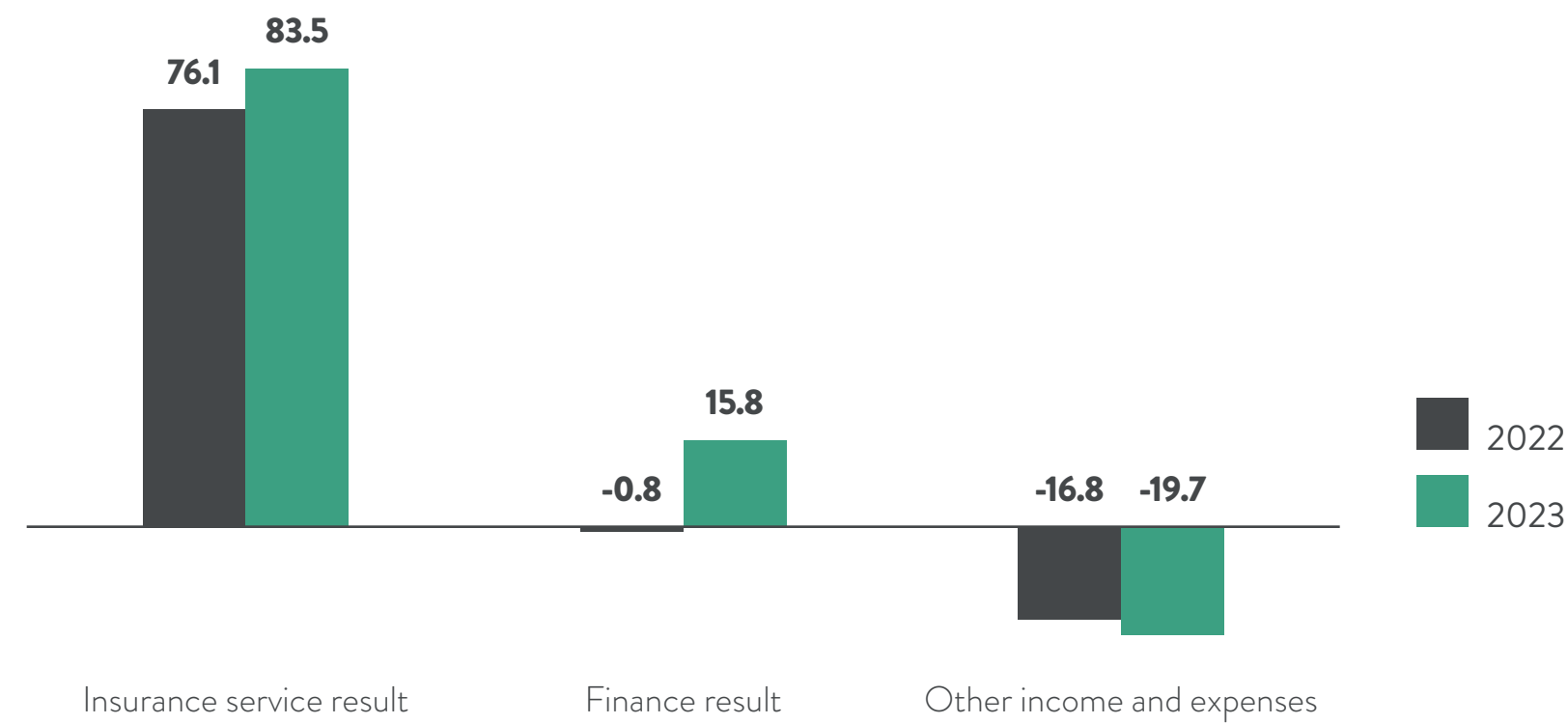
Non-insurance revenue increased by EUR 4.1 million to EUR 25.6 million. The major part of this revenue originated from asset management (EUR 19.6 million), where revenue increased by EUR 1.6 million due to more assets under management in pension funds and in funds of a mutual fund management company. The remainder (EUR 6.0 million) was mainly generated by assistance services, where revenue increased by EUR 2.5 million as a result of a higher volume of assistance cases and inflation-adjusted price increases.

Other operating expenses amounted to EUR 51.0 million, up EUR 6.6 million. These expenses included non-attributable expenses (EUR 29.4 million) and expenses of non-insurance companies (EUR 21.6 million). The rise in personnel costs, an increase in the volume of assistance cases due to higher claims volume and inflation, and increased IT service costs were the main reasons for this.



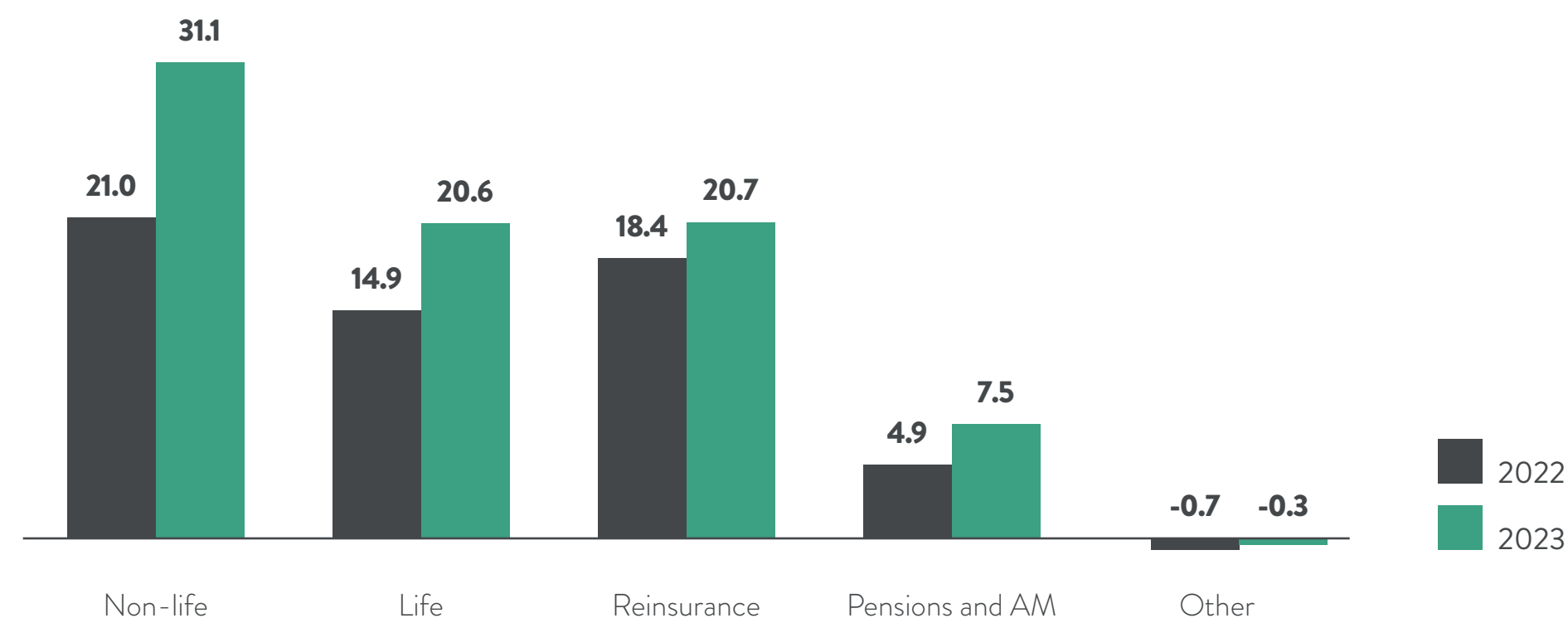
Composition of profit or loss before tax

(€m)



Composition of profit or loss before tax by segment

(€m)



Net profit

Net profit increased by EUR 21.1 million to EUR 79.6 million in 2023. This increase was primarily due to the improved finance result driven by favourable financial markets and partly due to the insurance service result explained earlier. All operating segments ended 2023 with higher profits before tax than in 2022. In absolute terms, the non-life business saw the largest increase, up EUR 10.1 million, followed by the life business, which improved by EUR 5.7 million, the reinsurance business by EUR 2.3 million, pensions and assets under management by EUR 2.6 million and the “other” segment by EUR 0.3 million.

In line with growth in profit before tax, the net profit also increased by EUR 17.7 million. As a result, the return on equity was higher, at 10.8%.

Combined ratio

The combined ratio deteriorated due to both the loss and expense ratios. The level of the loss ratio was a result of an increased claims experience in the non-EU markets caused by extreme weather events during the summer, some larger claims and claims inflation, and a major loss event in the reinsurance segment in early 2023. The movement in the expense ratio was primarily attributable to the extraordinary income in 2022. Without factoring this in, the expense ratio for 2022 would have been 28.5%.

	2023	2022	Change
Combined ratio	93.1%	92.6%	+0.5 p.p.
Loss ratio	64.6%	64.4%	+0.2 p.p.
Expense ratio	28.6%	28.2%	+0.4 p.p.



8.1.2.1 Non-life segment

EUR	2023	2022	Change	Index
Gross premiums written	572,614,385	477,626,640	94,987,745	119.9
EU	474,543,582	397,063,411	77,480,171	119.5
Non-EU	98,070,803	80,563,229	17,507,574	121.7
Insurance service result	39,492,006	33,769,867	5,722,140	116.9
EU	32,526,322	27,765,359	4,760,963	117.1
Non-EU	6,965,685	6,004,508	961,176	116.0
Finance result	7,192,077	40,659	7,151,418	-
EU	4,735,833	-1,521,324	6,257,157	-
Non-EU	2,456,244	1,561,983	894,261	157.3
Net other operating income/expenses	-15,568,022	-12,802,482	-2,765,540	121.6
EU	-11,934,216	-11,181,301	-752,915	106.7
Non-EU	-3,633,807	-1,621,181	-2,012,625	224.1
Profit before tax	31,112,307	21,008,044	10,104,264	148.1
EU	25,324,185	15,062,734	10,261,451	168.1
Non-EU	5,788,122	5,945,310	-157,188	97.4
Combined ratio	95.4%	95.4%	+0.0 p.p.	-
EU	95.3%	95.6%	-0.3 p.p.	-
Non-EU	96.1%	93.9%	+2.2 p.p.	-



Gross premiums written

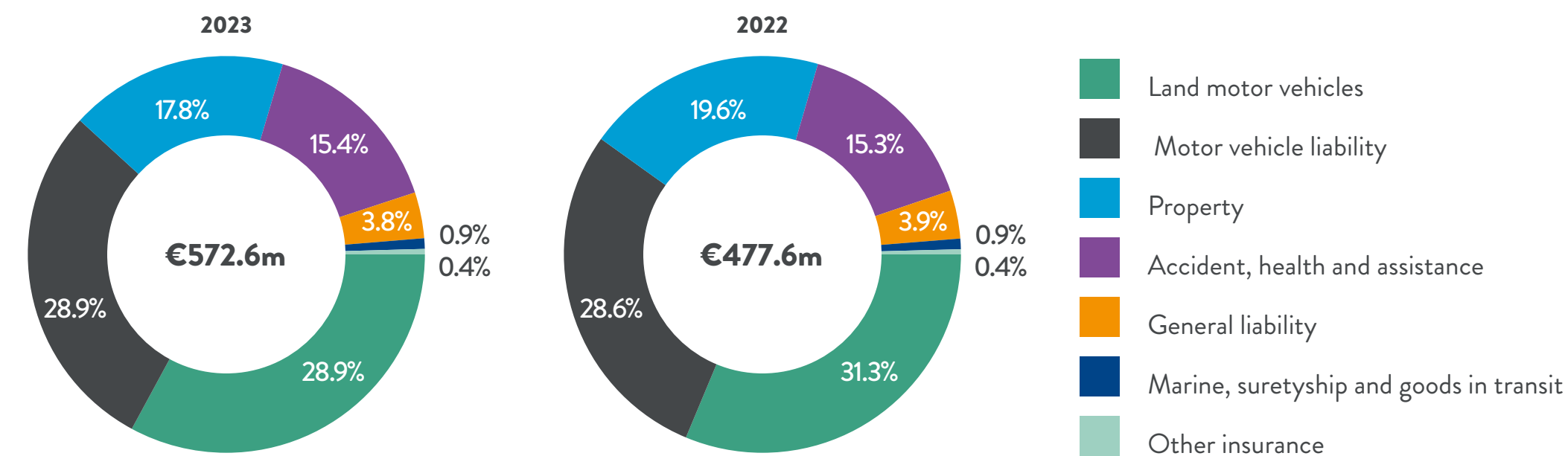
Gross written premiums of the non-life segment increased by EUR 95.0 million, or 19.9%. Growth was achieved in all markets, with a 19.5% increase in the EU markets and a 21.7% increase in the non-EU markets. The motor insurance market saw the highest nominal growth across all markets, primarily due to an increase in the price of insurance services in response to the rise in the price of car repair services. In addition, this growth was driven by the acquisition of new policyholders and an upswing in the number of policies sold. In the EU markets, motor insurance experienced the strongest growth in the personal lines segment. In the non-EU markets, in addition to motor premiums, health (up 50.3%) and property (up 18.0%) insurance premiums increased significantly.

As a result, the share of motor insurance in the composition of gross premiums by class of business increased in 2023 compared to 2022.

Unconsolidated gross premiums written – non-life

	2023	2022	Change	Index
Slovenia	457,932,561	381,780,244	76,152,317	119.9
Croatia	17,140,681	15,458,348	1,682,333	110.9
EU	475,073,243	397,238,592	77,834,650	119.6
Serbia	39,541,716	29,625,362	9,916,355	133.5
Montenegro	20,670,382	17,392,666	3,277,715	118.8
North Macedonia	20,451,548	17,432,536	3,019,012	117.3
Kosovo	17,436,254	16,134,131	1,302,124	108.1
Non-EU	98,099,900	80,584,694	17,515,206	121.7
Total non-life	573,173,143	477,823,287	95,349,856	120.0

Gross non-life insurance premiums by class of business



Insurance service result

EUR	2023	2022	Change	Index
Insurance revenue	526,708,126	454,382,860	72,325,266	115.9
EU	436,996,472	380,796,268	56,200,204	114.8
Non-EU	89,711,654	73,586,592	16,125,062	121.9
Insurance service expenses	-529,588,320	-425,530,465	-104,057,855	124.5
Claims incurred	-376,489,416	-293,595,276	-82,894,140	128.2
EU	-324,341,925	-255,758,019	-68,583,906	126.8
Non-EU	-52,147,491	-37,837,257	-14,310,234	137.8
Operating expenses	-150,333,728	-129,728,534	-20,605,194	115.9
EU	-118,758,015	-102,624,831	-16,133,184	115.7
Non-EU	-31,575,713	-27,103,703	-4,472,010	116.5
Onerous contracts	-2,765,176	-2,206,655	-558,521	125.3
EU	-2,856,770	-2,185,670	-671,100	130.7
Non-EU	91,594	-20,985	112,579	-436.5
Insurance service result before reinsurance	-2,880,194	28,852,395	-31,732,589	-10.0
EU	-8,960,238	20,227,748	-29,187,986	-44.3
Non-EU	6,080,044	8,624,647	-2,544,603	70.5
Reinsurance service result	42,372,200	4,917,472	37,454,729	861.7
EU	41,486,560	7,537,611	33,948,949	550.4
Non-EU	885,641	-2,620,139	3,505,779	-33.8
Insurance service result	39,492,006	33,769,867	5,722,140	116.9
EU	32,526,322	27,765,359	4,760,963	117.1
Non-EU	6,965,685	6,004,508	961,176	116.0

The **insurance service result before reinsurance** was EUR 31.7 million lower than in the previous year due to claims events related to summer storms and floods. Reinsurance protection significantly reduced the impact of these large claims on the **insurance service result**. This result was EUR 5.7 million higher compared to the figure from the previous year. The main reason for this was the increase in **insurance revenue**, which rose by EUR 72.3 million as a result of growth in gross premiums described earlier. The Group's revenue grew both in its EU markets (EUR 56.2 million) and in its non-EU markets (EUR 16.1 million). It is important to note that in 2022 the insurance service result was impacted by claims inflation and the resulting increase in claims incurred.

Insurance service expenses were up EUR 104.1 million, by EUR 85.4 million in the EU markets and EUR 18.7 million in the non-EU markets. The level of **claims incurred** was mainly affected by loss events resulting from summer storms and floods. These adverse weather events had the greatest impact on land motor vehicle insurance and property insurance. **Operating expenses** rose by EUR 20.6 million due to growth in the insurance portfolio, inflationary increases in labour and other costs, and an increase in the statutory fire brigade charge. **Expenses for onerous contracts** were up EUR 0.6 million due to deterioration in the combined ratio in the property segment resulting from the increased frequency of adverse weather events.

Furthermore, the **insurance service result** was impacted by an improved reinsurance service result. The volume of claims reinsured in 2023 was significantly higher than in the previous year due to summer storms and floods.

Finance result and investment return

EUR	2023	2022	Change	Index
Net investment result	10,976,899	1,400,265	9,576,634	783.9
EU	7,882,690	-562,285	8,444,975	-1,401.9
Non-EU	3,094,209	1,962,550	1,131,659	157.7
Net insurance finance result	-3,699,927	-1,309,186	-2,390,740	282.6
EU	-3,070,764	-930,698	-2,140,067	329.9
Non-EU	-629,162	-378,489	-250,674	166.2
Net exchange losses	-88,650	-50,420	-38,230	175.8
EU	-79,847	-28,341	-51,506	281.7
Non-EU	-8,803	-22,079	13,276	39.9
Finance result	7,188,323	40,659	7,147,664	17,679.7
EU	4,732,079	-1,521,324	6,253,403	-311.1
Non-EU	2,456,244	1,561,983	894,261	157.3
	2023	2022	Change	Index
Return on investment portfolio	1.8%	0.2%	+1.6 p.p.	-
EU	1.5%	-0.1%	+1.6 p.p.	-
Non-EU	3.4%	2.3%	+1.1 p.p.	-

The **finance result** was up EUR 7.1 million due to an improved **net investment result**. The latter increased by EUR 9.6 million year on year due to the more favourable conditions in financial markets. In 2022, the result was impacted by negative revaluation of equity securities at fair value through profit or loss, whereas in 2023 these securities had a positive impact, mainly due

to higher interest income. The **net insurance finance result** decreased by EUR 2.4 million due to higher discount rates on insurance contracts resulting from the increase in market interest rates. The **return on the investment portfolio** improved by 1.6 percentage points to 1.8%.

Net other operating expenses

Net other operating expenses mainly comprise non-attributable operating expenses and income not related to the insurance business. In 2023, these net expenses increased by EUR 2.8 million. The majority of the increase in the non-EU markets, which totalled EUR 2.0 million, was attributable to a one-time event that occurred in 2022 with one of the insurers. At that time, the Group received a one-off income as a result of a court case related to a previous major accident that was settled in the insurer's favour. The remaining EUR 0.8 million mainly relates to higher non-attributable expenses.

Profit before tax

Profit before tax increased by EUR 10.1 million to EUR 31.1 million in 2023. As previously stated, the increase was primarily due to the improved finance and insurance service results.

Combined ratio

The **combined ratio** remained at the same level as last year, at 95.4%. The combined ratio improved by 0.3 percentage points in the EU markets but deteriorated by 2.2 percentage points in the non-EU markets. The improvement in the EU markets was driven by a better **loss ratio** resulting from higher insurance revenue and a more favourable reinsurance service result from the effective reinsurance cover of the storm and flood claims. The decline in the non-EU markets was due to a higher loss ratio caused by claims from the summer storms, some large individual claims, and increased average claims due to claims inflation. The **expense ratio** remained unchanged. In the non-EU markets, it outperformed in 2022 as a result of the aforementioned extraordinary income with one of the insurers. Without factoring in this one-off income, the expense ratio in the non-EU markets for 2022 would have been 40.7%.

	2023	2022	Change
Combined ratio	95.4%	95.4%	+0.0 p.p.
EU	95.3%	95.6%	-0.3 p.p.
Non-EU	96.1%	93.9%	+2.2 p.p.
Loss ratio	64.0%	64.0%	-0.0 p.p.
EU	65.4%	65.8%	-0.4 p.p.
Non-EU	57.0%	55.0%	+2.0 p.p.
Expense ratio	31.5%	31.3%	+0.2 p.p.
EU	29.9%	29.9%	+0.0 p.p.
Non-EU	39.1%	38.9%	+0.2 p.p.



8.1.2.2 Life segment

EUR	2023	2022	Change	Index
Gross premiums written	185,767,542	172,175,270	13,592,272	107.9
EU	174,441,547	162,202,436	12,239,110	107.5
Non-EU	11,325,996	9,972,834	1,353,162	113.6
Insurance service result	20,434,704	19,487,106	947,598	104.9
EU	18,724,682	18,842,269	-117,587	99.4
Non-EU	1,710,022	644,837	1,065,185	265.2
Finance result	6,369,936	1,176,784	5,193,153	541.3
EU	5,799,629	719,483	5,080,146	806.1
Non-EU	570,307	457,300	113,007	124.7
Net other operating expenses	-6,181,819	-5,748,157	-433,662	107.5
EU	-5,669,054	-5,715,108	46,054	99.2
Non-EU	-512,766	-33,050	-479,716	1,551.5
Profit before tax	20,622,821	14,915,732	5,707,089	138.3
EU	18,855,257	13,846,644	5,008,613	136.2
Non-EU	1,767,563	1,069,088	698,476	165.3
	31 December 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	141,629,289	124,608,539	17,020,750	113.7
EU	132,599,225	115,335,766	17,263,459	115.0
Non-EU	9,030,064	9,272,773	-242,709	97.4



Gross premiums written

Unconsolidated gross premiums written – life

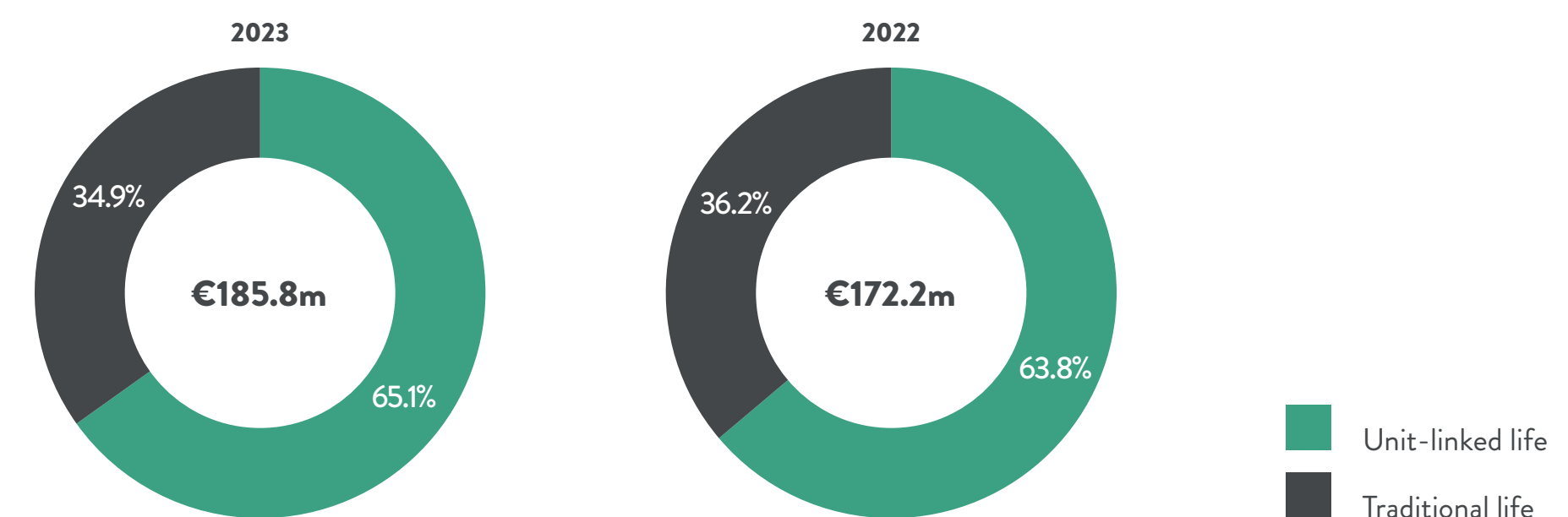
EUR	2023	2022	Change	Index
Slovenia	172,197,851	160,155,233	12,042,619	107.5
Croatia	2,243,695	2,047,204	196,491	109.6
EU	174,441,547	162,202,436	12,239,110	107.5
Serbia	7,062,615	5,615,038	1,447,577	125.8
Kosovo	4,263,381	4,357,796	-94,415	97.8
Non-EU	11,325,996	9,972,834	1,353,162	113.6
Total life	185,767,542	172,175,270	13,592,272	107.9

Gross written premiums of the EU-based life insurers increased by 7.5% year on year due to higher sales of both life risk and unit-linked insurance products. The non-EU life insurers managed to increase gross written premiums by a remarkable 13.6%. In addition to maintaining the existing portfolio, sales of life risk and unit-linked insurance products, which had not been sold in

the previous year, also increased.

The rise in the share of unit-linked insurance was a result of the increased sales of unit-linked policies in Slovenia and the maturing of traditional life savings policies, which are no longer available for purchase in Slovenia.

Composition of consolidated gross life insurance premiums by class of business





Insurance service result

EUR	2023	2022	Change	Index
Insurance revenue	66,403,513	61,496,184	4,907,329	108.0
EU	59,872,919	56,462,308	3,410,611	106.0
Non-EU	6,530,594	5,033,876	1,496,718	129.7
Insurance service expenses	-45,730,102	-41,518,952	-4,211,150	110.1
Claims incurred	-17,469,137	-12,950,460	-4,518,677	134.9
EU	-15,502,210	-11,447,246	-4,054,964	135.4
Non-EU	-1,966,927	-1,503,214	-463,713	130.8
Operating expenses	-28,800,168	-26,502,721	-2,297,447	108.7
EU	-25,752,177	-23,970,652	-1,781,525	107.4
Non-EU	-3,047,991	-2,532,069	-515,922	120.4
Onerous contracts	539,203	-2,065,771	2,604,974	-26.1
EU	344,857	-1,712,015	2,056,872	-20.1
Non-EU	194,346	-353,756	548,102	-54.9
Reinsurance service result	-238,707	-490,126	251,419	48.7
Insurance service result	20,434,704	19,487,106	947,598	104.9
EU	18,724,682	18,842,269	-117,587	99.4
Non-EU	1,710,022	644,837	1,065,185	265.2

The **insurance service result** improved by EUR 0.9 million. In the non-EU markets, the result increased due to portfolio growth and lower-than-expected realised claims, whereas in the EU markets it decreased by EUR 0.1 million due to a higher volume of claims incurred.

Insurance revenue grew by 6.0% in the EU markets due to increased sales and a shift in premium composition towards life risk insurance products. These products have a higher share of premiums counted as insurance revenue compared to those with a savings component. The Group's insurance revenue outside the EU increased by 29.7% due to higher sales in the Serbian market and updates to actuarial models and assumptions.

Insurance service expenses rose by 10.1%, mainly as a result of an increase in **claims incurred**. The latter increased due to the higher volume of business and a slight rise in claims from riders and death benefits on existing policies (e.g. accidental disability and critical illness). This was mainly due to the more favourable claims experience during the Covid-19 pandemic, but, after all restrictions were lifted, population activity increased, leading to an increase in accidents. **Operating expenses** also increased due to both higher acquisition costs resulting from increased sales and higher administrative costs resulting mainly from inflationary increases in personnel costs, and depreciation and amortisation costs (the start of amortisation of intangible assets related to major projects and depreciation of new premises). The rise in insurance service expenses was slightly offset by a positive change in **expenses for onerous contracts** of EUR 2.6 million, resulting from the improved expected profitability of the portfolio.



Finance result and investment return

EUR	2023	2022	Change	Index
Net investment result	10,059,429	4,460,089	5,599,340	225.5
EU	9,103,691	3,709,640	5,394,050	245.4
Non-EU	955,738	750,448	205,290	127.4
Net insurance finance result	-3,702,612	-3,242,471	-460,141	114.2
EU	-3,302,541	-2,974,900	-327,641	111.0
Non-EU	-400,071	-267,571	-132,500	149.5
Net exchange gains/losses	13,120	-40,834	53,954	-32.1
EU	-1,520	-15,257	13,737	10.0
Non-EU	14,640	-25,577	40,217	-57.2
Finance result	6,369,936	1,176,784	5,193,153	541.3
EU	5,799,629	719,483	5,080,146	806.1
Non-EU	570,307	457,300	113,007	124.7
	2023	2022	Change	Index
Return on investment portfolio	2.0%	0.8%	+1.2 p.p.	-
EU	1.9%	0.7%	+1.2 p.p.	-
Non-EU	2.9%	2.4%	+0.5 p.p.	-

The **finance result** was up EUR 5.2 million, mainly due to the improved **net investment result**, which was EUR 5.6 million higher in 2023 because of more favourable conditions in financial markets. In 2022, the result was impacted by negative revaluation of equity securities at fair value through profit or loss, whereas in 2023 these securities had a positive impact, mainly due to higher

interest income. The **return on the investment portfolio** increased to 2.0%, in line with the improved net investment result.

On the other hand, the more favourable financial market conditions had a negative impact on the **net insurance finance result**, which decreased by EUR 0.5 million due to the rise in discount rates.

Net other operating expenses

Net other operating expenses increased by EUR 0.4 million as a result of the updated methodology for calculating the insurance service result for the non-EU insurers in 2023. Non-attributable expenses also increased due to inflation.

Profit before tax

The increase in **profit before tax** of 38.3% was primarily attributable to the improved finance result in the EU markets from the previous year. Meanwhile, the increase in the non-EU markets was mainly a reflection of the improved insurance service result.

Contractual service margin

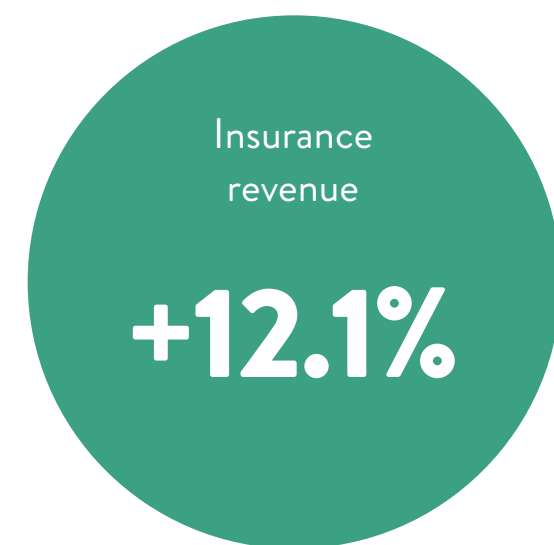
The 13.7% growth in the **contractual service margin** was achieved through new business written, maintaining the profitability of the life insurance portfolio. The expected higher future profits were also driven by positive developments in financial markets, which boosted the value of unit-linked life insurance assets and, consequently, the future income from managing these assets. The CMS also increased due to additional single-premium payments to existing policies. The CSM on new business written was EUR 23.3 million, exceeding its release to profit (EUR 17.2 million) by 35.6%, which reflects strong sales and increased profitability.

	31 December 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	141,629,289	124,608,539	17,020,750	113.7
EU	132,599,225	115,335,766	17,263,459	115.0
Non-EU	9,030,064	9,272,773	-242,709	97.4



8.1.2.3 Reinsurance segment³⁶

EUR	2023	2022	Change	Index
Gross premiums written	122,966,992	120,876,083	2,090,909	101.7
Insurance service result	23,442,000	22,651,373	790,626	103.5
Finance result	1,581,486	-898,616	2,480,102	-
Net other operating expenses	-2,422,611	-965,742	-1,456,869	250.9
Profit before tax	20,699,290	18,369,768	2,329,522	112.7
Combined ratio	81.6%	79.2%	+2.4 p.p.	-
	31 December 2023	31 December 2022	Change	Index
Contractual service margin (CSM)	5,455,348	4,671,184	784,164	116.8



Gross premiums written

Gross written premiums grew by EUR 2.1 million, the most important being the positive shift in premium composition towards more profitable non-proportional contracts. The premiums for these contracts increased by 19.4%. This growth in gross written premiums was achieved through both rate increases in line with global reinsurance market developments and organic volume growth.

Insurance service result³⁷

EUR	2023	2022	Change	Index
Insurance revenue	104,029,407	92,799,955	11,229,632	112.1
Insurance service expenses	-81,494,383	-70,317,410	-11,176,973	115.9
Claims incurred	-71,430,181	-61,697,514	-9,732,667	115.8
Operating expenses	-10,318,051	-8,703,623	-1,614,428	118.5
Onerous contracts	253,849	83,727	170,122	303.2
Reinsurance service result	906,976	168,828	738,147	537.2
Insurance service result	23,442,000	22,651,373	790,626	103.5

The **insurance service** result improved by EUR 0.8 million due to increased insurance revenue and a more favourable reinsurance service result.

Insurance revenue increased by EUR 11.2 million as a result of improved premium composition towards non-proportional reinsurance because these premiums are recognised more quickly in revenue.

Insurance service expenses rose by EUR 11.2 million, with **claims incurred** accounting for EUR 9.7 million. This increase was mainly due to a major loss event ear-

lier in the year. **Operating expenses** were up EUR 1.6 million, primarily due to acquisition costs and partly due to inflation.

The **reinsurance service result** improved by EUR 0.7 million. Revenue from reinsurance contracts held increased by EUR 3.0 million (recoverable income from a major loss event in 2023), whereas expenses for reinsurance contracts held rose by EUR 2.3 million as a result of the increased volume of reinsurance protection and higher prices.

³⁶ Unconsolidated data are presented in more detail in section 8.2 "Sava Re".

³⁷ GRI 201-02.



Finance result and investment return

EUR	2023	2022	Change	Index
Net investment result	5,521,148	1,545,065	3,976,083	357.3
Net insurance finance result	-5,210,186	-4,386,386	-823,799	118.8
Net exchange gains	1,270,540	1,942,705	-672,165	65.4
Finance result	1,581,486	-898,616	2,480,102	-
	2023	2022	Change	Index
Return on investment portfolio	2.1%	0.6%	+1.5 p.p.	-

The **finance result** improved as a result of a stronger **net investment result**, which increased by EUR 4.0 million in 2023 due to higher interest income (reinvestment at higher interest rates) and positive revaluation of equity investments at fair value through profit or loss. As a result, the **return on the investment portfolio** was also higher, at 2.1%.

The **net insurance finance** result was lower in 2023 due to higher discount rates, reflecting the changed situation in financial markets.

Net other operating expenses

Net other operating expenses rose by EUR 0.9 million, mainly driven by higher non-attributable expenses resulting from inflation and development activities.

Profit before tax

Profit before tax increased by EUR 2.3 million as a result of the improved insurance service and net investment results.

Combined ratio

	2023	2022	Change
Combined ratio	81.6%	79.2%	+2.4 p.p.
Loss ratio	67.5%	66.2%	+1.3 p.p.
Expense ratio	14.1%	13.0%	+1.1 p.p.

The **combined ratio** remained at a very favourable level but increased due to both the loss ratio (impacted by a major loss event at the beginning of the year) and the expense ratio (impacted by higher acquisition and other operating expenses).

Contractual service margin

As at 31 December 2023, the contractual service margin totalled EUR 5.5 million. In 2023, the CSM increased by EUR 0.8 million, or 16.8%. The newly

recognised CSM was EUR 5.4 million lower than the CSM released, reflecting a higher volume of recognised non-proportional reinsurance contracts in 2023. The level of CSM was mainly positively impacted by onerous contracts that became profitable during the reporting period (EUR 1.8 million) as a result of the positive development of the proportional portfolio for the previous underwriting years.



8.1.2.4 Pensions and asset management segment

EUR	2023	2022	Change	Index
Business volume	22,802,778	21,434,886	1,367,892	106.4
Asset management revenue	19,589,410	17,978,588	1,610,822	109.0
Gross premiums written (annuities)	3,213,368	3,456,298	-242,930	93.0
Insurance revenue	421,765	308,794	112,971	136.6
Claims incurred	-85,420	-66,524	-18,896	128.4
Operating expenses	-13,483,703	-11,977,899	-1,505,805	112.6
Finance result of investments and insurance contracts	674,344	-1,072,171	1,746,515	-
Net other operating income/expenses	399,810	-302,421	702,231	-132.2
Profit before tax	7,516,206	4,868,367	2,647,838	154.4
Cost-to-income ratio (CIR)	67.0%	65.2%	+1.8 p.p.	-
EUR	31 December 2023	31 December 2022	Change	Index
Assets under management	1,803,264,665	1,507,752,304	295,512,361	119.6

Business volume increased by EUR 1.4 million due to higher **asset management revenue**. This increase was mainly driven by management fee income, although there was also a rise in income from entry fees.

Insurance revenue was up EUR 0.1 million due to more profitable new business written and gains from exceeding guaranteed returns on annuity accounts.



Claims incurred were slightly higher, which was in line with growth in the part of the portfolio relating to annuities.

Operating expenses rose by EUR 1.5 million due to the inflationary effects, which led to higher service and personnel costs. As a result, the **cost-to-income ratio**, which excludes one-off income, increased by 1.8 percentage points.

The **finance result** improved by EUR 1.7 million due to a positive revaluation of equity investments at fair value through profit or loss of EUR 2.2 million. On the other hand, finance expenses for insurance contracts increased by EUR 0.5 million due to higher discount rates. The rate of investment return was also higher, at 2.7%.

Net other operating income/expenses improved by EUR 0.7 million as a result of the sale of a property and the release of provisions for non-achievement of guaranteed returns.

Profit before tax was up EUR 2.6 million, primarily due to higher asset management revenue and an improved investment result driven by favourable financial market conditions.

Assets under management rose by EUR 295.5 million. The main reasons for this increase were the high net inflows into the funds and the 10.2% return achieved. Assets under management increased for all companies in this segment.

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

EUR	2023	2022	Index
Opening balance of fund assets	1,507,752,304	1,541,670,574	97.8
Fund inflows	195,800,605	171,692,469	114.0
Fund outflows	-50,622,078	-59,758,943	84.7
Asset transfers	-15,184,025	-13,798,074	110.0
Net investment income of funds	168,060,395	-128,126,162	-
Entry and exit charges	-2,585,551	-2,397,556	107.8
Exchange differences and fair value reserve	43,015	-1,530,006	-
Closing balance of fund assets	1,803,264,665	1,507,752,304	119.6
Index in relation to period start	119.6	97.8	

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

EUR	31 December 2023	31 December 2022
Sava Pokojninska	179,443,359	165,831,325.5
Sava Penzisko Društvo	995,217,064	847,491,761.5
Sava Infond	628,604,242	494,429,217.2
Total	1,803,264,665	1,507,752,304

8.1.2.5 “Other” segment

EUR	2023	2022	Change	Index
Income	8,270,833	5,722,565	2,548,268	144.5
Expenses	-8,608,103	-6,382,431	-2,225,671	134.9
Profit or loss before tax	-337,270	-659,866	322,597	-

Revenue grew by EUR 2.5 million due to higher business volumes in assistance and healthcare services. In 2022, revenue also included the one-time sale of a subsidiary. Without factoring this in, revenue growth in 2023 would have been EUR 1 million higher.

Expenses were up EUR 2.2 million due to higher business volumes and inflationary pressures. Expenses of this segment in both periods also included subordinated debt expenses of EUR 2.9 million.

The **loss** of the segment decreased by EUR 0.3 million due to higher profits from assistance and healthcare services.



8.1.3 Financial position

The following are explanations of assets and liabilities that are relevant to the understanding of the Group’s financial position.

EUR	31 December 2023	31 December 2022	Change	Index
Equity	585,663,613	531,463,677	54,199,936	110.2
Contractual service margin (CSM)	155,307,485	136,396,088	18,911,397	113.9
Risk adjustment	90,366,848	94,005,064	-3,638,216	96.1
Investment portfolio position	1,503,282,095	1,415,231,399	88,050,696	106.2
Total assets	2,568,546,136	2,312,140,248	256,405,888	111.1
Assets under management	2,411,800,064	2,006,528,480	405,271,584	120.2

8.1.3.1 Equity and solvency

Equity amounted to EUR 585.7 million, up EUR 54.2 million compared to the end of 2022. The increase in the profit for 2023 and a positive change in other comprehensive income were the primary reasons for the overall increase, while the decrease was mainly due to the dividend payouts.

Thus, the Group’s estimated solvency position as at 31 December 2023 shows that the Group is well capitalised, with a solvency ratio between 188% and 194% (31 December 2022: 183%). The Group thus has a solvency ratio well above the regulatory requirement of 100% and is well capitalised according to its internal criteria, which define an optimal solvency ratio between 170% and 210%.

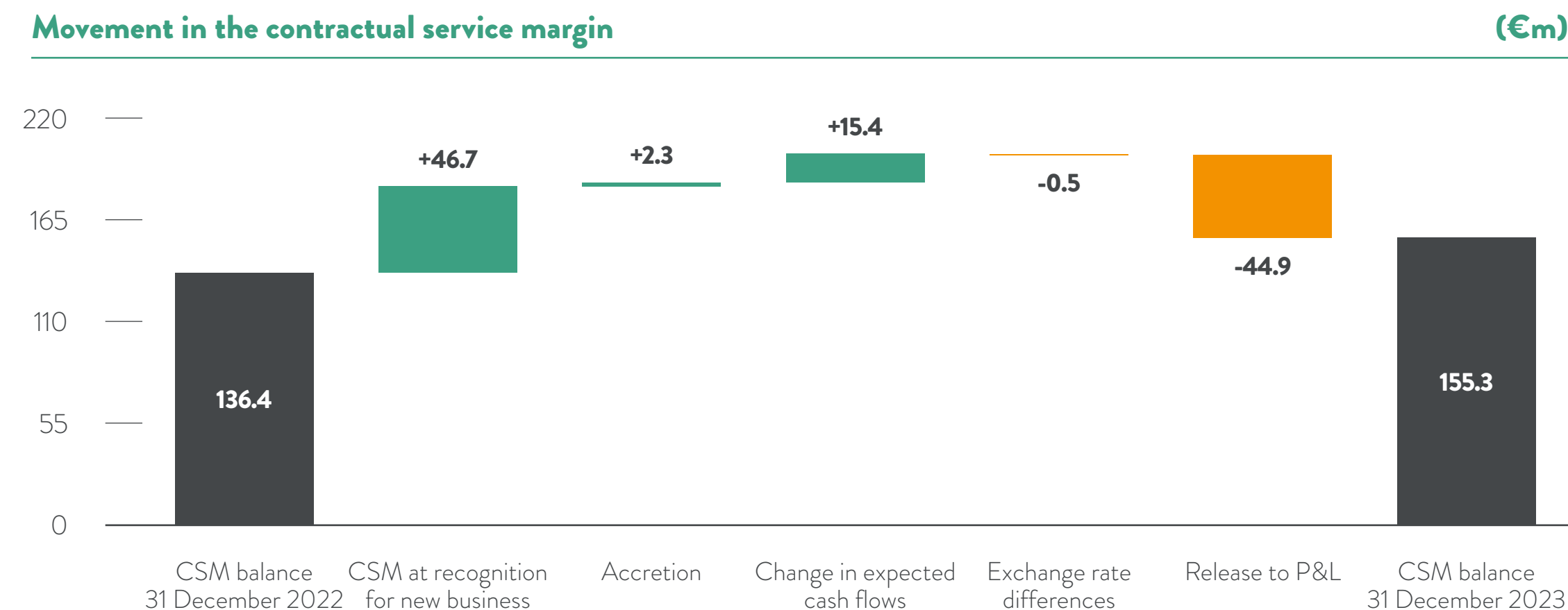
8.1.3.2 Contractual service margin

The contractual service margin (CSM) is an estimate of future profits from insurance contracts that relate to future periods and have not yet been recognised in profit or loss. As at 31 December 2023, it totalled EUR 155.3 million (net of reinsurance, EUR 149.4 million). The majority of the contractual service margin (EUR 141.6 million, or 91.2% of the total CSM) arose from the life business, followed by the non-life business with EUR 6.3 million (4.1%) and the reinsurance business with EUR 5.5 million (3.5%), with the remainder attributable to the pensions business (EUR 1.9 million, or 1.2%). In 2023, the contractual service margin increased by EUR 18.9 million, or 13.9%. In the life business, the increase was EUR 17.0 million, or 13.7%. The newly written contracts had a slightly higher contractual

service margin than the amount released to profit or loss (specifically, the newly recognised CSM was EUR 46.7 million, whereas the release was EUR 44.9 million). In the life segment, the newly recognised CSM exceeded the release by EUR 6.1 million, and in the reinsurance segment the newly recognised CSM was EUR 5.4 million lower than the release due to the volume of non-proportional reinsurance contracts recog-

nised in 2023. The increase in the contractual service margin was also positively affected by the change in future cash flow assumptions of EUR 15.4 million (primarily in the life segment) due to improved financial market conditions and additional single-premium payments to existing policies. The remainder of the change related to interest and foreign exchange differences.

Movement in the contractual service margin



8.1.3.3 Risk adjustment

As at 31 December 2023, the risk adjustment was EUR 90.4 million, down EUR 3.6 million compared to the previous year. Around two-thirds of the risk adjustment (EUR 55.8 million) stems from liabilities for claims incurred, mainly in the non-life business (EUR 39.0 million), followed by reinsurance (EUR 16.3 million) and the non-life business (EUR 0.6 million). This part of the risk adjustment decreased by EUR 4.3 million, or 7.1%.

The other part of the risk adjustment (EUR 34.5 million) relates to liabilities for remaining coverage and arises from the life business (EUR 31.1 million), followed by the reinsurance (EUR 1.9 million) and non-life (EUR 1.3 million) business, with the remainder attributable to pensions (EUR 0.2 million). This part of the risk adjustment increased by EUR 0.7 million, or 1.9%, due to portfolio growth.

8.1.3.4 Investment portfolio

The investment portfolio of the Sava Insurance Group is made up of financial investments, investment prop-

erty, financial investments in associates and joint ventures, and cash and cash equivalents.

Investment portfolio position

EUR	31 December 2023	31 December 2022	Change	Index
Deposits and CDs	25,616,171	18,848,261	6,767,910	135.9
Government bonds	818,836,368	721,024,386	97,811,982	113.6
Corporate bonds	457,974,606	433,777,269	24,197,337	105.6
Shares	21,754,273	24,883,924	-3,129,651	87.4
Mutual funds	18,564,549	22,157,732	-3,593,182	83.8
Infrastructure funds	57,339,858	53,856,376	3,483,482	106.5
Real estate funds	13,888,193	16,497,061	-2,608,868	84.2
Loans granted	754,141	1,194,821	-440,680	63.1
Total financial investments	1,414,728,159	1,292,239,830	122,488,329	109.5
Financial investments in associates	23,834,619	21,856,109	1,978,510	109.1
Investment property	24,890,278	22,795,759	2,094,519	109.2
Cash and cash equivalents	39,829,039	78,339,699	-38,510,660	50.8
Total investment portfolio	1,503,282,095	1,415,231,397	88,050,699	106.2

The investment portfolio increased by EUR 88.0 million compared to year-end 2022. The major change in the value of investments was mainly in government and corporate bonds, as available funds from operations and investment maturities and disposals were invested

mainly in these types of assets. The level of cash and cash equivalents decreased by almost half as cash was invested in higher-yielding assets. The value of shares and mutual funds fell slightly as a result of the disposals.

Composition of the investment portfolio

EUR	31 December 2023	Share as at 31 December 2023	31 December 2022	Share as at 31 December 2022	Change in share (p.p.)
Fixed-rate financial investments	1,302,427,145	86.6%	1,173,649,916	82.9%	3.7
Infrastructure funds	57,339,858	3.8%	53,856,376	3.8%	0.0
Cash and cash equivalents	39,827,379	2.6%	78,339,699	5.5%	-2.9
Property	24,890,278	1.7%	22,795,759	1.6%	0.0
Financial investments in associates	23,834,619	1.6%	21,856,109	1.5%	0.0
Shares	21,754,273	1.4%	24,883,924	1.8%	-0.3
Mutual funds	18,564,549	1.2%	22,157,732	1.6%	-0.3
Real estate funds	13,888,193	0.9%	16,497,061	1.2%	-0.2
Loans granted	754,141	0.1%	1,194,821	0.1%	0.0
Total	1,503,280,435	100.0%	1,415,231,397	100.0%	0.0



Composition of fixed-rate investments

EUR	31 December 2023	Share as at 31 December 2023	31 December 2022	Share as at 31 December 2022	Change in share (p.p.)
Government bonds	760,045,073	50.6%	679,225,272	48.0%	2.6
Regular corporate bonds	374,739,651	24.9%	373,372,829	26.4%	-1.5
Government-guaranteed bonds	59,038,019	3.9%	55,047,777	3.9%	0.0
Covered bonds	52,439,089	3.5%	14,476,732	1.0%	2.5
Subordinated bonds	30,549,141	2.0%	32,679,047	2.3%	-0.3
Deposits	25,616,171	1.7%	18,848,260	1.3%	0.4
Total	1,302,427,144	86.6%	1,173,649,918	82.9%	3.7

8.1.3.5 Assets under management

EUR	31 December 2023	31 December 2022	Change	Index
Assets held in pension company savings funds	1,174,660,423	1,013,323,087	161,337,336	115.9
Assets under management with a fund management company	628,604,242	494,429,217	134,175,025	127.1
Assets held for the benefit of policyholders who bear the investment risk	608,535,399	498,776,176	109,759,223	122.0
Assets under management	2,411,800,064	2,006,528,480	405,271,584	120.2

Assets under management amounted to EUR 2,411.8 million, up 20.2%. This growth was driven both by an increase in fund returns resulting from favourable developments in financial markets and by positive net

inflows into all three types of funds (pension funds, funds of a mutual fund management company and unit-linked funds).

8.1.3.6 Financing sources and their maturity

As at 31 December 2023, the Sava Insurance Group held EUR 585.7 million in shareholders' equity and EUR 75.0 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 2023, the market price of the bond was 77.717% and the market value EUR 58,702,709 (31 December 2022: the market price was 74.499% and the market value EUR 56,290,346).



8.1.4 Income statement by segment

Income statement by segment

EUR	Non-life, EU		Non-life, non-EU		Life, EU		Life, non-EU		Reinsurance		Pensions and asset management		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Insurance revenue	436,996,472	380,796,268	89,711,654	73,586,592	59,872,919	56,462,308	6,530,594	5,033,876	104,029,407	92,799,955	421,765	308,794	0	0	697,562,811	608,987,793
Insurance service expenses	-445,956,710	-360,568,520	-83,631,610	-64,961,945	-40,909,530	-37,129,913	-4,820,572	-4,389,039	-81,494,383	-70,317,410	-312,713	-143,723	0	0	-657,125,518	-537,510,550
Claims incurred	-324,341,925	-255,758,019	-52,147,491	-37,837,257	-15,502,210	-11,447,246	-1,966,927	-1,503,214	-71,430,181	-61,697,514	-85,420	-66,524	0	0	-465,474,154	-368,309,774
Operating expenses	-118,758,015	-102,624,831	-31,575,713	-27,103,703	-25,752,177	-23,970,652	-3,047,991	-2,532,069	-10,318,051	-8,703,623	-113,073	-96,158	0	0	-189,565,020	-165,031,036
Onerous contracts	-2,856,770	-2,185,670	91,594	-20,985	344,857	-1,712,015	194,346	-353,756	253,849	83,727	-114,220	18,959	0	0	-2,086,344	-4,169,740
Insurance service result before reinsurance	-8,960,238	20,227,748	6,080,044	8,624,647	18,963,389	19,332,395	1,710,022	644,837	22,535,024	22,482,545	109,052	165,071	0	0	40,437,293	71,477,243
Reinsurance service result	41,486,560	7,537,611	885,641	-2,620,139	-238,707	-490,126	0	0	906,976	168,828	0	0	0	0	43,040,469	4,596,174
Insurance service result	32,526,322	27,765,359	6,965,685	6,004,508	18,724,682	18,842,269	1,710,022	644,837	23,442,000	22,651,373	109,052	165,071	0	0	83,477,762	76,073,417
Net investment result	7,882,690	-562,285	3,094,209	1,962,550	9,103,691	3,709,640	955,738	750,448	5,521,148	1,545,065	1,365,801	-869,358	0	0	27,923,277	6,536,061
Net insurance finance income or expenses	-3,070,764	-930,698	-629,162	-378,489	-3,302,541	-2,974,900	-400,071	-267,571	-5,210,202	-4,386,386	-691,457	-202,813	0	0	-13,304,198	-9,140,857
Net exchange gains/losses	-79,847	-28,341	-8,803	-22,079	-1,520	-15,257	14,640	-25,577	1,270,540	1,942,705	-2,505	-14,512	0	0	1,192,505	1,836,939
Finance result	4,732,079	-1,521,324	2,456,244	1,561,983	5,799,629	719,483	570,307	457,300	1,581,486	-898,616	671,839	-1,086,683	0	0	15,811,584	-767,857
Non-insurance revenue	0	0	0	3,212	0	0	0	0	0	0	19,589,410	17,978,588	5,806,493	3,422,717	25,395,903	21,404,517
Other expenses	-16,349,800	-14,842,893	-6,237,092	-5,742,288	-5,161,413	-5,092,506	-492,069	-418,355	-3,693,151	-2,908,447	-13,370,630	-11,881,741	-5,710,391	-3,496,453	-51,014,545	-44,382,684
Income from investments in subsidiaries and associates	3,754	0	0	0	0	0	0	0	0	0	0	0	2,282,455	2,279,735	2,286,209	2,279,735
Net other operating income/ expenses	4,411,830	3,661,593	2,603,285	4,117,895	-507,641	-622,602	-20,696	385,306	-631,045	-474,542	516,535	-306,868	-2,715,827	-2,865,865	3,656,441	3,894,917
Profit or loss before tax	25,324,185	15,062,734	5,788,122	5,945,310	18,855,257	13,846,644	1,767,563	1,069,088	20,699,290	18,369,768	7,516,206	4,868,367	-337,270	-659,866	79,613,354	58,502,045
Income tax expense															-14,956,182	-11,578,604
Net profit or loss for the period															64,657,172	46,923,441



Restated income statement

The income statement, which is used for the presentation of the operating analysis in the business report, has been restated to present certain categories more clearly and to shorten the line items, as shown in the following table.

The following reclassifications were made:

- Exchange differences on investments and insurance liabilities are reclassified from the net investment result and net insurance finance result to net exchange gains.
- Returns on life insurance policies where policyholders bear the investment risk are reclassified from the net investment result to the net insurance finance result.
- Asset management revenue and income from other Group companies, which are included in net other operating income and expenses, are reported together as non-insurance revenue.
- Non-attributable expenses and operating expenses of non-insurance companies, which are included in net other operating income and expenses, are collectively reported as other expenses.
- The share of profit or loss of investments accounted for using the equity method and net income and expenses from subsidiaries and associates are combined under income from investments in subsidiaries and associates.
- Gains or losses on disposal of discontinued operations are included in net other operating income.

EUR	Income statement			Income statement (restated)	
	2023	2022		2023	2022
Revenue from insurance services	697,562,811	608,987,793	Insurance revenue	697,562,811	608,987,793
Expenses from insurance services	-657,125,518	-537,510,550	Insurance service expenses	-657,125,518	-537,510,550
Net result from insurance contracts	40,437,293	71,477,243	Insurance service result before reinsurance	40,437,293	71,477,243
Revenue from reinsurance contracts held	86,112,246	43,335,084			
Expenses for reinsurance contracts held	-43,071,777	-38,738,910			
Net result from reinsurance contracts held	43,040,469	4,596,174	Reinsurance service result	43,040,469	4,596,174
Result from insurance contracts	83,477,762	76,073,417	Insurance service result	83,477,762	76,073,417
Net investment result	78,424,741	-53,182,881	Net investment result	27,923,277	6,536,061
Finance result from insurance contracts	-62,000,579	52,044,359			
Finance result from reinsurance contracts	-612,578	370,665			
Net insurance finance result	-62,613,157	52,415,024	Net insurance finance result	-13,304,198	-9,140,857
			Net exchange gains/losses	1,192,505	1,836,939
Net insurance and finance result	15,811,584	-767,857	Finance result	15,811,584	-767,857
Asset management revenue	19,589,410	17,981,800	Non-insurance revenue	25,551,080	21,404,517
Non-attributable operating expenses	-29,432,276	-26,979,168	Other expenses	-51,014,545	-44,382,684
Net impairment losses and reversals of impairment losses on non-financial assets	231,724	79,737			
Finance costs	-3,114,997	-3,021,150			
Share of profit or loss of investments accounted for using equity method	2,169,860	1,285,731	Income from investments in subsidiaries and associates	2,286,209	2,279,735
Net income and expenses from subsidiaries and associates	116,348	994,004			
Gains or losses on disposal of discontinued operations	353,684	0			
Net other operating income and expenses	-9,589,746	-7,144,469	Net other operating income/expenses	3,501,264	3,894,917
Profit before tax	79,613,353	58,502,045	Profit before tax	79,613,354	58,502,045
Income tax expense	-14,956,182	-11,578,604	Income tax expense	-14,956,182	-11,578,604
Net profit or loss for the period	64,657,171	46,923,441	Net profit or loss for the period	64,657,171	46,923,441



8.2 Sava Re

8.2.1 Gross premiums written

Gross written premiums increased by 8.3% to EUR 215.9 million in 2023.

Gross premiums written

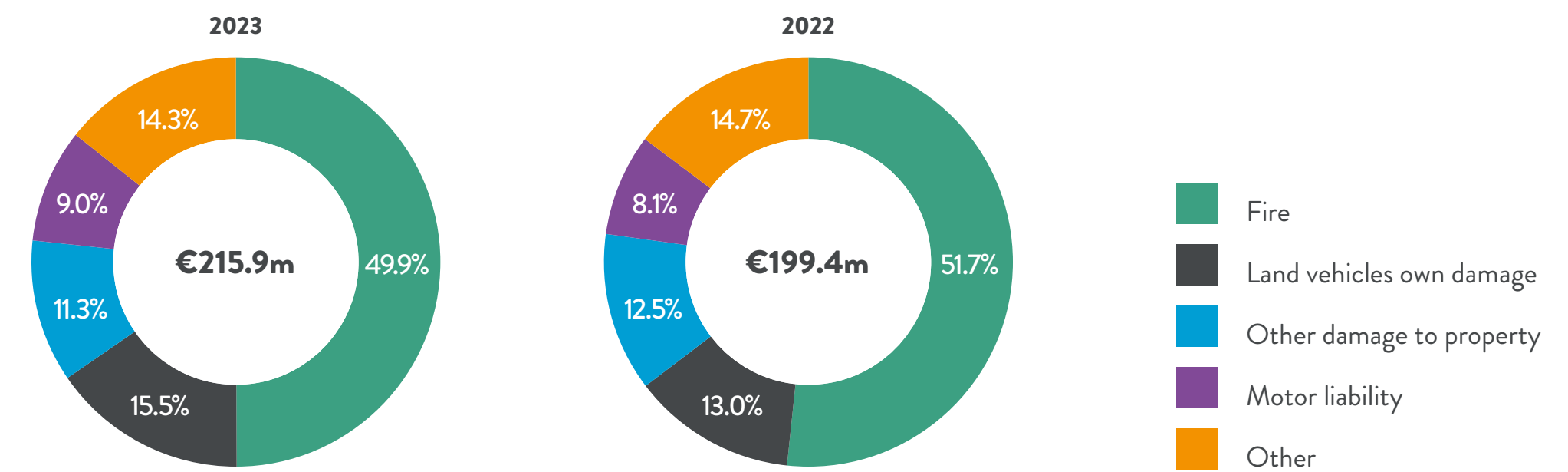
EUR	2023	2022	Change	Index
Non-Group	122,966,992	120,876,083	2,090,909	101.7
Group	92,947,982	78,529,246	14,418,736	118.4
Total	215,914,974	199,405,329	16,509,645	108.3

Non-Group gross written premiums grew by EUR 2.1 million, the most important being the positive shift in premium composition towards more profitable non-proportional contracts. The premiums for these contracts increased by 19.4%. The growth in gross written premiums was achieved through both price increases

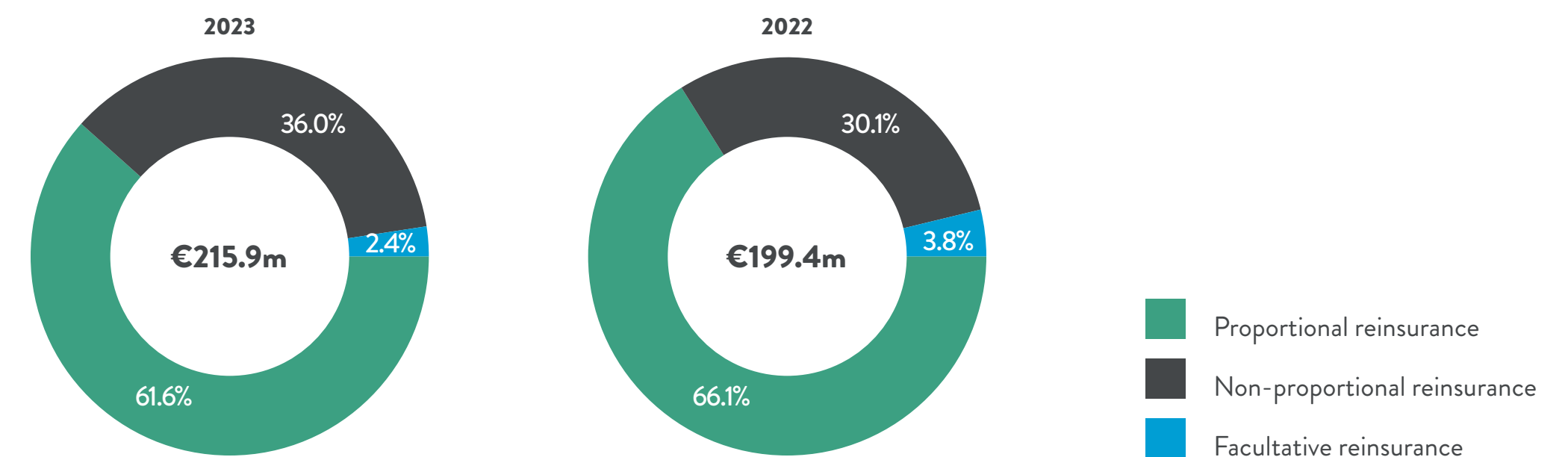
in line with global reinsurance market developments and organic volume growth.

Group gross written premiums increased by EUR 14.4 million (18.4%) as a result of premium growth in the Slovenian market.

Gross premiums written by class of business



Gross premiums written by form of reinsurance





8.2.2 Business and performance

EUR	2023	2022	Change	Index
Insurance revenue	167,804,126	150,760,655	17,043,471	111.3
Insurance service expenses	-174,490,918	-132,523,250	-41,967,667	131.7
Claims incurred	-162,708,295	-122,849,828	-39,858,467	132.4
Operating expenses	-12,027,831	-9,991,521	-2,036,310	120.4
Onerous contracts	245,208	318,099	-72,891	77.1
Reinsurance service result	43,669,147	9,867,581	33,801,564	442.6
Insurance service result	36,982,356	28,104,988	8,877,368	131.6
Net investment result	7,827,977	1,813,210	6,014,767	431.7
Net insurance finance result	-6,815,712	-4,876,551	-1,939,161	139.8
Net exchange gains	1,293,761	1,820,272	-526,511	71.1
Finance result	2,306,026	-1,243,070	3,549,095	-185.5
Other expenses	-13,805,508	-11,803,863	-2,001,645	117.0
Income from investments in subsidiaries and associates	30,755,010	51,728,827	-20,973,817	59.5
Net other operating expenses	-2,648,673	-2,854,982	206,309	92.8
Profit or loss before tax	53,589,208	63,931,896	-10,342,688	83.8
Income tax expense	-4,114,406	-2,580,945	-1,533,461	159.4
Net profit or loss for the period	49,474,802	61,350,951	-11,876,149	80.6

	2023	2022	Change	Index
Combined ratio	80.8%	84.2%	-3.4 p.p.	-
Loss ratio	70.8%	74.7%	-3.9 p.p.	-
Expense ratio	10.0%	9.5%	+0.5 p.p.	-
Investment return	2.2%	0.5%	+1.7 p.p.	-
Return on equity	11.6%	15.5%	-3.9 p.p.	-

Insurance service result

The **insurance service** result was up EUR 8.9 million, mainly due to the improved performance of the Group business (an increase of EUR 8.1 million). The insurance service result for the non-Group business was higher by EUR 0.8 million as a result of a more favourable performance of inward and outward business.

Insurance revenue increased by EUR 17.0 million (11.3%) due to growth in both the non-Group and Group business.

Insurance service expenses³⁸ rose by EUR 42.0 million, mainly as a result of an increase in claims incurred.

Claims incurred

EUR	2023	2022	Change	Index
Non-Group	71,430,180	61,697,514	9,732,666	115.8
Group	91,278,115	61,152,314	30,125,801	149.3
Total	162,708,295	122,849,828	39,858,466	132.4

Claims incurred rose by EUR 39.9 million. The higher level of claims incurred for the non-Group business were mainly the result of a major loss event at the beginning of the year, whereas for the Group business they were the result of summer storms in Slovenia and other countries in which the Group operates. **Operating expenses** increased by EUR 2.0 million in 2023, primarily due to higher acquisition costs for the non-Group business.

The **reinsurance service result** was stronger compared

to 2022 for both the non-Group and Group business. This was the result of a different mix of claims that triggered the Group's reinsurance protection to a greater extent and were ceded to reinsurers.

The **combined ratio** improved due to a more favourable loss ratio. The improved loss ratio was a reflection of the stronger ratio for the Group business. The movement in the expense ratio was mainly driven by higher acquisition and other operating expenses.

Combined, loss and expense ratios

	2023	2022	Change
Combined ratio	80.8%	84.2%	-3.4 p.p.
Loss ratio	70.8%	74.7%	-3.9 p.p.
Expense ratio	10.0%	9.5%	+0.5 p.p.

Finance result and investment return

EUR	2023	2022	Change	Index
Net investment result	7,827,977	1,813,210	6,014,767	431.7
Net insurance finance result	-6,815,712	-4,876,551	-1,939,161	139.8
Net exchange gains	1,293,761	1,820,272	-526,511	71.1
Finance result	2,306,026	-1,243,070	3,549,096	-

The **finance result** improved on the back of a stronger net investment result.

The **net investment result** increased by EUR 6.0 million compared to 2022 due to higher interest income

(reinvestment at better interest rates) and positive revaluation of equity investments at fair value through profit or loss. The **return on the investment portfolio** was 5.6%.

Investment return and net investment income relating to the Sava Re investment portfolio

EUR	2023	2022	Change	Index
Income from financial investments	11,074,476	10,444,556	629,919	106.0
Expenses for financial investments	3,246,499	8,631,346	-5,384,848	37.6
Net investment result	7,827,977	1,813,210	6,014,767	431.7
Net income and expenses from subsidiaries and associates	30,755,010	51,728,827	-20,973,817	59.5
Net investment income relating to the investment portfolio	38,582,987	53,542,037	-14,959,050	72.1
	2023	2022	Change	Index
Investment return	2.2%	0.5%	+1.7 p.p.	-
Return on investment portfolio	5.6%	7.8%	-2.2 p.p.	-



Income, expenses, and net investment income relating to the Sava Re investment portfolio

EUR	2023	2022	Change
Interest income at effective interest rate	4,735,050	2,688,043	2,047,007
Gain on change in fair value of FVTPL assets	3,903,887	4,129,770	-225,883
Gains on disposal of FVTPL assets	9,388	77,683	-68,295
Gains on disposal of other IFRS asset categories	12,456	1,163,032	-1,150,576
Income from dividends and shares – other investments	217,967	458,074	-240,108
Movement in expected credit losses (ECL)	89,921	153,926	-64,006
Other income	1,097,797	1,120,444	-22,648
Other income from alternative funds	1,008,011	653,583	354,428
Total income from the investment portfolio	11,074,475	10,444,556	629,919
Loss on change in fair value of FVTPL assets	2,692,105	7,232,854	-4,540,749
Losses on disposal of FVTPL assets	158,893	69,230	89,663
Losses on disposal of other IFRS asset categories	132,904	965,345	-832,441
Movement in expected credit losses (ECL)	35,495	132,103	-96,608
Other expenses	227,101	231,814	-4,713
Total expenses for the investment portfolio	3,246,498	8,631,346	-5,384,848
Net investment result	7,827,977	1,813,210	6,014,767
Net income and expenses from subsidiaries and associates	30,755,010	51,728,827	-20,973,817
Net investment income relating to the investment portfolio	38,582,988	53,542,037	-14,959,049
Return on investment portfolio	5.6%	7.8%	-2.2 p.p.

The result of investments in subsidiaries and associates was EUR 30.8 million, down EUR 21.0 million compared to 2022 due to lower dividends received from subsidiaries. In 2023, there were no impairment losses on subsidiaries, whereas in 2022 an impairment loss of EUR 1.2 million was recognised in subsidiaries..

The **net insurance finance** result was down EUR 1.9 million as a result of higher discount rates.

Profit or loss for the period

Profit before tax decreased by EUR 10.3 million compared to 2022. Excluding dividends received from subsidiaries, the result would have been EUR 10.9 million higher. In line with the decline in profit before tax, the **net profit for the period** also decreased by EUR 11.9 million. As a result, the **return on equity** was lower, at 11.6%.

8.2.3 Financial position

The following are explanations of assets and liabilities that are relevant to the understanding of the Company's financial position.

EUR	31 December 2023	31 December 2022	Change	Index
Equity	430,897,178	401,675,656	29,221,521	107.3
Contractual service margin (CSM)	9,521,208	8,401,764	1,119,444	113.3
Risk adjustment	30,691,156	34,695,702	-4,004,546	88.5
Investment portfolio position	699,468,206	679,014,491	20,453,715	103.0
Total assets	813,954,323	754,248,344	59,705,979	107.9

8.2.3.1 Equity and solvency

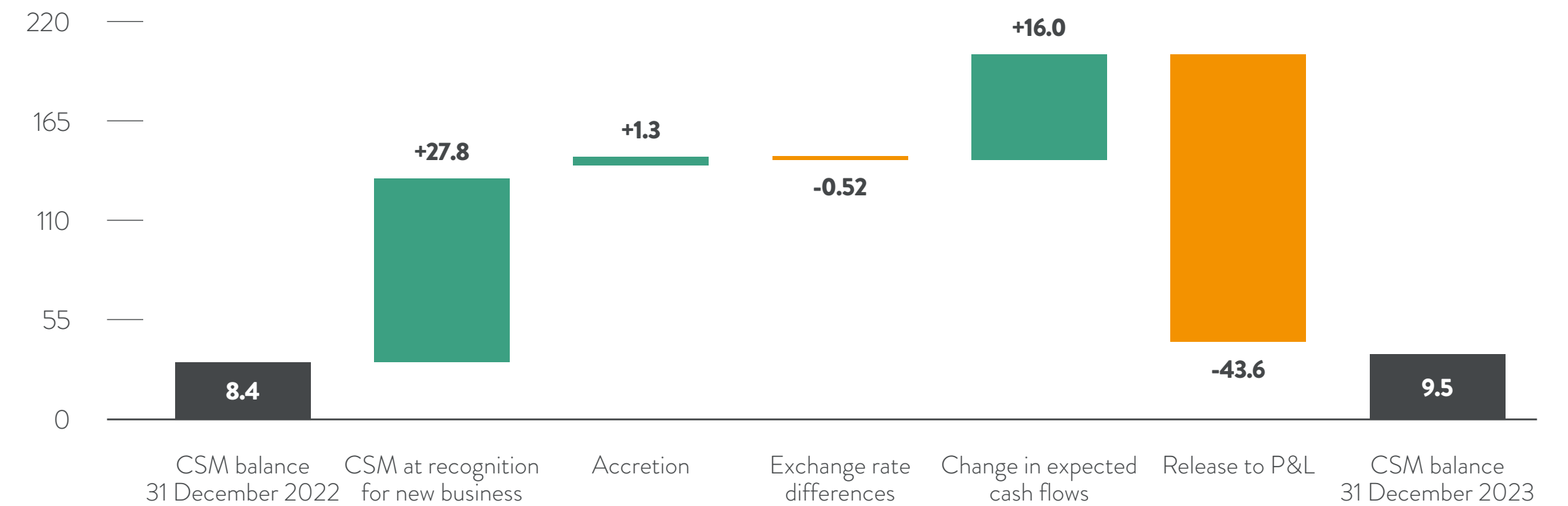
Equity amounted to EUR 430.9 million, up EUR 29.2 million compared to the end of 2022. The increase in the profit for 2023 and a positive change in other comprehensive income were the primary reasons for the overall increase, partly decreased by dividend payouts.

Thus, Sava Re's audited solvency position as at 31 December 2023 shows that the Company is well capitalised, with a solvency ratio of 289% (31 December 2022: 266%). The Company thus has a solvency ratio well above the regulatory requirement of 100% and is well capitalised according to its internal criteria, which define an optimal solvency ratio above 200%.

8.2.3.2 Contractual service margin

As at 31 December 2023, the contractual service margin totalled EUR 9.5 million (net of reinsurance, EUR 5.1 million). In 2023, it increased by EUR 1.1 million, or 13.3%. The newly recognised CSM was EUR 15.7 million lower than the CSM released, reflecting a higher volume of recognised non-proportional reinsurance contracts in 2023. The increase in the contractual service margin was also positively impacted by the change in future cash flow assumptions of EUR 16.0 million.

Movement in the contractual service margin (€m)



8.2.3.3 Risk adjustment

As at 31 December 2023, the risk adjustment was EUR 30.7 million, down EUR 4.0 million compared to the previous year. The majority of the risk adjustment (EUR 26.8 million) arises from liabilities for claims incurred and decreased by EUR 4.4 million. The other part of the risk adjustment (EUR 3.9 million) relates to liabilities for remaining coverage and increased by EUR 0.4 million due to portfolio growth.

8.2.3.4 Investment portfolio

The investment portfolio is made up of financial investments in subsidiaries, financial investments in associates and joint ventures, investment property, and cash and cash equivalents.

The Sava Re investment portfolio totalled EUR 699.5 million as at 31 December 2023 (31 December 2022: EUR 679.0 million).



Sava Re investment portfolio by asset class

EUR	31 December 2023	31 December 2022	Change	Index
Deposits and CDs	1,021,347	0	1,021,347	-
Government bonds	229,591,819	214,198,680	15,393,139	107.2
Government bonds (excl. gvmt-guaranteed bonds)	211,054,563	198,953,856	12,100,707	106.1
Government-guaranteed bonds	18,537,256	15,244,825	3,292,432	121.6
Corporate bonds	88,089,961	73,992,930	14,097,031	119.1
Regular corporate bonds	72,416,318	66,695,422	5,720,896	108.6
Covered bonds	11,353,007	2,021,505	9,331,503	561.6
Subordinated bonds	4,320,636	5,276,003	-955,367	81.9
Shares	3,538,972	7,080,606	-3,541,633	50.0
Mutual funds	4,458,315	3,933,982	524,333	113.3
Infrastructure funds	21,084,448	18,843,871	2,240,577	111.9
Real estate funds	3,884,428	4,584,214	-699,785	84.7
Loans granted	2,714,904	1,796,693	918,212	151.1
Total financial investments	354,384,196	324,430,976	29,953,220	109.2
Investments in subsidiaries and associates	325,241,793	322,935,793	2,306,000	100.7
Investment property	7,582,168	7,721,693	-139,525	98.2
Cash and cash equivalents	12,260,049	23,926,029	-11,665,980	51.2
Total investment portfolio	699,468,206	679,014,491	20,453,715	103.0

The investment portfolio increased by EUR 20.5 million, or 3.0 percentage points, compared to year-end 2022. The major change in the value of investments was mainly in government and corporate bonds, as available funds from operations and investment ma-

turities and disposals were invested mainly in these types of assets. The level of cash and cash equivalents decreased by almost half as cash was invested in higher-yielding assets. The value of shares and mutual funds fell slightly as a result of the disposals.

Composition of the investment portfolio

	31 December 2023	31 December 2022	Change in composition in p.p.
Investments in subsidiaries and associates	46.5%	47.6%	-1.1
Fixed-rate financial investments	45.6%	42.4%	3.1
Infrastructure funds	3.0%	2.8%	0.2
Cash and cash equivalents	1.8%	3.5%	-1.8
Shares and mutual funds	1.1%	1.6%	-0.5
Property	1.1%	1.1%	-0.1
Real estate funds	0.6%	0.7%	-0.1
Other*	0.4%	0.3%	0.1
Total	100.0%	100.0%	

* The "other" item includes loans granted.

The largest share of the investment portfolio at year-end 2023 were financial investments in subsidiaries and associates, which accounted for 46.5%. Fixed-rate investments followed closely behind at 45.6%. Cash decreased by 1.8 percentage points, while fixed-rate

investments increased by 3.1 percentage points, mainly due to the investment of surplus cash in this asset type. Sales resulted in a slight decrease in investments in shares and mutual funds.

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

EUR	31 December 2023	Share as at 31 December 2023	31 December 2022	Share as at 31 December 2022	Change in composition in p.p.
Government bonds	211,054,563	30.2%	198,953,856	29.3%	0.9
Regular corporate bonds	72,416,318	10.4%	66,695,422	9.8%	0.5
Government-guaranteed bonds	18,537,256	2.7%	15,244,825	2.2%	0.4
Covered bonds	4,320,636	0.6%	5,276,003	0.8%	-0.2
Subordinated bonds	11,353,007	1.6%	2,021,505	0.3%	1.3
Deposits and CDs	1,021,347	0.1%	0	0.0%	0.1
Total	318,703,128	45.6%	288,191,610	42.4%	3.1

There were no major changes in the composition of fixed-rate investments at the end of 2023 compared to year-end 2022.

8.2.3.5 Other investments of Sava Re in the insurance industry

As at 31 December 2023, in addition to its investments in subsidiaries, Sava Re held investments in other companies in the insurance industry.

Other investments of Sava Re in the insurance industry

	Holding (%) as at 31 December 2023
Slovenia	
Zavarovalnica Triglav d.d.	0.07%
EU and other international	
Bosna Reosiguranje d.d., Sarajevo, Bosnia and Herzegovina	0.51%
Dunav Re a.d.o., Belgrade, Serbia	0.93%

8.2.3.6 Financing sources and their maturity

As at 31 December 2023, Sava Re held EUR 430.9 million in equity capital and EUR 75.0 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 2023, the market price of the bond was 77.717% and the market value EUR 58,702,709 (31 December 2022: the market price was 74.499% and the market value EUR 56,290,346).



9 Human resource management³⁹

9.1 Strategic guidelines for human resource management⁴⁰

At the Sava Insurance Group, we have set five priorities in human resource management for the 2023–2027 strategy period:

1. **Attracting and retaining the best talent:** we justify the trust of our employees and take care of the image and reputation of the Sava Insurance Group in the labour market.
2. **Development orientation:** we ensure continuous identification and targeted development of employees' potential.
3. **Performance management:** we enable the development of a high-performing culture in which successful employees are supported, rewarded, encouraged to improve and managed effectively.
4. **Sustainable operations:** we promote a culture based on values, with a focus on diversity, inclusion, well-being and sustainable business.
5. **Digitalisation and optimisation:** we adapt the organisation, processes, positions and ways of working towards the future of business.

9.2 Key activities in human resource management⁴¹

In 2023, our human resource management focused on the following objectives and activities:

- planning and implementing the communication strategy in line with the employer's promise and image;
- establishing a system for regularly monitoring employee satisfaction;
- drafting a policy on human resource development and succession planning;
- maintaining good climate and commitment among employees, transparent communication and good relationships with internal clients;
- analysing and planning the digitalisation of human resource processes.

9.3 Employer brand development and management

Our aim is to attract and retain the best people in the Group, and to achieve this we systematically manage the external and internal image of our companies as employers.

We carefully plan and implement activities to build the external image of the Sava Insurance Group as a group of attractive employers. To this end, we worked with colleagues from Group companies in 2023 to produce and publish an employer video, update the career pages on the companies' websites and strengthen communication through social networks, internal ambassadors, and appearances at corporate events and career fairs.

The companies of the Sava Insurance Group ensure regular internal communication with their employees in a uniform manner. Some companies are also in the process of updating their internal employee portal. Different processes and communication channels allow us to ensure two-way and transparent communication between the employer and the employees. We foster a good climate and commitment among our employees through various events and benefits at the Group, company and organisational unit levels.

In the Sava Insurance Group, we are aware of our responsibility to our employees and, therefore, strive to closely follow our objectives in strategic human resource management.



³⁹ GRI 2-7.

⁴⁰ GRI 3-3.

⁴¹ GRI 3-3.



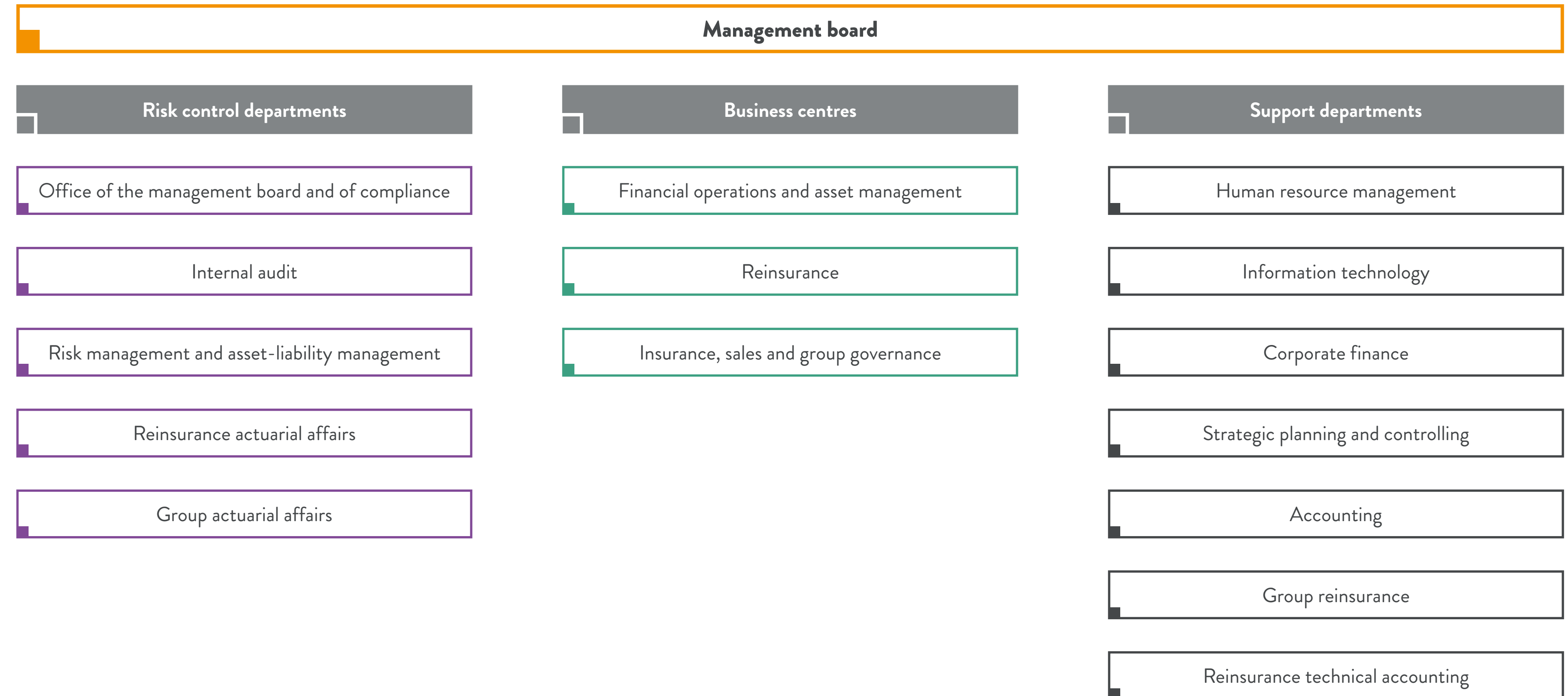
9.4 Recruitment and staffing levels

Recruitment is based on timely identification of needs, careful planning and the recruitment of skilled and motivated people, ensuring that they receive induction and training to enable them to integrate quickly into their workplace. We develop and train our employees in line with the needs of the Company and the Group, and strive to create a productive and motivating working environment.

The following shows the number and structure of employees in the parent company, Sava Re, and in total for the entire Sava Insurance Group, according to various criteria.

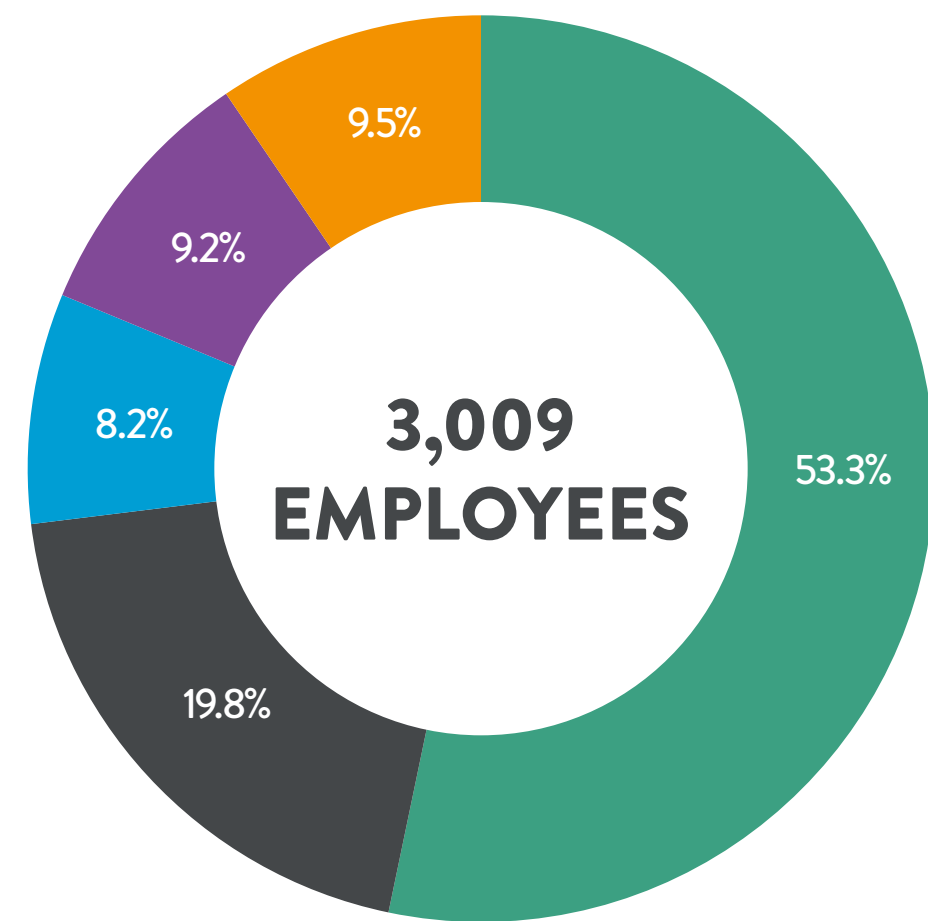
In addition to its core reinsurance business, Sava Re also manages the Sava Insurance Group. The diagram shows the organisational chart of Sava Re.

Organisational chart of Sava Re as at 31 December 2023⁴²



9.4.1 Number of employees as at year end⁴³

Employees by Group market as at year end



* Zavarovalnica Sava and its Croatian branch are also included.

The companies of the Sava Insurance Group are present in Slovenia, Croatia, Serbia, Montenegro, North Macedonia and Kosovo.

	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Number of employees as at year end	3,009	2,952	160	147
Full-time equivalent as at year end	2,744.8	2,704.3	144.1	133.3

The number of employees in Sava Re and the Sava Insurance Group increased in 2023 compared to the previous year. The changes mainly concern sales support and IT.

New staff was recruited due to increased workload, redeployment within the Group, departures and maternity leave.

Number of employees by type of employment (part-time, full-time) as at year end⁴⁴

Type of employment	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
Part-time	375	12.5%	306	10.4%	29	18.1%	24	16.3%
Full-time	2,634	87.5%	2,646	89.6%	131	81.9%	123	83.7%
Total	3,009	100.0%	2,952	100.0%	160	100.0%	147	100.0%

The majority of Sava Insurance Group employees are in full-time employment. Part-time employees included those recognised as disabled, those who exercised the right to child-care leave, agents in first employment, and employees in split employment in the Group.

⁴³ GRI 2-7.

⁴⁴ GRI 2-7.



Number of employees by type of contract as at year end⁴⁵

Type of employment	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
Fixed-term contract	513	17.0%	485	16.4%	2	1.3%	2	1.4%
Contract of indefinite duration	2,496	83.0%	2,467	83.6%	158	98.8%	145	98.6%
Total	3,009	100.0%	2,952	100.0%	160	100.0%	147	100.0%

The most common type of employment in the Sava Insurance Group is a contract of indefinite duration. Fixed-term contracts are most commonly used to cover the needs of employees who are absent for long periods or due to temporary increases in workload.

Employees covered by collective bargaining agreements as at year end⁴⁶

Employees covered by the collective bargaining system	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
Employees covered by the collective bargaining agreement	2,865	95.2%	2,819	95.5%	137	85.6%	125	85.0%
Employees not covered by the collective bargaining agreement	144	4.8%	133	4.5%	23	14.4%	22	15.0%
Total	3,009	100.0%	2,952	100.0%	160	100.0%	147	100.0%

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

⁴⁵ GRI 2-7.

⁴⁶ GRI 2-30.



Employees by level of education as at year end⁴⁷

Level of formal education	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
Primary and lower secondary education	6	0.2%	7	0.2%	0	0.0%	0	0.0%
Secondary education	1,187	39.4%	1,175	39.8%	13	8.1%	13	8.8%
Higher education	302	10.0%	304	10.3%	4	2.5%	4	2.7%
University education	1,369	45.5%	1,322	44.8%	122	76.3%	110	74.8%
Master's degree or doctorate	145	4.8%	144	4.9%	21	13.1%	20	13.6%
Total	3,009	100.0%	2,952	100.0%	160	100.0%	147	100.0%

The structure of employees by level of education did not change significantly in 2023 compared to the previous year. At the Group level, the percentage of employees with primary education remains very low, while the percentage of employees with secondary education is mainly related to insurance sales. The majority of employees have at least a university degree.

The Group'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.

Employees by age group as at year end⁴⁸

Age group	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
From 20 to 25	147	4.9%	140	4.7%	0	0.0%	3	2.0%
From 26 to 30	217	7.2%	202	6.8%	21	13.1%	13	8.8%
From 31 to 35	402	13.4%	382	12.9%	24	15.0%	23	15.6%
From 36 to 40	427	14.2%	427	14.5%	23	14.4%	18	12.2%
From 41 to 45	567	18.8%	568	19.2%	29	18.1%	28	19.0%
From 46 to 50	473	15.7%	454	15.4%	27	16.9%	29	19.7%
From 51 to 55	378	12.6%	390	13.2%	20	12.5%	16	10.9%
Over 56	398	13.2%	389	13.2%	16	10.0%	17	11.6%
Total	3,009	100.0%	2,952	100.0%	160	100.0%	147	100.0%

The composition of Sava Insurance Group employees by age group in 2023 was similar to previous years.

⁴⁷ GRI 2-7.

⁴⁸ GRI 2-7.



Employees by gender as at year end⁴⁹

Gender	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
Women	1,803	59.9%	1,709	57.9%	101	63.1%	93	63.3%
Men	1,206	40.1%	1,243	42.1%	59	36.9%	54	36.7%
Total	3,009	100.0%	2,952	100.0%	160	100.0%	147	100.0%

The composition of Sava Insurance Group employees by gender has been higher for women than for men for several years. Both women and men are represented in all business areas and at all levels of management.

The base salary of women is the same as the base salary of men in all employee categories⁵⁰.

Employees by years of service in company as at year end⁵¹

Years of service	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
From 0 to 5 years	1,352	44.9%	1,108	37.5%	90	56.3%	78	53.1%
From 6 to 10 years	517	17.2%	554	18.8%	24	15.0%	24	16.3%
From 11 to 15 years	406	13.5%	478	16.2%	22	13.8%	24	16.3%
From 16 to 20 years	359	11.9%	364	12.3%	9	5.6%	8	5.4%
From 21 to 30 years	298	9.9%	341	11.6%	12	7.5%	11	7.5%
Over 30 years	77	2.6%	107	3.6%	3	1.9%	2	1.4%
Total	3,009	100.0%	2,952	100.0%	160	100.0%	147	100.0%

In terms of years of service, most of Sava Re’s employees are in the first and second groups, which is largely due to increased recruitment in the last decade. The percentage of employees with up to 30 years of service in the company decreased compared to the previous year.

⁴⁹ GRI 2-7, 405-01.

⁵⁰ GRI 405-02.

⁵¹ Service in the company or Group.



Members of management body by gender

Members of management body by gender	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Number of men in management body	34	72.3%	3	75.0%
Number of women in management body	13	27.7%	1	25.0%
Total	47	100.0%	4	100%

The Sava Insurance Group employs 47 members of management. The majority, 72.3%, are men.

