SAVARe

# COMMITTED TO PEOPLE AND OUR PLANET

## Solvency and Financial Condition Report of Sava Re d.d. for 2024

Ljubljana, April 2025

## Management Board of Sava Re d.d.

Marko Jazbec, Chairman of the Management Board

Polona Pirš, Member of the Management Board

Peter Skvarča, Member of the Management Board

David Benedek, Member of the Management Board

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## General information

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

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

# Summary

## Introduction

In 2024, geopolitical tensions remained high. The military conflict between Russia and Ukraine continued, and the military conflict between Israel and Hamas escalated. Tensions between China and Taiwan intensified in 2024. US–China rivalry is growing, particularly in the technology and military sectors, and protectionism by major economies could have an impact on global supply chains. The year was marked by elections in major and developed countries, which had an impact on financial markets.

From a stock market perspective, 2024 was a good year for equities and bonds. The decline in inflation prompted several central banks, including the US Federal Reserve and the European Central Bank (ECB), to cut key interest rates. The ECB and the Federal Reserve are expected to continue lowering interest rates, while uncertainty about economic growth in Europe is likely to remain relatively high.

Despite the unfavourable geopolitical situation, conditions in the reinsurance markets were favourable.

The Company ended 2024 with a strong financial result and solvency position. The Company will continue to monitor risks closely, particularly in relation to the macroeconomic and geopolitical situation.

In October 2024, the rating agency AM Best published its ratings for Sava Re and affirmed its "A" ratings (with a stable outlook). In December 2024, the rating agency S&P Global Ratings revised the outlook on Sava Re and Zavarovalnica Sava to positive from stable and affirmed its "A" ratings.

In October 2024, Sava Re issued a tier 3 subordinated bond with a maturity of five years, which contributed to the increase in eligible own funds at the end of the year. The aggregate principal amount of the subordinated bond issue was EUR 50 million.

## Company profile

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

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

With over 40 years of experience in international reinsurance, Sava Re provides a full range of reinsurance coverages. Building a globally diversified portfolio, it now writes business with more than 500 clients in over 120 reinsurance markets worldwide. The Company's guiding principle is to build long-term relationships with its clients and partners that allow creating stability throughout all economic cycles. The Company's preferred classes of business are property, engineering, marine hull and cargo, and energy.

Sava Re is a public limited company. It is a medium-sized company with a global reach. As at 31 December 2024, the Company employed approximately 168 people at its headquarters in Ljubljana. The Company underwrites all lines of business. It leads and supports treaty reinsurance business, both proportional and non-proportional, in order to provide its clients with:

- capacity,
- capital substitute,
- catastrophe cover.

Sava Re is rated "A" by S&P Global Ratings and AM Best. At the end of 2024, S&P Global Ratings revised the outlook on Sava Re to positive from stable. The Company's core strengths are regional knowledge, reliability, responsiveness, flexibility and financial strength.

### Business and performance

In 2024, Sava Re wrote EUR 231.8 million in gross premiums (2023: EUR 215.9 million), an increase of 7.4% compared to 2023. Non-Group gross premiums written increased by EUR 3.9 million, driven by price increases in global reinsurance markets and organic volume growth. Group gross written premiums increased by EUR 12.0 million (12.9%) as a result of premium growth in the Slovenian market.

The decline in the insurance service result (by EUR 4.7 million) is attributable to the performance of the Group business (where the insurance service result was EUR 9.3 million lower) but also the impact of claims ceded to reinsurers and higher reinsurance costs. The insurance service result for the non-Group business increased by EUR 4.6 million as a result of more favourable claims experience. The combined ratio was 84.6%, slightly less favourable than in the previous year due to the less favourable loss ratio of the Group business (a different composition of claims that triggered the Group's reinsurance protection to a greater extent in 2023 so that more claims were ceded to reinsurers, and a change in the reinsurance programme). The non-Group loss ratio improved by 5.9 percentage points year on year. The minor increase in the expense ratio was mainly due to higher development costs for IT projects.

The finance result improved on the back of a stronger net investment result. The investment result increased by EUR 3.5 million compared to 2023, mainly due to higher interest income, which was EUR 2.9 million higher compared to the previous year. The higher interest income reflects the strong cash flow from operating activities, which was mainly invested in debt securities, with maturing debt securities purchased at lower yields and reinvested at higher yields. The return on the investment portfolio was 2.8%, or 6.9% if the income and expenses from the investments in subsidiaries and associates are included.

Profit before tax increased by EUR 2.7 million compared to 2023, due to a more favourable investment result and higher dividends from subsidiaries. In line with the higher pre-tax result, the net profit for the period increased by EUR 2.8 million. Return on equity remained at the 2023 level.

### System of governance

The Company has in place a well-defined system of governance that includes:

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

The Company has four key functions as part of its risk management system: the actuarial function, the compliance function, the risk management function and the internal audit function. Furthermore, the Company has a risk management committee and an actuarial committee.

In order to manage its risks effectively, the Company has adopted a three-lines-of-defence model with clear lines of responsibility and accountability:

- The first line of defence constitutes all organisational units with operational responsibilities (development, sales and management of reinsurance, provision of reinsurance services, financial operations, accounting, controlling, human resources and others).
- The second line of defence consists of the risk management function, actuarial function, compliance function and risk management committee.
- The third line of defence consists of the internal audit function.

In 2024, the management board consisted of the following members: Marko Jazbec (chairman), Polona Pirš, Peter Skvarča and David Benedek.

## Risk profile

The risk profile is dominated by market and non-life underwriting risk. The Company's exposure to other types of risk (life underwriting risk, health underwriting risk, counterparty default risk and operational risk) is lower. The Company calculates its capital requirement in accordance with the Solvency II standard formula (the Standard Formula) as required by Delegated Regulation (EU) 2015/35 (hereinafter the Delegated Regulation).

In addition to the above-mentioned risks covered by the Standard Formula, the Company is also exposed to liquidity risk and, due to the challenging internal and external environment, strategic risk.

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

*Solvency capital requirement by risk module*

| (EUR thousand) | 31 December 2024 | 31 December 2023 |
|---|---:|---:|
| **SCR** | **258,013** | **225,927** |
| Adjustments for TP and DT | 0 | 0 |
| Operational risk | 7,837 | 6,899 |
| **Basic solvency capital requirement (BSCR)** | **250,175** | **219,029** |
| Diversification effect | -72,083 | -63,091 |
| Sum of risk components | 322,259 | 282,119 |
| Market risk | 164,427 | 150,941 |
| Counterparty default risk | 7,695 | 9,893 |
| Life underwriting risk | 961 | 360 |
| Health underwriting risk | 3,008 | 2,605 |
| Non-life underwriting risk | 146,168 | 118,320 |

## Valuation for solvency purposes

In accordance with Article 174 of the Slovenian Insurance Act, assets are valued at amounts for which they could be exchanged between knowledgeable and willing parties in arm's length transactions. Similarly, the Company values liabilities at amounts for which they could be transferred or settled between knowledgeable and willing parties in arm's length transactions.

The following table shows the adjustments to the balance sheet items measured in accordance with International Financial Reporting Standards (IFRS) that the Company has made for Solvency II purposes. IFRS equity and Solvency II own funds are presented.

As can be seen from the table, Solvency II own funds are significantly larger than IFRS equity. This is mainly due to subordinated liabilities, which are part of the basic own funds.

*Adjustments to IFRS equity for the Solvency II valuation of the balance sheet*

| (EUR thousand) | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **IFRS equity** | **458,953** | **430,897** |
| Difference in the valuation of participations | 226,001 | 166,254 |
| Difference in the valuation of other assets | -14,193 | -8,092 |
| Difference in the valuation of technical provisions | 18,869 | 19,838 |
| Difference in the valuation of other liabilities | 5,112 | 11,134 |
| Foreseeable dividends, distributions and charges | -34,870 | -25,571 |
| Subordinated liabilities in basic own funds | 114,977 | 58,703 |
| **Total basic own funds after Solvency II deductions** | **774,848** | **653,163** |

## Capital management

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

The allocation of own funds to business activities must ensure that the Company achieves the targeted return on equity.

The Company prepares its business and strategic plans in line with the risk strategy, which determines the Company's risk appetite, including the lower bound of the target solvency ratio range. During the preparation of the business and strategic plans, the Company reviews them for consistency with its risk appetite and adjusts the plans as necessary. In addition, the Company aims to use its capital as efficiently as possible.

The following table sets out the Company's capital adequacy. In addition to the SCR, the minimum capital requirement (MCR) is also shown. The eligible own funds to cover the SCR or MCR are also shown, taking into account the legal limits[1].