Employees at management levels 1 and 2 by gender

Employees by gender	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Number of men at management levels 1 and 2	149	55.6%	16	59.3%
Number of women at management levels 1 and 2	119	44.4%	11	40.7%
Total	268	100.0%	27	100%

The management of Sava Re consists of four members, the chairman and three members of the management board. The Sava Insurance Group has a balanced composition of employees at management levels 1 and 2. Sava Re has a slightly lower percentage of women at management levels 1 and 2.

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

Absenteeism rate⁵²

Absenteeism is calculated as the number of working days lost due to absences divided by the product of the average number of employees multiplied by the average number of working days during the year. The following table shows the absenteeism rate by company in 2023 relative to 2022. The absenteeism rate in Sava Insurance Group companies remained largely the same as in the previous year.

Absenteeism rate⁵³

	Sava Insurance Group			Sava Re		
	2023	2022	Difference	2023	2022	Difference
Average number of working days lost	1,361	1,504	-143	157	114	43
Average number of employees	2,988	2,926	62	154	143	11
Average number of working days per year	241	252	-11	249	260	-11
Absenteeism rate (%)	0.19%	0.20%	-0.01%	0.41%	0.31%	0.10%

⁵² GRI 403-02.

⁵³ GRI 403-02.



Work-related injuries⁵⁴

	Sava Insurance Group			Sava Re		
	2023	2022	Index	2023	2022	Index
Number of injuries	8	9	88.9	0	0	-
Number of working days lost	357	123	290.4	0	0	-
Number of working hours lost	2,858	639	447.3	0	0	-

The number of injuries in the Sava Insurance Group continued to be low in 2023. The number of working days and hours lost increased in 2023 compared to 2022 because employees were absent for several months due to an occupational injury.

Employee turnover rate⁵⁵

	Sava Insurance Group			Sava Re		
	2023	2022	Difference	2023	2022	Difference
Number of employees who left	506	490	16	9	15	-6
Number of employees as at previous year end	2,952	2,903	49	147	142	5
Employee turnover rate	17.1%	16.9%	0.3%	6.1%	10.6%	-4.4%

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.

⁵⁴ GRI 401-2.

⁵⁵ GRI 401-01, 2-7.



Overview of employee arrivals and departures by gender in current year

Gender	Sava Insurance Group				Sava Re			
	Arrivals		Departures		Arrivals		Departures	
	Number	Share	Number	Share	Number	Share	Number	Share
Women	377	67.0%	287	56.7%	12	54.5%	4	44.4%
Men	186	33.0%	219	43.3%	10	45.5%	5	55.6%
Total	563	100.0%	506	100.0%	22	100.0%	9	100.0%

The number of arrivals in the Sava Insurance Group in 2023 was higher than the number of departures. There were more women than men among the new arrivals. The gender ratio for employees who left remained similar.

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	108	19.2%	63	12.5%	0	0.0%	0	0.0%
From 26 to 30	107	19.0%	53	10.5%	7	31.8%	0	0.0%
From 31 to 35	91	16.2%	80	15.8%	3	13.6%	1	11.1%
From 36 to 40	79	14.0%	60	11.9%	6	27.3%	0	0.0%
From 41 to 45	78	13.9%	73	14.4%	2	9.1%	1	11.1%
From 46 to 50	38	6.7%	42	8.3%	2	9.1%	3	33.3%
From 51 to 55	30	5.3%	39	7.7%	2	9.1%	2	22.2%
Over 56	32	5.7%	96	19.0%	0	0.0%	2	22.2%
Total	563	100.0%	506	100.0%	22	100.0%	9	100.0%



Parental leave⁵⁶

Employees on parental leave

Gender	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
Women	81	4.5%	90	5.3%	5	5.0%	5	5.4%
Men	10	0.8%	8	0.6%	3	5.1%	3	5.6%
Total	91	3.0%	98	3.3%	8	5.0%	8	5.4%

At the Sava Insurance Group level, 91 employees took parental leave the previous year. Of these, 81 were women and 10 were men.

Employees who returned from parental leave

Gender	Sava Insurance Group				Sava Re			
	2023		2022		2023		2022	
	Number	Share	Number	Share	Number	Share	Number	Share
Women	38	2.1%	40	2.3%	4	4.0%	1	1.1%
Men	10	0.8%	7	0.6%	5	8.5%	3	5.6%
Total	48	1.6%	47	1.6%	9	5.6%	4	2.7%

At the Sava Insurance Group level, 48 employees – 38 women and 10 men – returned to work from parental leave in 2023.



9.5 Employee training and development⁵⁷

9.5.1 Types and scope of training

We are aware that the personal and professional development of each employee is a prerequisite for the development and attainment of goals at the level of the individual, the company and the entire Sava Insurance Group.

We provide professional and personal development opportunities for our employees by:

- engaging in work and projects in a culturally diverse international environment;
- promoting and integrating a wide range of education and training programmes that are relevant to the needs of the workplace and the business, taking into account the individual’s personal and career development;
- encouraging intergenerational cooperation between young talents and experienced employees;
- identifying promising professional and managerial talent and involving them in targeted development programmes.

We promote the development and transfer of knowledge and skills throughout the Sava Insurance Group. To achieve this, we hold expert meetings for represent-

atives 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 2023, we held internal conferences for data protection, compliance, human resources, procurement, sustainability, reinsurance, internal audit, actuarial and risk management, finance, controlling and accounting, and IT.

We also hosted an international strategic conference at the Group level, which brought together members of the management and other key personnel from across the Sava Insurance Group, and an Adriatic region conference for non-Slovenian subsidiaries, aimed at members of the management of these companies. The main objective was to address specific issues, problems and opportunities in the non-EU markets.

In 2023, Zavarovalnica Sava received the Top Investor in Education certificate, which is awarded to companies that systematically invest in the education and training of their employees and exceed the national average in at least two out of three selection criteria. We were also nominated as a finalist in the Golden Thread and Štajerska Region Employer of the Year 2023 awards, placing us among the best employers in Slovenia.

Key data on employee training⁵⁸

	Sava Insurance Group			Sava Re		
	2023	2022	Index	2023	2022	Index
Hours of training	55,144	57,139	96.5	3,024	2,184	138.5
Number of training participants	2,451	2,326	105.4	113	93	121.5

Our aim is to keep the number of training participants and the number of training hours per employee at the same level throughout the Sava Insurance Group.

We place great emphasis on internal training, delivered by internal or external providers who tailor the programme to our needs.

⁵⁷ GRI 3-3.

⁵⁸ GRI 404-01.



Number of training hours by type of training⁵⁹

	Sava Insurance Group			Sava Re		
	2023	2022	Index	2023	2022	Index
Number of internal education/ training hours	39,205	45,762	85.7	1,112	240	463.3
Number of external education/ training hours	15,939	11,377	140.1	1,912	1,944	98.4
Total education/training hours	55,144	57,139	96.5	3,024	2,184	138.5

Average hours of employee training by gender⁶⁰

	Sava Insurance Group			Sava Re		
	Number	Hours of training	Average	Number	Hours of training	Average
Women	1,487	32,018	21.5	84	1,688	20.1
Men	964	23,126	24.0	29	1,336	46.1
Total	2,451	55,144	22.5	113	3,024	26.8

Both men and women are involved in education and training programmes.

9.5.2 Succession planning

In 2023, we have redefined our policy on human resource development and succession planning. Our aim is to place greater emphasis on systematically identifying and securing succession, particularly for key professional and management roles.

Group companies are establishing a process to identify deputies and potential successors for management board members and directors reporting directly to the board, as well as other key management and professional staff.

⁵⁹ GRI 404-01.

⁶⁰ GRI 404-01.



9.6 Employee management and motivation⁶¹

At the Sava Insurance Group, we foster an environment in which our employees can develop and achieve their potential. We continuously invest in the development of leadership competencies and effective collaboration. We encourage employee motivation and commitment to achieving common goals. We recognise and reward good performance. We revamp and adapt our processes in order to provide for effective work organisation and engagement of employees in various projects.

At the Sava Insurance Group, we build and promote a culture of improvement and innovation. The companies have established formal and informal systems for making proposals for improvement and innovation.

9.6.1 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 very important that we invest in their development and strengthen their leadership competencies. Companies organise various forms of development programmes and group and individual coaching sessions for leaders.

For the first time, we organised a “Leader as Coach” training in 2023 for a group of high-potential employees from most Group companies.

9.6.2 Employee benefits⁶²

The Sava Insurance Group offers numerous benefits to our employees:

- flexible working hours and working from home,
- preventive health and well-being activities,
- various sports activities,
- events for employees (e.g. group and departmental team-building events and pre-New Year’s Eve social events),
- small gifts for personal holidays, work anniversaries and other occasions (e.g. Women’s Day),
- parent-friendly benefits to help parents balance work and family life,
- various group insurance schemes and more affordable personal insurance,
- more accessible holiday facilities.

In addition, we offer other benefits to create and encourage team building, a motivating and positive working atmosphere, work-life balance and general well-being in the workplace.

In 2023, we held the second Sava Insurance Group Sports Games, bringing together employees from all Group companies and countries. The games have become an annual event where employees from different companies meet, make new friends, nurture old friendships and get together in an informal setting.

9.6.3 Annual performance appraisal interviews⁶³

Employees involved in annual performance appraisal interviews

	Sava Insurance Group		Sava Re	
	Number	Share	Number	Share
Women	824	45.7%	86	85.1%
Men	616	51.1%	52	88.1%
Total	1,440	47.9%	138	86.3%

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.

⁶¹ GRI 3-3.
⁶² GRI 3-3.
⁶³ GRI 404-03.

9.6.4 Health and safety at work⁶⁴

Our goal is to ensure that our employees feel safe both inside and outside the workplace, which is why occupational safety and health is one of the priorities of the Sava Insurance Group, involving all employees, the management, the human resource department, the accredited occupational health provider and the relevant external professional service. Each year, Group companies carry out various health promotion activities.

9.6.5 Health promotion activities

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.

In 2023, most companies offered employees the opportunity to participate in health days, such as group sports events (hiking, cycling, Nordic walking, skiing and the like), lectures (healthy eating, stress management and healthy lifestyle) or similar individual activities of their choice.

During the year, companies also offer their employees various team sports activities (e.g. volleyball or basketball), short active breaks or more beneficial individual sports activities (e.g. yoga, active exercise or fitness). Some companies also offer their employees healthy snacks or fruit at work.

9.6.6 Ensuring inviolability of individuals and protection of personal dignity

In 2023, we have established a policy on ensuring the inviolability of individuals and the protection of personal dignity at the Group level. Ensuring the inviolability and protection of the personal dignity of employees and others involved in work and business processes is one of the Group's key priorities, and we strive to provide and maintain a safe workplace in which no one is exposed to violence (in particular sexual violence), harassment (in particular sexual harassment), discrimination and bullying.

The inviolability and protection of personal dignity are guaranteed by mechanisms and measures that provide for a clear, transparent, swift and predefined procedure for detecting and sanctioning undesirable conduct, independent decision-making, professionalism, autonomy and independence of the arbitration board, decision-making at a level outside the Sava Insurance Group, and the strictly protected principle of confidentiality of reporting persons and infringers.

As in the previous year, there were no reports of harassment, bullying or other form of violence in the workplace in 2023.

9.6.7 Socially responsible projects and activities⁶⁵

Corporate volunteerism has been a tradition in all Sava Insurance Group companies, because we believe that by doing so, we do much good in our local communities and give something back to society. In 2023, we organised various events in Slovenian companies, such as planting trees in the Karst region, helping at the zoo and animal shelters, working with the elderly and other vulnerable groups, and collecting clothes and supplies for those in need. Each employee can choose one event and dedicate one day to volunteering activities held by a company. For more information on corporate volunteerism, see section [13 "Sustainability report"](#).

9.6.8 Other activities⁶⁶

Employees at the Sava Insurance Group can join representative labour bodies in their respective companies. Employee representatives are regularly informed of important changes and involved in their implementation, as required by law.

Group developments are presented to employees on the intranet portal of each company or on the Sava Insurance Group intranet portal.

We encourage employee interaction through various formal and informal meetings. We are committed to a culture in which we communicate in a transparent manner and value mutual respect. Zavarovalnica Sava also received the Family-Friendly Company certificate, awarded by the Ekvilib Institute.

⁶⁴ GRI 403-1, 3-3.

⁶⁵ GRI 413-01, 3-3.

⁶⁶ GRI 3-3.

10 Risk management⁶⁷

We present 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 [16.7 “Risk management”](#). These areas will be presented in more detail also in the Solvency and Financial Condition Report of Sava Re as at 31 December 2023, which will be posted on Sava Re’s website on 5 April 2024, and in the Solvency and Financial Condition Report of the Sava Insurance Group as at 31 December 2023, which will be published on the Sava Re website on 17 May 2024.

10.1 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 company and Group level.

The risk management system is 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 risks to which a company is exposed. Good practices from Sava Re’s risk management model and the organisation of risk management are also transferred to other Group companies.

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.

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

- the risk strategy,
- risk management processes within the first and second lines of defence,
- the own risk and solvency assessment (ORSA) process.

As part of our systematic approach to risk management, we focus on:

- establishing a clear risk appetite within the framework of the risk strategy and, on this basis, setting operational limits;
- developing our own risk assessment models and improving the ORSA;
- integrating the ORSA and the risk strategy into business planning and strategy setting;
- integrating risk management processes into business processes;
- systematically improving the internal control environment, adapting processes to new activities and monitoring the occurrence of adverse events;
- establishing appropriate risk management standards in all Group companies, depending on the scope, nature and complexity of the business and the associated risks.



10.1.1 Organisation of risk management

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 effective risk management, the Group uses a three-lines-of-defence model, which clearly segregates responsibilities and tasks among the lines of defence. The first line of defence consists of all organisational units with operational responsibilities. The second line of defence consists of three key functions 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 is presented in the following diagram.

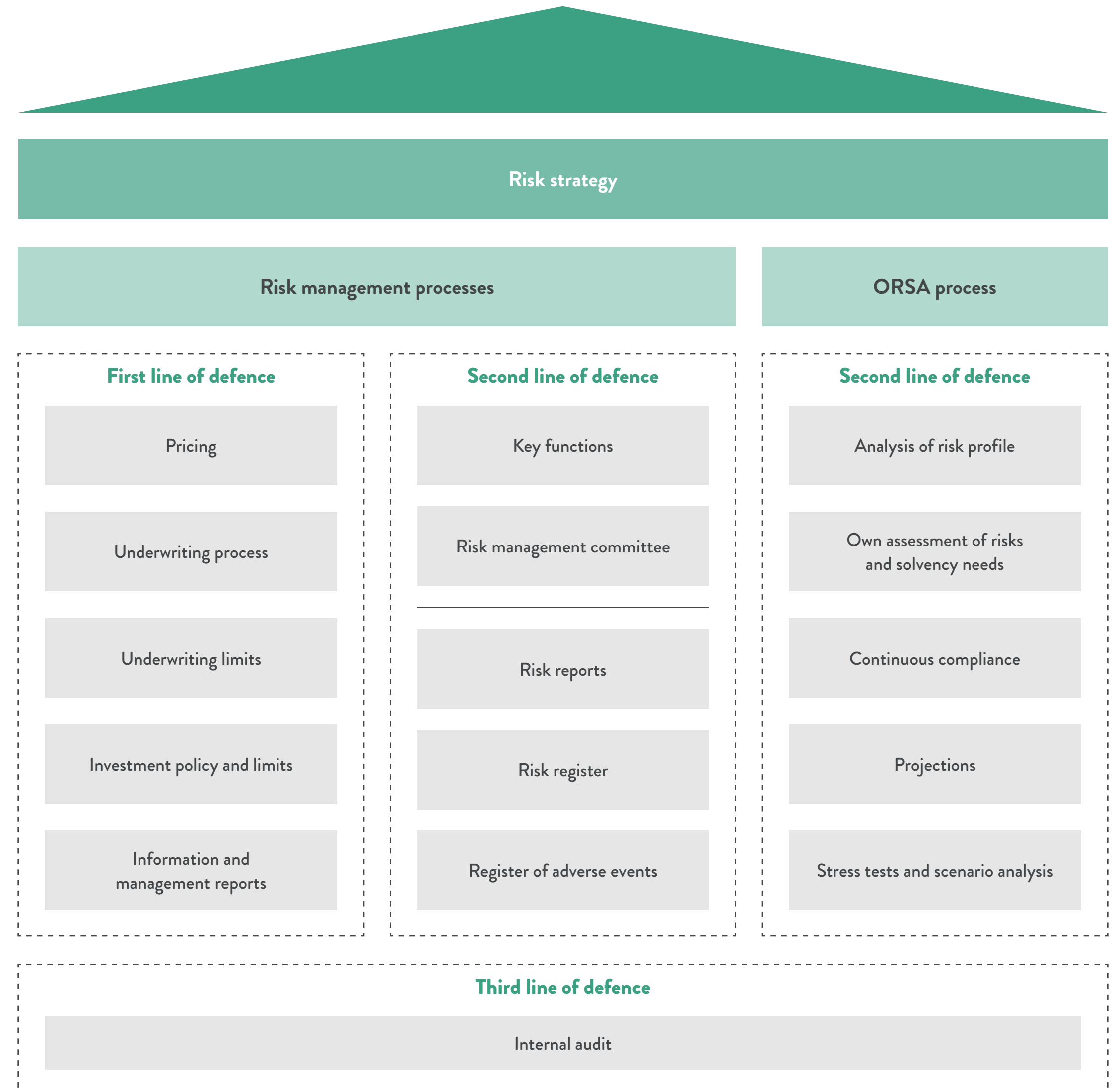
The Group’s risk management system has been set up on a top-down principle, taking into account the specificities of each company. The management board of each company plays a key role and bears ultimate responsibility for the effectiveness of the risk management processes in place and their alignment with the Group’s standards and the applicable laws.

The supervisory board of each company also plays an important role by reviewing and approving all key risk-related documents. 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.

Under the second line of defence, the company and the Group have three key functions in place: the actuarial function, risk management function and compliance function. In addition, the Group’s large members have a risk management committee in place. Each company ensures the independence of the key functions, which are organised as management support services and report directly to the management board.

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 identifying, assessing, monitoring, managing and reporting on risks. It is also involved in the preparation of the risk strategy and the setting of risk tolerance limits. The risk management function regularly monitors and reports on risks at all levels. It also provides decision-making support to the management board.

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 the calculation of liabilities and assets from (re)insurance contracts, including the assumptions, methods and professional judgement used. The actuarial function of each company works in cooperation with the Group’s actuarial function.



The main tasks of the compliance function in relation to the risk management system are the identification, management and reporting of non-compliance, including the monitoring of the legal environment, the analysis of existing processes in relation to their compliance with internal and external regulations and any changes to regulations.

The third line of defence is provided by the internal audit function, whose responsibilities are defined in section 11 “[Internal auditing in the Sava Insurance Group](#)”.

10.1.2 Risk and capital management strategies

The Group seeks to operate in compliance with its business strategy and meet the key strategic objectives while maintaining an adequate capital level. The risk strategy is prepared in line and in parallel with the strategic plan. The Group has adopted the Sava Insurance Group Risk Strategy for 2023–2027, which defines the risk appetite by operating segment, a set of key indicators and their limits, and a set of operational indicators for ongoing monitoring. Each Group company sets its own risk strategy, risk tolerance limits and operational limits based on the Group’s risk appetite.

The key indicators for monitoring and measuring compliance with risk appetite are:

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

The Group manages its capital to ensure that each Group company has sufficient funds available, on an ongoing basis, to meet its obligations and regulatory capital requirements. The composition of own funds held to ensure capital adequacy must comply with regulatory requirements.

The solvency ratio is the most important indicator of the risk strategy in relation to capital management. The Group’s solvency requirement is designed to meet regulatory and rating agency requirements while maintaining sufficient surplus capital to cover the potential capital needs of the subsidiaries in the event of a major stress scenario materialising in any of them.

10.1.3 Risk management processes

The main risk management processes are identifying, assessing (measuring) and monitoring risks, determining appropriate actions to manage them and reporting on them. Risk management processes are inherently connected with and incorporated into the basic processes conducted at both the company and Group level. They take place in all three lines of defence of the risk management system and are integrated into the decision-making system, so that all important business and strategic decisions are also evaluated from a risk perspective.

Risk identification

As part of the risk identification process, each Group company identifies the risks to which it is exposed. The key risks, which are compiled in each company’s risk register and form the company’s risk profile, are regularly reviewed, and new risks are added as necessary. Risk identification at the Group level is conducted in the same way. Risk identification in the individual Group companies and at the Group level is both a top-down and a bottom-up process. The top-down approach is mainly used for strategic risks, such as

reputational risk and regulatory risk, and to identify emerging risks. Bottom-up risk identification takes place in individual organisational units and with risk owners (first line of defence).

Risk identification is essentially ongoing, but is particularly important during business planning and for all major projects and business initiatives, such as new product launches, investments in a new asset class, acquisitions and others.

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.

Different approaches and models are used to measure each risk, depending on their suitability:

- the Solvency II standard formula,
- own risk and solvency assessment (ORSA),
- stress testing and scenario analysis,
- qualitative risk assessment in the risk register,
- various risk measures that facilitate the measurement and monitoring of the current risk profile.

Risk monitoring

Risk management takes into account the cost-benefit aspect of each action and any recommendations made by the risk management committee and key functions. If there is a need to adopt a new measure to limit a specific risk, the company concerned will carry out an analysis of this measure, taking into account the aspect of cost-effectiveness in its decision-making process.

Each Group company considers the impact of its business strategy on its risk profile and capital position as part of its business planning. When decisions are made during the year that have a significant impact on the risk profile but were not assessed for risk in the business planning process, the company concerned assesses the impact of these decisions on its own and the Group's risk profile, checks compliance with its risk appetite and takes the necessary action.

Risk management

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Risk reporting

A regular risk reporting system is in place in the larger Group companies and at the Group level. Risk owners report to the risk management function on specific risk categories, such as a predefined set of relevant risk measures and additional qualitative information. On this basis, the risk management function, in collaboration with the risk owners, prepares a risk report covering the overall risk profile of each company. The report is discussed at all levels and is shared with the Group's risk management function. Relevant risk information is also monitored at Group level and reported in the Group's risk report.

10.1.4 Own risk and solvency assessment (ORSA)

ORSA is a process that runs in parallel with business planning. It aims to understand the risk profile and analyse the impact of changes in the risk profile over the next three years on capital adequacy. The analysis takes into account both the standard Solvency II formula and the own risk assessment and impact analysis of various stress tests and scenarios.

The ORSA assesses all significant measurable and unmeasurable risks that could affect the performance of an individual Group company or the Group as a whole. Sustainability risks, in particular climate change risks, including climate scenarios, are also addressed and assessed.

The ORSA is embedded in the decision-making process and ensures that key decisions and the business strategy are made in light of the risks and associated capital requirements. The results of the ORSA are used to review the alignment of the business strategy with the risk strategy. This links business strategy, the risks taken and the resulting capital required, and capital management.

The company's management board, risk management committee and specialist staff from different areas are actively involved in the entire ORSA process.

10.2 Material risks of the Sava Insurance Group

The Group and its individual companies classify all identified risks into the following key risk categories – underwriting risks, financial risks (comprising market risk, liquidity risk, credit risk and the risk of failure to achieve guaranteed returns), operational risks and strategic risks.

In addition, the Group and its companies monitor emerging risks that may affect any of the above risk categories. As part of the identification of these risks, sustainability risks are also identified and assessed, which in the Sava Insurance Group mainly affect market and underwriting risks. 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 [16.7 “Risk management”](#).

In the following, we describe each risk category and the risks within each category.

10.2.1 Underwriting risks

Underwriting risk arises from insurance transactions, the primary purpose of which is to assume risk from insureds (underwriting) and to perform (re)insurance contracts and transactions that are directly related to (re)insurance transactions. It relates to the risks covered under (re)insurance contracts and related processes and arises from uncertainty as to the occurrence, extent and timing of obligations.

In addition to the risks assumed directly by the Group’s direct insurers, Sava Re assumes underwriting risk from cedants outside the Group (accepted reinsurance). Sava Re retains a portion of the assumed risks (Group and non-Group) and retrocedes the portion that exceeds its own capacity.

Underwriting risks are broadly divided into non-life underwriting risks, life underwriting risks and health underwriting risks (which include accident (re)insurance). The Group and Sava Re are exposed to all three categories of risks.

10.2.1.1 Non-life underwriting risks

Non-life underwriting risks are further subdivided into premium risk, risk of insufficient liabilities and assets from (re)insurance contracts, 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, inadequate assessment of claims development, use of inadequate statistics, deliberately insufficient premiums for certain classes of business that are expected to be offset by other classes of business, or inadequate assessment of external macroeconomic factors that may change significantly during the term of a contract; in certain classes of business, there is also inadequate assessment of environmental factors, including climate change. This includes underwriting process risk, price risk and the 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, ensuring additional training for underwriters and agents, providing understandable, clear and detailed instructions, and setting appropriate underwriting limits that are consistent with the business strategy, the risk strategy and the reinsurance programme. We also pay particular attention to offering products to appropriate target clients (to avoid mis-selling and adverse selection), accepting reinsurance from trusted cedants, and ensuring that appropriate limits are in place for exposure concentrations by geographic location and homogeneous risk groups, thereby maintaining favourable risk diversification.

Risk of insufficient liabilities and assets from (re) insurance contracts: this is the risk that the liabilities and assets from (re)insurance contracts are either (i) insufficient to meet the obligations arising from (re) insurance contracts due to inadequate methods, inappropriate, incomplete and inaccurate data, inefficient procedures and controls, inadequate expert judgement, or (ii) misstated, resulting in unreliable information about the financial position of the company or the Group. This includes the risk of data availability and accuracy, the risk of using inappropriate methods or assumptions, the risk of calculation errors, and the risk that the complexity of the tools used in the process may lead to misleading results. Sustainability risks, including those related to climate change, are also considered when assessing the adequacy of provisions.

As with premium risk, the majority of the risk of insufficient liabilities and assets from (re)insurance contracts arises from the motor and property business, where liabilities and assets from (re)insurance contracts are structurally the largest due to the Group's traditional focus on such business.

The Group manages the risk of insufficient liabilities and assets from (re)insurance contracts through robust processes and effective controls for their calculation

under both IFRS and Solvency II regulations. In addition, each year we back-test the adequacy of the (re) insurance contract liabilities and assets established in previous years, which is used to identify any major causes of inadequate (re)insurance contract liabilities and to apply the lessons learned to the setting of these liabilities in the future.

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. The Group and Sava Re 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 monitoring market conditions.

Catastrophe risk: this is the risk of a catastrophic event occurring; such events are rare, but their financial impact is too great to be covered by otherwise adequate premiums and provisions alone. 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 risk. The Group's portfolio is relatively well diversified geographically, with a slightly higher concentration of risks in Slovenia, which is further addressed through the reinsurance programme. This risk is man-

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

Sustainability risks: These also include climate change risks, which have recently become more and more relevant and are therefore receiving more attention at both the Group and company level. We carry out qualitative assessments, exposure analyses and longer-term scenario analyses, and we monitor the progress of their modelling. The knowledge gained in this area is then applied in setting insurance premiums, determining liabilities and assets from (re)insurance contracts and arranging sufficient reinsurance protection to keep risks within the risk appetite. Other underwriting risks, such as economic environment risk and policyholder behaviour risk, may be relevant, but their impact is already indirectly reflected in the non-life underwriting risk above.

10.2.1.2 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 significant 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 identification of insured persons whose health or lifestyle may increase their mortality risk. The procedures used to manage this risk include the consistent application of underwriting protocols, detailing deviations from the normal mortality risk, regular monitoring of exposures and the adequacy of the mortality tables used, and appropriate reinsurance protection.

Life expense risk: this is the risk that the actual cost of servicing life insurance contracts will be higher than that assumed 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. The Group manages the life insurance expense risk by periodically monitoring the expenses incurred in servicing life insurance contracts, monitoring the macroeconomic situation (e.g., inflation) and appropriately planning of these expenses for the coming years.

Life 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 policy lapses on a quarterly basis, by restricting surrenders where insurer approval is required and by systematically preventing insurance rearrangements by intermediaries.

Sustainability risks: these also include climate change risks, which have become increasingly relevant in recent years and can affect life insurance in a number of ways, including an increase in cancellations and surrenders, an increase in biometric risks (especially mortality and morbidity) and other impacts. We therefore take sustainability and climate change factors into account, among other things, when setting insurance premiums and making assumptions for the calculation of liabilities and assets from (re)insurance contracts.

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.

10.2.1.3 Health underwriting risk

Health underwriting risks are divided into risks arising from health insurance pursued on a similar technical basis to non-life insurance (NSLT health insurance) and health insurance pursued on a similar technical basis to 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.

10.2.2 Financial risks

In their financial operations, individual Group companies are exposed to financial risks arising from their investment and underwriting portfolios relating to mar-

ket, liquidity, credit risk and the risk of failure to realise guaranteed returns on the life insurance business.

10.2.2.1 Market risk

As part of the management of market risk, the Group assesses interest rate risk, investment property risk, equity risk and currency risk.

Interest rate risk: this is the risk that the Group or a company will be exposed to losses resulting from fluctuations in interest rates. When interest rates change, the risk may materialise as a result of a decrease in the value of investments or an increase in liabilities. We try to avoid this by carrying out sensitivity analyses and by 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 owned directly or indirectly by the Group or a company. In addition to investment property, real-estate funds are also exposed to this risk.

Equity price risk: this is the risk that the value of investments will decrease due to fluctuations in equity markets. Shares as well as equity and mixed mutual funds are exposed to this risk. The Group manages the equity risk by diversifying this part of the investment

portfolio across different capital markets and through a limit system that limits overexposure to the equity portfolio.

Currency risk: this is the risk that changes in exchange rates will reduce the value of assets denominated in foreign currencies or increase the value of liabilities denominated in foreign currencies. The Group and its companies manage currency risk through each company's efforts to optimise the currency matching of assets and liability.

10.2.2.2 Liquidity risk

This is the risk that, owing to unexpected or unexpectedly high obligations, a company will not be able to meet all its financial obligations. The liquidity risk assumed by each Group company is monitored by regularly measuring and monitoring defined liquidity indicators. One of the indicators is the maturity matching of financial assets and liabilities. Liquidity requirements are met by allocating funds to money market instruments in a percentage consistent with the estimated normal current liquidity requirement. In order to cover the estimated liquidity buffer, a company ensures that at least 20% of its portfolio investments are invested in highly liquid assets.

10.2.2.3 Credit risk

This is the risk that an issuer of securities or other counterparty will default on its obligations. In the context of credit risk, each company and the Group address the excessive concentration of risk in a particular region, industry or issuer. Assets exposed to credit risk include financial investments (deposits, bonds, loans granted, bond and convertible mutual funds, and cash and cash equivalents) and other receivables.

10.2.2.4 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.

10.2.3 Operational risks

This is the risk of loss arising from inadequate or failed internal processes, human behaviour, systems or external events. To manage operational risks effectively, the Group companies have processes in place to identify, measure, monitor, manage and report on such risks.

10.2.4 Strategic risks

The Group companies and the Group are exposed to various internal and external strategic risks that may have a negative impact on earnings or capital adequacy. Strategic risks also include reputational, project and sustainability risks as well as emerging 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 upcoming regulatory changes and market developments.



11 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 audit 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, Življenjska Zavarovalnica, d.d., Sava Pokojninska Družba d.d. and Sava Infond, Družba za Upravljanje, d.o.o. for an indefinite period.

In 2023, Sava Re's internal audit conducted audits and performed other tasks in accordance with its annual work plan.

Based on all the tests performed and the methodologies applied in the various audit areas, the internal audit department is of the opinion that Sava Re's internal controls are adequate and 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 in terms of efficiency and economy of operations. However, there is still room for improvement in the way the system operates. The audit engagements revealed individual irregularities and weaknesses, to which the IAD drew attention and recommended corrective actions 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.

The standard audits also focused on the potential for fraud and the exposure or potential vulnerability of IT support to the business. They also looked at the use of ethical and sustainable behaviour. In areas subject to internal audit, internal control systems are in place and functioning to prevent fraud. The audits also made recommendations to improve the IT system.

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 prepared an annual report on its activities in 2023, which is part of the materials for the general meeting of shareholders.

An external quality assessment of the internal audit at Sava Re (conducted on a five-year basis) was conducted by Deloitte Revizija d.o.o. in 2019. The assessment

of the IAD's operation confirmed that the internal audit complies 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. In 2024, external quality assessments of internal audit functions are planned for all Sava Insurance Group companies.

As a result of the progress made, the IAD issued its second and improved overall opinion for the Company and the Group in 2023. 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, and the software support was replaced. Improvements were also made to the Group Internal Audit in virtually all of the 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.

12 Information technology

In 2023, we adopted a new strategy and plans to implement the new strategy covering the period 2023–2027. We continued our practice of conducting IT process maturity audits, combined with independent external peer reviews of operational performance, architecture and the implementation of system and solution configurations. We use feedback and insights to make improvements. These are then put into operation. Accordingly, we streamlined IT change management, IT architecture, internal controls and risk processes, and we improved the planning and monitoring of IT costs and investments.

In developing business applications, we maintained existing solutions in line with companies' business and regulatory requirements. We continued the project to replace the core IT solution for insurance and entered the final phase of the project to replace the core IT solution for reinsurance. At the Group level, we increased the number of shared solutions and the use of a common central data centre.

In business intelligence, we provided ongoing business support, upgraded existing solutions and completed the IFRS 17 regulatory reporting project. In line with the strategic priorities for the 2023–2027 strategy period, we upgraded the consolidated data warehouse solution by expanding the scope of data sources and reports.

The infrastructure team supported operations by upgrading technical and service capabilities to implement the strategy (implementation of new core business solutions and digitalisation). We continued our mission of continuous improvement and optimisation by configuring server and network systems and improving the monitoring of critical services. The system software and hardware infrastructure was upgraded in line with the business plan, the amortisation cycle, day-to-day service requirements and planned IT development projects, with more time spent on the architectural design of the various concepts.

In the area of information security, we upgraded sensors and controls in the 24/7 security operations cen-

tre and continued to test and deploy new security solutions. We run regular exercises to protect against social engineering attacks and train key personnel how to respond to a crisis in the event of a cyber-attack.

In terms of business continuity, we carried out all planned preventive and control activities, taking into account the increased use of hybrid work.

We take sustainability into account when planning new investments, by reducing the size of applications and centralising the use of shared infrastructure (in-house and cloud). Our business solutions enable hybrid access (remote or from home) for both customers and employees, reducing the need for transport.



SUSTAINABILITY REPORT

Towards a zero-carbon society

We know that the era of “zero emissions” is still a long way off, but we are taking small but confident steps in the right direction. We invest in energy efficiency in all our operations, in line with the EU’s carbon reduction initiative.





13 Sustainability report

About the report⁶⁸

In accordance with the GRI Standards, the 2023 sustainability report of the Sava Insurance Group analyses economic, social and environmental aspects.

Key topics of Sava Insurance Group sustainability reporting⁶⁹

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 Employee management and motivation Health and safety at work Customer relations / responsibility to consumers Human rights Relations with suppliers Local community Marketing and labelling Customer privacy Compliance
Environmental aspects (GRI 300)	Waste disposal policy Energy Supplier assessment Emissions

Sustainability reporting is integrated into individual sections of the annual report. Disclosures are specially indicated with interactive references. This section 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.

Disclosures in accordance with the GRI standard refer to all Group companies wherever possible and, if not, to the parent company and its EU-based subsidiaries.

No statements or information from the previous report have changed on account of new findings, and the report therefore contains no corrections⁷⁰.

Sava Re did not seek external assurance of the sustainability report in 2023⁷¹.

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 2023 complies with (i) Directive 2014/95/EU of the European Parliament and of the Council of 22 October 2014 amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups or NFRD (Non-Financial Reporting Directive), (ii) Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 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 Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation, and (iii) the Slovenian Companies Act.

⁶⁸ GRI 3-1.
⁶⁹ GRI 3-2.
⁷⁰ GRI 2-4, 3-2.
⁷¹ GRI 2-5.



13.1 Sustainable Development Strategy of the Sava Insurance Group for 2023–2027

We have been integrating sustainable development into the Sava Insurance Group strategy since 2017; since then we have given increasing attention to it as environmental, social and governance risks (ESG risks) significantly impact the insurance industry while offering new opportunities in the development of operations.

In December 2022, we adopted the [Sustainable Development Strategy of the Sava Insurance Group for 2023–2027](#), which outlines sustainable development as one of the three key pillars of the Group’s further development.

The Sava Insurance Group’s objectives and sustainable development strategy are rooted in its values, mission and vision. Our goal for the strategy period was for stakeholders to recognise the Group 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.

The following principles guide us in the implementation of the Group’s key sustainable development policies:

- **Focus on the United Nations global sustainable development goal – good health and well-being:** we promote healthy lifestyles and general well-being at all stages of life, both by providing appropriate insurance, financial products, healthcare and other services, and by caring for the health of our employees and society at large.

- **Focus on the United Nations global sustainable development goal – climate change:** we are taking action to combat climate change and its impacts.
- **International commitment to the United Nations Global Compact:** it is based on ten principles of responsible business management, particularly in terms of human rights, labour standards, climate and anti-corruption.
- **International commitment to the United Nations Principles of Responsible Investment (UN PRI):** it guides investors to make responsible investment decisions.

SUSTAINABLE DEVELOPMENT GOALS





13.1.1 Implementation of the sustainable development strategy in 2023

At the Sava Insurance Group, we have set the following sustainable strategic objectives for 2023–2027, taking into account ESG criteria⁷² and gradually and systematically integrating them into the Group's decision-making processes:

- reducing the carbon intensity of its own operations and investment portfolio;
- guaranteeing responsible (re)insurance underwriting in accordance with the guidelines adopted by the Sava Insurance Group and the taxonomy standards;
- ensuring sustainability in the value chain and processes by increasing the share of ESG investments in the portfolio, and by further digitalisation and paperless business processes;
- improving customer satisfaction;
- having satisfied and committed employees and strengthening the culture of sustainability.

Throughout 2023, intensive preparations were also made at the Group level for the new regulation on CSRD sustainability reporting and ESRB standards.

The Group was preparing for the introduction and implementation of legal requirements according to these legal acts:

- Regulation (EU) 2019/2088 of 27 November 2019 on sustainability-related disclosures in the financial services sector or SFDR (Sustainable Finance Disclosure Regulation) – in June 2023, information on the consideration of the principal adverse impacts of investment decisions on sustainability factors was published on Sava Re's website at the Group level, while at the level of the individual company concerned this information was published on the websites of subsidiaries that meet the criteria of a financial market participant as set out in Article 2 of SFDR. The financial and financial-insurance products offered by the Group to its customers also include appropriate pre-contractual disclosures;
- Regulation (EU) 2020/852 of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, or the Taxonomy – the Group already reported in accordance with the Taxonomy for 2021 and 2022, based on available data and an estimate of revenue from Taxonomy-eligible activities. In 2023, we carried out activities to ensure the quality and relevance of the data required for disclosures of revenue from Taxonomy-aligned activities, and these disclosures will be published for the first time in 2024 for the year 2023;
- Directive (EU) 2022/2464 of 14 December 2022 amending Regulation (EU) No 537/2014, Directive 2004/109/EC, Directive 2006/43/EC and Directive 2013/34/EU, as regards corporate sustainability reporting or CSRD (Corporate Sustainability

Reporting Directive) – the Group has accelerated preparations for the disclosure requirements under the new European Sustainability Reporting Standards (ESRS), in particular by organising and participating in external training sessions to ensure that we are adequately prepared for the 2025 reporting on 2024. In 2022 and 2023, 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 complying with legal requirements on sustainable development, we also draw your attention to the following developments:

1. In January 2023, we revised the Sustainability Investment Policy of the Sava Insurance Group, which governs the Group's approach to environmental, social and governance considerations in investment decisions and the management of sustainability risks. This policy, which was adopted on 30 June 2020, sets out the Group's commitment to responsible and sustainable investment practices and ensures that the Group complies with applicable laws and regulations governing investments.
2. In 2023, the carbon footprint measurements of the Sava Insurance Group for 2022 were verified for the first time, focusing on data from its own activities (scope 1 and scope 2 emissions). 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. At the same time, we plan to expand the scope of the data in the coming years.

3. We continued to expand our sustainable products into the non-EU markets – micromobility insurance and solar panel insurance.
4. In 2023, a questionnaire was developed and validated in line with the requirements of European standards to verify the suppliers' sustainability. Data will be collected at the Group level from existing and new suppliers.
5. In November 2023, we held a sustainability conference for representatives of our subsidiaries and business line managers, focusing on European sustainability legislation, the challenges and opportunities it presents, and the Group's strategic goals.
6. As part of the Heart for the World initiative, all subsidiaries have organised a number of corporate volunteering campaigns. At the Group level, Heart for the World is becoming an important initiative aimed at encouraging employees to act responsibly towards nature and society.

The activities carried out are described in the following sections.

⁷² ESG (Environmental, Social, Governance) criteria refer to socially responsible behaviour that is generally considered to meet three criteria: environmental and social criteria, and responsible corporate governance.



Relations with stakeholders⁷³

In terms of sustainable development, cooperation with stakeholders is also of key and strategic importance for the Sava Insurance Group. It is important that we identify the most important stakeholder groups and understand their views on dealings with us.

At the end of 2022, we surveyed the Sava Insurance Group’s stakeholders on key sustainability areas to identify those in which the Group has a significant economic, environmental and social impact and which significantly impact our business and stakeholder relationships.

In addition to the parent company, ten Group companies and one subsidiary carried out stakeholder surveys.

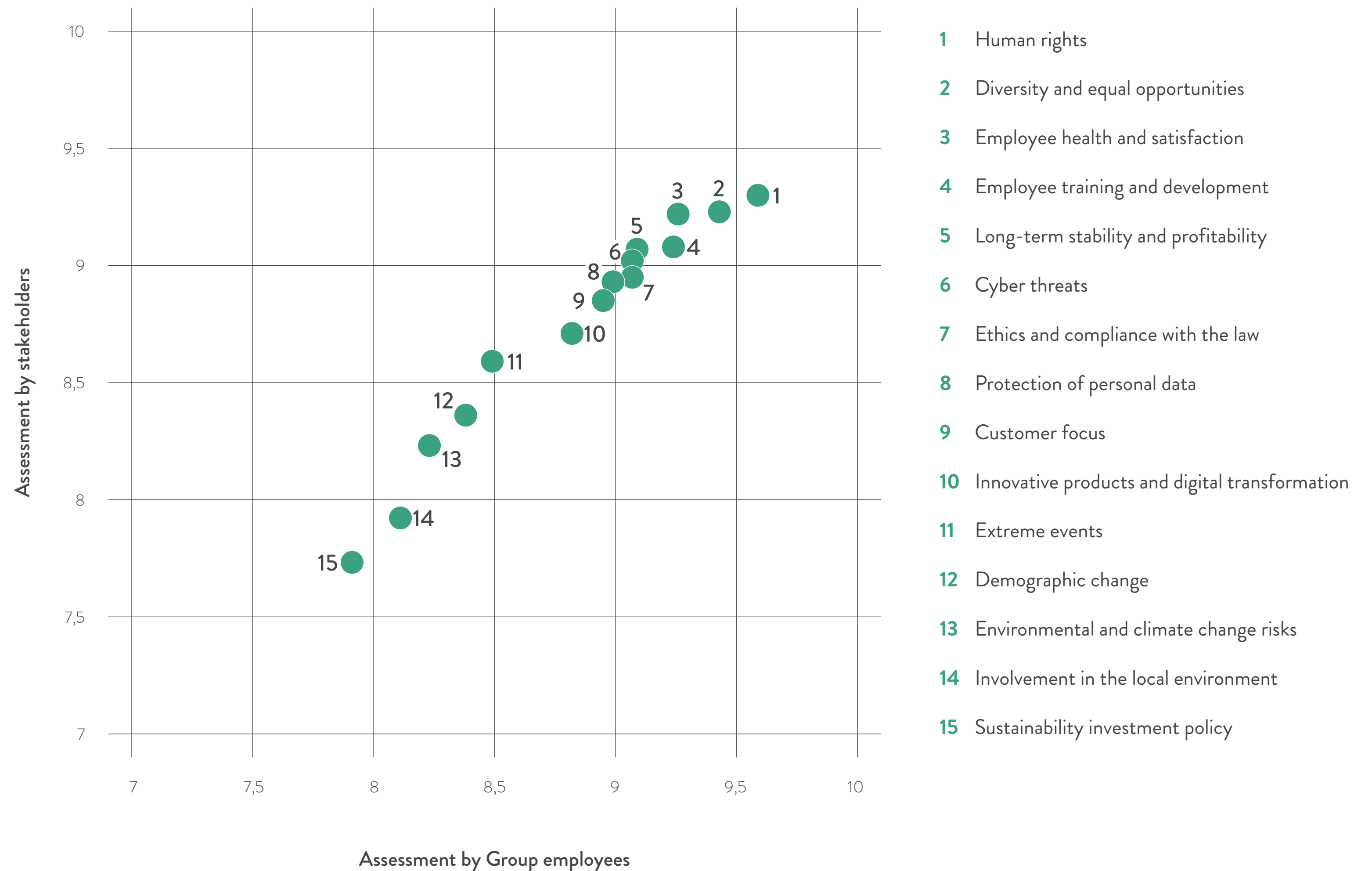
We surveyed stakeholder groups that we identify as key:

- suppliers,
- customers,
- employees,
- external sales network,
- reinsurers (Sava Re),
- shareholders (Sava Re).

We analysed the responses of more than 1,000 Group employees and 900 stakeholders from other groups. Their views are presented in a matrix of key topics for the Group.

The following section of the report outlines the most important stakeholder groups and forms of engagement with them.

Topics and aspects in terms of their importance for stakeholders and the Sava Insurance Group



73 GRI 2-23, 2-29, 3-1, 2-12, 2-13, 2-14, 2-15, 2-17, 2-18.



13.1.2 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.

Types and objectives of stakeholder involvement

Stakeholders	Type of involvement	Objectives	The most important activities in 2023
Sava Insurance Group employees	<ul style="list-style-type: none"> Employee participation (works council and unions) Internal formal events (strategic conferences, professional and educational events) Internal informal events Internal training / consultations Management by objectives (annual performance appraisal interviews) Internal web and print media Thinking out of the box Electronic mail Social networks Personal contact Opinion polls / questionnaires Sports societies Corporate volunteerism 	<ul style="list-style-type: none"> Information, awareness Stimulating ideas to improve the work environment and business processes Two-way communication Culture building, improving relations and fostering a good organisational climate Pursuing the CO₂ reduction target 	<ul style="list-style-type: none"> Building on the Never Alone employer brand in internal communication Informing all employees of pressing ESG issues by email Ongoing dialogue with employee and trade union representatives Events, conferences, lectures Departmental meetings Addresses by the chairman of the management board of Sava Re to all employees of the Group by email Development of the Heart for the World initiative in terms of corporate volunteerism, education, and awareness-raising on environmental and social issues – 5,114 hours of volunteering
<p>Customers include:</p> <ul style="list-style-type: none"> the insured policyholders injured parties cedants investors in mutual and pension funds 	<ul style="list-style-type: none"> One-to-one counselling Meetings Compliments and complaints Websites, blogs Contact centre Market communication through different channels Expert meetings / conferences Events Social networks 	<ul style="list-style-type: none"> Service quality Customer focus Information Quick problem solving Customer-friendly attitude Identifying actual market needs Modern 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 customers Interactive chats – on web pages Electronic monthly publications (Sava Infond sent to over 26,000 addresses) Direct mail Presentation brochure for cedants twice a year Social media notifications
<p>External sales network consisting of:</p> <ul style="list-style-type: none"> insurance agencies insurance intermediaries banks business partners, e.g. roadworthiness testing centres, tourist agencies 	<ul style="list-style-type: none"> Regular contacts Professional training Meetings/events 	<ul style="list-style-type: none"> Product and offer expertise Keeping up to date with developments in business processes Keeping up to date with developments in laws and regulations governing the business Building 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 2023
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 • Pursuing sustainability in the value chain 	<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 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 7 events in 2023 • 25 SEOnet announcements in 2023
Regulators	<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 2023, Sava Re had 1,801 mentions in the media, Zavarovalnica Sava 2,176 mentions, and the Sava Insurance Group 418 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 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”



13.2 Economic aspect⁷⁴

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	2023	2022	Index 2023/2022
Other economic impacts			
Economic value generated*	867.6	729.9	118.9
Economic value distributed	827.4	705.2	117.3
Insurance service expenses, net of costs, and expenses for reinsurance contracts held	510.6	411.2	124.2
Investment expenses	30.8	49.2	62.6
Other expenses	5.5	0.4	1,287.0
Operating expenses**	137.7	114.6	120.2
Dividend payouts	24.9	23.4	106.7
Income tax expense	15.0	11.6	129.2
Investments in the social community (prevention, donations, sponsorships)	4.2	5.1	81.5
Employee payments, allowances and benefits	98.7	89.7	110.0
Economic value retained	40.1	24.6	163.1

* Economic value generated = total income less net investment income from life policies where policyholders bear the investment risk.

** Operating expenses = attributable expenses, non-attributable expenses and expenses of non-insurance companies, excluding personnel costs, sponsorship, prevention and donations.



Sava Re donates part of its donation funds to the 3rd Floor Heroes Society.



Sava Osiguruvanje (MKD) supports a centre for the homeless with a donation to the Red Cross.



13.2.1 Sponsorship, donations and preventive actions⁷⁵

As a sustainability-oriented partner, Sava Insurance Group also strengthens its social responsibility to the wider community through sponsorship and donation projects. Prevention activities encourage stakeholders to identify different risks, thus contributing to the safety of health, life and property.

For more, refer to section [13.4 “Responsibility to the community”](#).

13.2.2 Sustainability guidelines for investment⁷⁶

13.2.2.1 Responsible financial investment management⁷⁷

When managing its investment portfolio, the Sava Insurance Group is committed to sustainability by:

- ensuring that the Group’s investment portfolios are in line with the Sustainability Investment Policy of the Sava Insurance Group;
- reducing the carbon footprint of investments;
- increasing the share of ESG-compliant investments in the entire portfolio;
- increasing the alignment of investments with the EU Taxonomy.

13.2.2.1.1 Compliance of investments with the Sustainability Investment Policy of the Sava Insurance Group

The integration of environmental, social and governance (ESG) considerations into the investment process is described in the Sustainability Investment Policy of the Sava Insurance Group. This policy defines:

- guidelines on how not to finance economic activities at issue (e.g. production of alcohol, tobacco and coal for heating, adult industry, etc.). Compliance is reviewed at the time of investment and at least twice a year thereafter;
- adherence to international principles for responsible investment;
- consideration of the UN Global Compact principles in the investment process.

The UN PRI promotes the integration of ESG considerations into investment decision-making processes, and its signatories are committed to adhering to the UN PRI’s six core principles and reporting on their progress. The Group will report publicly on its compliance with the UN PRIs for the first time in 2024.

The UN Global Compact addresses human and labour rights, the natural environment and anti-corruption. At the Group level, we are committed to incorporating such principles and guidelines into our investment process, and in the future, as more detailed information becomes available, we will define the criteria for excluding such investments from our portfolio.

The investment portfolio includes all financial investments, investment property, and cash and cash equivalents, but excludes investments in subsidiaries and associates, and mutual funds covering unit-linked life insurance liabilities where the investment risk is borne by the policyholders.

The investment portfolio for which compliance with the sustainability investment policy is verified (the investment portfolio captured) includes all financial investments with the exception of deposits, loans and government securities. Also excluded are investment property, investments in subsidiaries and associates, cash and cash equivalents, and mutual funds covering unit-linked life insurance liabilities where the investment risk is borne by the policyholders.

WE SUPPORT



⁷⁵ GRI 201-01, 203-02.
⁷⁶ GRI 3-3, 203-01.
⁷⁷ GRI 3-3, 201-01.



Value of investments not aligned with the sustainability policy as at 31 December 2023

EUR	Value of non-aligned investments	Total
Non-life	4,707,095	298,725,406
Traditional life	21,400,954	255,163,668
UL with guaranteed NAVPS	0	18,871,571
Investment portfolio captured	26,108,049	572,760,644
As % of portfolio captured	4.6%	100.0%
As % of investment portfolio	1.7%	36.6%

Number of investments not aligned with the sustainability policy as at 31 December 2023

	Number of non-aligned investments	Total
Non-life	3	294
Traditional life	16	318
UL with guaranteed NAVPS	0	33
Investment portfolio captured	19	645

The tables show that as at 31 December 2023, the Group had 19 investments in its investment portfolio with a carrying amount of EUR 26.1 million that are not aligned with the Sustainability Investment Policy of the Sava Insurance Group, representing 1.7% of the Group’s investment portfolio and respecting the defined tolerance of 3% of the investment portfolio.

We also focus on the risks associated with greenhouse gas (GHG) emissions. The first step in this effort is to stop investing in economic activities such as the production of coal for heating and shale oil.

In 2023, key performance indicators to measure GHG emissions in the investment portfolio were established

and measured for the first time. We have analysed the investment portfolio in such a way as to identify the companies that contribute most to GHG emissions. The measurements made are limited by the coverage of GHG emissions data in investee companies and range from 20% to 24%, depending on the indicator. In the future, the Group will work to establish further measures to reduce or mitigate the GHG emissions in the investment portfolio and to meet the targets set out in the sustainable development strategy.

13.2.2.1.2 Share of ESG investments

ESG investments include bonds issued to finance green and environmental projects (green bonds) and sustainability bonds issued to fund the green and social sustainability objectives of issuers. ESG investing also covers mutual funds that adhere to ESG principles and alternative funds that clearly adhere to ESG principles, including by signing the UN PRIs.

We prioritise investments that are in line with ESG principles.

The Group’s ESG investments have increased by EUR 43 million from EUR 211.8 million at the end of 2022 to EUR 254.8 million at year-end 2023, or from 14.9% of the portfolio at the end of 2022 to 16.9% of the portfolio at year-end 2023.

Signatory of:





Compliance with sustainability criteria is also emphasised in infrastructure investments, real estate funds and other alternative investments, since non-compliance with the ESG guidelines generally constitutes an exclusion criterion for participation in these types of investments. The managers of such investments in the

Group’s portfolios 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 or TCFD – Task Force on Climate-Related Financial Disclosures) and report in accordance with that standard.

ESG investments as at 31 December 2023

EUR	Uncalled commitment	Called up already	Total	Total investments called up or already made as % of the Group’s total investment portfolio
Infrastructure funds	3,467,053	51,231,961	54,699,014	3.4%
Real estate funds	0	14,625,508	14,625,508	1.0%
Direct infrastructure projects	0	338,858	338,858	0.0%
Private debt funds	444,447	4,555,553	5,000,000	0.3%
ESG (green and sustainable) bonds	0	172,893,245	172,893,245	11.5%
Bond mutual funds	0	6,494,309	6,494,309	0.4%
ETFs	0	4,626,781	4,626,781	0.3%
Total	3,911,499	254,766,215	258,677,714	16.9%



The Sava Insurance Group’s innovations in customer satisfaction are presented at the Ljubljana Stock Exchange Financial Festival by Polona Pirš Zupančič, a member of the Sava Re management board.



The Music for the Future Festival brings together young musical talent from Ukraine and Slovenia (photograph by Igor Unuk).



13.2.2.2 Regulation on sustainability-related disclosures in the financial services sector

Regulation (EU) 2019/2188⁷⁸ (SFDR) requires financial market participants to publicly disclose their sustainable management policies. It also requires disclosure of how sustainability risks are integrated into investment decisions and how the company addresses the principal adverse impacts of its investment decisions on sustainability factors.

In line with the SFDR requirements for these disclosures, Group subsidiaries and associates that met the criteria of a financial market participant in 2023 updated their pre-contractual disclosures in financial products accordingly and defined their approach to the principal adverse impacts of their investment decisions. In accordance with Article 4(3) of SFDR, which applies to companies with an average annual number of employees of more than 500, Zavarovalnica Sava published information on its due diligence policies regarding the principal adverse impacts of investment decisions on sustainability factors (the Principal Adverse Impact Statement – PAI) on its website.

13.2.2.3 EU Taxonomy

In 2020, Regulation (EU) 2020/852⁷⁹ was adopted as the regulatory framework for promoting sustainable investments, better known as the EU Taxonomy. The regulation aims to promote transparency of sustainability disclosures for financial market participants and the rest of the business community.

The EU Taxonomy is a classification system that helps companies and investors identify “environmentally sustainable” economic activities and make sustainable investment decisions. Environmentally sustainable activities are those that make a significant contribution to at least one of the EU’s six environmental objectives, without significantly harming the other five, are carried out in compliance with minimum safeguards and meet technical screening criteria. An economic activity that meets the above requirements is considered to be Taxonomy-aligned.

The EU’s environmental objectives are:

- 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.



Annual meeting of Sava Insurance Group employees who work in procurement, compliance, internal audit and personal data protection.

⁷⁸ 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.
⁷⁹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.



13.2.2.3.1 From EU Taxonomy eligibility of the investment portfolio to its EU Taxonomy alignment

The Group has already disclosed in its 2021 and 2022 annual reports the proportion of exposure to EU Taxonomy-eligible economic activities, as required by Delegated Regulation 2021/2178⁸⁰ on disclosures.

Economic activity is considered to be eligible if it is identified by the Climate Delegated Regulation⁸¹ and, in the future, by the Environmental Delegated Regulation⁸² as having a high potential to contribute to at least one environmental objective, regardless of whether it meets the technical criteria set out in these regulations.

However, from 2024, financial undertakings are required to disclose the proportion of exposure to EU Taxonomy-aligned economic activities, and a range of other sustainable investment information, in line with Article 8 of the EU Taxonomy, and the Group is following this requirement.

An economic activity that meets the above requirements is considered to be Taxonomy-aligned.

The content and presentation of the information that companies are required to disclose on environmentally sustainable economic activities and the methodology for fulfilling these disclosure obligations are set out in the Disclosures Delegated Regulation. In this respect, the Group discloses below one of its key performance indicators, the proportion of EU Taxonomy-aligned investments, which is the weighted average of the value of all investments aligned with this Taxonomy over the so-called captured assets.

The investment portfolio consists of the following items in the statement of financial position: financial investments, investment property and cash. However, exposures to central government units, central banks and supranational issuers are excluded from the covered assets in accordance with Article 7 of Delegated Regulation 2021/2178. They relate to portfolios covering non-life insurance liabilities, traditional life insurance liabilities, life insurance liabilities where the investment

risk is borne by the policyholders, and the company's own funds. In 2023, the assets covered amounted to 98.24% of the total amount of assets under management.

For investments in mutual funds, exchange-traded funds (ETFs) and alternative funds (infrastructure funds, real-estate funds and private debt funds), the Group implemented a look-through approach to ensure that the EU Taxonomy alignment is calculated for each investment in these funds. The look-through approach was applied to level 1 investments in the fund. The Group did not apply the look-through approach to 5.9% of all funds as information on the breakdown of the funds into individual investments was not available.

The alignment of investments with the EU Taxonomy in 2023, based on revenue, was 1.57% of the assets covered or EUR 21.0 million. Meanwhile, the alignment of investments with the EU Taxonomy, based on capital expenditure, was 2.87% of the assets covered or EUR 38.2 million.

Information on the alignment of investments with the EU Taxonomy is provided by an external data provider, Moody's Analytics, which relies exclusively on data obtained directly from companies and does not use estimated data.

Detailed information at the investment portfolio level is presented below in relation to the requirements of the EU Taxonomy as defined in template 2 of annex X to the Disclosures Delegated Regulation. The remaining disclosures required by the Disclosures Delegated Regulation are set out in appendix C to the annual report. It was not possible to obtain the information required by annex XII to the Disclosures Delegated Regulation. Sava Re will disclose the data from annex XII in subsequent reporting periods when they become available.

⁸⁰ 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 Articles 19a or 29a of Directive 2013/34/EU concerning environmentally sustainable economic activities, and specifying the methodology to comply with that disclosure obligation (OJ L 443/2021 of 10 December 2021) – Disclosures Delegated Regulation.

⁸¹ Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives – Climate Change Delegated Regulation.

⁸² Commission Delegated Regulation (EU) 2023/2486 of 27 June 2023 supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to the sustainable use and protection of water and marine resources, to the transition to a circular economy, to pollution prevention and control, or to the protection and restoration of biodiversity and ecosystems and for determining whether that economic activity causes no significant harm to any of the other environmental objectives and amending Commission Delegated Regulation (EU) 2021/2178 as regards specific public disclosures for those economic activities – Environmental Delegated Regulation.



The proportion of the insurance or reinsurance undertaking’s investments that are directed at funding, or are associated with, Taxonomy-aligned activities in relation to total investments

Sava Insurance Group	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI (%)	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below (EUR):
Turnover-based:	1.57%	20,965,625
Capital expenditures-based:	2.87%	38,238,940
	The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.	The monetary value of assets covered by the KPI (EUR). Excluding investments in sovereign entities.
Coverage ratio:	98.24%	1,331,208,352

The proportion of the insurance or reinsurance undertaking’s investments that are directed at funding, or are associated with, Taxonomy-aligned activities in relation to total investments

Sava Re	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities relative to the value of total assets covered by the KPI (%)	The weighted average value of all the investments of insurance or reinsurance undertakings that are directed at funding, or are associated with Taxonomy-aligned economic activities, with following weights for investments in undertakings per below (EUR):
Turnover-based:	3.37%	4,867,511
Capital expenditures-based:	5.34%	7,718,052
	The percentage of assets covered by the KPI relative to total investments of insurance or reinsurance undertakings (total AuM). Excluding investments in sovereign entities.	The monetary value of assets covered by the KPI (EUR). Excluding investments in sovereign entities.
Coverage ratio:	30.62%	144,634,594

13.2.2.3.2 Restrictions

The low percentage of alignment is due to the discrepancy between the investments included in the numerator and denominator of the KPI. The numerator, unlike the denominator, does not include exposures to companies not subject to the requirements of Articles 19a and 29a of the Accounting Directive (2013/34/EU) and exposures to derivatives, but consequently includes a smaller number of investments than the denominator.

The calculation is also limited by the low coverage of the investment portfolio with data on the alignment of companies with the EU Taxonomy. The limited database of companies for which the external provider provides data is one of the reasons for this. In addition to large companies that are already subject to Taxonomy-alignment reporting, the investment portfolio also includes small and medium-sized companies that are not yet subject to such reporting. In view of the above, it is reasonable to expect that data coverage will improve as regulatory requirements are extended to more companies and information on the alignment of investments with the EU Taxonomy becomes more relevant.

13.2.3 Risks and opportunities arising from climate change⁸³

Climate change poses a serious risk to society and the economy and has a significant impact on the activities of insurance and reinsurance companies, affecting the ability of policyholders to take out insurance, and the underwriting, operating and investing activities of insurers.

The Sava Insurance Group and Sava Re are directly and indirectly exposed to climate change risks as a result of their operations, so it is crucial to monitor and manage these risks. The Group and the Company monitor climate change risks, 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.

Physical risks are extremely important, as 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 may result in higher underwriting risk and, consequently, the need to change business strategies. Also significant is transition risk, which relates to potential

material negative impact on the value of investments and other significant effects on business operations.

Both transition risk and physical risks are and will continue to be of great importance to the Group and its companies, so they are subject to constant Group-level monitoring. Climate risks are also addressed (qualitatively and quantitatively) in the own risk and solvency assessment (ORSA).

In terms of physical risks from natural catastrophes, 2023 was a more turbulent year for the Sava Insurance Group than the previous year, as Slovenia and several other countries where the Group operates were hit by a series of storms and floods that caused significant damage to property. The gross claims resulting from these events amounted to EUR 88.3 million in 2023 and, taking into account our reinsurance protection, the impact of these events on the Group's result was EUR 27.4 million. Zavarovalnica Sava, which was affected by five loss events exceeding EUR 1 million during the year, and Sava Neživotno Osiguranje, Belgrade, which was affected by two such loss events, had the most significant impact on the business result in relation to the aforementioned events.

In the non-Group reinsurance portfolio, Sava Re suffered five loss events for which its share of the loss exceeded EUR 1 million. More severe natural catastrophes have further tightened reinsurance conditions,

which can make it more difficult to underwrite reinsurance.

Investments in sustainable development and preventive activities (renewables and 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.

13.2.3.1 Product development and underwriting⁸⁴

Ecological (increasing pressure on the environment due to population growth, pollution from waste and other ecological issues), climate (greenhouse gas emissions and extreme weather events) and social changes (introduction of new technologies, changes in legislation, demographic trends and population migration) are shaping a new landscape for the development of new products and underwriting. This leads to:

- new opportunities in the development of innovative products and services,
- preparations for the transformation of underwriting rules for new and unfamiliar risks (e.g. climate change and related less common or unusual weather-related natural disasters), further supported by the significant adverse weather events in Slovenia in 2023.

Sustainability factors in products

In 2023, we continued to expand some of the Sava Insurance Group's products with a strong sustainability component. In addition to the solar panel insurance already marketed by the Slovenian part of the Sava Insurance Group, subsidiaries in Serbia, Montenegro and North Macedonia also started to develop such products in 2023.

Insurance companies operating in markets subject to European regulation carry out ongoing assessments of compliance with sustainability factors for each new or renewed insurance product. Their findings are set out in separate documents dealing with the oversight and governance arrangements for these products.

In line with the criteria already developed to identify sustainability factors, when developing new insurance products or modifying existing ones, insurers operating in markets subject to European regulation assess whether each new or modified insurance product meets any of the sustainability factors. They also assess their direct or indirect impact on the environment, society, employee issues and respect for human rights. For each new or modified insurance product, the product approval process must identify the target market and the group of compatible customers. The target market must be identified by taking into account the characteristics, risk profile, complexity and nature of the insurance product, and its sustainability factors.

⁸³ GRI 3-3, 201-02.

⁸⁴ GRI 3-3, 305-01, 305-02, 305-03, 302-01.

Development of financial products

The Taxonomy and SFDR have standardised the criteria for the entire European market. Sustainability factors in financial products are clear and prevent greenwashing. The Sava Insurance Group keeps track of regulations and implements them in a timely manner (relevant disclosures, adoption of relevant policies, etc.).

Responsible insurance and reinsurance underwriting

As the Group’s insurers and reinsurer, we recognise the importance of environmental risks, and we are committed to adopting and introducing internal regulations that will contribute to responsible underwriting of environmental, social and governance risks in non-life insurance.

In accordance with the Sava Insurance Group Guidelines for Responsible Underwriting Environmental, Social and Governance Risks in Non-Life Insurance Business, adopted in 2022, our main focus in 2023 was to find ways to improve the monitoring and reporting system in relation to these guidelines. In this respect, we have taken some steps to increase automation in this area while making the purpose of the guidelines more transparent to help stakeholders better understand environmental, social and governance risks.

Group companies have prepared reports in accordance with these guidelines, which also include information on cases requiring special attention in the underwriting process. These are cases defined in the guidelines as “potentially high or imminent risk”. We found a total of 899 such cases in the Group, while the share of the pre-

mium related to these cases represents around 0.33% of the total non-life premium. In this respect, companies in an underwriting environment also monitor the profile of such policyholders to the extent possible, meaning that if they perceive that the policyholders’ system for managing risks is ineffective, they will refuse to underwrite those risks.

In addition to the insurance business, the guidelines have also been taken into account in the reinsurance business, together with any necessary conforming changes.

In reinsurance, based on the above guidelines, we monitored transactions exposed to ESG criteria at the time of reinsurance underwriting, in particular for the non-Group facultative reinsurance. In the non-Group treaty reinsurance, we have been looking for new reinsurance opportunities that would have a positive impact on sustainability.

Providing adequate data

Given the increasing complexity of the decision-making process with regard to ESG criteria, we have continued to establish an appropriate data collection system within the Group in order to introduce the guidelines for responsible insurance portfolio management and to ensure the provision of relevant data in accordance with existing and emerging regulations. We have also taken steps to standardise the way we report and monitor the impact of the introduction of ESG criteria. The Group also follows the Taxonomy reporting commitment, where disclosures are linked to the proportion of Taxonomy eligibility.



The Sava Insurance Group holds its annual Sustainability Conference online.



The Sava Insurance Group Conference on finance, accounting and controlling.



13.2.3.2 Taxonomy-aligned non-life insurance activities

The Sava Insurance Group offers the following insurance coverages:

Consolidated gross premiums written as a percentage of premiums by class of business*

EUR		Gross premiums written			Share
		2023	2022	Index	
1	Medical expense insurance	17,820,110	12,802,027	139.20	2.56%
2	Income protection insurance**	0	3,230,277	0.00	0.00%
3	Workers' compensation insurance	17,028,861	23,805,490	71.53	2.45%
4	Motor vehicle liability insurance	165,750,692	137,553,034	120.50	23.81%
5	Other motor vehicle insurance	93,518,266	73,431,760	127.35	13.43%
6	Marine, aviation and transport insurance	7,053,876	15,063,293	46.83	1.01%
7	Fire and other damage to property insurance	151,519,399	182,211,159	83.16	21.77%
8	Assistance	31,405,947	24,906,233	126.10	4.51%
9	Total (1-8)	484,097,150	473,003,272	102.35	69.54%
10	Other non-life	212,042,985	38,568,918	549.78	30.46%
11	Total non-life	696,140,135	511,572,190	136.08	100%
12	Life insurance	189,518,285	176,006,776	107.68	
13	Total	885,658,420	687,578,966	128.81	

* Data on gross premiums written of Group insurers for the non-Group business (item 9). The above data in the table for 2023 do not include the portion of the premium that refers to risk coverage that is not directly related to climate change (points 10.1 and 10.2 of annex II to the Commission Delegated Regulation (EU) 2021/2139 of 4 June 2021), while taking into account the substantive compliance with the technical criteria of the said Delegated Regulation in relation to Taxonomy alignment. The data in the table on the premium (item 9) related to climate change mitigation activities (do no significant harm (DNSH) within the scope of the above points of the Delegated Regulation) cover the estimated value of the portion of the premium.

** The data in the table related to the activity under item 2 of the table (income protection insurance) take into account the clarification of the European Commission of 21 December 2023 (Draft Commission Notice on the interpretation and implementation of certain legal provisions of the Disclosures Delegated Act under Article 8 of EU Taxonomy Regulation on the reporting of Taxonomy-eligible and Taxonomy-aligned economic activities and assets – third Commission Notice), which foresees the entry of zero value in cases where it is not possible to capture certain data.

The remaining disclosures required by the Disclosures Delegated Regulation are set out in appendix D to the annual report. It was not possible to obtain the information required by annex XII to the Disclosures Delegated Regulation. Sava Re will disclose the data from annex XII in subsequent reporting periods when they become available.



13.2.4 Relations with suppliers and the procurement policy⁸⁵

Group companies coordinated the procurement policy and made it more uniform, which involves strategic priorities and principles governing a transparent procurement process. The sustainability objectives of the procurement 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 regulations prescribe the inclusion of an anti-corruption clause in all purchase agreements⁸⁶.

When ordering, taking over and paying for goods, we follow the four-eyes principle, which ensures a high degree of individual control over the business procurement process. At Sava Re, we assess the risk inherent in procurement on a quarterly basis⁸⁷. In 2023, a new questionnaire was developed and validated in line with the requirements of European standards to verify the

suppliers' sustainability⁸⁸. The questionnaire will be sent to existing and new suppliers of Group companies with an expected annual turnover of at least EUR 5,000 including VAT via a proprietary application for completion in 2024. The general terms and conditions of business cooperation, which were renewed in 2023 and generally constitute an integral part of every purchase, also emphasise the concern for the company's sustainable development. Mechanisms for monitoring suppliers' sustainability are also included in the updated internal regulations governing the business procurement process in all Group companies. Suppliers' sustainability was also one of the main topics at the procurement conference, attended by procurement officers of all Group companies.

Group companies' suppliers are mainly providers of consulting services, IT maintenance and upgrade services, 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 situated⁸⁹.

To a lesser extent, some of the purchases are also made outside their home country (in particular for 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 local suppliers.

One of the objectives of the Group's procurement policy is the collaboration of companies in joint procurement. This most often involves companies registered in the same country. IT solutions are generally purchased and developed at the Group level. Joint procurement optimises the procurement process, reduces costs and mitigates risks in the products or services purchased. At the same time, we facilitate the sharing of expertise, experience and best practices between Group companies.

The Sava Insurance Group ensures a competitive and transparent supplier selection process by sending requests for quotations to a number of potential suppliers and by increasing the responsibility and authority for decision-making regarding the selection of suppliers

based on 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.

The Company's or Group's procurement policy is also governed by several other internal regulations which set out procedures and instructions. These include the fleet management policy, the rules on procurement, use and maintenance of company vehicles, the rules on the use of information technology assets, and similar.

Sava Re and all Group companies settle their obligations to suppliers within agreed deadlines.

13.2.5 Financial assistance received from the government⁹⁰

Zavarovalnica Sava was reimbursed by the government for the salaries paid to its employees for their short-term absences of up to three days.

Illyria Life (RKS) received financial assistance from the Treasury of the Republic of Kosovo and a government grant to support operations totalling EUR 3,946.47.

⁸⁵ GRI 2-6, 204-1.
⁸⁶ GRI 205-1.
⁸⁷ GRI 205-1.
⁸⁸ GRI 414-1.
⁸⁹ GRI 204-01.
⁹⁰ GRI 201-04.



13.2.6 Definition of other government incentives

In 2023, 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 5,944 (2022: EUR 9,326).

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 214,326 (2022: EUR 201,720).

Subsidiaries exercise incentives or reliefs in accordance with local legislation (employment of the disabled, inclusion of employees in the pension schemes, etc.).

13.2.7 Tax⁹¹

The Tax Policy of the Sava Insurance Group was developed and adopted in 2023.

The Group is committed to sustainability-oriented operations in accordance with legislation and its own commitments. The tax policy was adopted to define the implementation of a policy of tax compliance with legal tax frameworks, tax ethics, tax principles and best tax practices in the tax jurisdictions in which the Group operates.

The Group's tax policy provides a framework for tax governance that ensures that the Group's conduct in tax matters is guided by clear principles, values and rules that enable each employee and each Group company to make appropriate decisions in compliance with tax laws. Therefore, the fundamental purpose of the policy is to set expectations and responsibilities within the Group to ensure that its tax practices are socially responsible.

The primary objective of the Group's tax policy is to ensure compliance with the applicable tax regulations in all jurisdictions in which the Group operates, in accordance with the activities carried out in each jurisdiction. This principal objective of respecting and complying with tax rules must be aligned with the principles

of corporate governance and the operation of Group companies. The Group's tax policy promotes responsible tax behaviour, which means taking into account the Group's business interests and the development of the community in which it is involved, thus ensuring the application of best tax practices.

The tax policy sets out the Group's tax ethics, tax principles and general rules for tax governance. The basic principle of the Group's code of ethics is to act honestly, ethically and in accordance with the law, the company's internal regulations and corporate governance guidelines. In line with this basic principle, which is reflected in all of the Group's established tax principles:

- we file tax returns and tax accounts diligently and on time, comply with reporting requirements and pay all taxes due on time in accordance with applicable tax regulations;
- we seek to maximise the use of tax exemptions, tax reliefs and tax deductions, avoid double taxation and claim other tax benefits, all within the framework of legally permissible and consistent tax optimisation and planning;
- we aim to prevent and manage tax risks related to the Group's strategic focus areas. We structure our business models to maximise the Group's business objectives;
- we are committed to an arm's length pricing policy for all related party transactions;

- we aim to strengthen our relationship with the tax authorities based on respect for the law, reliability, professionalism, cooperation, reciprocity and good faith, without provoking unnecessary tax disputes that may arise with the tax authorities when defending a corporate interest in the interpretation of the applicable legal provisions;
- we reject all forms of tax evasion and unfair tax practices;
- we aim to be recognised by our stakeholders as a responsible and community-minded organisation, particularly in line with our sustainable development strategy. This extends to our 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, forging relationships between the wider community and businesses.

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.



2023 (EUR)

Tax jurisdiction / type of tax	Slovenia	Croatia	Montenegro	North Macedonia	Kosovo	Serbia	Total
Corporate income tax paid	11,243,747	0	778,206	530,887	349,506	29,994	12,932,340
Taxes on emoluments paid to natural persons (employer contributions and taxes)	6,886,789	625,145	73,803	132,584	0	48,501	7,766,822
Taxes and contributions withheld and paid on behalf of employees	17,824,106	782,248	332,151	1,453,580	582,849	1,351,002	22,325,936
Value added tax	6,114,255	189,215	215,596	46,125	1,706,408	271,064	8,542,663
Insurance premium tax	39,762,200	1,839,792	1,576,344	0	304,433	1,552,878	45,035,647
Fire brigade charge	5,624,925	23,958	27,383	318,714	0	0	5,994,980
Financial services tax	64,924	0	0	0	0	0	64,924
Fee for use of building land	333,954	0	14,268	0	0	10,029	358,251
Other charges	7,380	262,919	10,440	0	0	3,910	284,649
Total	87,862,280	3,723,277	3,028,191	2,481,890	2,943,196	3,267,378	103,306,212

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



13.3 Social aspect

13.3.1 Responsibility to employees⁹²

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 to act in such a way .

In section 9 “Human resource management”, we report in detail on matters related to employees or HR affairs.

13.3.2 Responsibility to consumers⁹³

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. In accordance with applicable regulations, there is also a description of the procedures for providing information on insurance products or services.

At the Sava Insurance Group, we strive to meet our customers’ expectations with our products and services, and this is reflected in the awards and commendations. Here are some of the most notable:

Sava Infond

Four Sava Infond funds received a total of six awards as the best fund in their category at the Moje Finance magazine awards for the best mutual funds marketed in Slovenia. In addition, Damjan Kovačič received the title “Best-performing Fund Manager in Slovenia” for his excellent management of the Infond Družbeno Odgovorni (Socially Responsible) Fund, an equity sub-fund.

Sava Penzisko Društvo (MKD)

In 2023, the company was awarded the European title of “Small Pension Fund” by Investment & Pensions Europe and the title of “Best Pension Company in North Macedonia 2023” by World Finance.

Zavarovalnica Sava

The SavaFit incentive programme, through which the insurance company strengthens its concern for the health of its policyholders by motivating them to be physically active through discounts on insurance premiums and benefits offered by selected partners, was awarded the silver plaque “Best Innovation of the Podravje Region 2023”.

13.3.3 Customer in the centre and digitalisation of operations⁹⁴

In 2023, we focused on optimising e-commerce customer service and introducing new central services for customer data management. We expanded our existing services to include a centralised consent management service and continued the development of a centralised authorisation management service.

We supported ongoing customer communication campaigns with a communication campaign management solution and an automated e-communication solution, giving us both a better overview of overall customer communication and greater control over communication at key moments in the policy and investment life-cycles.



⁹² GRI 3-3.
⁹³ GRI 3-3.
⁹⁴ GRI 3-3.

13.3.4 Customer communication and information⁹⁵

13.3.4.1 Customer communication and information in pre-contractual disclosures in the distribution of financial products

Important milestones in communicating information to customers were Regulation (EU) 2019/2088 on sustainability-related disclosures in the financial services sector (SFDR) and Regulation (EU) 2020/852 on technical standards (Taxonomy), which regulates the assessment of sustainable investments. The SFDR requires financial market participants and financial advisors offering financial products to publish written policies on the integration of sustainability risks and to ensure the transparency of such integration.

In accordance with the SFDR, the financial service providers of the Sava Insurance Group (Zavarovalnica Sava and Vita, Sava Pokojninska and Sava Infond) provide detailed information on investment decisions and their impact on sustainability in the context of customer communication and information on their websites and in the pre-contractual disclosures of their financial products.

13.3.4.2 Customer information about sustainability factors in insurance products

In accordance with adopted regulations, the sustainability factors of the insurance products offered by the financial service providers of the Sava Insurance Group are presented in a comprehensive and transpar-

ent manner. This enables financial service providers to provide relevant information to the distributors of their products, who in turn communicate this information to existing and potential customers of the Sava Insurance Group as part of their business activities.

As part of the amendments to Directive (EU) 2016/97 of the European Parliament and of the Council of 20 January 2016 on insurance distribution, which regulate the inclusion of sustainability factors and sustainability risks and preferences in the requirements for product supervision and governance, and in the business rules and investment advice for investment insurance products, the insurance companies of the Sava Insurance Group in the relevant markets (Slovenia and Croatia) take sustainability factors and objectives into account in the processes of development or approval of an insurance product, determination of its target market, distribution method, governance and supervision. These insurance companies regularly publish documents on their websites detailing the sustainability factors of their products.

13.3.5 Compliance⁹⁶

The Sava Insurance Group is obligated to comply with extensive legal and regulatory requirements as well as voluntary obligations. More than 3,000 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



Ohrid Regatta: Sava Penzisko Društvo (MKD) employees regularly engage in local sustainability projects.



Skopje Marathon: Sava Penzisko Društvo (MKD) promotes sports activities in the local community through the active participation of its employees.

⁹⁵ GRI 3-3, 417-01.

⁹⁶ GRI 419.

creating rules, raising awareness, monitoring compliance with the rules and upholding integrity.

13.3.5.1 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, making recommendations for the adoption of relevant measures, identifying and assessing compliance risks, 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.

13.3.5.2 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 a comprehensive overview of the compliance management system, international standards and best practices with a focus on the role of compliance function holders and providers, characteristic compliance risk areas, how to perform compliance reviews and fulfil other duties of the compliance function holder, the EU Whistleblower Protection Directive and its effects on a company's business, other relevant EU and local regulations, and similar.

Each month, compliance function holders in all non-Slovenian subsidiaries 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 affecting the company's business, a list of processes affected by these changes, the time limit for implementing the changes, the persons responsible for implementing the changes and, where relevant, the estimated costs involved.

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 2024, the compliance function will continue to provide guidance and oversight in the implementation of EU sustainability regulations, including the Corporate Sustainability Reporting Directive (CSRD) with the European Sustainability Reporting Standards (ESRS), the Sustainable Finance Disclosure Regulation (SFDR), the Non-Financial Reporting Directive (NFRD), the EU Taxonomy Regulation, and the Corporate Sustainability Due Diligence Directive (CS3D).

13.3.5.3 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 and recommendations by local regulators. The outsourcing policy of the Sava Insurance Group sets out the minimum outsourcing standards for Group and non-Group contracts.

13.3.6 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 the guidelines of the European Insurance and Occupational Pensions Authority (EIOPA), whereas 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 area.

In accordance with the Sava Insurance Group Governance Rules, complaints addressed at Sava Re but relating to subsidiaries' operations are recorded with Sava Re. After complaints have been examined, they are submitted to subsidiaries for resolution. The Group governance department of Sava Re maintains an internal online register of such complaints. Three complaints were lodged in 2023.

All subsidiaries also have internal rules, prescribed procedures and instructions for monitoring and handling complaints in accordance with applicable laws.



13.3.7 Fair business practices⁹⁷

The values and principles of ethical conduct are defined in the Code of Ethics of the Sava Insurance Group (the code of ethics), which was also adopted by the Group's subsidiaries. The general principles of the code of ethics are the core values of the Sava Insurance Group, which are binding on all our employees and include, among others, business compliance, protection of reputation, respect for the dignity and integrity of the individual, protection of trade secrets and other confidential information, honest and fair business practices, respect for market rules, professionalism and care for employees, equal information to all shareholders, transparency and integrity of information, avoidance of conflicts of interest, sustainability orientation and respect for human rights. Employees who become aware of violations of the code of ethics or other binding rules must report them to the compliance function holder. No violations of the code of ethics were observed in 2023.

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 operate in accord-

ance 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 Company to creating a work environment based on a culture of corporate integrity, zero tolerance for illegal and unethical conduct of its employees, and compliance with legislation, rules and values, as well as on the highest ethical standards.

Sava Re uses the revised Slovenian Corporate Governance Code for Listed Companies, which came into effect on 1 January 2022, as its reference code.

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, among other issues, the gender- and age-balance of all board members.⁹⁸ Sava Re has integrated respect for human rights in its operations in accordance with the applicable legislation and follows the proposed National Action Plan of the Republic of Slovenia on Business and Human Rights.

With the Policy on Ensuring the Inviolability of the Person and Protection of Personal Dignity in the Sava Insurance Group, we publicly declare that ensuring the inviolability and protection of the personal dignity of employees and other persons involved in work and business processes is one of our key priorities, and we strive to provide and maintain a safe workplace in which no one is exposed to violence (in particular sexual violence), harassment (in particular sexual harassment), discrimination and bullying. Every employee working for an employer has the right to equal treatment, dignity and personal integrity in the workplace. The Act on the Procedure for Dealing with Violations of the Rights to Inviolability of the Person and Personal Dignity in the Sava Insurance Group establishes a protocol for identifying and resolving such risks⁹⁹. In 2023, Sava Re recorded no such cases.

With the adoption of the Slovenian Reporting Persons Protection Act (ZZPri), which entered into force on 22 February 2023, Directive (EU) 2019/1937 of the European Parliament and of the Council of 23 October 2019 on the protection of persons who report breaches of Union law was transposed into the Slovenian law. Sava Re has defined the internal reporting procedure under ZZPri in the Policy for the Establishment of an Internal Reporting

Procedure Pursuant to the Act on the Protection of Reporting Persons in the Sava Insurance Group. The policy applies to Sava Re and serves as a reference document for its subsidiaries. Most of the subsidiaries have already integrated the Group's internal regulations into their operations, while some have done so only partially or in different ways due to different local legislation (e.g. North Macedonia and Montenegro). Sava Re employees were informed of the adoption of the policy and the rules. Both internal regulations were presented to them in a webinar, a recording of which is available to them on the Company's intranet.

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 arises.¹⁰⁰

Fraud prevention and detection systems are in place in all Group companies. In this regard, we continuously update the Group's system and procedures, in particular by raising awareness, building knowledge and complying with standards of ethical conduct.

⁹⁷ GRI 2-15, 2-23, 3-3, 205-1, 205-3, 419-01.

⁹⁸ GRI 405-1.

⁹⁹ GRI 412-03.

¹⁰⁰ GRI 2-23.



13.3.8 Anti-corruption¹⁰¹

In accordance with the provisions of the Slovenian Corporate Integrity Guidelines, the Sava Insurance Group procurement policy and internal regulations of the Slovenia-based Group members, all contracts establishing legal relations must include an anti-corruption clause, general terms and conditions of business cooperation, and provisions regarding confidential data and protection of personal data.

Sava Re's rules on the management of conflicts of interest set out 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 2023.¹⁰²

13.3.9 Protection of personal data¹⁰³

At the Sava Insurance Group, we are aware of the wider social implications of the irresponsible handling of personal data, and we take particular account of trends in artificial intelligence or machine learning, smart devices and other modern digital technologies. In line with our

commitment to high ethical standards, we focus our attention on this area in close connection with the provision of cyber security and go beyond the minimum requirements of the law. The companies strive to ensure open, transparent and straightforward communication with individuals whose data they process, including through user experience planning.

In 2021, Sava Re set up a support function for privacy and personal data protection and adopted the Privacy and Personal Data Protection Policy of the Sava Insurance Group. In particular, the policy strengthens the role and competencies of data protection officers (DPOs) and integrates privacy as an important concern into all relevant business and support processes.

The Sava Insurance Group companies have in place internal regulations that define the procedures and measures for the protection of personal data and the management of risks that the processing of personal data in business and support processes poses to the rights of individuals. The data are protected through technical and organisational measures designed to ensure their confidentiality, integrity and availability, and risk minimisation mechanisms are built into the processing operations.

Due to the adoption of new legislation in the Republic of Slovenia, the Slovenia-based companies also focused their personal data protection activities in 2023

on adapting to these changes. In 2023, Sava Insurance Group subsidiaries continued to digitalise 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 did not identify any major incidents in personal data protection in 2023.

13.3.9.1 Cyber security¹⁰⁴

The Sava Insurance Group pays very close attention to cyber security, for which we continuously strengthen internal system controls with IT and organisational solutions while training and educating our employees in the area of information security.

Information security is part of section [12 "Information technology"](#).

13.3.10 Respect for human rights¹⁰⁵

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 resource 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, checking their references and requiring contractual commitments from suppliers to respect labour and social rights and fundamental freedoms;
- 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 customers who are individuals, by adopting and implementing internal rules on respect for privacy, the protection of personal data and consumer rights.

13.3.11 Contributions to political parties¹⁰⁶

In accordance with the adopted code of ethics and the rules on sponsorship and donations, Sava Re and Group subsidiaries do not finance political parties.

¹⁰¹ GRI 3-3, 205-01.

¹⁰² GRI 205-03.

¹⁰³ GRI 3-3, 205-01, 418-01.

¹⁰⁴ GRI 3-3.

¹⁰⁵ GRI 3-3.

¹⁰⁶ GRI 415-01.



13.4 Responsibility to the community

As members of the Sava Insurance Group, we forge strong ties with the community in which we operate and establish partnerships with community stakeholders. We support our communities through projects in which we provide financial and volunteer support to institutions, and we are actively involved in social activities and actions.

Our Group’s business network is extensive, with individual companies in constant contact with their customers and the environment, as they are best placed to identify the needs and potential of their local communities.

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 Responsibility.¹⁰⁷

Our efforts in the area of corporate social responsibility are also reflected in the awards received by Zavarovalnica Sava:

- the You’ve Got This! (**Maš to!**) project, dedicated to raising awareness and providing mental health care for young people, was awarded the gold plaque for the best innovation of the Podravje region in 2023 and the bronze plaque for innovation by the Chamber of Commerce and Industry of Slovenia;
- the insurance company also received two awards for excellent ideas and perfect execution of the project for the Tava, thank you for everything! (**Tava, hvala za vse!**) campaign, namely the silver award from the Slovenian Advertising Festival (SOF) and the bronze WEBSI award.

As the largest Group company, Zavarovalnica Sava carries out the highest number of activities related to socially responsible projects in the Group. These are mostly long-term projects, such as the Call of Loneliness (Klic osamljenosti) and You’ve Got This! (Maš to!) initiatives, which raise awareness about the importance of mental health.

In 2023, they also developed the SavaFit incentive programme to encourage their policyholders to be physically active in their free time. To encourage more physical activity, they offer a pay-as-you-go payment scheme and additional benefits from selected partners. The programme was awarded the silver plaque “Best Innovation of the Podravje Region 2023”. It is also used as a platform for charity programmes involving policyholders.

13.4.1 Sponsorships and donations by substance¹⁰⁸

The Sava Insurance Group takes care and responsibility for the people and the environment in which it operates, thus strengthening its visibility as a sustainable

partner. Giving back to the community through sponsorship and donations is governed by rules. Sava Re’s rules are published on its website.



Sponsorships and donations by substance

Purpose (EUR)	2023	2022	Index
Humanitarian	47,420	138,292	34.3
Cultural	137,731	172,302	79.9
Sports	2,922,675	3,257,279	89.7
Education, training	67,981	74,690	91.0
Scientific	500	383	130.5
Social security	7,600	7,731	98.3
Disability	2,693	4,357	61.8
Health	40,226	27,673	145.4
Other*	522,829	606,035	86.3
Total	3,749,655	4,288,742	87.4

* Other costs for sponsoring activities other than sport, donations for protection against disasters, and donations for other purposes in the public interest.

¹⁰⁷ GRI 2-28.

¹⁰⁸ GRI 3-3, 203-02.

At the Group level, we sponsor and support the ABA League. Each company allocates its sponsorships and donations according to its financial plan and the opportunities or needs it sees in the local market.

As the largest member of the Group, Zavarovalnica Sava follows the principle of promoting healthy lifestyles when selecting sponsorship and donation projects. The funding is given to associations and organisations that develop talent and have a positive impact on the environment and the public, including through support for preventive actions.

The most notable sponsorships by Zavarovalnica Sava in 2023:

- sports: main sponsor of Maribor Football Club, sponsor of Croatian Academic Rowing Club Mladost, Koper Handball Club and Maribor Handball Club, main sponsor of the Golden Fox (Zlata Lisica) World Cup, main sponsor and partner of Tennis Slovenia, main sponsor of Nova KBM Branik Volleyball Club, and main sponsor of the Novo Mesto Half Marathon;
- culture: main sponsor of the Ljubljana Festival and sponsor of the Lent Festival, main sponsor of Kino Šiška Centre for Urban Culture, main sponsor of the Slovenian Youth Theatre, and main supporter of Rog Centre Creative Hub;
- care for vulnerable groups: the Committed to Steps (Predani korakom) project in cooperation with the Soča University Rehabilitation Institute, and sponsorship of the Mladi Zmaji Public Institute, which

provides mental health support to young people, and other humanitarian organisations.

In 2023, a year marked by numerous natural catastrophes in most countries of the region, in particular widespread flooding and storms, many Group companies donated funds for reconstruction, adapted processes and ensured timely claims payments as a sign of solidarity.

Last year, Group companies also responded to the impact of the wars by providing financial support to facilitate the integration of young people from Ukraine.

In cooperation with the Ljubljana Stock Exchange, Sava Re supported the organisation of the Days of the Slovenian Capital Market, an event aimed at increasing financial literacy among companies and retail investors.

Sava Re also refrained from purchasing business gifts in 2023. We donated the money that would otherwise have been spent on business gifts to organisations suggested and selected by employees. The 3rd Floor Heroes Society received the largest share of this funding.



The “Never Alone” promise is reflected by the exceptional turnout of Sava Osiguranje (MNE) employees at the landscaping of Boka Park in Herceg Novi.



Sava Re: wrapping presents for the 3rd Floor Heroes Society.