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

*The Company's capital adequacy*

| (EUR thousand) | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Solvency capital requirement (SCR) | 258,013 | 225,927 |
| Eligible own funds to meet the SCR | 759,481 | 653,163 |
| *Of which tier 1* | *655,633* | *591,233* |
| *Of which tier 2* | *65,147* | *58,703* |
| *Of which tier 3* | *38,702* | *3,227* |
| **Solvency ratio** | **294%** | **289%** |
| Minimum capital requirement (MCR) | 64,503 | 56,482 |
| Eligible own funds to meet the MCR | 668,534 | 602,530 |
| *Of which tier 1* | *655,633* | *591,233* |
| *Of which tier 2* | *12,901* | *11,296* |
| *Of which tier 3* | *0* | *0* |
| **MCR ratio** | **1,036%** | **1,067%** |

As at 31 December 2024, most of the Company's eligible own funds were classified as tier 1. In addition, the Company's eligible own funds include subordinated liabilities classified as tier 2 eligible own funds (subordinated bonds issued in October 2019) and subordinated liabilities classified as tier 3 eligible own funds (subordinated bonds issued in October 2024). Net deferred tax assets are also classified as tier 3 eligible own funds.

As at 31 December 2024, the Company complied with the regulatory requirements in term of the amount and quality of the capital covering the SCR and MCR, as the solvency ratio was 294%, well above the regulatory requirement of 100%, while the MCR ratio was 1,036%. The Company's risk strategy for 2023–2027 sets the lower limit of the target solvency ratio range at 200%. This demonstrates that the Company is well capitalised, also according to its own criteria.

# A. Business and performance

# A.1 Business

## Name and legal form of the Company

Sava Re d.d.

Dunajska Cesta 56

1000 Ljubljana

Slovenia

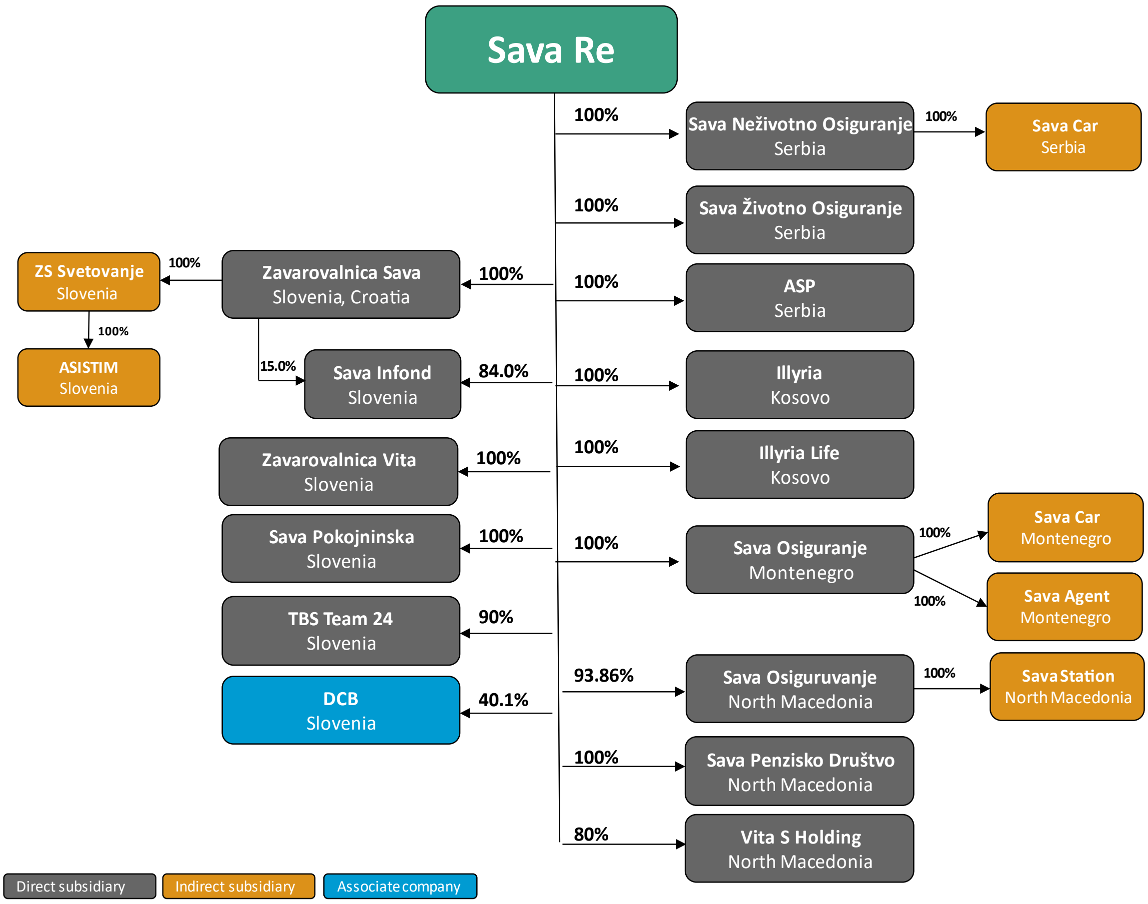
Sava Re transacts reinsurance business. It is also the parent company of the Sava Insurance Group. In addition to Sava Re, the Group includes one composite insurance company in Slovenia (Zavarovalnica Sava), one life insurance company in Slovenia (Zavarovalnica Vita), two life insurers based outside Slovenia (Sava Životno Osiguranje (SRB) and Illyria Life (RKS)), and four non-life insurers based outside Slovenia (Sava Neživotno Osiguranje (SRB), Sava Osiguruvanje (MKD), Illyria (RKS) and Sava Osiguranje (MNE)).

In addition to the above (re)insurers, the Sava Insurance Group consists of:

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

The following chart shows the position of Sava Re within the legal structure of the Group.

*Position of Sava Re as at 31 December 2024*[2]




The following table provides details on all the subsidiaries and associates of Sava Re.

*Sava Re subsidiaries and associates as at 31 December 2024*

| | Zavarovalnica Sava (SVN) | Sava Neživotno Osiguranje (SRB) | Illyria (RKS) | Sava Osiguruvanje (MKD) | Sava Osiguranje (MNE) |
|---|---|---|---|---|---|
| Registered office | Ulica Eve Lovše 7, 2000 Maribor, Slovenia | Bulevar vojvode Mišića 51, 11040 Belgrade, Serbia | Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo | Železnička 41, Opština Centar, PF 133, 1000 Skopje, North Macedonia | Ulica Svetlane Kane Radević br. 1, 81000 Podgorica, Montenegro |
| Main activity | insurance | non-life insurance | non-life insurance | non-life insurance | non-life insurance |
| Share capital (EUR) | 68,417,377 | 6,314,464 | 7,228,040 | 3,820,077 | 4,033,303 |
| Nominal value of combined shareholdings of all Group companies (EUR) | 68,417,377 | 6,314,464 | 7,228,040 | 3,585,524 | 4,033,303 |
| % equity interest / voting rights held by Group members | Sava Re: 100.0% | Sava Re: 100.0% | Sava Re: 100.0% | Sava Re: 93.86% | Sava Re: 100.0% |
| Profit or loss for 2024 (EUR) | 47,834,593 | 394,228 | 1,431,733 | 512,067 | 2,474,402 |
| Position in the Group | subsidiary insurance company | subsidiary insurance company | subsidiary insurance company | subsidiary insurance company | subsidiary insurance company |

[2] The percentages in the diagram refer to shareholdings of Sava Re or other controlling companies. The shareholdings provided for Sava Infond and DCB differ from the voting rights held by these companies. The annual report includes disclosures for all companies, including shareholdings and voting rights.

| | Illyria Life (RKS) | Sava Životno Osiguranje (SRB) | Sava Pokojninska (SVN) | TBS Team 24 (SVN) | Sava Penzisko Društvo (MKD) |
|---|---|---|---|---|---|
| Registered office | Sheshi Nëna Terezë 33, 10000 Pristina, Kosovo | Bulevar vojvode Mišića 51, 11040 Belgrade, Serbia | Ulica Eve Lovše 7, 2000 Maribor, Slovenia | Ulica Eve Lovše 7, 2000 Maribor, Slovenia | Dimche Mirchev br. 20, 1000 Skopje, North Macedonia |
| Main activity | life insurance | life insurance | pension fund | provision of assistance services | fund management activities |
| Share capital (EUR) | 3,285,893 | 4,326,664 | 6,301,109 | 8,902 | 2,110,791 |
| Nominal value of combined shareholdings of all Group companies (EUR) | 3,285,893 | 4,326,664 | 6,301,109 | 8,012 | 2,110,791 |
| % equity interest / voting rights held by Group members | Sava Re: 100.0% | Sava Re: 100.0% | Sava Re: 100.0% | Sava Re: 90.0% | Sava Re: 100.0% |
| Profit or loss for 2024 (EUR) | 1,197,426 | 761,160 | 550,560 | 1,838,853 | 2,709,618 |
| Position in the Group | subsidiary insurance company | subsidiary insurance company | subsidiary pension company | subsidiary | subsidiary pension company |
| | **DCB (SVN)** | **Sava Infond (SVN)** | **Zavarovalnica Vita (SVN)** | **Vita S Holding (MKD)** | **ASP (SRB)** |
| Registered office | Pod Skalo 4, 4260 Bled, Slovenia | Ulica Eve Lovše 7, 2000 Maribor, Slovenia | Trg republike 3, 1000 Ljubljana, Slovenia | Ul. 50-ta Divizija br. 24A, Opština Centar, 1000 Skopje, North Macedonia | Bulevar Kralja Aleksandra 17, 11000 Belgrade, Serbia |
| Main activity | hospital activities | investment fund asset management | life insurance | non-specialised wholesale trade | computer programming |
| Share capital (EUR) | 379,123 | 1,460,524 | 7,043,900 | 1,320,873 | 1,129 |
| Nominal value of combined shareholdings of all Group companies (EUR) | 189,562 | 1,460,524 | 7,043,900 | 1,056,699 | 1,129 |
| % equity interest / voting rights held by Group members | Sava Re: 40.1%/50.0% | Sava Re: 84.00%/84.85% Zavarovalnica Sava: 15.00%/15.15% | Sava Re: 100.0% | Sava Re: 80.0% | Sava Re: 100.0% |
| Profit or loss for 2024 (EUR) | 3,562,149 | 5,151,090 | 8,434,451 | -141,582 | 60,499 |
| Position in the Group | associate company | subsidiary | subsidiary insurance company | subsidiary | subsidiary |