13.4.2 Preventive action projects¹⁰⁹

Raising awareness among policyholders and the wider community about the importance of protecting property and general health, and the efforts to do so are an important part of the preventive actions of the Sava Insurance Group companies. Through prevention, we avoid and reduce claims while helping policyholders and the wider community to protect their health and property. To this end, the insurance companies create special funds for such projects in accordance with local legislation.

Resources allocated to prevention

EUR	2023	2022	Index
Zavarovalnica Sava	228,250	305,200	74.8
Sava Osiguranje (MNE)	134,371	381,043	35.3
Sava Neživotno Osiguranje (SRB)	65,580	153,576	42.7
Total funds returned to the community	428,201	839,819	50.9

The three insurers focus their prevention efforts mainly on preventing fire risks and improving road safety. To this end, a network of roadworthiness testing centres is established in Montenegro and North Macedonia.



Sava Osiguranje (MNE): landscaping of the green areas in Boka Park in Herceg Novi.



Sava Osiguranje (HRV): pet lovers walk dogs from a local shelter.

109 GRI 203-02, 413-01.

13.4.3 Corporate volunteerism – Heart for the World initiative¹¹⁰

Volunteerism in the form of employee commitment is an important value of the Sava Insurance Group and is united under the common name Heart for the World. To ensure the efficient and transparent implementation of activities, the Group has established a team of coordinators who manage the implementation of activities in their communities according to the interests and wishes of employees and liaise with various philanthropic and environmental organisations in their area. Volunteerism is about acting responsibly towards the environment, people and animals.

Annual employee surveys form the basis for planning activities, and all Group employees contribute many hours of corporate volunteering to organised events. In 2023, various volunteer activities were also carried out throughout the year, ranging from socialising with the elderly and people with special needs, caring for animals, cleaning up the environment, tending lawns and planting trees, to blood donor days, collecting aid for socially disadvantaged groups and similar.

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 emails on important global days (e.g. Human Rights Day or World Water Day).

In 2023, a team of coordinators in six countries organised 71 events involving around a third of all employees. This amounted to a total of 5,114 hours of volunteering.

13.4.4 Commitments to external initiatives¹¹¹

The Sava Insurance Group is involved in initiatives that promote ethical conduct and 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.

13.4.5 Membership in associations¹¹²

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 and European Institute of Compliance and Ethics (EISEP).

Since 2021, the Sava Insurance Group has been committed to the UN Global Compact and the UN Principles for Responsible Investment.

As of 2022, Sava Re is also 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.



Landscaping the green areas of the Pedenjped kindergarten and cleaning its surroundings (SVN).

¹¹⁰ GRI 3-3, 413-1.
¹¹¹ GRI 2-28.
¹¹² GRI 2-28.



13.5 Environmental aspect¹¹³

Climate change and related weather events have a profound impact on the global and local (re) insurance industry. Environmental problems bring new and unexpected risks to the insurance sector. The Group is aware that this requires urgent action, both in operational and strategic terms.

13.5.1 Waste disposal policy¹¹⁴

Sava Re has a waste separation system in place, which is constantly being improved. 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.

At the new office building in Maribor, where six Slovenian companies of the Group are based, municipal waste is collected and disposed of separately according to the 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 regulations.

All Group companies are digitalising processes and going paperless to reduce waste.

At the Group level, we separate waste as required by local utility companies and in accordance with regulations. Group companies have widely organised the collection of electronic waste. Most companies have already introduced separate waste collection methods, most commonly used for paper, plastic packaging, biowaste and glass – where this is a systemic possibility.

13.5.2 Energy consumption¹¹⁵ and energy efficiency investments

Energy consumption and energy efficiency are environmental and economic concerns.

The Sava Insurance Group remains committed to sustainability also in investing and investment maintenance. The Group is constantly looking for ways to reduce energy consumption, including by investing in new energy efficiency solutions. Investment decisions are also always assessed from an energy efficiency perspective.

The most important investment is the new office building of Zavarovalnica Sava in Maribor, where Sava Infond, Sava Pokojninska, TBS Team

24, ZS Svetovanje and Asistim have also moved their offices. The office building was designed and built in line with the Group’s strategic sustainability guidelines and has an energy rating “A”. It is equipped with a central control system that allows efficient management of modern devices, thus ensuring the efficient use of energy resources. The functional design of space and access, together with the modern IT infrastructure, allows employees to work in a well-organised environment, while the building’s accessible location and ample parking provide an excellent user experience for visitors. An important addition to the new building is a 52.2 kW solar power plant, which contributed around 16% of the green energy in 2023. To ensure and promote sustainable mobility, the site includes charging stations for electric vehicles, a bike shed and a park in the immediate vicinity of the building, which is open to all visitors. An additional 66.6 kW solar power plant is planned for the building in early 2024. The installation of a solar power plant on canopies will increase the share of green energy to around 35% of total electricity consumption.



Zavarovalnica Sava’s (SVN) investment in an energy-efficient office building in Maribor, the new head offices of six Group companies.

¹¹³ GRI 3-3.
¹¹⁴ GRI 3-3, 306-02.
¹¹⁵ GRI 302-01.



To reduce greenhouse gas emissions, we installed another 166.6 kW solar power plant in Slovenia to supply green energy to the insurance company’s sales and claims centre.

Group companies are striving to improve the energy efficiency of their business premises while meeting demands to improve the customer experience and working conditions for employees. Investments include, for example, the installation of LED lighting, other more energy-efficient devices and heating and cooling systems for business premises, the implementation of green energy measures, the purchase of hybrid and electric vehicles, investment in charging infrastructure, investment in e-documentation systems, and the use of a central control system at strategic locations aimed at managing energy-intensive devices to continuously optimise energy use.

The vast majority of Zavarovalnica Sava employees have the option of car sharing for business travel, which is particularly useful in urban areas or in larger Slovenian cities.

To achieve energy efficiency, we are implementing a number of measures at the Company level in line with the adopted action plan, such as homeworking, manual energy accounting, employee training on efficient energy use, and measures relating to the Company’s fleet and business travel.

Average fuel consumption is taken into account when purchasing new vehicles for the Group. The type of vehicles purchased also depends on the availability of a network of charging stations in the countries in which we operate.



Slovenian companies of the Sava Insurance Group sign a pledge of support for the “Green Heart of the Karst” project. Around 80 employees take part in planting trees – first in the Karst region (West Slovenia), then in the Prekmurje region (Northeast Slovenia.)



13.5.3 Carbon footprint of the Sava Insurance Group for 2023¹¹⁶

The calculation of the carbon footprint for 2023 includes all companies of the Sava Insurance Group on a consolidated basis.

The carbon footprint calculation includes:

- direct emissions from the use of fossil fuels for space heating and power generators, fuel combustion in vehicles owned or controlled by the company, and fugitive refrigerant gases (scope 1 emissions);
- indirect emissions from the consumption of electricity and district heating (scope 2 emissions);
- indirect emissions from the purchase of paper and water, waste water management, and business travel by means not owned or controlled by the company (scope 3 emissions).

The carbon footprint of the Sava Insurance Group in 2023 is calculated using the location-based method and amounts to 3,984 tonnes of CO₂ equivalent (tCO₂e). This means 1.45 t CO₂ equivalent per employee or 70.5 kg CO₂ equivalent per square metre of office space.

Compared to the reference year 2022, the Sava Insurance Group's carbon footprint in 2023 was 6% lower,

emissions per employee were 9% lower, and emissions per unit area of office space were 4% lower. The main contributors to this reduction were lower emissions from electricity consumption and heating, while emissions from business travel increased.

Scope 1 emissions in 2023 accounted for 1,070 tCO₂e (27% of the carbon footprint), scope 2 emissions 2,595 tCO₂e (65% of the carbon footprint) and scope 3 emissions 318 tCO₂e (8% of the carbon footprint). The largest source of greenhouse gas emissions was electricity consumption (42%), followed by heating (30%) and business travel (27%).

The 2023 carbon footprint calculation is the third calculation at the level of the entire Sava Insurance Group, with the 2022 carbon footprint calculation serving as a baseline or benchmark against which to compare the carbon footprint and the effectiveness of emission reduction measures in the coming years. The Group is continuously working to improve the quality of the data collected on energy consumption and the scope of emission-generating activities. In addition, we are gradually expanding the range of emission sources that Group companies include in their reporting. In 2023, emission sources were added, such as office paper purchases, water purchases and waste water management.



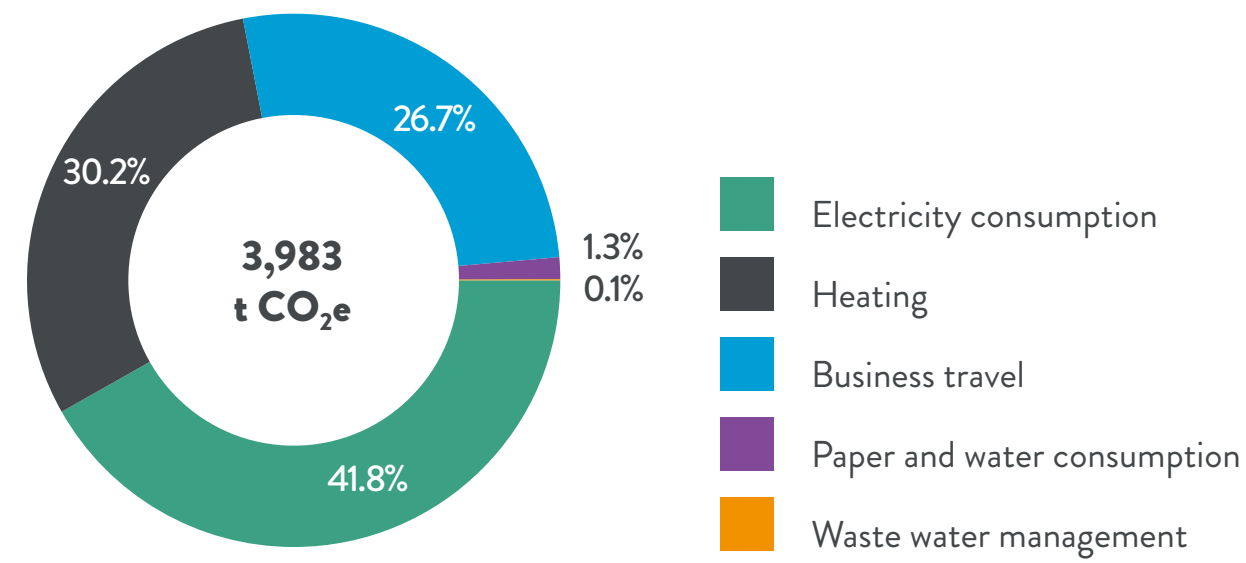
Sava Penzisko (MKD): participating in sporting events brings colleagues closer together and strengthens relationships.



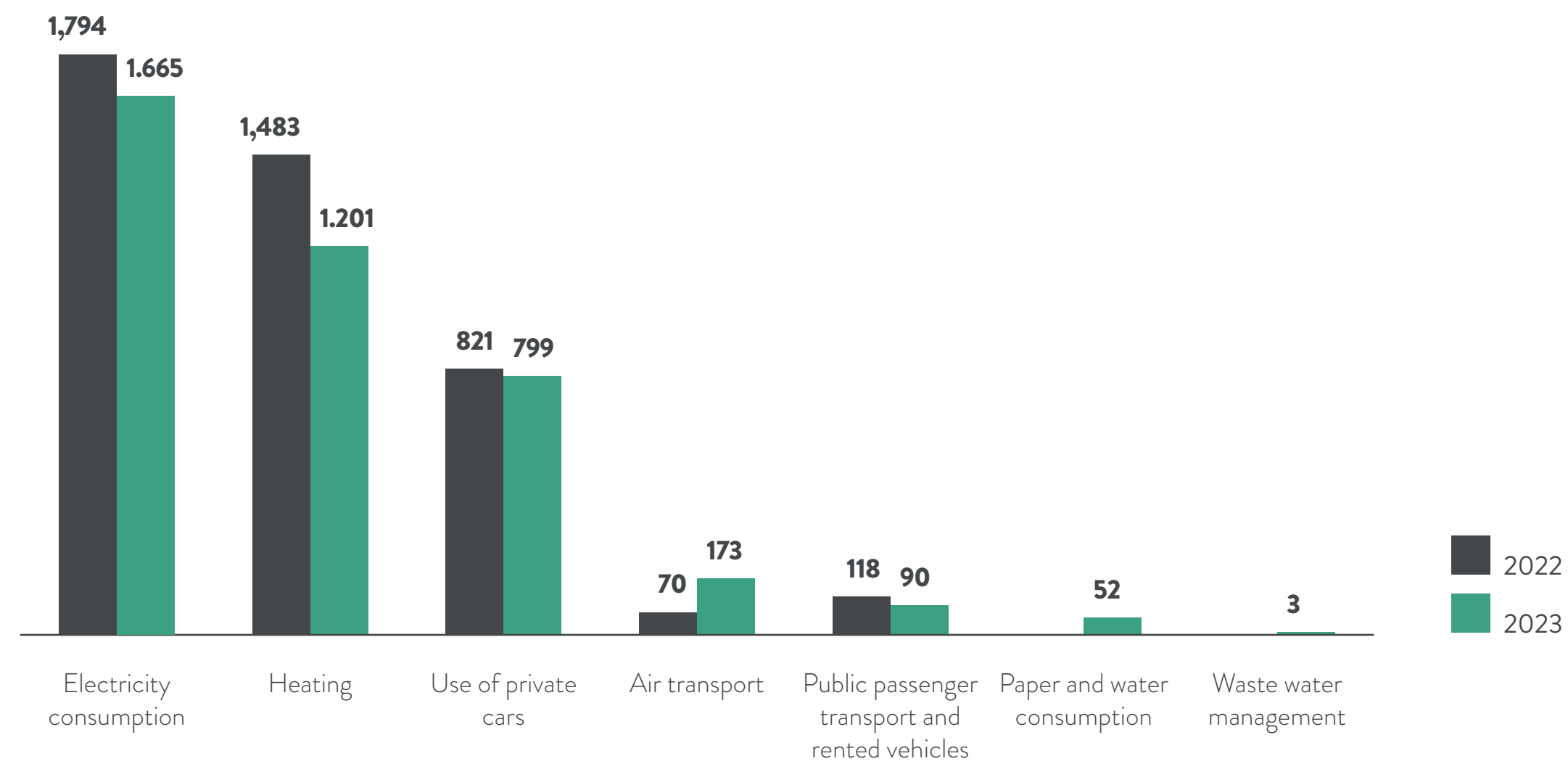
Sava Osiguranje (HRV): cleaning up the Vrapčak stream – helping the local community improve green spaces and waterways.



Percentage of emissions



Distribution of sources by emission volume in all companies



Sava Penzisko Društvo (MKD) organises its traditional sailing regatta to protect the water resources and Lake Ohrid.



Greenhouse gas emissions by scope

	2023	2022	Index 2023/2022
Number of employees	2,744	2,704	101.5
Floor area of business premises	56,488	59,032	95.7
SCOPE	2023 (t CO ₂ e)	2022 benchmark (t CO ₂ e)	Index 2023/2022
1. Direct emissions from activities – scope 1	1,070.66	1,256.96	85.2
1.1 Combustion of fossil fuels for space heating	258.01	359.77	71.71
1.2 Business travel using vehicles owned or controlled by the company	798.75	821.58	97.2
1.3 Combustion of fossil fuels to power generators	0.82	5.45	15.0
1.4 Fugitive refrigerant gases	13.08	70.16	18.6
2. Indirect emissions – scope 2	2,595.10	2,842.35	91.3
2.1 Electricity consumption (for electrical and electronic equipment, lighting, space heating and cooling)	1,665.11	1,794.69	92.8
2.2 District heating consumption for space heating	929.99	1,047.66	88.88
3. Indirect emissions – scope 3	318.64	148.01	215.3
3.1 Paper consumption	49.97		
3.2 Water consumption	2.48		
3.3 Waste water management	2.83		
3.4 Business travel using vehicles not owned by the company	263.36	148.01	177.9
3.4.1 Motor vehicles	88.32	76.08	116.09
3.4.2 Aircraft	173.47	70.82	244.9
3.4.3 Public passenger transport – bus and rail	0.74	0.31	238.7
3.4.4 Taxi, shuttle	0.83	0.80	103.7
TOTAL	3,984.4	4,247.32	92.3

The carbon footprint data for 2022 were revised and may differ from the publicly available data in the 2022 annual report. The data for 2023 were verified and cover all locations where Group companies conduct their business operations.



13.6 Sava Insurance Group sustainability performance indicators

Select Sava Insurance Group sustainability performance indicators

	2023	2022	Index 2023/2022
Environmental aspect			
CO2 emissions per employee (in tonnes)	1.45	1.60	90.6
Number of claims reported online	67,981	45,288	150.1
Percentage of ESG-integrated investments as at 31 December	16.9%	14.9%	113.4
Social aspect			
Percentage of employees involved in annual performance appraisal interviews	47.9%	49.5%	96.7
Women as a percentage of all employees as at 31 December	59.9%	57.9%	103.4
Employee turnover rate	17.1%	16.9%	101.3
Number of injuries in the workplace	8	9	88.8
Average hours of training per employee	22.5	24.6	91.5
Heart for the World – corporate volunteering (hours)	5,114	5,439	94.0
Governance aspect			
Percentage of women in management positions	27.7%	23.9%	115.9
Percentage of women on Group companies' supervisory boards	19.7%	21.8%	90.3
Economic value generated (EUR million)	867.6	729.9	118.9
Economic value distributed (EUR million)	827.4	705.2	117.3
Economic value retained (EUR million)	40.1	24.6	163.1

The carbon footprint data for 2022 were revised and may differ from the publicly available data in the 2022 annual report. The data for 2023 were verified and cover all locations where Group companies conduct their business operations.

Select Sava Re sustainability performance indicators

	2022	2022	Index 2023/2022
Environmental aspect			
CO2 emissions per employee (in tonnes)	1.99	1.66	119.9
Annual electricity consumption per employee (kWh/employee)	1,297	1,485	87.34
Social aspect			
Percentage of employees involved in annual performance appraisal interviews	86.3%	100%	86.3
Women as a percentage of all employees as at 31 December	63.1%	63.3%	99.7
Employee turnover rate	6.1%	10.5%	58.0
Number of injuries in the workplace	0	0	100
Average hours of training per employee	26.8	23.5	114.0
Governance aspect			
Percentage of women in management positions	25%	33.3%	75
Percentage of women on supervisory boards	17%	17%	100
Percentage of independent members on Sava Re's supervisory board	100%	100%	100

The carbon footprint data for 2022 were revised and may differ from the publicly available data in the 2022 annual report. The data for 2023 were verified.



FINANCIAL STATEMENTS WITH NOTES

From figures to action

We are proud of the figures in our financial statements for yet another successful year. But real success is in the satisfaction of our customers when our claims payments provide them with financial security and open doors to new opportunities. The spark of new momentum is the true measure of our success.



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 2023, 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



David Benedek
Member of the Management Board

Ljubljana, 15 March 2024



14 Auditor's report

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This report forms part of the auditor's report that relates solely, and exclusively to the financial statements prepared in accordance with IFRS in the XIR 2023 format.

**INDEPENDENT AUDITOR'S REPORT
to the shareholders of Pozavarovalnica Sava, d.d.**

Report on the audit of the separate and consolidated 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 Pozavarovalnica Sava, d.d. and its subsidiaries (hereinafter 'the Group'), which comprise the separate and the consolidated statement of financial position as at 31 December 2023, 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 material accounting policy information.

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 2023, and their financial performance and their 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 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 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

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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 of the year ended 31 December 2023. 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 liabilities from insurance and reinsurance contracts for the Company and the Group	
Key Audit Matter	How our audit addressed the key audit matter
<p>Accounting policies for description of key assumptions, methodologies and models used in the calculation of liabilities from insurance and reinsurance contracts are presented in Note 16.4 Significant accounting policies, under point 16.4.21 Insurance contracts. For other related disclosures please see 16.8.9 to 16.8.16. The transition effects to the new standard are presented in the note 16.6 Transition to the new standards IFRS 17 "Insurance Contracts" and IFRS 9 "Financial Instruments".</p> <p>The implementation of the new International Financial Reporting Standard 17 – Insurance Contracts ('IFRS 17'), effective from 1 January 2023, has introduced significant changes to the measurement and presentation of liabilities from insurance and reinsurance contracts and related account balances and classes of transactions. This standard replaces the previous IFRS 4 Insurance Contracts and requires insurance and reinsurance contracts, that meet the scoping criteria of the standard, to be valued using the Building Block Approach ('BBA'), the Variable Fee Approach ('VFA'), or the Premium Allocation Approach ('PAA') out of which Company and Group use BBA, VFA and PAA. The measurement of liabilities from insurance and reinsurance contracts comprises the present value of expected future cash flows, including financial and non-financial risks, with particular focus on the expected margin (so-called contractual service margin 'CSM'), which will be recognized during the period of contractual coverage.</p> <p>The application of IFRS 17 brought various operational complexities, particularly in the valuation of insurance and reinsurance liabilities. The transition process involved the estimation of the impact on shareholders' equity, as disclosed in the note 16.6 Transition to the new standards IFRS 17 "Insurance Contracts" and IFRS 9</p>	<p>To address the risks associated with the valuation of liabilities from insurance and reinsurance contracts identified as a key audit matter, we designed audit procedures that enabled us to obtain sufficient appropriate audit evidence for our conclusion on that matter.</p> <p>For the valuation of the liabilities from insurance and reinsurance contracts, identified as a key audit matter, we performed the following audit procedures with the use of our own actuarial experts:</p> <p style="text-align: center;"><u>Review of IFRS 17 Adoption Process</u></p> <ul style="list-style-type: none"> Gaining a detailed understanding of the processes to calculate the transition adjustment and obtaining an understanding of relevant controls; Assessment of the process of the first-time adoption of IFRS 17, including the identification of group of contracts, determination of the appropriate measurement models and establishment of specific levels of aggregation; Analysis of the documentation supporting the application choices made by the Company and the Group for the identification of the group of contracts and consequent valuation models adopted at the transition date and for the



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<p>“Financial Instruments” of the financial statements. At the transition date 1 January 2022 the Company’s and the Group’s estimated impact includes a positive effect on shareholders’ equity in the amount of 2,426,202 EUR (Company) and 49,755,283 EUR (Group). Insurance liabilities as at 31 December 2023, amount to 295,752,723 EUR (31 December 2022: 272,414,051 EUR) for the Company’s and 1,651,022,247 EUR (31 December 2022: 1,484,315,158 EUR) for the Group. Reinsurance liabilities as at 31 December 2023, amount to 446,848 EUR (31 December 2022: 320,044 EUR) for the Company and 1,642,043 EUR (31 December 2022: 1,051,614 EUR) for the Group.</p> <p>In order to meet the requirements of the new standard, significant changes have also been made to the Company’s and Group’s internal systems, processes and controls, introducing a level of discretionary judgment inherent in estimating liabilities from insurance and reinsurance contracts and the contractual service margin with effect from 1 January 2023.</p> <p>Valuation of liabilities from insurance and reinsurance contracts involves significant management judgment when developing and using input data and assumptions in the actuarial calculation model, dependent on the management’s assumptions about past, future, internal and external variables, the change of which can result in a significant impact on the value of these liabilities. There is also a high degree of complexity due to the numerous assumptions and actuarial valuation models applied. Some of the key assumptions include risk adjustment, estimates of the return on investment, interest rates, costs, mortality, longevity, withdrawal assumptions, damage quotas and cost quotas and contractual service margin recognition.</p> <p>Given the pervasive complexities introduced by IFRS 17 and the specific challenges associated with the transition, we consider the valuation of liabilities from insurance and reinsurance contracts related to the transition to IFRS 17 and year 2023 as a key audit matter for our audit of the financial statements.</p>	<p>valuation of the contractual service margin at that date.</p> <p><u>Evaluation of internal controls</u></p> <ul style="list-style-type: none"> Gaining an understanding of the control environment and internal controls designed by the Management in the process of calculating liabilities from insurance and reinsurance contracts, including the applications and information technology tool used; Assessing the adequacy of the design and verifying the implementation of the identified internal controls relevant to the process of valuation of liabilities from insurance and reinsurance contracts; Testing the operating effectiveness of identified relevant internal controls on valuation of liabilities from insurance and reinsurance contracts. <p><u>Testing of actuarial models</u></p> <ul style="list-style-type: none"> Testing the reliability and accuracy of actuarial models used for the valuation of liabilities from insurance and reinsurance contracts; Verification of the mathematical calculations, logic, and appropriateness of model inputs within the information technology tool used; Review and evaluate reasonableness of projected cash flows and the reasonableness of accepted assumptions and set scenarios in the context of the experience of the Company, the Group and the industry and specific features of insurance and reinsurance products; Verification of consistency in the actuarial models applied across various groups of insurance and reinsurance contracts within the portfolios. <p><u>Assessment of management assumptions</u></p> <ul style="list-style-type: none"> Challenging the appropriateness of key technical accounting decisions, judgments, assumptions and elections made in determining the estimate against the requirements of the standard; Reviewing sensitivity analyses to assess the impact of changes in key assumptions on the valuation of liabilities from insurance and
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	<p>reinsurance contracts, emphasizing the contractual service margin.</p> <p><u>Testing of disclosures in the financial statements</u></p> <ul style="list-style-type: none"> Evaluation of the completeness and accuracy of the disclosures in the notes to the financial statements with respect to the requirements of IFRS 17, IAS 8 and IAS 1.
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 16.4 Significant accounting policies, under point 16.4.13 Investments in subsidiaries and associates and under point 16.8.6 Investments in subsidiaries and associates.	
<p>Investments in the equity of subsidiaries as at 31 December 2023 equal 305,666,793 EUR (2022: 303,360,793 EUR) 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.</p> <p>Professional judgement and application of subjective assumptions made by the management are necessary in order to assess indications of impairment.</p> <p>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.</p>	<p>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.</p> <p>Our procedures included the following:</p> <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 2023; 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. <p>An auditor’s expert took part in our procedures.</p>



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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.

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 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, we exercise professional judgment and maintain professional scepticism 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

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opinion. The risk of not detecting a material 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, action taken to eliminate threats or safeguards applied.

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 or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



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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)

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 in accordance with Article 11 of Regulation (EU) No. 537/2014 of the European Parliament and the Council.

Prohibited Services

We confirm that no services referred to in the Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and the Council were provided and that the audit company fulfilled independence requirements.

Other services performed by the audit company

There are no services, in addition to the statutory audit, which the audit company provided to the Company and its controlled undertakings, and which have not been disclosed in the Annual Report.

Appointment of the Auditor and responsible certified auditor

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, while the president of the Supervisory Board signed the audit contract on 15 July 2022. The audit contracts was signed for three years. Our total uninterrupted engagement as statutory auditors has lasted since 15 July 2022.

Engagement partner responsible for the audit on behalf of Deloitte revizija d.o.o. is Barbara Žibret Kralj.

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, 2023 (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 2023 (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.

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.

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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 2023, are in all material respects prepared in accordance with the requirements of the Delegated Regulation.

DELOITTE REVIZIJA d.o.o.

Barbara Žibret Kralj
Certified auditor

For signature please refer to the original Slovenian version.

Ljubljana, 15 March 2024



TRANSLATION ONLY, SLOVENE ORIGINAL PREVAILS

15 Financial statements

The financial statements of the Sava Insurance Group and Sava Re d.d. for 2023.

15.1 Statement of financial position

EUR	Note	Sava Insurance Group			Sava Re		
		31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)	31 December 2023	31 December 2022 (restated)	1 January 2022 (restated)
ASSETS							
Intangible assets and goodwill	16.8.1	65,148,831	65,895,292	62,609,877	4,674,935	4,068,384	3,194,031
Property, plant and equipment	16.8.2	59,686,798	62,435,626	56,332,556	2,675,158	2,553,945	2,464,213
Investment property	16.8.5	24,890,278	22,795,759	14,280,600	7,582,168	7,721,693	7,899,693
Right-of-use assets	16.8.3	8,573,398	7,425,676	7,384,816	277,158	320,124	204,879
Investments in subsidiaries	16.8.6	0	0	0	305,666,793	303,360,793	304,554,991
Investments in associates and joint ventures	16.8.6	23,834,620	21,856,109	20,479,729	19,575,000	19,575,000	19,575,000
Investments in associates accounted for using equity method	16.8.6	23,834,620	21,856,109	20,479,729	0	0	0
Investments in associates measured at cost	16.8.6	0	0	0	19,575,000	19,575,000	19,575,000
Deferred tax assets	16.8.4	6,584,400	17,065	397,297	5,087,420	3,032,250	2,710,122
Financial investments measured at	16.8.7	2,012,532,633	1,776,132,075	1,987,024,393	354,384,196	324,430,975	319,625,036
– Fair value through other comprehensive income		1,276,147,045	1,155,401,907	1,322,371,668	311,285,620	280,840,335	271,786,710
– Amortised cost		76,303,166	64,428,280	62,376,074	5,811,776	3,871,964	5,323,531
– Fair value through profit or loss		660,082,422	556,301,888	602,276,651	37,286,800	39,718,676	42,514,795
Investment contract assets	16.8.8	180,628,137	166,374,119	168,020,989	0	0	0
Insurance contract assets	16.8.9	9,607,288	7,138,340	14,379,062	5,095,344	3,071,631	3,063,438
Reinsurance contract assets	16.8.9	107,481,560	68,133,642	64,246,006	95,762,621	61,224,914	56,068,497
Current tax assets	16.8.17	444,616	3,412,855	330,518	0	49,594	0
Trade and other receivables	16.8.17	14,271,358	12,282,973	8,098,004	198,366	213,229	262,226
Non-current assets held for sale	16.8.20	259,649	991,803	770,544	0	0	0
Cash and cash equivalents	16.8.19	50,559,964	93,223,631	88,643,990	12,260,049	23,926,029	28,806,817
Other assets	16.8.18	4,042,606	4,025,283	4,038,117	715,114	699,783	746,045
Total assets		2,568,546,136	2,312,140,248	2,497,036,498	813,954,322	754,248,344	749,174,988
LIABILITIES							
Subordinated liabilities	16.8.29	74,987,535	74,924,356	74,863,524	74,987,535	74,924,356	74,863,524
Deferred tax liabilities	16.8.4	3,436,591	2,811,300	17,864,866	0	0	0
Insurance contract liabilities	16.8.9	1,651,022,247	1,484,315,158	1,621,102,825	295,752,723	272,414,051	291,446,906
Reinsurance contract liabilities	16.8.9	1,642,043	1,051,614	1,376,802	446,848	320,044	766,545
Investment contract liabilities	16.8.8	180,437,695	166,197,363	167,844,906	0	0	0
Provisions	16.8.30	8,074,255	7,973,454	8,918,059	419,660	392,640	421,865
Lease liability	16.8.3	8,844,737	7,657,186	7,640,477	280,366	320,490	203,730
Other financial liabilities	16.8.31	737,085	548,576	561,728	0	0	0
Current tax liabilities	16.8.32	9,930,830	1,554,992	2,996,533	6,319,991	45,414	394,752
Other liabilities	16.8.33	43,769,505	33,642,572	40,329,687	4,850,021	4,155,693	6,368,946
Total liabilities		1,982,882,523	1,780,676,571	1,943,499,407	383,057,144	352,572,688	374,466,268
EQUITY							
Share capital	16.8.23	71,856,376	71,856,376	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	16.8.22	42,702,320	42,702,320	42,702,320	54,239,757	54,239,757	54,239,757
Profit reserves	16.8.23	281,693,666	256,945,591	229,008,079	281,959,459	257,222,058	229,238,622
Treasury shares	16.8.24	-24,938,709	-24,938,709	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Accumulated other comprehensive income	16.8.25	-28,195,652	-45,138,332	1,511,123	-9,766,315	-14,296,729	-3,159,258
Retained earnings	16.8.27	205,041,879	214,047,218	236,218,747	32,809,209	24,225,388	47,471,932
Net profit or loss for the period	16.8.26	39,702,056	18,712,745	0	24,737,401	33,367,515	0
Foreign currency translation reserve	16.8.27	-3,049,094	-3,256,083	-3,244,024	0	0	0
Equity attributable to owners of the controlling company		584,812,842	530,931,126	553,113,912	430,897,178	401,675,656	374,708,720
Non-controlling interests in equity	16.8.28	850,771	532,551	423,179	0	0	0
Total equity		585,663,613	531,463,677	553,537,091	430,897,178	401,675,656	374,708,720
Total liabilities and equity		2,568,546,136	2,312,140,248	2,497,036,498	813,954,322	754,248,344	749,174,988

The notes to the financial statements in sections [16.4](#) to [16.10](#) form an integral part of these financial statements and should be read in conjunction with them.

15.2 Income statement¹¹⁷

EUR	Note	Sava Insurance Group		Sava Re	
		1-12/2023	1-12/2022 (restated)	1-12/2023	1-12/2022 (restated)
Insurance revenue	16.8.35	697,562,811	608,987,793	167,804,126	150,760,655
Insurance service expenses	16.8.35	-657,125,518	-537,510,550	-174,490,918	-132,523,250
Insurance service result from insurance contracts issued		40,437,293	71,477,243	-6,686,792	18,237,405
Revenue from reinsurance contracts held	16.8.35	86,112,246	43,335,084	73,904,850	39,440,417
Expenses from reinsurance contracts held	16.8.35	-43,071,777	-38,738,910	-30,235,703	-29,572,834
Net result from reinsurance contracts held		43,040,469	4,596,174	43,669,147	9,867,583
Insurance service result		83,477,762	76,073,417	36,982,355	28,104,988
Interest income	16.8.37	21,119,902	15,874,573	4,735,050	2,688,043
Dividend income	16.8.37	1,099,061	1,317,305	217,967	458,074
Income or expenses from financial investments measured at FVTPL	16.8.37	58,342,472	-72,848,689	1,211,782	-3,103,084
Gains and losses arising from the derecognition of financial investments measured at FVOCI	16.8.37	-821,329	-429,390	-120,448	197,687
Net impairment losses and reversals of impairment losses on financial investments	16.8.37	343,794	350,981	54,426	21,823
Net other investment income or expenses	16.8.37	-1,659,159	2,552,339	-3,754,391	2,977,155
Net investment result		78,424,741	-53,182,881	2,344,386	3,239,698
Finance result from insurance contracts	16.8.16	-62,000,579	52,044,359	736,264	-4,749,017
Finance result from reinsurance contracts	16.8.16	-612,578	370,665	-774,623	266,249
Net insurance finance income or expenses		-62,613,157	52,415,024	-38,359	-4,482,768
Net insurance and finance result		15,811,584	-767,857	2,306,027	-1,243,070
Asset management revenue		19,589,410	17,981,800	0	0
Non-attributable operating expenses	16.8.38	-29,432,276	-26,979,168	-13,805,508	-11,803,863
Net impairment losses and reversals of impairment losses on non-financial assets		231,724	79,737	0	5,353
Finance costs	16.8.29	-3,114,997	-3,021,150	-2,882,998	-2,875,317
Share of profit or loss of investments accounted for using equity method	16.8.6	2,169,860	1,285,731	0	0
Net income and expenses from subsidiaries and associates	16.8.39	116,348	994,004	30,755,010	51,728,827
Gains or losses on disposal of discontinued operations	16.8.20	353,684	0	0	0
Net other operating income and expenses	16.8.40	-9,589,746	-7,144,469	234,323	14,978
Profit or loss before tax		79,613,353	58,502,045	53,589,209	63,931,896
Income tax expense	16.8.41	-14,956,182	-11,578,604	-4,114,407	-2,580,945
Net profit or loss for the period		64,657,171	46,923,441	49,474,802	61,350,951
Net profit or loss attributable to non-controlling interests		192,367	227,260	0	0
Net profit or loss attributable to owners of the controlling company	16.8.26	64,464,804	46,696,181	49,474,802	61,350,951
Earnings per share (basic and diluted)	16.8.26	4.16	3.01	0	0

The notes to the financial statements in sections [16.4](#) to [16.10](#) form an integral part of these financial statements and should be read in conjunction with them.

15.3 Statement of other comprehensive income

EUR	Note	Sava Insurance Group		Sava Re	
		1-12/2023	1-12/2022	1-12/2023	1-12/2022
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX		64,657,171	46,923,441	49,474,802	61,350,951
OTHER COMPREHENSIVE INCOME, NET OF TAX	16.8.25	17,146,991	-45,681,294	4,530,414	-11,137,470
a) Items that will not be reclassified subsequently to profit or loss		818,871	1,252,055	26,439	55,903
Net gains or losses on investments in equity instruments at FVOCI		1,042,213	-1,429,715	0	0
Other items that will not be reclassified subsequently to profit or loss	16.8.30	-196,565	2,383,572	27,063	55,903
Tax on items that will not be reclassified subsequently to profit or loss	16.8.41	-26,777	298,198	-624	0
b) Items that may be reclassified subsequently to profit or loss		16,328,120	-46,933,349	4,503,975	-11,193,373
Finance income or expenses from insurance contracts	16.8.16	-33,063,968	108,200,503	-6,255,975	16,477,039
Finance income or expenses from reinsurance contracts	16.8.16	1,378,743	-5,079,988	1,304,240	-4,949,438
Fair value gain or loss on investments in debt instruments measured at FVTOCI	16.8.7	50,742,502	-160,617,807	9,952,809	-25,259,425
Tax on items that may be reclassified subsequently to profit or loss	16.8.41	-2,935,470	10,576,386	-497,099	2,538,451
Net gains or losses from translation of financial statements		206,313	-12,443	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		81,804,162	1,242,147	54,005,216	50,213,481
Comprehensive income, attributable to owners of the controlling company		81,614,473	1,023,481	54,005,216	50,213,481
Comprehensive income, attributable to non-controlling interests		189,689	218,666	0	0

The notes to the financial statements in sections [16.4](#) to [16.10](#) form an integral part of these financial statements and should be read in conjunction with them.

15.4 Cash flow statement

EUR	Note	Sava Insurance Group		Sava Re		
		1-12/2023	1-12/2022	1-12/2023	1-12/2022	
A. Cash flows from operating activities						
a)	Items of the income statement		7,726,211	120,318,151	16,384,524	12,491,604
	Net profit or loss for the period	16.8.26	64,657,171	46,923,441	49,474,802	61,350,951
	Adjustments for:		-56,930,960	73,394,710	-33,090,278	-48,859,347
	– Depreciation and amortisation expense		9,990,892	7,008,930	738,774	620,939
	– Depreciation of right-of-use assets	16.8.3	1,716,035	2,600,227	82,608	78,843
	– Finance expenses		53,158,033	160,356,858	5,903,268	10,366,968
	– Finance income		-130,692,979	-102,142,261	-40,894,811	-59,410,161
	– Gains or losses on the disposal of property, plant and equipment assets		-855,957	-842,517	-28,323	-75,958
	– Gains or losses of investments accounted for using equity method	16.8.6	-2,169,860	-1,285,731	0	0
	– Gains or losses on the disposal of subsidiaries and associates	16.8.6	-116,348	-994,004	-112,595	-994,004
	– Gains or losses on disposal of discontinued operations		46,651	-545,041	0	0
	– Increase or decrease in provisions		-122,242	-152,014	106,404	22,068
	– Net exchange differences		-2,841,367	-2,188,341	-3,000,010	-2,048,987
	– Income tax expense	16.8.41	14,956,182	11,578,604	4,114,407	2,580,945
b)	Changes in operating cash flow items		90,618,113	-57,664,482	-11,218,791	-14,548,609
	Net change in insurance and reinsurance contracts		100,504,161	-29,988,304	-10,313,260	-14,715,858
	Change in other receivables and other assets		-17,184,956	3,906,065	1,586,660	2,173,788
	Change in other liabilities		20,055,151	-14,441,431	-2,147,977	-1,242,983
	Corporate income tax paid		-12,756,243	-17,140,812	-344,214	-763,556
c)	Net cash from/used in operating activities (a + b)		98,344,324	62,653,669	5,165,733	-2,057,005
B. Cash flows from investing activities						
a)	Cash receipts from investing activities		373,072,106	370,492,199	134,050,429	130,113,034
	Interest received classified as investing activities		20,214,734	20,853,312	4,030,654	3,679,026
	Cash receipts from dividends and participation in the profit of others		399,271	1,255,293	30,860,382	52,381,099
	Proceeds from sale of intangible assets		0	21,137	0	0
	Proceeds from sale of property, plant and equipment assets		4,150,446	5,382,570	42,155	107,892
	Proceeds from disposal of investment property		0	482,648	0	0
	Proceeds from disposal of non-current assets held for sale		885,018	1,055,039	0	0
	Proceeds from disposal of financial investments		347,422,637	341,442,200	99,117,238	73,945,017
	Proceeds from disposal of subsidiaries and other companies	16.8.6	112,596	1,000,000	112,595	1,000,000
	Other proceeds from disposal of financial investments		347,310,041	340,442,200	99,004,643	72,945,017
b)	Cash disbursements in investing activities		-486,542,321	-402,286,776	-123,198,731	-106,765,838
	Purchase of intangible assets		-4,683,220	-5,515,155	-967,769	-1,120,721
	Purchase of property, plant and equipment		-4,885,865	-14,852,976	-363,031	-318,237
	Purchase of investment property		-2,612,918	-9,186,766	-10,045	0
	Purchase of financial investments		-474,360,318	-372,731,879	-121,857,886	-105,326,880
	Purchase of subsidiaries or other companies		-1,993,500	0	-1,993,500	0
	Other disbursements to acquire financial investments		-472,366,818	-372,731,879	-119,864,386	-105,326,880
c)	Net cash from/used in investing activities (a + b)		-113,470,215	-31,794,577	10,851,698	23,347,196
C. Cash flows from financing activities						
a)	Cash receipts from financing activities		2,633,769	2,210,319	0	0
	Proceeds from paid-in capital		263,999	10,478	0	0
	Proceeds from borrowing		2,369,770	2,199,841	0	0
b)	Cash disbursements in financing activities		-30,171,545	-28,489,770	-27,683,411	-26,170,979
	Interest paid		-3,051,818	-2,919,213	-2,807,331	-2,847,665
	Repayments of loans and borrowings		-2,188,659	-2,213,557	0	0
	Repayments of lease liabilities		0	0	-79,765	-76,770
	Dividends and other profit participations paid	16.8.27	-24,931,068	-23,357,000	-24,796,315	-23,246,544
c)	Net cash from/used in financing activities (a + b)		-27,537,776	-26,279,451	-27,683,411	-26,170,979
C2. Closing balance of cash and cash equivalents						
x)	Increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)		-42,663,667	4,579,641	-11,665,980	-4,880,788
y)	Opening balance of cash and cash equivalents	16.8.19	93,223,631	88,643,990	23,926,029	28,806,817

The notes to the financial statements in sections 16.4 to 16.10 form an integral part of these financial statements and should be read in conjunction with them.

15.5 Statement of changes in equity for 2023

Sava Insurance Group

EUR	I. Share capital		Legal reserves and reserves provided for in the articles of association	III. Profit reserves			IV. Accumulated other comprehensive income	V. Retained earnings	VI. Net profit or loss for the period	VII. Foreign currency translation reserve	VIII. Equity attributable to owners of the controlling company	IX. Non-controlling interests in equity	Total (12 + 13)	
	1.	2.		Capital redemption reserve	Treasury shares	Other profit reserves								5.
Closing balance in previous financial year	71,856,376	42,702,320	12,150,797	24,938,709	-24,938,709	219,856,085	-45,138,332	214,047,218	18,712,745	-3,256,083	530,931,126	532,551	531,463,677	
Equity (start of period)	71,856,376	42,702,320	12,150,797	24,938,709	-24,938,709	219,856,085	-45,138,332	214,047,218	18,712,745	-3,256,083	530,931,126	532,551	531,463,677	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	16,942,680	0	64,464,804	206,989	81,614,473	189,689	81,804,162	
Net profit or loss for the period	0	0	0	0	0	0	0	0	64,464,804	0	64,464,804	192,367	64,657,171	
Other comprehensive income	0	0	0	0	0	0	16,942,680	0	0	206,989	17,149,669	-2,678	17,146,991	
Dividends paid	0	0	0	0	0	0	0	-24,795,600	0	0	-24,795,600	-135,468	-24,931,068	
Allocation of net profit to profit reserve	0	0	25,347	0	0	24,722,728	0	14,673	-24,762,748	0	0	0	0	
Transfer of profit	0	0	0	0	0	0	0	18,712,745	-18,712,745	0	0	0	0	
Acquisition and disposal of subsidiary	0	0	0	0	0	0	0	0	0	0	0	263,999	263,999	
Other	0	0	0	0	0	0	0	-2,937,157	0	0	-2,937,157	0	-2,937,157	
Equity (end of period)	71,856,376	42,702,320	12,176,144	24,938,709	-24,938,709	244,578,813	-28,195,652	205,041,879	39,702,056	-3,049,094	584,812,842	850,771	585,663,613	

Sava Re

EUR	I. Share capital		Legal reserves and reserves provided for in the articles of association	III. Profit reserves			IV. Accumulated other comprehensive income	V. Retained earnings	VI. Net profit or loss for the period	VII. Foreign currency translation reserve	VIII. Equity attributable to owners of the controlling company	IX. Non-controlling interests in equity	Total (12 + 13)	
	1.	2.		Capital redemption reserve	Treasury shares	Other profit reserves								5.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	-24,938,709	217,296,824	-14,296,729	24,225,388	33,367,515	0	401,675,656	0	401,675,656	
Equity (start of period)	71,856,376	54,239,757	14,986,525	24,938,709	-24,938,709	217,296,824	-14,296,729	24,225,388	33,367,515	0	401,675,656	0	401,675,656	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	4,530,414	0	49,474,802	0	54,005,216	0	54,005,216	
Net profit or loss for the period	0	0	0	0	0	0	0	0	49,474,802	0	49,474,802	0	49,474,802	
Other comprehensive income	0	0	0	0	0	0	4,530,414	0	0	0	4,530,414	0	4,530,414	
Dividends paid	0	0	0	0	0	0	0	-24,796,314	0	0	-24,796,314	0	-24,796,314	
Allocation of net profit to profit reserve	0	0	0	0	0	24,737,401	0	0	-24,737,401	0	0	0	0	
Transfer of profit	0	0	0	0	0	0	0	33,367,515	-33,367,515	0	0	0	0	
Other	0	0	0	0	0	0	0	12,620	0	0	12,620	0	12,620	
Equity (end of period)	71,856,376	54,239,757	14,986,525	24,938,709	-24,938,709	242,034,225	-9,766,315	32,809,209	24,737,401	0	430,897,178	0	430,897,178	

The notes to the financial statements in sections [16.4](#) to [16.10](#) form an integral part of these financial statements and should be read in conjunction with them.

15.6 Statement of changes in equity for 2022

Sava Insurance Group

EUR				III. Profit reserves			IV. Accumulated other comprehensive income	V. Retained earnings	VI. Net profit or loss for the period	VII. Foreign currency translation reserve	VIII. Equity attributable to owners of the controlling company	IX. Non-controlling interests in equity	Total (13 + 14)
	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Capital redemption reserve	Treasury shares	Other profit reserves							
	1	2	4	5	6	7	8	9	10	11	12	13	14
Closing balance in previous financial year	71,856,376	42,702,320	12,150,797	24,938,709	-24,938,709	191,918,573	22,547,759	116,166,406	49,623,843	-3,256,354	503,709,720	367,298	504,077,018
Prior-period restatements	0	0	0	0	0	0	0	-1,908,279	0	0	-1,908,279	0	-1,908,279
Impact of transition to IFRS 9	0	0	0	0	0	0	-9,549,903	11,162,972	0	0	1,613,069	0	1,613,069
Impact of transition to IFRS 17	0	0	0	0	0	0	-11,486,736	61,173,806	0	12,330	49,699,400	55,883	49,755,283
Equity (start of period)	71,856,376	42,702,320	12,150,797	24,938,709	-24,938,709	191,918,573	1,511,120	186,594,905	49,623,843	-3,244,024	553,113,910	423,181	553,537,091
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-46,649,452	988,811	46,696,181	-12,059	1,023,481	218,666	1,242,147
Net profit or loss for the period	0	0	0	0	0	0	0	0	46,696,181	0	46,696,181	227,260	46,923,441
Other comprehensive income	0	0	0	0	0	0	-46,649,452	988,811	0	-12,059	-45,672,700	-8,594	-45,681,294
Dividends paid	0	0	0	0	0	0	0	-23,246,544	0	0	-23,246,544	-110,460	-23,357,004
Allocation of net profit to profit reserve	0	0	0	0	0	27,937,512	0	45,924	-27,983,436	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	49,623,843	-49,623,843	0	0	0	0
Other	0	0	0	0	0	0	0	40,279	0	0	40,279	1,164	41,443
Equity (end of period)	71,856,376	42,702,320	12,150,797	24,938,709	-24,938,709	219,856,085	-45,138,332	214,047,218	18,712,745	-3,256,083	530,931,126	532,551	531,463,677

Sava Re

EUR				III. Profit reserves			IV. Accumulated other comprehensive income	V. Retained earnings	VI. Net profit or loss for the period	VII. Foreign currency translation reserve	VIII. Equity attributable to owners of the controlling company	IX. Non-controlling interests in equity	Total (13 + 14)
	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Capital redemption reserve	Treasury shares	Other profit reserves							
	1	2.	4	5.	6.	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	-24,938,709	189,313,388	3,716,228	10,633,662	26,420,064	0	371,166,000	0	371,166,000
Impact of transition to IFRS 9	0	0	0	0	0	0	-3,270,615	4,387,132	0	0	1,116,517	0	1,116,517
Impact of transition to IFRS 17	0	0	0	0	0	0	-3,604,872	6,031,074	0	0	2,426,202	0	2,426,202
Equity (start of period)	71,856,376	54,239,757	14,986,525	24,938,709	-24,938,709	189,313,388	-3,159,259	21,051,868	26,420,064	0	374,708,719	0	374,708,719
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-11,137,470	0	61,350,951	0	50,213,481	0	50,213,481
Net profit or loss for the period	0	0	0	0	0	0	0	0	61,350,951	0	61,350,951	0	61,350,951
Other comprehensive income	0	0	0	0	0	0	-11,137,470	0	0	0	-11,137,470	0	-11,137,470
Dividends paid	0	0	0	0	0	0	0	-23,246,544	0	0	-23,246,544	0	-23,246,544
Allocation of net profit to profit reserve	0	0	0	0	0	27,983,436	0	0	-27,983,436	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	26,420,064	-26,420,064	0	0	0	0
Equity (end of period)	71,856,376	54,239,757	14,986,525	24,938,709	-24,938,709	217,296,824	-14,296,729	24,225,388	33,367,515	0	401,675,656	0	401,675,656

The notes to the financial statements in sections 16.4 to 16.10 form an integral part of these financial statements and should be read in conjunction with them.



16 Notes to the financial statements

16.1 Basic details

Reporting company

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	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 2023
Description of nature of financial statements	financial statements of the Sava Insurance Group and Sava Re d.d. for 2023
Date of end of reporting period	31 December 2023
Period covered by financial statements	1 January 2023 – 31 December 2023
Description of presentation currency	euro
Level of rounding used in financial statements	rounded to the nearest whole number

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 (13.5% of the business volume), non-life insurance business (62.9% of the business volume), life insurance business (20.4% of the business volume), pension business and asset management (2.5% of the business volume) and other non-insurance business (0.7% of the business volume)¹¹⁸.

The number of staff employed by the Group on the last day of 2023 was 2,744.8 (31 December 2022: 2,704.3 employees). The statistics on employees in regular employment by various criteria are given in section 9 “Human resource management”.

As at 31 December 2023, the Company employed 144.1 people (31 December 2022: 133.3 employees). The statistics on employees in regular employment by various criteria are given in section 9 “Human resource management”.

The bodies of the Company are the general meeting, the supervisory board and the management board.

The Company's largest shareholders are Slovenian Sovereign Holding (Slovenski državni holding) and the Republic of Slovenia (which is the founder and sole shareholder of Slovenian Sovereign Holding), which together hold 31.6% of the shares. InterCapital Securities Ltd. holds 19.1% of the shares in a fiduciary account. The largest ultimate beneficial owners of the shares registered through the mentioned fiduciary account are Croatia Osiguranje d.d. (14.2%) and Adris Grupa d.d. (4.9%).

The table “Ten largest shareholders and the list of holders of qualified holdings pursuant to the Takeovers Act as at 31 December 2023” (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.



16.2 Business combinations and overview of Group companies¹¹⁹

The following tables show the fair values of the net assets and liabilities of the acquiree ASP d.o.o. acquired in the business combination.

Company acquired in 2023

EUR	ASP 30 September 2023
Intangible assets and goodwill	1,354,199
Property, plant and equipment	12,254
Current tax assets	9,064
Trade and other receivables	132,935
Cash and cash equivalents	53,335
A. Total assets	1,561,788
Deferred tax liabilities	244,200
Other liabilities	67,588
B. Total liabilities	311,788
Fair value of net assets acquired (A - B)	1,250,000
Non-controlling interests in equity	0
Goodwill	0
Fair value of investment as at 30 September 2023	1,250,000
EUR	ASP
Acquisition of stake	1,250,000
Net cash and cash equivalents acquired in the business combination	53,335
Net cash relating to the business combination	1,196,665

Having met all suspensive conditions of the sales and purchase agreement of 20 January 2023, Sava Re finalised the acquisition of 100% of the shares of ASP d.o.o. on 18 August 2023. The company is a provider of key IT applications in the Sava Insurance Group.

The described transaction represents a business combination, included in the financial statements using the acquisition method. The first-time consolidation of the company ASP took place on 30 September 2023. On that date, all the assets and liabilities of the company acquired were valued at their fair value. The cost less accumulated depreciation method was used to determine the fair value of property, plant and equipment assets. Other assets and liabilities were included at their carrying amounts as reported in the original financial statements of ASP as at 30 September 2023, as these were a reasonable approximation of fair value.

The goodwill arising on the acquisition of ASP was fully allocated to intangible assets (EUR 1,354,199) and deferred tax liabilities (EUR 244,200) based on the appraised value.

Other changes in 2023

In April 2023, Sava Re finalised the sale of its ownership interest in G2I, an associated company marketing online motor policies. The effect of the sale on the consolidated financial statements was a gain of EUR 112,594.

In August 2023, Sava Re established Vita S Holding d.o.o., based in Skopje, North Macedonia, in which it holds an 80% stake. As at 31 December 2023, the balance of the investment was EUR 1,056,000. The company was established to provide a platform for Sava Re to develop healthcare services in North Macedonia. The date of first-time inclusion of the company in the financial statements is 30 September 2023.

In December, the company SO Poslovno Savjetovanje d.o.o. ceased trading. The company was summarily wound up and struck off the register of companies on 22 December 2023. As from the strike off, the company has not been included in the consolidated financial statements. The exclusion of the company had no impact on the consolidated financial statements.



Changes in 2022

The Company did not make any acquisitions or purchases of other companies in 2022, but S Estate was successfully sold in the first quarter of 2022. Sava Car (MNE) established the vehicle inspection service Sava Car (SRB) in Serbia in August 2022 in order to strengthen its sales channels, and at the end of 2022 Ornatus KC was renamed ASISTIM.

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 December 2023

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 Dec 2023	Profit or loss for 2023	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	1,070,662,541	822,568,735	248,093,806	26,313,921	590,454,064	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	36,984,172	24,941,666	12,042,506	1,177,260	43,994,910	100.00%
Illyria	insurance	Kosovo	27,071,632	16,550,901	10,520,731	1,025,462	18,836,128	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	24,383,956	15,850,119	8,533,837	-40,791	22,129,006	93.86%
Sava Osiguranje (MNE)	insurance	Montenegro	32,096,784	19,774,812	12,321,972	3,585,668	21,627,386	100.00%
Illyria Life	insurance	Kosovo	18,144,263	11,204,276	6,939,987	1,074,443	2,989,118	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	16,083,286	8,693,789	7,389,497	640,302	4,901,309	100.00%
Sava Car (MNE)	technical research and analysis	Montenegro	1,692,500	898,736	793,764	64,878	1,004,399	100.00%
ZM Svetovanje	consulting and marketing of insurances of the person	Slovenia	194,125	86,286	107,839	-24,251	769,117	100.00%
Asistim (former Ornatus KC)	ZS call centre	Slovenia	108,529	50,256	58,273	13,730	611,660	100.00%
Sava Agent	insurance agency	Montenegro	2,195,357	1,842,616	352,741	150,720	899,415	100.00%
Sava Station	technical research and analysis	North Macedonia	383,778	41,260	342,518	116,353	258,370	93.86%
Sava Pokojninska	pension fund	Slovenia	215,013,455	206,735,828	8,277,627	506,936	3,339,857	100.00%
TBS Team 24	organisation of assistance services and customer service	Slovenia	5,986,410	4,455,392	1,531,018	1,516,776	23,041,366	87.50%
Sava Penzisko Društvo	pension fund management	North Macedonia	12,907,901	602,331	12,305,570	2,247,309	5,923,762	100.00%
Sava Infond	fund management activities	Slovenia	11,338,888	1,926,327	9,412,561	4,144,562	13,248,955	100.00%
Vita	insurance	Slovenia	724,798,357	648,173,670	76,624,687	8,980,780	33,121,987	100.00%
Sava Car (SRB)	technical research and analysis	Serbia	52,352	16,036	36,316	-45,646	202,756	100.00%
ASP (SRB)	maintenance services for core IT systems	Serbia	306,636	82,122	224,514	86,564	287,881	100.00%
Vita S Holding (MKD)		North Macedonia	1,307,325	234	1,307,091	-10,941	0	80.00%

If the new companies had been part of the Group since 1 January 2023, total revenue and net profit for 2023 would have totalled EUR 788,480,228 and EUR 51,591,512, respectively.



Subsidiaries as at 31 December 2022

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 December 2022	Profit or loss for 2022	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	759,592,290	357,916,633	401,675,657	21,235,385	501,357,038	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	30,955,215	19,303,907	11,651,308	1,226,162	30,822,465	100.00%
Illyria	insurance	Kosovo	23,469,413	14,036,535	9,432,878	1,157,003	14,820,413	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	20,637,323	11,624,291	9,013,032	1,724,769	17,561,340	93.86%
Sava Osiguranje (MNE)	insurance	Montenegro	28,827,128	18,913,556	9,913,572	2,115,961	15,087,547	100.00%
Illyria Life	insurance	Kosovo	15,978,290	9,970,436	6,007,854	780,239	2,642,941	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	13,440,297	5,989,804	7,450,493	603,939	3,751,693	100.00%
Sava Car (MNE)	technical research and analysis	Montenegro	1,896,441	941,191	955,250	186,544	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	195,761,299	188,667,015	7,094,284	-621,261	2,748,734	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	11,563,696	402,604	11,161,092	1,964,443	5,162,796	100.00%
SO Poslovno Savjetovanje d.o.o.	business consulting	Croatia	4,917,431	8,374	4,909,057	-7,916	7,315	100.00%
Sava Infond	fund management activities	Slovenia	10,329,678	1,035,019	9,294,659	3,290,258	11,766,747	100.00%
Vita	insurance	Slovenia	639,196,168	561,819,030	77,377,138	11,362,075	29,511,662	100.00%
Sava Car (SRB)	technical research and analysis	Serbia	87,338	5,389	81,949	-18,097	20,238	100.00%



Overview of companies with non-controlling interests

EUR	Sava Osiguruvanje		Sava Station		TBS Team 24		Vita S Holding*
	2023	2022	2023	2022	2023	2022	2023
Non-controlling interest as % of equity	6.14%	6.14%	6.14%	6.14%	12.50%	12.50%	20.00%
Proportion of non-controlling interest voting rights, in %	0.92%	0.92%	0.92%	0.92%	12.50%	12.50%	20.00%
Statement of profit or loss and other comprehensive income							
Income	22,129,006	17,561,340	258,370	290,008	23,041,366	15,960,076	0
Net profit for the year	-40,791	1,724,769	116,353	47,739	1,516,776	960,992	-10,941
– Of non-controlling interest	-2,503	105,845	7,140	2,930	189,597	120,124	-2,188
Other comprehensive income	283,570	285,839	13,919	10,845	49,087	60,208	263,606
– Of non-controlling interest	17,402	17,541	854	666	6,136	7,526	52,721
Total comprehensive income	242,779	2,010,608	130,272	58,584	1,565,863	1,021,200	252,665
– Of non-controlling interest	14,899	123,386	7,994	3,595	195,733	127,650	50,533
Dividends to non-controlling interests	14,630	0	0	0	120,124	110,460	0
Statement of financial position							
Assets	24,383,956	20,637,323	383,778	265,543	5,986,410	4,386,768	1,307,325
Liabilities	15,850,119	11,624,291	41,260	39,237	4,455,392	3,411,534	234
Equity	8,533,837	9,013,032	342,518	226,306	1,531,018	975,234	1,307,091

* The company was acquired in 2023.

16.3 Consolidation principles

The parent company prepared both separate and consolidated financial statements as at 31 December 2023.

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 funds (except Slovenia-based Sava Pokojninska Družba) 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.

16.4 Significant accounting policies

Significant accounting policies applied in the preparation of the consolidated and separate financial statements are set out below. In 2023, the Group applied the same accounting policies as in 2022. The Group and the Company have applied for the first time the new standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments” in the reporting. The impact of the first application is described in more detail in section [16.6 – Transition to the new standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”](#).

16.4.1 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 Company’s management board approved the audited financial statements on 15 March 2024.

16.4.2 Measurement basis

The financial statements have been prepared based on the going-concern assumption, which is further described in section [16.7.1.5 “Risk assessment and going concern assumption”](#).

The financial statements have been prepared on the historic cost basis, except for financial assets, including policyholder assets, which are valued on both the fair value and amortised cost basis.

16.4.3 Presentation currency, translation of transactions and items

The financial statements are presented in euros (EUR) without cents. For ease of presentation, some figures in the notes to the financial statements are rounded to million euro. 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.

All balances as at 31 December 2023 whose original value is in a foreign currency have been translated into euro at the rates of the European Central Bank (ECB) reference rate list published by the Bank of Slovenia as at 31 December 2023. Amounts in the income statements have been translated using the average exchange rate. Balances as at 31 December 2022 and 31 December 2023 have been translated at the applicable daily or monthly ECB exchange rate for each currency. If the Bank of Slovenia does not publish the exchange rate for a particular currency, the exchange rate published on Bloomberg is used. 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 2023 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.

In measuring insurance contracts under IFRS 17, an individual group of insurance contracts that generates cash flows in a foreign currency, including the contractual service margin, is treated as a monetary item. The Company and the Group have endorsed the single currency denomination approach, which means that a single currency is determined for the calculation of the contractual service margin based on the prevailing currency of cash flows. The dominant or principal currency for a contract may be determined in the underwriting process or may be determined on the basis of the prevailing cash flows of the contracts included in a group of contracts, for example, portfolios of contracts from specific foreign markets.



16.4.4 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. The most important areas that involve significant management judgement are presented below.

- The source of uncertainty and significant risk in the measurement of insurance and reinsurance contracts is discussed in section [16.4.21.7 “Measurement of \(re\)insurance contracts issued”](#): Estimates of future cash flows are based on deterministic forecasting models. The adjustment of the expected cash flows for the time value of money and the financial risks associated with those cash flows is calculated using current discount rates determined using a bottom-up approach. The Group and the Company use deterministic and stochastic models to calculate value at risk and tail value at risk, when calculating risk adjustments for non-financial risk.
- The need for impairment of goodwill is assessed using the accounting policy under section [16.4.7 “Goodwill”](#) and note [16.8.1](#).
- The method for determining the need for impairment of investments in subsidiaries and associates is set out in accounting policy [16.4.13 “Investments in subsidiaries and associates”](#) and in note [16.8.6](#).

- Financial investments, investment contract assets and assets held for the benefit of policyholders who bear the investment risk: The classification, recognition, measurement and derecognition, impairment of investments and fair value measurement are based on the accounting policy set out in section [16.4.14 “Financial investments”](#). Movement in investments and their classification are shown in note [16.8.7](#), whereas the associated income and expenses are shown in note [16.8.37](#).

Other areas of management judgement:

- The determination of the fair value of land and buildings for the purpose of impairment testing is disclosed in section [16.4.8](#).
- The determination of the fair value of investment property for the purpose of impairment testing is disclosed in section [16.4.12](#), and the fair value of investment property is disclosed in section [16.8.34](#).
- 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.
- Deferred tax assets and liabilities are recognised if Group entities plan to realise a profit in their medium-term projections. For details, see section [16.4.11](#); deferred tax assets and liabilities are presented in note [16.8.4](#).
- Receivables are impaired in line with the accounting policy set out in section [16.4.16 “Receivables”](#).

- The actuarial assumptions used in the calculation of employee benefits for severance pay upon retirement and jubilee benefits are described in section [16.4.22 “Other provisions”](#), and the sensitivity analysis of the assumptions used is presented in note [16.8.30 “Other provisions”](#).
- The valuation of non-current assets held for sale is set out in section [16.4.10](#).

16.4.5 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 2023 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.

16.4.6 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. Intangible assets are first amortised upon their availability for use.

Intangible assets include computer software and software-related licences (which typically have a useful life of between 5 and 7 years). In case of recognition of a specific intangible asset (such as a customer list or contractual customer relationships), the useful life is determined for each such asset separately.

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. Value in use is determined based on management’s assessment.

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.

16.4.7 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 (a gain on a bargain purchase), 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. Goodwill is not amortised.

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 each acquired company representing a cash-generating unit 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 2023.
- 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 2022.

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' macro-economic 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. The valuations used a long-term growth rate (g) of the risk-free rate of return (2.3%) to estimate the residual value beyond the projection period.

A cash-generating unit consists of an individual company. Movement in goodwill is discussed in detail in section [16.8.1](#).

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 [16.8.1](#) sets out the main assumptions for cash flow projections with a calculation of value in use.



16.4.8 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%

16.4.9 Right-of-use assets and lease liability

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 over the lease term. 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 incremental borrowing rate is determined based on the yield to maturity of unsecured bonds given the credit rating of Sava Re and the maturity profile (1–30 years). To this is added a country risk premium as the difference between the credit rating of each country and that of Sava Re, which already includes the country risk of Slovenia.

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 liability 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. 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.

16.4.10 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 management 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. Non-current assets are tested for impairment at least annually. If there is any indication of impairment, the recoverable amount of the non-current asset is reviewed.

16.4.11 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 from:

- temporary non-deductible impairment losses on investments in portfolio securities,

- established allowances for receivables,
- unused tax losses,
- provisions for employees and actuarial gains/losses resulting from their calculation,
- revaluation of investments to fair value,
- the effect of changes in interest rates on the calculation of insurance and reinsurance liabilities.

Deferred tax liabilities are created for fair value adjustments and on initial recognition of intangible assets (customer lists or contractual relationships with customers) on acquisition of a new company. Deferred tax liabilities have also been created for the comparative year 2022 as a result of the transition to the new accounting standards IFRS 17 and IFRS 9.

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. In the consolidated financial statements, deferred tax assets and liabilities are offset depending on the jurisdiction.

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.

16.4.12 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.

16.4.13 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 2028. 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 (business plans for individual companies for the period 2024–2028).

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. See section [16.4.7 "Goodwill"](#) for more information on the assumptions used.



16.4.14 Financial investments

Financial investments and financial liabilities are classified, recognised and measured in accordance with IFRS 9 “Financial Instruments”, as further described as follows.

16.4.14.1 Classification

In accordance with IFRS 9, the Group and the Company classify financial assets on the basis of both their business models for managing the financial assets and the contractual cash flow characteristics of their financial asset. On initial recognition, a financial asset is classified into one of the following measurement categories:

- at amortised cost (AC),
- at fair value through other comprehensive income (FVOCI), and
- at fair value through profit or loss (FVTPL).

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 backed by an investment portfolio;
- how the performance of a business model and the financial assets held within that business model are evaluated and reported to the 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.

The following business models are defined:

- a business model whose objective is to hold assets in order to collect contractual cash flows (the hold-to-collect model),
- a business model whose objective is to both collect contractual cash flows and sell financial assets (the hold-to-collect-and-sell model), and
- other business models.

For the purpose of classifying financial assets in terms of their contractual cash flow characteristics (the SPPI test), the principal amount represents the fair value of the financial asset at initial recognition. For the purpose of classifying financial assets in terms of their contractual cash flow characteristics (the SPPI test), 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.

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”;
- it is a derivative.

Assets measured at amortised cost in accordance with IFRS 9 are deposits with a maturity of more than three months, loans and debt securities classified as hold to collect at the date of transition to IFRS 9 that the Group and the Company will hold to maturity.

Upon adoption of IFRS 9, the Group and the Company classify debt instruments into the hold to collect and sell business model. The classification of an investment in this business model is subject to the SPPI test, which confirms that the contractual cash flows are solely payments of principal and interest

It follows from the above that the Group and the Company have the majority of their debt securities classified as financial assets measured at fair value through other comprehensive income (FVOCI).

Under IFRS 9, equity instruments are classified as at fair value through profit or loss, but the option to measure at fair value through other comprehensive income (FVOCI) exists for shares and participations in accordance with the standard. The Group companies have equity instruments classified mainly in the fair value through profit or loss (FVTPL) group.

Other types of investments, such as units in collective investment undertakings, ETFs, alternative funds, etc. are classified as measured at fair value through profit or loss (FVTPL) under IFRS 9.

Classification of financial liabilities

The Group and the Company classify financial liabilities as subsequently measured at amortised cost. The Group and the Company do not have any financial liabilities that are irrevocably designated as at fair value through profit or loss at initial recognition as 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.

16.4.14.2 Recognition, measurement and derecognition

Initial recognition

The Group and the Company recognise a financial asset or a financial liability in their statements of financial position when, and only when, the Group and the Company become party to the contractual provisions of the financial instrument. When the Group and the Company first recognise a financial asset, it is classified and measured in accordance with the Group's and the Company's accounting policies.

A regular way purchase or sale of a financial asset is recognised and derecognised using trade date accounting.

Except for trade receivables, at initial recognition, the Group and the Company measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

After initial recognition, the Group and the Company measure a financial asset at:

- amortised cost,
- fair value through other comprehensive income, or
- fair value through profit or loss.

The Group and the Company apply the impairment requirements of the standard to financial assets that are measured at amortised cost and financial assets that are measured at fair value through other comprehensive income.

After initial recognition, the Group and the Company measure a financial liability at:

- amortised cost, or
- fair value through profit or loss.

Amortised cost measurement

Financial assets measured at amortised cost are measured at amortised cost using the effective interest method. They are stated at the principal amount outstanding, plus any unpaid interest and fees, less any impairment. Interest income is calculated using the

effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- a. purchased or originated credit-impaired financial assets. For those financial assets, the Group and the Company apply the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition;
- b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For these financial assets, the Group and the Company apply the effective interest rate to the amortised cost of the financial asset in subsequent reporting periods.

The effective interest rate is determined at the time of purchase of the investment. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a financial liability.

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset in accordance with the accounting policies, the Group and the Company recalculate the gross carrying amount of the financial asset and recognise a modification gain or loss in profit or loss.

The Group and the Company directly reduce the gross carrying amount of a financial asset when they have no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

Derecognition

The Group and the Company derecognise a financial asset when, and only when, the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition in accordance with the Group's and the Company's accounting policies. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

The Group and the Company remove a financial liability (or part of a financial liability) from their statements of financial position when, and only when, it is extinguished, i.e. the contractual obligation is discharged, cancelled or expires. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

16.4.14.3 Impairment of financial investments

General approach

The Group and the Company apply the expected credit loss concept under IFRS 9, which is based on the recognition and measurement of an allowance for expected credit losses for financial assets measured at amortised cost or fair value through other comprehensive income (bonds, deposits, loans granted). In the case of a financial asset measured at fair value through other comprehensive income, an allowance for expected credit losses is recognised in other comprehensive income and does not result in a reduction in the carrying amount of the financial asset in the statement of financial position.

The Group and the Company determine the expected credit loss by recognising and measuring a loss allowance for expected credit losses, which is calculated based on the classification into one of 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 increased significantly since initial recognition, lifetime expected credit losses are calculated.

Stage 3: for assets that are credit-impaired or in default, where the lifetime expected credit loss is cal-

culated and considers the appropriate probability of default as well as expected cash flows stemming from proceeds from sale, etc., but at the net carrying amount (the gross carrying amount less any impairment loss).

At each investment valuation, the Group and the Company perform a classification into stages based on the information obtained on the change in the credit risk of each issuer. In order to assess significant increases in credit risk, the Group and the Company regularly monitor and analyse any changes in external credit ratings obtained from external credit assessment institutions (ECAIs). The first measure of increased credit risk since initial recognition used by the Group and the Company is a three-notch downgrade and reclassification of the investment from investment grade to speculative grade.

In addition, the Group and the Company use an internal model to assess external credit ratings or use internal credit ratings to identify increased credit risk, monitor the zero-volatility spread (Z-spread) of investments and other available qualitative information when an external credit rating is not available.

If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group and the Company measure the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. For

assets for which credit risk has increased significantly since initial recognition, lifetime expected credit losses are calculated.

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.

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 Company and the Group obtain the PD parameter 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 separate for corporate and government bonds, and the data is updated once a year. The underlying data have been adjusted based on expectations for the economic situation, thus achieving the forward-looking approach required by the standard.

The standard provides no guidance on how to determine the loss given default (LGD) or the recovery rate (RR), which is why the Group and the Company follow established practice and use data provided by credit rating agencies annually calculated based on historical data. Such reports 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 has focused on the credit rating agency Moody's, while comparative information can also be obtained from the reports prepared by S&P Global Ratings.

Definition of default

In determining counterparty default risk, the Group and the Company consider criteria such as that at least one of the rating agencies assesses that the issuer or a specific issue of financial instruments is in default (excluding technical default, i.e. default by the borrower) or 30 days past due for bonds and 90 days past due for loans with respect to the payment of principal or interest.

Write-off

The Group and the Company write off an asset if there is no reasonable expectation that the financial asset will be recovered, in whole or in part. A write-off is treated as a derecognition event.

16.4.14.4 Gains and losses

Any gain and loss arising from a change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss in the period in which it arises.

Dividends are recognised in profit or loss only when:

- the entity's right to receive payment of the dividend is established;
- it is probable that the economic benefits associated with the dividend will flow to the entity, and
- the amount of the dividend can be measured reliably.

At initial recognition, the Group and the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognised in other comprehensive income. If an entity makes this election, it recognises in profit or loss dividends from that investment.

A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the financial asset is derecognised, reclassified, through the amortisation process or in order to recognise impairment gains or losses.

The Group and the Company recognise a gain or loss on a financial liability that is designated as at fair value through profit or loss as follows:

- the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income; and
- 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.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When a financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest calculated using the effective interest method is recognised in profit or loss.

16.4.14.5 Determination of fair values

The Group and the Company measure all financial instruments at fair value, except for deposits, shares not quoted in any regulated market that do not represent a significant portion of the investment portfolio, loans (assuming that their carrying amount is a reasonable approximation of fair value) and financial instruments 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 [16.8.34](#).

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 and the Company. 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 are 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 valuation date or on the last trading day of the stock exchange on which the investment is listed;
- for the OTC market: the quoted CBBT closing bid price or, if unavailable, the Bloomberg BVAL bid price, which may not be more than 15 days old.
- the price calculated based on an internal valuation model or yield curve valuation.

For the valuation, the Group and the Company use the closing price on the stock exchange or the published BID 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 BVAL bid 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 Group and the Company first use directly and indirectly observable market inputs. If these are not available, the Group and the Company determine the price of a financial investment using a model with unobservable inputs, as defined in IFRS 13.86 to IFRS 13.90.

To assess the quality of the BVAL rate, the Company uses the BVAL Score, the number of direct observations and the proportion and age of quotes.

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 based primarily on the availability of market information, which is deter-

mined 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, 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 investments with CBBT prices and those BVAL prices that are composed exclusively of direct observations with at least 90% binding quotes and where at least 3 binding quotes must not be more than one day old.
- Level 2: financial investments whose fair value is determined using data that are directly or indirectly observable other than quoted prices included within level 1. Pursuant to IFRS 13.82, level 2 data may include:
 - quoted prices for similar financial investments in active markets,
 - 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 includes BVAL prices of debt investments that consist of at least 90% direct observations, where market inputs are used for a directly or indirectly identical or similar asset, and where at least 3 quotes must be no more than 15 days old.

- Level 3: financial investments for which observable market data is not available. Fair value is thus determined based on valuation techniques using inputs that are not directly or indirectly observable in the market. The Company classifies securities valued using an internal model that does not take into account level 2 inputs into this level.

This level includes BVAL prices of debt investments that do not meet the criteria for level 1 or level 2 and for which the inputs for the model-based valuation are not readily and objectively determinable and available to the company.

The Group and the Company classify as level-3 investments their 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 and accounting policies, the Group and the Company categorise within the fair value hierarchy also those financial investments that are not measured at fair value in the statement of financial position but for which the fair value is disclosed.

The policy for determining when transfers between levels of the fair value hierarchy are deemed to have occurred is disclosed and is fully complied with. The policy on the timing of recognising transfers is the same for transfers into the levels and 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 Group and the Company review quarterly the categorisation of investments into the three levels of the fair value hierarchy. To this end, they apply the rules for determining the fair value set out under note [16.8.34](#). If the conditions for classification change, financial investments are reclassified into the relevant level.

The following table shows the classification of financial investments according to the inputs used and market activity.



Determination of fair values

Asset class / principal market	Level 1	Level 2	Level 3
Debt securities			
OTC market	<ul style="list-style-type: none"> Debt securities measured based on the CBBT price in an active market. Debt securities valued at the BVAL price if no CBBT price exists and which have a BVAL price composed exclusively of direct observations, with at least 90% of firm quotes, with at least 3 firm quotes no more than one day old. 	<ul style="list-style-type: none"> Debt securities measured based on the CBBT price in an inactive market. Debt securities valued at the BVAL price if no CBBT price is available and where the BVAL price consists of at least 90% direct observations, with at least 3 quotes no more than 15 days old. Debt securities measured using an internal model based on level 2 inputs. 	<ul style="list-style-type: none"> Debt securities measured using an internal model that does not consider level 2 inputs. Debt securities measured using BVAL prices, if no CBBT price is available and the BVAL price does not meet the criteria for level 1 or 2 and for which the inputs for the model-based valuation are not readily and objectively determinable and available to the company.
Stock exchange	<ul style="list-style-type: none"> Debt securities measured based on stock exchange prices in an active market. 	<ul style="list-style-type: none"> Debt securities measured based on stock exchange prices in an inactive market. Debt securities measured using an internal model based on level 2 inputs. 	<ul style="list-style-type: none"> Debt securities measured using an internal model that does not consider level 2 inputs.
Quoted portfolio shares			
Stock exchange	<ul style="list-style-type: none"> Shares measured based on prices in an active market. 	<ul style="list-style-type: none"> Shares measured based on prices in an inactive market. Shares with unavailable market prices measured using an internal model based on level 2 inputs. 	<ul style="list-style-type: none"> Shares are measured using an internal model that does not consider level 2 inputs.
Mutual funds			
	<ul style="list-style-type: none"> Mutual funds measured at the quoted unit value on the measurement date. 		
Alternative funds			
	<ul style="list-style-type: none"> The fair value is determined based on the valuation of individual projects for which discounted cash flow methods are used. 		
Deposits with a maturity of more than 3 months and loans			
	<ul style="list-style-type: none"> Measured at amortised cost. 		

16.4.15 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 IFRS 9. 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 [16.4.14 “Financial investments”](#). Classification and valuation of assets is presented in detail in note [16.8.8](#). 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 [16.8.8](#).

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. An assessment is made annually as to whether there is an indication of impairment of investment property. If such indications exist, the process of assessing the value is initiated. At least every three years, appraisals are carried out 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.

16.4.16 Receivables

16.4.16.1 Recognition of receivables

Initial recognition of receivables is based on invoices or other credible documents (e.g. interest statement). Receivables comprise receivables from accrued interest receivable, prepayments receivable and other receivables that can be allocated to individual debtors. In the statement of financial position, receivables are stated at amortised cost. Depending on the significance of each type of receivable in the companies’ financial statements, an allowance is recognised for expected credit losses based on the debtor’s expected future solvency in accordance with IFRS 9. Impairment is recognised using a simplified approach where the loss allowance is measured as an amount equal to the lifetime expected credit losses. The Group companies do not recognise impairment losses on current receivables and on receivables that are regularly paid by the debtor.

The Group companies have pledged no receivables as security.

16.4.16.2 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.

16.4.17 Other assets

Other assets consist of capitalised short-term accruals and deferrals, namely short-term deferred costs.

16.4.18 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.

16.4.19 Equity

Equity consists of:

- share capital, i.e. the par value of paid-up ordinary shares expressed in euro;
- capital reserves comprise amounts paid up in excess of the par value of shares;
- profit reserves comprise reserves provided for in the articles of association, legal reserves, the capital redemption reserve and other profit reserves;
- treasury 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/>;
- accumulated other comprehensive income – revaluation of investments, changes in interest rates used to calculate insurance and reinsurance contract liabilities, and actuarial gains and losses on provisions for employees;
- retained earnings;
- net profit or loss for the year;
- foreign currency translation reserve;
- non-controlling interest.

Reserves provided for in the articles of association are used:

- cover the net loss that cannot be covered (in full) out of retained earnings and other profit reserves, or when 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.

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.

16.4.20 Subordinated liabilities

Subordinated liabilities of the Group and the Company represent a long-term liability of the Group and the Company in the form of a subordinated bond to be used for general corporate purposes of the Sava Insurance Group and to optimise its capital structure and are valued at amortised cost. Details are set out in note [16.8.29](#).

16.4.21 Insurance contracts

16.4.21.1 Description of products

The Group issues the following types of insurance contracts:

- Non-participating life insurance contracts measured using the general approach, which include:
 - fixed and decreasing term life insurance contracts purchased with a single premium or instalments and
 - endowment policies.

- Direct participating life insurance contracts comprising:
 - Life insurance contracts linked to units of mutual funds or internal funds, in some cases with an interest-rate guarantee, measured using the variable fee approach.
 - Hybrid life insurance contracts, part of which is linked to units of mutual funds, measured using the variable fee approach, and part of which is an endowment insurance contract with an interest-rate guarantee, which in some cases is valued separately using the general approach.
- Life insurance contracts with indirect or discretionary participation features, which include:
 - Endowment life insurance contracts or whole life insurance contracts with guaranteed sums assured and participation features. The cash flows of these insurance contracts depend on the performance of the life insurance portfolio and/or the returns on the underlying items, where the underlying items are not specified in the insurance contract. The Group measures these contracts using the modified general approach.
- Investment contracts with discretionary participation features:
 - These contracts entitle the policyholder to additional amounts based on the performance of the underlying items. These amounts are at the discretion of the Group and are expected to represent a significant proportion of the distributions. Such contracts are measured using the modified general approach.

- Immediate annuities in accordance with ZPIZ-2, which include:
 - annuities with a guaranteed interest rate and, in some cases, a guaranteed annuity payout period, measured using the modified general approach.
- Non-life insurance contracts, which include:
 - motor, property, miscellaneous financial loss, liability, marine and aircraft, goods in transit, credit, suretyship, accident and supplementary health insurance, with multi-year accident, credit, suretyship, construction and erection contracts of EU-based companies measured using the general approach and all other contracts measured using the premium allocation approach.
- Reinsurance contracts issued, including:
 - quota share, surplus, excess of loss and stop loss reinsurance covers. Reinsurance contracts issued are primarily measured using the general approach, and partly the premium allocation approach.

The Group and the Company also have reinsurance contracts that transfer the assumed risks to reinsurers with the aim of reducing risk. These include quota share, surplus, excess of loss and stop loss reinsurance covers. These contracts are measured using the general approach for reinsurance contracts.



16.4.21.2 Classification of insurance contracts

The Group and the Company apply IFRS 17 to:

- insurance contracts issued, including reinsurance contracts issued,
- reinsurance contracts held by the Group and the Company, and
- investment contracts with discretionary participation features.

All references in IFRS 17 to insurance contracts issued also apply to reinsurance contracts issued, to insurance contracts acquired by the Group and the Company in a transfer of insurance contracts or a business combination, and to reinsurance contracts held by the Group and the Company (unless it is specifically stated that a particular section applies only to (re)insurance contracts issued).

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 the Group or the Company to a reinsurance company is a reinsurance contract held by the Group or the Company.

In the following, the Company's and the Group's inward reinsurance contracts are referred to as insurance contracts and the outward reinsurance contracts are referred to as reinsurance contracts. They are presented in the same way in the financial statements.

The Group also issues insurance contracts with direct participation features for which, at the inception of cover:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;
- the Group expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items;
- The Group expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in the fair value of the underlying items.

An investment contract with discretionary participation features is a financial instrument that provides a particular investor with the contractual right to receive, as a supplement to an amount not subject to the discretion of a Group company, additional amounts:

- that are expected to be a significant portion of the total contractual benefits;
- the timing or amount of which are contractually at the discretion of the issuer; and
- that are contractually based on:

- the returns on a specified pool of contracts or a specified type of contract;
- realised and/or unrealised investment returns on a specified pool of assets held by a Group company; or
- the profit or loss of the Group company issuing the contract.

Insurance risk is significant if, and only if, the insured event could cause the issuer having to pay additional amounts that are significant in any single scenario, excluding scenarios that have no commercial substance (i.e., no discernible effect on the economics of the transaction), even if the insured event is extremely unlikely or if the expected (i.e., probability-weighted) present value of the contingent cash flows is a small proportion of the expected present value of the remaining cash flows from the insurance contract. Underwriting risk is considered significant to the Group and the Company if the Group and the Company bear at least 5% of the additional payouts in the event of an insured event.

The assessment of whether the above conditions and criteria are met for an insurance contract, an insurance contract with direct participation features or an investment contract with discretionary participation features is made on a contract by contract basis at the time the contract is concluded. In doing so, the Group and the Company take into account all their substantive rights and obligations under the contract.

16.4.21.3 Combination of contracts and distinct elements of a 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 may be necessary to treat the set or series of contracts as a whole. For example, if the rights or obligations in one contract do nothing other than entirely negate the rights or obligations in another contract entered into at the same time with the same counterparty, the combined effect is that no rights or obligations exist. The Group and the Company have identified some contracts that should be measured together.

An insurance contract may contain, in addition to the insurance component, one or more components that would be within the scope of another standard if they were separate contracts. These components include:

- an investment component,
- a service component,
- embedded derivatives.

The Group and the Company separate the above components from a host insurance contract if they are distinct from the contract, applying the relevant other IFRSs to the measurement of the separate component.

The Group and the Company have not identified any identifiable derivatives, investment components or service components.

An investment component exists if an insurance contract requires the Group or the Company to repay an amount to a policyholder in all circumstances, regardless of whether an insured event occurs.

An investment component is distinct from a host insurance contract if, and only if, both of the following conditions are met:

- the investment component and the insurance component are not highly interrelated;
- a contract with similar terms and conditions is or could be sold separately in the same market or jurisdiction by the Group or the Company issuing the insurance contract or by third parties. In making this determination, the Company and the Group take into account all information reasonably available in making this determination.

An investment component and an insurance component are highly interrelated if, and only if:

- the company is unable to measure one component without considering the other. If the value of one component varies with the value of the other, the Group and the Company apply IFRS 17 to account for the combined investment and insurance component; or
- the policyholder is unable to benefit from one component unless the other is also present. If the lapse

or maturity of one component in a contract causes the lapse or maturity of the other, the Company applies IFRS 17 to account for the combined investment component and insurance component.

The Group and the Company issue contracts with an investment component. Examples include certain life insurance policies that pay a surrender value, annuities with a guaranteed payout period and reinsurance contracts with a sliding-scale or profit commission. The investment and insurance components of such contracts are closely related because the Group and the Company cannot measure the insurance contract without considering the investment component and vice versa. Therefore the investment component is not distinct.

The service component refers to the transfer of goods or services that are not insurance-related and, as such, are not dependent on the occurrence of an insured peril (occurrence of a claim). A service component is distinct if the policyholder can benefit from the good or service either on its own or together with other resources readily available (sold separately or already owned by the policyholder).

A good or service other than an insurance contract service that is promised to the policyholder is not distinct if:

- the cash flows and risks associated with the good or service are highly interrelated with the cash flows and risks associated with the insurance components in the contract; and

- the entity provides a significant service in integrating the good or service with the insurance components.

The Group issues contracts that include derivatives, but these instruments are closely related to the host insurance contract and are therefore measured using IFRS 17. Examples of such derivatives include:

- life insurance contracts with a guaranteed minimum return in the event of the insured's death: These contracts have an option for payment of a guaranteed amount to the policyholder in the event of the insured's death. As the payment of the guaranteed amount is contingent on an insured event (death) and represents a loss to the contract holder, the guarantee itself meets the definition of an insurance contract. The payment of the guaranteed amount is therefore not distinct and the entire contract is measured using IFRS 17.
- Savings-linked life insurance contracts include a surrender option, where the policyholder is paid a fixed surrender value set at the time the contract is made. This option is closely related to the host insurance contract because the insurance cover ceases on surrender and therefore the contract as a whole is measured using IFRS 17.
- Some direct participation contracts contain an option where the surrender value varies with changes in the underlying items, but the value of the option is closely related to the value of the insurance contract and therefore the whole contract is measured using IFRS 17.

The Group and the Company also consider whether a single insurance contract should be split into multiple insurance components to be treated as separate contracts to reflect the substance of the transaction.

In determining whether the components of an insurance contract should be recognised and measured separately, the Group and the Company consider whether there is interdependence between the different risks covered, whether the components of an insurance contract extinguish independently of each other and whether the components can be priced and sold separately.

When the Group and the Company enter into one legal contract with different insurance components that operate independently of each other, the insurance components are recognised and measured separately using IFRS 17. The Group has identified non-life insurance contracts where the insurance components are distinguishable by homogeneous risk groups if they meet the conditions for distinguishing the components of insurance contracts. The Group has also identified life insurance contracts where the insurance components may be separated according to different insurance and economic risks if the insurance contract as a whole does not present the economic impact in a credible way.

16.4.21.4 Level of aggregation of insurance contracts

Portfolios of insurance contracts comprise contracts subject to similar risks and managed together. Contracts within the same product line, as defined for management purposes, are expected to be subject to similar risks and are therefore grouped together in a single portfolio. Where contracts are issued by different Group companies, they are managed separately by each company and are therefore grouped into different portfolios. If the Group and the Company consider that the legal form of insurance contracts does not reflect their economic substance, homogeneous groups of risks arising from those insurance contracts are considered in the construction of portfolios.

Individual portfolios are divided into groups of insurance contracts according to their profitability and the year in which the contract was written. Contracts issued more than one year apart should not be included in the same group of insurance contracts.

Portfolios are categorised by profitability as:

- 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.

The determination of whether a contract or group of contracts is onerous is based on expectations at the date of initial recognition. The Group determines the appropriate level at which reasonable and supportable

information is available to assess whether contracts are onerous at initial recognition and whether it is probable that contracts that are not onerous at initial recognition will become onerous subsequently. In the absence of such information, the Group assesses each contract individually.

Insurance contracts are classified into groups of insurance contracts on initial recognition and are not subsequently reassessed.

Reinsurance contracts are divided into segments in the same way as insurance contracts, except that a reinsurance contract cannot be unprofitable (in which case there is a net gain or net loss on initial recognition). In identifying groups of reinsurance contracts, the Group and the Company apply the rule that each reinsurance contract issued or held is a separate portfolio because of the different characteristics of the individual reinsurance contracts.

For contracts that are measured using the premium allocation approach (PAA), the Group and the Company determine that the contracts are not onerous unless facts and circumstances indicate otherwise. If the facts and circumstances indicate that certain contracts are onerous on initial recognition, the Group performs a quantitative assessment. If the assessment indicates that such contracts are onerous, the Group classifies such contracts as onerous and increases the liability for remaining coverage by the amount of the identified loss, which is recognised immediately in profit or loss.

All IFRS 17 measurements are made at the level of groups of insurance contracts.

16.4.21.5 Initial recognition

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.

A group of insurance contracts is recognised upon recognition of the first contract that is part of the group. An insurance contract is included in a group of insurance contracts based on portfolio, annual cohort and profitability when it meets the recognition criteria in paragraph 1 of this section.

Reinsurance contracts

Reinsurance contracts held by the Group and the Company are 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; and
- 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 by the Group and the Company 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.

Insurance and reinsurance contracts acquired in a transfer of contracts or a business combination are recognised on the date of the transaction.

16.4.21.6 Contract boundary

A group of insurance contracts is measured by including all future cash flows that are within the boundary of the insurance contracts in the group.

In determining which cash flows are within the contractual boundary, the Group and the Company consider the substantive rights and obligations arising under the insurance contracts, laws and regulations.

Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the Group or the company can compel the policyholder to pay the premiums or in which the Group or the Company have a substantive obligation to provide services to the policyholder under the insurance contract.

Cash flows are within the boundary of a reinsurance contract if the contract holder can require the reinsurer to provide cover and other services or if there is a material obligation on the contract holder to pay a reinsurance premium to the reinsurer.

Liabilities or assets that are outside the boundary of recognised insurance contracts and relate to future contracts are shown separately in the statement of financial position.

In estimating the expected future cash flows, the Group and the Company use their judgement about the future behaviour of policyholders in exercising the options available to them, including the potential for surrender values to be paid.

The Group and the Company assess the contractual boundary at initial recognition and at each subsequent reporting date to incorporate the effect of changes in circumstances on the substantive rights and obligations.