## Name and contact details of the supervisory authority responsible for the prudential control of the Company

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

## Name and contact details of the Company's external auditor

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

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, 2023 and 2024. In 2022, 2023 and 2024, the Group's subsidiary companies were audited by the local audit staff of the same auditing firm.

*Holders of qualifying holdings in the Company as at 31 December 2024*

| Shareholder | No. of shares | Holding | % voting rights |
|---|---|---|---|
| Intercapital Securities Ltd. – fiduciary account | 3,297,648 | 19.2% | 21.3% |
| SDH d.d. (Slovenian Sovereign Holding) | 3,043,883 | 17.7% | 19.6% |
| Republic of Slovenia | 2,392,436 | 13.9% | 15.4% |
| European Bank for Reconstruction and Development (EBRD) | 1,071,429 | 6.2% | 6.9% |
| Modra Zavarovalnica d.d. | 714,285 | 4.1% | 4.6% |

Source: Central securities register KDD d.d.
Note:
Pursuant to Article 235a of the Slovenian Companies Act (ZGD-1), in April 2023 Sava Re started the process of identifying shareholders who are registered with intermediaries as holders of shares and who are not themselves intermediaries (ultimate shareholders). According to the information received, Adris Grupa d.d. held 3,278,049 POSR shares on 6 May 2024.

## Material lines of business transacted by the Company and its main markets

The Company writes reinsurance contracts in the Slovenian market and globally. The following two tables show Sava Re's main markets in 2024 (with premiums written in excess of EUR 10.0 million[3]) and the Company's material lines of business. After Slovenia, the Asian countries are the Company's largest markets in terms of premiums (excluding premiums from subsidiaries).

*Countries where the Company wrote the most premiums*

| EUR thousand | 2024 | 2023 | Index |
|---|---|---|---|
| Slovenia | 101,561 | 89,853 | 113.0 |
| China | 12,596 | 11,542 | 109.1 |
| Other countries | 117,667 | 114,520 | 102.7 |
| **Total** | **231,825** | **215,915** | **107.4** |

The share of non-proportional reinsurance decreased slightly, while the share of proportional reinsurance increased slightly. By line of business, proportional and non-proportional property reinsurance was the dominant line of business, accounting for 61.1% of total gross premiums written in 2024 (2023: 64.2%). The second-largest line of business was proportional other motor reinsurance, representing 23.2% of total gross premiums written (2023: 20.9%).

[3] The Company's materiality threshold based on the capital adequacy calculation as at 31 December 2024.

*Gross premiums written by material line of business*

| EUR thousand | 2024 | 2023 | Index |
|---|---|---|---|
| Proportional fire and other damage to property reinsurance | 82,885 | 69,324 | 119.6 |
| Non-proportional property reinsurance | 58,871 | 69,281 | 85.0 |
| Proportional other motor reinsurance | 33,210 | 27,852 | 119.2 |
| Proportional motor vehicle liability reinsurance | 20,486 | 17,177 | 119.3 |
| Other lines of business | 36,373 | 32,280 | 112.7 |
| **Total** | **231,825** | **215,915** | **107.4** |