16.4.21.7 Measurement of (re)insurance contracts issued

All IFRS 17 measurements are made at the level of groups of insurance contracts.

The basic method of measuring insurance and reinsurance contracts under IFRS 17 is the general measurement model or building block approach (BBA). The standard also permits the use of a simplified meas-

urement approach in some cases called the premium allocation approach (PAA). The standard requires the mandatory use of the variable fee approach (VFA) in the case of a group of insurance contracts with direct participation features and when the application criteria specified in the standard are met. Reinsurance contracts cannot be valued using the variable fee approach. The Group companies use all of the above approaches to value insurance and reinsurance contracts. The Company uses the general measurement model and, to a lesser extent, the premium allocation approach.

A description of the different measurement approaches is given in the following.

16.4.21.7.1 Measurement of insurance and reinsurance contracts issued using the BBA and VFA approaches

16.4.21.7.1.1 Initial measurement by BBA and VFA

On initial recognition, a group of insurance contracts is measured 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).

Estimates of future cash flows

Estimates of expected cash flows represent an explicit, unbiased and probability-weighted estimate of future cash flows adjusted for the time value of money and associated financial risks. They include cash flows attributable to the fulfilment of existing insurance contracts and also expectations about the future behaviour of the insured persons.

Estimates of future cash flows reflect conditions existing at the measurement date, including assumptions at that date about the future.

Estimates of future cash flows are primarily determined using deterministic forecasting models, with stochastic techniques used additionally to model future cash flows for certain groups of contracts. The estimates of future cash flows are used 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. Potential impacts related to sustainability and climate change are also appropriately considered when estimating future cash flows.

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.

Cash flows within the contract boundary of an insurance contract include:

- premiums and any additional cash flows arising from those premiums,
- claims incurred but not yet settled, whether reported or not, including expected recoveries (subrogation recoveries) and bonuses and commissions paid by the Group or the Company (e.g., no-claim bonuses, sliding-scale commissions and profit commissions),
- payments to (or on behalf of) a policyholder arising from derivatives, such as options and guarantees embedded in the contract, to the extent that such options and guarantees are not separated from the insurance contract,
- directly attributable costs, including:
 - an allocation of insurance acquisition cash flows attributable to the portfolio,
 - policy administration and maintenance costs,
 - claim handling costs,
 - an allocation of fixed and variable overheads,
 - other costs directly chargeable to the policyholder,
- transaction-based taxes that arise directly from existing insurance contracts.

For contracts with investment activities or direct participation contracts, cash flows also include:

- payments to (or on behalf of) a policyholder that vary depending on returns on underlying items,
- costs incurred for:
 - performing investment activity, to the extent the Group performs that activity to enhance benefits from insurance coverage for policyholders,
 - providing investment-return service to policyholders of insurance contracts without direct participation features;
 - providing investment-related service to policyholders of insurance contracts with direct participation features.

Cash flows within the contract boundary include both fixed and variable administrative expenses 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, 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.

Adjustment to reflect the time value of money and financial risks – discount rates

Estimates of expected cash flows are adjusted for the time value of money and the financial risk associated with those cash flows, using a risk-free interest rate curve plus a liquidity premium to discount future cash flows.

Appropriate discount rates are calculated using the bottom-up approach. A risk-free interest rate in the form of a swap curve plus a liquidity premium is used as the discount rate 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 on the contractually defined set of assets are discounted using risk-neutral measurement techniques. Discount interest rates are set at each balance sheet date.

The Company and the Group have chosen to disaggregate finance income and expenses from insurance and reinsurance contracts between the income statement and the statement of other comprehensive income.

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 (including climate change risk) and other non-financial risks such as lapse risk and expense risk.

The risk adjustment for non-financial risk is thus the compensation that the Group and the Company would require to make them indifferent between:

- fulfilling a liability that has a range of possible outcomes arising from non-financial risk, and
- fulfilling a liability that will generate fixed cash flows with the same expected present value as the insurance contracts.

The Group and the Company assess the risk adjustment for non-financial risk using the confidence level technique (VaR and TVaR) to determine the maximum possible loss at a given confidence interval. The Group and the Company take into account a confidence interval of 75% to 85% for VaR and 40% for TVaR.

Changes in the risk adjustment for non-financial risk are fully reflected in the income statement.

Contractual service margin (CSM)

The contractual service margin (CSM) represents the unearned profit arising from insurance contracts that the Group and the Company will recognise as they provide insurance services under these contracts in the future. The contractual service margin is recognised when the net present value of future cash flows is positive (inflows are expected to exceed outflows) and is determined as the excess of cash inflows over cash outflows, less an adjustment for non-financial risk. A contractual service margin is established to prevent the recognition of a profit before it is realised and is released over the life of the insurance contract.

In the case of a transfer of insurance contracts or a business combination, the calculation uses the consideration received or paid at the acquisition date as a proxy for the premiums received.

Loss component

For identified future losses arising out of insurance contracts, when the net present value of future cash flows is negative (more outflows than inflows are expected), the loss is recognised in the current period. For onerous (non-profitable) groups of contracts, the loss component is shown in the liability for remaining coverage, while the loss is shown immediately in the income statement.



16.4.21.7.1.2 Subsequent measurement

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 a group of insurance contracts at that date;
 - the contractual service margin of a group of insurance contracts at that date; and
- the liability for incurred claims, which includes fulfilment cash flows in respect of past services allocated to a group of insurance contracts at that date.

When calculating assets and liabilities under insurance contracts on the balance sheet date, the company uses current estimates of future cash flows, current discount rates and current estimates of the risk adjustment for non-financial risk. Changes in these components affect the following items:

Change in assumptions	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 in finance income or expense and change in other comprehensive income

After initial recognition, the contractual service margin for each group of insurance contracts is remeasured on the balance sheet date.

Insurance contracts without direct participation features measured using the BBA

For insurance contracts without direct participation features, the carrying amount of the contractual service margin of a group of contracts on measurement at the reporting date equals the carrying amount at the start of the reporting period adjusted for:

- the effect of any new contracts added to the group;
- interest accreted on the carrying amount of the contractual service margin during the reporting period;
- the changes in the fulfilment cash flows relating to future service, except to the extent that:
 - such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, resulting in a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage;
- the effect of any currency exchange differences on the contractual service margin; and
- the amount recognised as insurance revenue due to the transfer of insurance contract services during the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period.

The changes in fulfilment cash flows relating to future service consist of:

- adjustments arising from premiums received in the period relating to future service, and related cash flows, such as insurance acquisition cash flows and premium-based taxes, measured at the discount rates at which the group of contracts is recognised;
- changes in estimates of the present value of the future cash flows in the liability for remaining coverage (experience and assumptions), measured at specified discount rates at the time the contract is recognised;

- differences between the investment component expected to become payable during the period and the investment component that actually becomes payable in the period,
- differences between the policyholder loan expected to become repayable in the period and the policyholder loan that actually becomes repayable during the period, and
- changes in the risk adjustment for non-financial risk that relate to future service.

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 during 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 the 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 during the period.

The present value of changes in fulfilment cash flows for the purpose of calculating the contractual service margin is measured using locked-in discount rates at the time of recognition. In some cases, these discount rates are averaged when contracts are recognised over successive reporting periods.



Insurance contracts with direct participation features measured using the VFA

Insurance contracts with direct participation features are insurance contracts that, in addition to providing insurance cover, also provide the policyholder with investment services provided by the Group.

For insurance contracts with direct participation features, the carrying amount of the contractual service margin of a group of contracts at the end of the reporting period equals the carrying amount at the beginning of the reporting period adjusted by the amounts set out below:

- the effect of any new contracts added to the group;
- the change in the amount of the entity’s share of the fair value of the underlying items, except to the extent that:
 - the decrease in the amount of the entity’s share of the fair value of the underlying items exceeds the carrying amount of the contractual service margin, giving rise to a loss; or
 - the increase in the amount of the entity’s share of the fair value of the underlying items reverses the amount referred to in the previous paragraph,

- the changes in the fulfilment cash flows relating to future service, except to the extent that:
 - such increases in the fulfilment cash flows exceed the carrying amount of the contractual service margin, resulting in a loss; or
 - such decreases in the fulfilment cash flows are allocated to the loss component of the liability for remaining coverage,
- the effect of any currency exchange differences arising on the contractual service margin; and
- the amount recognised as insurance revenue because of the transfer of insurance contract services in the period.

16.4.21.7.2 Measurement of insurance contracts using the premium allocation approach (PAA)

The majority of non-life business is measured using the premium allocation approach when the coverage period of a group of contracts is less than 12 months or the simplification is expected to be a reasonable approximation of the valuation results under the building block approach.

The criterion in the preceding paragraph is not met if, at the inception of a group of contracts, significant variability is expected in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period until a claim is incurred.

Upon initial recognition, the carrying amount of the liability for remaining coverage is:

- the premiums, if any, received at initial recognition;
- minus any insurance acquisition cash flows at that date, unless the entity elects to recognise the payments as an expense; and
- plus or minus any amount arising from the derecognition of assets or liabilities at that date.

The carrying amount of the liability at the end of each subsequent reporting period is the carrying amount at the beginning of the reporting period:

- plus the premiums received during the period;
- minus any insurance acquisition cash flows; unless the entity chooses to recognise these payments as an expense,
- plus any amounts relating to the amortisation of insurance acquisition cash flows recognised as an expense in the reporting period, unless the entity chooses to recognise these payments as an expense, and
- minus the amount recognised as insurance revenue for providing coverage during that period.

If, at any time during the coverage period, facts and circumstances indicate that a group of insurance contracts is onerous, to the extent that the fulfilment cash flows exceed the carrying amount, the Group and the Company recognise a loss in profit or loss and increase the liability for remaining coverage.

If the PAA is used, the Group and the Company make no adjustments for the time value of money and the effect of financial risk, as the period between the premium due date and the provision of insurance services is expected to be no more than one year.

16.4.21.7.3 Measurement of the liability for incurred claims

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). Even when the liability for remaining coverage is measured using the PAA, the liabilities for claims incurred are valued using the general measurement approach (BBA) and the future cash flows are adjusted for the time value of money and the effect of financial risk.

16.4.21.8 Measurement of reinsurance contracts held by the Group and the Company

The valuation methods for reinsurance contracts held by the Group and the Company (referred to in this section as reinsurance contracts) are the same as for insurance contracts, using consistent assumptions in the valuation of insurance and reinsurance contracts covering those insurance contracts, to the extent possible. In this case, the future cash flows in the valuation of reinsurance contracts are increased by a cash flow representing the effect of the reinsurer default risk, including the effects of collateral and litigation losses.

The risk adjustment for non-financial risk for reinsurance contracts represents the amount of risk being transferred from the insurer to the reinsurer.

In the valuation of reinsurance contracts, the unearned profit represented by the contractual service margin is replaced by the net gain or loss on the purchase of reinsurance. The net gain or loss on the initial recognition of reinsurance contracts is measured at:

- the fulfilment cash flows,
- the amount derecognised at that date of any asset or liability previously recognised for cash flows related to the group of reinsurance contracts,
- any cash flows arising from reinsurance contracts in a group of reinsurance contracts at that date,
- income recognised in the income statement as a result of the recognition of the reinsurance loss-recovery (LR) component of the asset for remaining coverage which mitigates the creation of a loss component for the liability for remaining coverage on the gross part.

If the net cost of purchasing reinsurance coverage relates to events that occurred before the purchase of the group of reinsurance contracts, the Group and the Company recognise this cost immediately as an expense in profit or loss.

The contractual service margin at the end of each reporting period for a group of reinsurance contracts is determined as the contractual service margin at the beginning of the reporting period, adjusted for:

- the effect of any new reinsurance contracts added to the group of reinsurance contracts,
- accrued interest on the amount of the CSM,
- income recognised in the income statement as a result of the recognition of the reinsurance loss-recovery (LR) component of the asset for remaining coverage,
- any reversals of the loss-recovery component to the extent that those reversals are not part of the change in fulfilment cash flows of a group of reinsurance contracts,
- changes in fulfilment cash flows for the remaining coverage, unless the change relates to a change in cash flows that do not change the CSM of the insurance contracts or, in the case of the PAA on direct business, affect the creation of a loss component of the liability for remaining coverage,
- the effect of foreign exchange differences on the CSM,
- the amount recognised in profit or loss because of services received in the period, determined by the allocation of the contractual service margin remaining at the end of the reporting period (before any

allocation) over the current and remaining coverage period of the group of reinsurance contracts.

Changes in fulfilment cash flows resulting from changes in the reinsurer's default risk are unrelated to future service and consequently do not adjust the CSM.

The Group and the Company adjust the contractual service margin of a group of reinsurance contracts and, consequently, recognise revenue when they recognise an onerous group of insurance contracts underlying the reinsurance contracts or when they add onerous insurance contracts underlying the reinsurance contracts to the group (this is the so-called loss-recovery component of an asset for remaining coverage of a group of reinsurance contracts). This adjustment is made only if the reinsurance contract has already been written at the time the loss component of the liability for remaining coverage on the onerous insurance contracts is recognised.

The amount of this adjustment is equal to the product of the recognised loss on the gross business and the share of the claims covered by that reinsurance contract on the insurance contracts from which that loss arises.

The Group and the Company establish (or adjust) a loss-recovery component of the asset for remaining coverage for a group of reinsurance contracts depicting the recovery of losses recognised in accordance with the above paragraphs. The loss-recovery component determines the amounts that are recognised in profit or loss as reversals of recoveries of losses from reinsur-

ance contracts and are consequently excluded from the premiums paid to the reinsurer.

The loss-recovery component is adjusted to reflect changes in the loss component of an onerous group of underlying insurance contracts. The carrying amount of the loss-recovery component must not exceed the portion of the carrying amount of the loss component of the onerous group of underlying insurance contracts that the Company expects to recover from the group of reinsurance contracts.

The PAA approach may also be used to measure reinsurance contracts if:

- the Company reasonably expects that such simplification would result in a measurement of the liability for remaining coverage for the group of reinsurance contracts that is not materially different from the measurement under the BBA approach, or
- the coverage period of each contract in the group of reinsurance contracts is one year or less.

The criterion in the first bullet point above is not met if, at the inception of a group of reinsurance contracts, the Group and the Company expect significant variability in the fulfilment cash flows that would affect the measurement of the liability for remaining coverage during the period before a claim is incurred.

If the PAA approach is used, the carrying amount of the asset is adjusted for the remaining coverage in the event that a loss recovery component is created.



16.4.21.9 Presentation of insurance and reinsurance contracts

Insurance revenue comprises the provision of services, during the reporting period, arising from a group of insurance contracts, specifically for an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for the services provided. Insurance service expenses represent incurred claims, expenses and other expenses related to insurance services incurred in the reporting period. Neither insurance revenue nor insurance service expenses include an investment component.

The total amount of insurance revenue for each group of insurance contracts is equal to the premiums paid, adjusted for a financing effect and excluding any investment components.

The allocation of insurance revenue by period is determined by the amount of insurance services provided during the reporting period, which includes:

- the expected insurance service expenses for each reporting period, net of any adjustment for non-financial risk and amounts allocated to the loss component of the liability for remaining coverage;
- the risk adjustment for non-financial risk, excluding any amounts allocated to the loss component of the liability for remaining coverage;
- the contractual service margin;
- amounts related to income tax that are specifically chargeable to the policyholder;
- amounts related to policy acquisition costs.

When the Group and the Company provide insurance services during a period, they reduce the liability for the remaining coverage and recognise insurance revenue during the period. The reduction in the liability for remaining coverage does not include changes that are not related to the provision of insurance services, such as:

- changes resulting from cash inflows from premiums received;
- changes that relate to investment components in the period,
- amounts relating to transaction-based taxes collected on behalf of third parties;
- finance income or expenses from insurance contracts,
- acquisition costs,
- derecognition of liabilities transferred to a third party;
- changes in the loss component of the liability for remaining coverage.

Consequently, insurance revenue for the period can also be analysed as the sum total of the changes in the liability for remaining coverage during the period that relates to services for which the Group and the Company expect to receive consideration. Those changes are:

- insurance service expenses incurred during the period (measured at the amounts expected at the beginning of the period), excluding:

- amounts allocated to the loss component of the liability for remaining coverage;
- repayments of investment components,
- amounts relating to transaction-based taxes collected on behalf of third parties (such as premium taxes, value added taxes and goods and services taxes);
- policy acquisition expenses; and
- the amount related to the risk adjustment for non-financial risk;
- the change in the risk adjustment for non-financial risk, excluding:
 - changes included in finance income or expenses from insurance contracts;
 - changes that adjust the contractual service margin because they relate to future service; and
 - amounts allocated to the loss component of the liability for remaining coverage;
- the amount of the contractual service margin recognised in profit or loss;
- other amounts, if any, for example, experience adjustments for premium receipts other than those that relate to future service.

Insurance revenue related to insurance acquisition cash flows are determined 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 same amount is recognised as insurance service expenses.



If the simplified premium allocation approach (PAA) is used to measure liabilities for future coverage, the insurance revenue is the amount of the expected premiums, excluding any investment component relating to the reporting period. Premiums are allocated by period evenly over the duration of the cover or, in the case of unevenly spread risk, over the expected period of in-currence of the insurance service expense (decrease in the amount of insurance cover for credit insurance, increase in the amount of insurance cover for construction and erection insurance and reinsurance contracts).

Finance income or expenses from insurance and reinsurance contracts comprise:

- the effect of the time value of money and changes in the time value of money; and
- the effect of financial risk and changes in financial risk.

For all its groups of insurance contracts without direct participation features, the companies allocate finance income and expense between profit or loss and the statement of other comprehensive income (OCI). The companies include in profit or loss an amount determined by a systematic allocation of the expected total finance income or expenses from insurance contracts over the duration of the group of insurance contracts. A systematic allocation is an allocation of the total expected finance income or expenses of a group of insurance contracts over the duration of the group that:

- is based on characteristics of the contracts, without reference to factors that do not affect the cash flows expected to arise under the contracts,
- results in the amounts recognised in other comprehensive income over the duration of the group of contracts totalling zero. The cumulative amount recognised in other comprehensive income at any date is the difference between the carrying amount of the group of contracts and the amount that the group would be measured at when applying the systematic allocation.

For groups of insurance contracts without direct participation features for which changes in assumptions that relate to financial risk do not have a substantial effect on the amounts paid to the policyholder, the systematic allocation is determined using the discount rates at the date of initial recognition of the group of insurance contracts, or at the date of loss in the case of the PAA approach.

For groups of insurance contracts without direct participation features for which changes in assumptions that relate to financial risk have a substantial effect on the amounts paid to the policyholders:

- a systematic allocation for the finance income or expenses arising from the estimates of future cash flows is determined by using a rate that allocates the remaining diluted expected financial income or expense over the remaining term of the group of contracts at constant rates;

- a systematic allocation for the finance income or expenses arising from the risk adjustment for non-financial risk, is determined using an allocation consistent with that used for the allocation for the finance income or expenses arising from the future cash flows;
- a systematic allocation for the finance income or expenses arising from the contractual service margin is determined:
 - for insurance contracts without direct participation features, using discount rates determined at the date of initial recognition of the group of insurance contracts; and
 - for insurance contracts with direct participation features, using an allocation consistent with that used for the allocation for the finance income or expenses arising from the future cash flows.

For groups of insurance contracts with direct participation features for which the company holds the underlying items, the company disaggregates insurance finance income or expenses between the statement of profit or loss and other comprehensive income for the period to include in profit or loss an amount that eliminates accounting mismatches with income or expenses included in profit or loss on the underlying items held (the financial expenses or income from insurance contracts included in profit or loss exactly matches the income or expense included in profit or loss for the underlying items, resulting in the net of the separately

presented items being nil). The company includes in other comprehensive income the difference between the finance income or expenses from insurance contracts measured on the basis set out above and the total insurance finance income or expenses for the period.

16.4.22 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.

16.4.23 Other financial liabilities

Other financial liabilities mainly include unpaid dividends payable from previous years and current interest and loan liabilities.

16.4.24 Current tax liabilities

Current tax liabilities are recognised at the amount of the current tax liability for the financial year not yet paid.

16.4.25 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.

Other liabilities include amounts due to employees and suppliers and other current liabilities (accrued expenses).

16.4.26 Investment income and expenses

The Company discloses investment income and expenses by type of income and expense:

- income from dividends and participating interests,
- interest income and expenses,
- income or expenses from financial investments measured at FVTPL,
- gains and losses arising from the derecognition of financial investments measured at FVOCI,
- exchange differences arising on financial investments, and
- other finance income and expenses (including income and expenses from investment property).

16.4.27 Other operating income and expenses

Other operating income includes income:

- from foreign exchange gains, excluding foreign exchange gains on (re)insurance contracts and investment transactions,
- from the sale of fixed assets,
- from the sale of green cards (international motor insurance certificates),
- from claims settled on behalf of other Group companies,

- from sales by non-insurance companies (including asset management, such as entry and exit fee income),
- from other services.

This income is recognised in the income statement at the time services are completed or invoices issued.

Revenue is measured based on the consideration to which the Group and Company are expected to be entitled under their contracts with customers. Amounts collected on behalf of third parties are excluded.

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. It is included in “other income” in the income statement and relates either to the pensions and asset management or the “other” operating segments. This revenue is not multi-year in nature, is recognised on an accrual basis in the financial year and presented under note [16.8.40](#).

Other operating expenses include:

- allowances for other receivables,
- impairment losses on property, plant and equipment and intangible assets.
- non-attributable expenses and
- other expenses.

Other expenses are recognised in the income statement at the time the service is rendered.

16.4.28 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 equity; deferred tax for these items is also presented in 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.

16.4.29 Information about reportable operating segments

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, broken down into EU and non-EU), life (life insurance business, broken down into EU and non-EU), pensions and asset management (pension insurance business in Slovenia and North Macedonia, and fund management) and the “other” segment (assistance services associated with motor, homeowners and health insurance business). In the following, more detail is provided on how the companies are included in operating segments.

The performance of these segments is monitored using a variety of indicators, with IFRS net profit being a common performance indicator for all segments. The management board monitors performance by segment to the level of insurance and reinsurance service results, net investment income and aggregated business results, amounts of assets, equity and insurance and

reinsurance contract liabilities on a quarterly basis.

The operations of the Sava Insurance Group are organised into the following operating segments: reinsurance, non-life (insurance), life (insurance), pensions and asset management, and the “other” segment. The non-life and life segments are further subdivided geographically into EU and non-EU.

The following companies are included in the individual operating segments:

- reinsurance: Sava Re (non-Group business);
- non-life, EU: Zavarovalnica Sava (the Slovenian and Croatian part of non-life insurance business), Vita (non-life insurance business);
- non-life, non-EU: 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, EU: Zavarovalnica Sava (the Slovenian and Croatian part of life insurance business), Vita (life insurance business), ZS Svetovanje (SVN), ASISTIM (SVN);
- life, non-EU: 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), ASP (SRB) and Vita S Holding (MKD); DCB (SVN) and G2I (GBR) using the equity method. This operating segment also in-

cludes expenses on subordinate debt. The company S Estate was sold on 1 March 2022 and G2I (GBR) in mid-2023. Since then, they are no longer included in the consolidated statements.

The following reallocations were made in the consolidated income statement:

- The effects of reinsurance (retrocessions) relating to business with subsidiaries (Sava Re, as the parent company, reinsures the major part of the subsidiaries’ business) are transferred from the reinsurance segment to other operating segments. In the segment reporting information, income and expenses from reinsurance ceded are allocated to the segments from which they originate. The same applies to finance expenses and recoveries from reinsurance contracts.
- 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, 75.6% of operating expenses were allocated to the segments in 2023 (2022: 74.7%). In addition, there were reallocations of op-

erating expenses of the company TBS Team 24 (SVN) associated with the companies conducting business in the Slovenian or international non-life segments from the “other” segment to these two segments.

- Investment income and expenses are reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the allocation of liabilities for incurred claims and liabilities for remaining coverage.
- Subordinated debt expenses are shown under the “other” segment.
- The proceeds from the sale of S Estate (RKS) and G2I 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 is transferred from the reinsurance segment to the non-life and life segments using the key for the allocation of liabilities for incurred claims and liabilities for remaining coverage.
- Reinsurance contract assets and liabilities are reallocated to other segments in the same way as described in the first paragraph (point) of the description of reallocations in the income statement.
- Subordinated liabilities are shown in the “other” segment.



Statement of financial position items by operating segment as at 31 December 2023

EUR	Reinsurance	Non-life, EU	Non-life, non-EU	Life, EU	Life, non-EU	Pensions and asset management	Other	Total
	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023	31 December 2023
ASSETS								
Intangible assets and goodwill	4,674,935	13,627,701	9,325,953	4,428,761	233,499	28,757,254	4,100,728	65,148,831
Property, plant and equipment	2,675,158	38,886,005	11,321,042	5,249,059	1,060,243	417,230	78,061	59,686,798
Investment property	7,582,167	11,730,934	5,544,277	32,900	0	0	0	24,890,278
Right-of-use assets	209,205	3,915,031	3,133,713	1,116,305	154,707	44,437	0	8,573,398
Investments in associates and joint ventures	0	0	0	0	0	0	23,834,620	23,834,620
Investments in associates accounted for using equity method	0	0	0	0	0	0	23,834,620	23,834,620
Deferred tax assets	5,087,419	3,548,166	0	-1,299,657	0	-751,528	0	6,584,400
Financial investments measured at	237,893,483	535,119,866	89,686,313	1,066,267,612	30,860,472	52,704,887	0	2,012,532,633
– Fair value through other comprehensive income	210,351,892	460,487,600	63,847,713	492,306,747	18,524,902	30,628,191	0	1,276,147,045
– Amortised cost	2,344,960	4,409,489	21,772,816	20,466,505	12,300,659	15,008,737	0	76,303,166
– Fair value through profit or loss	25,196,630	70,222,777	4,065,785	553,494,360	34,911	7,067,959	0	660,082,422
Investment contract assets	0	0	0	0	0	180,628,137	0	180,628,137
Insurance contract assets	4,966,239	3,686,689	16,211	753,959	184,190	0	0	9,607,288
Reinsurance contract assets	24,595,405	77,665,255	4,949,262	271,639	0	0	0	107,481,560
Current tax assets	0	0	435,426	0	1,683	0	7,507	444,616
Trade and other receivables	123,348	3,389,546	5,599,934	563,570	573,186	1,199,140	2,822,634	14,271,358
Non-current assets held for sale	0	191,021	68,628	0	0	0	0	259,649
Cash and cash equivalents	8,284,753	17,871,533	4,004,142	14,774,669	753,814	2,670,941	2,200,112	50,559,964
Other assets	715,114	1,235,294	419,561	394,674	41,483	763,264	473,216	4,042,606
Total assets	296,807,225	710,867,041	134,504,462	1,092,553,491	33,863,277	266,433,762	33,516,878	2,568,546,136
LIABILITIES								
Subordinated liabilities	0	0	0	0	0	0	74,987,535	74,987,535
Deferred tax liabilities	0	54,689	578,579	86,516	696,551	1,784,777	235,479	3,436,591
Insurance contract liabilities	163,562,295	463,154,147	64,660,233	917,651,804	17,396,207	24,597,561	0	1,651,022,247
Reinsurance contract liabilities	287,726	103,984	942,342	307,990	0	0	0	1,642,043
Investment contract liabilities	0	0	0	0	0	180,437,695	0	180,437,695
Provisions	419,660	5,619,443	308,683	1,186,602	16,617	462,626	60,624	8,074,255
Lease liability	210,798	4,096,675	3,212,030	1,116,412	156,186	52,636	0	8,844,737
Other financial liabilities	0	7,154	728,545	0	1,386	0	0	737,085
Current tax liabilities	6,319,991	116,825	670,658	2,363,508	27,152	276,482	156,214	9,930,830
Other liabilities	4,718,067	22,980,315	5,664,583	3,154,137	1,374,904	1,739,401	4,138,098	43,769,505
Total liabilities	175,518,538	496,133,232	76,765,653	925,866,969	19,669,003	209,351,177	79,577,950	1,982,882,523
Total equity								585,663,613
Total liabilities and equity								2,568,546,136



Statement of financial position items by operating segment as at 31 December 2022

EUR	Reinsurance	Non-life, EU	Non-life, non-EU	Life, EU	Life, non-EU	Pensions and asset management	Other	Total
	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022	31 December 2022
ASSETS								
Intangible assets and goodwill	4,068,385	16,900,619	9,245,044	2,874,285	118,787	29,879,226	2,808,946	65,895,292
Property, plant and equipment	2,553,946	40,929,091	12,634,139	4,872,184	1,058,434	340,235	47,597	62,435,626
Investment property	7,721,692	11,839,443	3,200,383	34,241	0	0	0	22,795,759
Right-of-use assets	248,062	4,551,855	2,256,173	221,030	24,397	121,639	2,520	7,425,676
Investments in associates and joint ventures	0	0	0	0	0	0	21,856,109	21,856,109
Investments in associates accounted for using equity method	0	0	0	0	0	0	21,856,109	21,856,109
Deferred tax assets	0	-203,681	0	220,746	0	0	0	17,065
Financial investments measured at	223,493,038	456,926,123	78,380,246	950,571,091	25,289,938	41,471,640	0	1,776,132,075
– Fair value through other comprehensive income	194,080,958	384,326,920	57,536,477	481,149,244	16,691,460	21,616,848	0	1,155,401,907
– Amortised cost	1,963,606	2,166,142	17,023,580	21,168,516	8,615,831	13,490,605	0	64,428,280
– Fair value through profit or loss	27,448,474	70,433,062	3,820,188	448,253,331	-17,354	6,364,187	0	556,301,888
Investment contract assets	0	0	0	0	0	166,374,119	0	166,374,119
Insurance contract assets	2,945,467	3,959,721	136,537	13,293	83,322	0	0	7,138,340
Reinsurance contract assets	22,018,612	43,582,758	2,291,047	241,224	0	0	0	68,133,642
Current tax assets	49,594	3,302,945	342,733	-284,100	1,683	0	0	3,412,855
Trade and other receivables	-113,541	3,758,200	2,806,668	2,023,980	609,725	972,915	2,225,026	12,282,973
Non-current assets held for sale	0	380,282	160,636	0	0	450,885	0	991,803
Cash and cash equivalents	11,655,827	40,864,333	4,424,791	26,894,444	1,884,243	7,001,632	498,361	93,223,631
Other assets	699,783	1,336,963	510,869	289,128	36,029	588,623	563,888	4,025,283
Total assets	275,340,865	628,128,653	116,389,266	987,971,545	29,106,558	247,200,914	28,002,447	2,312,140,248
LIABILITIES								
Subordinated liabilities	0	0	0	0	0	0	74,924,356	74,924,356
Deferred tax liabilities	-3,032,251	-1,554,331	336,866	4,342,765	342,266	2,375,985	0	2,811,300
Insurance contract liabilities	168,897,801	405,704,423	55,550,665	819,181,500	14,335,729	20,645,040	0	1,484,315,158
Reinsurance contract liabilities	111,680	79,071	518,136	342,728	0	0	0	1,051,614
Investment contract liabilities	0	0	0	0	0	166,197,363	0	166,197,363
Provisions	392,640	5,489,589	240,037	1,155,805	11,838	625,968	57,577	7,973,454
Lease liability	246,929	4,738,721	2,283,198	221,029	28,680	131,014	7,615	7,657,186
Other financial liabilities	0	-6	547,997	0	585	0	0	548,576
Current tax liabilities	45,414	0	842,323	448,202	26,762	159,258	33,033	1,554,992
Other liabilities	1,054,118	20,889,215	3,046,611	2,855,696	1,076,482	1,407,138	3,313,309	33,642,572
Total liabilities	167,716,331	435,346,682	63,365,833	828,547,725	15,822,342	191,541,766	78,335,890	1,780,676,571
Total equity								531,463,677
Total liabilities and equity								2,312,140,248



Income statement items by operating segment for 2023

EUR	Reinsurance 2023	Non-life, EU 2023	Non-life, non-EU 2023	Life, EU 2023	Life, non-EU 2023	Pensions and asset management 2023	Other 2023	Total 2023
Insurance revenue	104,029,407	436,996,472	89,711,654	59,872,919	6,530,594	421,765	0	697,562,811
Insurance service expenses	-81,494,383	-445,956,710	-83,631,610	-40,909,530	-4,820,572	-312,713	0	-657,125,518
– Claims incurred	-71,430,181	-324,341,925	-52,147,491	-15,502,210	-1,966,927	-85,420	0	-465,474,154
– Operating expenses	-10,318,051	-118,758,015	-31,575,713	-25,752,177	-3,047,991	-113,073	0	-189,565,020
– Unprofitable contracts	253,849	-2,856,770	91,594	344,857	194,346	-114,220	0	-2,086,344
Result before reinsurance	-8,960,238	6,080,044	18,963,389	1,710,022	22,535,024	109,052	0	40,437,293
Reinsurance service result	906,976	41,486,560	885,641	-238,707	0	0	0	43,040,469
Insurance service result	23,442,000	32,526,322	6,965,685	18,724,682	1,710,022	109,052	0	83,477,762
Net investment result	5,521,148	7,882,690	3,094,209	9,103,691	955,738	1,365,801	0	27,923,277
Finance result from insurance contracts	-5,210,202	-3,070,764	-629,162	-3,302,541	-400,071	-691,457	0	-13,304,198
Net foreign exchange gains/losses	1,270,540	-79,847	-8,803	-1,520	14,640	-2,505	0	1,192,505
Finance result	1,581,486	4,732,079	2,456,244	5,799,629	570,307	671,839	0	15,811,584
Income from non-insurance activities	0	0	0	0	0	19,589,410	5,806,493	25,395,903
Other expenses	-3,693,151	-16,349,800	-6,237,092	-5,161,413	-492,069	-13,370,630	-5,710,391	-51,014,545
Income from investments in subsidiaries and associates	0	3,754	0	0	0	0	2,282,455	2,286,209
Net other operating income or expenses	-631,045	4,411,830	2,603,285	-507,641	-20,696	516,535	-2,715,827	3,656,441
Profit or loss before tax	20,699,290	25,324,185	5,788,122	18,855,257	1,767,563	7,516,206	-337,270	79,613,354
Income tax expense								-14,956,182
Net profit or loss for the period								64,657,172



Income statement items by operating segment for 2022

EUR	Reinsurance 2022	Non-life, EU 2022	Non-life, non-EU 2022	Life, EU 2022	Life, non-EU 2022	Pensions and asset management 2022	Other 2022	Total 2022
Insurance revenue	92,799,955	380,796,268	73,586,592	56,462,308	5,033,876	308,794	0	608,987,793
Insurance service expenses	-70,317,410	-360,568,520	-64,961,945	-37,129,913	-4,389,039	-143,723	0	-537,510,550
– Claims incurred	-61,697,514	-255,758,019	-37,837,257	-11,447,246	-1,503,214	-66,524	0	-368,309,774
– Operating expenses	-8,703,623	-102,624,831	-27,103,703	-23,970,652	-2,532,069	-96,158	0	-165,031,036
– Unprofitable contracts	83,727	-2,185,670	-20,985	-1,712,015	-353,756	18,959	0	-4,169,740
Result before reinsurance	20,227,748	8,624,647	19,332,395	644,837	22,482,545	165,071	0	71,477,243
Reinsurance service result	168,828	7,537,611	-2,620,139	-490,126	0	0	0	4,596,174
Insurance service result	22,651,373	27,765,359	6,004,508	18,842,269	644,837	165,071	0	76,073,417
Net investment result	1,545,065	-562,285	1,962,550	3,709,640	750,448	-869,358	0	6,536,061
Finance result from insurance contracts	-4,386,386	-930,698	-378,489	-2,974,900	-267,571	-202,813	0	-9,140,857
Net foreign exchange gains/losses	1,942,705	-28,341	-22,079	-15,257	-25,577	-14,512	0	1,836,939
Finance result	-898,616	-1,521,324	1,561,983	719,483	457,300	-1,086,683	0	-767,857
Income from non-insurance activities	0	0	3,212	0	0	17,978,588	3,422,717	21,404,517
Other expenses	-2,908,447	-14,842,893	-5,742,288	-5,092,506	-418,355	-11,881,741	-3,496,453	-44,382,684
Income from investments in subsidiaries and associates	0	0	0	0	0	0	2,279,735	2,279,735
Net other operating income or expenses	-474,542	3,661,593	4,117,895	-622,602	385,306	-306,868	-2,865,865	3,894,917
Profit or loss before tax	18,369,768	15,062,734	5,945,310	13,846,644	1,069,088	4,868,367	-659,866	58,502,045
Income tax expense								-11,578,604
Net profit or loss for the period								46,923,441



Inter-segment business – inter-segment consolidation eliminations

EUR	Reinsurance		Non-life		Life		Pensions		Other	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Insurance service result before reinsurance	29,221,815	4,245,142	346,830	90,102	-233,171	-923,311	-	-	-	-
Net result from reinsurance contracts held	-	-	-32,466,249	-5,409,109	341,809	86,137	-	-	-	-
Net investment income/expenses	-72,248	-63,801	-289,315	-82,232	-	-	-	-39,951	-	-
Net insurance finance income or expenses	1,073,695	832,641	-1,157,607	-883,906	776,640	-2,514,324	-	-	-	-
Other operating income and expenses	-30,661,000	-50,822,064	1,226,967	2,045,152	-1,336,470	-1,224,152	703,688	522,560	-1,601,219	-1,447,894

Cost of intangible and property, plant and equipment assets by operating segment

EUR	Reinsurance		Non-life insurance		Life insurance		Pensions		Other		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Investments in intangible assets	973,700	1,118,179	1,892,653	4,278,034	367,356	249,925	97,047	275,363	1,357,106	8,537	4,687,862	5,930,038
Investments in property, plant and equipment	424,457	605,833	3,390,832	11,707,585	770,292	2,489,402	251,666	14,736	54,136	35,419	4,891,383	14,852,975

16.5 Standards and interpretations issued but not yet effective, and new standards and interpretations

The accounting policies adopted by the Group and the Company 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 2023. The impact of the adoption of IFRS 17 and IFRS 9 is described in section [16.6 “Transition to the new standards IFRS 17 and IFRS 9”](#).

New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Group and the Company have applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) and adopted by the EU that are mandatorily effective for reporting period that begins on or after 1 January 2023. The adoption of these amendments has not had any material impact to the financial statements of the Group or the Company, 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 Group and the Company, refer to section [16.6 “Transition to the new standards IFRS 17 and IFRS 9”](#).

New standard IFRS 17 “Insurance Contracts”, including the June 2020 and December 2021 amendments to IFRS 17

- IFRS 17 “Insurance Contracts” issued by IASB on 18 May 2017. The new standard requires insurance liabilities to be measured at a current fulfilment value and provides a more uniform measurement and presentation approach for all insurance contracts. These requirements are designed to achieve the goal of a consistent, principle-based accounting for insurance contracts. IFRS 17 supersedes IFRS 4 “Insurance Contracts” and related interpretations while applied. Amendments to IFRS 17 “Insurance Contracts” issued by IASB on 25 June 2020 defer the date of initial application of IFRS 17 by two years to annual periods beginning on or after 1 January 2023. Additionally, the amendments issued on 25 June 2020 introduce simplifications and clarifications of some requirements in the Standard and provide additional reliefs when applying IFRS 17 for the first time.
- Amendments to IFRS 17 “Insurance contracts” – Initial Application of IFRS 17 and IFRS 9 – Comparative Information issued by IASB on 9 December 2021. It is a narrow-scope amendment to the transition requirements of IFRS 17 for entities that first apply IFRS 17 and IFRS 9 at the same time.

Amendments to IAS 1 “Presentation of Financial Statements” – Disclosure of Accounting Policies

Disclosure of Accounting Policies issued by IASB on 12 February 2021. The amendments require entities to disclose their material information on accounting policies rather than their significant accounting policies. They provide guidance and examples to help preparers decide which accounting policies to disclose in their financial statements.

Amendments to IAS 8 – Definition of Accounting Estimates

Definition of Accounting Estimates issued by IASB on 12 February 2021. The amendments focus on accounting estimates and provide guidance on how to distinguish between accounting policies and accounting estimates.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Amendments to IAS 12 “Income Taxes” – Deferred Tax related to Assets and Liabilities arising from a Single Transaction issued by IASB on 6 May 2021. According to 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.

Amendments to IAS 12 – International Tax Reform – Pillar Two Model Rules

Amendments to IAS 12 “Income Taxes” – International Tax Reform – Pillar Two Model Rules issued by IASB on 23 May 2023. The amendments introduced a temporary exception to the accounting for deferred taxes arising from jurisdictions implementing the global tax rules and disclosure requirements about company’s exposure to income taxes arising from the reform, particularly before legislation implementing the rules is in effect.

The exception in the amendments to IAS 12 for an entity not to recognise and disclose information about deferred tax assets and liabilities under the IASB’s Pillar 2 relating to income taxes applies immediately after the amendments are issued and retrospectively in accordance with IAS 8. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023.

At Group level, a task force has been set up in 2023 to implement the new tax legislation¹²⁰. The task force has been set up to study the changes and will be responsible for their implementation. As the legislation introduces significant changes, we estimate that it will have an impact on the Group’s operations, but it is not yet possible to quantify the impact on individual items in the financial statements.

¹²⁰ In Slovenia, the Minimum Tax Act was adopted at the end of 2023 under the IASB’s Pillar 2.

New and revised IFRS Accounting Standards in issue and adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not applied the following revised IFRS Accounting Standards that have been issued by IASB and adopted by EU but are not yet effective:

Amendments to IFRS 16 “Leases” – Lease Liability in a Sale and Leaseback

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.

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, which were not adopted by the EU as at the date of this report:

Amendments to IAS 1 “Presentation of Financial Statements”

Classification of Liabilities as Current or Non-Current with Covenants (effective date determined by IASB: 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 IAS 7 “Statement of Cash Flows” and IFRS 7 “Financial Instruments: notes

Supplier Finance Arrangements issued by IASB on 25 May 2023 (effective date determined by IASB: 1 January 2024). Amendments add disclosure requirements and “signposts” within existing disclosure requirements to provide qualitative and quantitative information about supplier finance arrangements.

Amendments to IAS 21 “The Effects of Changes in Foreign Exchange Rates”

Lack of Exchangeability issued by IASB on 15 August 2023 (effective date determined by IASB: 1 January 2025). Amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

IFRS 14 “Regulatory Deferral Accounts”

Effective for annual accounting 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 in-

volving an associate or joint venture the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business.

The Group and the Company do not expect that the adoption of the above new standards and amendments to the existing standards during the period of initial application will 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” will not have had a significant impact the financial statements of the Group and the Company, if it had been applied at the balance sheet date.



16.6 Transition to the new standards IFRS 17 “Insurance Contracts” and IFRS 9 “Financial Instruments”

On 25 June 2020, the International Accounting Standards Board (Board) issued the final version of the accounting standard for insurance contracts IFRS 17. When IFRS 17 was finalised, the effective date was deferred by two years, from 1 January 2021 to 1 January 2023. The Board also decided to align the effective date of IFRS 9 with that of IFRS 17 for insurance companies. As a result of the deferral of the effective date of IFRS 17, the beginning of the comparative period has also been deferred by two years, from 1 January 2020 to 1 January 2022. IFRS 4 allowed the use of local accounting practices for insurance contracts in the consolidated financial statements. With IFRS 17, the Board has introduced, for the first time, common accounting guidance for insurance contracts. The Group and the Company have applied IFRS 17 for the first time for the purpose of preparing the financial statements for the 2023 financial year and the comparative information for 2022, taking into account the transitional provision in IFRS 17.C3(a).

At the same time, IFRS 9 “Financial Instruments”, which supersedes IAS 39, entered into force for the Group and the Company 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 and the Company have not preliminarily adopted any other standard, interpretation or amendment that has been issued but has not yet entered into force.

The adoption of IFRS 17 and IFRS 9 has a significant impact on the consolidated and separate financial statements. The effect of the transition to the new standards is recognised in retained earnings. The adoption of IFRS 17 and IFRS 9 has also led to significant changes in other equity items, notably the accumulated other comprehensive income, which is the fair value reserve under IAS 39.

The following illustrates the main impact of the adoption of IFRS 9 and IFRS 17 by comparing the restated statement of financial position of the Group and of the Company as at 1 January 2022 with the audited statement of financial position of the Group and the Company as at 31 December 2021.



Impact of transition to IFRS 17 and IFRS 9

Sava Insurance Group	31 December 2021 (published) (1)	IFRS 17 restatement effect (2)	IFRS 9 restatement effect (3)	Transition impact (4 = 2 + 3)	Other restatements and reallocations (5)	1 January 2022 (restated) (6 = 1 + 4 + 5)
EUR						
ASSETS						
Intangible assets and goodwill	67,306,775	-4,696,898	0	-4,696,898	0	62,609,877
Deferred acquisition costs	4,697,567	-4,697,567	0	-4,697,567	0	0
Other intangible assets and goodwill	62,609,208	669	0	669	0	62,609,877
Property, plant and equipment	56,337,174	-4,618	0	-4,618	0	56,332,556
Investment property	14,281,192	-592	0	-592	0	14,280,600
Right-of-use assets	7,386,426	-1,610	0	-1,610	0	7,384,816
Investments in associates accounted for using equity method	20,479,729	0	0	0	0	20,479,729
Deferred tax assets	5,487,403	7,935,939	1,005,913	8,941,852	0	14,429,255
Financial investments	1,990,128,035	-9,610,337	6,506,695	-3,103,642	0	1,987,024,393
Insurance contract assets	172,836,349	-4,815,360	0	-4,815,360	0	168,020,989
Reinsurance contract assets	0	14,379,062	0	14,379,062	0	14,379,062
Reinsurance contract assets	57,767,056	6,478,950	0	6,478,950	0	64,246,006
Receivables	149,610,352	-141,512,348	0	-141,512,348	0	8,098,004
Receivables arising out of primary insurance business	128,544,723	-128,544,723	0	-128,544,723	0	0
Receivables arising out of reinsurance and co-insurance business	9,077,165	-9,077,165	0	-9,077,165	0	0
Trade and other receivables	11,988,464	-3,890,460	0	-3,890,460	0	8,098,004
Current tax liabilities	330,518	0	0	0	0	330,518
Non-current assets held for sale	770,544	0	0	0	0	770,544
Cash and cash equivalents	88,647,678	-3,688	0	-3,688	0	88,643,990
Other assets	4,380,387	-342,270	0	-342,270	0	4,038,117
Deferred acquisition costs	22,572,741	-22,572,741	0	-22,572,741	0	0
Total assets	2,658,322,359	-154,766,510	7,512,608	-147,253,903	0	2,511,068,456
LIABILITIES						
Subordinated liabilities	74,863,524	0	0	0	0	74,863,524
Deferred tax liabilities	11,387,395	12,678,415	5,922,735	18,601,150	1,908,279	31,896,824
Insurance contract liabilities	1,761,683,455	-140,580,630	0	-140,580,630	0	1,621,102,825
Reinsurance contract liabilities		1,376,802	0	1,376,802	0	1,376,802
Investment contract liabilities	172,660,266	-4,815,360	0	-4,815,360	0	167,844,906
Provisions	9,018,106	-100,047	0	-100,047	0	8,918,059
Lease liability	7,224,138	416,339	0	416,339	0	7,640,477
Liabilities	52,363,619	-51,778,695	-23,196	-51,801,891	0	561,728
Liabilities from primary insurance business	41,669,619	-41,669,619	0	-41,669,619	0	0
Liabilities from reinsurance and co-insurance business	10,109,076	-10,109,076	0	-10,109,076	0	0
Other operating and financial liabilities	584,924	0	-23,196	-23,196	0	561,728
Current tax liabilities	3,004,684	-8,151	0	-8,151	0	2,996,533
Other liabilities	62,040,155	-21,710,467	0	-21,710,467	0	40,329,687
Total liabilities	2,154,245,342	-204,521,794	5,899,539	-198,622,255	1,908,279	1,957,531,366
EQUITY						
Share capital	71,856,376	0	0	0	0	71,856,376
Capital reserves	42,702,320	0	0	0	0	42,702,320
Profit reserves	229,008,079	0	0	0	0	229,008,079
Treasury shares	-24,938,709	0	0	0	0	-24,938,709
Accumulated other comprehensive income	22,547,759	-11,486,736	-9,549,903	-21,036,639	0	1,511,120
Retained earnings	116,166,406	61,173,806	11,162,972	72,336,778	-1,908,279	186,594,905
Net profit or loss for the period	49,623,843	0	0	0	0	49,623,843
Foreign currency translation reserve	-3,256,354	12,330	0	12,330	0	-3,244,024
Equity attributable to owners of the controlling company	503,709,720	49,699,400	1,613,069	51,312,469	-1,908,279	553,113,910
Non-controlling interests in equity	367,298	55,883	0	55,883	0	423,181
Total equity	504,077,018	49,755,283	1,613,069	51,368,352	-1,908,279	553,537,091
Total liabilities and equity	2,658,322,359	-154,766,511	7,512,608	-147,253,903	0	2,511,068,456

Impact of transition to IFRS 17 and IFRS 9

Sava Re	31 December 2021 (published) (1)	IFRS 17 restatement effect (2)	IFRS 9 restatement effect (3)	Total restatement effect (4 = 2 + 3)	1 January 2022 (restated) (5 = 1 + 4)
EUR					
ASSETS					
Intangible assets and goodwill	3,194,031	0	0	0	3,194,031
Property, plant and equipment	2,464,213	0	0	0	2,464,213
Investment property	7,899,693	0	0	0	7,899,693
Right-of-use assets	204,879	0	0	0	204,879
Investments in associates accounted for using equity method	304,554,991	0	0	0	304,554,991
Investments in subsidiaries	19,575,000	0	0	0	19,575,000
Deferred tax assets	3,688,957	2,774,231	-73,544	2,700,688	6,389,645
Financial investments	327,784,595	-9,610,337	1,450,778	-8,159,558	319,625,037
Investment contract assets		0	0	0	
Insurance contract assets		3,063,438	0	3,063,438	3,063,438
Reinsurance contract assets	48,486,444	7,582,052	0	7,582,052	56,068,497
Receivables	79,803,172	-79,540,948	0	-79,540,948	262,226
Receivables arising out of primary insurance business	74,410,185	-74,410,185	0	-74,410,185	0
Receivables arising out of reinsurance and co-insurance business	5,125,596	-5,125,596	0	-5,125,596	0
Trade and other receivables	267,390	-5,166	0	-5,166	262,226
Current tax assets	0	0	0	0	0
Non-current assets held for sale	0	0	0	0	0
Cash and cash equivalents	28,806,817	0	0	0	28,806,817
Other assets	746,809	0	-764	-764	746,043
Deferred acquisition costs	4,869,156	-4,869,156	0	-4,869,156	0
Total assets	832,078,758	-80,600,719	1,376,471	-79,224,248	752,854,509
LIABILITIES					
Subordinated liabilities	74,863,524	0	0	0	74,863,524
Deferred tax liabilities	76,227	3,343,343	259,954	3,603,297	3,679,523
Insurance contract liabilities	331,812,724	-40,365,818	0	-40,365,818	291,446,906
Reinsurance contract liabilities	0	766,545	0	766,545	766,545
Investment contract liabilities	0	0	0	0	0
Provisions	421,865	0	0	0	421,865
Lease liability	203,730	0	0	0	203,730
Liabilities	46,148,843	-46,148,843	0	-46,148,843	0
Liabilities from primary insurance business	39,556,034	-39,556,034	0	-39,556,034	0
Liabilities from reinsurance and co-insurance business	6,592,809	-6,592,809	0	-6,592,809	0
Current tax liabilities	394,752	0	0	0	394,752
Other liabilities	6,991,093	-622,148	0	-622,148	6,368,945
Total liabilities	460,912,758	-83,026,921	259,954	-82,766,967	378,145,790
EQUITY					
Share capital	71,856,376	0	0	0	71,856,376
Capital reserves	54,239,757	0	0	0	54,239,757
Profit reserves	229,238,622	0	0	0	229,238,622
Treasury shares	-24,938,709	0	0	0	-24,938,709
Accumulated other comprehensive income	3,716,228	-3,604,872	-3,270,615	-6,875,487	-3,159,259
Retained earnings	10,633,662	6,031,074	4,387,132	10,418,206	21,051,868
Net profit or loss for the period	26,420,064	0	0	0	26,420,064
Foreign currency translation reserve	0	0	0	0	0
Equity attributable to owners of the controlling company	371,166,000	2,426,202	1,116,517	3,542,719	374,708,719
Non-controlling interests in equity	0	0	0	0	0
Total equity	371,166,000	2,426,202	1,116,517	3,542,719	374,708,719
Total liabilities and equity	832,078,758	-80,600,719	1,376,471	-79,224,248	752,854,509



In the following, we describe the most significant changes in the statement of financial position of the Group and the Company:

- A decrease in long-term deferred acquisition costs and insurance and reinsurance receivables and liabilities, which have been reclassified to insurance and reinsurance contract assets.
- Technical provisions have been replaced by the items insurance and reinsurance contract assets. The valuation of insurance and reinsurance contract assets is mainly affected by:
 - a. the use of the best estimate of assumptions instead of a conservative estimate of assumptions (positive impact);
 - b. discounting all of the Group's liabilities using a risk-free interest rate plus a liquidity premium (positive effect);
 - c. recognition of expected future profits for portfolios valued using the BBA and VFA approaches in the CSM (negative effect).
- The change in the amount of investments is due to the transition to IFRS 17, in particular to the reclassification of deposits from cedants and part of the investment contract assets, and to the change in the valuation model for equity investments.
- Deferred taxes are accounted for and calculated based on the afore-mentioned changes.
- Other restatements and allocations represent the correction of an incorrectly accounted deferred tax liability on the allocation of the purchase price from the 2019 acquisition of Sava Penzisko Društvo (MKD).
- The effects of the afore-mentioned changes are reflected in the changes in Group and Company equity.

Presentation of the transition impact on accumulated other comprehensive income and retained earnings

EUR	Group	Sava Re
Accumulated other comprehensive income		
Accumulated other comprehensive income		
Closing balance as at 31 December 2021 (audited)	22,547,759	3,716,228
Reclassification of debt instruments from available-for-sale to amortised cost	-14,081,754	-4,277,279
Recognition of expected credit losses under IFRS 9 for debt financial assets at FVOCI	2,000,157	239,484
Deferred tax relating to the application of IFRS 9	2,531,694	767,180
Recognition of changes in interest rates in insurance and reinsurance contracts	-15,428,942	-4,450,459
Deferred tax relating to the application of IFRS 17	3,942,206	845,587
Opening balance under the new standards (1 January 2022)	1,511,120	-3,159,259
Retained earnings of previous years		
Closing balance as at 31 December 2021 (audited)	116,166,406	10,633,662
Impact of initial application of IFRS 17	74,482,491	7,445,770
Deferred tax relating to the application of IFRS 17	-13,308,685	-1,414,696
Recognition of ECL under IFRS 9, including those measured at FVOCI	13,964,533	5,487,813
Deferred tax relating to the application of IFRS 9	-2,801,561	-1,100,681
Opening balance under the new standards (1 January 2022)	188,503,184	21,051,868
Prior-period restatements*	-1,908,279	0
Opening balance under new standards, including prior-period restatements (1 January 2022)	186,594,905	21,051,868

* Adjustment to calculated deferred tax on the acquisition of Sava Penzisko (2019).

EUR	Group	Sava Re
Total change in equity (net of tax) resulting from adoption of new standards		
Accumulated other comprehensive income	-9,549,903	-3,270,615
Retained earnings of previous years	11,162,972	4,387,132
Total change in equity resulting from adoption of IFRS 9	1,613,069	1,116,517
Accumulated other comprehensive income on insurance and reinsurance contracts	-11,486,736	-3,604,872
Retained earnings of previous years	61,173,806	6,031,074
Foreign currency translation reserve	12,330	0
Non-controlling interests in equity	55,883	0
Total change in equity resulting from adoption of IFRS 17	49,755,283	2,426,202

16.6.1 Transition to IFRS 17 “Insurance Contracts”

The Group and the Company have performed an assessment of each group of contracts to determine the possible transitional approaches provided by the standard. As required, a fully retrospective approach has been adopted, unless this was considered impracticable for the group of contracts under consideration. In all other cases, either the modified retrospective approach or the fair value approach has been adopted instead.

Full retrospective approach

Full retrospective approach:

- identified, recognised and measured each group of insurance contracts, as if IFRS 17 had always applied,
- identified, recognised and measured all assets for insurance acquisition cash flows, as if IFRS 17 had always applied,
- derecognised any existing balances that would not exist had IFRS 17 always applied and
- recognised any resulting net difference in equity.

Contracts measured under the modified retrospective approach

The Group assessed historical information available and determined that all reasonable and supportable information necessary for applying the full retrospective approach were not available for all groups of insurance contracts issued before the transition date. The Group

elected to apply the modified retrospective approach for some groups of contracts, depending on the entity in the Group, its portfolios, years of initial recognition of a group of contracts and the measurement method, which was intended to achieve the closest possible outcome to the full retrospective application maximising the use of available information.

The Group and the Company applied modifications in the following areas:

- estimation of expected future cash flows and risk adjustment for non-financial risk as at the date of initial recognition,
- determination of the CSM for direct participating contracts and other insurance contracts,
- determination of finance income or expenses from insurance contracts,

Expected cash flows

The Group and the Company estimated the cash flows at the date of initial recognition by estimating these cash flows at the date of transition, adjusted by actual cash flows that were known to have occurred between then and the date of initial recognition. These also included cash flows from contracts that had ceased to exist by the date of transition.

Discount rates

In case of business without direct participation features the Group and the Company had reasonable and supportable information to determine discount rates

according to IFRS 17 requirements from 31 December 2003 on. For incurred claims before 31 December 2003, discount rates as at 31 December 2003 were used. On the other hand, in case of business with direct participation features (VFA method) only discount rates from 31 December 2021 were used, in accordance with the requirements of the standard.

Risk adjustment for non-financial risk

The Group estimated the amount of risk adjustment for non-financial risk at the date of transition. The cash flows for past risk adjustment releases were estimated by assuming that these releases are proportionate to coverage units for a given period. Specifically, past risk adjustment releases for a given period were estimated by multiplying the coverage unit for the given period with the ratio between the risk adjustment release and the expected coverage unit of the first projection period following the transition date. This has been performed on the level of a group of contracts.

Insurance acquisition cash flows

The Group and the Company allocated the insurance acquisition cash flows that occurred during the period from the initial recognition date until the transition date using a systematic and rational allocation method between groups of insurance contracts recognised until the transition date. No insurance acquisition cash flows were allocated to groups that are expected to be recognised after the transition date according to accepted methodology for IFRS 17 measurement.

CSM and loss component

For the business without direct participation features, the CSM at transition date was determined by first estimating the CSM at initial recognition and then decreasing this amount according to the share of service provided during the period until transition (i.e., in the same way as in case of the full retrospective approach).

If there was a loss component estimated at the date of initial recognition, then the Group and the Company determined the amounts allocated to the loss component before the date of transition using a systematic basis of allocation in the same way as in the case of the full retrospective approach.

In the case of VFA, the Group calculated the CSM or loss component at a transition date as a result of the total underlying items value minus present value of future cash flows minus/plus adjustments for amounts charged and paid to policyholder before transition, the release for risk adjustment for non-financial risk and insurance acquisition cash flows paid before the transition. If such amount results in CSM, it is adjusted for an amount of the contractual service margin that relates to services provided before that date. If a loss component is calculated, it is adjusted to nil and LRC excluding loss component is increased by the same amount at a transition date.



For groups of contracts, measured under PAA, a modified retrospective approach was applied, because LRC was estimated at a transition date. In case of onerous groups of contracts measured under PAA, LRC was adjusted for a loss component, estimated at a transition date.

Reinsurance contracts held

For a group of reinsurance contracts held that was purchased before or at the same time the underlying insurance contracts were issued, the Group determines the loss-recovery component of the asset for remaining coverage at the transition by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date with the percentage of claims for the group of underlying onerous insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

Where the Group and the Company did not have reasonable and supportable information to determine the loss-recovery component of the asset for remaining coverage, the Group and the Company did not identify such loss-recovery component.

Insurance revenue

For those groups of contracts for which coverage has expired at the transition date, there is no revenue recognised after the date of transition, except in case of experience adjustments due to subsequent payments or refunds of premiums or change in premium receiv-

ables. If there is still coverage remaining after the date of transition, revenue for such groups is recognised.

For groups of contracts, other than direct participating contracts, that were determined to be onerous at the date of transition, the loss component was estimated at the transition date.

For direct participating contracts with remaining coverage that at transition date were determined to have been onerous on initial recognition, the Group does not track any loss component. Revenue is recognised in the same way as for other non-onerous groups of contracts. Subsequent increase in the Group's share of the fair value of the underlying items will create a CSM, which would then be allocated to the period and included in the determination of the period's revenue.

Finance income or expenses from insurance contracts

The Group and the Company have elected a disaggregated presentation of finance income or expenses from insurance contracts for all portfolios. The cumulative amount recognised in OCI at the date of transition was estimated as:

- In case of BBA, OCI was calculated in the same way as in case of full retrospective method.
- For those direct participating contracts for which the Group holds the underlying items and are measured applying VFA, the opening cumulative amount of OCI at transition date was set to correspond to the amount of the underlying items at transition date.

- For non-life insurance and reinsurance contracts issued, accounted applying the PAA, the cumulative amount of OCI in case of LIC was calculated as a difference in LIC applying current and locked-in discount rate at the date of transition.

Accounting estimates made in interim financial statements

The Group and the Company chose the annual reporting accounting policy choice therefore interim financial statement do not influence the determination of CSM or loss component at the transition date.

Contracts measured applying the fair value approach

The Group concluded that reasonable and supportable information for application of the modified retrospective approach was not available for all insurance contracts issued before the date of transition, depending on the entity in the Group, and therefore applied the fair value approach for those contracts. Also, the Company applied the fair value approach for some reinsurance contracts issued, covering underlying contracts in the Group. The Group and the Company used reasonable and supportable information available at the transition date to:

- identify groups of insurance contracts,
- determine whether an insurance contract meets the definition of an insurance contract with direct participation features,
- identify discretionary cash flows for insurance contracts without direct participation features.

Level of aggregation

The Group included contracts into groups of contracts issued within one year apart.

Measurement at the transition date

In applying the fair value approach at the transition date, the CSM or loss component of the LRC was estimated as the difference between the fair value and the fulfilment cash flows of the group of contracts as of that date. In determining fair value, the requirements of IFRS 13 Fair Value Measurement were followed, except for that standard's requirement in relation to demand features (that fair value cannot be less than the amount repayable on demand). This is because it would contradict the IFRS 17 requirement to incorporate cash flows on a probability-weighted basis.

Discount rates

The Group used discount rates as at the date of transition for fair value approach.

Insurance acquisition cash flows

The Group included all insurance acquisition cash flows paid before the transition in the measurement of the groups of insurance contracts recognised at the transition date, except for the contracts that already ceased before transition date. Consequently, no assets for insurance acquisition cash flows at the transition date were recognized. Additionally, it was assumed that all acquisition costs were already amortised until the transition date due to lack of reasonable and supportable information.

Finance income or expenses from insurance contracts

The Group and the Company chose to disaggregate the presentation of finance income or expenses from insurance contracts and determined the cumulative amount recognised in OCI as follows:

- for those direct participating contracts for which the Group holds the underlying items and are measured applying VFA, the opening cumulative amount of OCI at transition date was set to correspond to the amount of the underlying items at transition date, and
- nil for all other contracts.

Reinsurance contracts held

For a group of reinsurance contracts held the Group determines the loss-recovery component of the asset for remaining coverage at transition by multiplying the loss component of the liability for remaining coverage for the underlying insurance contracts at the transition date with the percentage of claims for the group of underlying onerous insurance contracts that the Group expects to recover from the group of reinsurance contracts held.

Where the Group and the Company did not have reasonable and supportable information to determine the loss-recovery component of the asset for remaining coverage, the Group and the Company did not identify such loss-recovery component.

Acquired insurance contracts

The Group chose to classify as a liability for incurred claims the liability for settlement of claims incurred before a group of insurance contracts was acquired in a portfolio transfer or a business combination within the scope of IFRS 3 Business Combinations.

The effect of groups of insurance contracts measured at the transition date applying the modified retrospective approach or the fair value approach on the contractual service margin and insurance revenue in subsequent periods is shown in note [16.8.10 Movement in liabilities for remaining coverage \(LRC\) and liabilities for incurred claims \(LIC\) – insurance contracts issued](#) and note [16.8.12 Movement in individual components of insurance contracts](#).

16.6.2 Transition to IFRS 9 “Financial Instruments”

The Group and the Company adopted IFRS 9 from 1 January 2023 and have prepared comparative financial statements for the 2022 financial year. The Group and the Company have used the “classification overlay approach” described below to prepare comparative data for 2022.

At the date of initial application, the Group and the Company:

- assessed whether a financial asset meets the conditions for classification, considering the selected business model and contractual cash flow characteristics, based on the facts and circumstances existing at that date. The resulting classification was applied retrospectively irrespective of the entity’s business model in prior reporting periods;
- designated all financial assets that are measured at fair value through profit or loss;
- designated investments in equity instruments as measured at fair value through other comprehensive income;
- designated financial liabilities measured at fair value through profit or loss;
- assessed whether a financial asset is in a low credit risk category.

Such assessment or designation was made on the basis of the facts and circumstances existing at the date of initial application. That classification was applied retrospectively.

Assets measured at amortised cost in accordance with IFRS 9 are deposits with a maturity of more than three months, loans and debt securities classified as hold to collect at the date of transition to IFRS 9 that the Group and the Company will hold to maturity.

Under IAS 39, the Group and the Company classified most of their financial assets in the form of debt securities as available for sale (AFS). These financial assets have been classified in accordance with IFRS 9 into one of the following groups: at fair value through other comprehensive income or at fair value through profit or loss. Under IFRS 9, the Group and the Company may classify debt securities in the fair value through other comprehensive income (FVOCI) measurement category provided that the contractual cash flows are solely repayment of principal and interest (pass the SPPI test).

Most of the equity instruments that were classified as available for sale (AFS) under IAS 39 are classified as at fair value through profit or loss (FVTPL), while there is an option to designate shares and participations at fair value through other comprehensive income (FVOCI) under the standard. Other types of investments, such as units in collective investment undertakings, ETFs, alternative funds, etc. which were classified as available-for-sale (AFS) under IAS 39, were reclassified to the fair value through profit or loss (FVTPL) measurement category.

Reclassification of financial investments and presentation of the effect on the Sava Insurance Group

Financial assets (EUR)	Category	IAS 39		Subsequent measurement		IFRS 9	
		Amount	Reclassification	ECL	Other	Amount	Category
Deposit and CD	LR	18,561,698	-	-343,151	-	18,218,547	AC
Loans granted*	LR	126,161	-	-	-	-	
Loans granted	LR	1,548,376	-	-29,833	-	1,518,543	AC
Cedants	LR	9,610,337	-	-	-	-	
Total LR/AC	LR	29,846,572	0	-372,983	0	19,737,091	AC
HTM financial investments	HTM	40,023,124	-40,023,124	-	-	-	
– Reclassified to debt investments at AC	HTM	-	-40,023,124	-56,343	-	-	
Debt instruments at AC (from HTM)		-	40,023,124	-56,343	-	39,966,781	AC
Effect of IFRS 17 (Financial Contracts)		-	-	-	-	-3,349,096	AC
ECL effect in Group		-	-	-26,048	-	-26,048	AC
Total HTM/AC	HTM	40,023,124	0	-82,391	0	36,591,638	AC
AFS financial investments		1,368,432,673	-1,368,432,673	-	-	-	
– Reclassified to debt investments at FVOCI		-	-1,233,810,051	-1,844,004	1,844,004	-	
– Reclassified to debt investments at FVTPL		-	-7,502,546	-	-	-	
– Reclassified to equity investments at FVTPL		-	-105,745,268	-	-	-	
– Reclassified to equity investments at FVOCI (option)		-	-21,374,809	-	-	-	
Total AFS	AFS	1,368,432,673	-1,368,432,674	-1,844,004	1,844,004	0	
Debt instruments at FVOCI (from AFS)		-	1,233,810,051	-	-	1,233,810,051	FVOCI
Equity instruments at FVOCI (option) (from AFS)		-	21,374,809	-	-	21,374,809	FVOCI
Effect of IFRS 17 (Financial Contracts)		-	-	-	-	6,304,614	FVOCI
Total FVOCI		0	1,255,184,860	0	0	1,261,489,474	FVOCI
Equity instruments at FVTPL (from AFS)		-	105,745,268	-	-	105,745,268	FVTPL
Effect of change in model valuation		-	-	-	-	1,858,910	FVTPL
Effect of IFRS 17 (Financial Contracts)		-	-	-	-	2,314,904	FVTPL
Debt instruments at FVTPL (from FVOCI)		-	7,502,546	-	-	7,502,546	FVTPL
Financial assets at FVTPL (designated)		34,386,074	-34,386,074	-	-	-	FVTPL
Financial assets at FVTPL (mandatory)		-	34,386,074	-	-	34,386,074	FVTPL
Total FVPL/FVTPL		34,386,074	113,247,814	0	0	151,807,703	FVTPL
Total financial investments under IAS 39		1,472,688,443	0	-2,299,379	1,844,004	1,469,625,906	
Assets held for the benefit of policyholders who bear the investment risk							
Investments in deposits at amortised cost	LR	2,008,600	-	-38,593	-	1,970,007	AC
HTM financial investments	HTM	4,078,892	-4,078,892	-	-	-	
Reclassified to debt investments at AC	HTM	-	-4,078,892	-1,551	-	-	
Debt instruments at AC (from HTM)		-	4,078,892	-1,551	-	4,077,341	AC
Total HTM/AC	HTM	4,078,892	0	-1,551	0	4,077,341	AC
AFS financial investments		62,859,271	-62,859,271	-	-	-	
– Reclassified to debt investments at FVOCI		-	-60,882,191	-156,154	156,154	-	
– Reclassified to equity investments at FVTPL		-	-1,977,080	-	-	-	
Total AFS	AFS	62,859,271	-62,859,271	-156,154	156,154	0	
Debt instruments at FVOCI (from AFS)		-	60,882,191	-	-	60,882,191	FVOCI
Equity instruments at FVOCI (from AFS)		-	1,977,080	-	-	1,977,080	FVOCI
Total FVOCI		0	62,859,271	0	0	62,859,271	FVOCI
Financial assets at FVTPL (designated)		448,492,829	-448,492,829	-	-	-	FVTPL
Financial assets at FVTPL (mandatory)		-	448,492,829	-	-	448,491,870	FVTPL
Total FVPL/FVTPL		448,492,829	0	0	0	448,491,870	FVTPL
Total assets held for the benefit of policyholders who bear the inv. risk		517,439,592	0	-196,298	156,154	517,398,488	
Total financial investments under IFRS 9		1,990,128,035	0	-2,495,677	2,000,158	1,987,024,394	
Cash and cash equivalents	LR	88,647,678	-	-	-	88,643,990	AC
Total cash and cash equivalents		28,806,817	0	0	0	28,806,817	
Total financial assets		2,018,934,852	0	-2,495,677	2,000,158	2,015,831,211	
HTM financial liabilities	HTM_L	-74,863,524	74,863,524	-	-	-	
Reclassified to: AC financial liabilities		-	74,863,524	-	-	-	
AC financial liabilities (from HTM)		-	-74,863,524	-	-	-74,863,524	AC_L
Total HTM_I/AC_L	HTM_L	-74,863,524	0	0	0	-74,863,524	AC_L
Total financial liabilities		-74,863,524	0	0	0	-74,863,524	

* The value refers to loans that are treated as liabilities after the transition to IFRS 17.

Expected credit losses (ECL) EUR

	Balance of impairment allowance under IAS 39	Reclassification	ECL under IFRS 9 as at 1 January 2022
Loans and credits granted from LR / Loans, credits granted at AC	0	411,576	411,576
HTM debt securities under IAS 39 / AC debt instruments under IFRS 9	0	83,943	83,943
AFS debt securities under IAS 39 / FVOCI debt instruments under IFRS 9	439,496	2,000,158	2,439,654
Total	439,496	2,495,677	2,935,173

Reclassification of financial investments and presentation of impact on Sava Re

Financial assets (EUR)	Category	IAS 39		Subsequent measurement			IFRS 9	
		Amount	Reclassification	ECL	Other	Amount	Category	
Deposits from cedants	LR	9,610,337	-	-	-	-		
Loans granted	LR	2,572,973	-	-49,419	-	2,523,554	AC	
Total LR/AC	LR	12,183,310	0	-49,419	0	2,523,554	AC	
HTM financial investments	HTM	2,816,979	-2,816,979	-	-	-		
– Reclassified to debt investments at AC	HTM	-	-2,816,979	-17,001	-	-		
Debt instruments at AC (from HTM)		-	2,816,979	-17,001	-	2,799,977	AC	
Total HTM/AC	HTM	2,816,979	0	-17,001	0	2,799,977	AC	
AFS financial investments		303,501,261	-303,501,261	-	-	-		
– Reclassified to debt investments at FVOCI		-	-271,786,710	-239,484	239,484	-		
– Reclassified to equity investments at FVTPL		-	-31,714,551	-	-	-		
Total AFS	AFS	303,501,261	-303,501,261	-239,484	239,484	0		
Debt instruments at FVOCI (from AFS)		-	271,786,710	-	-	271,786,710	FVOCI	
Total FVOCI		0	271,786,710	0	0	271,786,710	FVOCI	
Equity instruments at FVTPL (from AFS)		-	31,714,551	-	-	31,714,551	FVTPL	
Effect of change in model valuation		-	-	-	-	1,517,200	FVTPL	
Financial assets at FVTPL (designated)	FVTPL	9,283,045	-9,283,045	-	-	-	FVTPL	
Financial assets at FVTPL (mandatory)	FVTPL	-	9,283,045	-	-	9,283,045	FVTPL	
Total FVPL/FVTPL	FVTPL	9,283,045	31,714,551	0	0	42,514,796	FVTPL	
Total financial investments		327,784,595	0	-305,905	239,484	319,625,038		
Cash and cash equivalents	LR	28,806,817	-	-	-	28,806,817	AC	
Total cash and cash equivalents		28,806,817	0	0	0	28,806,817		
Total financial assets		356,591,412	0	-305,905	239,484	348,431,855		
HTM financial liabilities	HTM_L	-74,863,524	74,863,524	-	-	-		
– Reclassified to financial liabilities at AC		-	74,863,524	-	-	-		
AC financial liabilities (from HTM)		-	-74,863,524	-	-	-74,863,524	AC_L	
Total HTM_/AC_L	HTM_L	-74,863,524	0	0	0	-74,863,524	AC_L	
Total financial liabilities		-74,863,524	0	0	0	-74,863,524		

Expected credit losses (ECL) EUR

	Balance of impairment allowance under IAS 39	Reclassification	ECL under IFRS 9 as at 1 January 2022
Loans and credits granted from LR / loans and credits granted at AC	0	49,419	49,419
HTM debt securities under IAS 39 / AC debt instruments under IFRS 9	0	17,001	17,001
AFS debt securities under IAS 39 / FVOCI debt instruments under IFRS 9	439,496	239,484	678,981
Total	439,496	305,905	745,401

Equity instruments classified as FVOCI

The Group has elected to designate certain equity securities to be measured at fair value through other comprehensive income (FVOCI). These instruments are not held for trading, and at initial recognition the Group has made an irrevocable election to designate them to this category.

The cumulative gains and losses recognised in accumulated other comprehensive income are reclassified to retained earnings on disposal of such instruments.

The Group has elected to reclassify to other comprehensive income the changes in the fair value of equity securities held for the long term for strategic purposes.

These investments are not expected to be sold in the short to medium term. Previously, these investments were classified as available for sale. As a result, assets with a fair value of EUR 21,374,809 were reclassified from available-for-sale financial assets to financial assets at FVOCI. As a result of the reversal of the permanent impairment of available-for-sale equity in-

vestments, EUR 735,670 of the fair value reserve was reclassified to retained earnings on 1 January 2022.

For a detailed overview of securities classified as FVOCI, see section [16.8.7](#), table “Equity securities classified as FVOCI”.



16.7 Risk management¹²¹

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 interest-rate guarantees),
- operational risk, and
- strategic risk.

The table on the right shows a summary of risks in 2023.

The following is an overview of risks in terms of the potential volatility of business results and the resulting impact on the financial statements of the Group and the Company. Sensitivity analyses are included for each risk group, showing the impact on profit or loss and accumulated other comprehensive income (AOCI).

The potential impact of an extreme internal or external risk materialising and its impact on the Group's and the Company's solvency position will be addressed in the Solvency and Financial Condition Report of the Sava Insurance Group for 2023, which will be posted on the Sava Re website on 17 May 2024, and in the Solvency and Financial Condition Report of Sava Re d.d. for 2023, which will be posted on the Company's website on 5 April 2024.

Risk profile of Sava Insurance Group and Sava Re

Risks	Summary of risks in 2023	Risk described in section
Insolvency risk	The Group and the Company ensure an adequate level of excess capital. During 2023, 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 2023, 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.	16.7.2
Underwriting risks	In terms of capital requirements, the Group's most significant risks include non-life, life, and health underwriting risks. These risks are managed appropriately and remain at similar levels to last year. In non-life insurance business, the premium and reserve risk decreased slightly and the catastrophe risk increased slightly. The risk of claims inflation continues to be a concern for non-life insurance business. Sava Re is mainly exposed to non-life underwriting risks, which remained unchanged compared to 2022.	16.7.3
Financial risks	The Group and the Company ensure the appropriate management of financial risks. Exposure to these risks is actively monitored and managed, and appropriate diversification of the investment portfolio and management of assets and liabilities is ensured. Financial risks did not increase further in 2023 compared to 2022. The investment policy was adapted to the changed circumstances. The Group and the Company maintain a sufficient level of highly liquid investments.	16.7.4
Operational risks	The Group and the Company actively manage operational risks by continuously improving the internal control environment and processes. Operational risks increased slightly compared to the previous year, mainly due to a slight increase in risks related to data privacy and security and operational risks related to the adoption of the new accounting standard IFRS 17.	16.7.5
Strategic risks	Strategic risks are an important risk category for the Group and Sava Re due to the uncertain geopolitical environment and the associated unpredictability. The risks are at a similar level compared to last year. The strategic risks section also discusses sustainability risk and climate change risk. The Group and the Company strive to limit the risks sufficiently and to respond and adapt effectively to changes in the environment.	16.7.6

16.7.1 Key challenges and associated risks

16.7.1.1 Geopolitical uncertainty and the macroeconomic environment

The uncertain geopolitical situation continued in 2023. The war between Russia and Ukraine continued, and later in the year the military conflict between Israel and Hamas began. The Sava Insurance Group and Sava Re reviewed their exposures at the outbreak of the military conflict and found that there were no material exposures in the region. Tensions between China and Taiwan intensified in 2023. Increasing cooperation between Russia, Iran and North Korea also poses a threat to global stability. Mounting trade restrictions on the strategic positioning of imports and exports of key minerals and rare metals could lead to high price volatility and congestion in supply chains in the future. These frictions also affect the free movement of goods and international trade. Elections will be held in no fewer than 40 countries around the world next year, and the results and changes in the ruling political parties could further influence the geopolitical situation.

From a stock market perspective, 2023 was a good year for equities and bonds, outperforming expectations. The US economy proved resilient, avoiding a recession despite high interest rate hikes and even achieving better-than-expected economic growth of 2.9% in the third quarter¹²². In Europe, there was no GDP growth¹²³, while Slovenia achieved 1.6% GDP growth in 2023, and the other countries where the

Group is present had slightly higher growth¹²⁴. At the same time, strong deflation was observed in 2023. In the eurozone, the US and other developed countries, inflation is falling as a result of central banks' rather restrictive monetary policies. The downturn heralds the likely end of interest rate hikes. Forecasts for 2024 currently point to a further decline in inflation. Corporate bond spreads have narrowed in 2023, and companies are expected to start refinancing and issuing new debt at lower costs in 2024. Uncertainty about economic growth in Europe is relatively high.

The Group and the Company monitor potential systemic risks with a view to taking timely action. They reduce their exposure to such risks by, among other things, ensuring adequate diversification of the investment portfolio and a sufficient percentage of highly liquid assets to meet extraordinary liquidity needs. The impact of individual scenarios and events is also considered as part of the own risk and solvency assessment (ORSA). The basis for conducting the 2024 ORSA (which was reported to the regulator in March 2024) is the business plan of Sava Re and the Sava Insurance Group for 2024 confirmed in December 2023, and the financial projections for 2025 and 2026. The capital adequacy projections in the 2024 ORSA confirmed that, over the entire strategy period, the solvency position was compliant with both statutory provisions and the Group's and the Company's internal rules, ensuring continuous and adequate liquidity. 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.

16.7.1.2 Challenges for the insurance industry

Claims inflation

The impacts of claims inflation were diminishing in 2023. The risk of a decline in the profitability of the non-life insurance business due to claims inflation in motor and property insurance was regularly monitored and the impact analysed. The necessary measures have been taken to maintain an appropriate level of profitability in the insurance business, in particular through repeated adjustments to premium rates. On the other hand, the assets and liabilities of (re)insurance contracts have been adjusted to take account of future inflation. The impact of claims inflation was also monitored on a quarterly basis through the periodic risk reports.

Zavarovalnica Sava maintained its profitability through rate increases, largely offsetting the effect of the increase in average claims. At the end of the year, no significant additional upward pressure on prices from claims inflation was observed in Slovenia.

In the non-EU companies, a significant impact of claims inflation was seen somewhat later, in the first half of 2023, while no major impact was seen in the

second half of the year. The Sava Insurance Group continues to monitor and analyse the impact on its subsidiaries and is taking the necessary measures to mitigate it.

Claims inflation was also reflected in the reinsurance markets, where we saw an increase in sums insured in 2023, with an increase in retentions. In both the domestic and international reinsurance markets, other factors (including increased loss frequency in some markets, macroeconomic conditions, geopolitical conflicts and the prevailing hard market) influenced the renewal of reinsurance treaties in 2023, further tightening conditions and thus making the renewal of reinsurance protection more challenging. Despite the difficult environment, the Group obtained adequate reinsurance protection in 2023.

In the renewal of its accepted business in 2023, Sava Re continued to focus on appropriate portfolio diversification and adjustments to the pricing and terms of reinsurance treaties (war risk exclusions, sanctions clauses, specific exclusions and limits of cover). It also continued its efforts to reduce the discrepancies between reinsurance accepted and retrocessional cover.

In the period ahead, trends in the renewal of reinsurance programmes at 1 January 2024 suggest a gradual stabilisation of the market, which will have a moderating effect on rates and expectations in the reinsurance markets.

¹²² <https://tradingeconomics.com/united-states/gdp-growth-annual>

¹²³ <https://tradingeconomics.com/euro-area/gdp-growth-annual>

¹²⁴ Source: UMAR, Economic Mirror, No. 1/2024, IMF, World Economic Outlook, October 2023, www.statista.com.

Natural catastrophes in 2023

During the summer months, Slovenia and certain other countries in which the Group has a presence were hit by a wave of storms and floods that caused significant property damage. The gross claims resulting from these events totalled EUR 88.3 million in 2023. Taking into account reinsurance protection, the impact of these events on the Group's profit was EUR 27.4 million. Zavarovalnica Sava had the largest impact on profit (EUR 26.4 million).

As expected, these events have had an impact on the renewal of reinsurance protection, in particular on the price of reinsurance, changes to individual reinsurance programmes, the willingness of partners to renew shares and also the willingness of the reinsurance markets to renew a particular type of reinsurance protection. All this resulted in an increased risk of obtaining adequate reinsurance protection, to which Sava Re responded by securing adequate reinsurance protection for the next financial year.

16.7.1.3 Climate change and transition to sustainable business

Climate change is a significant sustainability risk for the Sava Insurance Group and Sava Re, as it has a direct and indirect impact on their business activities, and monitoring and managing this risk is crucial for the Group's long-term performance. Climate change is a serious risk for society and the economy, and for the business of insurance and reinsurance companies.

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. The Group and the Company consider the risk of an increase in the severity and frequency of extreme weather events and natural catastrophes due to climate change to be a key physical risk. Without further international action on climate change, average global temperatures will continue to rise, potentially increasing underwriting risk through greater loss unpredictability or exposure to natural catastrophes. Monitoring the development of such events will therefore be very important in the future.

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.

Transition and physical risks are, and will continue to be, extremely important for the Group's companies, so they are subject to constant Group-level monitoring. Climate risk was also analysed (qualitatively and quantitatively) in the ORSA.

There is a high level of awareness within the Group that there are many challenges and risks associated with the Group's transition to sustainable business. Monitoring and reporting on risks related to sustainable development and social responsibility has been established. There is also a strong focus on effective and meaningful implementation of sustainability legislation.

16.7.1.4 Cyber risk

Cyber risks were among the key operational risks in 2023. Monitoring and managing these risks will become increasingly important for the Sava Insurance Group. The realisation of cyber risks can lead to a complete disruption of operations and high financial losses, while also affecting the Group's reputation. Therefore, additional risk mitigation measures are being planned and implemented at Group level, in addition to those already in place. These include the establishment of an

information security team, the development of a cyber incident response plan, the integration of a multifactor user authentication system and the establishment of a database protection system. Major cyber risks identified include ransomware, malware, social engineering, data breaches and theft, and denial of service. Security threats and incidents are also regularly monitored through the Security Operations Centre (SOC).

In 2023, the Sava Insurance Group has taken an active approach to planning activities to comply with the new DORA¹²⁵ regulation for all companies in the Group. The legislation, which comes into force on 17 January 2025, sets new network and information security requirements for financial institutions. Activities will be led at Group level by a formally established project team and include ICT risk management, ICT incident reporting, digital operational resilience testing, third-party ICT risk management and the establishment of information sharing processes.



16.7.1.5 Risk assessment and the going-concern assumption

Despite the challenging environment, the Sava Insurance Group exceeded its planned profit for 2023. The impact of events (mainly catastrophe claims and claims inflation) on the solvency ratio was also monitored quarterly throughout 2023, at both Group and company level. Estimates show that their solvency ratios in 2023 were significantly above the regulatory requirement and in line with internal criteria. For both the Sava Insurance Group and Sava Re, risks are continuously identified, monitored, analysed and managed, and the necessary decisions and adjustments are made.

A possible deterioration of the macroeconomic and geopolitical situation may have an adverse impact on the assets and liabilities of the Sava Insurance Group and Sava Re also in 2024. This may have a direct or indirect impact on the Group's and the Company's business. The solvency of the Sava Insurance Group and Sava Re may also be affected, but it is not expected to be compromised given their strong capitalisation. Liquidity risk is well managed in both the Group and Sava Re, and no significant increase in liquidity risk is expected over the next 12 months. For Sava Re, the going concern assumption continues to apply, based on the expected cash flow from the core business and the composition of the investment portfolio, which can provide sufficient liquidity for a prolonged period of stress.

16.7.2 Capital adequacy and capital management in the Sava Insurance Group and Sava Re

At the Group and Sava Re level, the standard formula is used to calculate the capital requirements in accordance with the Solvency II legislation. The solvency capital requirement (SCR) is fully calculated once a year, whereas the 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 relevant quarter. Capital adequacy as at 31 December 2022 was assessed under the previous accounting standards (IFRS 4), whereas the assessment as at 31 December 2023 was based on IFRS 17. This had no significant impact on the solvency ratio.

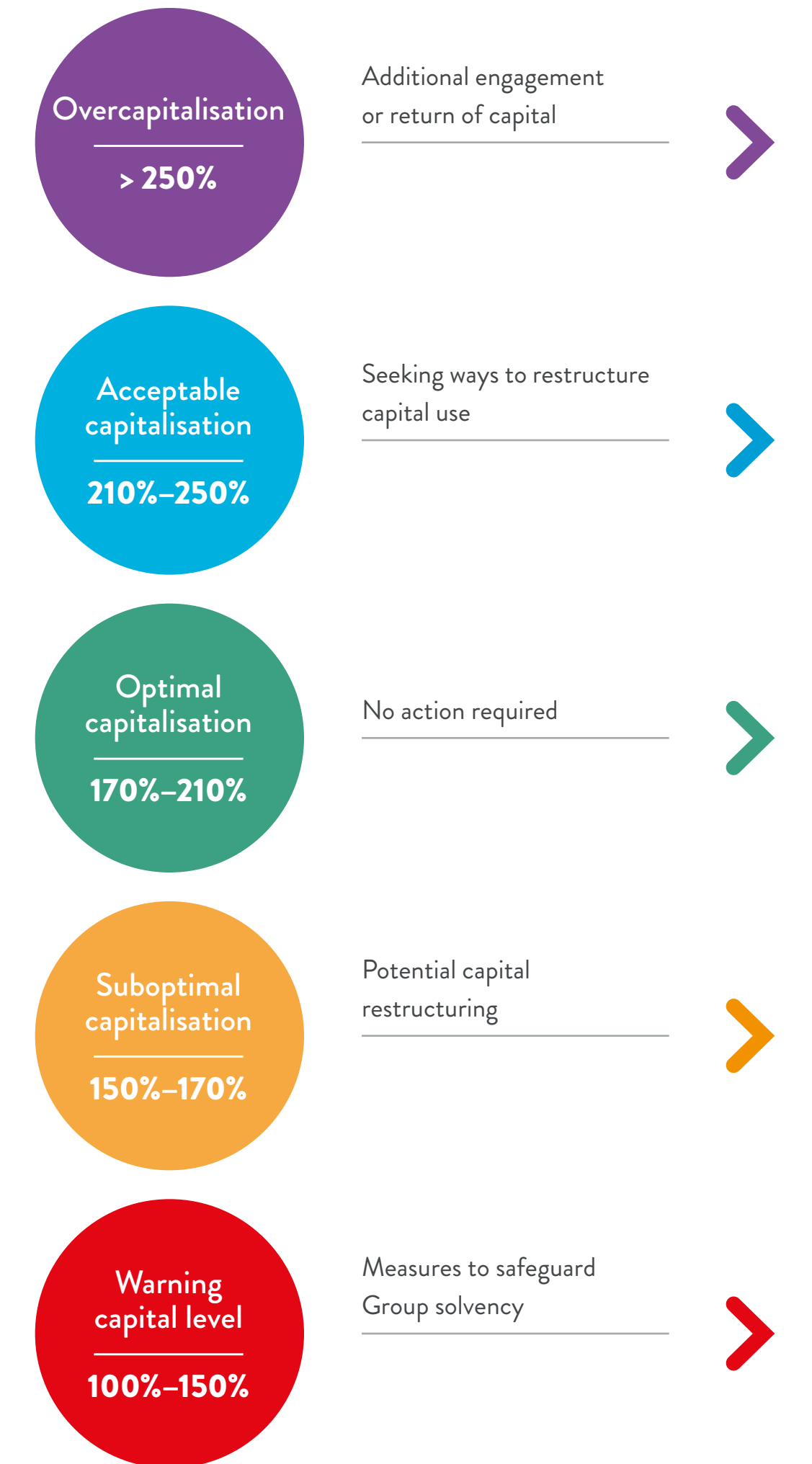
The Group's estimated solvency position as at 31 December 2023 shows that the Group is well capitalised, with an expected solvency ratio of between 188% and 194% (31 December 2022: 183%). The Group's eligible own funds to cover the solvency capital requirement (SCR) amounted to EUR 566.0 million at 31 December 2022 and are estimated to have been higher at year-end, mainly due to the strong performance in 2023 and the positive change in the accumulated oth-

er comprehensive income. The Group's solvency capital requirement (SCR) was EUR 310.1 million as at 31 December 2022 and is estimated to have increased in 2023, mainly as a result of an increase in non-life and health underwriting risk and a lower adjustment to the SCR for the loss absorbency of deferred taxes.

The assessments carried out indicate that the Group's solvency as at 31 December 2023 remains at a high level, well 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 2023–2027, which defines the Group's risk appetite, defines the levels of required solvency ratios, as listed on the right.

Solvency ratio levels of the Group in line with internal rules defined by the risk strategy





The estimated solvency ratio of the Sava Insurance Group at the end of 2023 is therefore also in line with the internal criteria and is at the level of optimal capitalisation, as shown in the following graph on the upper right. The graph 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.

The Company’s solvency position as at 31 December 2023 shows that it is well capitalised, with a solvency ratio of 289% (31 December 2022: 266%). The amount of own funds eligible to cover the solvency capital requirement (SCR) as at 31 December 2023 was EUR 653.2 million (31 December 2022: EUR 569.2 million). The increase is mainly due to the strong operating performance in 2023 and the increase in the value of participations. The Company’s solvency capital requirement as at 31 December 2023 was EUR 225.9 million (31 December 2022: EUR 213.8 million) and increased mainly due to the increase in market and non-life underwriting risks.