## Significant events in 2024

- On 22 February 2024, Sava Re signed a contract to acquire an additional 2.5% stake in TBS Team 24. Upon completion of the transaction on 27 February 2024, Sava Re held a 90% stake in the company.
- In accordance with the Company's 2024 financial calendar, the 40th general meeting of shareholders was held on 27 May 2024.
- In June 2024, S&P Global Ratings affirmed its "A" ratings on Sava Re and Zavarovalnica Sava (with a stable outlook).
- In October 2024, following its regular annual rating review, the rating agency AM Best published its ratings for Sava Re and affirmed its "A" ratings (with a stable outlook).
- On 4 October 2024, Sava Re issued a tier 3 subordinated bond with a maturity of five years. The aggregate principal amount of the subordinated bond issue was EUR 50 million. The principal amount of the bond is payable in full in a single amount on 4 October 2029 and bears a fixed rate of interest of 5.2% per annum, payable annually. Demand for the bond (amounting to more than EUR 75 million) exceeded supply. More than 20 qualified investors participated in the bond subscription. The bonds were admitted to trading on the Luxembourg Stock Exchange. The issue was structured and managed by Erste Group Bank AG.
- In October 2024, Sava Re's supervisory board reappointed Peter Skvarča, whose five-year term of office is due to expire on 19 June 2025, as a member of the management board for a further term. His new five-year term starts on 20 June 2025.
- On 22 October 2024, Katarina Sitar Šuštar tendered her immediate resignation as an external member of the audit committee due to her appointment to the same role at a competing insurance company.
- In December 2024, the rating agency S&P Global Ratings revised the outlook on Sava Re and Zavarovalnica Sava to positive from stable and affirmed its "A" ratings.

## Significant events after the reporting date

- In early 2025, the subsidiary Vita S Holding established the private healthcare provider PZU Vita S Skopje.
- In January 2025, a petition was filed to initiate the dissolution of Asistim under the summary procedure without liquidation.
- Davor I. Gjivoje Jr began his third four-year term of office as a member of the supervisory board on 9 March 2025. The supervisory board of Sava Re re-elected him as chairman of the supervisory board for the new term of office.

## A.2 Reinsurance underwriting performance

Profit before tax increased by EUR 2.7 million compared to 2023, due to a more favourable investment result and higher dividends from subsidiaries. In line with the increase in profit before tax, the net profit for the period also increased, by EUR 2.8 million.

The impacts on the result are set out below. The business performance of Sava Re is described in detail in the audited Annual Report of the Sava Insurance Group and Sava Re d.d. for 2024 (the Company's annual report).

*Summary income statement*

| EUR thousand | 2024 | 2023 | Change | Index |
|---|---|---|---|---|
| Insurance revenue | 171,665 | 167,804 | 3,861 | 102.3 |
| Insurance service expenses | -115,919 | -174,491 | 58,572 | 66.4 |
| *Claims incurred* | *-104,032* | *-162,708* | *58,676* | *63.9* |
| *Operating expenses* | *-11,779* | *-12,028* | *249* | *97.9* |
| *Onerous contracts* | *-108* | *245* | *-353* | *-* |
| **Result before reinsurance** | **55,746** | **-6,687** | **62,433** | - |
| Reinsurance service result | -23,491 | 43,669 | -67,160 | - |
| **Insurance service result** | **32,255** | **36,982** | **-4,727** | **87.2** |
| Investment result | 11,302 | 7,828 | 3,474 | 144.4 |
| Net insurance finance result | -6,059 | -6,816 | 757 | 88.9 |
| Net foreign exchange gains/losses | -416 | 1,294 | -1,710 | - |
| **Finance result** | **4,827** | **2,306** | **2,521** | **209.3** |
| Non-insurance revenue | 4 | 0 | 4 | - |
| Other expenses | -16,182 | -13,806 | -2,376 | 117.2 |
| Net income and expenses from subsidiaries and associates | 39,036 | 30,755 | 8,281 | 126.9 |
| Other net income/expenses | -3,616 | -2,649 | -967 | 136.5 |
| **Profit or loss before tax** | **56,324** | **53,589** | **2,735** | **105.1** |
| Income tax expense | -4,089 | -4,114 | 25 | 99.4 |
| **Net profit or loss for the period** | **52,234** | **49,475** | **2,759** | **105.6** |

The decline in the insurance service result (by EUR 4.7 million) is attributable to the performance of the Group business (where the insurance service result was EUR 9.3 million lower) but also the impact of claims ceded to reinsurers and higher reinsurance costs. The insurance service result for the non-Group business increased by EUR 4.6 million as a result of more favourable claims experience.

Insurance revenue increased by EUR 3.9 million, or 2.3%, driven by growth in the Group reinsurance business.

In 2024, property and motor own damage business still dominated insurance revenue grouped by material line of business.