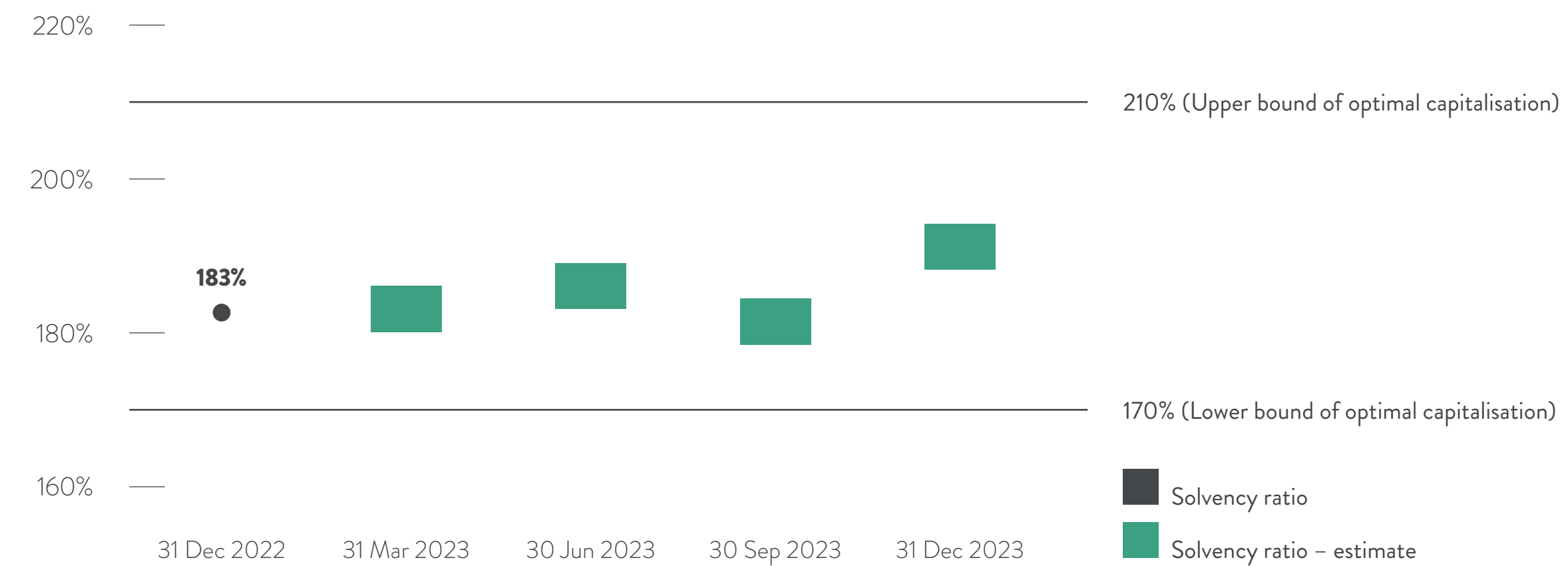
Throughout 2023, the Company’s capital adequacy was consistently assessed to have been above the lower bound of the solvency ratio defined in the risk strategy (more than 200%) and significantly above regulatory requirements.

The graph on the right below, shows the solvency ratio ranges of the Company in 2023, the audited solvency ratio as at 31 December 2023 and the compliance with the required lower bound of the solvency ratio according to the internal criteria.

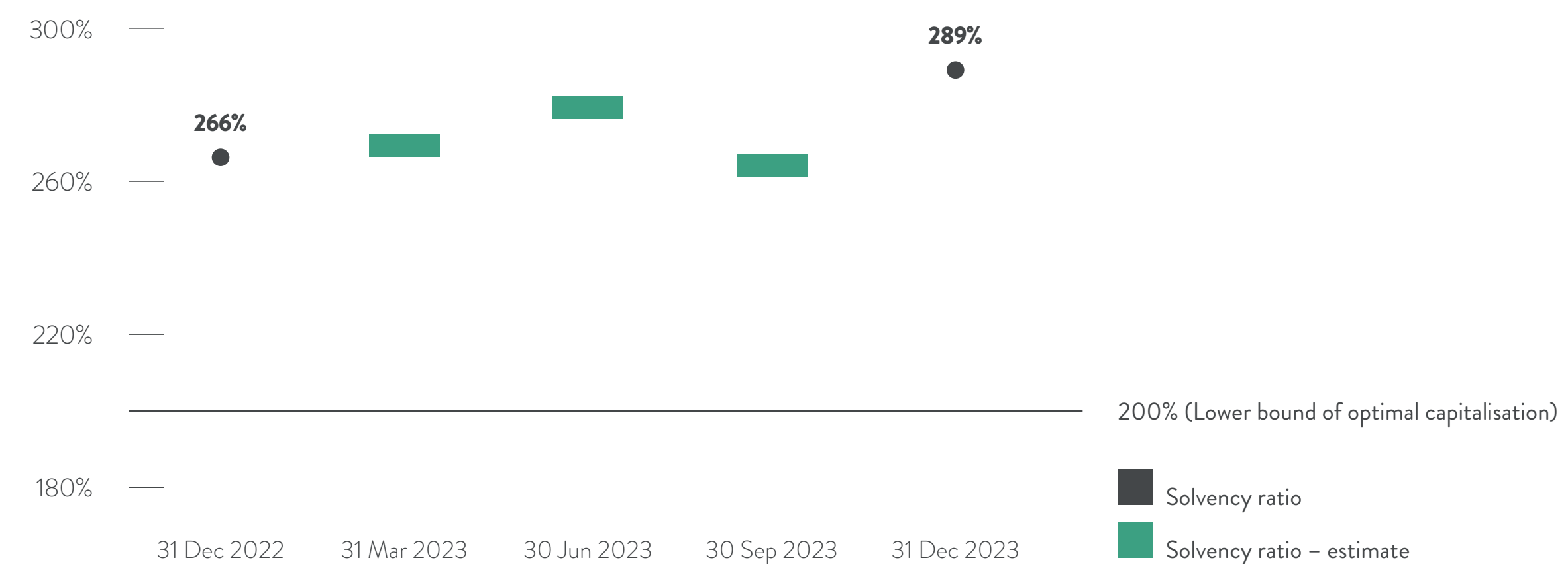
Based on the preceding charts, the Company believes that insolvency risk is low. The scenarios conducted under ORSA 2024 also demonstrated the robustness of the Group’s and the Company’s solvency position.

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 the Sava Insurance Group as at 31 December 2022 and in 2023



Capital adequacy of Sava Re as at 31 December 2022 and 31 December 2023





16.7.3 Underwriting risks

The Group and the Company 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 underwriting 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.

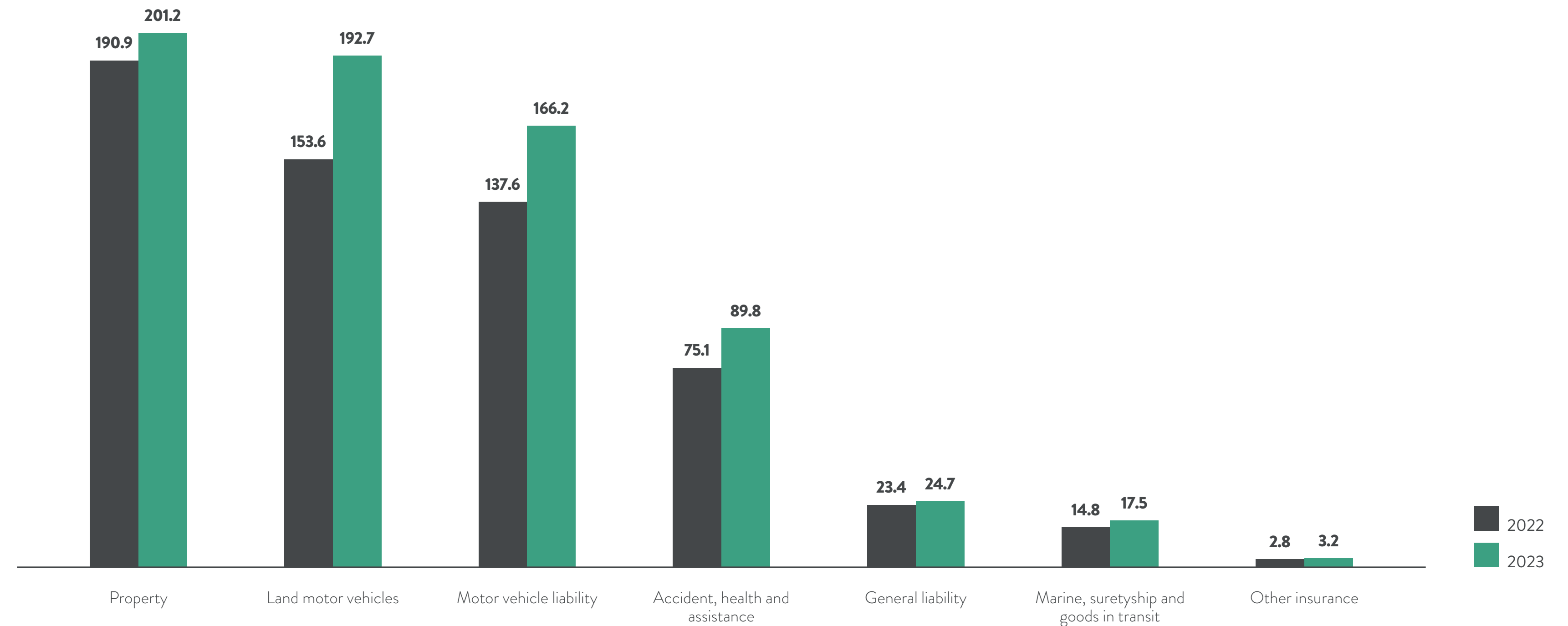
First, we present underwriting risks arising out of non-life business. This is followed by risks arising out of life and health insurance business.

16.7.3.1 Non-life underwriting risks

The Group's exposure to non-life underwriting risk, measured by the volume of consolidated gross non-life premiums, is shown in the graph on the right.

Gross premiums written by class of insurance (non-life insurance)

EUR million





The breakdown of the Group’s gross non-life premiums did not change significantly in 2023.

The Group’s largest premium volume is generated in Slovenia and the Adriatic region, where its direct insurance subsidiaries operate; exposure to Slovenia is predominant. Premiums are higher in 2023, and the share of the largest classes of insurance increased further in 2023. The Company’s other exposures are relatively well diversified globally.

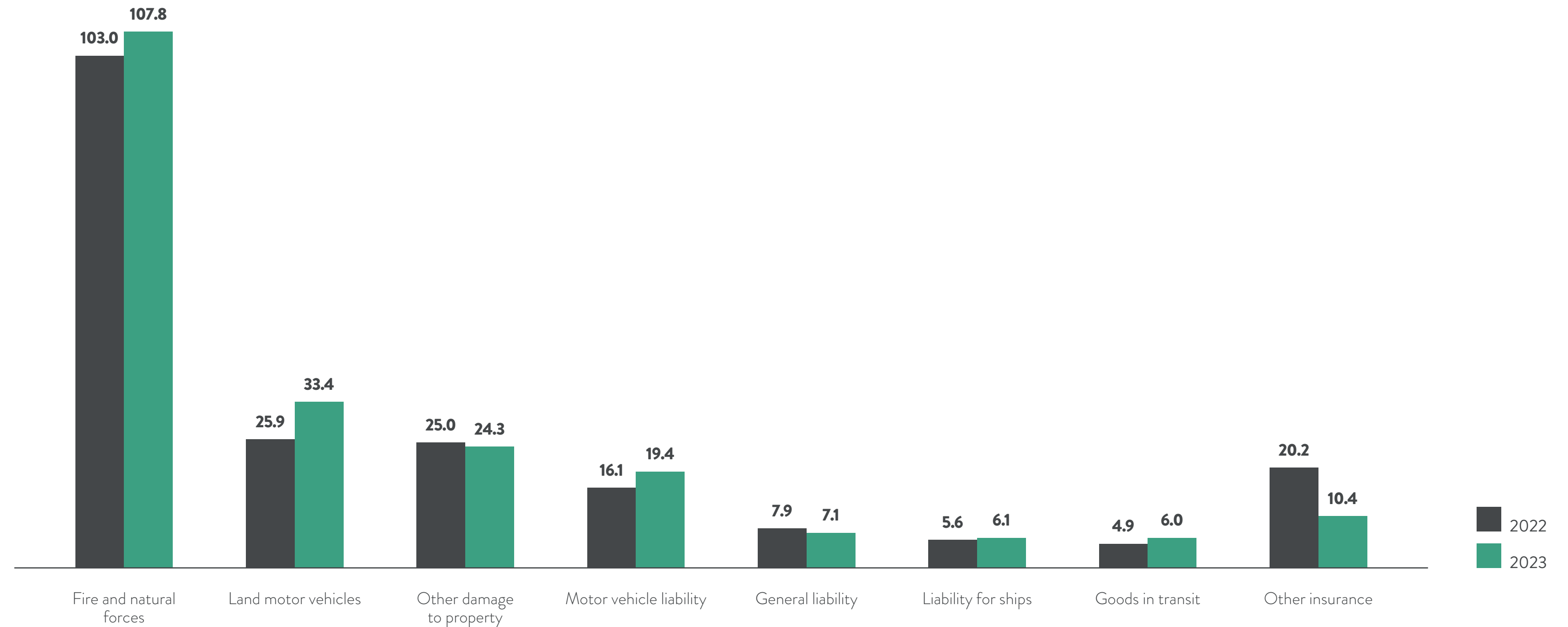
The Group’s exposure to non-life measured by net (re) insurance contract liabilities is disclosed in note [16.8.9 “Insurance and reinsurance contract assets and liabilities”](#).

As the Group as a whole has an adequate retrocession programme in place, it is not significantly exposed to the risk of a sharp increase in net claims, even in the event of catastrophe 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) that would affect the net combined ratio.

The Company’s exposure to non-life underwriting risk, measured by the volume of gross non-life premiums, is shown in the graph on the right, by class of insurance.

Gross premiums of Sava Re by class of insurance (non-life reinsurance)

EUR million



The breakdown of the Company's gross non-life (re) insurance premiums did not change significantly in 2023.

The Company's exposure to non-life underwriting risk measured by net (re)insurance contract liabilities is disclosed in note [16.8.9 "Insurance and reinsurance contract assets and liabilities"](#).

The Group and the Company manage non-life underwriting risks by:

- 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 following sections describe risk management in more detail for each of the non-life underwriting risks.

Premium risk

The Group's and the Company's premium risk is assessed as moderate and slightly decreased compared to 2022. Uncertainties include claims inflation, which is somewhat lower in 2023 than in 2022 but remains high, and the increased frequency and severity of natural catastrophes. In the future, it will remain necessary to closely review the adequacy of the assumptions used and to react swiftly by adjusting premium rates to ensure that the Group achieves its planned results.

Most accepted non-life (re)insurance contracts are renewed annually. This allows insurers to adjust conditions and rates on an ongoing basis to reflect any adverse developments in the claims experience of entire classes of business and major policyholders. In response to rising inflation, the Group has already taken steps to increase premium rates for motor and property insurance. Due to deteriorating macroeconomic conditions and the increased severity of natural catastrophes in recent years, reinsurance premium rates increased further in 2023, which has been beneficial for the management of premium risk in reinsurance underwriting.

The Group mitigates price risk by conducting detailed market analyses, monitoring the business environment (media, competitors, customers) and regulatory requirements, and monitoring historical claims trends (for the entire insurance market) and projections. In the case of obligatory proportional reinsurance treaties, Sava Re follows the 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 by market and class of insurance. Consequently, coverage may only be granted by following internal underwriting guidelines, and performance must be consistent with the target combined ratios, based on available information, prices set and other 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 (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 reinsurance protection for individual risks remained similar to the previous year in 2023.



Risk of insufficient insurance contract liabilities

The risk that the Group or the Company has insufficient insurance contract liabilities is assessed as medium and is slightly lower compared to 2022, as the level of insurance contract liabilities for all major portfolios has already been appropriately adjusted in 2022 for past and expected future inflation. Compared to the previous year, the inflation outlook for 2023 has also moderated somewhat. The risk is managed through the measures described below.

Insurance contract liabilities may be inadequate due to inaccurate actuarial estimates or unexpected adverse claims developments. This may be the result of new types of losses that are not excluded in cedants' insurance conditions and for which no insurance contract liabilities have yet been established, which is common in liability insurance, but may also be due to changes in court practice. All the lessons learned from claims experience are then used to determine insurance contract liabilities in the future.

The adjustment of the assumptions for setting insurance contract liabilities in 2023 was affected by the change in the forecast of the expected future claims inflation and the higher severity of natural catastrophes, whereas the run-off analyses of the liability for incurred claims previously set show positive results in 2022 (below).

Based on records and understanding of the process of calculating the insurance contract liabilities, potential risks are identified and described, such as the risks relating to:

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

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

Such controls include:

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

The process by which insurance contract liabilities 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 insurance contract liabilities, a validation is carried out in accordance with the reporting schedule.

Back-testing of adequacy of insurance contract liabilities in 2023

The Group establishes the liability for remaining coverage separately for each group of insurance contracts. In addition to the basic amount of liability for remaining coverage, Group companies establish a loss component if a contract is unprofitable (described in the accounting policies for insurance contracts).

The adequacy of the level of the liability for incurred claims is assessed using run-off analysis. This can only be applied to past years – the further back in time, the more precise the results. As the liabilities for incurred claims are calculated using consistent actuarial methods, we can conclude from historical differences between originally estimated and subsequently established liabilities at various balance sheet dates that the liabilities as at 31 December 2023 are adequate.

The Group companies record and analyse data on liabilities for incurred claims by accident year. The following tables show, for each accident year represented by a column, the development of the estimated ultimate

claims (gross, net) of each accident year in relation to the subsequent claims development. The values in the tables, except for the last row, are not discounted.

The data in the following tables are only presented from the transition to the new accounting standard onwards, because the data are insufficient for previous years because of the application of the premium allocation approach on a large part of the non-life portfolio and the fair value transition on certain parts of the portfolio measured using the general measurement model.

All amounts included in the following tables whose original value is in a foreign currency have been translated into euro at the rates of the European Central Bank (ECB) reference rate list published by the Bank of Slovenia as at 31 December of the relevant year. On the other hand, all cash flow amounts included in the tables below that are originally denominated in foreign currencies have been translated into euro using the average exchange rate for the year.

The actual claims development by accident year shows that the run-off of gross and net liabilities is predominantly positive. On the basis of the above, it can be concluded that the level of both the gross and net liabilities for incurred claims as at 31 December 2023 for accident years up to and including 2023 is adequate to cover the expected ultimate liabilities.



Development of estimated ultimate non-life claims of the Sava Insurance Group

(EUR thousand)

Estimates of cumulative gross claims	Year ended 31 December										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At end of accident year									500,689,696	617,042,478	/
Re-estimated as of 1 year later								230,203,088	448,781,487		/
Re-estimated as of 2 years later							145,496,372	213,530,184			/
Re-estimated as of 3 years later						113,899,060	136,746,105				/
Re-estimated as of 4 years later					57,209,581	109,242,100					/
Re-estimated as of 5 years later				36,001,013	53,606,089						/
Re-estimated as of 6 years later			25,915,715	36,125,255							/
Re-estimated as of 7 years later		18,097,114	25,247,364								/
Re-estimated as of 8 years later	8,460,995	16,303,107									/
Re-estimated as of 9 years later	8,155,280										/
Cumulative gross claims paid by reporting date	2,116,604	7,737,146	9,236,733	14,941,662	44,423,306	73,878,548	90,140,998	148,658,528	354,986,526	333,324,882	/
Gross liabilities for accident years 2014–2023	6,038,677	8,565,961	16,010,631	21,183,593	9,182,783	35,363,552	46,605,108	64,871,656	93,794,961	283,717,596	585,334,517
Gross liabilities for prior accident years											50,274,000
Effect of discounting											-54,982,307
Gross liabilities for incurred claims included in the statement of financial position											580,626,209



Development of estimated ultimate non-life claims of Sava Re

(EUR thousand)

Estimates of cumulative gross claims	Year ended 31 December										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At end of accident year									169,061,145	212,673,761	/
Re-estimated as of 1 year later								146,929,663	147,952,242		/
Re-estimated as of 2 years later							139,395,365	142,244,502			/
Re-estimated as of 3 years later						87,849,200	133,882,140				/
Re-estimated as of 4 years later					46,513,996	83,888,748					/
Re-estimated as of 5 years later				22,627,306	44,500,791						/
Re-estimated as of 6 years later			15,006,426	23,307,159							/
Re-estimated as of 7 years later		11,049,935	16,680,787								/
Re-estimated as of 8 years later	4,304,617	10,490,659									/
Re-estimated as of 9 years later	4,427,627										/
Cumulative gross claims paid by reporting date	1,886,243	6,148,395	8,877,032	13,232,488	44,681,445	70,342,897	109,453,203	102,773,167	91,756,916	48,891,504	/
Gross liabilities for accident years 2014–2023	2,541,384	4,342,263	7,803,755	10,074,671	-180,653	13,545,851	24,428,937	39,471,335	56,195,326	163,782,257	322,005,126
Gross liabilities for prior accident years											30,363,197
Effect of discounting											-24,923,864
Gross liabilities for incurred claims included in the statement of financial position											327,444,460



Development of estimated ultimate insurance and reinsurance claims of the Sava Insurance Group

(EUR thousand)

Estimates of cumulative net claims	Year ended 31 December										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At end of accident year									451,674,080	511,082,147	/
Re-estimated as of 1 year later								201,176,093	399,223,599		/
Re-estimated as of 2 years later							127,707,372	196,059,983			/
Re-estimated as of 3 years later						108,871,233	117,790,838				/
Re-estimated as of 4 years later					52,841,279	103,146,740					/
Re-estimated as of 5 years later				31,937,374	49,572,590						/
Re-estimated as of 6 years later			23,707,304	31,558,767							/
Re-estimated as of 7 years later		16,774,637	20,988,946								/
Re-estimated as of 8 years later	8,093,105	14,851,180									/
Re-estimated as of 9 years later	7,719,231										/
Cumulative net claims paid by reporting date	2,066,574	6,894,765	8,475,047	13,550,319	40,807,862	68,501,220	75,495,582	139,686,636	312,693,928	297,719,286	/
Net liabilities for accident years 2014–2023	5,652,657	7,956,415	12,513,899	18,008,448	8,764,728	34,645,521	42,295,256	56,373,347	86,529,671	213,362,861	486,102,803
Net liabilities for prior accident years											35,369,838
Effect of discounting											-51,268,299
Net liabilities for incurred claims included in the statement of financial position											470,204,342



Development of estimated ultimate insurance and reinsurance claims of Sava Re

(EUR thousand)

Estimates of cumulative net claims	Year ended 31 December										
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
At end of accident year									132,617,573	127,557,006	/
Re-estimated as of 1 year later								121,436,721	113,579,157		/
Re-estimated as of 2 years later							124,993,433	126,385,345			/
Re-estimated as of 3 years later						83,429,967	118,347,871				/
Re-estimated as of 4 years later					42,960,816	78,306,760					/
Re-estimated as of 5 years later				19,811,338	40,806,960						/
Re-estimated as of 6 years later			13,240,849	19,901,084							/
Re-estimated as of 7 years later		10,178,062	12,767,671								/
Re-estimated as of 8 years later	4,050,048	9,491,264									/
Re-estimated as of 9 years later	4,103,058										/
Cumulative net claims paid by reporting date	1,882,142	5,362,550	8,318,561	12,307,466	41,102,498	65,035,220	97,504,951	96,635,426	62,726,195	25,672,840	/
Net liabilities for accident years 2014–2023	2,220,916	4,128,714	4,449,110	7,593,618	-295,538	13,271,539	20,842,920	29,749,918	50,852,962	101,884,167	234,698,327
Net liabilities for prior accident years											15,778,780
Effect of discounting											-21,643,141
Net liabilities for incurred claims included in the statement of financial position											228,833,966

Lapse risk

The lapse risk in 2023 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 insurance 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 catastrophe risk in 2023 to be moderate and (given the size of the insurance portfolios) slightly higher than in the previous year because of the increasing severity of natural catastrophes. We also rate 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 catastrophes 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. The Group uses retrocession treaties to ensure adequate risk diversification. 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 with other reinsurers to further disperse risks.

We consider natural catastrophe risk to be the most significant catastrophe risk to which non-life insurance is exposed. Sava Re has the highest exposure to natural catastrophes in Slovenia, whereas exposures elsewhere are relatively well-diversified globally.

The table below shows the Company's gross natural catastrophe exposures for 10 countries with the highest exposures as at 31 December 2023 and 31 December 2022.

The largest gross exposure of Sava Re to natural catastrophes by country (EUR thousand)¹²⁶

Country	31 December 2023	Country	31 December 2022
Slovenia	472,942,000	Slovenia	492,219,081
China	48,183,550	China	52,183,589
Greece	36,075,000	Croatia	38,643,718
Taiwan	32,530,091	India	34,664,109
Vietnam	30,842,603	Greece	32,579,445
Germany	30,300,050	Philippines	32,408,102
India	30,298,091	Taiwan	31,840,502
Austria	29,726,240	Romania	31,686,845
Serbia	29,543,248	Vietnam	30,226,968
Romania	28,616,100	Turkey	29,791,873
Total	769,056,973	Total	806,244,233

Exposure to Slovenia decreased by EUR 19.3 million compared to the previous year, with no other major changes compared to the previous year. Countries with the highest gross exposure in 2023 also include Germany, Austria and Serbia.

At the Group level, as shown in the table above, exposure to natural catastrophes is higher in regions where

Gross aggregate exposure to individual natural catastrophes by country (sums insured)

EUR thousand ¹²⁷	2023	2022
Flood	15,060,648	12,891,510
Earthquake	18,566,047	15,159,157
Storm and hail	56,534,206	53,163,175

The Group's primary insurance business and separately accepted non-Group reinsurance business is protected against natural catastrophes based on non-proportional catastrophe excess-of-loss 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 a reinstatement premium. In

the Group companies write non-life insurance. Thus, the largest gross aggregate exposure to natural catastrophes is concentrated in Slovenia, and the Group has a reinsurance programme to cover catastrophe risks (detailed below), thereby transferring a portion of the risk to reinsurers. The following table shows the gross aggregate exposure in Slovenia by peril.

this way, the maximum net exposure of a portfolio to a catastrophe event is limited by the retention up to the capacity of the reinsurance cover. If the Group makes additional use of the coverage, it is subject to provisions concerning reinstatements, meaning that it needs to 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.

¹²⁶ For exposure, in countries where modelled exposure data is available, PML assumptions (250 year events) are used, but where this data is not available, the sum insured is used as the maximum exposure.

¹²⁷ The data compiled are as at 30 June of each year.



Sensitivity analysis for non-life underwriting risks

For non-life insurance, we have assumed a change in the gross claims ratio and restated the impact on profit or loss and AOCI¹²⁸. The effects shown in the following

tables are net of income tax. The calculation of effects for the Sava Insurance Group and Sava Re are shown separately.

Sensitivity analysis as at 31 December 2023

Sava Insurance Group EUR	Change in assumptions	Profit or loss		AOCI	
		Gross	Net ¹²⁹	Gross	Net
Gross loss ratio	+10%	-62,157,036	-52,020,629	-79,090	-83,065
Gross loss ratio	-10%	55,574,989	45,515,666	79,171	83,145

Sensitivity analysis as at 31 December 2022

Sava Insurance Group EUR	Change in assumptions	Profit or loss		AOCI	
		Gross	Net	Gross	Net
Gross loss ratio	+10%	-49,199,635	-44,681,935	465,357	392,791
Gross loss ratio	-10%	44,819,055	40,311,208	-465,357	-392,791

Most of the effect of a change in the gross loss ratio is reflected in the income statement, while the direct effect of this type of sensitivity analysis on equity is

small. The effect on profit or loss as at 31 December 2023 is higher than as at 31 December 2022 as a result of portfolio growth.

Sensitivity analysis as at 31 December 2023

Sava Re EUR	Change in assumptions	Profit or loss		AOCI	
		Gross	Net	Gross	Net
Gross loss ratio	+10%	-21,261,342	-12,615,739	39,956	34,039
Gross loss ratio	-10%	21,064,541	12,418,939	-39,956	-34,039

Sensitivity analysis as at 31 December 2022

Sava Re EUR	Change in assumptions	Profit or loss		AOCI	
		Gross	Net	Gross	Net
Gross loss ratio	+10%	-16,687,588	-12,807,618	361,530	289,911
Gross loss ratio	-10%	16,472,585	12,592,616	-361,530	-289,911

Most of the effect of a change in the gross loss ratio is reflected in the income statement, the direct effect of this type of sensitivity analysis on AOCI is small. The effect as at 31 December 2023 on profit or loss has remained at the same level as at 31 December 2022.

Assessed risk exposure in 2023 compared to 2022

The Group's non-life underwriting risk is assessed as moderate. In 2023, the premium risk remains at a

similar level to 2022, while the reserve risk slightly decreased in 2023 and the catastrophe risk slightly increased compared to 2022. We believe that the risks to which the Sava Insurance Group and Sava Re are exposed are adequately managed.

According to our assessment, the likelihood that the non-life underwriting risk would seriously compromise the Group's or the Company's financial stability is estimated as low.

¹²⁸ Effect on accumulated other comprehensive income.

¹²⁹ The effect on profit or loss is shown before reinsurance (gross) and after reinsurance (net).

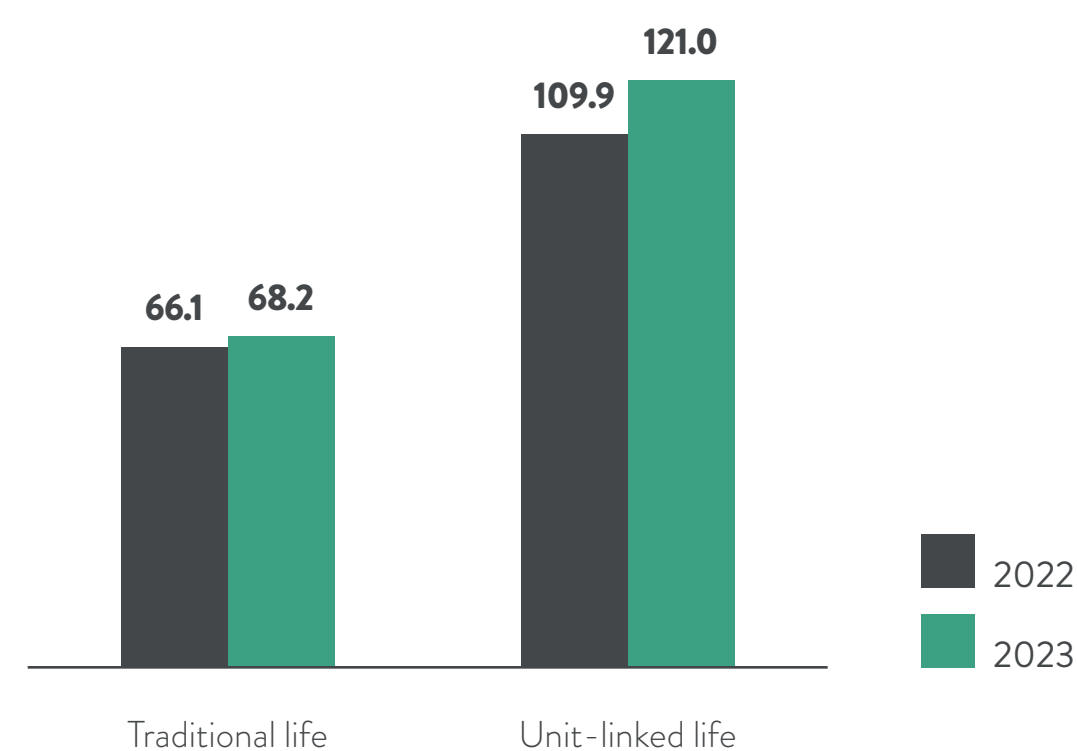


16.7.3.2 Life underwriting risk

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 following chart shows the structure of the Group’s gross life insurance premiums by class of business.

Gross premiums by class of insurance (life insurance) EUR million



The Company’s exposure to life underwriting risk is low. In 2023, gross reinsurance premiums for traditional life insurance amounted to EUR 1,242 thousand (2022: EUR 1,202 thousand) and gross unit-linked life insurance premiums were EUR 86 thousand (2022: EUR 95 thousand).

The Group’s and the Company’s exposure to life underwriting risk measured by net (re)insurance contract liabilities is disclosed in note 16.8.9 “Insurance and reinsurance contract assets and liabilities”.

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 a risk if the health of the insured, as a measure of the quality of the risk, meets the criteria set out in the medical underwriting table. An additional factor in the assumption of risks is lifestyle, including leisure activities and occupa-

tion. 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.

Sensitivity analysis for life underwriting risks

For life insurance, we have assumed a change in the assumptions for mortality rates, morbidity and disability rates, longevity rates, expenses and lapse rates. The change in assumptions for longevity rates also takes into account the annuities of Sava Pokojninska Družba. We have restated the effect on profit or loss and AOCI¹²⁸. The effects shown in the following tables are net of income tax.

Sensitivity analysis as at 31 December 2023

Sava Insurance Group EUR	Change in assumptions	Profit or loss		AOCI	
		Gross	Net	Gross	Net
Mortality rates	+10%	-240,381	-240,381	-4,544	-5,063
Mortality rates	-10%	158,663	158,663	21,676	22,541
Morbidity and disability rates	+10%	-49,745	-49,745	425,013	425,011
Morbidity and disability rates	-10%	32,577	32,577	-425,531	-425,529
Longevity rates	+10%	152,901	152,901	-38,642	-38,642
Longevity rates	-10%	-179,618	-179,618	42,602	42,602
Expenses	+10%	-568,313	-568,313	538,662	538,662
Expenses	-10%	355,294	355,294	-585,923	-585,923
Lapse rates	+10%	147,704	147,704	-1,663,994	-1,693,872
Lapse rates	-10%	-173,660	-173,660	1,902,940	1,936,301



Sensitivity analysis as at 31 December 2022

Sava Insurance Group EUR	Change in assumptions	Profit or loss		AOCI	
		Gross	Net	Gross	Net
Mortality rates	+10%	-300,785	-300,785	116,185	114,888
Mortality rates	-10%	221,403	221,403	-128,136	-126,826
Morbidity and disability rates	+10%	-56,640	-56,640	483,965	483,962
Morbidity and disability rates	-10%	41,754	41,754	-484,263	-484,260
Longevity rates	+10%	209,636	209,636	-75,813	-75,813
Longevity rates	-10%	-218,430	-218,430	57,039	57,039
Expenses	+10%	-432,469	-432,469	724,327	724,327
Expenses	-10%	285,202	285,202	-712,643	-712,643
Lapse rates	+10%	63,757	63,757	-1,619,506	-1,663,104
Lapse rates	-10%	-85,636	-85,636	1,835,820	1,884,046

Based on the sensitivity analysis performed, it can be concluded that the sensitivities performed do not have a material impact on profit or loss. The direct effect on AOCI as at 31 December 2023 is greatest for the change in the lapse rate.

Assessed risk exposure in 2023 compared to 2022

We estimate the Group’s life underwriting risk as moderate and well managed, remaining at a similar level to 2022.

16.7.3.3 Health underwriting risk

Most of the exposure to health underwriting risk relates to accident insurance classified as NSLT health insurance, but the exposure to SLT health insurance is very small.

NSLT health underwriting risks are, inherently, very similar to non-life underwriting risks and are therefore discussed in greater detail in section [16.7.3.1 “Non-life underwriting risks”](#). 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 very similar in nature to life underwriting risks, and are therefore managed by the Group using similar techniques. These are discussed in more detail in section [16.7.3.2 “Life underwriting risks”](#). These insurances were taken into account in our sensitivity analysis for life underwriting risks.

Assessed risk exposure in 2023 compared to 2022

We consider the Group’s and the Company’s exposure to health underwriting risk in 2023 small and comparable to 2022.

16.7.4 Financial risks¹³⁰

The Company’s financial operations expose it to financial risks arising from its investment portfolio, including market, liquidity and credit risks.

The value of the investment portfolio includes the following balance sheet items: financial investments, investment property, investments in associates and subsidiaries, and cash and cash equivalents. As at 31 December 2023, the carrying amount of this investment portfolio stood at EUR 2,111.8 million (31 December 2022: EUR 1,914.0 million).

A more detailed presentation of the portfolio’s carrying amount is shown in the following table, separately for the investment portfolio supporting non-life and traditional life insurance liabilities (investments other than investments supporting direct participating contracts) and the investment portfolio supporting unit-linked life insurance liabilities (investments supporting direct participating contracts).

¹³⁰ With regard to financial risks, we disclose other financial risks in addition to the financial risks identified in IFRS 7.



Value and composition of the investment portfolio in terms of financial risk assumption as at 31 December 2023

Sava Insurance Group	Investments other than direct participating contracts	Investments supporting direct participating contracts	Total
EUR			
Deposits and CDs	25,616,171	0	25,616,171
Government bonds	819,083,092	32,439,945	851,523,037
Corporate bonds	457,727,881	20,560,202	478,288,083
Shares (excluding strategic shares)	21,754,273	0	21,754,273
Mutual funds	18,564,549	544,804,326	563,368,876
Bond and money market	13,293,605	47,248,244	60,541,849
Mixed	0	113,793,106	113,793,106
Equity funds	5,270,945	383,762,976	389,033,921
Infrastructure funds	57,339,858	0	57,339,858
Real estate funds	13,888,193	0	13,888,193
Loans granted and other investments	754,140	0	754,140
Financial investments	1,414,728,158	597,804,473	2,012,532,631
Financial investments in associates	23,834,620	0	23,834,620
Investment property	24,890,276	0	24,890,276
Cash and cash equivalents	39,829,039	10,730,924	50,559,963
Investment portfolio	1,503,282,093	608,535,398	2,111,817,490

Value and composition of the investment portfolio in terms of financial risk assumption as at 31 December 2022

Sava Insurance Group	Investments other than direct participating contracts	Investments supporting direct participating contracts	Total
EUR			
Deposits and CDs	18,848,260	0	18,848,260
Government bonds	734,273,049	30,417,030	764,690,079
Corporate bonds	420,528,608	20,369,770	440,898,378
Shares (excluding strategic shares)	24,883,922	0	24,883,922
Mutual funds	22,157,732	433,105,447	455,263,179
Bond and money market	14,095,023	43,558,846	57,653,869
Mixed	0	92,506,399	92,506,399
Equity funds	8,062,709	297,040,201	305,102,910
Infrastructure funds	53,856,376	0	53,856,376
Real estate funds	16,497,061	0	16,497,061
Loans granted and other investments	1,194,821	0	1,194,821
Financial investments	1,292,239,830	483,892,247	1,776,132,077
Financial investments in associates	21,856,109	0	21,856,109
Investment property	22,795,760	0	22,795,760
Cash and cash equivalents	78,339,699	14,883,930	93,223,629
Investment portfolio	1,415,231,398	498,776,177	1,914,007,575

As at 31 December 2023, the Company’s investment portfolio totalled EUR 699.5 million (31 December 2022: EUR 679.0 million), with an increase of EUR 20.5 million compared to the end of 2022, as explained in section [8.2.3 “Financial position”](#) of this annual report.



Value and composition of the investment portfolio in terms of financial risk assumption

Sava Re Type of investment	31 December 2023	As % of total 31 December 2023	31 December 2022	As % of total 31 December 2022	Absolute difference	% change (p.p.)
Deposits and CDs	1,021,347	0.1%	0	0%	1,021,347	0.1
Government bonds	229,591,819	32.8%	214,198,680	31.5%	15,393,139	1.3
Corporate bonds	88,089,961	12.6%	73,992,930	10.9%	14,097,031	1.7
Shares (excluding strategic shares)	3,538,972	0.5%	7,080,606	1.0%	-3,541,634	-0.5
Mutual funds	4,458,315	0.6%	3,933,982	0.6%	524,333	0.0
Bond funds	2,397,194	0.3%	2,246,501	0.3%	150,693	0.0
Equity funds	2,061,121	0.3%	1,687,481	0.2%	373,640	0.1
Infrastructure funds	21,084,448	3.0%	18,843,871	2.8%	2,240,577	0.2
Real estate funds	3,884,428	0.6%	4,584,214	0.7%	-699,786	-0.1
Loans granted	2,714,904	0.4%	1,796,693	0.3%	918,211	0.1
Financial investments	354,384,196	50.7%	324,430,976	47.8%	29,953,220	2.9
Financial investments in Group companies	325,241,793	46.5%	322,935,793	47.6%	2,306,000	-1.1
Investment property	7,582,168	1.1%	7,721,693	1.1%	-139,525	0.0
Cash and cash equivalents	12,260,049	1.8%	23,926,029	3.5%	-11,665,980	-1.7
Total financial investments exposed to financial risk	699,468,206	100.0%	679,014,492	100.0%	20,453,715	/



16.7.4.1 Market risk

As part of the management of market risk, the Group and the Company assess interest rate risk, property price risk, equity price risk and currency risk. The fol-

lowing table shows the Group’s investments exposed to market risk (investment portfolio excluding cash and cash equivalents).

Group financial investments exposed to market risk

Sava Insurance Group Type of investment	31 December 2023	As % of total 31 December 2023	31 December 2022	As % of total 31 December 2022	Absolute difference	% change (p.p.)
Deposits and CDs	25,616,171	1.2%	18,848,260	1.0%	6,767,911	0.2
Government bonds	819,083,092	39.7%	734,273,049	40.3%	84,810,043	-0.6
Corporate bonds	457,727,881	22.2%	420,528,608	23.1%	37,199,273	-0.9
Shares (excluding strategic shares)	21,754,273	1.1%	24,883,922	1.4%	-3,129,649	-0.3
Mutual funds (excluding underlying financial investments)	18,564,549	0.9%	22,157,732	1.2%	-3,593,183	-0.3
Bond and money market	13,293,605	0.6%	14,095,023	0.8%	-801,418	-0.2
Mixed	0	0.0%	0	0.0%	0	0.0
Equity funds	5,270,945	0.3%	8,062,709	0.4%	-2,791,764	-0.1
Infrastructure funds	57,339,858	2.8%	53,856,376	3.0%	3,483,482	-0.2
Real estate funds	13,888,193	0.7%	16,497,061	0.9%	-2,608,868	-0.2
Loans granted and other investments	754,140	0.0%	1,194,821	0.1%	-440,681	-0.1
Investments of contracts with direct participation	597,804,473	29.0%	483,892,247	26.6%	113,912,226	2.4
Financial investments	2,012,532,631	97.6%	1,776,132,077	97.5%	236,400,554	0.1
Financial investments in associates	23,834,620	1.2%	21,856,109	1.2%	1,978,511	0.0
Investment property	24,890,276	1.2%	22,795,761	1.3%	2,094,515	-0.1
Investment portfolio	2,061,257,527	100.0%	1,820,783,947	100.0%	240,473,580	0.0
Investment portfolio excluding investments in associates	2,037,422,907		1,798,927,838			



The value of the Group’s investments portfolio exposed to market risk increased by EUR 240.5 million in 2023 compared to year-end 2022, which is explained in section 8.1.3.4 “Investment portfolio” of the busi-

ness report part (first part of the annual report). The following table shows the Group’s and the Company’s investments exposed to market risk (investment portfolio excluding cash and cash equivalents).

Sava Re financial investments exposed to market risk

Sava Re Type of investment	31 December 2023	As % of total 31 December 2023	31 December 2022	As % of total 31 December 2022	Absolute difference	% change (p.p.)
Deposits and CDs	1,021,347	0.1%	0	0.0%	1,021,347	0.1
Government bonds	229,591,819	33.4%	214,198,680	32.7%	15,393,139	0.7
Corporate bonds	88,089,961	12.8%	73,992,930	11.3%	14,097,031	1.5
Shares (excluding strategic shares)	3,538,972	0.5%	7,080,606	1.1%	-3,541,634	-0.6
Mutual funds	4,458,315	0.6%	3,933,982	0.6%	524,333	0
Bond funds	2,397,194	0.3%	2,246,501	0.3%	150,693	0
Equity funds	2,061,121	0.3%	1,687,481	0.3%	373,640	0
Infrastructure funds	21,084,448	3.1%	18,843,871	2.9%	2,240,577	0.2
Real estate funds	3,884,428	0.6%	4,584,214	0.7%	-699,786	-0.1
Loans granted	2,714,904	0.4%	1,796,693	0.3%	918,211	0.1
Financial investments	354,384,196	51.6%	324,430,976	49.5%	29,953,220	2.1
Financial investments in subsidiaries and associates	325,241,793	47.3%	322,935,793	49.3%	2,306,000	-2
Investment property	7,582,168	1.1%	7,721,693	1.2%	-139,525	-0.1
Investment portfolio	687,208,157	100.0%	655,088,462	100.0%	32,119,695	0

The value of the Company’s financial investments exposed to market risk decreased by EUR 140 million in 2023 compared to year-end 2022, which is explained in section 8.2.3.4 of the business report part (first part of the annual report).



16.7.4.1.1 Interest rate risk

Interest rate risk is measured through sensitivity analysis, which measures the change in value of interest rate sensitive investments and the change in value of insurance contract liabilities when interest rates change by 1 p.p. or 100 basis points.

The interest rate sensitive portion of the Group’s and the Company’s investment portfolio includes government and corporate bonds, deposits, loans, bond and mixed mutual funds covering non-life and traditional life insurance and reinsurance contract liabilities, including insurance contract liabilities of direct participating contracts.

On the liabilities side, all liabilities arising from (re) insurance contracts are included in line with the IFRS 17 valuation. In the table, assets and liabilities relating to non-life and traditional life insurance business are shown together, whereas assets and liabilities relating to life insurance where policyholders bear the investment risk are shown separately under direct participating contracts.

The Group’s investment portfolio, excluding investments in direct participating contracts, also includes variable-rate investments. These investments are linked to a 3-month EURIBOR and therefore the Company has not recorded the effects of the benchmark reform (IBOR), which provides for the substitution of certain interest rate benchmarks. It holds no other variable-rate investments. The Group does not have any variable-rate liabilities.

The total value of the Group’s interest rate sensitive investments at 31 December 2023 was EUR 1,475.1 million (31 December 2022: EUR 1,273.2 million). The value of interest rate sensitive liabilities at 31 December 2023 was EUR 1,537.0 million (31 December 2022: EUR 1,410.1 million).

The value of investments other than investments supporting direct participating contracts (31 December 2023: EUR 1,315.4 million; 31 December 2022: EUR 1,188.9 million) is significantly above insurance and reinsurance contract liabilities (31 December 2023: EUR 950.1 million; 31 December 2022: EUR 931.3 million), due to interest rate sensitive investments of the Group companies’ own funds, which are not immediately intended to cover insurance and reinsurance liabilities. The higher value of (re)insurance contract assets in relation to (re)insurance contract liabilities also affects the higher sensitivity of insurance contract assets. In managing these investments, Group companies ensure that the maturities of the investments match those of the liabilities.

The lower value of the investments underlying direct participating contracts compared to the corresponding liabilities is due to the fact that only interest rate sensitive investments (bonds, bond mutual funds) with a total value of EUR 159.7 million are shown among the investments underlying direct participating contracts (31 December 2022: EUR 140.5 million), whereas all the assets and liabilities relating to direct participating contracts are interest rate sensitive.

Interest rate sensitive investments and liabilities from the Group’s insurance and reinsurance contracts

Sava Insurance Group EUR	31 December 2023	31 December 2022
Financial investments		
Investments other than investments supporting direct participating contracts, of which	1,315,373,623	1,188,938,775
– Fixed-income investments	1,314,567,547	1,182,673,414
– Variable-rate investments	806,076	6,265,361
Investments supporting direct participating contracts*, of which	159,707,518	140,505,540
– Fixed-income investments	159,707,518	140,505,540
– Variable-rate investments	0	0
Financial liabilities	0	-56,290,346
Total financial investments	1,475,081,141	1,273,153,969
Insurance and reinsurance contracts		
(Re)insurance contract liabilities (other than for direct participating contracts)	1,065,741,226	1,006,526,331
(Re)insurance contract assets (other than for direct participating contracts)	-115,630,856	-75,271,982
Direct participating contracts	586,910,698	478,840,441
Total insurance and reinsurance contracts	1,537,021,068	1,410,094,790

* Includes interest rate sensitive investments. These are debt securities and interest rate sensitive investments in bond and mixed mutual funds underlying participating contracts.

For Sava Re, the table shows total reinsurance contract assets and liabilities. The Company’s investment portfolio supporting contracts other than direct participating contracts also includes variable-rate investments. These investments are linked to a 3-month EURIBOR

and therefore the Company has not recorded the effects of the benchmark reform (IBOR), which provides for the substitution of certain interest rate benchmarks. It holds no other variable-rate investments. The Company does not have any variable-rate liabilities.



Interest rate sensitive investments supporting and liabilities arising from reinsurance contracts of Sava Re

Sava Re EUR	31 December 2023	31 December 2022
Financial investments		
Investments other than investments supporting direct participating contracts, of which	322,793,879	291,928,359
– Fixed-income investments	322,290,081	291,927,867
– Variable-rate investments	503,797	492
Investments supporting direct participating contracts, of which	0	0
– Fixed-income investments	0	0
– Variable-rate investments	0	0
Financial liabilities	-58,702,709	-56,290,346
Total financial investments	264,091,170	235,638,013
Insurance and reinsurance contracts		
Insurance and reinsurance contract liabilities (other than for direct participating contracts)	296,199,571	272,734,094
Insurance and reinsurance contract assets	-100,857,965	-64,296,545
Total insurance and reinsurance contracts	195,341,606	208,437,549

The total value of the Company’s interest rate sensitive investments at 31 December 2023 was EUR 264.1 million (31 December 2022: EUR 235.6 million). The value of interest rate sensitive liabilities and assets at 31 December 2023 was EUR 195.3 million (31 December 2022: EUR 208.4 million).

The value of interest rate sensitive investments (31 December 2023: EUR 322.8 million; 31 December 2022: EUR 291.9 million) is significantly above

the value of insurance and reinsurance contract assets and liabilities (31 December 2023: EUR 195.3 million; 31 December 2022: EUR 208.4 million), due to interest rate sensitive investments of the Company’s own funds, which are not immediately intended to cover insurance and reinsurance liabilities. The excess of investments over liabilities increases the Company’s sensitivity to changes in interest rates. In managing these investments, the Company ensures that the maturities of the investments match those of the liabilities.

Sensitivity analysis of the Group’s interest rate risk

The sensitivity analysis for interest rate risk shows separately the impact on profit or loss and AOCI in the event of a 100 basis point increase or decrease in interest rates, on a pre-tax basis. The total impact of both the contract value and the related investments of this portfolio is already presented under “Direct participating contracts and investments supporting direct partic-

ipating contracts”. The impact of a change in interest rates on an insurer’s profit or loss or AOCI depends on the IFRS category of each interest rate sensitive investment. In accordance with the accounting policies adopted by the Group companies, the majority of the changes in value of the items are recognised in AOCI with only a minor impact on profit or loss.

Results of sensitivity analysis of interest rate risk sensitive investments

Sava Insurance Group EUR	Profit or loss		AOCI	
	Increase (+100 bps)	Decrease (-100 bps)	Increase (+100 bps)	Decrease (-100 bps)
31 December 2023				
Insurance and reinsurance contracts (other than direct participating contracts)	346,437	-395,100	24,637,677	-28,600,218
Financial investments (other than those supporting direct participating contracts)	-750,810	806,026	-39,299,988	42,529,399
Direct participating contracts and investments supporting direct participating contracts	82,634	-132,489	-130,533	136,910
	-321,738	278,438	-14,792,844	14,066,091
31 December 2022 (restated)				
Insurance and reinsurance contracts (other than direct participating contracts)	346,118	-397,261	28,355,647	-31,508,205
Financial investments (other than those supporting direct participating contracts)	-998,031	912,825	-46,408,432	42,747,965
Direct participating contracts and investments supporting direct participating contracts	-99,175	91,240	-108,573	114,447
	-751,088	606,804	-18,161,358	11,354,207



As can be seen from the results, an increase in interest rates has a negative effect, while a decrease in interest rates has a positive effect, mainly on the Company's AOCI.

Interest rate risk was slightly lower in 2023 compared to the previous year, mainly due to the shorter duration of interest rate sensitive investments.

The average maturity of bonds and deposits of non-life business was 2.6 years at year-end 2023 (31 December 2022: 3.2 years), while the expected maturity of non-life liabilities was 2.2 years (31 December 2022: 2.1 years).

The average maturity of bonds and deposits supporting the life business was 4.0 years at year-end 2023 (31 December 2022: 4.6 years), and the expected maturity of life insurance liabilities was 7.5 years (31 December 2022: 7.5 years).

Sensitivity analysis of Sava Re's interest rate risk

The following table shows the results of the sensitivity analysis for Sava Re.

As can be seen from the results, an increase in interest rates has a negative effect, while a decrease in interest rates has a positive effect, mainly on the Company's AOCI.

Overall interest rate sensitivity decreased slightly compared to the previous year, whereas the expected volatility of market interest rates remained elevated due to macroeconomic conditions. There was no impact on the income statement for insurance and reinsurance contracts. This is because no new reinsurance contracts were recognised in the last month.

We estimate that the interest rate risk remained at about the same level as the previous year.

Results of sensitivity analysis of interest rate risk sensitive investments

Sava Re	Profit or loss		AOCI ¹²⁸	
	Increase (+100 bps)	Decrease (-100 bps)	Increase (+100 bps)	Decrease (-100 bps)
EUR				
31 December 2023				
Insurance and reinsurance contracts	0	0	4,157,916	-4,639,531
Financial investments	-263,249	273,031	-7,766,939	7,166,405
	-263,249	273,031	-3,609,023	2,526,874
31 December 2022 (restated)				
Insurance and reinsurance contracts	0	0	4,018,749	-4,478,846
Financial investments	-267,618	284,609	-7,668,485	8,099,557
	-267,618	284,609	-3,649,736	3,620,711



16.7.4.1.2 Risk of change in the market value of property investments

The Group and the Company are exposed to the risk of change in the market value of property investments as part of the risks affecting the investment portfolio. 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 and real estate funds of the Group and Sava Re.

Investment property

Sava Insurance Group EUR	As % of total		As % of total		Absolute change	% change (p.p.)
	31 December 2023	31 December 2023	31 December 2022	31 December 2022		
Investment property	24,890,276	1.7%	22,795,761	1.7%	2,094,515	0.0
Real estate funds	13,888,193	0.9%	16,497,061	1.2%	-2,608,868	-0.3
Total	38,778,469	2.6%	39,292,822	2.9%	-514,353	0.0

Sava Re EUR	As % of total		As % of total		Absolute change	% change (p.p.)
	31 December 2023	31 December 2023	31 December 2022	31 December 2022		
Investment property	7,582,168	1.1%	7,721,693	1.1%	-139,525	0.0
Real estate funds	3,884,428	0.6%	4,584,214	0.7%	-699,786	-0.1
Total	11,466,596	1.6%	12,305,907	1.8%	-839,311	-0.2

As at 31 December 2023, the value of the Group’s investments exposed to investment property price risk was EUR 38.8 million (31 December 2022: EUR 39.3 million), a decrease of EUR 0.5 million compared to the previous period. As at 31 December 2023, the value of the Company’s investments exposed to investment property price risk was

EUR 11.5 million (31 December 2022: EUR 12.3 million), a decrease of EUR 0.8 million compared to the previous period.

The risk was assessed through a sensitivity analysis to a 15% decrease in the value of the investments. The result is shown in the following two tables, separately for the Group and Sava Re.



Result of sensitivity analysis of real estate investments

Sava Insurance Group	Profit or loss		AOCI	
	Increase (+15%)	Decrease (-15%)	Increase (+15%)	Decrease (-15%)
EUR				
31 December 2023				
Investment property	3,733,541	-3,733,541	0	0
Real estate funds	2,083,229	-2,083,229	0	0
	5,816,770	-5,816,770	0	0
31 December 2022 (restated)				
Investment property	3,419,364	-3,419,364	0	0
Real estate funds	2,474,559	-2,474,559	0	0
	5,893,923	-5,893,923	0	0

Result of sensitivity analysis of real estate investments

Sava Re	Profit or loss		AOCI	
	Increase (+15%)	Decrease (-15%)	Increase (+15%)	Decrease (-15%)
EUR				
31 December 2023				
Investment property	1,137,325	-1,137,325	0	0
Real estate funds	582,664	-582,664	0	0
	1,719,989	-1,719,989	0	0
31 December 2022 (restated)				
Investment property	1,158,254	-1,158,254	0	0
Real estate funds	687,632	-687,632	0	0
	1,845,886	-1,845,886	0	0

The selected shock would reduce the value of the Group’s investments sensitive to investment property risk by EUR 5.8 million (31 December 2022: EUR 5.9 million), and the value of the Company’s investments exposed to investment property risk would decrease by EUR 1.8 million (31 December 2022: EUR 1.8 million). The investment property price risk has not changed significantly compared to the previous year.

16.7.4.1.3 Equity price risk

Assets exposed to the risk include shares, equity and mixed mutual funds (the sensitivity analysis takes into account half of the value), alternative funds (infrastructure) and ETFs.

Unlike the bond portfolio, which moves inversely to interest rates, the value of equities and mutual funds changes linearly with stock prices. Equity price risk is measured by a sensitivity analysis, i.e., the change in the value of such investments in case of a 20% change.



Equity investments and direct participating contracts included in the sensitivity analysis

Sava Insurance Group

EUR	31 December 2023	As % of total 31 December 2023	31 December 2022	As % of total 31 December 2022	Absolute change 31 December 2023 – 31 December 2022	% change (p.p.)
Financial investments						
Shares	21,754,273	1.1%	24,883,922	1.4%	-3,129,649	-0.3
– of which Slovenian shares	5,593,016	0.3%	9,844,715	0.5%	-4,251,699	-0.2
Equity and mixed mutual funds	5,270,865	0.3%	8,062,709	0.4%	-2,791,844	-0.1
Infrastructure funds	57,339,858	2.8%	53,856,376	3.0%	3,483,482	-0.2
Investments supporting direct participating contracts*	440,659,529	21.4%	343,293,401	18.9%	97,366,128	2.5
Total financial investments	525,024,525	25.5%	430,096,408	23.6%	94,928,117	1.9
Insurance and reinsurance contracts						
Direct participating contracts	586,910,698		478,840,441		108,070,257	
Total insurance and reinsurance contracts	586,910,698		478,840,441		108,070,257	

* Includes investments exposed to equity price risk in equity and mixed mutual funds supporting direct participating contracts.

Equity investments included in the sensitivity analysis

Sava Re

EUR	31 December 2023	As % of total portfolio as at 31 December 2023	31 December 2022	As % of total portfolio as at 31 December 2022	Absolute change 31 December 2023 – 31 December 2022	% change (p.p.)
Shares	3,538,972	0.5%	7,080,606	1.1%	-3,541,634	-0.6
– of which Slovenian shares	3,298,739	0.5%	6,892,061	1.1%	-3,593,322	-0.6
Equity mutual funds	2,061,121	0.3%	1,687,481	0.3%	373,640	0.0
Infrastructure funds	21,084,448	3.1%	18,843,871	2.9%	2,240,577	0.2
Total	26,684,541	3.9%	27,611,958	4.2%	-927,417	-0.4



The Company's assets exposed to equity price risk include equities, equity and mutual funds, and infrastructure funds. Investments in subsidiaries and associates

are disclosed in section [16.7.4.1.4 "Risk of change in value of investments in subsidiaries and associates of the Sava Insurance Group and Sava Re"](#).

Results of sensitivity analysis of equity investments

Sava Insurance Group	Profit or loss		AOCI	
	Increase (+20%)	Decrease (-20%)	Increase (+20%)	Decrease (-20%)
EUR				
31 December 2023				
Financial investments (other than those supporting direct participating contracts)	13,679,021	-13,679,021	3,193,978	-3,193,978
Direct participating contracts and investments supporting direct participating contracts	21,714	-60,490	0	0
	13,700,735	-13,739,511	3,193,978	-3,193,978
31 December 2022 (restated)				
Financial investments (other than those supporting direct participating contracts)	14,373,066	-14,373,066	2,987,535	-2,987,535
Direct participating contracts and investments supporting direct participating contracts	88,013	-104,133	0	0
	14,461,079	-14,477,199	2,987,535	-2,987,535

Thus, a 20% fall in equity prices would reduce the value of investments other than direct participating contracts by EUR 16.9 million (31 December 2022:

EUR 17.4 million). The Sava Insurance Group's exposure to equity price risk remained at approximately the same level in 2023 compared to the end of 2022.

Results of sensitivity analysis of equity investments

Sava Re	Profit or loss		AOCI	
	Increase (+20%)	Decrease (-20%)	Increase (+20%)	Decrease (-20%)
EUR				
31 December 2023				
Financial instruments	5,336,908	-5,336,908	0	0
	5,336,908	-5,336,908	0	0
31 December 2022 (restated)				
Financial instruments	5,522,392	-5,522,392	0	0
	5,522,392	-5,522,392	0	0

A 20% change in the value of the equity securities would decrease the value of the investments by EUR 5.3 million (31 December 2022: EUR 5.5 million).

The equity price risk of the Group's and the Company's equity securities remained at approximately the same level in 2023 as in 2022.



16.7.4.1.4 Risk of change in value of investments in subsidiaries and associates of the Sava Insurance Group and Sava Re

With regard to the risk associated with their financial investments in associates, the Sava Insurance Group and Sava Re are mainly exposed to the risk of a decline in the value of these investments. As at 31 December 2023, the Group’s total exposure to the risk of financial investments in associates was EUR 23.8 million (31 December 2022: EUR 21.9 million).

The following table shows the sensitivity of investments in associates to changes in value. The analysis only includes the associated company Diagnostic Centre Bled.

Regarding the risk related to its investments in subsidiaries and associates, Sava Re is especially exposed to the risk of a decline in the value of these investments and to concentration risk. In 2023, the Company’s largest exposure among investments in subsidiaries and associates was from its investment in

Zavarovalnica Sava, which accounted for 37.9% as at 31 December 2023 (31 December 2022: 38.2%) of the total value of its investments in subsidiaries and associates. As at 31 December 2023, the Company’s total exposure to the risk related to investments in subsidiaries and associates was EUR 325.2 million (31 December 2022: EUR 322.9 million).

The following table shows the sensitivity of investments in subsidiaries and associates to changes in value.

The Company’s exposure to the risk related to investments in subsidiaries and associates was at a similar level in 2023 as in 2022. 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 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 policies,
- systematic risk management with a three-lines-of-defence framework (detailed in section 10 “Risk management”),
- 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.

Results of sensitivity analysis of the Sava Insurance Group’s investments in associates

Sava Insurance Group EUR	31 December 2023			31 December 2022		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Decrease in value of 10%	23,834,620	21,451,158	-2,383,462	21,856,109	19,670,498	-2,185,611
Decrease in value of 20%	23,834,620	19,067,696	-4,766,924	21,856,109	17,484,887	-4,371,222

Results of the sensitivity analysis of investments in subsidiaries and associates of Sava Re

Sava Re EUR	31 December 2023			31 December 2022		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Decrease in value of 10%	325,241,793	292,717,614	-32,524,179	322,935,793	290,642,214	-32,293,579
Decrease in value of 20%	325,241,793	260,193,435	-65,048,359	322,935,793	258,348,635	-64,587,159
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	98,691,967	-24,672,992

16.7.4.1.5 Currency risk

As at 31 December 2023, the Sava Insurance Group recorded 8.3% of liabilities nominated in a foreign currency (2022: 10.7%).

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 shows the currency (mis)match for the Sava Insurance Group for the five currencies that account for the largest portion of its liabilities.

Transaction currency (mis)match as at 31 December 2023 (all amounts translated to euros)

Sava Insurance Group EUR	Euro (EUR)	US dollar (USD)	Korean won (KRW)	Macedonian denar (MKD)	Serbian dinar (RSD)	Other	Total
Financial investments and cash	1,343,270,392	44,029,051	14,006,703	18,804,267	25,429,025	57,742,657	1,503,282,095
Financial liabilities	-74,987,535	0	0	0	0	0	-74,987,535
Insurance and reinsurance contract assets	107,111,477	2,439,525	88,730	100,186	3,446,017	3,901,107	117,087,042
Insurance and reinsurance contract liabilities	-914,467,838	-42,171,929	-14,550,070	-12,234,485	-21,897,715	-60,428,938	-1,065,750,976
Other assets	312,115,253	7,762,500	0	10,032,698	9,239,395	489,947	339,639,793
Other liabilities	-825,972,622	-79,293	0	-11,208,304	-3,575,024	-59,066	-840,894,309
Currency mismatch		11,979,854	454,638	5,494,361	12,641,698	1,645,706	32,216,257
Currency matching ratio							98.4%
Direct participating contracts	-586,910,697	0	0	0	0	0	-586,914,306
Investments supporting direct participating contracts	607,667,203	858,516	0	0	0	9,680	608,535,399



Transaction currency (mis)match as at 31 December 2022 (all amounts translated to euros)

Sava Insurance Group EUR	Euro (EUR)	US dollar (USD)	Korean won (KRW)	Macedonian denar (MKD)	Serbian dinar (RSD)	Other	Total
Financial investments and cash	1,260,327,187	45,054,700	18,050,266	16,812,760	21,698,149	53,288,337	1,415,231,398
Financial liabilities	-74,924,356	0	0	0	0	0	-74,924,356
Insurance and reinsurance contract assets	67,133,351	2,630,004	30,262	0	1,987,189	3,491,178	75,271,985
Insurance and reinsurance contract liabilities	-829,403,926	-44,578,266	-15,330,910	-10,687,947	-16,500,514	-90,024,771	-1,006,526,334
Other assets	298,223,324	5,507,267	0	11,990,350	6,593,818	545,933	322,860,692
Other liabilities	-746,252,584	-51,085	0	-2,889,598	-2,654,942	-911	-751,849,120
Currency mismatch		8,562,621	2,749,618	15,225,565	11,123,699	32,700,234	70,361,736
Currency matching ratio							96.1%
Direct participating contracts	-478,840,440	0	0	0	0	0	-478,840,440
Investments supporting direct participating contracts	498,013,107	761,512	0	0	0	1,556	498,776,175

The Sava Insurance Group manages a high level of currency matching by monitoring matching of assets and liabilities at the level of individual companies and the portfolio. The Group manages the matching of curren-

cies used by the Group companies in accordance with local accounting standards and regulations, which results in a slightly higher mismatch at Group level.



Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2023
(all amounts translated into euros)

Sava Insurance Group EUR	Profit or loss		AOCI	
	Effect of 10% strengthening	Effect of 10% weakening	Effect of 10% strengthening	Effect of 10% weakening
US dollar (USD)				
Insurance and reinsurance contracts	-3,971,210	3,971,210	-50,638	50,638
Financial investments	4,402,905	-4,402,905	0	0
	431,695	-431,695	-50,638	50,638
Korean won (KRW)				
Insurance and reinsurance contracts	-1,446,134	1,446,134	-14,493	14,493
Financial investments	1,400,670	-1,400,670	0	0
	-45,464	45,464	-14,493	14,493
Serbian dinar (RSD)				
Insurance and reinsurance contracts	-1,819,069	1,819,069	7,962	-7,962
Financial investments	2,542,903	-2,542,903	0	0
	723,834	-723,834	7,962	-7,962
Macedonian denar (MKD)				
Insurance and reinsurance contracts	-1,208,244	1,208,244	-5,185	5,185
Financial investments	1,880,427	-1,880,427	0	0
	672,182	-672,182	-5,185	5,185
Other				
Insurance and reinsurance contracts	-5,630,485	5,630,485	-54,372	54,372
Financial investments	5,774,266	-5,774,266	0	0
Direct participating contracts and investments supporting direct participating contracts	-188,646	176,531	0	0
	-44,865	32,750	-54,372	54,372

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 EUR	Profit or loss		AOCI	
	Effect of 10% strengthening	Effect of 10% weakening	Effect of 10% strengthening	Effect of 10% weakening
US dollar (USD)				
Insurance and reinsurance contracts	-4,189,323	4,189,323	-163,164	163,164
Financial investments	4,505,470	-4,505,470	0	0
	316,146	-316,146	-163,164	163,164
Korean won (KRW)				
Insurance and reinsurance contracts	-1,530,065	1,530,065	-38,072	38,072
Financial investments	1,805,027	-1,805,027	0	0
	274,962	-274,962	-38,072	38,072
Serbian dinar (RSD)				
Insurance and reinsurance contracts	-1,438,097	1,438,097	-6,231	6,231
Financial investments	2,169,815	-2,169,815	0	0
	731,718	-731,718	-6,231	6,231
Macedonian denar (MKD)				
Insurance and reinsurance contracts	-1,048,640	1,048,640	-20,154	20,154
Financial investments	1,681,276	-1,681,276	0	0
	632,636	-632,636	-20,154	20,154
Other				
Insurance and reinsurance contracts	-8,481,494	8,481,494	-238,667	238,667
Financial investments	5,328,834	-5,328,834	0	0
Direct participating contracts and investments supporting direct participating contracts	27,256	-32,263	0	0
	-3,125,404	3,120,397	-238,667	238,667



Sava Re is the Sava Insurance Group member with the largest exposure to currency risk.

As at 31 December 2023, the Company's liabilities denominated in foreign currencies accounted for 14.0% (2022: 15.4%) of the Company's 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, which define the conditions and method of currency matching. To mitigate currency risk, assets and liabilities in foreign currencies are actively matched. The currency matching rules lay down the criteria as to when the Company should start currency matching by accounting currency¹³¹. 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 matching.¹³²

The currency mismatch of assets and liabilities is monitored by individual accounting currency. The following table shows the currency mismatch for the five currencies that account for the largest share of liabilities.

In the management of currency risk (ALM aspect), Sava Re directly matches all the more liquid currencies. Other currencies are matched based on their correlation with the euro or the US dollar.

Transaction currency (mis)match as at 31 December 2023 (all amounts translated to euros)

Sava Re EUR	Euro (EUR)	US dollar (USD)	Korean won (KRW)	Chinese yuan (CNY)	Indian rupee (INR)	Other	Total
Financial investments and cash	595,859,090	38,288,843	14,006,703	9,305,018	5,721,095	36,287,456	699,468,206
Financial liabilities	-74,987,535	0	0	0	0	0	-74,987,535
Insurance and reinsurance contract assets	94,515,178	2,439,525	88,730	447,814	244,989	3,121,729	100,857,965
Insurance and reinsurance contract liabilities	-182,553,431	-42,167,875	-14,550,070	-9,958,235	-7,437,358	-39,532,600	-296,199,571
Other assets	13,623,626	4,525	0	0	0	0	13,628,151
Other liabilities	-442,764,537	0	0	0	0	-2,679	-442,767,216
Currency mismatch		1,434,982	454,638	205,403	1,471,274	126,094	3,692,391
Currency matching ratio							99.5%

Transaction currency (mis)match as at 31 December 2022 (all amounts translated to euros)

Sava Re EUR	Euro (EUR)	US dollar (USD)	Korean won (KRW)	Chinese yuan (CNY)	Indian rupee (INR)	Other	Total
Financial investments and cash	575,036,552	38,567,392	18,050,266	8,321,462	5,882,185	33,156,633	679,014,490
Financial liabilities	-74,924,356	0	0	0	0	0	-74,924,356
Insurance and reinsurance contract assets	59,534,851	2,630,004	30,262	244,344	62,758	1,794,326	64,296,545
Insurance and reinsurance contract liabilities	-156,060,611	-44,826,248	-15,330,910	-7,939,249	-6,866,522	-41,710,554	-272,734,094
Other assets	10,937,310	0	0	0	0	0	10,937,310
Other liabilities	-406,583,489	-6,405	0	0	0	0	-406,589,894
Currency mismatch		3,635,256	2,749,618	626,557	921,580	6,759,595	14,692,606
Currency matching ratio							98.1%

¹³¹ 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.

¹³² The transaction currency is the currency in which reinsurance contract transactions are processed.



Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2023
(all amounts translated into euros)

Sava Re	Profit or loss		AOCI	
	Effect of 10% strengthening	Effect of 10% weakening	Effect of 10% strengthening	Effect of 10% weakening
EUR				
US dollar (USD)				
Insurance and reinsurance contracts	-3,972,835	3,972,835	-50,525	50,525
Financial investments	3,828,884	-3,828,884	0	0
	-143,951	143,951	-50,525	50,525
Korean won (KRW)				
Insurance and reinsurance contracts	-1,446,134	1,446,134	-14,493	14,493
Financial investments	1,400,670	-1,400,670	0	0
	-45,464	45,464	-14,493	14,493
Chinese yuan (CNY)				
Insurance and reinsurance contracts	-951,042	951,042	21,596	-21,596
Financial investments	930,502	-930,502	0	0
	-20,540	20,540	21,596	-21,596
Indian rupee (INR)			0	0
Insurance and reinsurance contracts	-719,237	719,237	3,512	-3,512
Financial investments	572,110	-572,110	0	0
	-147,127	147,127	3,512	-3,512
Other				
Insurance and reinsurance contracts	-3,641,087	3,641,087	-64,439	64,439
Financial investments	3,628,746	-3,628,746	0	0
	-12,341	12,341	-64,439	64,439

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2022
(all amounts translated into euros)

Sava Re	Profit or loss		AOCI	
	Effect of 10% strengthening	Effect of 10% weakening	Effect of 10% strengthening	Effect of 10% weakening
EUR				
US dollar (USD)				
Insurance and reinsurance contracts	-4,219,624	4,219,624	-162,735	162,735
Financial investments	3,856,099	-3,856,099	0	0
	-363,525	363,525	-162,735	162,735
Korean won (KRW)			0	0
Insurance and reinsurance contracts	-1,530,065	1,530,065	-38,072	38,072
Financial investments	1,805,027	-1,805,027	0	0
	274,962	-274,962	-38,072	38,072
Chinese yuan (CNY)				
Insurance and reinsurance contracts	-769,491	769,491	15,754	-15,754
Financial investments	832,146	-832,146	0	0
	62,656	-62,656	15,754	-15,754
Indian rupee (INR)				
Insurance and reinsurance contracts	-680,376	680,376	-5,053	5,053
Financial investments	588,218	-588,218	0	0
	-92,158	92,158	-5,053	5,053
Other				
Insurance and reinsurance contracts	-3,991,623	3,991,623	-80,713	80,713
Financial investments	3,315,663	-3,315,663	0	0
	-675,960	675,960	-80,713	80,713



16.7.4.2 Liquidity risk

The Group companies manage liquidity risk in line with the guidelines laid down in the Sava Insurance Group’s liquidity risk management policy. Each Group member carefully plans and monitors the realisation of cash flows (cash inflows and outflows) and, in the event of liquidity problems, informs the parent company, which assesses the situation and provides the necessary funds to ensure liquidity.

Liquidity risk is monitored and managed by the Group companies in accordance with the size and complexity of their operations, with particular attention paid to liquidity risk management in the EU-based insurance companies due to their importance to the Group’s operations.

The Group monitors and manages liquidity risk:

- with clearly defined procedures and rules for the daily planning and liquidity management of each Group company,
- by carefully planning, monitoring, analysing and reporting on realised cash flows,
- by maintaining an adequate level of highly liquid assets,
- through a system of intercompany liquidity lines of credit within the Group,
- through long-term planning and appropriate matching of asset and liability maturities.

The Group companies generally meet their short-term liquidity needs by allocating funds to money market instruments in proportion to their estimated normal day-to-day liquidity requirements.

The adequacy of the assessed liquidity needs at the individual company level is regularly reviewed and analysed by monitoring and analysing realised operating cash flows and comparing them with medium-term cash flow projections.

Additional liquidity is provided to the Group companies through a system of intercompany liquidity lines of credit established within the Group companies and by maintaining an appropriate level of highly liquid investments. The Group’s risk strategy requires its EU-based insurance companies to hold at least 20% of their investment portfolio in highly liquid financial assets.

The Group companies prepare monthly reports on the cash flows generated by their core business, which are sent to the parent company together with explanations of significant inflows or outflows and deviations.

The Group’s management is informed of liquidity risks through regular reports which include, as a minimum, a comparison of realised and projected cash flows from the core business and the value and proportion of highly liquid investments in the portfolio.

As at 31 December 2023, highly liquid investments of the Sava Insurance Group represented 44.5% (31 December 2022: 43.0%) of the total investment portfolio, which demonstrates the high liquidity of the portfolio and its consistency with the risk strategy.

We consider the Sava Insurance Group’s liquidity risk to be largely unchanged from 2022 and low.

Insurance liabilities payable on demand

Sava Insurance Group	31 December 2023		31 December 2022	
	Amount payable on demand	Carrying amount	Amount payable on demand	Carrying amount
EUR				
Life – insurance contracts issued without direct participation	2,722,670	13,633,667	2,099,155	11,103,685
Insurance contracts issued with direct participation	517,421,856	586,910,697	416,314,739	478,840,439
Contracts issued with indirect participation	241,511,538	358,163,058	251,720,145	364,121,528
Total	761,656,064	958,707,422	670,134,039	854,065,652

The surrender value, being the amount payable on demand, is the highest in the group of direct participating contracts, which also has the highest carrying amount. The increase in amounts payable on demand compared to the previous year is mainly due to an increase in the volume of direct participating contracts, as a result of portfolio growth and financial market developments.



The following two tables show the values of financial investments on the basis of undiscounted cash flows.

Maturity analysis of financial investments and cash and cash equivalents

Sava Insurance Group	Carrying amount as at 31 December 2023	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2023
EUR									
Financial investments measured at fair value through profit or loss	114,587,332	2,686,757	1,726,306	1,442,417	2,734,225	764,548	22,705,242	95,576,983	127,636,477
Financial investments measured at amortised cost	74,776,353	28,287,735	7,304,922	15,475,996	6,787,865	5,808,577	24,190,317	0	87,855,412
Financial investments measured at fair value through other comprehensive income	1,225,364,473	262,344,328	225,229,656	242,274,174	136,530,084	144,302,234	332,062,823	15,969,890	1,358,713,188
Cash and cash equivalents	39,829,039	39,829,039	0	0	0	0	0	0	39,829,039
Investments supporting direct participating contracts	608,535,398	22,686,684	7,860,727	6,253,938	5,880,288	3,169,538	24,717,738	544,804,326	615,373,237
Total	2,063,092,594	355,834,543	242,121,610	265,446,524	151,932,462	154,044,896	403,676,119	656,351,200	2,229,407,354

Sava Insurance Group	Carrying amount as at 31 December 2022	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2022
EUR									
Financial investments measured at fair value through profit or loss	122,378,486	3,089,623	1,352,122	1,791,671	1,507,782	2,799,590	25,053,276	100,113,761	135,707,825
Financial investments measured at amortised cost	62,325,228	13,626,989	16,885,042	2,910,243	11,877,501	5,008,761	22,635,496	0	72,944,033
Financial investments measured at fair value through other comprehensive income	1,107,536,116	188,994,586	142,478,911	183,014,527	191,411,646	116,142,061	452,348,748	14,927,677	1,289,318,156
Cash and cash equivalents	78,339,699	78,339,699	0	0	0	0	0	0	78,339,699
Investments supporting direct participating contracts	498,776,177	17,419,990	1,509,810	1,506,810	3,060	3,060	1,709,120	333,522,219	355,674,069
Total	1,869,355,706	301,470,887	162,225,886	189,223,251	204,799,988	123,953,472	501,746,640	448,563,657	1,931,983,781



The following two tables show insurance and reinsurance contract assets and liabilities on the basis of discounted cash flows.

Maturity analysis of insurance liabilities

Sava Insurance Group									
EUR	Carrying amount as at 31 December 2023	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2023
Insurance contract liabilities (other than for participating contracts)	1,064,109,744	474,068,555	145,461,430	92,150,282	60,319,930	47,493,806	244,615,741	0	1,064,109,744
Insurance contract assets (other than for participating contracts)	-9,605,486	-6,718,928	726,297	-395,315	-1,217,307	-1,221,771	-778,462	0	-9,605,486
Participating contracts	586,910,697	15,487,299	13,907,928	16,963,764	24,029,368	25,181,637	491,340,702	0	586,910,697
Total insurance contracts	1,641,414,955	482,836,925	160,095,656	108,718,731	83,131,992	71,453,672	735,177,980	0	1,641,414,955
Reinsurance contract liabilities	1,642,044	2,653,349	-865,452	-188,938	-28,915	12,152	59,848	0	1,642,044
Reinsurance contract assets	-107,481,558	-75,799,217	-17,702,959	-9,349,710	-2,586,260	-647,629	-1,395,783	0	-107,481,558
Total reinsurance contracts	-105,839,514	-73,145,868	-18,568,411	-9,538,648	-2,615,175	-635,477	-1,335,934	0	-105,839,514
Total insurance liabilities	1,535,575,441	409,691,057	141,527,245	99,180,083	80,516,816	70,818,194	733,842,046	0	1,535,575,441

Sava Insurance Group									
EUR	Carrying amount as at 31 December 2022	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2022
Insurance contract liabilities (other than for participating contracts)	1,005,474,718	413,873,860	144,695,165	86,781,016	62,105,280	44,941,060	253,078,337	0	1,005,474,718
Insurance contract assets (other than for participating contracts)	-7,138,341	-7,820,778	1,015,519	475,393	54,667	-129,629	-733,514	0	-7,138,341
Participating contracts	478,840,440	10,328,289	11,465,862	13,662,764	15,557,307	22,206,957	405,619,260	0	478,840,440
Total insurance contracts	1,477,176,817	416,381,371	157,176,546	100,919,173	77,717,255	67,018,387	657,964,084	0	1,477,176,817
Reinsurance contract liabilities	1,051,614	1,015,826	78,110	-28,746	-79,291	3,643	62,072	0	1,051,614
Reinsurance contract assets	-68,133,645	-29,862,851	-20,852,286	-7,573,412	-2,990,393	-1,539,831	-5,314,873	0	-68,133,645
Total reinsurance contracts	-67,082,031	-28,847,024	-20,774,175	-7,602,158	-3,069,684	-1,536,188	-5,252,801	0	-67,082,031
Total insurance liabilities	1,410,094,786	387,534,347	136,402,371	93,317,015	74,647,571	65,482,199	652,711,283	0	1,410,094,786



Maturity analysis of other liabilities

Sava Insurance Group		Carrying amount as at 31 December 2023	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2023
EUR										
Subordinated liabilities		74,987,535	0	0	0	0	0	74,987,535	0	74,987,535
Other provisions		8,074,255	1,543,811	177,514	61,270	31,533	1,789,475	4,378,040	92,612	8,074,255
Other financial liabilities		737,085	737,085	0	0	0	0	0	0	737,085
Investment contract liabilities		180,437,695	80,324,218	1,417,236	1,550,345	1,865,798	2,460,961	92,819,137	0	180,437,695
Liabilities from operating activities		23,136,124	18,569,124	5,370	3,538	3,538	3,538	1,799,135	2,751,881	23,136,124
Other liabilities		42,845,539	41,652,245	0	2,067,951	0	0	0	-874,785	42,845,535
Total		330,218,233	142,826,484	1,600,120	3,683,104	1,900,869	4,253,974	173,983,847	1,969,708	330,218,228

Sava Insurance Group		Carrying amount as at 31 December 2022	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2022
EUR										
Subordinated liabilities		74,924,356	0	0	0	0	0	74,924,356	0	74,924,356
Other provisions		7,973,454	1,952,902	1,789,152	3,573,897	48,498	26,432	582,573	0	7,973,454
Other financial liabilities		548,576	548,581	0	0	0	0	0	-7	548,574
Investment contract liabilities		166,197,363	79,023,431	952,066	1,592,421	1,728,492	2,106,754	80,794,199	0	166,197,363
Liabilities from operating activities		13,176,941	8,157,730	3,557,652	0	7,785	0	1,626,315	-172,541	13,176,941
Other liabilities		33,353,137	32,532,864	221,150	398,776	346,934	0	40,948	-187,536	33,353,136
Total		296,173,827	122,215,508	6,520,020	5,565,094	2,131,709	2,133,186	157,968,391	-360,084	296,173,824

Sava Re manages liquidity risk in accordance with the guidelines laid down in the liquidity risk management policy of the Sava Insurance Group and Sava Re.

The Company monitors and manages liquidity risk:

- with clearly defined procedures and rules for the daily planning and liquidity management of each Group company,
- by carefully planning, monitoring, analysing and reporting on realised cash flows,
- by maintaining an adequate level of highly liquid assets,
- through a system of intercompany liquidity lines of credit within the Group,
- through long-term planning and appropriate matching of asset and liability maturities.

The Company manages liquidity risk by ensuring funds in the amount of the estimated liquidity requirement. This consists of an assessment of normal day-to-day liquidity needs and a liquidity buffer, and it is provided by allocating assets to money market instruments.

The Company 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.

Additional liquidity is provided to Sava Re through a system of intercompany liquidity lines of credit established within the Group companies and by maintaining an appropriate level of highly liquid investments. The Company's risk strategy requires that at least 20% of the investment portfolio be invested in highly liquid financial assets.

Management is informed of liquidity risks through regular reports which include, as a minimum, a comparison of realised and projected cash flows from the core business and the value and proportion of highly liquid investments in the portfolio.

The Company held EUR 192.0 million or 52% (31 December 2022: EUR 185.1 million or 52.1%) of highly liquid investments.

The Company's liabilities with up to 1 year's maturity at the end of 2023 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.

Based on the above, we estimate that the liquidity risk of the Company is well managed and did not change significantly compared to year-end 2022.

In the following tables, the values of financial investments are shown on the basis of undiscounted cash flows, whereas (re)insurance contract assets and liabilities are shown on the basis of discounted cash flows.





Maturity analysis of financial investments and cash and cash equivalents

Sava Re	Carrying amount as at 31 December 2023	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2023
EUR									
Financial investments measured at fair value through profit or loss	37,286,800	186,300	186,300	186,300	186,300	186,300	7,748,409	32,966,164	41,646,073
Financial investments measured at amortised cost	5,811,776	406,400	339,486	3,326,176	1,153,403	82,046	1,968,593	0	7,276,104
Financial investments measured at fair value through other comprehensive income	311,285,620	81,249,862	84,720,879	71,499,122	27,509,728	23,533,266	48,274,645	0	336,787,501
Cash and cash equivalents	12,260,049	12,260,049	0	0	0	0	0	0	12,260,049
Total	366,644,245	94,102,611	85,246,665	75,011,598	28,849,431	23,801,612	57,991,647	32,966,164	397,969,727

Sava Re	Carrying amount as at 31 December 2022	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2022
EUR									
Financial investments measured at fair value through profit or loss	39,718,676	1,523,900	186,400	186,400	186,400	186,400	7,320,506	34,442,673	44,032,679
Financial investments measured at amortised cost	3,871,965	564,866	301,672	213,669	2,200,358	1,097,485	134,315	0	4,512,365
Financial investments measured at fair value through other comprehensive income	280,840,335	77,428,888	46,197,857	54,768,379	46,679,482	20,546,997	67,552,054	0	313,173,657
Cash and cash equivalents	23,926,029	23,926,029	0	0	0	0	0	0	23,926,029
Total	348,357,005	103,443,684	46,685,929	55,168,448	49,066,240	21,830,882	75,006,875	34,442,673	385,644,729



Maturity analysis of insurance liabilities

Sava Re	Carrying amount as at 31 December 2023	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2023
EUR									
Insurance contract liabilities	295,752,723	160,511,367	71,517,218	31,455,296	13,263,165	5,434,969	13,570,708	0	295,752,723
Insurance contract assets	-5,095,344	-8,420,440	1,722,355	1,058,942	405,773	110,555	27,471	0	-5,095,344
Total insurance contracts	290,657,379	152,090,928	73,239,573	32,514,238	13,668,938	5,545,524	13,598,179	0	290,657,379
Reinsurance contract liabilities	446,848	1,548,940	-853,818	-204,205	-44,069	0	0	0	446,848
Reinsurance contract assets	-95,762,621	-66,803,641	-16,272,578	-8,898,097	-2,286,338	-513,655	-988,312	0	-95,762,621
Total reinsurance contracts	-95,315,773	-65,254,701	-17,126,396	-9,102,302	-2,330,407	-513,655	-988,312	0	-95,315,773
Total insurance liabilities	195,341,606	86,836,227	56,113,177	23,411,936	11,338,531	5,031,869	12,609,868	0	195,341,606

Sava Re	Carrying amount as at 31 December 2022	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2022
EUR									
Insurance contract liabilities	272,414,051	133,056,229	72,843,218	31,721,798	14,199,439	6,027,470	14,565,898	0	272,414,051
Insurance contract assets	-3,071,631	-6,161,575	1,660,701	913,810	375,558	122,640	17,235	0	-3,071,631
Total insurance contracts	269,342,420	126,894,653	74,503,919	32,635,607	14,574,997	6,150,110	14,583,133	0	269,342,420
Reinsurance contract liabilities	320,044	418,130	58,851	-49,160	-96,926	-10,852	0	0	320,044
Reinsurance contract assets	-61,224,914	-25,185,819	-20,194,495	-7,225,375	-2,537,356	-1,336,254	-4,745,616	0	-61,224,914
Total reinsurance contracts	-60,904,871	-24,767,689	-20,135,643	-7,274,535	-2,634,282	-1,347,106	-4,745,616	0	-60,904,871
Total insurance liabilities	208,437,549	102,126,964	54,368,276	25,361,072	11,940,715	4,803,004	9,837,518	0	208,437,549



Maturity analysis of other liabilities

Sava Re	Carrying amount as at 31 December 2023	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2023
EUR									
Subordinated liabilities	74,987,535	2,812,500	2,812,500	2,812,500	2,812,500	2,812,500	77,812,500		91,875,000
Other provisions	419,660	18,121	18,457	44,740	14,538	25,043	298,761	0	419,660
Other financial liabilities	0	0	0	0	0	0	0	0	0
Investment contract liabilities	0	0	0	0	0	0	0	0	0
Liabilities from operating activities	6,319,991	6,319,991	0	0	0	0	0	0	6,319,991
Other liabilities	5,130,387	5,130,387	0	0	0	0	0	0	5,130,387
Total	86,857,573	14,280,999	2,830,957	2,857,240	2,827,038	2,837,543	78,111,261	0	103,745,038

Sava Re	Carrying amount as at 31 December 2022	Up to 1 year	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years	No specified maturity	Total as at 31 December 2022
EUR									
Subordinated liabilities	74,924,356	2,812,500	2,812,500	2,812,500	2,812,500	2,812,500	80,625,000		94,687,500
Other provisions	392,640	23,207	13,448	24,585	39,875	17,256	274,268	0	392,640
Other financial liabilities	0	0	0	0	0	0	0	0	0
Investment contract liabilities	0	0	0	0	0	0	0	0	0
Liabilities from operating activities	45,414	45,414	0	0	0	0	0	0	45,414
Other liabilities	4,476,183	4,476,183	0	0	0	0	0	0	4,223,827
Total	79,838,593	7,357,304	2,825,948	2,837,085	2,852,375	2,829,756	80,899,268	0	99,601,737



16.7.4.3 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.

Exposure of assets to credit risk of the Group

Sava Insurance Group EUR Type of asset	31 December 2023 Amount	31 December 2022 Amount
Fixed-rate investments	1,420,034,999	1,334,655,954
Debt instruments	1,369,475,036	1,241,432,325
Cash and cash equivalents	50,559,963	93,223,629
Reinsurance contract assets	107,481,560	68,133,642
Current tax assets	444,616	3,412,855
Trade and other receivables	14,271,358	12,282,973
Total exposure	1,542,232,533	1,418,485,424

Exposure of assets to credit risk of Sava Re

Sava Re EUR Type of asset	31 December 2023 Amount	31 December 2022 Amount
Fixed-rate investments	336,075,275	316,160,834
Debt instruments	323,815,226	292,234,805
Cash and cash equivalents	12,260,049	23,926,029
Reinsurance contract assets	95,762,621	61,224,914
Current tax assets	0	49,594
Trade and other receivables	198,366	213,228
Total exposure	432,036,262	377,648,571

Credit risk due to issuer default

As at 31 December 2023, the Group was exposed to credit risk in the amount of EUR 1,542.2 million (31 December 2022: EUR 1,395.8 million).

As at 31 December 2023, the Company was exposed to credit risk in the amount of EUR 432.0 million (31 December 2022: EUR 377.4 million).

Credit risk for investments is estimated based on two factors:

- credit ratings used in determining credit risk for fixed-rate investments¹³³ and cash assets¹³⁴;
- performance indicators for other investments.

Below we set out an assessment of credit risk for fixed-rate investments.

¹³³ Included are government bonds, corporate bonds, deposits and loans granted, deposits with cedants, bond and convertible mutual funds, and private debt fund investments.

¹³⁴ This includes cash and demand deposits.



Fixed-rate investments by issuer credit rating

Sava Insurance Group EUR					
Based on S&P/Fitch ratings	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
AAA	336,369,733	24.6%	272,546,840	22.0%	2.6
AA	287,122,315	21.0%	230,124,711	18.5%	2.5
A	348,730,591	25.5%	322,414,303	26.0%	-0.5
BBB	248,860,893	18.2%	261,402,855	21.1%	-2.9
BB	64,149,305	4.7%	56,794,372	4.6%	0.1
B	16,755,540	1.2%	14,975,341	1.2%	0.0
Not rated	67,486,659	4.9%	83,173,903	6.7%	-1.8
Total	1,369,475,036	100.0%	1,241,432,325	100.0%	0.0

Cash and cash equivalents by credit rating

Sava Insurance Group EUR					
Based on S&P/Fitch ratings	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
A	416	0.0%	124	0.0%	0.0
BBB	20,365,890	40.3%	47,017,059	50.4%	-0.1
BB	143,830	0.3%	291,663	0.3%	0.0
Not rated	30,049,828	59.4%	45,914,783	49.3%	0.1
Total	50,559,963	100.0%	93,223,629	100.0%	0.0

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 value. As at 31 December 2023, these assets represented 93.6% of the investment portfolio (31 December 2022: 90.1%).