*Insurance revenue by material line of business*

| EUR thousand | 2024 | 2023 | Index |
|---|---|---|---|
| Property insurance | 107,241 | 109,293 | 98.1 |
| Motor own damage | 47,625 | 41,006 | 116.1 |
| Marine insurance | 6,501 | 7,664 | 84.8 |
| Liability insurance | 3,733 | 4,080 | 91.5 |
| Other lines of business | 6,565 | 5,761 | 114.0 |
| **Total** | **171,665** | **167,804** | **102.3** |

*Insurance revenue by geographical area*

| EUR thousand | 2024 | 2023 | Index |
|---|---|---|---|
| Slovenia | 68,805 | 61,537 | 111.8 |
| International | 102,860 | 106,267 | 96.8 |
| **Total** | **171,665** | **167,804** | **102.3** |

Insurance service expenses decreased by EUR 58.6 million, mainly as a result of a decrease in claims incurred.

Incurred claims for the Group business declined as a result of less severe loss events than in the previous year, when incurred claims were higher due to summer storms and flooding. In 2024, claims experience for the non-Group reinsurance business was also more favourable year on year. Operating expenses decreased by EUR 0.2 million in 2024, primarily due to lower acquisition costs for the non-Group business.

*Insurance service expenses by material line of business*

| EUR thousand | 2024 | 2023 | Index |
|---|---|---|---|
| Property insurance | -70,413 | -128,215 | 54.9 |
| Motor own damage | -36,365 | -39,184 | 92.8 |
| Marine insurance | -3,820 | -4,653 | 82.1 |
| Liability insurance | -1,493 | -2,428 | 61.5 |
| Other lines of business | -3,828 | -11 | 34,827.8 |
| **Total** | **-115,919** | **-174,491** | **66.4** |

*Insurance service expenses by geographical area*

| EUR thousand | 2024 | 2023 | Index |
|---|---|---|---|
| Slovenia | -54,688 | -93,295 | 58.6 |
| International | -61,230 | -81,195 | 75.4 |
| **Total** | **-115,919** | **-174,491** | **66.4** |

The reinsurance result reflects the fact that, due to the nature of the claims, more reinsurance protection was triggered in 2023 than in 2024, resulting in more claims being borne by reinsurers in both the Group and non-Group business.

The finance result improved on the back of a stronger net investment result. The investment result for 2024 totalled EUR 11.3 million, an increase of EUR 3.5 million over the previous year, mainly due to higher interest income, which was EUR 2.9 million higher than in the previous year. The higher interest income reflects the strong cash flow from operating activities, which was mainly invested in debt securities, with maturing debt securities purchased at lower yields and reinvested at higher yields. The return on the investment portfolio was 2.8%, or 6.9% if the income and expenses from the investments in subsidiaries and associates are included.

## A.3 Investment performance

*Investment income and expenses by type*

| EUR thousand | 2024 | 2023 |
|---|---|---|
| Interest income at effective interest rate | 7,680 | 4,735 |
| Change in fair value of FVTPL investments | 1,202 | 1,212 |
| Dividends from equity investments and income from alternative funds | 1,411 | 1,226 |
| Other investment income/expenses | 1,008 | 655 |
| *Interest income on FVTPL investments* | *139* | *230* |
| *Gains/losses on disposal of FVTPL investments* | *5* | *-150* |
| *Gains/losses on disposal of other IFRS asset categories* | *45* | *-120* |
| *Change in expected credit losses (ECL)* | *97* | *54* |
| *Income or expenses from investment property* | *723* | *647* |
| *Other income or expenses* | *0* | *-7* |
| **Investment result** | **11,302** | **7,828** |
| Net income and expenses from subsidiaries and associates | 39,036 | 30,755 |
| **Net investment income from the investment portfolio** | **50,338** | **38,583** |

In 2024, net investment income on the investment portfolio amounted to EUR 47.7 million, or EUR 50.3 million excluding the effect of foreign exchange differences and subordinated debt expenses. The figures in the table “Investment income and expenses by type in EUR” differ from the figures in the table “Net investment income by asset class” because net foreign exchange differences (EUR 966 thousand) have not been taken into account in the above table.

The investment result for 2024 totalled EUR 11.3 million, an increase of EUR 3.5 million over the previous year, mainly due to higher interest income, which was EUR 2.9 million higher than in the previous year. The higher interest income reflects the strong cash flow from operating activities, which was mainly invested in debt securities, with maturing debt securities purchased at lower yields and reinvested at higher yields.