As at 31 December 2023, fixed-rate investments rated “A” or better accounted for 71.1% of the total fixed-rate portfolio (31 December 2022: 66.5%). 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 4.9% of fixed-rate investments (previous year: 6.9%).

The composition of cash and cash equivalents reflects the banking system in the region where the Group has a presence through subsidiaries.



Fixed-rate investments by issuer credit rating

Sava Re EUR	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Based on S&P/Fitch ratings					
AAA	122,374,700	37.8%	123,438,923	42.2%	-4.4
AA	96,935,351	29.9%	75,239,126	25.7%	4.2
A	66,661,733	20.6%	53,222,345	18.2%	2.4
BBB	28,882,802	8.9%	29,847,230	10.2%	-1.3
BB	0	0.0%	997,504	0.3%	-0.3
B	721,149	0.2%	405,253	0.1%	0.1
Not rated	8,239,491	2.5%	9,084,422	3.1%	-0.6
Total	323,815,226	100.0%	292,234,805	100.0%	

Cash and cash equivalents by credit rating

Sava Re EUR	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Based on S&P/Fitch ratings					
A	416	0.0%	124	0.0%	0.0
BBB	7,682,651	62.7%	14,877,410	62.2%	0.5
Not rated	4,576,983	37.3%	9,048,495	37.8%	-0.5
Total	12,260,049	100.0%	23,926,029	100.0%	

In terms of credit risk management, the Company aims to have a substantial portion of its debt investments rated “A-” or better. As at 31 December 2023, fixed-rate debt investments rated “A” or better represented 88.3% (31 December 2022: 86.1%) of total debt investments. The Company regularly monitors its exposure to individual issuers and any changes in their creditworthiness in order to be prepared to respond in a timely manner to any adverse developments in the financial markets or an increase in risk associated with an issuer.

The Company mitigates the credit risk of its other investments through a high degree of diversification and by investing in liquid securities.

The investment portfolios of the Sava Insurance Group and the Company are well diversified in accordance with local law and Group internal rules in order to avoid high concentration in a particular type of investment, high concentration with a particular counterparty or economic sector, or other potential forms of concentration.

The composition of cash and cash equivalents reflects the banking system in the region in which we operate.

Concentration of financial investments by industry

Sava Insurance Group EUR	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Government	859,201,655	55.7%	772,241,781	52.9%	2.8
Banks	157,992,535	10.2%	166,396,360	11.4%	-1.2
– Cash and cash equivalents	50,531,494	3.3%	93,181,947	6.4%	-3.1
– Other	107,461,041	7.0%	73,214,413	5.0%	2.0
Utilities	143,832,627	9.3%	134,239,893	9.2%	0.1
Other financial institutions	109,418,846	7.1%	108,418,552	7.4%	-0.3
Consumables	100,956,361	6.5%	104,447,548	7.2%	-0.6
Manufacturing	63,031,354	4.1%	53,856,376	3.7%	0.4
Infrastructure	57,339,858	3.7%	52,054,299	3.6%	0.2
Property	51,405,309	3.3%	69,096,975	4.7%	-1.4
Total	1,543,178,544	100.0%	1,460,751,783	100.0%	

The Group's largest exposure by asset class is to government bonds (31 December 2023: Germany 10.3%, 31 December 2022: Slovenia 7.6%).

Concentration of financial investments by industry

Sava Re EUR	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Government	231,494,236	61.9%	215,684,088	60.6%	1.3
Banks	33,816,689	9.0%	38,872,331	10.9%	-1.9
– Cash and cash equivalents	12,260,049	3.3%	23,926,029	6.7%	-3.4
– Other	21,556,640	5.8%	14,946,302	4.2%	1.6
Other financial institutions	29,439,519	7.9%	16,341,290	4.6%	3.3
Utilities	21,084,448	5.6%	25,175,956	7.1%	-1.4
Infrastructure	20,604,910	5.5%	18,843,871	5.3%	0.2
Consumables	18,328,796	4.9%	17,488,204	4.9%	0.0
Investment property	13,898,550	3.7%	15,149,931	4.3%	-0.5
Manufacturing	5,559,207	1.5%	8,523,027	2.4%	-0.9
Total	374,226,354	100.0%	356,078,698	100.0%	

The Company's largest exposure by asset class is also to government bonds (31 December 2023: Germany 12.9%; 31 December 2022: Germany 10.5%).



Concentration of financial investments by region

Sava Insurance Group EUR					
Region	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Slovenia	193,373,933	12.5%	228,540,299	15.6%	-3.1
Europe, EU Member States	918,335,348	59.5%	836,128,026	57.2%	2.3
Europe, non-EU members	187,016,915	12.1%	164,626,362	11.3%	0.8
United States	182,803,079	11.8%	168,553,859	11.5%	0.3
Rest of the world	61,649,269	4.0%	62,903,237	4.3%	-0.3
Total	1,543,178,544	100.0%	1,460,751,783	100.0%	

The Group's largest exposure by region is to the EU member states (31 December 2023: 59.5%, 31 December 2022: 57.2%). This is followed by the exposure to Slovenia-based issuers (31 December 2023: 12.5%; 31 December 2022: 15.6%) and the exposure to non-

EU issuers (31 December 2023: 12.1%; 31 December 2022: 11.3%). The distribution of exposure to other regions did not change significantly compared to the end of 2022.

Concentration of financial investments by region

Sava Re EUR					
Region	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Slovenia	45,642,526	12.2%	56,453,808	15.9%	-3.7
Europe, EU Member States	229,660,282	61.4%	199,723,569	56.1%	5.3
Europe, non-EU members	13,877,950	3.7%	19,320,306	5.4%	-1.7
United States	47,354,483	12.7%	43,759,704	12.3%	0.4
Rest of the world	37,691,114	10.1%	36,821,312	10.3%	-0.2
Total	374,226,354	100.0%	356,078,698	100.0%	

The largest exposure of the Company is to EU Member States (31 December 2023: 61.4%, 31 December 2022: 56.1%). This is followed by the exposure to Slovenia-based issuers (31 December 2023: 12.2%;

31 December 2022: 15.9%) and exposure to issuers based in the United States (31 December 2023: 12.7%; 31 December 2022: 12.3%).



Exposure to Slovenia by type of asset

Sava Insurance Group EUR	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Government bonds	105,036,038	6.8%	103,325,597	7.1%	-0.3
Cash and cash equivalents	39,944,537	2.6%	77,128,062	5.3%	-2.7
Investment property	19,346,001	1.3%	19,595,377	1.3%	-0.1
Corporate bonds	14,666,100	1.0%	13,094,074	0.9%	0.1
Shares	5,593,016	0.4%	9,844,715	0.7%	-0.3
Mutual funds	3,428,351	0.2%	3,265,204	0.2%	0.0
Deposits and CDs	3,067,028	0.2%	0	0.0%	0.2
Infrastructure funds	1,641,000	0.1%	1,260,856	0.1%	0.0
Loans granted	651,862	0.0%	1,026,414	0.1%	0.0
Total	193,373,933	12.5%	228,540,299	15.6%	-3.1

The Group's exposure to Slovenia decreased by 3.1 p.p. in 2023. As at 31 December 2023, investments in government bonds represented the largest exposure to Slovenia, the same as at 31 December 2022. They accounted for 6.8% of the total portfolio, down by 0.3 p.p. compared to the previous year.

As at 31 December 2023, the Group's exposure to the ten largest issuers was EUR 569.4 million, representing 36.9% of financial investments (31 December 2022: EUR 485.9 million; 33.3%). The Group's largest exposure to a single issuer is to Germany.

Exposure to Slovenia by type of asset

Sava Re EUR	31 December 2023		31 December 2022		% change (p.p.)
	Amount	As % of total	Amount	As % of total	
Government bonds	13,590,744	3.6%	12,354,165	3.5%	0.2
Cash and cash equivalents	10,426,394	2.8%	22,551,153	6.3%	-3.5
Investment property	7,582,109	2.0%	7,721,693	2.2%	-0.1
Corporate bonds	5,411,620	1.4%	3,962,278	1.1%	0.3
Shares	3,298,739	0.9%	6,892,061	1.9%	-1.1
Loans granted	2,670,572	0.7%	1,711,601	0.5%	0.2
Infrastructure funds	1,641,000	0.4%	1,260,856	0.4%	0.1
Deposits and CDs	1,021,347	0.3%	0	0.0%	0.3
Total	45,642,526	12.2%	56,453,808	15.9%	-3.7

At the year end, the exposure of the Company to Slovenia-based issuers was EUR 45.6 million, representing 12.2% of financial investments (31 December 2022: EUR 56.4 million; 15.9%). Compared to 31 December 2022, the share of such investments decreased by 3.7 p.p., chiefly due to the lower balance of cash and cash equivalents and equity investments.

As at 31 December 2023, the Company's exposure to the ten largest issuers was EUR 154.5 million, representing 41.3% of financial investments (31 December 2022: EUR 150.5 million; 42.3%). The largest

single issuer of securities to which the Company is exposed is Germany. As at 31 December 2023, the exposure totalled EUR 48.3 million or 12.9% of financial investments (31 December 2022: EUR 38.5 million; 10.8%).

We assess that in 2023, 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 2022.



Expected credit losses (ECL)

The Group monitors credit risk by monitoring the calculated expected credit losses, which measure the potential for an investment to be impaired or reduced in value due to the credit risk of the issuer. The expected credit loss of an investment is measured

according to its stage, which is reviewed on a monthly basis. The majority of the investments for which the Company measures and monitors expected credit losses (bonds, loans, deposits) are classified as stage 1, meaning that the Company has not experienced a significant increase in credit risk since the date the investment

was recognised. For the value of investments exposed to credit risk, changes in the fair value of interest on FVOCI investments, changes in the amortised cost of AC investments, and changes in accrued interest and exchange rate differences are recorded in the table under “Other changes”.

Gross carrying amount of financial assets exposed to credit risk

Sava Insurance Group EUR	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January	1,198,111,917	7,344,968	0	1,205,456,885	1,350,271,713	14,467,493	0	1,364,739,206
Opening balance – without transfer	0	0	0	0	0	0	0	0
New financial assets acquired	360,584,373	0	0	360,584,373	258,062,215	0	0	258,062,215
Financial assets derecognised	-249,219,268	-2,245,105	0	-251,464,373	-240,670,820	-2,391,185	0	-243,062,005
Transfer to stage 1	0	0	0	0	0	0	0	0
Transfer to stage 2	0	0	0	0	-392,357	392,357	0	0
Transfer to stage 3	0	0	0	0	0	0	0	0
Change in business models and risk parameters	-73,523	0	0	-73,523	-850,631	0	0	-850,631
Other changes	21,943,498	692,025	0	22,635,522	-168,321,046	-5,123,697	0	-173,444,743
Exchange differences	-51,057	0	0	-51,057	12,837	0	0	12,837
Balance as at 31 December	1,331,295,939	5,791,888	0	1,337,087,827	1,198,111,911	7,344,968	0	1,205,456,879



Total change in expected credit losses (ECL) for AC and FVOCI investments

Sava Insurance Group EUR	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January	-1,539,951	-604,682	0	-2,144,633	0	0	0	0
Opening balance – without transfer	0	0	0	0	-1,347,048	-1,148,867	0	-2,495,915
Transfer to stage 1	0	0	0	0	0	0	0	0
Transfer to stage 2	0	0	0	0	339	-339	0	0
Transfer to stage 3	0	0	0	0	0	0	0	0
Change in contractual cash flows	0	0	0	0	0	0	0	0
Resulting from new acquisitions of financial assets	-600,119	0	0	-600,119	-585,599	0	0	-585,599
Eliminated on sale or maturity of financial assets	573,026	2,145	0	575,171	552,740	547,907	0	1,100,647
Other changes	117,232	252,034	0	369,266	-160,389	-3,383	0	-163,772
Exchange differences	164	0	0	164	10	0	0	10
Balance as at 31 December	-1,449,648	-350,503	0	-1,800,151	-1,539,947	-604,682	0	-2,144,629



Gross carrying amount of financial assets exposed to credit risk

Sava Re EUR	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January	283,353,365	1,402,758	0	284,756,123	275,409,135	1,767,528	0	277,176,663
New financial assets acquired	118,305,237	0	0	118,305,237	100,226,328	0	0	100,226,328
Financial assets derecognised	-92,262,078	-1,000,000	0	-93,262,078	-68,469,935	0	0	-68,469,935
Transfer to stage 1	0	0	0	0	0	0	0	0
Transfer to stage 2	0	0	0	0	0	0	0	0
Transfer to stage 3	0	0	0	0	0	0	0	0
Change in business models and risk parameters	0	0	0	0	0	0	0	0
Other changes	7,029,370	318,391		7,347,760	-23,812,163	-364,770	0	-24,176,933
Balance as at 31 December	316,425,894	721,149	0	317,147,043	283,353,365	1,402,758	0	284,756,123

Total change in expected credit losses (ECL) for AC and FVOCI investments

Sava Re EUR	2023				2022			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Balance as at 1 January	-103,893	-180,023	0	-283,916	-141,047	-164,859	0	-305,905
Transfer to stage 1	0	0	0	0	0	0	0	0
Transfer to stage 2	0	0	0	0	0	0	0	0
Transfer to stage 3	0	0	0	0	0	0	0	0
Change in contractual cash flows	0	0	0	0	24,232	-15,165	0	9,067
Resulting from new acquisitions of financial assets	-30,519	0	0	-30,519	-65,093	0	0	-65,093
Eliminated on sale or maturity of financial assets	16,528	0	0	16,528	90,477	0	0	90,477
Other changes	68,913	0	0	68,913	-12,461	0	0	-12,461
Balance as at 31 December	-48,971	-180,023	0	-228,994	-103,893	-180,023	0	-283,916



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 probability of default is modelled as a function of historical average default probabilities over time, a systematic risk factor and a correlation parameter. The value of a systematic risk or economic condition factor reflects the position in the economic cycle over a period of time. The Company determines the business cycle index based on the deviation of GDP growth in the OECD area from its long-term trend. Mathematical operations can be used to obtain the long-term trend and the cyclical component (deviations from trend) from nominal GDP.

In addition to the baseline scenario, a downside and an upside scenario were used in the sensitivity analysis, after which the expected credit losses were recalculated.

For the purpose of sensitivity testing of the ECL level, a stress scenario has been prepared where the average default rate is shocked by around 40 basis points. Such a change in the probability of default would reduce the estimated long-term expected economic activity (change in GDP) by around 0.7 p.p. in the downside scenario and by 5 p.p. in the upside scenario. A change in these assumptions would increase the Group's ECLs from EUR -1.8 million to EUR -2.3 million in 2023 in the case of deterioration and from EUR -1.8 million to EUR -1.3 million in the case of improvement. The Group has 6 stage 2 investments in its portfolio, representing 19.5% of the total ECL at 31 December 2023 (31 December 2022: 28.2%).

In Sava Re, in case of a deterioration of the situation, the ECL would increase from EUR -0.2 million to EUR -0.3 million, and in case of an improvement of the situation, the provision would decrease from EUR -0.2 million to EUR 0.2 million. The Company has 1 stage 2 investment in its portfolio, representing 54.7% of the total ECL as at 31 December 2023 (31 December 2022: 62.4%).

Assumptions used in the sensitivity analysis

	31 December 2023			31 December 2022		
	Downside	Baseline	Upside	Downside	Baseline	Upside
Change in GDP	5.0%	5.7%	10.7%	2.6%	6.8%	15.0%
Economic cycle index	-1.0	-0.7	0.4	-1.4	-0.8	-
Correlation factor	0.0	-	0.0	0.0	0.0	0.0
Average change in default rate	0.4%	0.0%	-0.4%	0.4%	0.0%	-0.4%

Sensitivity analysis of expected credit loss (ECL)

Sava Insurance Group	31 December 2023			31 December 2022		
	Downside	Baseline	Upside	Downside	Baseline	Upside
Investments for which expected credit loss (ECL) is calculated	1,338,671,336	1,338,671,336	1,338,671,336	1,205,643,710	1,205,643,710	1,205,643,710
Expected credit loss	-2,267,606	-1,800,154	-1,305,340	-2,647,327	-2,144,634	-1,660,630
% of stage 2 investments	19.6%	19.5%	20.1%	28.1%	28.2%	28.2%

Sensitivity analysis of the change in expected credit loss (ECL)

Sava Re	31 December 2023			31 December 2022		
	Downside	Baseline	Upside	Downside	Baseline	Upside
Investments for which expected credit loss (ECL) is calculated	317,097,396	317,097,396	317,097,396	284,712,300	284,712,300	284,712,300
Expected credit loss	-286,791	-228,994	-169,812	-344,741	-283,916	-222,912
% of stage 2 investments	54.7%	54.7%	56.1%	62.6%	63.4%	63.8%



Credit risk with respect to reinsurers

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.

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 90% of the Sava Insurance Group’s credit risk exposure to reinsurers at the end of

2023 (2022: at least 90%) 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 subsidiaries, 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 2023, the total exposure of the Sava Insurance Group to credit risk relating to reinsurers was EUR 107.5 million (31 December 2022: EUR 68.1 million) and relates to reinsurance contract assets (including receivables due from reinsurers). At 31 December 2023, the credit risk exposure relating to reinsurers represented 4.2% of total assets (31 December 2022: 2.9%).

Exposure of the Sava Insurance Group to reinsurers by credit rating

Sava Insurance Group EUR	31 December 2023		31 December 2022	
	Amount	As % of total	Amount	As % of total
Rated by S&P / AM Best				
(A++ or A+) / (AAA or AA)	9,217,251	8.6%	7,833,945	11.5%
A / (A or A-)	85,004,406	79.1%	49,126,424	72.1%
BBB / (B++ or B+)	5,091,721	4.7%	4,947,880	7.3%
Less than BBB / less than B+	929,745	0.9%	2,780,351	4.1%
Not rated	7,238,436	6.7%	3,445,045	5.1%
Total	107,481,558	100.0%	68,133,645	100.0%

The Company’s 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). We consider this risk to be low, particularly as the investment portfolio is adequately diversified. See details in the following table. Thus, more than 95% of the credit risk exposure to reinsurers at the end of 2023 (2022: slightly less than

95%) related to reinsurers rated “BBB” or better.

As at 31 December 2023, the total exposure of the Company to credit risk from reinsurers was EUR 95.8 million (31 December 2022: EUR 61.2 million) and relates to reinsurance contract assets (including receivables due from reinsurers). The Company’s total credit risk exposure to retrocessionaires was 3.6% of total assets in 2023 (31 December 2022: 2.5%).

Sava Re’s exposure to reinsurers by credit rating

Sava Re EUR	31 December 2023		31 December 2022	
	Amount	As % of total	Amount	As % of total
Rated by S&P / AM Best				
(A++ or A+) / (AAA or AA)	8,313,572	8.7%	7,007,250	11.5%
A / (A or A-)	82,329,114	86.0%	47,386,736	77.4%
BBB / (B++ or B+)	2,865,505	3.0%	3,504,453	5.7%
Less than BBB / less than B+	929,745	1.0%	2,780,351	4.5%
Not rated	1,324,684	1.4%	546,124	0.9%
Total	95,762,621		61,224,914	



Counterparty default risk

The following tables show the Group’s and the Company’s share of total receivables by type and maturity.

Receivables ageing analysis as at 31 December 2023

Sava Insurance Group		31 December 2023			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
EUR	Gross amount	Allowance	Receivables									
Current tax assets	444,616	0	444,616	437,109	0	0	0	0	0	0	7,507	444,616
Other short-term receivables arising out of insurance business (outside the scope of IFRS 17)	4,533,434	-1,148,176	3,385,258	1,551,247	1,712,619	36,470	10,302	15,459	2,887	56,274	3,385,258	
Receivables from financing	728,130	-166,900	561,230	368,526	174,693	0	0	0	0	18,011	561,230	
Trade and other receivables	12,422,002	-2,097,132	10,324,870	10,009,539	217,384	29,101	25,669	14,550	8,962	19,665	10,324,870	
Trade and other receivables	17,683,566	-3,412,208	14,271,358	11,929,312	2,104,696	65,571	35,971	30,009	11,849	93,950	14,271,358	
Total	18,128,182	-3,412,208	14,715,974	12,366,421	2,104,696	65,571	35,971	30,009	11,849	101,457	14,715,974	

Receivables ageing analysis as at 31 December 2022

Sava Insurance Group		31 December 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
EUR	Gross amount	Allowance	Receivables									
Current tax assets	3,412,855	0	3,412,855	3,412,855	0	0	0	0	0	0	0	3,412,855
Other short-term receivables arising out of insurance business (outside the scope of IFRS 17)	4,466,344	-2,170,209	2,296,135	1,095,158	1,122,348	29,222	7,588	24,560	5,707	11,552	2,296,135	
Receivables from financing	2,203,462	-163,322	2,040,140	1,875,273	146,595	0	0	0	0	18,272	2,040,140	
Trade and other receivables	10,777,938	-2,831,240	7,946,698	7,397,929	369,700	102,005	11,845	22,707	5,619	36,893	7,946,698	
Trade and other receivables	17,447,744	-5,164,771	12,282,973	10,368,360	1,638,643	131,227	19,433	47,267	11,326	66,717	12,282,973	
Total	20,860,599	-5,164,771	15,695,828	13,781,215	1,638,643	131,227	19,433	47,267	11,326	66,717	15,695,828	

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 [16.8.17 “Receivables”](#).



Receivables ageing analysis as at 31 December 2023

Sava Re EUR	31 December 2023			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 from financing	34,478	0	34,478	34,478	0	0	0	0	0	0	34,478
Trade and other receivables	504,923	-341,035	163,888	163,888	0	0	0	0	0	0	163,888
Trade and other receivables	539,401	-341,035	198,366	198,366	0	0	0	0	0	0	198,366
Total	539,401	-341,035	198,366	198,366	0	0	0	0	0	0	198,366

Receivables ageing analysis as at 31 December 2022

Sava Re EUR	31 December 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								
Current tax assets	49,594	0	49,594	49,594	0	0	0	0	0	0	49,594
Receivables from financing	15,889	0	15,889	15,889	0	0	0	0	0	0	15,889
Trade and other receivables	538,374	-341,035	197,340	197,339	0	0	0	0	0	0	197,339
Trade and other receivables	554,263	-341,035	213,228	213,228	0	0	0	0	0	0	213,228
Total	603,857	-341,035	262,823	262,822	0	0	0	0	0	0	262,822

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 [16.8.17 "Receivables"](#).

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 insurance and reinsurance contract liabilities, 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 interest-rate guarantees in one of the long-term business funds with an interest-rate guarantee (the MGF¹³⁵ fund). The interest-rate guarantee on the MGF is 60% of the average annual interest rate on government securities with a maturity of over one year. Liabilities relating to the MGF comprise paid-in premiums, guaranteed return and amounts in excess of the guaranteed return, provided the company achieves 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, up to a maximum of 20% of equity.

The risk of failing to realise interest-rate guarantees is managed primarily through appropriate management of policyholder assets and liabilities, an appropriate investment strategy, an adequate level of the company's equity and provisioning. The Group tests its risk exposure arising out of interest-rate guarantees through stress tests and scenarios as part of the own risk and solvency assessment. We estimate that the risk of additional payments made in order to achieve the interest-rate guarantees decreased in 2023 relative to 2022, due to favourable capital market conditions.

The value of fund assets of the North Macedonian pension company Sava Penzisko Društvo (two funds: a mandatory and a voluntary fund) 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 interest-rate guarantees. Consequently, the company is not exposed to the risk to which investment contracts are exposed, i.e. failure to realise the interest-rate guarantees.

We estimate that the risk of failure to achieve interest-rate guarantees is medium and slightly decreased in 2023 compared to the previous year due to the favourable financial market conditions.





16.7.5 Operational risks

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

Operational risks are not among the main risks faced by the Sava Insurance Group and Sava Re, but they are nevertheless actively monitored and managed at both levels. The assessment of operational risks in the Group companies and at Group level is mainly based on qualitative assessment of the likelihood and financial severity within the risk register. Through regular assessments, the Group companies gain insight into the actual level of their exposure to such risks and take the necessary measures to mitigate them.

According to the 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 2023, ranked according to their rating in the risk register (from highest to lowest) are set out below.

Risks that increased in 2023 are marked as such:

- the risk of personal data breaches by the EU-based companies (increased due to the implementation of the new Data Protection Act (ZVOP-2)),

- the risk of intentional or unintentional leakage of confidential information,
- the risk of data loss due to a compromised or non-functioning IT system (slightly increased),
- the risk of cyberattack,
- the risks associated with subsidiaries reporting to the parent,
- the risk of inadequate provision of external IT services (in-house or commercial cloud services),
- the risk of errors in the consolidated calculations for the Group (increased due to the implementation of the new accounting standard IFRS 17).

The key operational risks of the Company in 2023, ranked according to their rating in the risk register (from highest to lowest), are set out below. Risks that increased in 2023 are marked as such:

- the risk of personal data breaches (increased due to the implementation of the new Data Protection Act (ZVOP-2)),
- the risk of intentional or unintentional leakage of confidential information,
- the risk of cyberattack,
- the risk of inadequate IT support for reinsurance,
- the risk of inadequate provision of external IT services (in-house or commercial cloud services),
- the risk of data loss due to a compromised or non-functioning IT system (slightly increased),

- the risk related to the sanctions clause,
- the risk of incorrect calculation input data, miscalculations or errors in Sava Re's internal or external reports (related to Solvency II) (increased due to the transition to the new accounting standard IFRS 17),
- risk of misstatements in reports to the management or supervisory boards (increased due to the implementation of the new accounting standard IFRS 17).

To manage operational risks effectively, the Group companies have processes in place to identify, measure, monitor, manage and report on such risks. 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 (to minimise the risk of unpreparedness for incidents and external events and any resulting business interruption),
- monitoring operational risk indicators at Group level for all Group companies (indicators are defined in the risk strategy and are also used to indirectly measure reputational risk),
- 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.

The Group and the Company estimate the exposure to operational risk to be moderate in 2023, with a slight increase compared to 2022. At Group and company level, risks have increased mainly due to higher assessed risks related to legal and regulatory compliance (including the risk of personal data breaches and the risk that IT plans do not comply with legal or regulatory requirements) and risks related to the management and implementation of processes (including the risk of data loss and the risk of misstatements in reports to the management and supervisory boards, or the risk of errors in consolidated calculations at Group level).



16.7.6 Strategic risks

The Sava Insurance Group and Sava Re are exposed to various internal and external strategic risks that may have a negative impact on income or capital adequacy. Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including external) factors.

At Group and individual company level, strategic risks are qualitatively assessed in the risk register by assessing the frequency and potential financial severity of each event. In addition, the EU-based (re)insurance companies seek to assess key strategic risks through qualitative analysis of various scenarios. Combining the two types of analysis provides a picture of the status and changing exposure to these risks.

The key strategic risks of the Sava Insurance Group in 2023, ranked according to their rating in the risk register (from highest to lowest), are set out below. Risks that increased in 2023 are marked as such:

- the risk of deteriorating macroeconomic conditions or changes in capital markets affecting the Group's profitability or causing the investment portfolio to underperform,
- the risk that the Group will fall behind the market in terms of digitalisation and innovation (increased risk),
- the risk of increased competition in the markets in which the Group has a presence,

- the risk of changes in legal and regulatory practices and the resulting impact on the Group's operations,
- the risk that IT support is not adequate in terms of content, funding or priorities to enable the Group to achieve its strategic objectives.

In 2023, the risk of a deterioration in macroeconomic conditions and the resulting impact on the Group's profitability was still high. The macroeconomic situation was more favourable in 2023, but the geopolitical situation remained uncertain (escalating tensions between Russia and NATO, the outbreak of war between Israel and Hamas). These conflicts pose a major risk of humanitarian crises and disruptions to trade and the flow of raw materials. Energy and climate change continued to dominate talks between countries. In 2023, we saw increased government borrowing and credit rating downgrades, as well as an increase in cyberattacks. The situation is expected to remain uncertain. The Group has already taken the necessary measures to mitigate the impact of these risks and will continue to monitor the situation and take appropriate action.

In 2023, the project for the transition to the new accounting standards IFRS 17 and IFRS 9 was completed at the Group level, and an information security strategy was adopted to establish a high level of cyber resilience for the Sava Insurance Group. The Group will continue to monitor legislative changes to limit regulatory risk, as well as competition in the markets in which it operates and factors affecting the performance of its individual companies.

The key strategic risks of the Company in 2023, ranked according to their rating in the risk register (from highest to lowest), are set out below. Risks that increased in 2023 are marked as such:

- the risk of deteriorating macroeconomic and geopolitical conditions, which may make it more difficult to underwrite reinsurance or to achieve the projected returns on the investment portfolio,
- the risk of negative changes in legislation related to the underwriting of reinsurance business,
- the risk related to changes in legal and regulatory practices and the resulting impact on the Company's operations or insurance underwriting,
- the risk of making the wrong decision on new strategic investments (increased by uncertain macroeconomic conditions).

Similar to the level of the Sava Insurance Group, the assessment of the risks associated with the deterioration of the macroeconomic situation at Sava Re remained at a high level. The high risk ratings have been maintained due to the ongoing uncertain geopolitical situation, notably the war in Ukraine, tensions between Russia and the West, and the outbreak of war between Israel and Hamas. The significant natural catastrophes that occurred during the summer months (such as storms, floods and wildfires), combined with other loss events, also had an impact on reinsurance rates, putting pressure on retention levels and making it more difficult to obtain adequate reinsurance protection. We also expect these risks to remain high in the coming year.

Sava Re will endeavour to ensure that the amounts of cover and premiums in reinsurance contracts adequately reflect the effects of claims inflation and loss experience, and that the Company obtains the best possible retrocession cover under the circumstances.

The Group companies mitigate individual strategic risks primarily through preventive measures, and each has various processes in place to ensure that it can properly identify, measure, monitor, manage, control and report strategic risks to ensure that they are effectively managed. In addition to the relevant organisational units in the Group companies, strategic risks are identified and managed by governance bodies, risk management committees, risk management functions and the key function holders of the risk management system. The identification of the Group's strategic risks is also the responsibility of the Group's risk management committee. Strategic risks are also managed by continually monitoring the achievement of the Group companies' short- and long-term goals and by monitoring regulatory changes in the pipeline and market developments.

The Group recognises that reputation is important to the achievement of its business goals and long-term strategic plans. To this end, its companies have put in place procedures to mitigate reputational risk, such as the establishment of fit and proper procedures applicable to employees in key positions, the systematic operation of a compliance monitoring function, business continuity planning, stress and scenario testing, and contingency and response planning in the event of a risk materialising. Operational indicators, which also indirectly measure reputational risk, have been monitored at the level of all Group companies since 2023. Toward ensuring the Group's good reputation, each and every employee is responsible for improving the quality of services delivered and overall customer satisfaction.

The Group estimates that its exposure to strategic risks was moderate in 2023, at the same level as in 2022.

16.7.6.1 Emerging risks

To ensure successful long-term business operations, it is extremely important for the Sava Insurance Group and Sava Re to anticipate and identify new risks. Both try to keep abreast of trends, technological developments and events that may shape future risk development. As their occurrence is difficult to predict with certainty, information is sought from external sources and an attempt is made to identify those that could have a significant impact on the business in future periods. In 2023, a survey was conducted in all Group companies to assess emerging risks and, based on the

responses, a weighted risk assessment was prepared at Group level. The assessors in each Group company rated the risks in terms of materiality for the strategic period (up to 2027) and for the longer term (beyond 2027).

At the level of the Sava Insurance Group and Sava Re, the highest assessed risks up to 2027 were the macroeconomic risk, the physical climate risk (extreme weather conditions) and the financial stability risk. However, these risks were also highlighted as important beyond 2027 at the level of Sava Re. At Group level, in addition to the risk of climate change, the risk of a major cyberattack and the risk related to artificial intelligence were highlighted as the main risks beyond 2027. The Group and the Company will consider the risks in terms of their potential impact on the business and analyse the possible responses and actions to be taken.

16.7.6.2 Sustainability risk and climate change risk

Climate change risks

The Group monitors both physical and transition risks related to climate change risk.

Physical risks, in the form of increased exposure to natural catastrophes and weather-related losses, are most evident in the insurers' business models. In terms of natural catastrophes, the year 2023 was much more turbulent for the Sava Insurance Group than the previous year, as Slovenia was hit by the most extensive floods in its history.

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 catastrophes.

The Group companies are exposed to transition risk associated with the shift to more sustainable business operations, and the Group manages this risk by regularly monitoring changes in sustainability legislation and adapting its business accordingly, including by offering more sustainable products and by actively learning about new customer needs. The Group has implemented its guidelines for responsible underwriting of environmental, social, and governance risks in non-life insurance, which guide the Group companies in the underwriting of risks and Sava Re in the reinsurance of facultative risks. At the Group level, the Sustainable Investment Policy of Sava Insurance Group was updated this year, which, among other things, defines the activities in which the Sava Insurance Company 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 risks are included in the risk register and periodically assessed against other risks. They are linked to the basic risk categories they affect (market, insurance, credit, strategic and operational risks). The main climate risks for the Sava Insurance Group are:

- the risk of an increase in the frequency and/or severity of extreme weather events and natural catastrophes due to climate change (physical risk – non-life underwriting risk),
- the risk of reduced availability and the risk of excessive prices of reinsurance/retrocession due to increased frequency, severity and interconnectedness of natural catastrophes (physical risk – strategic risk),
- the risk of loss of income/premiums and poor portfolio diversification due to (re)insurance underwriting restrictions (physical risk – strategic risk),
- the risk of non-life underwriting strategy and/or rules not taking account of climate change impacts (transition risk – strategic risk).

Climate change risks are also assessed periodically in Sava Re. The key climate risks are:

- the risk of claims increasing due to a higher frequency and concentration of extreme weather events and natural catastrophes (heat waves, landslides, floods, wildfires, storms, hail) (physical risk – non-life underwriting risk),
- the risk of reduced availability and unaffordable retrocession prices due to increased frequency, severity and interconnectedness of natural catastrophes (physical risk – strategic risk),
- the risk of an increase in the cost of capital due to an increase in the frequency and severity of extreme weather events (physical risk – liquidity risk).

The Group and the Company recognise the importance of the impact of climate change on long-term business performance, and therefore they have included a qualitative and quantitative assessment of climate change risks in the ORSA. The qualitative assessment covers the likelihood and severity of these risks over the long term. The materiality of physical and transition risk exposures was analysed as the basis for the quantitative scenarios in the investment and non-life insurance portfolios, where qualitative analysis indicated that the Group and the Company could experience the greatest impact from climate change.

Taking into account the exposure analysis, three scenarios were constructed, one in the investment portfolio and two in the insurance portfolio. The investment portfolio was tested for the potential adverse impact of the transition to a carbon-free society. Non-life insurance business can be significantly affected by the physical effects of climate change, so the impact of an increase in the frequency and severity of natural catastrophes was tested in the short and long term, focusing on floods (as analyses show that Slovenia is most exposed to this risk in the long term) and hailstorms (indicating that more of these types of events can be expected and that they will be more severe). The short-term scenario also included a European flood scenario, whereas the long-term scenario took into account the

increased severity of natural catastrophes due to the effects of climate change, in addition to the increased frequency. The scenarios were based on the investment and insurance portfolios in the 2024 business plan.

The robustness of the solvency position of the Group and Sava Re means that both the Group and Sava Re will remain solvent even if such scenarios materialise. But it is essential to monitor developments and assess the implications of both transition and physical risks to enable timely responses and measures. To this end, the ORSA also identifies actions for the future, including improving preparedness and appropriate technology for responding to and handling claims in the event of an increase in the frequency of natural catastrophes, monitoring the impact and making timely adjustments to premium rates and policy conditions, reducing the concentration of risks in certain areas where necessary, improving modelling capabilities and analysing the effects of climate change, participating in industry and scientific initiatives, and raising public awareness of potential risks and promoting preventive measures among policyholders.

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 assessed against other risks. The key sustainability risks of the Company and the Group in 2023, 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,
- reputational risk (including the risk of being accused of greenwashing, which has increased due to the uncertainty over the definition of green advertising itself; in 2023, the Group prepared for the first time a sustainability-related disclosure (Statement of Main Adverse Impacts) in its annual report, in line with the requirements of the SFDR; therefore, there is a potential for inadequate or insufficient reporting),
- 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 adapting policies or operations to be environmentally friendly (in line with SFDR, CSRD and other regulations),
- the risk of inadequate or untimely implementation on and reporting in line with sustainability-related legislation.

The Group and the Company estimate that some of the above risks will increase over the strategy period, mainly due to the increased scope and complexity of the new sustainability legislation.

In addition to the above, the Group and the Company monitor other risks that have been assessed as low:

- the risk of social and/or financial inequality between the sexes in the Group,
- the risk of inconsistency or inadequacy of internal rules and policies regarding the Principles of Responsible Investment (PRI),
- the risk of a non-existent or inadequate whistleblowing protocol, and
- the risk of changes in sustainability legislation affecting the operations of Group companies and the underwriting of reinsurance business.

In 2023, the Group and the Company included three new sustainability risks in their regular assessment:

- the risk of failing to meet strategic goals,
- the risk of failing to identify new opportunities for sustainable development, and
- the risk of not recognising changes in the environment (with stakeholders) due to the implementation of new legislation and strategies.

Individual companies also monitor other risks relevant to their particular business.



16.8 Notes to the financial statements

16.8.1 Intangible assets

Movement in cost and accumulated amortisation / impairment losses of intangible assets

Sava Insurance Group EUR	Software	Goodwill	Other intangible assets	Intangible assets in progress	Total
Cost					
31 December 2022	19,008,519	40,877,792	35,013,365	13,315,699	108,215,375
Additions	729,733	-	1,969,375	1,988,754	4,687,862
Transfer to use	11,177,792	-	-	-11,177,792	0
Disposals	-333,078	-	-727,347	-17,243	-1,077,668
Reductions – subsidiaries – disposal	2,961	-	-	-	2,961
Exchange differences	-2,845	-	-4,697	-280	-7,822
31 December 2023	30,583,082	40,877,792	36,250,696	4,109,138	111,820,708
Accumulated amortisation and impairment losses					
31 December 2022	12,977,943	8,444,979	20,897,161	-	42,320,083
Additions	3,527,113	-	1,107,129	-	4,634,242
Disposals	-282,264	-	-	-	-282,264
Reductions – subsidiaries – disposal	2,996	-	-	-	2,996
Exchange differences	-2,166	-	-1,014	-	-3,180
31 December 2023	16,223,622	8,444,979	22,003,276	0	46,671,877
Carrying amount as at 31 December 2022	6,030,576	32,432,813	14,116,204	13,315,699	65,895,292
Carrying amount as at 31 December 2023	14,359,460	32,432,813	14,247,420	4,109,138	65,148,831



**Sava Insurance Group
EUR**

	Software	Goodwill	Other intangible assets	Intangible assets in progress	Total
Cost					
31 December 2021	17,087,942	40,877,792	34,524,529	9,915,405	102,405,668
Additions	907,178	-	500,930	4,521,930	5,930,038
Transfer to use	1,121,623	-	-	-1,121,623	0
Disposals	-107,235	-	-1,502	-	-108,737
Exchange differences	-989	-	-10,592	-13	-11,594
31 December 2022	19,008,519	40,877,792	35,013,365	13,315,699	108,215,375
Accumulated amortisation and impairment losses					
31 December 2021	11,583,410	8,444,979	19,767,402	-	39,795,791
Additions	1,502,273	-	1,131,250	-	2,633,523
Disposals	-106,067	-	-	-	-106,067
Exchange differences	-1,673	-	-1,491	-	-3,164
31 December 2022	12,977,943	8,444,979	20,897,161	-	42,320,083
Carrying amount as at 31 December 2021	5,504,532	32,432,813	14,757,127	9,915,405	62,609,877
Carrying amount as at 31 December 2022	6,030,576	32,432,812	14,116,204	13,315,699	65,895,292



Sava Re EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 December 2022	3,017,251	41,911	2,803,082	5,862,244
Additions	53,569	10,059	910,072	973,700
Transfer to use	867,459	-	-867,459	0
Disposals	-	-6,623	-	-6,623
31 December 2023	3,938,279	45,347	2,845,695	6,829,321
Accumulated amortisation and impairment losses				
31 December 2022	1,793,860	-	-	1,793,860
Additions	360,526	-	-	360,526
31 December 2023	2,154,386	0	0	2,154,386
Carrying amount as at 31 December 2022	1,223,391	41,911	2,803,082	4,068,384
Carrying amount as at 31 December 2023	1,783,893	45,347	2,845,695	4,674,935

Sava Re EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 December 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	-	-407,113	0
Disposals	-	-1,502	-	-1,502
31 December 2022	3,017,251	41,911	2,803,082	5,862,245
Accumulated amortisation and impairment losses				
31 December 2021	1,551,538	-	-	1,551,538
Additions	242,323	-	-	242,323
31 December 2022	1,793,861	0	0	1,793,861
Carrying amount as at 31 December 2021	1,017,824	34,715	2,141,491	3,194,031
Carrying amount as at 31 December 2022	1,223,391	41,911	2,803,082	4,068,384

The Group's other intangible assets consist mainly of the assessed value of a customer list of EUR 8,135,290 (2022: EUR 8,537,034) and contractual customer relationships of EUR 3,520,000 (2022: EUR 4,160,000).

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. The majority of these IT solutions were put into operation in 2023.



Movement in goodwill

Movement in goodwill in 2023

**Sava Insurance Group
EUR**

Total amount carried forward as at 31 December 2022	32,432,813
Balance as at 31 December 2023	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 2022

**Sava Insurance Group
EUR**

Total amount carried forward as at 31 December 2021	32,432,813
Balance as at 31 December 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

Goodwill impairment testing

In the impairment testing of goodwill arising out of the acquired companies listed in the table at the beginning of this section (except for Zavarovalnica Sava), the recoverable amount of each cash-generating unit as at 31 December 2023 exceeded the carrying amount including goodwill belonging to the unit for all companies. The assumptions used to calculate the recoverable amount are described below. For Zavarovalnica Sava, where the estimated value exceeded the carrying amount by a very large margin, an impairment test was performed to determine whether there were any indications of impairment. As no indications were found, no valuation was necessary.

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 business plan of the Sava Insurance Group for 2024 on 13 December 2023. The business plans of the Group 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 in 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 revenue 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.

The valuations used a long-term growth rate (g) of the risk-free rate of return (2.3%) to estimate the residual value beyond the projection period.

The discount rate methodology is explained in section [16.4.7 "Goodwill"](#).

Assumptions used in goodwill impairment testing in 2023

	Sava Neživotno Osiguranje (SRB)	Sava Osiguranje (MNE)	Sava Penzisko (MKD)	Sava Infond (SVN)	TBS Team 24 (SVN)
Discount rate (%)	12.2	13.2	11.9	10.8	10.2
Long-term growth rate (%)	2.3	2.3	2.3	2.3	2.3



16.8.2 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 December 2022	5,216,520	63,859,517	27,035,610	521,439	57,768	96,690,854
Additions – acquisition of subsidiary	-	-	4,530	-	-	4,530
Additions	-	993,277	1,156,387	94,224	2,647,495	4,891,383
Reclassification	-	100,000	-	-	-	100,000
Transfer to use	-	200,038	2,196,210	7,791	-2,404,039	0
Disposals	-271,157	-4,695,392	-3,778,635	-84,504	-	-8,829,688
Exchange differences	-	-1,538	-1,735	-105	1	-3,377
31 December 2023	4,945,363	60,455,902	26,612,367	538,845	301,225	92,853,702
Accumulated depreciation and impairment losses						
31 December 2022	-	14,956,675	19,106,449	192,104	-	34,255,228
Additions	-	1,725,218	3,069,783	43,250	-	4,838,251
Reclassification	-	29,224	-	-	-	29,224
Disposals	-	-2,386,950	-3,477,805	-88,920	-	-5,953,675
Exchange differences	-	-921	-1,201	-2	-	-2,124
31 December 2023	-	14,323,246	18,697,226	146,432	-	33,166,904
Carrying amount as at 31 December 2022	5,216,520	48,902,842	7,929,161	329,335	57,768	62,435,626
Carrying amount as at 31 December 2023	4,945,363	46,132,656	7,915,141	392,413	301,225	59,686,798



Sava Insurance Group

EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2021	5,577,582	56,065,061	25,704,208	589,920	9,460,483	97,397,254
Additions	-	106,390	1,316,012	213,018	13,217,555	14,852,975
Reclassification	-112,267	-8,195,699	-442,409	-15,945	-	-8,766,320
Transfer to use	433,464	19,171,538	3,015,267	-	-22,620,269	0
Disposals	-676,883	-3,289,830	-2,558,369	-265,669	-	-6,790,751
Reductions – subsidiaries – disposal	-5,376	-	-	-	-	-5,376
Exchange differences	-	2,057	901	115	-1	3,072
31 December 2022	5,216,520	63,859,517	27,035,610	521,439	57,768	96,690,854
Accumulated depreciation and impairment losses						
31 December 2021	-	22,099,361	18,779,073	186,264	-	41,064,698
Additions	-	1,010,884	3,054,865	34,560	-	4,100,309
Reclassification	-	-7,537,181	-495,875	-16,081	-	-8,049,137
Disposals	-	-616,422	-2,232,056	-12,641	-	-2,861,119
Exchange differences	-	33	442	2	-	477
31 December 2022	0	14,956,675	19,106,449	192,104	-	34,255,228
Carrying amount as at 31 December 2021	5,577,582	33,965,700	6,925,135	403,656	9,460,483	56,332,556
Carrying amount as at 31 December 2022	5,216,520	48,902,842	7,929,161	329,335	57,768	62,435,626



Sava Re

EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2022	151,373	2,449,707	1,538,295	274,193	-	4,413,567
Additions	-	0	424,457	-	-	424,457
Disposals	-	0	-207,382	-	-	-207,382
31 December 2023	151,373	2,449,707	1,755,371	274,193	0	4,630,643
Accumulated depreciation and impairment losses						
31 December 2022	-	823,917	992,621	43,084	-	1,859,622
Additions	-	33,311	194,674	10,287	-	238,273
Disposals	-	0	-142,410	-	-	-142,410
31 December 2023	0	857,228	1,044,885	53,371	0	1,955,484
Carrying amount as at 31 December 2022	151,373	1,625,790	545,674	231,109	0	2,553,945
Carrying amount as at 31 December 2023	151,373	1,592,478	710,486	220,822	0	2,675,158



Sava Re

EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2021	151,373	2,417,757	1,492,149	314,359	10,554	4,386,192
Additions	-	-	366,711	207,242	31,880	605,833
Reclassification	-	31,950	1,360	-	-	33,310
Transfer to use	-	-	42,434	-	-42,434	0
Disposals	-	-	-364,359	-247,408	-	-611,768
31 December 2022	151,373	2,449,707	1,538,295	274,193	0	4,413,567
Accumulated depreciation and impairment losses						
31 December 2021	-	787,359	1,086,070	48,551	-	1,921,980
Additions	-	33,150	185,554	7,174	-	225,878
Reclassification	-	3,408	1,128	-	-	4,536
Disposals	-	0	-280,131	-12,641	-	-292,772
31 December 2022	0	823,917	992,621	43,084	0	1,859,622
Carrying amount as at 31 December 2021	151,373	1,630,398	406,079	265,808	10,554	2,464,212
Carrying amount as at 31 December 2022	151,373	1,625,790	545,674	231,109	0	2,553,945

Property, plant and equipment assets are unencumbered by third-party rights.



16.8.3 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 December 2022	7,035,677	328,038	61,961	7,425,676
Depreciation of right-of-use assets	-1,610,826	-82,046	-23,163	-1,716,035
Change in right of use	2,232,598	649,726	-	2,882,324
New contracts	654,028	84,640	-	738,668
Derecognition of right-of-use assets	-524,464	-232,771	-	-757,235
As at 31 December 2023	7,787,013	747,587	38,798	8,573,398

Sava Insurance Group EUR	Land and buildings	Motor vehicles	Computers and IT equipment	Total
As at 31 December 2021	6,967,008	405,669	12,139	7,384,816
Depreciation of right-of-use assets	-1,901,647	-204,825	-19,221	-2,125,693
Change in right of use	369,421	79,545	-	448,966
New contracts	2,115,345	197,997	69,043	2,382,385
Derecognition of right-of-use assets	-514,450	-150,348	-	-664,798
As at 31 December 2022	7,035,677	328,038	61,961	7,425,676

Sava Re EUR	Land and buildings	Total
As at 31 December 2022	320,124	320,124
Depreciation of right-of-use assets	-82,608	-82,608
Change in right of use	20,501	20,501
New contracts	19,141	19,141
Derecognition of right-of-use assets	-	-
As at 31 December 2023	277,158	277,158

Sava Re EUR	Land and buildings	Total
As at 31 December 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 December 2022	320,124	320,124

The amounts recognised in the income statement related to leases are shown in the table below.



EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Depreciation/amortisation	1,716,035	2,125,693	82,608	74,135
Land and buildings	1,610,826	1,901,647	82,608	74,135
Motor vehicles	82,046	204,825	-	-
Computers and IT equipment	23,163	19,221	-	-
Interest on lease liabilities	239,055	150,489	7,318	1,985
Costs associated with short-term leases	209,629	194,057	-	-
Costs associated with low value leases	44,138	45,119	-	-
Total	2,208,857	2,515,358	89,926	76,120

Cash flow from leases

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Cash flow from leases	2,579,753	2,265,303	87,084	78,444

Movement in short- and long-term lease liabilities¹³⁶

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Lease liability – maturity up to 1 year	2,493,988	2,541,330	87,347	78,425
Lease liability – maturity over 1 year	6,350,749	5,115,859	193,017	242,063
Total	8,844,737	7,657,189	280,364	320,488

EUR	Sava Insurance Group		Sava Re	
	Short-term	Long-term	Short-term	Long-term
31 December 2022	2,541,330	5,115,859	78,425	242,063
New leases	-	3,528,246	-	39,642
Repayments	-	-2,579,753	-	-87,084
Interest attribution	-	239,055	-	7,318
Transfer to current liabilities	-47,342	47,342	8,922	-8,922
31 December 2023	2,493,988	6,350,749	87,347	193,017

EUR	Sava Insurance Group		Sava Re	
	Short-term	Long-term	Short-term	Long-term
31 December 2021	2,672,117	4,984,539	74,982	128,746
New leases	-	2,376,921	-	193,218
Repayments	-	-2,265,303	-	-78,444
Interest attribution	-	150,489	-	1,985
Transfer to current liabilities	-130,787	-130,787	3,443	-3,443
31 December 2022	2,541,330	5,115,859	78,425	242,063

Lease terms range from 1 to 10 years for land and buildings (one contract for up to 24 years), 1 to 6 years for cars and 6 years for hardware and IT equipment. 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 relate to land and buildings as disclosed in note 16.8.5 “Investment property”.

¹³⁶ The disclosure also includes long-term liabilities under finance lease contracts.



16.8.4 Deferred tax assets and liabilities

Sava Insurance Group									
EUR	Offset value as at 31 December 2022	Included in income statement	Included in other comprehensive income	Other	Exchange differences	Offset value as at 31 December 2023	Deferred tax assets	Deferred tax liabilities	
Insurance contracts	-13,611,691	-139,380	3,544,920	0	134	-10,206,017	461,803	-10,667,820	
Reinsurance contracts	-535,725	-	777,881	0	-5	242,151	469,735	-227,584	
Financial investments	19,449,192	-306,284	-7,282,489	1,242,466	471	13,103,356	17,905,300	-4,801,944	
Short-term operating receivables	275,515	382,962	-	-	-	658,477	658,477	-	
Provisions for jubilee benefits and severance pay (retirement)	524,352	19,008	-26,777	-4,931	29	511,681	760,918	-249,237	
Provision for tax losses	1,963,749	-1,662,098	9,013	-358,314	-	-47,650	750	-48,400	
Deferred tax liabilities due to transition to the new standards	-10,859,627	-130,553	15,205	9,859,690	1,096	-1,114,189	68,954	-1,183,143	
Total	-2,794,235	-1,836,345	-2,962,247	10,738,911	1,725	3,147,809	20,325,937	-17,178,128	

Sava Insurance Group									
EUR	Offset value as at 31 December 2021	Included in income statement	Included in other comprehensive income	Other	Exchange differences	Offset value as at 31 December 2022	Deferred tax assets	Deferred tax liabilities	
Insurance contracts	6,979,667	-	-20,591,643	-	285	-13,611,691	42,541	-13,654,232	
Reinsurance contracts	-3,037,462	-	2,501,738	-	-1	-535,725	330,892	-866,617	
Financial investments	-9,836,697	150,188	29,105,184	8,251	1,635	19,449,192	24,649,815	-5,200,623	
Short-term operating receivables	275,515	-	-	-	-	275,515	275,515	-	
Provisions for jubilee benefits and severance pay (retirement)	814,037	-128,140	-161,325	-231	11	524,352	555,828	-31,476	
Provision for tax losses	2,505,994	-542,245	-	-	-	1,963,749	2,003,136	-39,387	
Deferred tax liabilities due to transition to the new standards	-15,091,022	-1,321,463	-	5,553,117	-259	-10,859,627	657,440	-11,517,067	
Total	-17,389,968	-1,841,660	10,874,585	5,561,137	1,671	-2,794,235	28,515,167	-31,309,402	



Sava Re	Offset value as at 31 December 2022	Included in income statement	Included in other comprehensive income	Other	Offset value as at 31 December 2023	Deferred tax assets	Deferred tax liabilities
EUR							
Insurance contracts	-1,685,669	0	1,096,411	-	-589,258	112,237	-701,496
Reinsurance contracts	270,415	0	-148,746	-	121,669	125,792	-4,123
Financial investments	5,148,067	30,796	-1,444,764	1,100,681	4,834,780	4,965,493	-130,712
Short-term operating receivables	275,515	382,962	-	-	658,477	658,477	-
Provisions for jubilee benefits and severance pay (retirement)	53,332	9,045	-624	-	61,753	66,327	-4,575
Provision for tax losses	1,644,072	-1,644,072	-	-	-	-	-
Deferred tax liabilities due to transition to the new standards	-2,673,481	0	-	2,673,481	-	-	-
Total	3,032,251	-1,221,269	-497,723	3,774,162	5,087,421	5,928,327	-840,907

Sava Re	Netted value as at 31 December 2021	Included in income statement	Included in other comprehensive income	Offset value as at 31 December 2022	Deferred tax assets	Deferred tax liabilities
EUR						
Insurance contracts	1,433,097	-	-3,118,766	-1,685,669	-	-1,685,669
Reinsurance contracts	-587,509	-	857,924	270,415	270,415	-
Financial investments	838,809	-490,034	4,799,292	5,148,067	6,381,266	-1,233,199
Short-term operating receivables	275,515	0	-	275,515	275,515	-
Provisions for jubilee benefits and severance pay (retirement)	53,777	-446	-	53,332	57,283	-3,951
Provision for tax losses	2,111,130	-467,058	-	1,644,072	1,644,072	-
Deferred tax liabilities due to transition to the new standards	-1,414,696	-1,258,785	-	-2,673,481	-	-2,673,481
Total	2,710,123	-2,216,322	2,538,450	3,032,251	8,628,550	-5,596,300



In 2023, 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%, valid until 31 December 2023. Deferred tax assets and liabilities are restated

at the new rate of 22% effective from 1 January 2024 (2022: 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 following table shows the restatement to the new tax rate for the Slovenia-based companies.

EUR	Slovenia-based companies of the Sava Insurance Group		Sava Re	
	Restatement at new tax rate (22%)		Restatement at new tax rate (22%)	
	Included in income statement	Included in other comprehensive income	Included in income statement	Included in other comprehensive income
Insurance contracts	-	-1,301,630	-	-80,354
Reinsurance contracts	-	28,897	-	16,591
Financial investments	242,001	-147,789	212,012	446,270
Short-term operating receivables	89,792	-	89,792	-
Provisions for jubilee benefits and severance pay (retirement)	99,271	26,023	9,045	-624



16.8.5 Investment property

Movement in cost and accumulated depreciation of investment property

Sava Insurance Group EUR	Land	Buildings	Equipment	In progress	Total
Cost					
31 December 2022	2,649,470	21,866,752	538,765	-	25,054,987
Additions	-	2,425,330	-	193,322	2,618,652
Transfer to use	-	177,278	16,044	-193,322	0
Disposals	-28,650	-	-	-	-28,650
Exchange differences	40	-6,351	-	-	-6,311
31 December 2023	2,620,860	24,463,009	554,809	0	27,638,678
Accumulated depreciation and impairment losses					
31 December 2022	28,610	2,138,903	91,715	-	2,259,228
Additions	-	426,567	91,832	-	518,399
Disposals	-28,650	0	0	-	-28,650
Exchange differences	40	-618	1	-	-577
31 December 2023	0	2,564,852	183,548	0	2,748,400
Carrying amount as at 31 December 2022	2,620,860	19,727,849	447,050	0	22,795,759
Carrying amount as at 31 December 2023	2,620,860	21,898,157	371,261	0	24,890,278



Sava Insurance Group
EUR

	Land	Buildings	Equipment	In progress	Total
Cost					
31 December 2021	2,158,279	13,920,291	186,075	-	16,264,645
Additions	-	-	-	9,135,430	9,135,430
Reclassification	-	14,285	-15,459	-	-1,174
Transfer to use	756,622	8,006,050	372,758	-9,135,430	0
Disposals	-266,147	-76,841	-4,593	-	-347,581
Exchange differences	716	2,967	-16	-	3,667
31 December 2022	2,649,470	21,866,752	538,765	0	25,054,987
Accumulated depreciation and impairment losses					
31 December 2021	28,640	1,863,547	91,858	-	1,984,045
Additions	-	319,549	19,768	-	339,317
Reclassification	-	-34,069	-15,331	-	-49,400
Disposals	-	-10,711	-4,580	-	-15,291
Exchange differences	-30	587	-	-	557
31 December 2022	28,610	2,138,903	91,715	0	2,259,228
Carrying amount as at 31 December 2021	2,129,639	12,056,744	94,217	0	14,280,600
Carrying amount as at 31 December 2022	2,620,860	19,727,848	447,050	0	22,795,759



Sava Re EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2022	1,497,711	7,026,356	82,446	8,606,513
Additions	-	10,045	-	10,045
31 December 2023	1,497,711	7,036,401	82,446	8,616,558
Accumulated depreciation and impairment losses				
31 December 2022	-	858,194	26,626	884,820
Additions	-	141,642	7,928	149,570
31 December 2023	0	999,836	34,554	1,034,390
Carrying amount as at 31 December 2022	1,497,711	6,168,162	55,820	7,721,693
Carrying amount as at 31 December 2023	1,497,711	6,036,565	47,892	7,582,168

Sava Re EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2021	1,497,711	7,058,306	83,822	8,639,839
Reclassification	-	-31,950	-1,376	-33,326
31 December 2022	1,497,711	7,026,356	82,446	8,606,513
Accumulated depreciation and impairment losses				
31 December 2021	-	720,320	19,825	740,145
Additions	-	141,282	7,929	149,211
Reclassification	-	-3,408	-1,128	-4,536
31 December 2022	0	858,194	26,626	884,820
Carrying amount as at 31 December 2021	1,497,711	6,337,985	63,997	7,899,693
Carrying amount as at 31 December 2022	1,497,711	6,168,162	55,820	7,721,693

The Group generated income of EUR 1,444,937 million from the lease of its investment property in 2023 (2022: EUR 1,368,236). Maintenance costs associated with investment property are either included in the rent or charged to the lessee. Costs covered by the Group in 2023 totalled EUR 110,340 (2022: EUR 202,919). We estimate that the Group will continue to lease its investment property in 2024 and over the next five-year period in a similar scope as in 2023 and generate a similar amount of lease income.

In 2023, the Group generated income of EUR 867,573 by leasing out its investment property (2022: EUR 829,030). 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 presented in note [16.8.34 "Fair values of assets and liabilities"](#).

16.8.6 Investments in subsidiaries and associates

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Investments in subsidiaries	0	0	305,666,793	303,360,793
Investments in associates	23,834,620	21,856,109	19,575,000	19,575,000
Total	23,834,620	21,856,109	325,241,793	322,935,793

Investments in subsidiaries

Sava Re EUR	31 December 2022		Acquisition/ recapitalisation Value	31 December 2023	
	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)	93.89%	8,905,868	0	93.89%	8,905,868
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
Sava Pokojninska	100.00%	6,417,800	0	100.00%	6,417,800
TBS Team 24	78.50%	3,326,504	0	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
ASP (SRB)	100.00%	0	1,250,000	100.00%	1,250,000
Vita S Holding (MKD)	80.00%	0	1,056,000	80.00%	1,056,000
Total		303,360,793	2,306,002		305,666,793



Sava Re EUR	31 December 2021		Impairments (-) Value	Disposal/decrease (-) Value	31 December 2022	
	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



Investments in associates

Sava Insurance Group EUR	31 December 2022		Attributed profit or loss	31 December 2023		Share of voting rights (%)
	Holding	Value		Holding	Value	
DCB	50.00%	21,856,109	1,978,512	50.00%	23,834,621	50.00%
Total		21,856,109	1,978,512		23,834,620	

Sava Insurance Group EUR	31 December 2021		Attributed profit or loss	31 December 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 Re EUR	31 December 2022		31 December 2023		Share of voting rights (%)
	Holding	Value	Holding	Value	
DCB	50.00%	19,575,000	50.00%	19,575,000	50.00%
Total		19,575,000		19,575,000	

Sava Re EUR	31 December 2021		31 December 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 Insurance Group
EUR

	31 December 2023	31 December 2022
DCB		
Value of assets	53,009,611	46,338,747
Liabilities	20,190,187	17,455,813
Equity	32,819,424	28,882,934
Income	30,401,886	30,423,226
Profit or loss	3,957,023	2,752,760
Part of the profit or loss attributable to the Group	1,978,512	1,376,380
G2I		
Value of assets		1,250,937
Liabilities		1,127,753
Equity		123,184
Income		3,373,482
Profit or loss		-517,993
Part of the profit or loss attributable to the Group		-90,649

In 2023, the Sava Insurance Group sold its associate G2I. It realised a gain on the sale of EUR 112,595.

The assumptions used in the valuation are described in more detail in section [16.4.13 “Investments in subsidiaries and associates”](#).



16.8.7 Financial investments

The financial investments of the Sava Insurance Group amounting to EUR 2,012.5 million as at 31 December 2023 (31 December 2022: EUR 1,776.1 million) include, in addition to investments supporting non-life and traditional life insurance liabilities, investments supporting unit-linked life insurance liabilities and own funds.

Sava Insurance Group EUR 31 December 2023

	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
Debt instruments	76,303,166	19,701,111	1,260,177,155	1,356,181,432
Deposits and CDs	25,616,171	-	-	25,616,171
Government bonds	37,676,521	2,105,477	811,741,040	851,523,038
Corporate bonds	12,256,335	17,595,634	448,436,115	478,288,084
Loans granted	754,139	-	-	754,139
Equity instruments	0	569,153,261	15,969,890	585,123,151
Shares	-	5,784,383	15,969,890	21,754,273
Mutual funds	-	563,368,878	-	563,368,878
Investments in infrastructure funds	-	57,339,858	-	57,339,858
Investments in real-estate funds	-	13,888,192	-	13,888,192
Total	76,303,166	660,082,422	1,276,147,045	2,012,532,633

Sava Insurance Group EUR 31 December 2022

	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
Debt instruments	64,428,280	20,729,025	1,140,474,230	1,225,631,535
Deposits and CDs	18,848,261	-	-	18,848,261
Government bonds	32,143,970	253,420	729,392,990	761,790,380
Corporate bonds	12,241,228	20,475,605	411,081,240	443,798,073
Loans granted	1,194,821	-	-	1,194,821
Equity instruments	0	465,219,427	14,927,677	480,147,104
Shares	-	9,956,247	14,927,677	24,883,924
Mutual funds	-	455,263,180	-	455,263,180
Investments in infrastructure funds	-	53,856,375	-	53,856,375
Investments in real-estate funds	-	16,497,061	-	16,497,061
Total	64,428,280	556,301,888	1,155,401,907	1,776,132,075



Sava Re
EUR
31 December 2023

	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
Debt instruments	5,811,776	4,320,636	311,285,620	321,418,032
Deposits and CDs	1,021,347	-	-	1,021,347
Government bonds	2,075,525	-	227,516,295	229,591,819
Corporate bonds	-	4,320,636	83,769,325	88,089,961
Loans granted	2,714,904	-	-	2,714,904
Equity instruments	0	7,997,287	0	7,997,287
Shares	-	3,538,972	-	3,538,972
Mutual funds	-	4,458,315	-	4,458,315
Investments in infrastructure funds	-	21,084,448	-	21,084,448
Investments in real-estate funds	-	3,884,428	-	3,884,428
Total	5,811,776	37,286,800	311,285,620	354,384,196

Sava Re
EUR
31 December 2022

	Measured at amortised cost	Measured at fair value through profit or loss	Measured at fair value through other comprehensive income	Total
Debt instruments	3,871,964	5,276,003	280,840,335	289,988,303
Deposits and CDs	-	-	-	0
Government bonds	2,075,272	-	212,123,409	214,198,680
Corporate bonds	-	5,276,003	68,716,927	73,992,930
Loans granted	1,796,693	-	-	1,796,693
Equity instruments	0	11,014,588	0	11,014,588
Shares	-	7,080,606	-	7,080,606
Mutual funds	-	3,933,982	-	3,933,982
Investments in infrastructure funds	-	18,843,871	-	18,843,871
Investments in real-estate funds	-	4,584,214	-	4,584,214
Total	3,871,964	39,718,676	280,840,335	324,430,976

The Sava Insurance Group held 1.6% of financial investments constituting subordinated instruments for the issuer (31 December 2022: 1.9%). The total value of these investments was EUR 31.1 million (31 December 2022: EUR 33.4 million).

Sava Re held 1.2% of financial investments that constitute subordinated instruments for the issuer (31 December 2022: 1.6%). The total value of these investments was EUR 4.3 million (31 December 2022: EUR 5.3 million).

The Group measures its investments in subordinated debt instruments through profit or loss or through accumulated other comprehensive income.

Equity instruments classified as FVOCI

EUR	31 December 2023	31 December 2022	1 January 2022
AENA S.M.E. SA	640,811	458,057	542,014
AMGEN INC.	591,418	558,719	450,377
AUTOROUTES DU SUD DE LA FRANCE	0	0	737,055
BAE SYSTEMS PLC	0	0	576,638
Bouygues	323,867	266,156	298,903
BP P.L.C.	0	0	276,076
CISCO SYSTEMS, INC.	499,028	487,522	610,273
DANONE	512,981	430,369	477,226
Deutsche Telekom AG	1,050,525	900,215	787,290
Enbridge Inc.	0	0	249,080
ENGIE	0	0	639,378
ESSILORLUXOTTICA	668,288	622,656	689,043
Fortum Oyj	381,430	453,861	788,270
Fresenius SE & Co. KGaA	374,229	349,965	471,953
GALP ENERGIA, SGPS, S.A.	649,485	613,943	414,813
GlaxoSmithKline PLC	344,824	334,937	494,461
Haleon PLC	95,605	95,338	0
Iberdrola SA	430,311	396,234	377,383
INTERNATIONAL BUSINESS MACHINES CORPORATION	0	0	458,388
Johnson & Johnson	417,170	487,088	443,901

EUR	31 December 2023	31 December 2022	1 January 2022
KELLANOVA	508,756	671,590	571,504
WK Kellogg Co	29,883	0	0
Koninklijke Ahold Delhaize N.V.	774,024	798,571	896,607
KRKA, tovarna zdravil, d.d., Novo mesto	759,880	635,536	815,144
LEGAL & GENERAL GROUP PLC	394,846	384,421	484,390
LVMH MOET HENNESSY LOUIS VUITTON	0	0	738,632
Naturgy Energy Group SA	870,804	784,046	923,375
Neste Oyj	0	0	294,978
OMV Aktiengesellschaft	276,004	333,814	346,653
Österreichische Post AG	709,067	637,510	819,655
PFIZER INC.	303,246	559,143	911,904
PPL Corp	0	0	523,835
RECKITT BENCKISER GROUP PLC	364,223	378,873	441,288
RECORDATI INDUSTRIA CHIMICA E FARMACEUTICA S.P.A. IN BREVE RECORDATI S.P.A.	460,711	365,606	533,078
Siemens Aktiengesellschaft	608,823	464,500	547,052
TELENOR ASA	316,580	265,892	424,253
TELIA COMPANY AB	226,088	233,717	336,983
Veolia Environnement, Paris	706,146	593,400	797,629
WW Grainger Inc	894,685	622,170	545,492
Zurich Insurance Group AG	786,153	743,829	639,836
Total	15,969,890	14,927,677	21,374,809

Due to the spin-off process of the company Kellanova (formerly Kellogg Company), the Group recorded an investment in WK Kellogg Co in 2023. This transaction did not result in any additional cost to the Group. In 2023, the Group did not dispose of any equity instruments measured at FVOCI.

Due to the spin-off process of the company GlaxoSmithKline PLC, the Group recorded an investment in Haleon PLC in 2022. This transaction did not result in any additional cost to the Company. In 2022, the Group disposed of equity instruments with a total fair value of EUR 5,011,460 and realised a net gain on disposal of EUR 988,811 EUR. The gain was transferred from accumulated other comprehensive income to retained earnings. The disposals were made to mitigate the increased risk in the financial markets due to the start of the war in Ukraine.



Amounts recognised in profit or loss and other comprehensive income

EUR	2023	2022
Dividends from equity investments held at FVOCI recognised in the income statement item other income	556,769	558,722
– Related to investments derecognised during the reporting period	0	55,272
– Related to investments held at the end of the reporting period	556,769	503,450

Movement in financial investments

Sava Insurance Group EUR	FVOCI	AC	FVTPL	Total
Opening balance as at 1 January 2023	1,155,401,907	64,428,280	556,301,888	1,776,132,075
New acquisitions	330,815,055	29,287,786	114,620,739	474,723,581
Maturity	-233,057,388	-17,167,481	-2,750,000	-252,974,869
Interest inflows	-17,089,575	-2,196,521	-817,975	-20,104,070
Disposal	-26,257,105	-345,705	-66,132,897	-92,735,707
Change in fair value – in equity	52,182,266	0	0	52,182,266
Change in fair value – in equity (ECL)	-397,551	0	0	-397,551
Change in fair value – from equity to IS – disposals	-821,328	0	0	-821,328
Change in fair value through profit or loss	87,110	0	58,343,186	58,430,296
Change in amortised cost, exchange differences	14,910,432	2,362,126	518,389	17,790,948
Change in ECL through profit or loss	397,053	-53,287	0	343,766
Exchange differences (opening balance)	-23,831	-12,032	-908	-36,772
Opening balance as at 31 December 2023	1,276,147,045	76,303,166	660,082,422	2,012,532,633

Sava Insurance Group EUR	FVOCI	AC	FVTPL	Total
Opening balance as at 1 January 2022	1,322,371,668	62,376,074	602,276,651	1,987,024,393
New acquisitions	234,283,388	24,021,164	108,985,305	367,289,857
Transfer between asset classes	-6,431,384	5,831,331	0	-600,053
Maturity	-182,917,666	-25,197,518	-1,221,985	-209,337,169
Interest inflows	-17,981,541	-1,885,445	-1,047,308	-20,914,294
Disposal	-49,043,768	-3,954	-80,976,599	-130,024,321
Change in fair value – in equity	-160,709,425	0	0	-160,709,425
Change in fair value – in equity (ECL)	-374,458	0	0	-374,458
Change in fair value – from equity to IS – disposals	556,947	0	85	557,032
Change in fair value through profit or loss	0	0	-72,045,780	-72,045,780
Change in amortised cost, exchange differences	15,246,024	-661,426	333,268	14,917,865
Change in ECL through profit or loss	382,386	-47,784	0	334,602
Exchange differences (opening balance)	19,736	-4,163	-1,748	13,825
Opening balance as at 31 December 2022	1,155,401,907	64,428,280	556,301,888	1,776,132,075



Sava Re EUR	FVOCI	AC	FVTPL	Total
Opening balance as at 1 January 2023	280,840,335	3,871,964	39,718,676	324,430,976
New acquisitions	116,005,237	2,300,000	2,567,159	120,872,396
Maturity	-74,806,557	-409,349	-1,250,000	-76,465,906
Interest inflows	-3,528,659	-211,984	-275,258	-4,015,901
Disposal	-18,046,171	0	-4,519,826	-22,565,997
Change in fair value – in equity	10,013,555	0	0	10,013,555
Change in fair value – in equity (ECL)	-60,746	0	0	-60,746
Change in fair value – from equity to IS – disposals	-120,448	0	0	-120,448
Change in fair value through profit or loss	0	0	1,211,782	1,211,782
Change in amortised cost, exchange differences	928,825	266,968	-165,733	1,030,060
Change in ECL through profit or loss	60,250	-5,824	0	54,426
Opening balance as at 31 December 2023	311,285,620	5,811,776	37,286,800	354,384,196

Sava Re EUR	FVOCI	AC	FVTPL	Total
Opening balance as at 1 January 2022	271,786,710	5,323,531	42,514,795	319,625,037
New acquisitions	99,226,328	1,000,000	3,659,075	103,885,404
Maturity	-44,745,137	-2,459,349	0	-47,204,486
Interest inflows	-3,128,881	-266,495	-293,134	-3,688,510
Disposal	-21,265,449	0	-3,606,403	-24,871,852
Change in fair value – in equity	-25,260,034	0	0	-25,260,034
Change in fair value – in equity (ECL)	608	0	0	608
Change in fair value – from equity to IS – disposals	197,687	0	0	197,687
Change in fair value through profit or loss	0	0	-3,103,084	-3,103,084
Change in amortised cost, exchange differences	4,029,276	252,442	547,427	4,829,145
Change in ECL through profit or loss	-774	21,835	0	21,061
Opening balance as at 31 December 2022	280,840,335	3,871,964	39,718,676	324,430,976

Loans of the parent granted to Group companies

EUR	31 December 2023	31 December 2022
Sava Osiguruvanje, Skopje (MKD)	1,311,052	0
Sava Pokojninska (SVN)	1,030,575	1,030,575
Total	2,341,627	1,030,575

The Group companies have pledged securities of EUR 0.6 million (31 December 2022: EUR 0.7 million).

The fair values of financial investments are shown in note [16.8.34](#).



16.8.8 Investment contract assets and liabilities

Investment contract assets and liabilities relate to the management of pension funds at the subsidiary Sava Pokojninska. The Group held EUR 180.6 million (2022: 166.4 million) of investment contract assets and EUR 180.4 million (2022: EUR 166.2 million) of investment contract liabilities. Its investment contracts

include a group of lifecycle funds called MOJI Skladi Življenjskega Cikla (MY lifecycle funds), which relate to the supplementary pension business of the Sava Pokojninska in the accumulation phase. The risks associated with investment contract liabilities are discussed in detail in section [16.4.14 “Financial investments”](#).

Sava Insurance Group EUR 31 December 2023	Measured at amortised cost	Measured at fair value through profit or loss	Total
Debt instruments	94,321,242	37,710,007	132,031,249
Government bonds	50,169,820	18,376,896	68,546,716
Corporate bonds	44,151,422	19,333,110	63,484,532
Equity instruments	0	35,973,949	35,973,949
Investments in infrastructure funds	0	1,914,064	1,914,064
Investments in real-estate funds	0	3,280,713	3,280,713
Total financial investments	94,321,242	78,878,733	173,199,975
Cash, cash equivalents and receivables	6,797,572	0	6,797,572
Investment property	0	593,000	593,000
Receivables	37,590	0	37,590
Total investment contract assets	101,156,405	79,471,733	180,628,137

Investment contract assets

Sava Insurance Group EUR	31 December 2023	31 December 2022
Financial investments	173,199,975	149,105,965
Investment property	593,000	593,000
Receivables	38,152	1,863,355
Cash and cash equivalents	6,797,572	14,815,315
Internal relation	-561	-3,516
Total	180,628,137	166,374,119

Sava Insurance Group EUR 31 December 2022	Measured at amortised cost	Measured at fair value through profit or loss	Total
Debt instruments	83,197,007	33,412,414	116,609,421
Government bonds	41,027,854	6,561,439	47,589,293
Corporate bonds	42,169,153	26,850,976	69,020,129
Equity instruments	0	26,634,985	26,634,985
Investments in infrastructure funds	0	1,992,155	1,992,155
Investments in real-estate funds	0	3,869,404	3,869,404
Total financial investments	83,197,007	65,908,958	149,105,965
Cash, cash equivalents and receivables	14,815,315	0	14,815,315
Investment property	0	593,000	593,000
Receivables	1,859,839	0	1,859,839
Total investment contract assets	99,872,161	66,501,958	166,374,119



Investment contract assets by level of the fair value hierarchy

Sava Insurance Group
EUR
31 December 2023

	Carrying amount	Fair value			Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3		
Investment contract assets measured at fair value	79,471,733	70,072,510	3,611,446	5,787,777	79,471,733	0
At FVTPL	79,471,733	70,072,510	3,611,446	5,787,777	79,471,733	0
Mandatorily measured at fair value through profit or loss, not held for trading	79,471,733	70,072,510	3,611,446	5,787,777	79,471,733	0
Debt instruments	37,710,007	34,098,561	3,611,446	0	37,710,007	0
Equity instruments	35,973,949	35,973,949	0	0	35,973,949	0
Investments in infrastructure funds	1,914,064	0	0	1,914,064	1,914,064	0
Investments in real-estate funds	3,280,713	0	0	3,280,713	3,280,713	0
Investment property	593,000	0	0	593,000	593,000	0
Investment contract assets not measured at fair value	101,156,405	86,463,519	6,049,579	6,835,162	99,348,260	-1,808,144
Investments measured at amortised cost	101,156,405	86,463,519	6,049,579	6,835,162	99,348,260	-1,808,144
Debt instruments	94,321,242	86,463,519	6,049,579	0	92,513,098	-1,808,144
Cash and cash equivalents	6,797,572	0	0	6,797,572	6,797,572	0
Receivables	37,590	0	0	37,590	37,590	0
Total investment contract assets	180,628,137	156,536,030	9,661,024	12,622,939	178,819,993	-1,808,144



Sava Insurance Group
EUR
31 December 2022

	Carrying amount	Fair value			Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3		
Investment contract assets measured at fair value	66,501,958	55,824,819	4,222,580	6,454,559	66,501,958	0
FVTPL	66,501,958	55,824,819	4,222,580	6,454,559	66,501,958	0
Mandatorily measured at fair value through profit or loss, not held for trading	66,501,958	55,824,819	4,222,580	6,454,559	66,501,958	0
Debt instruments	33,412,414	29,189,834	4,222,580	0	33,412,414	0
Equity instruments	26,634,985	26,634,985	0	0	26,634,985	0
Investments in infrastructure funds	1,992,155	0	0	1,992,155	1,992,155	0
Investments in real-estate funds	3,869,404	0	0	3,869,404	3,869,404	0
Investment property	593,000	0	0	593,000	593,000	0
Investment contract assets not measured at fair value	99,872,161	72,269,907	4,047,226	16,675,154	92,992,287	-6,879,874
Investments measured at amortised cost	99,872,161	72,269,907	4,047,226	16,675,154	92,992,287	-6,879,874
Debt instruments	83,197,007	72,269,907	4,047,226	0	76,317,133	-6,879,874
Cash and cash equivalents	14,815,315	0	0	14,815,315	14,815,315	0
Receivables	1,859,839	0	0	1,859,839	1,859,839	0
Total investment contract assets	166,374,119	128,094,726	8,269,806	23,129,713	159,494,245	-6,879,874

The fair value of investment property as at 31 December 2023 stood at EUR 593,000 (2022: EUR 593,000).

Investment contract liabilities

Sava Insurance Group EUR	31 December 2023	31 December 2022
Net liabilities to pension policyholders	179,443,359	165,831,325
Other liabilities	1,185,340	546,309
TOTAL IN BALANCE SHEET – LONG-TERM BUSINESS FUNDS OF VOLUNTARY PENSION INSURANCE	180,628,699	166,377,635
Inter-company transactions between company and life insurance liability fund	-191,004	-180,272
TOTAL IN BALANCE SHEET	180,437,695	166,197,363

Movement in financial investments

Sava Insurance Group EUR	Debt instruments	Equity instruments	Investments in infrastructure funds	Investments in real- estate funds	Total
Balance as at 1 January 2023	116,609,421	26,634,985	1,992,155	3,869,404	149,105,965
New acquisitions	26,951,166	7,343,516	83,739	0	34,378,421
Maturity	-12,250,000	0	0	0	-12,250,000
Disposal	-962,459	-2,562,553	-196,095	0	-3,721,107
Coupon payments	-2,615,309	0	0	0	-2,615,309
Accrued interest	3,129,844	0	0	0	3,129,844
Revaluation (through profit or loss)	1,496,341	4,769,727	34,733	-588,691	5,712,110
Income/expenses upon sale	-299,503	-5,801	-468	0	-305,772
Recognition/reversal of ECL allowance	17,205	0	0	0	17,205
Exchange differences	-45,457	-205,925	0	0	-251,382
Balance as at 31 December 2023	132,031,249	35,973,949	1,914,064	3,280,713	173,199,975

Sava Insurance Group EUR	Debt instruments	Equity instruments	Investments in infrastructure funds	Investments in real- estate funds	Total
Balance as at 1 January 2022	117,099,239	25,571,612	666,260	2,699,832	142,670,851
New acquisitions	51,899,001	7,824,866	1,286,841	1,000,000	59,723,867
Maturity	-9,731,947	0	0	0	-9,731,947
Disposal	-35,696,093	-2,796,788	0	0	-38,492,881
Coupon payments	-2,522,534	0	0	0	-2,522,534
Accrued interest	2,590,651	0	0	0	2,590,651
Revaluation (through profit or loss)	-7,363,436	-4,253,434	39,054	169,571	-11,616,870
Income/expenses upon sale	106,591	-4,248	0	0	102,343
Recognition/reversal of ECL allowance	-17,924	0	0	0	-17,924
Exchange differences	245,873	292,977	0	0	538,850
Balance as at 31 December 2022	116,609,421	26,634,985	1,992,155	3,869,404	149,105,965



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		Investment property	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Opening balance	0	795,498	1,992,155	666,260	3,869,404	2,699,832	593,000	506,000
Additions	0	4,502	83,739	1,344,536	0	1,058,238	0	0
Disposals	0	0	-196,563	0	0	0	0	0
Maturity	0	-800,000	0	0	0	0	0	0
Revaluation to fair value	0	0	34,733	-18,641	-588,691	111,334	0	87,000
Reclassifications into levels	0	0	0	0	0	0	0	0
Closing balance	0	0	1,914,064	1,992,155	3,280,713	3,869,404	593,000	593,000
Income	0	0	126,668	103,335	73,749	227,809	227,809	0
Expenses	0	0	-468	-6,587	-588,691	0	0	0

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 2023.

Profit or loss realised from investment contract assets is fully recognised in investment contract liabilities.

Net investment income for the financial period (EUR)	Investment contracts
Finance income	9,405,019
Dividend income	357,517
Interest income	3,138,400
Gains on disposal of financial investments	4,062
Gains on change in fair value	5,729,316
Other finance income	175,722
Income from investment property	58,981
Rental income	58,981
Gains on change in fair value	0
Financial expenses	-521,234
Losses on disposals	-309,833
Losses from fair value changes	0
Other finance expenses	-211,401
Expenses relating to investment property	-6,633
Expenses arising from management and renting	-6,633

Net investment income for the financial period (EUR)	Investment contracts
Expenses relating to management of life insurance business fund	-1,890,768
Asset management commission	-1,718,330
Expenses relating to custodian bank	-29,212
Audit-related expenses	-25,144
Expenses relating to communication with life insurance business fund members	-38,387
Brokerage expenses for purchase and sale of securities	-3,652
Other expenses charged against the life ins. liability fund under applicable rules	-76,044
Transfer of cash from supplementary pension scheme	0
Net claims incurred	0
Change in mathematical provision	0
Expenses factored in policies	0
Net profit/loss attributable to policyholders	7,045,364



16.8.9 (Re)insurance contract assets and liabilities

Sava Insurance Group EUR	31 December 2023			31 December 2022		
	Non-life	Life	Total	Non-life	Life	Total
Insurance contract assets	-8,669,139	-938,149	-9,607,288	-7,041,725	-96,615	-7,138,340
Reinsurance contract assets	-107,239,429	-242,131	-107,481,560	-67,933,085	-200,557	-68,133,642
Insurance contract liabilities	691,376,675	959,645,572	1,651,022,247	630,152,889	854,162,269	1,484,315,158
Reinsurance contract liabilities	1,484,470	157,573	1,642,043	896,359	155,255	1,051,614

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Insurance and reinsurance contract assets	Insurance and reinsurance contract liabilities	Net (re)insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-8,180,369	172,238,904	164,058,535
Insurance contracts measured using the PAA	-488,770	519,137,770	518,649,000
Total insurance contracts	-8,669,139	691,376,674	682,707,535
Reinsurance contracts not measured using the PAA	-101,443,611	542,115	-100,901,496
Reinsurance contracts measured using the PAA	-5,795,817	942,355	-4,853,462
Total reinsurance contracts	-107,239,428	1,484,470	-105,754,958

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Insurance and reinsurance contract assets	Insurance and reinsurance contract liabilities	Net (re)insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-6,794,128	176,533,741	169,739,613
Insurance contracts measured using the PAA	-247,598	453,619,153	453,371,555
Total insurance contracts	-7,041,726	630,152,894	623,111,168
Reinsurance contracts not measured using the PAA	-64,683,059	381,053	-64,302,006
Reinsurance contracts measured using the PAA	-3,250,028	515,306	-2,734,722
Total reinsurance contracts	-67,933,087	896,359	-67,036,728

Sava Insurance Group as at 31 December 2023 – life

EUR	Insurance and reinsurance contract assets	Insurance and reinsurance contract liabilities	Net (re)insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-938,150	959,645,573	958,707,423
Total insurance contracts	-938,150	959,645,573	958,707,423
Reinsurance contracts not measured using the PAA	-242,131	157,573	-84,558
Total reinsurance contracts	-242,131	157,573	-84,558

Sava Re as at 31 December 2023

EUR	Insurance and reinsurance contract assets	Insurance and reinsurance contract liabilities	Net (re)insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-5,081,479	256,344,343	251,262,865
Insurance contracts measured using the PAA	-13,866	39,408,380	39,394,514
Total insurance contracts	-5,095,344	295,752,723	290,657,379
Reinsurance contracts not measured using the PAA	-95,762,621	446,848	-95,315,773
Total reinsurance contracts	-95,762,621	446,848	-95,315,773

Sava Insurance Group as at 31 December 2022 – life

EUR	Insurance and reinsurance contract assets	Insurance and reinsurance contract liabilities	Net (re)insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-96,616	854,162,269	854,065,653
Total insurance contracts	-96,616	854,162,269	854,065,653
Reinsurance contracts not measured using the PAA	-200,558	155,256	-45,302
Total reinsurance contracts	-200,558	155,256	-45,302

Sava Re as at 31 December 2022

EUR	Insurance contract assets	Insurance contract liabilities	Net (re)insurance contract assets/liabilities
Insurance contracts not measured using the PAA	-3,055,560	256,661,771	253,606,211
Insurance contracts measured using the PAA	-16,071	15,752,280	15,736,209
Total insurance contracts	-3,071,631	272,414,051	269,342,420
Reinsurance contracts not measured using the PAA	-61,224,914	320,044	-60,904,871
Total reinsurance contracts	-61,224,914	320,044	-60,904,871

16.8.10 Movement in liabilities for remaining coverage (LRC) and liabilities for incurred claims (LIC) – insurance contracts issued

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC			Total LIC	Total
	Excluding loss component	Loss component	Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA Present value of future cash flows	Adjustment for non-financial risk		
Assets	-10,900,401	58,500	-10,841,901	3,916,518	-116,342	-	3,800,176	-7,041,725
Liabilities	84,621,519	8,103,257	92,724,776	202,662,508	295,095,593	39,670,013	537,428,114	630,152,890
Opening balance – net assets/liabilities	73,721,118	8,161,757	81,882,875	206,579,026	294,979,251	39,670,013	541,228,290	623,111,165
Changes in the statement of profit or loss and other comprehensive income								
Insurance contract revenue, of which	-630,737,528	0	-630,737,528	0	0	0	0	-630,737,528
Contracts under the fair value approach	-1,245,399	-	-1,245,399	-	-	-	0	-1,245,399
Other contracts	-629,492,129	-	-629,492,129	-	-	-	0	-629,492,129
Insurance service expenses								
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-7,831,867	-7,831,867	107,915,043	471,354,715	15,504,532	594,774,290	586,942,423
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	-	-	0	-27,639,687	-31,465,007	-18,406,018	-77,510,712	-77,510,712
Incurred claims	0	-7,831,867	-7,831,867	80,275,356	439,889,708	-2,901,486	517,263,578	509,431,711
Amortisation of insurance acquisition cash flows	91,307,797	-	91,307,797	-	-	-	0	91,307,797
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	-	10,343,192	10,343,192	-	-	-	0	10,343,192
Insurance service operating expenses	91,307,797	10,343,192	101,650,989	0	0	0	0	101,650,989
Total insurance service expenses	91,307,797	2,511,325	93,819,122	80,275,356	439,889,708	-2,901,486	517,263,578	611,082,700
Investment components excluded from insurance revenue and insurance service expenses	-3,397,537	-	-3,397,537	3,397,536	-	-	3,397,536	-1
Insurance service result	-542,827,268	2,511,325	-540,315,943	83,672,892	439,889,708	-2,901,486	520,661,114	-19,654,829
Net finance income or expenses from insurance contracts	-675,189	53,401	-621,788	8,395,539	11,589,813	1,396,140	21,381,492	20,759,704
Effect of movement in exchange rates	2,877,834	-29,765	2,848,069	-9,454,413	15,842	1,804	-9,436,767	-6,588,698
Foreign currency translation differences	15,400	-366	15,034	0	-14,973	-724	-15,697	-663
Total changes in the statement of profit or loss and other comprehensive income	-540,609,223	2,534,595	-538,074,628	82,614,018	451,480,390	-1,504,266	532,590,142	-5,484,486
Cash flows								
Premiums received for insurance contracts issued	654,120,672	-	654,120,672	-	-	-	0	654,120,672
Claims incurred and insurance service expenses paid	-	-	0	-78,866,700	-414,325,539	-	-493,192,239	-493,192,239
Insurance acquisition cash flows	-95,817,422	-	-95,817,422	-	-	-	0	-95,817,422
Total cash flows	558,303,250	0	558,303,250	-78,866,700	-414,325,539	0	-493,192,239	65,111,011
Other movements	-30,151	-	-30,151	-	-	-	0	-30,151
Assets	-14,482,936	46,591	-14,436,345	5,219,756	482,366	65,084	5,767,206	-8,669,139
Liabilities	105,867,928	10,649,761	116,517,689	205,106,588	331,651,736	38,100,663	574,858,987	691,376,676
Closing balance – net assets/liabilities	91,384,992	10,696,352	102,081,344	210,326,344	332,134,102	38,165,747	580,626,193	682,707,537

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC			Total LIC	Total
	Excluding loss component	Loss component	Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA Present value of future cash flows	Adjustment for non-financial risk		
Assets	-12,776,466	768	-12,775,698	5,483,709	-149,681	4,425	5,338,453	-7,437,245
Liabilities	87,289,500	5,976,536	93,266,036	206,083,233	299,910,996	38,091,765	544,085,994	637,352,030
Opening balance – net assets/liabilities	74,513,034	5,977,304	80,490,338	211,566,942	299,761,315	38,096,190	549,424,447	629,914,785
Changes in the statement of profit or loss and other comprehensive income								
Insurance contract revenue, of which	-547,182,811	0	-547,182,811	0	0	0	0	-547,182,811
Contracts under the fair value approach	-619,266	-	-619,266	-	-	-	0	-619,266
Other contracts	-546,563,545	-	-546,563,545	-	-	-	0	-546,563,545
Insurance service expenses								
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-8,721,999	-8,721,999	100,097,568	367,061,696	16,220,258	483,379,522	474,657,523
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	-	-	0	-33,202,936	-24,193,704	-12,269,399	-69,666,039	-69,666,039
Incurred claims	0	-8,721,999	-8,721,999	66,894,632	342,867,992	3,950,859	413,713,483	404,991,484
Amortisation of insurance acquisition cash flows	80,011,463	-	80,011,463	-	-	-	0	80,011,463
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	-	10,844,930	10,844,930	-	-	-	0	10,844,930
Insurance service operating expenses	80,011,463	10,844,930	90,856,393	0	0	0	0	90,856,393
Total insurance service expenses	80,011,463	2,122,931	82,134,394	66,894,632	342,867,992	3,950,859	413,713,483	495,847,877
Investment components excluded from insurance revenue and insurance service expenses	-4,194,280	-	-4,194,280	4,194,281	-	-	4,194,281	1
Insurance service result	-471,365,628	2,122,931	-469,242,697	71,088,913	342,867,992	3,950,859	417,907,764	-51,334,933
Net finance income or expenses from insurance contracts	815,237	36,994	852,231	-3,146,293	-21,721,978	-2,388,334	-27,256,605	-26,404,374
Effect of movement in exchange rates	9,231	24,362	33,593	-388,206	97,318	10,772	-280,116	-246,523
Foreign currency translation differences	-27,476	166	-27,310	-1	3,406	526	3,931	-23,379
Total changes in the statement of profit or loss and other comprehensive income	-470,568,636	2,184,453	-468,384,183	67,554,413	321,246,738	1,573,823	390,374,974	-78,009,209
Cash flows								
Premiums received for insurance contracts issued	552,130,710	-	552,130,710	-	-	-	0	552,130,710
Claims incurred and insurance service expenses paid	-	-	0	-72,542,329	-326,028,802	-	-398,571,131	-398,571,131
Insurance acquisition cash flows	-82,386,780	-	-82,386,780	-	-	-	0	-82,386,780
Total cash flows	469,743,930	0	469,743,930	-72,542,329	-326,028,802	0	-398,571,131	71,172,799
Other movements	32,792	-	32,792	-	-	-	0	32,792
Assets	-10,900,401	58,500	-10,841,901	3,916,518	-116,342	-	3,800,176	-7,041,725
Liabilities	84,621,519	8,103,257	92,724,776	202,662,508	295,095,593	39,670,013	537,428,114	630,152,890
Closing balance – net assets/liabilities	73,721,118	8,161,757	81,882,875	206,579,026	294,979,251	39,670,013	541,228,290	623,111,165

Sava Insurance Group as at 31 December 2023 – life

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC		Total
	Excluding loss component	Loss component	Total LRC	Insurance contracts not measured using the PAA	Total LIC	
Assets	-324,596	17,079	-307,517	210,902	210,902	-96,615
Liabilities	826,454,221	4,298,640	830,752,861	23,409,407	23,409,407	854,162,268
Opening balance – net assets/liabilities	826,129,625	4,315,719	830,445,344	23,620,309	23,620,309	854,065,653
Changes in the statement of profit or loss and other comprehensive income						
Insurance contract revenue, of which	-66,825,275	0	-66,825,275	0	0	-66,825,275
Contracts under the modified retrospective approach	-32,967,889	-	-32,967,889	-	0	-32,967,889
Contracts under the fair value approach	-11,028,948	-	-11,028,948	-	0	-11,028,948
Other contracts	-22,828,438	-	-22,828,438	-	0	-22,828,438
Insurance service expenses						
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-398,513	-398,513	38,509,225	38,509,225	38,110,712
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	-	-	0	-1,599,207	-1,599,207	-1,599,207
Incurred claims	0	-398,513	-398,513	36,910,018	36,910,018	36,511,505
Amortisation of insurance acquisition cash flows	9,557,778	-	9,557,778	-	0	9,557,778
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	-	-26,471	-26,471	-	0	-26,471
Insurance service operating expenses	9,557,778	-26,471	9,531,307	0	0	9,531,307
Total insurance service expenses	9,557,778	-424,984	9,132,794	36,910,018	36,910,018	46,042,812
Investment components excluded from insurance revenue and insurance service expenses	-110,271,436	-	-110,271,436	110,271,437	110,271,437	1
Insurance service result	-167,538,933	-424,984	-167,963,917	147,181,455	147,181,455	-20,782,462
Net finance income or expenses from insurance contracts	80,593,806	23,844	80,617,650	305,183	305,183	80,922,833
Effect of movement in exchange rates	-6,965	-804	-7,769	-20,437	-20,437	-28,206
Foreign currency translation differences	908	-329	579	-993	-993	-414
Total changes in the statement of profit or loss and other comprehensive income	-86,951,184	-402,273	-87,353,457	147,465,208	147,465,208	60,111,751
Cash flows						
Premiums received for insurance contracts issued	194,809,673	-	194,809,673	-	0	194,809,673
Claims incurred and insurance service expenses paid	-	-	0	-133,937,909	-133,937,909	-133,937,909
Insurance acquisition cash flows	-16,332,938	-	-16,332,938	-	0	-16,332,938
Total cash flows	178,476,735	0	178,476,735	-133,937,909	-133,937,909	44,538,826
Other movements	11,541,230	-	11,541,230	-11,550,035	-11,550,035	-8,805
Assets	-8,827,605	49,229	-8,778,376	7,840,226	7,840,226	-938,150
Liabilities	938,024,007	3,864,217	941,888,224	17,757,347	17,757,347	959,645,571
Closing balance – net assets/liabilities	929,196,402	3,913,446	933,109,848	25,597,573	25,597,573	958,707,421



Sava Insurance Group as at 31 December 2022 – life

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC		Total
	Excluding loss component	Loss component	Total LRC	Insurance contracts not measured using the PAA	Total LIC	
Assets	-13,293,626	24,000	-13,269,626	6,327,810	6,327,810	-6,941,816
Liabilities	963,671,184	2,232,364	965,903,548	17,847,246	17,847,246	983,750,794
Opening balance – net assets/liabilities	950,377,558	2,256,364	952,633,922	24,175,056	24,175,056	976,808,978
Changes in the statement of profit or loss and other comprehensive income						
Insurance contract revenue, of which	-61,804,984	0	-61,804,984	0	0	-61,804,984
Contracts under the modified retrospective approach	-36,876,538	-	-36,876,538	-	0	-36,876,538
Contracts under the fair value approach	-1,627,658	-	-1,627,658	-	0	-1,627,658
Other contracts	-23,300,788	-	-23,300,788	-	0	-23,300,788
Insurance service expenses						
Incurring claims (excluding investment components) and other incurred insurance service expenses	-	-752,184	-752,184	34,504,072	34,504,072	33,751,888
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	-	-	0	-3,623,010	-3,623,010	-3,623,010
Incurring claims	0	-752,184	-752,184	30,881,062	30,881,062	30,128,878
Amortisation of insurance acquisition cash flows	8,734,800	-	8,734,800	-	0	8,734,800
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	-	2,798,995	2,798,995	-	0	2,798,995
Insurance service operating expenses	8,734,800	2,798,995	11,533,795	0	0	11,533,795
Total insurance service expenses	8,734,800	2,046,811	10,781,611	30,881,062	30,881,062	41,662,673
Investment components excluded from insurance revenue and insurance service expenses	-116,760,299	-	-116,760,299	116,760,294	116,760,294	-5
Insurance service result	-169,830,483	2,046,811	-167,783,672	147,641,356	147,641,356	-20,142,316
Net finance income or expenses from insurance contracts	-132,335,244	12,595	-132,322,649	-425,961	-425,961	-132,748,610
Effect of movement in exchange rates	10,001	-759	9,242	-9,721	-9,721	-479
Foreign currency translation differences	-822,472	708	-821,764	270	270	-821,494
Total changes in the statement of profit or loss and other comprehensive income	-302,978,198	2,059,355	-300,918,843	147,205,944	147,205,944	-153,712,899
Cash flows						
Premiums received for insurance contracts issued	180,750,118	-	180,750,118	-	0	180,750,118
Claims incurred and insurance service expenses paid	-	-	0	-135,175,500	-135,175,500	-135,175,500
Insurance acquisition cash flows	-14,842,731	-	-14,842,731	-	0	-14,842,731
Total cash flows	165,907,387	0	165,907,387	-135,175,500	-135,175,500	30,733,887
Other movements	12,822,874	-	12,822,874	-12,874,191	-12,874,191	235,683
Assets	-324,596	17,079	-307,517	210,902	210,902	-96,615
Liabilities	826,454,221	4,298,640	830,752,861	23,409,407	23,409,407	854,162,268
Closing balance – net assets/liabilities	826,129,625	4,315,719	830,445,344	23,620,309	23,620,309	854,065,653

Sava Re as at 31 December 2023

Liability for remaining coverage – LRC

Liability for incurred claims – LIC

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC			Total LIC	Total
	Excluding loss component	Loss component	Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Adjustment for non-financial risk		
				Present value of future cash flows				
Assets	-6,804,219	2,656	-6,801,563	3,729,932	0	0	3,729,932	-3,071,631
Liabilities	-22,943,613	532,067	-22,411,546	278,014,090	15,324,400	1,487,107	294,825,597	272,414,051
Opening balance – net assets/liabilities	-29,747,832	534,724	-29,213,108	281,744,022	15,324,400	1,487,107	298,555,528	269,342,420
Changes in the statement of profit or loss and other comprehensive income								
Insurance contract revenue, of which	-167,804,126	0	-167,804,126				0	-167,804,126
Contracts under the modified retrospective approach	-426,267		-426,267				0	-426,267
Contracts under the fair value approach	-344,090		-344,090				0	-344,090
Other contracts	-167,033,770		-167,033,770				0	-167,033,770
Insurance service expenses								
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-8,129,082	-8,129,082	146,195,647	44,621,041	1,524,219	192,340,907	184,211,825
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	-	-	0	-29,353,101	2,859,743	-183,052	-26,676,410	-26,676,410
Incurred claims	0	-8,129,082	-8,129,082	116,842,546	47,480,784	1,341,166	165,664,497	157,535,415
Amortisation of insurance acquisition cash flows	9,071,629	-	9,071,629	-	-	-	0	9,071,629
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	-	7,883,873	7,883,873	-	-	-	0	7,883,873
Insurance service operating expenses	9,071,629	7,883,873	16,955,503	0	0	0	0	16,955,503
Total insurance service expenses	9,071,629	-245,208	8,826,421	116,842,546	47,480,784	1,341,166	165,664,497	174,490,918
Investment components excluded from insurance revenue and insurance service expenses	-6,427,138	-	-6,427,138	6,418,482	8,656	-	6,427,138	-2
Insurance service result	-165,159,635	-245,208	-165,404,843	123,261,028	47,489,440	1,341,166	172,091,634	6,686,791
Net finance income or expenses from insurance contracts	254,982	48,770	303,752	11,068,670	766,380	63,538	11,898,588	12,202,340
Effect of movement in exchange rates	2,877,226	-29,503	2,847,723	-9,540,392	8,053	1,985	-9,530,353	-6,682,630
Total changes in the statement of profit or loss and other comprehensive income	-162,027,427	-225,941	-162,253,368	124,789,306	48,263,874	1,406,689	174,459,869	12,206,501
Cash flows								
Premiums received for insurance contracts issued	162,887,532	-	162,887,532	-	-	-	0	162,887,532
Claims incurred and insurance service expenses paid	-	-	0	-120,063,682	-25,507,274	-	-145,570,956	-145,570,956
Insurance acquisition cash flows	-8,208,119	-	-8,208,119	-	-	-	0	-8,208,119
Total cash flows	154,679,414	0	154,679,414	-120,063,682	-25,507,274	0	-145,570,956	9,108,458
Assets	-9,456,970	17,249	-9,439,721	4,344,377	-	-	4,344,377	-5,095,344
Liabilities	-27,638,875	291,534	-27,347,342	282,125,269	38,081,000	2,893,796	323,100,065	295,752,723
Closing balance – net assets/liabilities	-37,095,845	308,783	-36,787,063	286,469,646	38,081,000	2,893,796	327,444,442	290,657,379



Sava Re as at 31 December 2022

Liability for remaining coverage – LRC

Liability for incurred claims – LIC

EUR	Liability for remaining coverage – LRC			Liability for incurred claims – LIC			Total LIC	Total
	Excluding loss component	Loss component	Total LRC	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA Present value of future cash flows	Adjustment for non-financial risk		
Assets	-8,294,473	768	-8,293,705	5,191,907	35,986	2,375	5,230,268	-3,063,438
Liabilities	-16,334,711	794,881	-15,539,830	290,779,555	14,794,305	1,412,877	306,986,737	291,446,906
Opening balance – net assets/liabilities	-24,629,184	795,649	-23,833,536	295,971,462	14,830,291	1,415,252	312,217,005	288,383,469
Changes in the statement of profit or loss and other comprehensive income								
Insurance contract revenue, of which	-150,760,734	0	-150,760,734				0	-150,760,734
Contracts under the modified retrospective approach	-15,031,862	-	-15,031,862				0	-15,031,862
Contracts under the fair value approach	-591,401	-	-591,401				0	-591,401
Other contracts	-135,137,471	-	-135,137,471				0	-135,137,471
Insurance service expenses								
Incurred claims (excluding investment components) and other incurred insurance service expenses	-	-8,898,334	-8,898,334	147,003,163	5,044,928	279,542	152,327,633	143,429,299
Changes related to past services (changes in fulfilment cash flows related to the liability for incurred claims)	-	-	0	-27,761,777	1,008,208	-35,097	-26,788,666	-26,788,666
Incurred claims	0	-8,898,334	-8,898,334	119,241,387	6,053,136	244,445	125,538,968	116,640,633
Amortisation of insurance acquisition cash flows	7,302,382	-	7,302,382	-	-	-	0	7,302,382
Changes related to future services (recognition/reversal of losses on onerous groups of contracts)	-	8,580,314	8,580,314	-	-	-	0	8,580,314
Insurance service operating expenses	7,302,382	8,580,314	15,882,696	0	0	0	0	15,882,696
Total insurance service expenses	7,302,382	-318,020	6,984,361	119,241,387	6,053,136	244,445	125,538,968	132,523,329
Investment components excluded from insurance revenue and insurance service expenses	-7,229,643	-	-7,229,643	7,140,735	88,908	-	7,229,643	-2
Insurance service result	-150,687,996	-318,020	-151,006,016	126,382,122	6,142,045	244,445	132,768,611	-18,237,405
Net finance income or expenses from insurance contracts	-501,340	35,304	-466,036	-8,905,207	-2,190,959	-168,439	-11,264,605	-11,730,640
Effect of movement in exchange rates	11,170	21,791	32,961	-8,684	-17,508	-4,150	-30,342	2,619
Total changes in the statement of profit or loss and other comprehensive income	-151,178,166	-260,925	-151,439,091	117,468,231	3,933,578	71,855	121,473,664	-29,965,427
Cash flows								
Premiums received for insurance contracts issued	153,163,416	-	153,163,416	-	-	-	0	153,163,416
Claims incurred and insurance service expenses paid	-	-	0	-131,695,671	-3,439,469	-	-135,135,140	-135,135,140
Insurance acquisition cash flows	-7,103,897	-	-7,103,897	-	-	-	0	-7,103,897
Total cash flows	146,059,518	0	146,059,518	-131,695,671	-3,439,469	0	-135,135,140	10,924,378
Assets	-6,804,219	2,656	-6,801,563	3,729,932	0	0	3,729,932	-3,071,631
Liabilities	-22,943,613	532,067	-22,411,546	278,014,090	15,324,400	1,487,107	294,825,597	272,414,051
Closing balance – net assets/liabilities	-29,747,832	534,724	-29,213,108	281,744,022	15,324,400	1,487,107	298,555,528	269,342,420

16.8.11 Movement in assets for remaining coverage (ARC) and assets for incurred claims (AIC) – reinsurance contracts

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Assets for remaining coverage – ARC			Assets for incurred claims – AIC			Total AIC	Total
	Excluding loss component	Loss component	Total ARC	Reinsurance contracts not measured using the PAA	Reinsurance contracts measured using the PAA Present value of future cash flows	Adjustment for non-financial risk		
Assets	-981,794	-67,934	-1,049,728	-63,755,094	-2,782,668	-345,594	-66,883,356	-67,933,084
Liabilities	2,280,268	-10,105	2,270,163	-245,023	-1,121,196	-7,585	-1,373,804	896,359
Opening balance – net assets/liabilities	1,298,474	-78,039	1,220,435	-64,000,117	-3,903,864	-353,179	-68,257,160	-67,036,725
Changes in the statement of profit or loss and other comprehensive income								
Allocation of reinsurers' shares of premiums								
Amounts recoverable from insurance contracts ceded to reinsurers	42,824,596	0	42,824,596	0	0	0	0	42,824,596
Reinsurers' shares of insurance service expenses								
Reinsurers' share of incurred claims	-	-	0	-82,239,382	-7,141,789	-113,410	-89,494,581	-89,494,581
Reinsurers' share of operating expenses	-	-	0	-	-	-	0	0
Changes in reinsurers' share of liability for incurred claims	-	-	0	4,335,519	-787,589	108,257	3,656,187	3,656,187
Changes in reinsurance loss-recovery component relating to onerous underlying contracts	-	-39,497	-39,497	-	-	-	0	-39,497
Total amounts recovered from reinsurers	0	-39,497	-39,497	-77,903,863	-7,929,378	-5,153	-85,838,394	-85,877,891
Reinsurance investment components	7,509,865	-	7,509,865	-2,863,312	-4,646,553	-	-7,509,865	0
Result from reinsurance contracts held	50,334,461	-39,497	50,294,964	-80,767,175	-12,575,931	-5,153	-93,348,259	-43,053,295
Net finance income or expenses from reinsurance contracts	-334,056	-	-334,056	-2,006,286	-182,765	-23,335	-2,212,386	-2,546,442
Finance effects from credit risk	1,255,566	-	1,255,566	306,177	91,023	-	397,200	1,652,766
Effect of movement in exchange rates	2,300	-	2,300	47,996	-	-	47,996	50,296
Foreign currency translation differences	-5,842	148	-5,694	-3	5,549	268	5,814	120
Total changes in the statement of profit or loss and other comprehensive income	51,252,429	-39,349	51,213,080	-82,419,291	-12,662,124	-28,220	-95,109,635	-43,896,555
Cash flows								
Premiums received for insurance contracts issued	-47,770,461	-	-47,770,461	-	-	-	0	-47,770,461
Recovered claims and insurance service expenses	-	-	0	42,401,318	10,543,667	-	52,944,985	52,944,985
Total cash flows	-47,770,461	0	-47,770,461	42,401,318	10,543,667	0	52,944,985	5,174,524
Other movements	3,797	-	3,797	-	-	-	0	3,797
Assets	-128,434	-117,386	-245,820	-102,985,870	-3,639,001	-368,737	-106,993,608	-107,239,428
Liabilities	4,912,673	-2	4,912,671	-1,032,220	-2,383,320	-12,662	-3,428,202	1,484,469
Closing balance – net assets/liabilities	4,784,239	-117,388	4,666,851	-104,018,090	-6,022,321	-381,399	-110,421,810	-105,754,959

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Assets for remaining coverage – ARC			Assets for incurred claims – AIC			Total AIC	Total
	Excluding loss component	Loss component	Total ARC	Reinsurance contracts not measured using the PAA	Reinsurance contracts measured using the PAA Present value of future cash flows	Adjustment for non-financial risk		
Assets	-1,330,270	-118,836	-1,449,106	-59,010,346	-3,177,539	-541,277	-62,729,162	-64,178,268
Liabilities	2,197,050	-4,027	2,193,023	-186,386	-882,192	-1,226	-1,069,804	1,123,219
Opening balance – net assets/liabilities	866,780	-122,863	743,917	-59,196,732	-4,059,731	-542,503	-63,798,966	-63,055,049
Changes in the statement of profit or loss and other comprehensive income								
Allocation of reinsurers' shares of premiums								
Amounts recoverable from insurance contracts ceded to reinsurers	38,433,907	0	38,433,907	0	0	0	0	38,433,907
Reinsurers' shares of insurance service expenses								
Reinsurers' share of incurred claims	-	-	0	-41,919,763	-2,897,525	-47,554	-44,864,842	-44,864,842
Changes in reinsurers' share of liability for incurred claims	-	-	0	907,781	531,152	221,315	1,660,248	1,660,248
Changes in reinsurance loss-recovery component relating to onerous underlying contracts	-	44,934	44,934	-	-	-	0	44,934
Total amounts recovered from reinsurers	0	44,934	44,934	-41,011,982	-2,366,373	173,761	-43,204,594	-43,159,660
Reinsurance investment components	2,174,249	-	2,174,249	1,749,215	-3,923,464	-	-2,174,249	0
Result from reinsurance contracts held	40,608,156	44,934	40,653,090	-39,262,767	-6,289,837	173,761	-45,378,843	-4,725,753
Net finance income or expenses from reinsurance contracts	112,870	-	112,870	4,432,886	142,169	15,882	4,590,937	4,703,807
Finance effects from credit risk	360,420	-	360,420	60,717	8,542	-	69,259	429,679
Effect of movement in exchange rates	17,516	-	17,516	-261,418	-	-	-261,418	-243,902
Foreign currency translation differences	27,395	-110	27,285	4	-3,659	-319	-3,974	23,311
Total changes in the statement of profit or loss and other comprehensive income	41,126,357	44,824	41,171,181	-35,030,578	-6,142,785	189,324	-40,984,039	187,142
Cash flows								
Premiums received for insurance contracts issued	-40,669,237	-	-40,669,237	-	-	-	0	-40,669,237
Recovered claims and insurance service expenses	-	-	0	30,227,193	6,298,652	-	36,525,845	36,525,845
Total cash flows	-40,669,237	0	-40,669,237	30,227,193	6,298,652	0	36,525,845	-4,143,392
Other movements	-25,426	-	-25,426	-	-	-	-	-25,426
Assets	-981,794	-67,934	-1,049,728	-63,755,094	-2,782,668	-345,594	-66,883,356	-67,933,084
Liabilities	2,280,268	-10,105	2,270,163	-245,023	-1,121,196	-7,585	-1,373,804	896,359
Closing balance – net assets/liabilities	1,298,474	-78,039	1,220,435	-64,000,117	-3,903,864	-353,179	-68,257,160	-67,036,725



Sava Insurance Group as at 31 December 2023 – life

EUR	Assets for remaining coverage – ARC		Assets for incurred claims – AIC		Total
	Excluding loss component	Total ARC	Reinsurance contracts not measured using the PAA	Total AIC	
Assets	-200,557	-200,557	-	0	-200,557
Liabilities	183,175	183,175	-27,920	-27,920	155,255
Opening balance – net assets/liabilities	-17,382	-17,382	-27,920	-27,920	-45,302
Changes in the statement of profit or loss and other comprehensive income					
Allocation of reinsurers' shares of premiums					
Amounts recoverable from insurance contracts ceded to reinsurers	247,180	247,180	0	0	247,180
Reinsurers' shares of insurance service expenses					
Reinsurers' share of incurred claims	-	0	-124,349	-124,349	-124,349
Changes in reinsurers' share of liability for incurred claims	-	0	-110,000	-110,000	-110,000
Total amounts recovered from reinsurers	0	0	-234,349	-234,349	-234,349
Result from reinsurance contracts held	247,180	247,180	-234,349	-234,349	12,831
Net finance income or expenses from reinsurance contracts	76,797	76,797	297	297	77,094
Finance effects from credit risk	-	0	-	0	0
Effect of movement in exchange rates	-	0	-	0	0
Foreign currency translation differences	-3	-3	-	0	-3
Total changes in the statement of profit or loss and other comprehensive income	323,974	323,974	-234,052	-234,052	89,922
Cash flows					
Premiums received for insurance contracts issued	-268,815	-268,815	-	0	-268,815
Recovered claims and insurance service expenses	-	0	139,637	139,637	139,637
Total cash flows	-268,815	-268,815	139,637	139,637	-129,178
Assets	-128,969	-128,969	-113,162	-113,162	-242,131
Liabilities	166,746	166,746	-9,173	-9,173	157,573
Closing balance – net assets/liabilities	37,777	37,777	-122,335	-122,335	-84,558



Sava Insurance Group as at 31 December 2022 – life

EUR	Assets for remaining coverage – ARC		Assets for incurred claims – AIC		Total
	Excluding loss component	Total ARC	Reinsurance contracts not measured using the PAA	Total AIC	
Assets	-67,739	-67,739	-	0	-67,739
Liabilities	253,582	253,582	-	0	253,582
Opening balance – net assets/liabilities	185,843	185,843	0	0	185,843
Changes in the statement of profit or loss and other comprehensive income					
Allocation of reinsurers' shares of premiums					
Amounts recoverable from insurance contracts ceded to reinsurers	305,007	305,007	0	0	305,007
Reinsurers' shares of insurance service expenses					
Reinsurers' share of incurred claims	-	0	-147,432	-147,432	-147,432
Changes in reinsurers' share of liability for incurred claims	-	0	-27,999	-27,999	-27,999
Total amounts recovered from reinsurers	0	0	-175,431	-175,431	-175,431
Result from reinsurance contracts held	305,007	305,007	-175,431	-175,431	129,576
Net finance income or expenses from reinsurance contracts	-203,646	-203,646	80	80	-203,566
Effect of movement in exchange rates	2	2	-	0	2
Foreign currency translation differences	-2	-2	-2	-2	-4
Total changes in the statement of profit or loss and other comprehensive income	101,361	101,361	-175,353	-175,353	-73,992
Cash flows					
Premiums received for insurance contracts issued	-304,586	-304,586	-	0	-304,586
Recovered claims and insurance service expenses	-	0	147,433	147,433	147,433
Total cash flows	-304,586	-304,586	147,433	147,433	-157,153
Other movements	-	0	-		0
Assets	-200,557	-200,557	-	0	-200,557
Liabilities	183,175	183,175	-27,920	-27,920	155,255
Closing balance – net assets/liabilities	-17,382	-17,382	-27,920	-27,920	-45,302



Sava Re as at 31 December 2023

EUR	Assets for remaining coverage – ARC		Assets for incurred claims – AIC		Total
	Excluding loss component	Total ARC	Reinsurance contracts not measured using the PAA	Total AIC	
Assets	-602,359	-602,359	-60,622,555	-60,622,555	-61,224,914
Liabilities	559,021	559,021	-238,978	-238,978	320,044
Opening balance – net assets/liabilities	-43,338	-43,338	-60,861,532	-60,861,532	-60,904,871
Changes in the statement of profit or loss and other comprehensive income	0				
Allocation of reinsurers' shares of premiums	0				
Amounts recoverable from insurance contracts ceded to reinsurers	30,235,703	30,235,703	0	0	30,235,703
Reinsurers' shares of insurance service expenses					
Recoveries of incurred claims	-	0	-77,958,868	-77,958,868	-77,958,868
Changes in amounts recoverable arising from changes in liability for incurred claims	-	0	4,054,018	4,054,018	4,054,018
Total amounts recovered from reinsurers	0	0	-73,904,850	-73,904,850	-73,904,850
Reinsurance investment components	2,863,312	2,863,312	-2,863,312	-2,863,312	0
Result from reinsurance contracts held	33,099,015	33,099,015	-76,768,162	-76,768,162	-43,669,147
Net finance income or expenses from reinsurance contracts	-267,763	-267,763	-1,929,864	-1,929,864	-2,197,627
Finance effects from credit risk	1,350,574	1,350,574	267,140	267,140	1,617,714
Effect of movement in exchange rates	2,300	2,300	47,997	47,997	50,297
Total changes in the statement of profit or loss and other comprehensive income	34,184,127	34,184,127	-78,382,891	-78,382,891	-44,198,763
Cash flows					
Premiums received for insurance contracts issued	-30,846,126	-30,846,126	-	0	-30,846,126
Recovered claims and insurance service expenses	-	0	40,633,988	40,633,988	40,633,988
Total cash flows	-30,846,126	-30,846,126	40,633,988	40,633,988	9,787,861
Assets	1,849,407	1,849,407	-97,612,028	-97,612,028	-95,762,621
Liabilities	1,445,256	1,445,256	-998,408	-998,408	446,848
Closing balance – net assets/liabilities	3,294,663	3,294,663	-98,610,435	-98,610,435	-95,315,773



Sava Re as at 31 December 2022

EUR	Assets for remaining coverage – ARC		Assets for incurred claims – AIC		Total
	Excluding loss component	Total ARC	Reinsurance contracts not measured using the PAA	Total AIC	
Assets	-1,577,227	-1,577,227	-54,491,270	-54,491,270	-56,068,497
Liabilities	947,441	947,441	-180,896	-180,896	766,545
Opening balance – net assets/liabilities	-629,786	-629,786	-54,672,166	-54,672,166	-55,301,952
Changes in the statement of profit or loss and other comprehensive income	0				
Allocation of reinsurers' shares of premiums	0				
Amounts recoverable from insurance contracts ceded to reinsurers	29,572,834	29,572,834	0	0	29,572,834
Reinsurers' shares of insurance service expenses					
Recoveries of incurred claims	-	0	-40,069,392	-40,069,392	-40,069,392
Changes in amounts recoverable arising from changes in liability for incurred claims	-	0	628,975	628,975	628,975
Total amounts recovered from reinsurers	0	0	-39,440,417	-39,440,417	-39,440,417
Reinsurance investment components	-1,749,215	-1,749,215	1,749,215	1,749,215	-0
Result from reinsurance contracts held	27,823,619	27,823,619	-37,691,201	-37,691,201	-9,867,583
Net finance income or expenses from reinsurance contracts	104,041	104,041	4,344,640	4,344,640	4,448,681
Finance effects from credit risk	433,637	433,637	44,773	44,773	478,410
Effect of movement in exchange rates	17,516	17,516	-261,419	-261,419	-243,902
Total changes in the statement of profit or loss and other comprehensive income	28,378,813	28,378,813	-33,563,207	-33,563,207	-5,184,394
Cash flows					
Premiums received for insurance contracts issued	-27,792,365	-27,792,365	-	0	-27,792,365
Recovered claims and insurance service expenses	-	0	27,373,840	27,373,840	27,373,840
Total cash flows	-27,792,365	-27,792,365	27,373,840	27,373,840	-418,525
Assets	-602,359	-602,359	-60,622,555	-60,622,555	-61,224,914
Liabilities	559,021	559,021	-238,978	-238,978	320,044
Closing balance – net assets/liabilities	-43,338	-43,338	-60,861,532	-60,861,532	-60,904,871

16.8.12 Movement in individual components of insurance contracts

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Contractual service margin				Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts	
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the fair value approach	Other contracts				Total contractual service margin
Assets	-11,982,626	1,390,322	-	3,798,176	3,798,176	-6,794,128	-247,597	-7,041,725
Liabilities	147,889,212	21,917,386	316,216	6,410,925	6,727,141	176,533,739	453,619,151	630,152,890
Opening balance – net assets/liabilities	135,906,586	23,307,708	316,216	10,209,101	10,525,317	169,739,611	453,371,554	623,111,165
Changes in the statement of profit or loss and other comprehensive income								
Changes that relate to future services	-32,267,932	11,238,939	171,700	27,897,612	28,069,312	7,040,319	-512,811,476	-505,771,157
Changes in estimates that adjust the contractual service margin	1,880,224	222,384	171,341	-835,202	-663,861	1,438,747	0	1,438,747
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-1,734,317	16,361	359	6,469,617	6,469,976	4,752,020	0	4,752,020
Effects of contracts initially recognised in the period	-32,413,839	11,000,194	-	22,263,197	22,263,197	849,552	0	849,552
Effects of contracts measured using the PAA	-	-	-	-	-	0	-512,811,476	-512,811,476
Changes that relate to current service	24,323,239	-3,431,319	-392,991	-27,068,080	-27,461,071	-6,569,151	0	-6,569,151
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	-392,991	-27,068,080	-27,461,071	-27,461,071	0	-27,461,071
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-3,431,319	-	-	-	-3,431,319	0	-3,431,319
Experience adjustment	24,323,239	-	-	-	-	24,323,239	0	24,323,239
Changes that relate to past service	-16,248,072	-11,391,615	0	0	0	-27,639,687	520,325,169	492,685,482
Changes in fulfilment cash flows relating to incurred claims	-16,248,072	-11,391,615	-	-	-	-27,639,687	520,325,169	492,685,482
Insurance service result	-24,192,765	-3,583,995	-221,291	829,532	608,241	-27,168,519	7,513,693	-19,654,826
Net finance income or expenses from insurance contracts	5,118,653	1,509,774	4,572	1,140,752	1,145,324	7,773,751	12,985,953	20,759,704
Effect of movement in exchange rates	-5,148,587	-935,077	-	-523,345	-523,345	-6,607,009	18,311	-6,588,698
Foreign currency translation differences	-	-	-	-2	-2	-2	-665	-667
Total changes in the statement of profit or loss and other comprehensive income	-24,222,699	-3,009,298	-216,719	1,446,937	1,230,218	-26,001,779	20,517,292	-5,484,487
Cash flows								
Premiums received for insurance contracts issued	108,957,590	-	-	-	-	108,957,590	545,163,082	654,120,672
Claims incurred and insurance service expenses paid	-78,866,700	-	-	-	-	-78,866,700	-414,325,539	-493,192,239
Insurance acquisition cash flows	-9,770,186	-	-	-	-	-9,770,186	-86,047,236	-95,817,422
Total cash flows	20,320,704	0	0	0	0	20,320,704	44,790,307	65,111,011
Other movements	-	-	-	-	-	0	-30,151	-30,151
Assets	-14,016,607	1,011,471	-	4,824,767	4,824,767	-8,180,369	-488,770	-8,669,139
Liabilities	146,021,198	19,286,939	99,497	6,831,271	6,930,768	172,238,905	519,137,772	691,376,677
Closing balance – net assets/liabilities	132,004,591	20,298,410	99,497	11,656,038	11,755,535	164,058,536	518,649,002	682,707,538



Sava Insurance Group as at 31 December 2022 – non-life

EUR	Contractual service margin				Total contractual service margin	Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the fair value approach	Other contracts				
Assets	-12,675,106	1,451,502	-	3,988,873	3,988,873	-7,234,731	-202,514	-7,437,245
Liabilities	157,695,709	20,137,664	491,947	7,632,607	8,124,554	185,957,927	451,394,103	637,352,030
Opening balance – net assets/liabilities	145,020,603	21,589,166	491,947	11,621,480	12,113,427	178,723,196	451,191,589	629,914,785
Changes in the statement of profit or loss and other comprehensive income								
Changes that relate to future services	-24,444,489	11,651,889	-71,213	20,946,400	20,875,187	8,082,587	-441,334,136	-433,251,549
Changes in estimates that adjust the contractual service margin	-38,531	187,562	-220,396	2,737,377	2,516,981	2,666,012	0	2,666,012
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-1,919,205	-226,195	149,183	4,051,374	4,200,557	2,055,157	0	2,055,157
Effects of contracts initially recognised in the period	-22,486,753	11,690,522	-	14,157,649	14,157,649	3,361,418	0	3,361,418
Effects of contracts measured using the PAA	-	-	-	-	-	0	-441,334,136	-441,334,136
Changes that relate to current service	21,308,066	-3,223,478	-113,604	-22,614,510	-22,728,114	-4,643,526	0	-4,643,526
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	-113,604	-22,614,510	-22,728,114	-22,728,114	0	-22,728,114
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-3,223,478	-	-	-	-3,223,478	0	-3,223,478
Experience adjustment	21,308,066	-	-	-	-	21,308,066	0	21,308,066
Changes that relate to past service	-26,690,239	-6,512,697	0	0	0	-33,202,936	419,763,075	386,560,139
Changes in fulfilment cash flows relating to incurred claims	-26,690,239	-6,512,697	-	-	-	-33,202,936	419,763,075	386,560,139
Insurance service result	-29,826,662	1,915,714	-184,817	-1,668,110	-1,852,927	-29,763,875	-21,571,061	-51,334,936
Net finance income or expenses from insurance contracts	-2,389,610	-280,500	9,086	366,963	376,049	-2,294,061	-24,110,312	-26,404,373
Effect of movement in exchange rates	-330,299	83,330	-	-111,230	-111,230	-358,199	111,676	-246,523
Foreign currency translation differences	-1	-2	-	-2	-2	-5	-23,374	-23,379
Total changes in the statement of profit or loss and other comprehensive income	-32,546,572	1,718,542	-175,731	-1,412,379	-1,588,110	-32,416,140	-45,593,071	-78,009,211
Cash flows								
Premiums received for insurance contracts issued	105,048,250	-	-	-	-	105,048,250	447,082,460	552,130,710
Claims incurred and insurance service expenses paid	-72,542,329	-	-	-	-	-72,542,329	-326,028,802	-398,571,131
Insurance acquisition cash flows	-9,073,366	-	-	-	-	-9,073,366	-73,313,414	-82,386,780
Total cash flows	23,432,555	0	0	0	0	23,432,555	47,740,244	71,172,799
Other movements	-	-	-	-	-	0	32,792	32,792
Assets	-11,982,626	1,390,322	-	3,798,176	3,798,176	-6,794,128	-247,597	-7,041,725
Liabilities	147,889,212	21,917,386	316,216	6,410,925	6,727,141	176,533,739	453,619,151	630,152,890
Closing balance – net assets/liabilities	135,906,586	23,307,708	316,216	10,209,101	10,525,317	169,739,611	453,371,554	623,111,165

Sava Insurance Group as at 31 December 2023 – life

EUR	Contractual service margin						Total insurance contracts not measured using the PAA	Total insurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin		
Assets	-1,440,104	224,654	733,776	1,083	383,975	1,118,834	-96,616	-96,616
Liabilities	698,607,643	30,802,689	70,803,096	911,525	53,037,313	124,751,934	854,162,266	854,162,266
Opening balance – net assets/liabilities	697,167,539	31,027,343	71,536,872	912,608	53,421,288	125,870,768	854,065,650	854,065,650
Changes in the statement of profit or loss and other comprehensive income								
Changes that relate to future services	-43,363,111	3,834,523	4,973,937	2,405,702	26,541,583	33,921,222	-5,607,366	-5,607,366
Changes in estimates that adjust the contractual service margin	-15,525,170	382,206	3,770,294	2,211,365	3,117,281	9,098,940	-6,044,024	-6,044,024
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-435,515	-50,691	103,854	194,337	107,779	405,970	-80,236	-80,236
Effects of contracts initially recognised in the period	-27,402,426	3,503,008	1,099,789	-	23,316,523	24,416,312	516,894	516,894
Changes that relate to current service	7,970,550	-4,137,020	-9,992,513	-1,085,171	-6,331,735	-17,409,419	-13,575,889	-13,575,889
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	-9,992,513	-1,085,171	-6,331,735	-17,409,419	-17,409,419	-17,409,419
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-4,137,020	-	-	-	-	-4,137,020	-4,137,020
Experience adjustment	7,970,550	-	-	-	-	-	7,970,550	7,970,550
Changes that relate to past service	-1,361,258	-237,949	0	0	0	0	-1,599,207	-1,599,207
Changes in fulfilment cash flows relating to incurred claims	-1,361,258	-237,949	-	-	-	-	-1,599,207	-1,599,207
Insurance service result	-36,753,819	-540,446	-5,018,576	1,320,531	20,209,848	16,511,803	-20,782,462	-20,782,462
Net finance income or expenses from insurance contracts	78,325,727	1,416,935	697,427	-42,656	525,401	1,180,172	80,922,834	80,922,834
Effect of movement in exchange rates	-21,581	-964	-2,382	0	-3,279	-5,661	-28,206	-28,206
Foreign currency translation differences	4,892	-177	-326	0	-4,803	-5,129	-414	-414
Total changes in the statement of profit or loss and other comprehensive income	41,555,219	875,348	-4,323,857	1,277,875	20,727,167	17,681,185	60,111,752	60,111,752
Cash flows								
Premiums received for insurance contracts issued	194,809,673	-	-	-	-	-	194,809,673	194,809,673
Claims incurred and insurance service expenses paid	-133,937,909	-	-	-	-	-	-133,937,909	-133,937,909
Insurance acquisition cash flows	-16,332,938	-	-	-	-	-	-16,332,938	-16,332,938
Total cash flows	44,538,826	0	0	0	0	0	44,538,826	44,538,826
Other movements	-8,805	-	-	-	-	-	-8,805	-8,805
Assets	-53,393,210	10,505,548	21,670,306	2,538	20,276,668	41,949,512	-938,150	-938,150
Liabilities	836,645,989	21,397,143	45,542,709	2,187,945	53,871,787	101,602,441	959,645,573	959,645,573
Closing balance – net assets/liabilities	783,252,779	31,902,691	67,213,015	2,190,483	74,148,455	143,551,953	958,707,423	958,707,423



Sava Insurance Group as at 31 December 2022 – life

EUR	Contractual service margin						Total insurance contracts not measured using the PAA	Total insurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin		
Assets	-58,575,161	10,714,284	32,171,902	10,495	8,736,665	40,919,062	-6,941,815	-6,941,815
Liabilities	889,171,403	18,516,710	47,458,680	854,109	27,749,890	76,062,679	983,750,792	983,750,792
Opening balance – net assets/liabilities	830,596,242	29,230,994	79,630,582	864,604	36,486,555	116,981,741	976,808,977	976,808,977
Changes in the statement of profit or loss and other comprehensive income								
Changes that relate to future services	-20,294,544	8,574,434	-1,245,868	-915,387	19,123,209	16,961,954	5,241,844	5,241,844
Changes in estimates that adjust the contractual service margin	6,895,448	4,524,364	-1,837,514	-1,272,523	-5,009,688	-8,119,725	3,300,087	3,300,087
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	885,102	55,477	29,985	357,136	12,344	399,465	1,340,044	1,340,044
Effects of contracts initially recognised in the period	-28,075,094	3,994,593	561,661	-	24,120,553	24,682,214	601,713	601,713
Changes that relate to current service	-2,726,847	-3,314,887	-11,084,537	-121,730	-4,513,148	-15,719,415	-21,761,149	-21,761,149
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	-11,084,537	-121,730	-4,513,148	-15,719,415	-15,719,415	-15,719,415
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-3,314,887	-	-	-	-	-3,314,887	-3,314,887
Experience adjustment	-2,726,847	-	-	-	-	-	-2,726,847	-2,726,847
Changes that relate to past service	-3,334,925	-288,085	0	0	0	0	-3,623,010	-3,623,010
Changes in fulfilment cash flows relating to incurred claims	-3,334,925	-288,085	-	-	-	-	-3,623,010	-3,623,010
Insurance service result	-26,356,316	4,971,462	-12,330,405	-1,037,117	14,610,061	1,242,539	-20,142,315	-20,142,315
Net finance income or expenses from insurance contracts	-137,227,605	-3,173,902	4,241,281	1,085,120	2,326,498	7,652,899	-132,748,608	-132,748,608
Effect of movement in exchange rates	13,193	-2,310	-8,307	-	-3,056	-11,363	-480	-480
Foreign currency translation differences	-827,545	1,099	3,721	1	1,230	4,952	-821,494	-821,494
Total changes in the statement of profit or loss and other comprehensive income	-164,398,273	1,796,349	-8,093,710	48,004	16,934,733	8,889,027	-153,712,897	-153,712,897
Cash flows								
Premiums received for insurance contracts issued	180,750,118	-	-	-	-	-	180,750,118	180,750,118
Claims incurred and insurance service expenses paid	-135,173,500	-	-	-	-	-	-135,173,500	-135,173,500
Insurance acquisition cash flows	-14,842,731	-	-	-	-	-	-14,842,731	-14,842,731
Total cash flows	30,733,887	0	0	0	0	0	30,733,887	30,733,887
Other movements	235,683	-	-	-	-	-	235,683	235,683
Assets	-1,440,104	224,654	733,776	1,083	383,975	1,118,834	-96,616	-96,616
Liabilities	698,607,643	30,802,689	70,803,096	911,525	53,037,313	124,751,934	854,162,266	854,162,266
Closing balance – net assets/liabilities	697,167,539	31,027,343	71,536,872	912,608	53,421,288	125,870,768	854,065,650	854,065,650

Sava Re as at 31 December 2023

EUR	Contractual service margin						Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-4,902,477	1,118,175	23	-	728,718	728,742	-3,055,560	-16,071	-3,071,631
Liabilities	216,898,328	32,090,420	544,685	131,582	6,996,756	7,673,022	256,661,771	15,752,280	272,414,051
Opening balance – net assets/liabilities	211,995,851	33,208,596	544,708	131,582	7,725,474	8,401,764	253,606,211	15,736,209	269,342,420
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	-52,521,291	16,030,102	-47,498	401,890	43,526,054	43,880,446	7,389,256	-9,972,681	-2,583,425
Changes in estimates that adjust the contractual service margin	-7,499,084	-104,539	-69,815	401,890	8,837,867	9,169,941	1,566,319	0	1,566,319
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-1,875,104	-21,671	22,318	0.03	6,826,073	6,848,391	4,951,615	0	4,951,615
Effects of contracts initially recognised in the period	-43,147,103	16,156,312	-	-	27,862,113	27,862,113	871,322	0	871,322
Effects of contracts measured using the PAA	-	-	-	-	-	-	0	-9,972,681	-9,972,681
Changes that relate to current service	38,564,349	-5,362,284	-197,088	-417,817	-42,968,137	-43,583,041	-10,380,976	0	-10,380,976
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	-197,088	-417,817	-42,968,137	-43,583,041	-43,583,041	0	-43,583,041
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-5,362,284	-	-	-	0	-5,362,284	0	-5,362,284
Experience adjustment	38,564,349	-	-	-	-	0	38,564,349	0	38,564,349
Changes that relate to past service	-12,142,948	-17,210,153	0	0	0	0	-29,353,101	49,004,293	19,651,192
Changes in fulfilment cash flows relating to incurred claims	-12,142,948	-17,210,153	-	-	-	0	-29,353,101	49,004,293	19,651,192
Insurance service result	-26,099,889	-6,542,336	-244,585	-15,927	557,917	297,404	-32,344,821	39,031,612	6,686,791
Net finance income or expenses from insurance contracts	7,944,769	2,082,193	-2,290	2,219	1,345,531	1,345,460	11,372,422	829,918	12,202,340
Effect of movement in exchange rates	-5,218,155	-951,093	-	-75	-523,345	-523,420	-6,692,669	10,038	-6,682,630
Total changes in the statement of profit or loss and other comprehensive income	-23,373,276	-5,411,236	-246,875	-13,783	1,380,103	1,119,444	-27,665,067	39,871,569	12,206,501
Cash flows									
Premiums received for insurance contracts issued	153,462,566	-	-	-	-	0	153,462,566	9,424,967	162,887,532
Claims incurred and insurance service expenses paid	-120,063,682	-	-	-	-	0	-120,063,682	-25,507,274	-145,570,956
Insurance acquisition cash flows	-8,077,162	-	-	-	-	0	-8,077,162	-130,957	-8,208,119
Total cash flows	25,321,721	0	0	0	0	0	25,321,721	-16,213,264	9,108,458
Assets	-7,068,622	673,921	-	-	1,313,223	1,313,223	-5,081,479	-13,866	-5,095,344
Liabilities	221,012,919	27,123,439	297,833	117,799	7,792,353	8,207,985	256,344,343	39,408,380	295,752,723
Closing balance – net assets/liabilities	213,944,297	27,797,360	297,833	117,799	9,105,576	9,521,208	251,262,865	39,394,514	290,657,379

Sava Re as at 31 December 2022

EUR	Contractual service margin						Total insurance contracts not measured using the PAA	Total insurance contracts measured using the PAA	Total insurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-4,348,362	1,200,884	-	-	733,682	733,682	-2,413,796	-649,642	-3,063,438
Liabilities	236,905,166	29,677,243	3,178,028	191,511	4,851,790	8,221,328	274,803,738	16,643,169	291,446,906
Opening balance – net assets/liabilities	232,556,804	30,878,127	3,178,028	191,511	5,585,472	8,955,010	272,389,942	15,993,527	288,383,469
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	-47,972,792	15,801,002	7,643,826	358,681	32,024,472	40,026,979	7,855,188	-7,447,982	407,206
Changes in estimates that adjust the contractual service margin	-14,562,375	-160,780	7,626,668	355,233	9,636,844	17,618,746	2,895,591	0	2,895,591
Changes in estimates that do not adjust the contractual service margin (recognition/reversals of losses on onerous contracts)	-2,434,376	-273,423	17,157	3,448	4,218,841	4,239,446	1,531,646	0	1,531,646
Effects of contracts initially recognised in the period	-30,976,041	16,235,205	-	-	18,168,787	18,168,787	3,427,951	0	3,427,951
Effects of contracts measured using the PAA	-	-	-	-	-	-	0	-7,447,982	-7,447,982
Changes that relate to current service	46,231,846	-2,686,213	-10,262,110	-421,306	-30,094,550	-40,777,966	2,767,667	0	2,767,667
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	-10,262,110	-421,306	-30,094,550	-40,777,966	-40,777,966	0	-40,777,966
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-2,686,213	-	-	-	0	-2,686,213	0	-2,686,213
Experience adjustment	46,231,846	-	-	-	-	0	46,231,846	0	46,231,846
Changes that relate to past service	-17,786,380	-9,975,397	0	0	0	0	-27,761,777	6,349,498	-21,412,279
Changes in fulfilment cash flows relating to incurred claims	-17,786,380	-9,975,397	-	-	-	0	-27,761,777	6,349,498	-21,412,279
Insurance service result	-19,527,326	3,139,392	-2,618,284	-62,625	1,929,922	-750,987	-17,138,921	-1,098,484	-18,237,405
Net finance income or expenses from insurance contracts	-8,710,197	-970,057	-15,035	2,736	321,310	309,010	-9,371,243	-2,359,397	-11,730,640
Effect of movement in exchange rates	-25,091	161,133	-	-39	-111,230	-111,269	24,773	-22,154	2,619
Total changes in the statement of profit or loss and other comprehensive income	-28,262,614	2,330,469	-2,633,320	-59,929	2,140,002	-553,246	-26,485,392	-3,480,035	-29,965,427
Cash flows									
Premiums received for insurance contracts issued	146,422,654	-	-	-	-	0	146,422,654	6,740,762	153,163,416
Claims incurred and insurance service expenses paid	-131,695,671	-	-	-	-	0	-131,695,671	-3,439,469	-135,135,140
Insurance acquisition cash flows	-7,025,322	-	-	-	-	0	-7,025,322	-78,576	-7,103,897
Total cash flows	7,701,661	0	0	0	0	0	7,701,661	3,222,717	10,924,378
Assets	-4,902,477	1,118,175	23	0	728,718	728,742	-3,055,560	-16,071	-3,071,631
Liabilities	216,898,328	32,090,420	544,685	131,582	6,996,756	7,673,022	256,661,771	15,752,280	272,414,051
Closing balance – net assets/liabilities	211,995,851	33,208,596	544,708	131,582	7,725,474	8,401,764	253,606,211	15,736,209	269,342,420



16.8.13 Movement in individual components of reinsurance contracts

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Contractual service margin						Total reinsurance contracts not measured using the PAA	Total reinsurance contracts measured using the PAA	Total reinsurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-53,912,524	-4,879,702	-	-	-5,890,831	-5,890,831	-64,683,057	-3,250,028	-67,933,085
Liabilities	512,972	-40,081	-	-	-91,838	-91,838	381,053	515,306	896,359
Opening balance – net assets/liabilities	-53,399,552	-4,919,783	0	0	-5,982,669	-5,982,669	-64,302,004	-2,734,722	-67,036,726
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	21,944,374	-4,486,142	-13,600	-20,262	-17,411,785	-17,445,647	12,585	6,576,428	6,589,013
Changes in estimates that adjust the contractual service margin	5,095,447	295,229	-13,039	-20,262	-5,264,631	-5,297,932	92,744	0	92,744
Changes in estimates relating to recognition of and reversals of losses on onerous underlying contracts	-	-	-	-	-2,692	-2,692	-2,692	0	-2,692
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	-	-	-561	-	-76,907	-77,468	-77,468	0	-77,468
Effects of contracts initially recognised in the period	16,848,927	-4,781,371	-	-	-12,067,555	-12,067,555	1	0	1
Effects of contracts measured using the PAA	-	-	-	-	-	-	0	6,576,428	6,576,428
Changes that relate to current service	-65,042,513	241,262	13,607	30,909	18,747,624	18,792,140	-46,009,111	0	-46,009,111
Amount of the contractual service margin recognised in profit or loss	-	-	13,607	30,909	18,747,624	18,792,140	18,792,140	-	18,792,140
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	241,262	-	-	-	-	241,262	-	241,262
Experience adjustment	-65,042,513	-	-	-	-	-	-65,042,513	-	-65,042,513
Changes that relate to past service	6,150,485	-1,814,966	0	0	0	0	4,335,519	-7,968,712	-3,633,193
Changes in fulfilment cash flows relating to incurred claims	6,150,485	-1,814,966	-	-	-	-	4,335,519	-7,968,712	-3,633,193
Result from reinsurance contracts held	-36,947,654	-6,059,846	7	10,647	1,335,839	1,346,493	-41,661,007	-1,392,284	-43,053,291
Net finance income or expenses from reinsurance contracts	-1,614,282	-333,868	4	251	-392,446	-392,191	-2,340,341	-206,100	-2,546,441
Finance effects from credit risk	1,561,743	-	-	-	-	0	1,561,743	91,023	1,652,766
Effect of movement in exchange rates	36,258	6,545	-	-	7,493	7,493	50,296	0	50,296
Foreign currency translation differences	2.00	-3	1	-1	-2	-2	-3	121	118
Total changes in the statement of profit or loss and other comprehensive income	-36,963,933	-6,387,172	12	10,897	950,884	961,793	-42,389,312	-1,507,240	-43,896,552
Cash flows									
Premiums received for insurance contracts issued	-36,611,496	-	-	-	-	-	-36,611,496	-11,158,965	-47,770,461
Recovered claims and insurance service expenses	42,401,318	-	-	-	-	-	42,401,318	10,543,667	52,944,985
Total cash flows	5,789,822	0	0	0	0	0	5,789,822	-615,298	5,174,524
Other movements	-	-	-	-	-	-	0	3,797	3,797
Assets	-85,862,361	-11,203,130	12	10,897	-4,389,028	-4,378,119	-101,443,610	-5,795,817	-107,239,427
Liabilities	1,288,698	-103,825	0	0	-642,757	-642,757	542,116	942,354	1,484,470
Closing balance – net assets/liabilities	-84,573,663	-11,306,955	12	10,897	-5,031,785	-5,020,876	-100,901,494	-4,853,463	-105,754,957



Sava Insurance Group as at 31 December 2022 – non-life

EUR	Contractual service margin						Total reinsurance contracts not measured using the PAA	Total reinsurance contracts measured using the PAA	Total reinsurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the modified retrospective approach	Contracts under the fair value approach	Other contracts	Total contractual service margin			
Assets	-50,829,073	-5,399,611	-239,309	-	-4,238,660	-4,477,969	-60,706,653	-3,471,613	-64,178,266
Liabilities	1,032,032	-91,279	-6,853	-	-49,581	-56,434	884,319	238,901	1,123,220
Opening balance – net assets/liabilities	-49,797,041	-5,490,890	-246,162	0	-4,288,241	-4,534,403	-59,822,334	-3,232,712	-63,055,046
Changes in the statement of profit or loss and other comprehensive income									
Changes that relate to future services	20,558,265	-4,648,747	-175,969	104,044	-19,314,808	-19,386,733	-3,477,215	4,088,926	611,711
Changes in estimates that adjust the contractual service margin	4,960,399	442,621	-175,971	104,044	-8,749,604	-8,821,531	-3,418,511	0	-3,418,511
Changes in estimates relating to recognition of and reversals of losses on onerous underlying contracts	-	-	-	-	-5,111	-5,111	-5,111	0	-5,111
Changes in recoveries of losses on onerous underlying contracts that adjust the contractual service margin	-	-	2	-	-53,593	-53,591	-53,591	0	-53,591
Effects of contracts initially recognised in the period	15,597,866	-5,091,368	-	-	-10,506,500	-10,506,500	-2	0	-2
Effects of contracts measured using the PAA	-	-	-	-	-	-	0	4,088,926	4,088,926
Changes that relate to current service	-24,576,997	2,572,595	420,904	-104,045	17,589,599	17,906,458	-4,097,944	0	-4,097,944
Amount of the contractual service margin recognised in profit or loss	-	-	420,904	-104,045	17,589,599	17,906,458	17,906,458	-	17,906,458
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	2,572,595	-	-	-	-	2,572,595	-	2,572,595
Experience adjustment	-24,576,997	-	-	-	-	-	-24,576,997	-	-24,576,997
Changes that relate to past service	-1,262,454	2,170,235	0	0	0	0	907,781	-2,147,304	-1,239,523
Changes in fulfilment cash flows relating to incurred claims	-1,262,454	2,170,235	-	-	-	-	907,781	-2,147,304	-1,239,523
Result from reinsurance contracts held	-5,281,186	94,083	244,935	-1	-1,725,209	-1,480,275	-6,667,378	1,941,622	-4,725,756
Net finance income or expenses from reinsurance contracts	4,036,753	478,844	1,227	-	28,931	30,158	4,545,755	158,051	4,703,806
Finance effects from credit risk	421,137	-	-	-	-	-	421,137	8,542	429,679
Effect of movement in exchange rates	-243,929	-1,824	-	-	1,851	1,851	-243,902	0	-243,902
Foreign currency translation differences	4	4	0	1	-1	-	8	23,303	23,311
Total changes in the statement of profit or loss and other comprehensive income	-1,067,221	571,107	246,162	0	-1,694,428	-1,448,266	-1,944,380	2,131,518	187,138
Cash flows									
Premiums received for insurance contracts issued	-32,762,483	-	-	-	-	-	-32,762,483	-7,906,754	-40,669,237
Recovered claims and insurance service expenses	30,227,193	-	-	-	-	-	30,227,193	6,298,652	36,525,845
Total cash flows	-2,535,290	0	0	0	0	0	-2,535,290	-1,608,102	-4,143,392
Other movements	-	-	-	-	-	-	0	-25,426	-25,426
Assets	-53,912,524	-4,879,702	-	-	-5,890,831	-5,890,831	-64,683,057	-3,250,028	-67,933,085
Liabilities	512,972	-40,081	-	-	-91,838	-91,838	381,053	515,306	896,359
Closing balance – net assets/liabilities	-53,399,552	-4,919,783	0	0	-5,982,669	-5,982,669	-64,302,004	-2,734,722	-67,036,726

Sava Insurance Group as at 31 December 2023 – life

EUR	Contractual service margin					Total contractual service margin	Total reinsurance contracts not measured using the PAA	Total reinsurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the fair value approach	Other contracts				
Assets	635,238	52,261	-	-888,056	-888,056	-200,557	-200,557	
Liabilities	323,386	-8,258	-159,873	-	-159,873	155,255	155,255	
Opening balance – net assets/liabilities	958,624	44,003	-159,873	-888,056	-1,047,929	-45,302	-45,302	
Changes in the statement of profit or loss and other comprehensive income								
Changes that relate to future services	21,330	-3,703	-17,627	0	-17,627	0	0	
Changes in estimates that adjust the contractual service margin	3,339	-3,236	-102	-	-102	1	1	
Effects of contracts initially recognised in the period	17,991	-467	-17,525	-	-17,525	-1	-1	
Changes that relate to current service	-1,110	-4,148	128,089	0	128,089	122,831	122,831	
Amount of the contractual service margin recognised in profit or loss	-	-	128,089	-	128,089	128,089	128,089	
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-4,148	-	-	-	-4,148	-4,148	
Experience adjustment	-1,110	-	-	-	-	-1,110	-1,110	
Changes that relate to past service	-110,000	0	0	0	0	-110,000	-110,000	
Changes in fulfilment cash flows relating to incurred claims	-110,000	-	-	-	-	-110,000	-110,000	
Result from reinsurance contracts held	-89,780	-7,851	110,462	0	110,462	12,831	12,831	
Net finance income or expenses from reinsurance contracts	71,043	4,050	2,001	-	2,001	77,094	77,094	
Finance effects from credit risk	-	-	-	-	-	0	0	
Effect of movement in exchange rates	-	-	-	-	-	0	0	
Foreign currency translation differences	-2	-1	-1	-	-1	-4	-4	
Total changes in the statement of profit or loss and other comprehensive income	-18,739	-3,802	112,462	0	112,462	89,921	89,921	
Cash flows								
Premiums received for insurance contracts issued	-268,815	-	-	-	-	-268,815	-268,815	
Recovered claims and insurance service expenses	139,637	-	-	-	-	139,637	139,637	
Reinsurance acquisition cash flows	-	-	-	-	-	0	0	
Total cash flows	-129,178	0	0	0	0	-129,178	-129,178	
Other movements	-	-	-	-	-	0	0	
Assets	489,865	46,922	109,137	-888,056	-778,919	-242,132	-242,132	
Liabilities	320,842	-6,721	-156,548	0	-156,548	157,573	157,573	
Closing balance – net assets/liabilities	810,707	40,201	-47,411	-888,056	-935,467	-84,559	-84,559	

Sava Insurance Group as at 31 December 2022 – life

EUR	Contractual service margin				Total contractual service margin	Total reinsurance contracts not measured using the PAA	Total reinsurance contracts
	Present value of future cash flows	Adjustment for non-financial risk	Contracts under the fair value approach	Other contracts			
Assets	912,114	-	-	-979,853	-979,853	-67,739	-67,739
Liabilities	283,683	-24,550	-5,551	-	-5,551	253,582	253,582
Opening balance – net assets/liabilities	1,195,797	-24,550	-5,551	-979,853	-985,404	185,843	185,843
Changes in the statement of profit or loss and other comprehensive income							
Changes that relate to future services	121,592	79,698	-175,826	-25,464	-201,290	0	0
Changes in estimates that adjust the contractual service margin	121,592	79,696	-175,826	-25,464	-201,290	-2	-2
Effects of contracts initially recognised in the period	-	2	-	-	0	2	2
Changes that relate to current service	18,592	3,087	21,479	114,417	135,896	157,575	157,575
Amount of the contractual service margin recognised in profit or loss	-	-	21,479	114,417	135,896	135,896	135,896
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	3,087	-	-	0	3,087	3,087
Experience adjustment	18,592	-	-	-	0	18,592	18,592
Changes that relate to past service	-27,999	0	0	0	0	-27,999	-27,999
Changes in fulfilment cash flows relating to incurred claims	-27,999	-	-	-	0	-27,999	-27,999
Result from reinsurance contracts held	112,185	82,785	-154,347	88,953	-65,394	129,576	129,576
Net finance income or expenses from reinsurance contracts	-192,202	-14,232	26	2,842	2,868	-203,566	-203,566
Effect of movement in exchange rates	-	-	-	2	2	2	2
Foreign currency translation differences	-3	0	-1	0	-1	-4	-4
Total changes in the statement of profit or loss and other comprehensive income	-80,020	68,553	-154,322	91,797	-62,525	-73,992	-73,992
Cash flows							
Premiums received for insurance contracts issued	-304,586	-	-	-	0	-304,586	-304,586
Recovered claims and insurance service expenses	147,433	-	-	-	0	147,433	147,433
Total cash flows	-157,153	0	0	0	0	-157,153	-157,153
Assets	635,238	52,261	-	-888,056	-888,056	-200,557	-200,557
Liabilities	323,386	-8,258	-159,873	-	-159,873	155,255	155,255
Closing balance – net assets/liabilities	958,624	44,003	-159,873	-888,056	-1,047,929	-45,302	-45,302

Sava Re as at 31 December 2023

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin		Total reinsurance contracts not measured using the PAA	Total reinsurance contracts
			Other contracts	Total contractual service margin		
Assets	-51,254,588	-4,449,816	-5,520,510	-5,520,510	-61,224,914	-61,224,914
Liabilities	451,963	-40,081	-91,838	-91,838	320,044	320,044
Opening balance – net assets/liabilities	-50,802,625	-4,489,897	-5,612,348	-5,612,348	-60,904,871	-60,904,871
Changes in the statement of profit or loss and other comprehensive income						
Changes that relate to future services	18,029,294	-3,869,768	-14,066,786	-14,066,786	92,740	92,740
Changes in estimates that adjust the contractual service margin	3,873,154	320,134	-4,100,549	-4,100,549	92,740	92,740
Effects of contracts initially recognised in the period	14,156,140	-4,189,902	-9,966,238	-9,966,238	0	0
Changes that relate to current service	-63,349,903	-58,786	15,592,785	15,592,785	-47,815,904	-47,815,904
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	15,592,785	15,592,785	15,592,785	15,592,785
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	-58,786	-	0	-58,786	-58,786
Experience adjustment	-63,349,903	-	-	0	-63,349,903	-63,349,903
Changes that relate to past service	6,148,125	-2,094,108	0	0	4,054,018	4,054,018
Changes in fulfilment cash flows relating to incurred claims	6,148,125	-2,094,108	-	0	4,054,018	4,054,018
Result from reinsurance contracts held	-39,172,483	-6,022,662	1,525,999	1,525,999	-43,669,147	-43,669,147
Net finance income or expenses from reinsurance contracts	-1,573,989	-304,691	-318,947	-318,947	-2,197,627	-2,197,627
Finance effects from credit risk	1,617,714	-	-	0	1,617,714	1,617,714
Effect of movement in exchange rates	36,259	6,546	7,492	7,492	50,297	50,297
Total changes in the statement of profit or loss and other comprehensive income	-39,092,500	-6,320,807	1,214,544	1,214,544	-44,198,763	-44,198,763
Cash flows						
Premiums received for insurance contracts issued	-30,846,126	-	-	0	-30,846,126	-30,846,126
Recovered claims and insurance service expenses	40,633,988	-	-	0	40,633,988	40,633,988
Reinsurance acquisition cash flows	-	-	-	0	0	0
Total cash flows	9,787,861	0	0	0	9,787,861	9,787,861
Assets	-81,217,678	-10,728,485	-3,816,458	-3,816,458	-95,762,621	-95,762,621
Liabilities	1,110,414	-82,220	-581,346	-581,346	446,848	446,848
Closing balance – net assets/liabilities	-80,107,264	-10,810,704	-4,397,804	-4,397,804	-95,315,773	-95,315,773

Sava Re as at 31 December 2022

EUR	Present value of future cash flows	Adjustment for non-financial risk	Contractual service margin		Total reinsurance contracts not measured using the PAA	Total reinsurance contracts
			Other contracts	Total contractual service margin		
Assets	-47,104,536	-4,836,710	-4,127,250	-4,127,250	-56,068,497	-56,068,497
Liabilities	903,860	-87,733	-49,581	-49,581	766,545	766,545
Opening balance – net assets/liabilities	-46,200,677	-4,924,443	-4,176,831	-4,176,831	-55,301,952	-55,301,952
Changes in the statement of profit or loss and other comprehensive income						
Changes that relate to future services	18,108,161	-4,086,131	-17,440,538	-17,440,538	-3,418,508	-3,418,508
Changes in estimates that adjust the contractual service margin	4,947,211	410,609	-8,776,329	-8,776,329	-3,418,508	-3,418,508
Effects of contracts initially recognised in the period	13,160,950	-4,496,740	-8,664,210	-8,664,210	0	0
Changes that relate to current service	-25,147,040	2,088,829	15,980,161	15,980,161	-7,078,050	-7,078,050
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	-	-	15,980,161	15,980,161	15,980,161	15,980,161
Change in the risk adjustment for non-financial risk that does not relate to future service or past service	-	2,088,829	-	0	2,088,829	2,088,829
Experience adjustment	-25,147,040	-	-	0	-25,147,040	-25,147,040
Changes that relate to past service	-1,342,777	1,971,752	0	0	628,975	628,975
Changes in fulfilment cash flows relating to incurred claims	-1,342,777	1,971,752	-	0	628,975	628,975
Result from reinsurance contracts held	-8,381,656	-25,549	-1,460,378	-1,460,378	-9,867,583	-9,867,583
Net finance income or expenses from reinsurance contracts	3,963,752	461,920	23,010	23,010	4,448,681	4,448,681
Finance effects from credit risk	478,410	-	-	0	478,410	478,410
Effect of movement in exchange rates	-243,929	-1,824	1,851	1,851	-243,902	-243,902
Total changes in the statement of profit or loss and other comprehensive income	-4,183,423	434,546	-1,435,517	-1,435,517	-5,184,394	-5,184,394
Cash flows						
Premiums received for insurance contracts issued	-27,792,365	-	-	0	-27,792,365	-27,792,365
Recovered claims and insurance service expenses	27,373,840	-	-	0	27,373,840	27,373,840
Total cash flows	-418,525	0	0	0	-418,525	-418,525
Assets	-51,254,588	-4,449,816	-5,520,510	-5,520,510	-61,224,914	-61,224,914
Liabilities	451,963	-40,081	-91,838	-91,838	320,044	320,044
Closing balance – net assets/liabilities	-50,802,625	-4,489,897	-5,612,348	-5,612,348	-60,904,871	-60,904,871



16.8.14 Effects of (re)insurance contracts initially recognised in the period (BBA, VFA)

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Claims incurred and other insurance service expenses	58,429,069	9,031,430
Insurance acquisition cash flows	9,890,577	825,696
Present value of expected cash outflows	68,319,646	9,857,126
Present value of expected cash inflows	-99,784,470	-10,806,141
Adjustment for non-financial risk	9,201,628	1,798,567
Contractual service margin	22,263,196	-
Total at initial recognition	0	849,552

EUR	Contracts issued	
	Contracts recognised without loss recovery	Contracts recognised with loss recovery
Reinsurance contracts		
Premiums	-16,354,885	-463,225
Present value of expected cash outflows	-16,354,885	-463,225
Present value of expected cash inflows	32,733,889	933,147
Adjustment for non-financial risk	-4,640,800	-140,570
Contractual service margin	-11,738,204	-329,352
Loss component	-	-116,259
Total at initial recognition	0	-116,259

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Claims incurred and other insurance service expenses	46,751,437	23,825,323
Insurance acquisition cash flows	7,857,908	1,799,354
Present value of expected cash outflows	54,609,345	25,624,677
Present value of expected cash inflows	-75,507,081	-27,213,692
Adjustment for non-financial risk	6,740,087	4,950,435
Contractual service margin	14,157,649	-
Total at initial recognition	0	3,361,420

EUR	Contracts issued	
	Contracts recognised without loss recovery	Contracts recognised with loss recovery
Reinsurance contracts		
Premiums	-17,436,355	-383,448
Present value of expected cash outflows	-17,436,355	-383,448
Present value of expected cash inflows	32,696,651	721,018
Adjustment for non-financial risk	-4,980,392	-110,976
Contractual service margin	-10,279,904	-226,595
Loss component	-	-84,899
Total at initial recognition	0	-84,900

Sava Insurance Group as at 31 December 2023 – life

EUR	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Claims incurred and other insurance service expenses	110,423,889	10,913,234
Insurance acquisition cash flows	15,221,421	1,995,572
Present value of expected cash outflows	125,645,310	12,908,806
Present value of expected cash inflows	-153,393,135	-12,563,406
Adjustment for non-financial risk	3,331,512	171,495
Contractual service margin	24,416,313	-
Total at initial recognition	0	516,895

EUR	Contracts issued	
	Profitable	Onerous
Reinsurance contracts		
Premiums		-4,472
Present value of expected cash outflows		-4,472
Present value of expected cash inflows		22,463
Adjustment for non-financial risk		-466
Contractual service margin		-17,525
Loss component		-
Total at initial recognition		0

Sava Insurance Group as at 31 December 2022 – life

EUR	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Claims incurred and other insurance service expenses	110,947,434	10,232,167
Insurance acquisition cash flows	15,844,912	1,352,017
Present value of expected cash outflows	126,792,346	11,584,184
Present value of expected cash inflows	-155,322,932	-11,128,693
Adjustment for non-financial risk	3,848,372	146,223
Contractual service margin	24,682,214	-
Total at initial recognition	0	601,714

Expected cash flows in this disclosure include only contractually determined periodic premiums, single premiums and additional payments received in the year of contract recognition. Incurred claims and other insurance service expenses include only outflows for surrender arising from contractually determined periodic premiums and lump-sum and additional payments received in the year of recognition.

The expected cash inflows and expected cash outflows presented in this note do not include all expected cash inflows. Higher inflows correspond to higher outflows, and therefore the net effect is negligible.



Sava Re as at 31 December 2023

EUR	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Claims incurred and other insurance service expenses	95,883,706	8,805,356
Insurance acquisition cash flows	8,092,629	754,107
Present value of expected cash outflows	103,976,335	9,559,462
Present value of expected cash inflows	-146,247,516	-10,435,385
Adjustment for non-financial risk	14,409,067	1,747,244
Contractual service margin	27,862,113	-
Total at initial recognition	0	871,322

EUR	Contracts issued
	Contracts recognised without loss recovery
Reinsurance contracts	
Premiums	-14,671,209
Present value of expected cash outflows	-14,671,209
Present value of expected cash inflows	28,827,349
Adjustment for non-financial risk	-4,189,902
Contractual service margin	-9,966,238
Total at initial recognition	0

Sava Re as at 31 December 2022

EUR	Contracts issued	
	Profitable	Onerous
Insurance contracts		
Claims incurred and other insurance service expenses	79,965,238	23,880,015
Insurance acquisition cash flows	6,030,085	1,778,463
Present value of expected cash outflows	85,995,322	25,658,478
Present value of expected cash inflows	-115,427,349	-27,202,492
Adjustment for non-financial risk	11,263,240	4,971,965
Contractual service margin	18,168,787	-
Total at initial recognition	0	3,427,951

EUR	Contracts issued
	Contracts recognised without loss recovery
Reinsurance contracts	
Premiums	-15,636,975
Present value of expected cash outflows	-15,636,975
Present value of expected cash inflows	28,797,925
Adjustment for non-financial risk	-4,496,740
Contractual service margin	-8,664,210
Total at initial recognition	0



16.8.15 Expected CSM release

Sava Insurance Group as at 31 December 2023 – non-life

EUR	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	> 10 years	Total
Insurance contracts	7,202,399	1,101,693	769,903	589,566	470,039	1,245,255	376,679	11,755,534
Reinsurance contracts	-4,953,681	-42,413	-19,438	-5,203	-141	-	-	-5,020,876
Total	2,248,718	1,059,280	750,465	584,363	469,898	1,245,255	376,679	6,734,658

Sava Insurance Group as at 31 December 2022 – non-life

EUR	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	> 10 years	Total
Insurance contracts	6,463,174	1,085,274	723,750	523,157	384,961	1,004,938	340,062	10,525,316
Reinsurance contracts	-5,573,662	-366,477	-23,004	-15,413	-4,006	-105	-	-5,982,667
Total	889,512	718,797	700,746	507,744	380,955	1,004,833	340,062	4,542,649

Sava Insurance Group as at 31 December 2023 – life

EUR	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	> 10 years	Total
Insurance contracts	16,976,214	14,992,610	13,302,312	11,824,815	10,518,420	38,006,640	37,930,942	143,551,953
Reinsurance contracts	-111,396	-100,800	-91,077	-80,639	-71,402	-255,648	-224,502	-935,464
Total	16,864,818	14,891,810	13,211,235	11,744,176	10,447,018	37,750,992	37,706,440	142,616,489

Sava Insurance Group as at 31 December 2022 – life

EUR	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	> 10 years	Total
Insurance contracts	15,012,296	13,253,567	11,792,672	10,524,042	9,380,061	33,481,826	32,426,305	125,870,769
Reinsurance contracts	-117,519	-109,273	-97,803	-89,063	-79,069	-286,627	-268,574	-1,047,928
Total	14,894,777	13,144,294	11,694,869	10,434,979	9,300,992	33,195,199	32,157,731	124,822,841



Sava Re as at 31 December 2023

EUR	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	> 10 years	Total
Insurance contracts	9,168,508	197,371	107,473	10,836	8,628	23,697	4,695	9,521,208
Reinsurance contracts	-4,397,804	-	-	-	-	-	-	-4,397,804
Total	4,770,704	197,371	107,473	10,836	8,628	23,697	4,695	5,123,404

Sava Re as at 31 December 2022

EUR	< 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5–10 years	> 10 years	Total
Insurance contracts	7,871,130	235,518	137,057	120,530	8,276	23,160	6,093	8,401,764
Reinsurance contracts	-5,271,105	-341,244	-	-	-	-	-	-5,612,348
Total	2,600,025	-105,725	137,057	120,530	8,276	23,160	6,093	2,789,415



16.8.16 Finance income or expenses from (re)insurance contracts

Sava Insurance Group as at 31 December 2023

	Non-life	Life	Total
Net finance income or expenses from insurance contracts			
Changes in the fair value of the portfolio of insurance contracts with direct participation features	-	-58,425,631	-58,425,631
Accrued interest at locked-in interest rate	-8,379,535	-4,928,374	-13,307,909
Changes in interest rates and other financial assumptions	-12,551,570	-17,578,877	-30,130,447
Foreign exchange gains/losses	6,729,958	29,446	6,759,404
Foreign currency translation differences	30,814	9,219	40,033
Total net finance income or expenses from insurance contracts	-14,170,333	-80,894,217	-95,064,550
Net finance income or expenses from reinsurance contracts			
Accrued interest at locked-in interest rate	1,094,834	-186	1,094,648
Changes in interest rates and other financial assumptions	1,455,775	-76,905	1,378,870
Foreign exchange gains/losses	-50,670	-	-50,670
Foreign currency translation differences	-3,917	3	-3,914
Net finance income or expenses from reinsurance contracts	2,496,022	-77,088	2,418,934
Finance effects from credit risk	-1,652,765	-	-1,652,765
Total net finance income or expenses from reinsurance contracts	843,257	-77,088	766,169
Total	-13,327,076	-80,971,305	-94,298,381
Amounts recognised in profit or loss	-2,231,823	-60,381,331	-62,613,154
Amounts recognised in other comprehensive income	-11,095,253	-20,589,972	-31,685,225
Finance income or expenses from insurance contracts			
Net finance income or expenses from insurance contracts	-14,170,332	-80,894,215	-95,064,547
Recognised in profit or loss	-1,619,434	-60,381,145	-62,000,579
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	-12,440,453	-20,520,975	-32,961,428
Effects of exchange rate differences in other comprehensive income	-141,259	-1,314	-142,573
Foreign currency translation differences	30,814	9,219	40,033
Net finance income or expenses from reinsurance contracts	843,256	-77,088	766,168
Recognised in profit or loss	-612,389	-186	-612,575
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	1,459,189	-76,905	1,382,284
Effects of exchange rate differences in other comprehensive income	373	-	373
Foreign currency translation differences	-3,917	3	-3,914

Sava Insurance Group as at 31 December 2022

	Non-life	Life	Total
Net finance income or expenses from insurance contracts			
Changes in the fair value of the portfolio of insurance contracts with direct participation features	-	67,796,261	67,796,261
Accrued interest at locked-in interest rate	-5,818,135	5,475,482	-342,653
Changes in interest rates and other financial assumptions	32,087,278	60,308,260	92,395,538
Foreign exchange gains/losses	414,549	-2,204	412,345
Foreign currency translation differences	-9,413	-7,214	-16,627
Total net finance income or expenses from insurance contracts	26,674,279	133,570,585	160,244,864
Net finance income or expenses from reinsurance contracts			
Accrued interest at locked-in interest rate	558,687	880	559,567
Changes in interest rates and other financial assumptions	-5,282,632	202,685	-5,079,947
Foreign exchange gains/losses	238,612	-2	238,610
Foreign currency translation differences	2,115	4	2,119
Net finance income or expenses from reinsurance contracts	-4,483,218	203,567	-4,279,651
Finance effects from credit risk	-429,681	-	-429,681
Total net finance income or expenses from reinsurance contracts	-4,912,899	203,567	-4,709,332
Total	21,761,380	133,774,152	155,535,532
Recognised in			
Amounts recognised in profit or loss	-5,052,118	57,467,142	52,415,024
Amounts recognised in other comprehensive income	26,813,504	76,307,010	103,120,514
Finance income or expenses from insurance contracts			
Net finance income or expenses from insurance contracts	26,674,278	133,570,585	160,244,863
Recognised in profit or loss	-5,421,905	57,466,264	52,044,359
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	32,273,622	76,108,852	108,382,474
Effects of exchange rate differences in other comprehensive income	-168,026	2,683	-165,343
Foreign currency translation differences	-9,413	-7,214	-16,627
Net finance income or expenses from reinsurance contracts	-4,912,892	203,567	-4,709,325
Recognised in profit or loss	369,787	878	370,665
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	-5,290,084	202,685	-5,087,399
Effects of exchange rate differences in other comprehensive income	5,290	-	5,290
Foreign currency translation differences	2,115	4	2,119

Sava Re as at 31 December 2023

	Non-life BBA + PAA C0020	Total C0040
Net finance income or expenses from insurance contracts		
Accrued interest at locked-in interest rate	-6,091,760	-6,091,760
Changes in interest rates and other financial assumptions	-6,255,974	-6,255,974
Foreign exchange gains/losses	6,828,024	6,828,024
Total net finance income or expenses from insurance contracts	-5,519,710	-5,519,710
Net finance income or expenses from reinsurance contracts		
Accrued interest at locked-in interest rate	893,761	893,761
Changes in interest rates and other financial assumptions	1,304,240	1,304,240
Foreign exchange gains/losses	-50,670	-50,670
Net finance income or expenses from reinsurance contracts	2,147,330	2,147,330
Finance effects from credit risk	-1,617,714	-1,617,714
Total net finance income or expenses from reinsurance contracts	529,617	529,617
Total	-4,990,094	-4,990,094
Recognised in		
Amounts recognised in profit or loss	-38,359	-38,359
Amounts recognised in other comprehensive income	-4,951,735	-4,951,735
Finance income or expenses from insurance contracts		
Net finance income or expenses from insurance contracts	-5,519,710	-5,519,710
Recognised in profit or loss	736,264	736,264
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	-6,110,581	-6,110,581
Effects of exchange rate differences in other comprehensive income	-145,394	-145,394
Net finance income or expenses from reinsurance contracts	529,617	529,617
Recognised in profit or loss	-774,623	-774,623
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	1,303,867	1,303,867
Effects of exchange rate differences in other comprehensive income	373	373

Sava Re as at 31 December 2022

	Non-life BBA + PAA	Total
Net finance income or expenses from insurance contracts		
Accrued interest at locked-in interest rate	-4,904,187	-4,904,187
Changes in interest rates and other financial assumptions	16,477,038	16,477,038
Foreign exchange gains/losses	155,170	155,170
Total net finance income or expenses from insurance contracts	11,728,022	11,728,022
Net finance income or expenses from reinsurance contracts		
Accrued interest at locked-in interest rate	506,046	506,046
Changes in interest rates and other financial assumptions	-4,949,437	-4,949,437
Foreign exchange gains/losses	238,612	238,612
Net finance income or expenses from reinsurance contracts	-4,204,779	-4,204,779
Finance effects from credit risk	-478,410	-478,410
Total net finance income or expenses from reinsurance contracts	-4,683,189	-4,683,189
Total	7,044,833	7,044,833
Recognised in		
Amounts recognised in profit or loss	-4,482,768	-4,482,768
Amounts recognised in other comprehensive income	11,527,601	11,527,601
Finance income or expenses from insurance contracts		
Net finance income or expenses from insurance contracts	11,728,022	11,728,022
Recognised in profit or loss	-4,749,017	-4,749,017
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	16,634,827	16,634,827
Effects of exchange rate differences in other comprehensive income	-157,789	-157,789
Net finance income or expenses from reinsurance contracts	-4,683,189	-4,683,189
Recognised in profit or loss	266,249	266,249
Recognised in other comprehensive income (excluding the effect of exchange rate differences)	-4,954,727	-4,954,727
Effects of exchange rate differences in other comprehensive income	5,290	5,290

16.8.17 Receivables

Receivables from financing mainly relate to payments to the guarantee fund for Green Cards of the Republic of Kosovo, interest on late payment of premiums and advances from policyholders.

Receivables by type

Sava Insurance Group EUR	31 December 2023			31 December 2022		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Current tax assets	444,616	0	444,616	3,412,855	0	3,412,855
Other short-term receivables arising out of insurance business (outside the scope of IFRS 17)	4,533,434	-1,148,176	3,385,258	4,466,344	-2,170,209	2,296,135
Receivables from financing	728,130	-166,900	561,230	2,203,462	-163,322	2,040,140
Trade and other receivables	12,422,002	-2,097,132	10,324,870	10,777,938	-2,831,240	7,946,698
Trade and other receivables	17,683,566	-3,412,208	14,271,358	17,447,744	-5,164,771	12,282,973
Total	18,128,182	-3,412,208	14,715,974	20,860,599	-5,164,771	15,695,828

Sava Re EUR	31 December 2023			31 December 2022		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Current tax assets	0	0	0	49,594	0	49,594
Receivables from financing	34,478	0	34,478	15,889	-	15,889
Trade and other receivables	504,923	-341,035	163,888	538,374	-341,035	197,340
Trade and other receivables	539,401	-341,035	198,366	554,263	-341,035	213,228
Total	539,401	-341,035	198,366	603,857	-341,035	262,823

Trade and other receivables

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Receivables for advances for intangible assets	251,931	73,725	-	-
Short-term trade receivables	7,298,183	5,573,273	124,581	90,041
Short-term receivables due from government and other institutions	350,798	471,883	24,716	81,786
Short-term receivables due from employees	51,503	45,641	1,655	1,515
Receivables arising out of advances for property, plant and equipment	90,492	190	-	-
Other current receivables	2,281,963	1,781,986	12,935	23,998
Trade and other receivables	10,324,870	7,946,698	163,888	197,340



Net receivables ageing analysis

Sava Insurance Group
EUR
31 December 2023

	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Current tax assets	437,109	0	0	7,507	444,616
Other short-term receivables arising out of insurance business (outside the scope of IFRS 17)	1,551,247	1,774,850	2,887	56,274	3,385,258
Receivables from financing	368,526	174,693	0	18,011	561,230
Trade and other receivables	10,009,539	286,704	8,962	19,665	10,324,870
Trade and other receivables	11,929,312	2,236,247	11,849	93,950	14,271,358
Total	12,366,421	2,236,247	11,849	101,457	14,715,974

Sava Insurance Group
EUR
31 December 2022

	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Current tax assets	3,412,855	0	0	0	3,412,855
Other short-term receivables arising out of insurance business (outside the scope of IFRS 17)	1,095,158	1,183,718	5,707	11,552	2,296,135
Receivables from financing	1,875,273	146,595	-	18,272	2,040,140
Trade and other receivables	7,397,929	506,257	5,619	36,893	7,946,698
Trade and other receivables	10,368,360	1,836,570	11,326	66,717	12,282,973
Total	13,781,215	1,836,570	11,326	66,717	15,695,828

Sava Re
EUR
31 December 2023

	Not past due	Total
Receivables from financing	34,478	34,478
Trade and other receivables	163,888	163,888
Trade and other receivables	198,366	198,366
Total	198,366	198,366

Sava Re
EUR
31 December 2022

	Not past due	Total
Current tax assets	49,594	49,594
Receivables from financing	15,889	15,889
Trade and other receivables	197,339	197,339
Trade and other receivables	213,228	213,228
Total	262,822	262,822



Movement in allowance for receivables

Sava Insurance Group
EUR
31 December 2023

	31 December 2022	Additions	Reversals	Write-off	Exchange differences	31 December 2023
Current tax assets	0	0	0	0	0	0
Other short-term receivables arising out of insurance business (outside the scope of IFRS 17)	-2,170,209	-51,960	1,066,400	7,419	174	-1,148,176
Receivables from financing	-163,322	-3,608	0	0	30	-166,900
Trade and other receivables	-2,831,240	-40,828	616,826	156,912	1,198	-2,097,132
Trade and other receivables	-5,164,771	-96,396	1,683,226	164,331	1,402	-3,412,208
Total	-5,164,771	-96,396	1,683,226	164,331	1,402	-3,412,208

Sava Insurance Group
EUR
31 December 2022

	31 December 2021	Additions	Reversals	Write-off	Exchange differences	31 December 2022
Current tax assets	0	0	0	0	0	0
Other short-term receivables arising out of insurance business (outside the scope of IFRS 17)	-2,198,522	-78,421	103,752	4,298	-1,316	-2,170,209
Receivables from financing	-163,501	0	7	0	172	-163,322
Trade and other receivables	-2,855,983	-92,056	102,021	16,451	-1,673	-2,831,240
Trade and other receivables	-5,218,006	-170,477	205,780	20,749	-2,817	-5,164,771
Total	-5,218,006	-170,477	205,780	20,749	-2,817	-5,164,771

Sava Re
EUR
31 December 2023

	31 December 2022	31 December 2023
Trade and other receivables	-341,035	-341,035
Trade and other receivables	-341,035	-341,035
Total	-341,035	-341,035

Sava Re
EUR
31 December 2022

	31 December 2021	31 December 2022
Trade and other receivables	-341,035	-341,035
Trade and other receivables	-341,035	-341,035
Total	-341,035	-341,035



16.8.18 Other assets

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Inventories	147,794	155,299	-	-
Other short-term deferred costs (expenses) and accrued revenue	3,894,812	3,869,984	715,114	699,783
Total	4,042,606	4,025,283	715,114	699,783

The Group's inventories consist of strict record forms and are not subject to pledging.

Other current deferred costs (expenses) and accrued revenue consist of prepaid costs for services (maintenance, development, user fees and electronic media costs).

16.8.19 Cash and cash equivalents

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Cash in hand	28,611	24,051	-	-
Cash in bank accounts	29,138,100	56,250,164	9,110,049	15,846,029
Call and overnight deposits, and deposits of up to 3 months	21,393,253	36,949,416	3,150,000	8,080,000
Total	50,559,964	93,223,631	12,260,049	23,926,030

The decrease in cash and cash equivalents is mainly due to the reinvestment in higher yielding asset classes.

16.8.20 Non-current assets held for sale

Sava Insurance Group EUR	31 December 2023	31 December 2022
Balance as at 1 January	991,803	770,544
Additions	0	352,271
Reclassification	-70,776	428,674
Disposal	-616,927	-559,686
Impairment	-44,451	0
Balance as at 31 December	259,649	991,803

Office premises partially disposed of in 2023 and 2022 were reclassified to non-current assets held for sale in 2022.

16.8.21 Share capital

As at 31 December 2023, the parent's share capital was divided into 17,219,662 shares (the same as at 31 December 2022). 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 2023, the Company's shareholders' register listed 4,376 shareholders (31 December 2022: 4,316 shareholders). The Company's shares are listed in the prime market of the Ljubljana Stock Exchange.



16.8.22 Capital reserves

Movement in capital reserves

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
As at 1 January	42,702,320	42,702,320	54,239,757	54,239,757
As at 31 December	42,702,320	42,702,320	54,239,757	54,239,757

16.8.23 Profit reserves

EUR	Sava Re			
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Legal reserves and reserves provided for by the articles of association	12,176,144	12,150,797	14,986,525	14,986,525
Capital redemption reserve	24,938,709	24,938,709	24,938,709	24,938,709
Credit risk equalisation reserve	-	-	-	-
Catastrophe equalisation reserve	1,225,068	11,225,068	-	10,000,000
Other profit reserves	243,353,745	208,631,017	242,034,225	207,296,824
Total	281,693,666	256,945,591	281,959,459	257,222,058

In 2023, the Company reallocated EUR 10 million from the catastrophe equalisation reserve to other profit reserves.

Profit reserves are retained from previous years' profits, primarily to offset potential future losses. In accordance with ZGD-1, the management board, when adopting the 2023 annual report, allocated half of the net profit of EUR 24.7 million to "other profit reserves" (2022: EUR 27.9 million).

16.8.24 Treasury shares

As at 31 December 2023, the Company held a total of 1,721,966 own shares (2022: 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 (2022: EUR 24,938,709).

Treasury shares are a contra account of equity. Treasury shares are not pledged.

16.8.25 Accumulated other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Accumulated other comprehensive income from financial investments	-76,271,988	-120,775,659	-11,603,021	-20,111,066
Accumulated other comprehensive income on insurance contracts	46,400,360	74,431,742	2,089,191	7,248,755
Accumulated other comprehensive income on reinsurance contracts	-194,443	-887,877	-431,371	-1,586,865
Other reserves	1,870,419	2,093,462	178,886	152,447
Total	-28,195,652	-45,138,332	-9,766,315	-14,296,729

The movement in accumulated other comprehensive income from insurance and reinsurance contracts is described in section [16.6 "Transition to the new standards IFRS 17 and IFRS 9"](#) and in note [16.8.16 "Finance income or expenses from \(re\)insurance contracts"](#). Other reserves comprise actuarial gains and losses arising from recognising provisions for retirement benefits. Movements are shown in section [16.8.30 "Other provisions"](#).



16.8.26 Profit or loss for the period

The net consolidated profit for 2023 totalled EUR 64.7 million (2022: EUR 46.9 million).

The Company ended the 2023 financial year with a net profit of EUR 49.5 million (2022: EUR 61.4 million).

Earnings or loss per share

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net profit or loss for the period	64,657,171	46,923,441	49,474,802	61,350,951
Net profit or loss attributable to owners of the controlling company	64,464,804	46,696,181	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	4.16	3.01	-	-

The Company's earnings per share for the financial year 2023 were EUR 3.19 (2022: EUR 3.96).

Comprehensive income per share

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Comprehensive income for the period	81,804,162	1,242,147	54,005,839	50,213,481
Comprehensive income for the owners of the controlling company	81,614,473	1,023,481	0	0
Weighted average number of shares outstanding	15,497,696	15,497,696	15,497,696	15,497,696
Comprehensive income per share	5.27	0.07	-	-

The Company's comprehensive income per share for the financial year 2023 was EUR 3.48 (2022: EUR 3.24).

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 treasury shares. The weighted average number of shares outstanding in the financial period was 15,497,696 and the same as in 2022. The parent does not have potentially dilutive capital instruments, which is why basic earnings per share equal diluted earnings per share.

16.8.27 Retained earnings

The Company's retained earnings as at 31 December 2023 grew by EUR 8.6 million from 31 December 2022 (2022: increase of EUR 26.4 million).

In 2023, the Company paid out EUR 24,796,314 in dividends (2022: EUR 23,246,544). The distributable profit for 2023 totals EUR 57.5 million (2022: EUR 41.8 million).

Statement of distributable profit or loss

Sava Re EUR	2023	2022
Net profit or loss for the period	49,474,802.34	55,966,871.71
Profit or loss for the year under applicable standards	49,474,802.34	55,966,871.71
Retained earnings	32,809,208.67	13,807,182.07
Carry-forward of the previous year	16,994,304.32	13,807,182.07
Impact of the transition to the new standards	15,814,904.35	
Additions to other reserves as per resolution of the management and supervisory boards	-24,737,401.17	-27,983,435.86
Distributable profit to be allocated by the general meeting	57,546,609.84	41,790,617.92
To shareholders	not yet published	24,796,313.60
To be carried forward to the next year	0	16,994,304.32



The difference of EUR 15,814,904.35 between the profit carried forward from the previous year and the total amount of retained earnings at the end of 2023 represents the impact of the transition to the new accounting standards. Specifically, EUR 6,031,074.26 relates to the impact of the transition due to the adoption of IFRS 17, EUR 4,387,131.59 relates to the impact of the adoption of IFRS 9 and EUR 5,396,698.50 represents the difference between the 2022 net profit determined under the old standards and the 2022 net profit determined under the new standards.

The Group recorded the decrease in retained earnings of EUR 2,937,157 in 2023 under “Other” due to the

subsequent calculation of the actual tax liability resulting from the transition to the new accounting standards (EUR 53,217) and the subsequent inclusion of the transition of reinsurance contracts relating to the Group companies domiciled outside Slovenia (EUR 2,883,940).

The translation reserve relates to exchange differences arising from the translation or consolidation of the financial statements of subsidiaries. In 2023, translation differences amounted to EUR 3,049,094 (2022: EUR 3,256,083). Translation differences mainly relate to the change in the value of the Serbian dinar and the Macedonian denar and, in 2022, the Croatian kuna.

16.8.28 Non-controlling interests in equity

Non-controlling interests in equity

EUR	Sava Insurance Group	
	31 December 2023	31 December 2022
Sava Osiguruvanje (MKD)	442,431	462,173
Sava Station	8,742	1,670
TBS Team 24	138,181	68,708
Vita S Holding (MKD)	261,417	0
Total	850,771	532,551

16.8.29 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 75.0 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 2023, the market price of the bond was 77.717% and the market value EUR 58,702,709 (31 December 2022: price 74.499% and market value EUR 56,290,346). The book value of the bond as at 31 December 2023 was EUR 74,987,535 (31 December 2022: EUR 74,924,356).

The effective interest rate on the bond issued (calculated from the early recall option) is 3.86%.

Sava Re EUR	31 December 2022	Increase	Decrease	31 December 2023
Subordinated bond	74,924,356	2,875,679	-2,812,500	74,987,535

The increase includes accrued interest until the end of 2023 and amortisation of issuance costs until maturity. The decrease represents interest paid (coupon).



16.8.30 Other provisions

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Provision for severance pay upon retirement	4,660,639	4,244,938	270,203	266,392
Provision for jubilee benefits	2,688,742	2,648,899	149,457	126,248
Other provisions	724,874	1,079,617	-	-
Total	8,074,255	7,973,454	419,660	392,640

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 December 2022	4,244,938	2,648,899	6,893,837	266,392	126,248	392,640
Interest expense (IS)	135,247	85,644	220,891	8,608	4,164	12,772
Current service cost (IS)	327,284	269,498	596,782	31,569	19,947	51,516
Past service cost (IS)	62,514	22,299	84,813	-	-	0
Payout of benefits (-)	-300,920	-295,900	-596,820	-9,302	-9,716	-19,018
Actuarial losses (IS)	7,160	-41,639	-34,479	-	8,813	8,813
Actuarial losses (SFP)	184,499	-	184,499	-27,064	-	-27,064
Additions – acquisition of subsidiary	-	-	0	-	-	0
Exchange differences	-83	-59	-142	-	-	0
Balance as at 31 December 2023	4,660,639	2,688,742	7,349,381	270,203	149,457	419,660



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 December 2021	4,954,165	2,976,448	7,930,616	295,760	126,105	421,864
Interest expense (IS ¹³⁷)	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	-	14,064	14,064
Payout of benefits (-)	-171,197	-260,007	-431,204	-	-11,835	-11,835
Actuarial losses (IS)	-4,650	-409,871	-414,521	-	-16,726	-16,726
Actuarial losses (SFP ¹³⁸)	-960,947	-	-960,947	-55,904	-	-55,904
Exchange differences	38	-124	-86	-	-	0
Balance as at 31 December 2022	4,244,938	2,648,899	6,893,837	266,392	126,248	392,640

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 2.5%.

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% under 35 years, 3.9% between 35 and 45 years, 5.3% over 45 years). Expected mortality is determined on the basis of the population mortality tables of the country of incorporation of each Group company.

¹³⁷ Income statement or IS for short.

¹³⁸ Statement of financial position or SFP for short.



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	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Impact on the level of provisions (EUR)				
Decrease in discount rate of 1%	501,220	456,051	218,070	214,049
Increase in discount rate of 1%	-424,964	-387,196	-190,105	-186,735
Decrease in real income growth of 0.5%	-222,041	-196,066	-85,735	-85,090
Increase in real income growth of 0.5%	238,993	210,276	90,870	89,990
Decrease in staff turnover of 10%	170,790	152,777	79,575	77,227
Increase in staff turnover of 10%	-160,718	-144,684	-75,777	-73,859
Decrease in mortality rate of 10%	33,696	30,399	11,570	11,564
Increase in mortality rate of 10%	-33,359	-30,099	-11,480	-11,469

Sava Re	Provision for severance pay upon retirement		Provision for jubilee benefits	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Impact on the level of provisions (EUR)				
Decrease in discount rate of 1%	32,755	32,369	11,520	9,474
Increase in discount rate of 1%	-27,872	-27,498	-10,083	-8,314
Decrease in real income growth of 0.5%	-14,808	-14,738	0	0
Increase in real income growth of 0.5%	16,160	16,032	0	0
Decrease in staff turnover of 10%	17,805	16,194	5,422	4,405
Increase in staff turnover of 10%	-16,461	-15,037	-5,113	-4,168
Decrease in mortality rate of 10%	2,192	2,137	351	290
Increase in mortality rate of 10%	-2,168	-2,115	-349	-289

Sava Insurance Group EUR	31 December 2022	Additions	Uses and reversals	Exchange differences	31 December 2023
Other provisions	1,079,617	144,103	-498,766	-80	724,874
Total	1,079,617	144,103	-498,766	-80	724,874

Sava Insurance Group EUR	31 December 2021	Additions	Uses and reversals	Exchange differences	31 December 2022
Other provisions	982,884	407,978	-310,088	-1,157	1,079,617
Total	982,884	407,978	-310,088	-1,157	1,079,617

Other provisions include provisions for the guarantee fund.

16.8.31 Other financial liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Other financial liabilities	737,085	548,576	-	-

Other financial liabilities relate to a loan payable to a subsidiary in Serbia with a maturity of up to one year.

16.8.32 Current tax liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current income tax liabilities	9,930,830	1,554,992	6,319,991	45,414

Current tax liabilities recognised in accordance with tax legislation at the end of the financial year are settled by the Group companies within the statutory period of less than one year.



16.8.33 Other liabilities

Other liabilities by maturity

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Other liabilities	30,896,035	23,044,216	2,898,366	2,266,787
Short-term provisions (deferred income and accrued expenses)	12,873,471	10,598,356	1,951,655	1,888,906
Other liabilities	43,769,505	33,642,572	4,850,021	4,155,693

Other liabilities include liabilities that are settled by the companies within the financial year, so all such liabilities are classified as liabilities with a maturity of up to one year.

Other liabilities and short-term provisions (deferred income and accrued expenses) are unsecured.

Other liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Current liabilities due to employees	4,530,558	4,107,379	685,475	637,853
Diverse other current liabilities for insurance business outside the scope of IFRS 17	11,405,144	10,376,366	0	252,356
Short-term trade liabilities	14,620,197	8,533,190	1,900,391	1,370,173
Diverse other current liabilities	340,136	27,281	312,500	6,405
Total	30,896,035	23,044,216	2,898,365	2,266,788

Diverse other current liabilities arising from insurance business outside IFRS 17 relate mainly to payables to insurance intermediaries for commissions.

Diverse other current liabilities are liabilities arising from the settlement of financial investments.

Current accrued costs (expenses) and deferred revenue

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Accrued costs and expenses due to Group companies	87,433	3,610	-	-
Accrued costs and expenses due to other companies	9,448,306	8,153,827	1,569,772	1,586,407
Other accrued costs (expenses) and deferred revenue	3,337,732	2,440,919	381,884	302,499
Total	12,873,471	10,598,356	1,951,655	1,888,906

Short-term provisions include accrued charges for unused vacation and severance payments to employees.

Other accrued costs (expenses) and deferred revenue consist mainly of provisions for employee bonuses and the share of premiums paid into a damage prevention fund under the Montenegrin Insurance Act.



Change in short-term provisions

Sava Insurance Group EUR	31 December 2022	Additions	Uses	Exchange differences	31 December 2023
Short-term accrued expenses	8,157,437	33,961,425	-32,582,797	-326	9,535,739
Other accrued costs (expenses) and deferred revenue	2,440,920	3,039,028	-2,141,058	-1,158	3,337,732
Total	10,598,357	37,000,453	-34,723,855	-1,484	12,873,471

Sava Insurance Group EUR	31 December 2021	Additions	Uses	Reversals	Exchange differences	31 December 2022
Short-term accrued expenses	7,585,339	28,386,811	-27,790,521	-23,913	-279	8,157,437
Other accrued costs (expenses) and deferred revenue	3,568,468	2,589,947	-3,717,503	0	8	2,440,920
Total	11,153,807	30,976,758	-31,508,024	-23,913	-271	10,598,356

Sava Re EUR	31 December 2022	Additions	Uses	31 December 2023
Short-term accrued expenses	1,586,407	1,874,080	-1,890,715	1,569,772
Other accrued costs (expenses) and deferred revenue	302,499	79,385	0	381,884
Total	1,888,906	1,953,465	-1,890,715	1,951,655

Sava Re EUR	31 December 2021	Additions	Uses	31 December 2022
Short-term accrued expenses	1,733,454	1,266,332	-1,413,379	1,586,407
Other accrued costs (expenses) and deferred revenue	251,207	51,292	0	302,499
Total	1,984,661	1,317,624	-1,413,379	1,888,906



16.8.34 Fair values of assets and liabilities

Financial assets by level of the fair value hierarchy

Sava Insurance Group
EUR
31 December 2023

	Carrying amount	Fair value			Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3		
Investments measured at fair value	1,936,229,467	1,746,868,840	117,886,785	71,473,842	1,936,229,467	0
Investments measured at fair value through profit or loss	660,082,422	569,956,001	18,652,579	71,473,842	660,082,422	0
Mandatorily measured at fair value through profit or loss, not held for trading	660,082,422	569,956,001	18,652,579	71,473,842	660,082,422	0
Debt instruments	19,701,111	5,568,931	14,132,180	0	19,701,111	0
Equity instruments	569,153,261	564,387,070	4,520,399	245,792	569,153,261	0
Investments in infrastructure funds	57,339,858	0	0	57,339,858	57,339,858	0
Investments in real-estate funds	13,888,192	0	0	13,888,192	13,888,192	0
Investments measured at fair value through other comprehensive income	1,276,147,045	1,176,912,839	99,234,206	0	1,276,147,045	0
Debt instruments	1,260,177,155	1,160,942,949	99,234,206	0	1,260,177,155	0
Equity instruments	15,969,890	15,969,890	0	0	15,969,890	0
Investments not measured at fair value	76,303,166	39,689,221	8,640,004	26,896,788	75,226,013	-1,077,153
Investments measured at amortised cost	76,303,166	39,689,221	8,640,004	26,896,788	75,226,013	-1,077,153
Debt instruments (bonds)	49,932,856	39,689,221	8,640,004	0	48,329,225	-1,603,631
Deposits and CDs	25,616,171	0	0	26,105,652	26,105,652	489,481
Loans granted	754,139	0	0	791,136	791,136	36,997



Sava Insurance Group
EUR
31 December 2022

	Carrying amount	Fair value			Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3		
Investments measured at fair value	1,711,703,795	1,507,454,812	126,429,460	77,819,523	1,711,703,795	0
Investments measured at fair value through profit or loss	556,301,888	464,243,069	15,096,866	76,961,953	556,301,888	0
Mandatorily measured at fair value through profit or loss, not held for trading	556,301,888	464,243,069	15,096,866	76,961,953	556,301,888	0
Debt instruments	20,729,025	5,590,271	8,787,606	6,351,148	20,729,025	0
Equity instruments	465,219,427	458,652,798	6,309,260	257,369	465,219,427	0
Investments in infrastructure funds	53,856,375	0	0	53,856,375	53,856,375	0
Investments in real-estate funds	16,497,061	0	0	16,497,061	16,497,061	0
Investments measured at fair value through other comprehensive income	1,155,401,907	1,043,211,743	111,332,594	857,570	1,155,401,907	0
Debt instruments	1,140,474,230	1,028,284,066	111,332,594	857,570	1,140,474,230	0
Equity instruments	14,927,677	14,927,677	0	0	14,927,677	0
Investments not measured at fair value	64,428,280	35,495,150	6,379,072	20,525,245	62,399,467	-2,028,813
Investments measured at amortised cost	64,428,280	35,495,150	6,379,072	20,525,245	62,399,467	-2,028,813
Debt instruments (bonds)	44,385,198	35,495,150	6,379,072	0	41,874,222	-2,510,976
Deposits and CDs	18,848,261	0	0	19,276,121	19,276,121	427,860
Loans granted	1,194,821	0	0	1,249,124	1,249,124	54,303



Sava Re
EUR
31 December 2023

	Carrying amount	Fair value			Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3		
Investments measured at fair value	348,572,420	290,130,414	33,473,129	24,968,877	348,572,420	0
Investments measured at fair value through profit or loss	37,286,800	5,030,865	7,287,059	24,968,877	37,286,800	0
Mandatorily measured at fair value through profit or loss, not held for trading	37,286,800	5,030,865	7,287,059	24,968,877	37,286,800	0
Debt instruments	4,320,636	0	4,320,636	0	4,320,636	0
Equity instruments	7,997,287	5,030,865	2,966,422	0	7,997,287	0
Investments in infrastructure funds	21,084,448	0	0	21,084,448	21,084,448	0
Investments in real-estate funds	3,884,428	0	0	3,884,428	3,884,428	0
Investments measured at fair value through other comprehensive income	311,285,620	285,099,550	26,186,070	0	311,285,620	0
Debt instruments	311,285,620	285,099,550	26,186,070	0	311,285,620	0
Investments not measured at fair value	5,811,776	2,167,835	0	3,785,768	5,953,603	141,827
Investments measured at amortised cost	5,811,776	2,167,835	0	3,785,768	5,953,603	141,827
Debt instruments (bonds)	2,075,525	2,167,835	0	0	2,167,835	92,311
Deposits and CDs	1,021,347	0	0	1,041,806	1,041,806	20,458
Loans granted	2,714,904	0	0	2,743,962	2,743,962	29,058



Sava Re
EUR
31 December 2022

	Carrying amount	Fair value			Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3		
Investments measured at fair value	320,559,011	261,449,355	32,265,422	26,844,235	320,559,012	0
Investments measured at fair value through profit or loss	39,718,676	5,856,230	7,441,495	26,420,951	39,718,676	0
Mandatorily measured at fair value through profit or loss, not held for trading	39,718,676	5,856,230	7,441,495	26,420,951	39,718,676	0
Debt instruments	5,276,003	0	2,283,137	2,992,866	5,276,003	0
Equity instruments	11,014,588	5,856,230	5,158,358	0	11,014,588	0
Investments in infrastructure funds	18,843,871	0	0	18,843,871	18,843,871	0
Investments in real-estate funds	4,584,214	0	0	4,584,214	4,584,214	0
Investments measured at fair value through other comprehensive income	280,840,335	255,593,125	24,823,927	423,283	280,840,335	0
Debt instruments	280,840,335	255,593,125	24,823,927	423,283	280,840,335	0
Investments not measured at fair value	3,871,964	2,216,867	0	1,840,393	4,057,260	185,296
Investments measured at amortised cost	3,871,964	2,216,867	0	1,840,393	4,057,260	185,296
Debt instruments (bonds)	2,075,272	2,216,867	0	0	2,216,867	141,595
Loans granted	1,796,693	0	0	1,840,393	1,840,393	43,700

As at 31 December 2023, 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 2023, level 1 investments represented 88.8% (31 December 2022: 87%) of the value 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 Group classifies into Level 3 shares measured at cost, loans granted measured at amortised cost and investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and the like. There are no market prices available for such investments; therefore, valuation based on available market data is not possible.



The Group classifies into Level 3 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 Group has only limited access to input data as used by fund managers,

which is why the Group does not carry out own valuations nor is it possible for the Group 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 is described for investment property in section [16.4.12 “Investment property”](#), for investments in subsidiaries and associates in section [16.4.13 “Investments in subsidiaries and associates”](#) and for financial investments in section [16.4.14 “Financial investments”](#).

The fair value of the Company’s investment property as at 31 December 2023 was EUR 10,007,145 (2022: EUR 9,997,159), that of the Group at EUR 28,591,968 (2022: 25,680,767). The Company and the Group classify investment property as level 3 assets.

Movements in level 3 financial assets measured at fair value

Sava Insurance Group				
	Debt instruments	Equity instruments	Investments in infrastructure funds	Investments in real-estate funds
EUR	31 December 2023	31 December 2023	31 December 2023	31 December 2023
Opening balance	7,208,718	257,367	53,856,375	16,497,061
Exchange differences	1	25	2	-1
Additions	0	0	4,230,418	0
Disposals	-587,952	-11,600	-2,004,341	0
Maturity	-1,313,725	0	0	0
Revaluation to fair value	696,363	0	1,257,404	-2,608,868
Reclassification into other levels (from L3 to L2 or L1)	-6,003,405	0	0	0
Closing balance	0	245,792	57,339,858	13,888,192
Income	0	750	2,046,833	287,511
Unrealised gains/losses	23,483	0	1,567,201	-2,192,884

Sava Re				
	Debt instruments	Equity instruments	Investments in infrastructure funds	Investments in real-estate funds
EUR	31 December 2023	31 December 2023	31 December 2023	31 December 2023
Opening balance	3,416,149	0	18,843,871	4,584,214
Exchange differences			1	-1
Additions	0	0	2,567,159	0
Maturity	-1,313,725	0	-711,560	0
Revaluation to fair value	297,701	0	384,977	-699,785
Reclassification into other levels (from L3 to L2 or L1)	-2,400,124	0	0	0
Closing balance	0	0	21,084,449	3,884,428
Income	0	0	921,507	86,504
Unrealised gains/losses	0	0	606,629	-699,785



Reclassification of assets and financial liabilities between levels

Sava Insurance Group
EUR
31 December 2023

	Level 1	Level 2	Level 3
Investments measured at fair value through profit or loss	768,164	4,303,737	-5,071,901
Mandatorily measured at fair value through profit or loss, not held for trading	768,164	4,303,737	-5,071,901
Debt instruments	195,614	4,876,287	-5,071,901
Debt securities reclassified from level 2 into level 1	195,614	-195,614	0
Debt securities reclassified from level 3 into level 2		5,071,901	-5,071,901
Equity instruments	572,550	-572,550	0
Equity instruments reclassified from level 2 into level 1	572,550	-572,550	0
Investments measured at fair value through other comprehensive income	5,979,413	-5,047,910	-931,503
Debt instruments	5,979,413	-5,047,910	-931,503
Reclassification from level 1 into level 2	-2,526,398	2,526,398	0
Reclassification from level 2 into level 1	8,505,811	-8,505,811	0
Reclassification from level 3 into level 2	0	931,503	-931,503

The Group adopted a new fair value hierarchy methodology for investments with effect from 1 October 2023. The data presented are based on the new methodology for the comparative period. The differences from the previous classification presented in the 2022 annual report are due to a transfer of EUR 2.5 million

of investments from level 1 into level 2, a transfer of EUR 9.3 million from level 2 into level 1 and a transfer of EUR 6.0 million of investments from level 3 into level 2.

Sava Re
EUR
31 December 2023

	Level 1	Level 2	Level 3
Investments measured at fair value through profit or loss	572,550	1,341,375	-1,913,925
Mandatorily measured at fair value through profit or loss, not held for trading	572,550	1,341,375	-1,913,925
Debt instruments	0	1,913,925	-1,913,925
Debt securities reclassified from level 3 into level 2	0	1,913,925	-1,913,925
Equity instruments	572,550	-572,550	0
Equity instruments reclassified from level 2 into level 1	572,550	-572,550	0
Investments measured at fair value through other comprehensive income	-118,777	604,976	-486,199
Debt instruments	-118,777	604,976	-486,199
Reclassification from level 1 into level 2	-118,777	118,777	0
Reclassification from level 3 into level 2	0	486,199	-486,199

The Company adopted a new fair value hierarchy methodology for investments with effect from 1 October 2023. The data presented are based on the new methodology for the comparative period. The differences from the previous classification presented in the

2022 annual report are due to a transfer of EUR 0.1 million of investments from level 1 into level 2, a transfer of EUR 0.6 million from level 2 into level 1 and a transfer of EUR 2.4 million of investments from level 3 into level 2.

16.8.35 Insurance revenue and insurance service expenses

Sava Insurance Group EUR	31 December 2023			31 December 2022		
	Non-life	Life	Total	Non-life	Life	Total
Insurance revenue	-630,737,533	-66,825,278	-697,562,811	-547,182,815	-61,804,978	-608,987,793
Amounts recoverable from insurance contracts ceded to reinsurers	42,824,599	247,178	43,071,777	38,433,905	305,005	38,738,910
Total insurance service expenses	611,082,703	46,042,815	657,125,518	495,847,875	41,662,675	537,510,550
Total amounts recovered from reinsurers	-85,877,898	-234,348	-86,112,246	-43,159,652	-175,432	-43,335,084

16.8.35.1 Analysis of insurance revenue (contracts for which the PAA as not been applied)

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Total
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	107,140,544
Expected insurance claims, benefits and expenses	59,831,277
Release of the risk adjustment for non-financial risk for risk expired	9,989,677
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	27,461,070
Other amounts (e.g. experience adjustments for premium receipts)	9,858,520
Refund of insurance acquisition cash flows	10,785,511
Total	117,926,055
Insurance contracts measured using the premium allocation approach	512,811,476
Insurance revenue	630,737,531

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Total
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	96,720,351
Expected insurance claims, benefits and expenses	58,325,598
Release of the risk adjustment for non-financial risk for risk expired	9,827,462
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	22,728,114
Other amounts (e.g. experience adjustments for premium receipts)	5,839,177
Refund of insurance acquisition cash flows	9,128,324
Total	105,848,675
Insurance contracts measured using the premium allocation approach	441,334,138
Insurance revenue	547,182,813



Sava Insurance Group as at 31 December 2023 – life

EUR	Total
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	57,267,502
Expected insurance claims, benefits and expenses	35,847,950
Release of the risk adjustment for non-financial risk for risk expired	4,468,442
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	17,409,416
Other amounts (e.g. experience adjustments for premium receipts)	-458,306
Refund of insurance acquisition cash flows	9,557,779
Total	66,825,281
Insurance contracts measured using the premium allocation approach	
Insurance revenue	66,825,281

Sava Insurance Group as at 31 December 2022 – life

EUR	Total
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	53,070,176
Expected insurance claims, benefits and expenses	34,198,162
Release of the risk adjustment for non-financial risk for risk expired	3,546,349
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	15,719,413
Other amounts (e.g. experience adjustments for premium receipts)	-393,748
Refund of insurance acquisition cash flows	8,734,799
Total	61,804,975
Insurance contracts measured using the premium allocation approach	
Insurance revenue	61,804,975

Sava Re as at 31 December 2023

EUR	Total
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	148,942,159
Expected insurance claims, benefits and expenses	90,884,369
Release of the risk adjustment for non-financial risk for risk expired	14,358,334
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	43,583,041
Other amounts (e.g. experience adjustments for premium receipts)	116,415
Refund of insurance acquisition cash flows	8,889,287
Total	157,831,445
Insurance contracts measured using the premium allocation approach	9,972,681
Insurance revenue	167,804,126

Sava Re as at 31 December 2022

EUR	Total
Insurance contracts not measured using the premium allocation approach (PAA)	
Amounts relating to changes in the liability for remaining coverage	136,062,288
Expected insurance claims, benefits and expenses	86,444,668
Release of the risk adjustment for non-financial risk for risk expired	13,790,481
Amount of the contractual service margin recognised in profit or loss to reflect the transfer of services	40,777,966
Other amounts (e.g. experience adjustments for premium receipts)	-4,950,828
Refund of insurance acquisition cash flows	7,250,465
Total	143,312,753
Insurance contracts measured using the premium allocation approach	7,447,982
Insurance revenue	150,760,734



16.8.35.2 Insurance service expenses

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-76,067,916	-371,851,682	-447,919,598
Insurance service operating expenses	-14,689,617	-148,473,487	-163,163,104
Acquisition costs	-10,785,511	-80,522,287	-91,307,798
Losses on onerous contracts	303,334	-2,814,659	-2,511,325
Administrative expenses	-4,207,440	-65,136,541	-69,343,981
Insurance service expenses	-90,757,533	-520,325,169	-611,082,702

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-62,918,772	-292,374,019	-355,292,791
Insurance service operating expenses	-13,166,027	-127,389,059	-140,555,086
Acquisition costs	-9,128,324	-70,883,140	-80,011,464
Losses on onerous contracts	-61,844	-2,061,085	-2,122,929
Administrative expenses	-3,975,859	-54,444,834	-58,420,693
Insurance service expenses	-76,084,799	-419,763,078	-495,847,877

Sava Insurance Group as at 31 December 2023 – life

EUR	Insurance contracts not measured using the PAA	Total
Insurance service expenses	-17,554,556	-17,554,556
Insurance service operating expenses	-28,488,257	-28,488,257
Acquisition costs	-9,557,779	-9,557,779
Losses on onerous contracts	424,984	424,984
Administrative expenses	-19,355,462	-19,355,462
Insurance service expenses	-46,042,813	-46,042,813

Sava Insurance Group as at 31 December 2022 – life

EUR	Insurance contracts not measured using the PAA	Total
Insurance service expenses	-13,016,982	-13,016,982
Insurance service operating expenses	-28,645,689	-28,645,689
Acquisition costs	-8,734,799	-8,734,799
Losses on onerous contracts	-2,046,810	-2,046,810
Administrative expenses	-17,864,080	-17,864,080
Insurance service expenses	-41,662,671	-41,662,671



Sava Re as at 31 December 2023

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-114,069,334	-48,638,961	-162,708,295
Insurance service operating expenses	-11,417,291	-365,332	-11,782,623
Acquisition costs	-8,889,287	-182,343	-9,071,629
Losses on onerous contracts	245,208	-	245,208
Administrative expenses	-2,773,212	-182,989	-2,956,202
Insurance service expenses	-125,486,624	-49,004,293	-174,490,918

Sava Re as at 31 December 2022

EUR	Insurance contracts not measured using the PAA	Insurance contracts measured using the PAA	Total
Insurance service expenses	-116,726,011	-6,123,817	-122,849,828
Insurance service operating expenses	-9,447,821	-225,680	-9,673,501
Acquisition costs	-7,250,465	-51,917	-7,302,382
Losses on onerous contracts	318,020	-	318,020
Administrative expenses	-2,515,376	-173,764	-2,689,139
Insurance service expenses	-126,173,831	-6,349,498	-132,523,329



16.8.36 Reinsurance revenue and reinsurance service expenses

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Total
Reinsurers' share of insurance revenue, of which:	-42,824,599
Contracts not measured using the premium allocation approach (PAA)	-36,248,168
Contracts measured using the premium allocation approach (PAA)	-6,576,428
Reinsurers' share of claims, of which:	85,877,893
Contracts not measured using the premium allocation approach (PAA)	77,909,179
Contracts measured using the premium allocation approach (PAA)	7,968,712
Net reinsurance revenue / service expenses	43,053,294

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Total
Reinsurers' share of insurance revenue, of which:	-38,433,905
Contracts not measured using the premium allocation approach (PAA)	-34,344,981
Contracts measured using the premium allocation approach (PAA)	-4,088,926
Reinsurers' share of claims, of which:	43,159,658
Contracts not measured using the premium allocation approach (PAA)	41,012,356
Contracts measured using the premium allocation approach (PAA)	2,147,304
Net reinsurance revenue / service expenses	4,725,753

Sava Insurance Group as at 31 December 2023 – life

EUR	Total
Reinsurers' share of insurance revenue, of which:	-247,179
Contracts not measured using the premium allocation approach (PAA)	-247,180
Reinsurers' share of claims, of which:	234,348
Contracts not measured using the premium allocation approach (PAA)	234,349
Net reinsurance revenue / service expenses	-12,831

Sava Insurance Group as at 31 December 2022 – life

EUR	Total
Reinsurers' share of insurance revenue, of which:	-305,005
Contracts not measured using the premium allocation approach (PAA)	-305,007
Reinsurers' share of claims, of which:	175,432
Contracts not measured using the premium allocation approach (PAA)	175,431
Net reinsurance revenue / service expenses	-129,573



Sava Re as at 31 December 2023

EUR	Total
Reinsurers' share of insurance revenue, of which:	-30,235,703
Contracts not measured using the premium allocation approach (PAA)	-30,235,703
Reinsurers' share of claims, of which:	73,904,850
Contracts not measured using the premium allocation approach (PAA)	73,904,850
Net reinsurance revenue / service expenses	43,669,147

Sava Re as at 31 December 2022

EUR	Total
Reinsurers' share of insurance revenue, of which:	-29,572,834
Contracts not measured using the premium allocation approach (PAA)	-29,572,834
Reinsurers' share of claims, of which:	39,440,417
Contracts not measured using the premium allocation approach (PAA)	39,440,417
Net reinsurance revenue / service expenses	9,867,583

Sava Insurance Group as at 31 December 2023 – non-life

EUR	Total
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-18,608,747
Changes in the risk adjustment for non-financial risk	-4,805,562
Finance income/expenses recognised in profit or loss	-19,410,291
Allocation of reinsurers' shares of premiums	-42,824,600
Reinsurers' share of claims and other insurance expenses in the period	89,494,581
Changes in amounts recoverable arising from changes in liability for incurred claims	-3,656,185
Changes in fulfilment cash flows which relate to onerous underlying contracts	39,496
Reinsurers' shares of insurance service expenses	85,877,892
Net reinsurance revenue / service expenses	43,053,292

Sava Insurance Group as at 31 December 2022 – non-life

EUR	Total
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-16,925,397
Changes in the risk adjustment for non-financial risk	-4,008,143
Finance income/expenses recognised in profit or loss	-17,500,365
Allocation of reinsurers' shares of premiums	-38,433,905
Reinsurers' share of claims and other insurance expenses in the period	44,864,842
Changes in amounts recoverable arising from changes in liability for incurred claims	-1,660,252
Changes in fulfilment cash flows which relate to onerous underlying contracts	-44,935
Reinsurers' shares of insurance service expenses	43,159,655
Net reinsurance revenue / service expenses	4,725,750

Sava Insurance Group as at 31 December 2023 – life

EUR	Total
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-138,846
Changes in the risk adjustment for non-financial risk	4,148
Finance income/expenses recognised in profit or loss	-112,479
Allocation of reinsurers' shares of premiums	-247,177
Reinsurers' share of claims and other insurance expenses in the period	124,348
Changes in amounts recoverable arising from changes in liability for incurred claims	110,000
Reinsurers' shares of insurance service expenses	234,348
Net reinsurance revenue / service expenses	-12,829

Sava Insurance Group as at 31 December 2022 – life

EUR	Total
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-173,151
Changes in the risk adjustment for non-financial risk	-3,087
Finance income/expenses recognised in profit or loss	-128,766
Allocation of reinsurers' shares of premiums	-305,004
Reinsurers' share of claims and other insurance expenses in the period	147,432
Changes in amounts recoverable arising from changes in liability for incurred claims	27,999
Changes in fulfilment cash flows which relate to onerous underlying contracts	-
Reinsurers' shares of insurance service expenses	175,431
Net reinsurance revenue / service expenses	-129,573

Sava Re as at 31 December 2023

EUR	Total
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-9,717,955
Changes in the risk adjustment for non-financial risk	-4,227,733
Net loss/gain recognised in profit or loss	-16,290,016
Allocation of reinsurers' shares of premiums	-30,235,703
Reinsurers' share of claims and other insurance expenses in the period	77,958,868
Changes in amounts recoverable arising from changes in liability for incurred claims	-4,054,018
Reinsurers' shares of insurance service expenses	73,904,850
Net reinsurance revenue / service expenses	43,669,147

Sava Re as at 31 December 2022

EUR	Total
Reinsurers' shares of insurance revenue	
Expected recovery for insurance service expenses incurred in the period	-10,522,803
Changes in the risk adjustment for non-financial risk	-3,419,272
Net income/expenses recognised in profit or loss	-15,630,759
Allocation of reinsurers' shares of premiums	-29,572,834
Reinsurers' share of claims and other insurance expenses in the period	40,069,392
Changes in amounts recoverable arising from changes in liability for incurred claims	-628,975
Reinsurers' shares of insurance service expenses	39,440,417
Net reinsurance revenue / service expenses	9,867,583



16.8.37 Investment income and expenses

Investment income by IFRS categories

Investment income by IFRS categories for 2023

Sava Insurance Group

EUR	Interest income	Change in fair value of FVTPL investments	Gains on disposal of FVTPL investments	Gains on disposal of investments of other IFRS categories	Income from dividends and shares of other investments	Exchange gains	Change in expected credit losses (ECL)	Diverse other income	Total
Investments measured at amortised cost	2,640,198	0	0	0	0	1,518,696	524,179	0	4,683,073
Debt instruments	1,718,644	0	0	0	0	30,787	15,999	0	1,765,430
Cash and cash equivalents	119,718	0	0	0	0	1,452,543	0	0	1,572,261
Deposits and CDs	738,694	0	0	0	0	35,366	484,259	0	1,258,319
Loans	63,142	0	0	0	0	0	23,921	0	87,063
Investments measured at fair value through profit or loss	809,053	106,098,756	487,591	0	434,362	977,080	5,194	2,340,151	111,152,187
Mandatorily measured at fair value through profit or loss, not held for trading	809,053	106,098,756	487,591	0	434,362	977,080	5,194	2,340,151	111,152,187
Debt instruments	809,053	1,852,682	1,293	0	0	0	5,194	0	2,668,222
Equity instruments	0	104,246,074	486,298	0	434,362	977,080	0	0	106,143,814
Investments in infrastructure funds	0	0	0	0	0	0	0	2,046,833	2,046,833
Investments in real-estate funds	0	0	0	0	0	0	0	293,318	293,318
Investments measured at fair value through other comprehensive income	18,465,996	0	0	67,299	664,699	6,768,940	555,405	56,855	26,579,194
Debt instruments	18,465,996	0	0	67,299	0	6,768,940	555,405	7,268	25,864,908
Equity instruments	0	0	0	0	664,699	0	0	49,577	714,276
Other investments	0	0	0	0	0	0	0	10	10
Investment property	0	0	0	0	0	0	0	1,444,938	1,444,938
Investment property	0	0	0	0	0	0	0	1,444,938	1,444,938
Total investment income	21,915,247	106,098,756	487,591	67,299	1,099,061	9,264,716	1,084,778	3,841,944	143,859,392



Investment income by IFRS categories for 2022

Sava Insurance Group

EUR	Interest income	Change in fair value of FVTPL investments	Gains on disposal of FVTPL investments	Gains on disposal of investments of other IFRS categories	Income from dividends and shares of other investments	Exchange gains	Change in expected credit losses (ECL)	Diverse other income	Total
Investments measured at amortised cost	2,050,389	0	0	0	0	2,135,335	437,580	0	4,623,304
Debt instruments	1,660,574	0	0	0	0	30,443	23,995	0	1,715,012
Cash and cash equivalents	17,149	0	0	0	0	2,099,670	0	0	2,116,819
Deposits and CDs	305,831	0	0	0	0	5,153	369,269	0	680,253
Loans	66,835	0	0	0	0	69	44,316	0	111,220
Investments measured at fair value through profit or loss	1,001,716	80,421,855	624,295	0	1,164,434	1,655,395	2,940	2,163,885	87,034,520
Mandatorily measured at fair value through profit or loss, not held for trading	1,001,716	80,421,855	624,295	0	1,164,434	1,655,395	2,940	2,163,885	87,034,520
Debt instruments	1,001,716	-128,249	164,578	0	0	8,425	2,940	0	1,049,410
Equity instruments	0	80,388,284	459,717	0	1,164,434	1,646,970	0	45,469	83,704,874
Investments in infrastructure funds	0	0	0	0	0	0	0	1,925,727	1,925,727
Investments in real-estate funds	0	161,820	0	0	0	0	0	192,688	354,508
Investments measured at fair value through other comprehensive income	13,789,533	0	0	1,307,558	152,871	12,474,113	973,087	191,230	28,888,392
Debt instruments	13,789,533	0	0	1,307,558	0	12,474,113	973,087	147,791	28,692,082
Equity instruments	0	0	0	0	152,871	0	0	49,263	202,134
Other investments	0	0	0	0	0	0	0	-5,824	-5,824
Investment property	0	0	0	0	0	0	0	1,518,594	1,518,594
Investment property	0	0	0	0	0	0	0	1,518,594	1,518,594
Total investment income	16,841,638	80,421,855	624,295	1,307,558	1,317,305	16,264,843	1,413,607	3,873,709	122,064,810



Investment income by IFRS categories for 2023

Sava Re

EUR	Interest income	Change in fair value of FVTPL investments	Gains on disposal of FVTPL investments	Gains on disposal of investments of other IFRS categories	Income from dividends and shares of other investments	Exchange gains	Change in expected credit losses (ECL)	Diverse other income	Total
Investments measured at amortised cost	279,456	0	0	0	0	1,413,257	18,130	0	1,710,843
Debt instruments	102,760	0	0	0	0	0	2	0	102,763
Cash and cash equivalents	12,488	0	0	0	0	1,413,257	0	0	1,425,745
Deposits and CDs	41,806	0	0	0	0	0	2,940	0	44,746
Loans	122,402	0	0	0	0	0	15,188	0	137,590
Investments measured at fair value through profit or loss	230,222	3,903,887	9,388	0	217,967	672,816	0	1,008,011	6,042,291
Mandatorily measured at fair value through profit or loss, not held for trading	230,222	3,903,887	9,388	0	217,967	672,816	0	1,008,011	6,042,291
Debt instruments	230,222	433,741	0	0	0	0	0	0	663,964
Equity instruments	0	3,470,146	9,388		217,967	672,816	0	0	4,370,316
Investments in infrastructure funds	0	0	0	0	0	0	0	921,507	921,507
Investments in real-estate funds	0	0	0	0	0	0	0	86,504	86,504
Investments measured at fair value through other comprehensive income	4,455,595	0	0	12,456	0	6,521,397	71,790	0	11,061,238
Debt instruments	4,455,595	0	0	12,456		6,521,397	71,790	0	11,061,238
Investment property	0	0	0	0	0	0	0	867,573	867,573
Investment property	0	0	0	0	0	0	0	867,573	867,573
Total investment income	4,965,273	3,903,887	9,388	12,456	217,967	8,607,469	89,921	1,875,584	19,681,945



Investment income by IFRS categories for 2022

Sava Re

EUR	Interest income	Change in fair value of FVTPL investments	Gains on disposal of FVTPL investments	Gains on disposal of investments of other IFRS categories	Income from dividends and shares of other investments	Exchange gains	Change in expected credit losses (ECL)	Diverse other income	Total
Investments measured at amortised cost	252,454	0	0	0	0	1,882,163	57,206	0	2,191,824
Debt instruments	134,215	0	0	0	0	0	19,374	0	153,589
Cash and cash equivalents	12	0	0	0	0	1,882,163	0	0	1,882,175
Deposits and CDs	0	0	0	0	0	0	0	0	0
Loans	118,227	0	0	0	0	0	37,832	0	156,060
Investments measured at fair value through profit or loss	291,402	4,129,770	77,683	0	458,074	1,000,711	0	653,583	6,611,224
Mandatorily measured at fair value through profit or loss, not held for trading	291,402	4,129,770	77,683	0	458,074	1,000,711	0	653,583	6,611,224
Debt instruments	291,402	222,031	54,611	0	0	0	0	0	568,044
Equity instruments	0	3,907,740	23,072		458,074	1,000,711	0	0	5,389,597
Investments in infrastructure funds	0	0	0	0	0	0	0	602,302	602,302
Investments in real-estate funds	0	0	0	0	0	0	0	51,281	51,281
Investments measured at fair value through other comprehensive income	2,435,600	0	0	1,163,032	0	11,763,230	96,720	0	15,458,583
Debt instruments	2,435,600			1,163,032		11,763,230	96,720	0	15,458,583
Investment property	0	0	0	0	0	0	0	829,030	829,030
Investment property	0	0	0	0	0	0	0	829,030	829,030
Total investment income	2,979,457	4,129,770	77,683	1,163,032	458,074	14,646,105	153,926	1,482,613	25,090,661



Investment expenses by IFRS category

Investment expenses by IFRS category for 2023

Sava Insurance Group

EUR	Interest expenses	Change in fair value of FVTPL investments	Losses on disposal of FVTPL investments	Losses on disposal of investments of other IFRS categories	Exchange losses	Change in expected credit losses (ECL)	Other	Total
Investments measured at amortised cost	767	0	0	0	3,259,089	582,666	5,590	3,848,112
Debt instruments	0	0	0	0	41,720	24,860	880	67,460
Cash and cash equivalents	0	0	0	0	3,168,264	0	0	3,168,264
Deposits and CDs	767	0	0	0	49,105	550,833	4,710	605,415
Loans granted	0	0	0	0	0	6,973	0	6,973
Investments measured at fair value through profit or loss	0	47,756,284	406,002	0	1,333,568	0	14,603	49,510,457
Mandatorily measured at fair value through profit or loss, not held for trading	0	47,756,284	406,002	0	1,333,568	0	14,603	49,510,457
Debt instruments	0	387,857	16,669	0	0	0	0	404,526
Equity instruments	0	46,952,443	389,333	0	1,333,568	0	14,603	48,689,947
Investments in real-estate funds	0	415,984	0	0	0	0	0	415,984
Investments measured at fair value through other comprehensive income	0	0	0	888,628	10,221,916	158,318	128,471	11,397,333
Debt instruments	0	0	0	888,628	10,221,916	158,318	18,394	11,287,256
Other investments	0	0	0	0	0	0	110,077	110,077
Receivables	0	0	0	0	0	0	136,182	136,182
Other investments	0	0	0	0	0	0	136,182	136,182
Investment property	0	0	0	0	0	0	542,567	542,567
Investment property	0	0	0	0	0	0	542,567	542,567
Total investment expenses	767	47,756,284	406,002	888,628	14,814,573	740,984	827,413	65,434,651



Investment expenses by IFRS category for 2022

Sava Insurance Group

EUR	Interest expenses	Change in fair value of FVTPL investments	Losses on disposal of FVTPL investments	Losses on disposal of investments of other IFRS categories	Exchange losses	Change in expected credit losses (ECL)	Other	Total
Investments measured at amortised cost	187,526	0	0	0	2,586,018	501,356	2,356,989	5,631,889
Debt instruments	0	0	0	0	14,804	33,280	2,353,629	2,401,713
Cash and cash equivalents	174,572	0	0	0	2,544,928	0	0	2,719,500
Deposits and CDs	12,954	0	0	0	1,193	413,401	3,360	430,908
Loans granted	0	0	0	0	25,093	54,675	0	79,768
Investments measured at fair value through profit or loss	0	153,270,544	966,247	0	1,184,095	0	1,845	155,422,731
Mandatorily measured at fair value through profit or loss, not held for trading	0	153,270,544	966,247	0	1,184,095	0	1,845	155,422,731
Debt instruments	0	6,430,158	150,594	0	6,548	0	0	6,587,300
Equity instruments	0	146,838,256	815,653	0	1,177,547	0	1,845	148,833,301
Investments in real-estate funds	0	2,130	0	0	0	0	0	2,130
Investments measured at fair value through other comprehensive income	0	0	0	1,736,948	11,217,701	561,270	155,258	13,671,177
Debt instruments	0	0	0	1,736,948	11,217,701	561,270	41,279	13,557,198
Other investments	0	0	0	0	0	0	113,979	113,979
Investment property	0	0	0	0	0	0	521,894	521,894
Investment property	0	0	0	0	0	0	521,894	521,894
Total investment expenses	187,526	153,270,544	966,247	1,736,948	14,987,814	1,062,626	3,035,986	175,247,691



Investment expenses by IFRS category for 2023

Sava Re

EUR	Interest expenses	Change in fair value of FVTPL investments	Losses on disposal of FVTPL investments	Losses on disposal of investments of other IFRS categories	Exchange losses	Change in expected credit losses (ECL)	Other	Total
Investments measured at amortised cost	0	0	0	0	3,124,503	23,954	0	3,148,457
Debt instruments	0	0	0	0	0	10	0	10
Cash and cash equivalents	0	0	0	0	3,124,503	0	0	3,124,503
Deposits and CDs	0	0	0	0	0	23,399	0	23,399
Loans granted	0	0	0	0	0	545	0	545
Investments measured at fair value through profit or loss	0	2,692,105	158,893	0	919,266	0	0	3,770,264
Mandatorily measured at fair value through profit or loss, not held for trading	0	2,692,105	158,893	0	919,266	0	0	3,770,264
Debt instruments	0	78,616	15,456	0	0	0	0	94,072
Equity instruments	0	2,613,489	143,437	0	919,266	0	0	3,676,192
Investments measured at fair value through other comprehensive income	0	0	0	132,904	10,047,293	11,541	6,905	10,198,643
Debt instruments	0	0	0	132,904	10,047,293	11,541	6,905	10,198,643
Investment property	0	0	0	0	0	0	220,196	220,196
Investment property	0	0	0	0	0	0	220,196	220,196
Total investment expenses	0	2,692,105	158,893	132,904	14,091,062	35,495	227,101	17,337,560



Investment expenses by IFRS category for 2022

Sava Re

EUR	Interest expenses	Change in fair value of FVTPL investments	Losses on disposal of FVTPL investments	Losses on disposal of investments of other IFRS categories	Exchange losses	Change in expected credit losses (ECL)	Other	Total
Investments measured at amortised cost	31,738	0	0	0	2,299,036	34,609	0	2,365,383
Debt instruments	0	0	0	0	0	2,496	0	2,496
Cash and cash equivalents	31,738	0	0	0	2,299,036	0	0	2,330,774
Loans granted	0	0	0	0	0	32,113	0	32,113
Investments measured at fair value through profit or loss	0	7,232,854	69,230	0	753,139	0	0	8,055,223
Mandatorily measured at fair value through profit or loss, not held for trading	0	7,232,854	69,230	0	753,139	0	0	8,055,223
Debt instruments	0	1,619,214	14,909	0	0	0	0	1,634,123
Equity instruments	0	5,613,640	54,321	0	753,139	0	0	6,421,101
Investments measured at fair value through other comprehensive income	0	0	0	965,345	10,167,440	97,494	2,115	11,232,394
Debt instruments	0	0	0	965,345	10,167,440	97,494	2,115	11,232,394
Investment property	0	0	0	0	0	0	197,962	197,962
Investment property	0	0	0	0	0	0	197,962	197,962
Total investment expenses	31,738	7,232,854	69,230	965,345	13,219,615	132,103	200,077	21,850,963



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 equity; non-life insur-

ance register assets support (re)insurance contract liabilities relating to non-life business, whereas life insurance register assets support (re)insurance contract liabilities relating to life insurance business.

Investment income – non-life insurance business

Liability fund EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Interest income	8,393,085	5,715,377	4,091,965	2,607,145
Change in fair value	8,083,070	8,956,377	3,828,337	3,944,088
Gains on disposal of investments	42,381	1,385,397	21,844	1,218,385
Income from dividends and shares – other investments	377,731	624,515	197,197	442,578
Exchange gains	9,092,627	15,787,403	8,605,716	14,644,119
Change in expected credit losses (ECL)	569,613	372,522	84,298	64,565
Diverse other income	3,662,301	3,544,010	1,865,515	1,472,242
Total investment income – liability fund	30,220,808	36,385,601	18,694,872	24,393,121
Capital fund	2023	2022	2023	2022
Interest income	2,469,129	728,762	873,308	372,312
Change in fair value	362,758	384,637	75,550	185,683
Gains on disposal of investments	10,798	61,486	0	22,330
Income from dividends and shares – other investments	21,520	15,497	20,770	15,497
Exchange gains	1,813	3,577	1,754	1,986
Change in expected credit losses (ECL)	73,818	151,603	5,622	89,361
Diverse other income	119,970	83,101	10,069	10,372
Total investment income – capital fund	3,059,806	1,428,663	987,073	697,540
Total investment income – non-life business	33,280,614	37,814,264	19,681,945	25,090,661

Investment income – life insurance business

Assets supporting life business EUR	Sava Insurance Group	
	2023	2022
Interest income	8,917,868	9,174,166
Change in fair value	97,489,188	70,728,654
Gains on disposal of investments	466,971	441,209
Income from dividends and shares – other investments	699,810	675,691
Exchange gains	111,507	424,328
Change in expected credit losses (ECL)	349,494	801,947
Diverse other income	59,673	106,127
Total investment income – life insurance liability fund	108,094,511	82,352,122
Capital fund	2023	2022
Interest income	2,135,165	1,223,333
Change in fair value	163,740	352,187
Gains on disposal of investments	34,740	43,761
Income from dividends and shares – other investments	0	1,602
Exchange gains	58,769	49,535
Change in expected credit losses (ECL)	91,853	87,535
Diverse other income	0	140,471
Total investment income – capital fund	2,484,267	1,898,424
Total investment income – life business	110,578,778	84,250,546



Expenses for financial assets and liabilities – non-life business

Liability fund EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Interest expenses	767	78,340	0	5,012
Change in fair value	5,740,499	15,437,933	2,665,061	6,835,627
Losses on disposal of investments	469,967	1,271,573	276,341	1,026,523
Exchange losses	14,589,799	14,547,581	14,089,188	13,217,805
Change in expected credit losses (ECL)	522,246	553,991	31,242	66,866
Other	549,575	471,861	222,052	195,388
Total investment expenses – liability fund	21,872,853	32,361,279	17,283,884	21,347,221
Capital fund	2023	2022	2023	2022
Interest expenses	0	41,765	0	26,726
Change in fair value	79,524	1,478,385	27,044	397,227
Losses on disposal of investments	16,315	87,220	15,456	8,052
Exchange losses	2,039	4,275	1,875	1,811
Change in expected credit losses (ECL)	37,295	113,946	4,253	65,237
Other	13,112	61,953	5,049	4,689
Total investment expenses – capital fund	148,285	1,787,544	53,677	503,741
Total investment expenses – non-life business	22,021,138	34,148,823	17,337,560	21,850,962

Expenses for financial assets and liabilities – life business

Assets supporting life business EUR	Sava Insurance Group	
	2023	2022
Interest expenses	0	53,694
Change in fair value	41,866,122	132,341,697
Losses on disposal of investments	572,783	788,149
Exchange losses	146,908	198,983
Change in expected credit losses (ECL)	25,109	219,766
Other	255,806	145,570
Total investment expenses – life insurance liability fund	42,866,728	133,747,859
Capital fund	2023	2022
Interest expenses	0	13,727
Change in fair value	70,139	4,012,529
Losses on disposal of investments	235,565	556,253
Exchange losses	75,827	236,975
Change in expected credit losses (ECL)	156,334	174,923
Other	8,920	2,356,602
Total investment expenses – capital fund	546,785	7,351,009
Total investment expenses – life business	43,413,513	141,098,868



Net investment income from non-life and life business

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Non-life insurance	11,259,476	3,665,441	2,344,384	3,239,699
Life insurance	67,165,265	-56,848,322	0	0
Total	78,424,741	-53,182,881	2,344,384	3,239,699

The Group’s investment return for 2023 was EUR 78.4 million and includes the return on investments supporting the liabilities of life insurance policyholders who bear the investment risk (direct participating contracts).

The return on the investments supporting the liabilities of life policyholders who bear the investment risk in 2023 was EUR 56.0 million (31 December 2022: EUR -60.9 million). The majority of the return relates to the change in the fair value of unit-linked life insurance mutual funds (31 December 2023: EUR 55.4 million, 31 December 2022: EUR -61.1 million). The majority of this return has no impact on profit or loss, as accordingly finance expenses on unit-linked life insurance contracts have also been recognised.

The return on the Group’s investments for 2023, net of exchange differences and net of the return on investments supporting the liabilities of life policyholders who bear the investment risk, is EUR 27.9 million. The largest part of this is interest income of EUR 21.9 million, reflecting financial conditions that allow for high-yield investments.

The net investment income of Sava Re in 2023 was EUR 2.3 million (2022: EUR 3.2 million). The net investment income was lower in 2023, mainly due to negative exchange differences. Excluding exchange differences, the 2023 return of EUR 7.8 million is higher than the 2022 return of EUR 1.8 million, mainly due to higher interest income and fair value gains on investments at fair value through profit or loss.





16.8.38 Operating expenses

The Group monitors operating expenses by nature. Compared to 2022, these expenses rose by 11.9%, or EUR 17.7 million (2022: EUR 8.4 million).

The Company's operating expenses increased by 17.2% or by EUR 2.8 million (2022: EUR -1.1 million).

Operating expenses by nature

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Acquisition costs (commissions)	84,253,993	78,674,766	34,982,281	44,149,728
Depreciation/amortisation of operating assets	11,645,260	9,274,469	671,812	543,794
Personnel costs	98,735,179	89,732,838	11,305,985	9,969,809
– Salaries and wages	74,381,931	65,912,267	8,807,034	7,727,933
– Social and pension insurance costs	10,665,861	9,534,333	1,457,342	1,283,969
– Other personnel costs	13,687,387	14,286,238	1,041,610	957,907
Costs of services by natural persons not performing business Total including taxes and contributions	1,210,564	975,695	469,080	327,662
Other operating expenses	55,806,322	49,671,531	6,321,946	5,173,291
Total	251,651,318	228,329,299	53,751,104	60,164,284

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Attributable expenses	200,636,773	183,946,615	39,945,596	48,360,421
Non-attributable expenses	29,432,276	26,979,168	13,805,508	11,803,863
Expenses of non-insurance companies	21,582,269	17,403,516	0	0
Total	251,651,318	228,329,299	53,751,104	60,164,284

The main items of other operating expenses, excluding audit expenses, are as follows.

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Other operating expenses	54,951,844	48,824,840	6,051,684	4,975,130
Cost of materials	1,952,616	1,579,458	66,464	59,664
Energy costs	2,281,062	2,010,370	138,347	115,384
Lease expenses	4,704,807	3,838,023	1,083,886	902,154
Employee reimbursements and training costs	1,820,193	1,474,085	414,330	242,586
Cost of other services	15,741,976	13,242,214	891,023	681,841
Transaction costs	2,581,785	2,481,845	276,763	260,141
Costs of intellectual and personal services	12,931,395	11,053,127	2,253,531	1,987,393
Insurance premiums	489,718	420,146	171,571	162,757
Cost of advertising, promotion and entertainment	7,735,539	8,669,014	214,010	169,877
Provisions for pensions and other provisions	1,449,206	1,041,039	130,900	109,118
Cost of donations, sponsorship, membership fees	3,263,547	3,015,519	410,858	284,215
Total	54,951,844	48,824,840	6,051,684	4,975,130

Audit fees

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Audit of annual report	709,774	709,487	217,017	145,594
Other assurance services	144,705	137,203	53,245	52,567
Total	854,479	846,690	270,262	198,161

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 for which the auditor provides assurance services (related parties report, ESEF compliance report, reporting to the Insurance Supervision Agency, remuneration report, approval of financial statements for foreign regulators and similar).



16.8.39 Income and expenses relating to investments in subsidiaries and associates

In 2023, the Group generated income from profit distributions of associates of EUR 2,169,860 (2022: EUR 1,285,731).

No impairment losses on goodwill were recognised in 2022 or 2023.

In 2023, the Company recognised EUR 30.6 million (2022: EUR 51.9 million) of dividend income and profit distributions. There were no impairment losses on shares in subsidiaries in 2023 (2022: EUR 1.2 million of impairment losses on shares in the subsidiary Sava Osiguruvanje (MKD)).

16.8.40 Other operating income and expenses

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.

Operating income mainly includes income from assistance services.

Expenses for other services include allowances for and impairment losses on other receivables, indirect operating expenses relating to investment property, expenses due to impairment losses on property, plant and equipment assets for own use and other extraordinary expenses.

Other operating income and expenses

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Penalties and damages received	497,291	591,142	18,169	580
Operating income from revaluation	77,611	397,089	0	0
Revenue from other services	4,772,343	4,800,360	489,410	592,836
Operating revenue	9,147,731	4,166,143	0	0
Insurance revenue outside the scope of IFRS 17	2,441,442	2,793,845	0	0
Other income	16,936,418	12,748,579	507,579	593,416
Net exchange differences	-4,743	-457,016	-4,997	-457,013
Operating expenses from revaluation	-119,356	-119,319	0	0
Expenses for other services	-4,819,796	-1,913,197	-268,260	-121,426
Expenses of non-insurance companies	-21,582,269	-17,403,516	0	0
Other expenses	-26,526,164	-19,893,048	-273,257	-578,439
Net other operating income and expenses	-9,589,746	-7,144,469	234,322	14,977



16.8.41 Income tax expense

Tax expense recognised in the income statement

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Income tax expense	13,119,837	9,736,944	2,893,138	364,624
Deferred tax expense	1,836,345	1,841,660	1,221,269	2,216,322
Total tax expense recognised in the income statement	14,956,182	11,578,604	4,114,406	2,580,945

Tax expense recognised in other comprehensive income – items that will not be reclassified to profit or loss

Sava Insurance Group		2023			2022		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Other revaluation surpluses	-845,648	26,777	-818,871	-953,857	-298,198	-1,252,055	
Total	-845,648	26,777	-818,871	-953,857	-298,198	-1,252,055	

Sava Re		2023			2022		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Other revaluation surpluses	-27,063	624	-26,439	55,903	0	55,903	
Total	-27,063	624	-26,439	55,903	0	55,903	



Tax expense recognised in other comprehensive income – items that will be reclassified to profit or loss

Sava Insurance Group		2023			2022		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Net gains/losses on financial instruments at FVOCI	-50,080,928	7,282,958	-42,797,970	160,519,724	-28,666,296	131,853,428	
Finance income or expenses from insurance contracts	33,063,968	-5,032,586	28,031,382	-108,200,503	20,569,657	-87,630,846	
Net finance income or expenses from reinsurance contracts	-1,378,743	685,098	-693,645	5,079,988	-2,479,747	2,600,241	
Realised net gains/losses on financial investments at FVOCI	-661,574	-	-661,574	1,077,839	-	1,077,839	
Other comprehensive income	-19,057,277	2,935,470	-16,121,807	58,477,048	-10,576,386	47,900,662	

Sava Re		2023			2022		
EUR	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes	
Net gains/losses on financial instruments at FVOCI	-9,832,360	1,444,764	-8,387,596	25,259,425	-4,799,291	20,460,134	
Finance income or expenses from insurance contracts	3,038,396	-1,096,411	1,941,985	-7,194,951	3,118,767	-4,076,184	
Net finance income or expenses from reinsurance contracts	-1,304,240	148,746	-1,155,494	4,949,438	-857,926	4,091,512	
Realised net gains/losses on financial investments at FVOCI	-120,448	0	-120,448	0	0	0	
Other comprehensive income	-8,218,652	497,099	-7,721,553	23,013,912	-2,538,450	20,475,462	



Tax rate reconciliation

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Profit or loss before tax	79,613,353	58,502,045	53,589,208	63,931,896
Income tax expense at statutory tax rate (local)	21,521,834	22,441,898	10,181,950	12,147,060
Adjustment to actual rates	-1,187,948	-805,830	0	0
Tax effect of income deductible for tax purposes	-6,333,947	-10,474,264	-5,878,076	-9,955,777
Tax effect of expenses not tax deductible	1,478,267	-301,910	94,737	-440,525
Tax effect of income that increases tax base	389,626	688,915	292,976	497,643
Tax relief	-3,104,414	-807,470	-1,798,449	-620,846
Temporarily unrecognised deferred tax	322,597	-1,005,105	0	0
Other	1,870,167	1,842,370	1,221,269	953,391
Total income tax expense in the income statement	14,956,182	11,578,604	4,114,406	2,580,945
Effective tax rate	18.79%	19.79%	7.68%	4.04%



16.9 Contingent assets and liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Outstanding recourse receivables	35,689,636	30,003,944	-	-
Receivables from the cancellation of subordinated financial instruments	37,960,300	37,960,300	10,038,000	10,038,000
Other potential receivables	1,870,961	1,891,582	225,565	244,026
Contingent assets	75,520,897	69,855,826	10,263,565	10,282,026

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Guarantees issued	11,446,639	12,398,533	3,106,691	4,372,752
Civil claims (lawsuits)	0	60,908	-	-
Contingent liabilities	11,446,639	12,459,441	3,106,691	4,372,752

For 2023 and 2022, the Group and the Company recognised contingent assets equal to their cancelled subordinated instruments, in respect of which they continue to take action to protect their interests. In December 2016, claims were filed against the issuing banks of the subordinated financial instruments held by the Group and the Company prior to their cancellation.

Securities given 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 recognises the amount of the commitment as a contingent liability, which is then reduced by the amount drawn at each call.



16.10 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 and the Republic of Slovenia with a 31.6% stake. The ultimate beneficial owner of Slovenian Sovereign Holding is the Republic of Slovenia.

Remuneration of management board members in 2023

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	217,800	62,816	421	3,862	284,899
Polona Pirš Zupančič	195,586	139,706	5,486	8,120	348,898
Peter Skvarča	194,850	53,460	5,426	3,842	257,578
David Benedek	153,235	0	2,726	5,596	161,557
Total	761,471	255,982	14,059	21,419	1,052,931

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



Liabilities to management board members based on gross remuneration

EUR	31 December 2023	31 December 2022
Marko Jazbec	18,000	18,000
Polona Pirš Zupančič	16,200	14,850
Peter Skvarča	16,200	14,850
David Benedek	16,200	
Total	66,600	47,700

In 2023, EUR 86,246 was paid to Polona Pirš Zupančič, a member of the management board of Sava Re, in respect of deferred remuneration for 2021, 2020, 2019 and 2018.

As at 31 December 2023, the Company disclosed liabilities for potential payment of the variable part of pay of management board members in respect of 2021 and 2022 subject to certain conditions in the amount of EUR 136,763.

As at 31 December 2023, 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 1,800, severance pay upon retirement and contributions to voluntary supplementary pension insurance. The 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 2023

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 Jr	chairman	2,695	19,500	77,922	84	100,201
	Keith William Morris	deputy chairman	2,695	14,300	6,679	84	23,758
	Klemen Babnik	member	2,695	13,000	186	84	15,965
	Matej Gomboši	member	2,695	13,000	2,353	84	18,132
	Gorazd Andrej Kunstek (until 12 June 2023)	member	1,375	5,850	0	0	7,225
	Edita Rituper	member	2,695	13,000	0	84	15,779
	Blaž Garbajs (from 13 June 2023)	member	1,320	7,150	0	84	8,554
	Total supervisory board members		16,170	85,800	87,140	504	189,614
Audit committee members							
	Matej Gomboši	chairman	1,980	4,875	2,161	0	9,016
	Gorazd Andrej Kunstek (until 12 June 2023)	member	1,100	1,462	0	0	2,562
	Blaž Garbajs (from 13 June 2023)	member	880	1,787	0	0	2,667
	Katarina Sitar Šuštar	external member	0	7,725	179	0	7,904
	Dragan Martinović	external member	0	6,825	0	0	6,825
	Total audit committee members		3,960	22,674	2,340	0	28,974
Members of the nominations and remuneration committee							
	Klemen Babnik	chairman	660	4,875	57	0	5,592
	Davor Ivan Gjivoje Jr	member	660	3,250	23,854	0	27,764
	Keith William Morris	member	660	3,250	2,045	0	5,955
	Matej Gomboši	member	660	3,250	720	0	4,630
	Gorazd Andrej Kunstek (until 12 June 2023)	alternate member	440	1,462	0	0	1,902
	Edita Rituper (from 13 June 2023)	member	220	1,787	0	0	2,007
	Blaž Garbajs (from 14 December 2023)	member	0	157	0	0	157
	Total nominations committee members		3,300	18,031	26,676	0	48,007
Members of the risk committee							
	Keith William Morris	chairman	1,320	4,875	4,089	0	10,284
	Davor Ivan Gjivoje Jr	member	1,320	3,250	47,707	0	52,277
	Slaven Mičković	external member	0	11,996	0	0	11,996
	Janez Komelj	external member	0	3,914	0	0	3,914
	Total risk committee members		2,640	24,035	51,796	0	78,471
Members of the fit & proper committee							
	Keith William Morris	chairman	440	4,875	1,363	0	6,678
	Klemen Babnik	member	440	3,250	38	0	3,728
	Rok Saje	external member	440	3,250	0	0	3,690
	Klara Hauko	external member	440	3,250	0	0	3,690
	Total members of the fit & proper committee		1,760	14,625	1,401	0	17,786

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 Jr	chairman	2,915	19,500	38,248	81	60,744
	Keith William Morris	deputy chairman	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 Jr	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
Members of the risk committee							
	Keith William Morris	chairman	1,540	4,875	3,242	0	9,657
	Davor Ivan Gjivoje Jr	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

As at 31 December 2023, 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 2023

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind and other benefits	Total
Individual employment contracts	2,696,157	661,025	162,408	3,519,590

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	2,238,140	746,322	137,366	3,121,829

Average gross salary in Group companies

The average gross salary of Group companies is calculated as the sum of all costs of gross salaries of Group companies (income statement item “personnel costs”)

multiplied by the number of months, divided by the total average number of employees based on the hours worked in all Group companies.

Sava Insurance Group EUR	2023	2022
Average monthly gross salary	2,998	2,768

Subsidiaries

Investments in and amounts due from Group companies

Sava Re EUR		31 December 2023	31 December 2022
Loans granted to Group companies	gross	2,341,628	1,030,575
Other short-term receivables	gross	75,017	51,397
Total		2,416,645	1,081,972

Liabilities to Group companies

Sava Re EUR	31 December 2023	31 December 2022
Other current liabilities	183,074	156,624

Liabilities to Group companies by maturity

EUR	Contractual maturity			Total
31 December 2023	Over 5 years	from 1 to 5	Up to 1 year	
Other current liabilities	0	0	183,074	183,074

EUR	Contractual maturity			Total
31 December 2022	Over 5 years	from 1 to 5	Up to 1 year	
Other current liabilities	0	0	156,624	156,624



Income and expenses relating to Group companies

Sava Re EUR	2023		2022	
Insurance revenue		63,774,722		57,960,701
Insurance service expenses		-92,996,538		-62,205,842
Finance result from insurance contracts		-1,073,693		-832,641
Other operating expenses		-465,061		-333,877
Dividend income		30,642,415		51,923,025
Interest income		71,052		62,605
Total		-47,103		46,573,972

Associate companies

No material income or expenses from operations with associates are recorded in 2023 and 2022.

Majority state-owned companies

Disclosures relating to state-owned companies are prepared for state-owned companies that are monthly updated on the website of [SSH – Equity Investments](#).

Receivables due from the state and majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Interests in companies	2,543,434	3,418,761	2,543,434	3,418,761
Debt securities and loans	61,574,140	61,717,733	15,504,669	14,304,654
Receivables due from policyholders	1,058,180	457,256	0	0
Total	65,175,755	65,593,750	18,048,104	17,723,415

Liabilities to majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Liabilities for shares in claims	3,070	0	0	0
Total	3,070	0	0	0

Income and expenses relating to majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	2023	2022	2023	2022
Dividend income	90,000	294,171	90,000	290,832
Interest income at effective interest rate	1,186,857	1,350,977	254,769	261,117
Other investment income	3,962	702,964	3,835	36,832
Other investment expenses	-72,572	-473,200	-72,218	-473,200
Gross premiums written	6,230,252	12,173,456	0	0
Gross claims payments	-3,007,147	-3,348,982	0	0
Total	4,431,352	10,699,386	276,386	115,580

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%
Sava Osiguruvanje (MKD)	1,300,000	regular	20 October 2038	4.31%
Total	2,800,000			



17 Significant events after the reporting date

On 22 February 2024, Sava Re signed a contract for the acquisition of 2.5% of the company TBS Team 24. Upon completion of the transaction on 27 February 2024, Sava Re held a 90% stake in the company.





APPENDICES

(unaudited)

Active breaks refresh and revitalise

Movement is the essence of life. We organise physical activity and support sporting events to strengthen both individuals and teams. Team spirit brings us together and leads to victory on the pitch and in the office.



Appendix A – Glossary of selected terms and calculation methodologies for indicators

Adriatic region. Southeast European countries along the Adriatic Sea.

Assets under management. Assets of pension companies' pension funds, assets of mutual funds managed by the Group's asset management company and assets of policyholders who bear the investment risk.

Book value per share. Ratio of total equity to the weighted average number of shares outstanding.

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

Combined ratio. The sum of the loss ratio and the expense ratio. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments. Sava Re's ratio does not include expenses arising from holding activities.

For the transition to IFRS 17, the Group has retained the existing net/net methodology for calculating the combined ratio. During 2023, in line with the approach of other comparable insurance companies, the Group decided to change its methodology to a net/gross calculation of the combined ratio, which is also consistent with the presentation of the income statement in accordance with IFRS 17. The revised methodology has been applied for the first time in this year's annual report. Under the new methodology, the net reinsurance expenses are included in the numerator, while the denominator includes insurance service revenue net of the deductible reinsurance portion. Calculations using the new methodology slightly deteriorate the combined ratio, but the previous year's combined ratio is also restated for comparison.

Contractual service margin (CSM). An estimate of the unearned profit on groups of insurance contracts that has not been recognised in the income statement at a reporting date because it relates to future services.

Cost-to-income ratio (CIR). Expense ratio for the pensions and asset management segment. It is calculated as the ratio of revenue to expenses.

Dividend yield. Ratio of dividend per share to the rolling average price per share in the 12-month period.

Emerging risks. New or previously identified risks that arise in new or unknown circumstances and whose impact is not fully known.

Euro Interbank Offered Rate (EURIBOR). This is the average reference interest rate at which banks in the euro area lend money to each other.

Exchange traded fund (ETF). Closed-end investment fund.

Expense ratio. Attributable expenses plus non-attributable expenses plus net operating income or expenses plus net other income or expenses plus net impairment losses and reversals of impairment losses on non-financial assets as a percentage of insurance revenue. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments. Sava Re's ratio does not include expenses arising from holding activities.

FVTPL investments. Financial investments measured at fair value through profit or loss.

Gross premiums written. The total premiums on all policies written or renewed during a given period, regardless of what portions have been earned.

Highly liquid assets. These include L1A assets (ECB methodology), investments in US treasuries, investments in sovereign and supranational issuers with a credit rating of at least "AA+", and cash and cash equivalents.

Interbank Offered Rate (IBOR). This is the average reference interest rate at which banks lend money to each other (e.g. LIBOR, EURIBOR, etc.).

Investment portfolio. It consists of financial investments, investments in associates, investment property, and cash and cash equivalents. It does not include investments of policyholders who bear the investment risk.

Loss ratio. Insurance service expenses, excluding operating expenses, plus net result from reinsurance contracts held as a percentage of insurance revenue. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments.

Net contractual service margin. Contractual service margin, net of reinsurance.

Net earnings or loss per share. Ratio of net profit or loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding. The Company and the Group have no potentially dilutive ordinary shares, therefore basic earnings per share equal diluted earnings per share.

Net investment income of the investment portfolio. The investment result plus the share of profit or loss of subsidiaries and associates. Calculated excluding returns on life insurance policies where policyholders bear the investment risk, the impact of exchange differences and expenses on subordinate debt.

NSLT – health business. Health insurance business pursued on a similar technical basis as non-life insurance.

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.

Return on equity. Net profit for the period as a percentage of average equity during the period, excluding accumulated other comprehensive income.

Return on the investment portfolio. The ratio of net investment income from the investment portfolio to average invested assets. The investment portfolio position includes the following items of the statement of financial position: investment property; investments in associates and subsidiaries; financial investments, excluding unit-linked assets; and cash and cash equivalents other than those relating to unit-linked life insurance contracts. The average amount is calculated based on figures as at the reporting date and as at the end of the prior year.

SCR. Solvency capital requirement.

SLT – health business. Health insurance pursued on a similar technical basis as life insurance.

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 solvency capital requirement.

Total share return. Ratio of the share price at the end of the period, including the dividend, to the share price at the end of the previous period.

Ultimate loss. Total loss after all claims have been paid. Before the final settlement, the estimate of the ultimate loss includes reported claims and provisions for claims incurred but not reported (IBNR).

Appendix B – GRI index¹³⁹

GRI 1 used	GRI 1: Foundation 2021		Appendix B	
GRI 1: Foundation 2021	GRI 1-07 Publication of GRI list			
GRI 2: General disclosures	The organization and its reporting practices			
	GRI 2-1	Organizational details	2.3, 2.7, 2.6	Sava Re
	GRI 2-2	Entities included in the organization's sustainability reporting	2.5, 2.6, 2.7, 13, 16.2	Sava Insurance Group
	GRI 2-3	Reporting period, frequency and contact point	2.3, 13	Sava Insurance Group
	GRI 2-4	Restatements of information	13	Sava Insurance Group. The report does not include corrected statements.
	GRI 2-5	External assurance	13	/
	Activities and workers			
	GRI 2-6	Activities, value chain and other business relationships	2.5, 2.7, 2.8, 7, 15.2, 16.2, 13	Sava Insurance Group
	GRI 2-7	Employees	9, 9.4	Sava Insurance Group
	Governance			
	GRI 2-9	Governance structure and composition	2.7, 5.3, 9.4	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	13	Sava Insurance Group
	GRI 2-13	Delegation of responsibility for managing impacts	13	Sava Insurance Group
	GRI 2-14	Role of the highest governance body in overseeing the management of impacts	13	Sava Insurance Group
	GRI 2-15	Conflicts of interest	13	Sava Insurance Group
	GRI 2-17	Collective knowledge of the highest governance body	13	
	GRI 2-18	Evaluation of the performance of the highest governance body	13	Sava Insurance Group
	GRI 2-19	Remuneration policies	5.2.2	Sava Re
	GRI 2-20	Process to determine remuneration	5.2.2	Sava Re
	Strategy, policies and practices			
	GRI 2-22	Statement on sustainable development strategy	1	Sava Re
	GRI 2-23	Policy commitments	5, 6.1, 10, 13	Sava Insurance Group
	GRI 2-27	Compliance with laws and regulations	13	Sava Insurance Group
	GRI 2-28	Membership associations	13	Sava Re
	GRI 2-29	Approach to stakeholder engagement	3.1, 13	Sava Insurance Group
	GRI 2-30	Collective bargaining agreements	9.4	Sava Insurance Group
	Stakeholder engagement			
	GRI 2-29	Approach to stakeholder engagement	3.1, 13	Sava Insurance Group
	GRI 2-30	Collective bargaining agreements	9	
GRI 3: Material Topics 2021	Disclosures on material topics			
	GRI 3-3	Management of material topics	5.4, 5.7, 6.4, 9, 10 13, 16.5	Sava Insurance Group
	GRI 3-1	Process to determine material topics	13	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	13	Sava Insurance Group
ECONOMIC IMPACTS				
GRI 201: Economic performance	GRI 3-3	Management of material topics	5.4, 6.2, 9, 13	Sava Insurance Group
	201-01	Direct economic value generated and distributed	6.2, 13	Sava Insurance Group
	201-02	Financial implications and other risks and opportunities due to climate change	8.1, 8.2, 13	Sava Insurance Group
	201-03	Defined benefit plan obligations	13	Sava Insurance Group
	201-04	Financial assistance received from government	5.6, 13	Sava Insurance Group
GRI 202: Market presence	GRI 3-3	Management of material topics	13	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	13	Sava Insurance Group
	203-01	Infrastructure investments and services supported	13	Sava Insurance Group
	203-02	Major indirect economic impacts	13	Sava Insurance Group
GRI 204: Procurement practices	GRI 3-3	Management of material topics	13	Sava Insurance Group
	204-01	Proportion of spending on local suppliers	13	Sava Insurance Group. Proportion not disclosed.
GRI 205: Prevention of corruption	GRI 3-3	Management of material topics	13	Sava Insurance Group
	205-01	Operations assessed for risks related to corruption	13	Sava Insurance Group
	205-03	Confirmed incidents of corruption and actions taken	13	Sava Insurance Group
GRI 207: Tax	207-1	Tax	13	Sava Insurance Group



GRI 1 used **GRI 1: Foundation 2021**

ENVIRONMENTAL STANDARDS

GRI 302: Energy	GRI 3-3	Management of material topics	13	Sava Insurance Group
	302-01	Energy consumption within the organization	13	Sava Insurance Group
GRI 305: Emissions	GRI 3-3	Management of material topics	13	Sava Insurance Group
	305-01	direct GHG emissions	13	Sava Insurance Group
	305-02	indirect GHG emissions	13	Sava Insurance Group
	305-03	other indirect GHG emissions	13	Sava Insurance Group
GRI 306: Effluents and waste	GRI 3-3	Management of material topics	13	Sava Insurance Group
	306-02	Waste by type and disposal method	13	Sava Insurance Group
GRI 308: Supplier environmental assessment	GRI 3-3	Management of material topics	13	Sava Insurance Group
	308-01	New suppliers that were screened using environmental criteria	13	Sava Re. Proportion not disclosed.

SOCIAL IMPACTS

GRI 401: Recruitment	GRI 3-3	Management of material topics	9	Sava Insurance Group
	401-01	Employment and fluctuation	9	Sava Insurance Group
	401-02	Work-related injuries	9.4	
	401-03	Parental leave	9.4	
GRI 403: Health and safety at work	GRI 3-3	Management of material topics	9	Sava Insurance Group
	403-01	Occupational health and safety management system	9	Sava Insurance Group
	403-02	Lost days	9.4	Sava Insurance Group
GRI 404: Education and training	GRI 3-3	Management of material topics	9.5	Sava Insurance Group
	404-01	Average hours of training per year per employee	9.5, 9.6	Sava Insurance Group
	404-03	Percentage of employees receiving regular performance and career development reviews	9.6	Sava Insurance Group
GRI 405: Diversity and equal opportunities	GRI 3-3	Management of material topics	9	Sava Insurance Group
	405-01	Diversity of governance bodies and employees	5.3, 9.4, 13	Sava Insurance Group
	405-02	Basic salary factor of women is the same as that of men in all employee categories	9.4	Sava Re
GRI 413: Local communities	GRI 3-3	Management of material topics	13	Sava Insurance Group
	413-01	Operations with local community engagement, impact assessments, and development programs	9.6, 13	Sava Insurance Group
GRI 414: Assessment of supplier in terms of impact on society	GRI 3-3	Management of material topics	13	Sava Insurance Group
	414-01	New suppliers that were screened using social criteria	13	Sava Insurance Group
GRI 415: Contributions to political parties	405-01	Contributions to political parties	13	Sava Insurance Group
GRI 417: Marketing and labelling	GRI 3-3	Management of material topics	13	Sava Insurance Group
	417-01	Requirements for product and service information and labelling	13	Sava Insurance Group
GRI 419: Compliance	GRI 3-3	Management of material topics	13	Sava Insurance Group
	GRI 2-27	Compliance with laws and regulations	13	Sava Insurance Group



Appendix C – Disclosures required by Disclosures Delegated Regulation 2021/2178

Sava Insurance Group

Additional, complementary disclosures: breakdown of denominator of the KPI

Sava Insurance Group	As %	EUR
	The proportion of derivatives relative to total assets covered by the KPI:	The value in monetary amounts of derivatives:
	0.01%	81,019
	The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	32.46%	432,115,097
For financial undertakings:	7.00%	93,147,414
	The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	31.77%	422,952,649
For financial undertakings:	6.28%	83,557,954
	The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	16.61%	221,050,822
For financial undertakings:	8.14%	108,328,136
	The proportion of exposures to other counterparties over total assets covered by the KPI:	Value of exposures to other counterparties:
	35.80%	476,566,883
	The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:
	8.07%	107,450,260
	The proportion of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:	Value of all the investments that are funding economic activities that are not Taxonomy-eligible:
	28.51%	379,497,374
	The proportion of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:	Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:
	13.63%	181,393,036



Additional, complementary disclosures: breakdown of numerator of the KPI

Sava Insurance Group		As %	EUR
		The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	Turnover-based:	1.57%	20,940,563
	Capital expenditures-based:	2.87%	38,223,676
For financial undertakings:	Turnover-based:	0.00%	25,061
	Capital expenditures-based:	0.00%	15,265
		The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:
	Turnover-based:	85.61%	17,948,718
	Capital expenditures-based:	76.80%	29,367,153
		The proportion of Taxonomy-aligned exposures to other counterparties in over total assets covered by the KPI:	Value of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI:
	Turnover-based:	0%	0.00
	Capital expenditures-based:	0%	0.00

Breakdown of the numerator of the KPI per environmental objective

Sava Insurance Group		
(1) Climate change mitigation		
	Turnover:	92.76%
	Capital expenditures:	96.46%
Transitional activities	Turnover:	8.53%
	Capital expenditures:	4.66%
Enabling activities	Turnover:	0.00%
	Capital expenditures:	0.00%
(2) Climate change adaptation		
	Turnover:	0.75%
	Capital expenditures:	0.37%
Enabling activities	Turnover:	0.00%
	Capital expenditures:	0.00%



Sava Re

Additional, complementary disclosures: breakdown of denominator of the KPI

Sava Re	As %	EUR
	The proportion of derivatives relative to total assets covered by the KPI:	The value in monetary amounts of derivatives:
	0.02%	24,886
	The proportion of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings not subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	14.79%	21,385,441
For financial undertakings:	3.25%	4,698,321
	The proportion of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings from non-EU countries not subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	13.74%	19,873,297
For financial undertakings:	1.96%	2,841,908
	The proportion of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	13.24%	19,149,915
For financial undertakings:	21.68%	31,355,237
	The proportion of exposures to other counterparties over total assets covered by the KPI:	Value of exposures to other counterparties:
	47.05%	68,045,680
	The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:
	12.03%	17,404,067
	The proportion of all the investments that are funding economic activities that are not Taxonomy-eligible relative to the value of total assets covered by the KPI:	Value of all the investments that are funding economic activities that are not Taxonomy-eligible:
	24.12%	34,882,288
	The proportion of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned relative to the value of total assets covered by the KPI:	Value of all the investments that are funding Taxonomy-eligible economic activities, but not Taxonomy-aligned:
	7.06%	10,204,781



Additional, complementary disclosures: breakdown of numerator of the KPI

Sava Re		As %	EUR
		The proportion of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU over total assets covered by the KPI:	Value of Taxonomy-aligned exposures to financial and non-financial undertakings subject to Articles 19a and 29a of Directive 2013/34/EU:
For non-financial undertakings:	Turnover-based:	3.36%	4,866,905
	Capital expenditures-based:	5.34%	7,717,797
For financial undertakings:	Turnover-based:	0.00%	606
	Capital expenditures-based:	0.00%	255
		The proportion of the insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:	Value of insurance or reinsurance undertaking's investments other than investments held in respect of life insurance contracts where the investment risk is borne by the policy holders, that are directed at funding, or are associated with, Taxonomy-aligned economic activities:
		Turnover-based:	100%
		Capital expenditures-based:	100%
		The proportion of Taxonomy-aligned exposures to other counterparties in over total assets covered by the KPI:	Value of Taxonomy-aligned exposures to other counterparties over total assets covered by the KPI:
		Turnover-based:	0%
		Capital expenditures-based:	0%

Breakdown of the numerator of the KPI per environmental objective

Sava Re		
(1) Climate change mitigation		
	Turnover:	99.32%
	Capital expenditures:	99.85%
Transitional activities	Turnover:	7.67%
	Capital expenditures:	2.45%
Enabling activities	Turnover:	0.00%
	Capital expenditures:	0.00%
(2) Climate change adaptation		
	Turnover:	0.00%
	Capital expenditures:	0.03%
Enabling activities	Turnover:	0.00%
	Capital expenditures:	0.00%



Appendix D – Disclosures required by Disclosures Delegated Regulation 2021/2178 (non-life insurance and reinsurance)

Economic activities (1)	Substantial contribution to climate change adaptation			DNSH (Do No Significant Harm)					
	Absolute premiums, year t (2)	Proportion of premiums, year t (3)	Proportion of premiums, year t – 1 (4)	Climate change mitigation (5)	Water and marine resources (6)	Circular economy (7)	Pollution (8)	Biodiversity and ecosystems (9)	Minimum safeguards (10)
	EUR	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A.1 Non-life insurance and reinsurance underwriting Taxonomy-aligned activities (environmentally sustainable)	484,097,150	69.54%	91.60%	-	-	-	-	-	-
A.1.1. Of which reinsured	93,201,092	13.39%	0.00%	-	-	-	-	-	-
A.1.2. Of which stemming from reinsurance activity	63,110,317	9.07%	0.00%	-	-	-	-	-	-
A.1.2.1. Of which reinsured (retrocession)	11,604,573	1.67%	0.00%	-	-	-	-	-	-
A.2. Non-life insurance and reinsurance underwriting Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)	4,162,083	0.60%	0.40%						
B. Non-life insurance and reinsurance underwriting Taxonomy-non-eligible activities	207,880,902	29.86%	8.00%						
Total (A.1 + A.2 + B)	696,140,135	100%	100.00%						

Appendix E – Discount rates

The following two tables show the term structures of interest rates for the most important currencies and insurance and reinsurance contract portfolios for the Group and the Company, respectively. These structures are used to calculate the adjustment that reflects the time value of money and financial risks (for the calculation of discount rates).

Time structure of interest rates to be measured under IFRS 17 for non-life and life insurance without a savings component, using the BBA and PAA methods

Currency	EUR		USD		MKD		RSD		
	Measurement date / year	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022
1		3.54%	3.49%	4.91%	5.26%	3.54%	3.49%	5.84%	5.94%
2		2.99%	3.63%	4.32%	4.86%	2.99%	3.63%	5.93%	6.78%
3		2.80%	3.55%	4.00%	4.54%	2.80%	3.55%	6.31%	7.53%
4		2.74%	3.52%	3.85%	4.39%	2.74%	3.52%	6.61%	8.05%
5		2.73%	3.52%	3.78%	4.32%	2.73%	3.52%	6.83%	8.26%
6		2.74%	3.50%	3.76%	4.23%	2.74%	3.50%	7.05%	8.36%
7		2.76%	3.48%	3.77%	4.21%	2.76%	3.48%	7.28%	8.42%
8		2.78%	3.49%	3.78%	4.19%	2.78%	3.49%	7.50%	8.48%
9		2.81%	3.49%	3.81%	4.19%	2.81%	3.49%	7.66%	8.54%
10		2.84%	3.52%	3.84%	4.26%	2.84%	3.52%	7.78%	8.62%
15		2.92%	3.44%	3.96%	4.28%	2.92%	3.44%	7.83%	8.51%
20		2.87%	3.19%	3.99%	4.21%	2.87%	3.19%	7.51%	8.07%
25		2.88%	3.10%	3.89%	3.98%	2.88%	3.10%	7.13%	7.60%
30		2.92%	3.09%	3.81%	3.81%	2.92%	3.09%	6.79%	7.19%
35		2.97%	3.10%	3.76%	3.61%	2.97%	3.10%	6.50%	6.85%
40		3.02%	3.13%	3.72%	3.43%	3.02%	3.13%	6.27%	6.57%
45		3.06%	3.16%	3.70%	3.31%	3.06%	3.16%	6.07%	6.34%
50		3.09%	3.18%	3.67%	3.26%	3.09%	3.18%	5.92%	6.16%



Time structure of interest rates to be measured under IFRS 17 for life insurance with a savings component, using the BBA and VFA methods

Currency	EUR		RSD		
	Measurement date / year	31 December 2023	31 December 2022	31 December 2023	31 December 2022
1		3.64%	3.65%	6.16%	6.34%
2		3.14%	3.79%	6.37%	7.26%
3		2.97%	3.73%	6.84%	8.11%
4		2.93%	3.71%	7.19%	8.70%
5		2.93%	3.72%	7.44%	8.93%
6		2.95%	3.70%	7.69%	9.05%
7		2.97%	3.69%	7.95%	9.12%
8		3.00%	3.69%	8.19%	9.19%
9		3.03%	3.70%	8.36%	9.26%
10		3.06%	3.73%	8.50%	9.34%
15		3.15%	3.66%	8.53%	9.20%
20		3.10%	3.41%	8.13%	8.68%
25		3.10%	3.30%	7.67%	8.13%
30		3.12%	3.27%	7.25%	7.65%
35		3.15%	3.27%	6.90%	7.24%
40		3.17%	3.27%	6.62%	6.92%
45		3.20%	3.29%	6.39%	6.65%
50		3.22%	3.30%	6.20%	6.44%



Time structure of interest rates to be measured under IFRS 17 for the reinsurance assumed and ceded, using the BBA and PAA methods

Currency	EUR		USD		KRW		CNY		INR	
	Measurement date / year	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023	31 December 2022	31 December 2023
1	3.54%	3.49%	4.91%	5.26%	3.69%	4.43%	1.73%	2.15%	8.25%	8.05%
2	2.99%	3.63%	4.32%	4.86%	3.59%	4.22%	2.06%	2.37%	8.52%	8.27%
3	2.80%	3.55%	4.00%	4.54%	3.50%	4.13%	2.29%	2.64%	8.62%	8.48%
4	2.74%	3.52%	3.85%	4.39%	3.50%	4.08%	2.49%	2.84%	8.69%	8.61%
5	2.73%	3.52%	3.78%	4.32%	3.48%	4.02%	2.65%	2.99%	8.73%	8.69%
6	2.74%	3.50%	3.76%	4.23%	3.47%	3.98%	2.75%	3.11%	8.77%	8.75%
7	2.76%	3.48%	3.77%	4.21%	3.47%	3.96%	2.82%	3.21%	8.82%	8.79%
8	2.78%	3.49%	3.78%	4.19%	3.48%	3.95%	2.89%	3.29%	8.87%	8.83%
9	2.81%	3.49%	3.81%	4.19%	3.49%	3.94%	2.94%	3.37%	8.93%	8.87%
10	2.84%	3.52%	3.84%	4.26%	3.49%	3.92%	3.00%	3.43%	8.97%	8.90%
15	2.92%	3.44%	3.96%	4.28%	3.47%	3.76%	3.26%	3.66%	8.80%	8.72%
20	2.87%	3.19%	3.99%	4.21%	3.50%	3.68%	3.46%	3.80%	8.42%	8.34%
25	2.88%	3.10%	3.89%	3.98%	3.52%	3.65%	3.61%	3.91%	8.03%	7.97%
30	2.92%	3.09%	3.81%	3.81%	3.52%	3.63%	3.72%	3.99%	7.70%	7.65%
35	2.97%	3.10%	3.76%	3.61%	3.52%	3.61%	3.82%	4.05%	7.43%	7.38%
40	3.02%	3.13%	3.72%	3.43%	3.52%	3.60%	3.89%	4.10%	7.21%	7.17%
45	3.06%	3.16%	3.70%	3.31%	3.52%	3.58%	3.96%	4.14%	7.03%	6.99%
50	3.09%	3.18%	3.67%	3.26%	3.51%	3.57%	4.01%	4.17%	6.88%	6.84%



Appendix F – Fund assets not included in the consolidated financial statements of the Sava Insurance Group

Name and type of fund	Sava Insurance Group company managing the fund	Net asset value as at
Infond Umbrella Fund	Sava Infond, Družba za Upravljanje d.o.o.	628,604,240
Infond Dividendni, equity sub-fund of developed markets	Sava Infond, Družba za Upravljanje d.o.o.	9,279,123
Infond Družbeno Odgovorni, equity sub-fund of developed markets	Sava Infond, Družba za Upravljanje d.o.o.	22,158,465
Infond Evropa, equity sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	11,102,974
Infond Globalni Defenzivni, mixed sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	30,941,939
Infond Globalni Delniški, equity sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	65,297,706
Infond Globalni Fleksibilni, mixed flexible subfund	Sava Infond, Družba za Upravljanje d.o.o.	20,611,534
Infond Globalni Uravnoteženi, mixed sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	75,748,265
Infond Kitajska, equity sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	3,091,732
Infond Kratkoročne Obveznice – EUR, bond sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	26,155,268
Infond Megatrendi, equity sub-fund of developed markets	Sava Infond, Družba za Upravljanje d.o.o.	2,650,642
Infond Naložbeni Cilj 2040, target date fund	Sava Infond, Družba za Upravljanje d.o.o.	3,892,070
Infond Obvezniški – EUR, bond sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	8,502,518
Infond Razviti trgi, equity sub-fund of developed markets	Sava Infond, Družba za Upravljanje d.o.o.	95,102,387
Infond Select, equity sub-fund of developed markets	Sava Infond, Družba za Upravljanje d.o.o.	17,419,170
Infond Surovine in Energija, bond sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	10,651,108
Infond Tehnologija, equity sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	145,396,112
Infond Trgi v Razvoju, equity sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	28,602,571
Infond ZDA, equity sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	15,029,303
Infond Zdravstvo, equity sub-fund	Sava Infond, Družba za Upravljanje d.o.o.	36,971,353
Sava Penziski Fond Mandatory Fund	Sava Penzisko Društvo a.d.	966,588,349
Sava Penzija Plus Voluntary Fund	Sava Penzisko Društvo a.d.	28,628,715



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