*Net investment income by asset class*

| EUR thousand | Interest income/ expenses | Change in fair value and gains/losses on disposal of FVTPL assets | Gains/losses on disposal of other IFRS asset categories | Income from dividends and shares – other investments | Impairment losses on investments | Foreign exchange gains/losses | Change in expected credit losses (ECL) | Other income/ expenses | Total | Income/ expenses of associates |
|---|---|---|---|---|---|---|---|---|---|---|
| **Investments measured at amortised cost** | **493** | **0** | **0** | **0** | **0** | **-597** | **7** | **0** | **-97** | **0** |
| Debt instruments | 103 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 103 | 0 |
| Cash and cash equivalents | 177 | 0 | 0 | 0 | 0 | -597 | 0 | 0 | -420 | 0 |
| Deposits and CDs | 71 | 0 | 0 | 0 | 0 | 0 | 2 | 0 | 73 | 0 |
| Loans | 142 | 0 | 0 | 0 | 0 | 0 | 5 | 0 | 147 | 0 |
| **Investments measured at fair value through profit or loss** | **139** | **1,207** | **0** | **141** | **0** | **494** | **0** | **1,271** | **3,251** | **0** |
| Held for trading | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Designated to this category | 139 | 566 | 0 | 141 | 0 | 71 | 0 | 0 | 917 | 0 |
| Debt instruments | 139 | 133 | 0 | 0 | 0 | 0 | 0 | 0 | 272 | 0 |
| Equity instruments | 0 | 433 | 0 | 141 | 0 | 71 | 0 | 0 | 645 | 0 |
| Other investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Investments in infrastructure funds | 0 | 960 | 0 | 0 | 0 | 423 | 0 | 1,167 | 2,550 | 0 |
| Investments in property funds | 0 | -319 | 0 | 0 | 0 | 0 | 0 | 103 | -216 | 0 |
| Derivatives | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Investments measured at fair value through other comprehensive income** | **7,187** | **0** | **45** | **0** | **0** | **1,069** | **90** | **0** | **8,391** | **39,036** |
| Debt instruments | 7,187 | 0 | 45 | 0 | 0 | 1,069 | 90 | 0 | 8,391 | 0 |
| Equity instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39,036 |
| Other investments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Receivables** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** |
| Debt instruments | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Investment property** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **723** | **723** | **0** |
| Investment property | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 723 | 723 | 0 |
| **Total** | **7,819** | **1,207** | **45** | **141** | **0** | **966** | **97** | **1,993** | **12,267** | **39,036** |

*Movement in accumulated other comprehensive income from financial investments*

| EUR thousand | 2024 | 2023 |
| --- | --- | --- |
| **Balance as at 1 January** | **-11,603** | **-20,111** |
| Change in fair value | 3,898 | 8,388 |
| Transfer of negative accumulated other comprehensive income from financial investments to profit or loss due to impairment | 0 | 0 |
| Transfer from accumulated other comprehensive income from financial investments to profit or loss due to sale | -45 | 120 |
| Deferred tax | 0 | 0 |
| **Balance as at 31 December** | **-7,750** | **-11,603** |

The Company holds no direct securitised assets.

## A.4 Performance of other activities

### Other income and other expenses

In 2024, the Company had other income of EUR 504 thousand and other expenses of EUR 543 thousand.

Other income mainly includes gains on the disposal of fixed assets, extraordinary interest income and income from holiday facilities. Other expenses include allowances for and impairment losses on trade and other receivables, direct operating expenses for investment property, impairment losses on property, plant and equipment assets for own use and other extraordinary expenses.

## A.5 Any other information

The Company has no other material information relating to its business.

# B. System of governance

# B.1 General information on the system of governance

## B.1.1 Governing bodies

### General

Sava Re has a two-tier management system with a management board, which conducts the business, and a supervisory board, which is responsible for supervising the management board. The governing bodies – the general meeting, the supervisory board and the management board – are governed by laws, regulations, the Company's articles of association and internal rules. The Company's articles of association and the rules of procedure for the general meeting and the supervisory board are posted on the Company's website, at www.sava-re.si.

The management board is autonomous in conducting the Company's business and decision-making. Before making any major decisions that could significantly affect the operations, financial position or legal position of the Company, the management board notifies the supervisory board thereof in order to reach a consensus on these matters. The management board consults the supervisory board on business operations, strategy, risk management and matters concerning public relations.

The chair of the management board informs the chair of the supervisory board or the entire supervisory board about important events essential for assessing the Company's position and to conducting the business. When only the chair of the supervisory board is informed, the chair must communicate the information to the other members of the supervisory board and, if necessary, call a supervisory board meeting. The management and supervisory boards collaborate closely for the benefit of the Company, in accordance with the law and good practice.

### General meeting of shareholders

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

### Supervisory board

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

The supervisory board must comply with applicable regulations, in particular with the laws on companies, insurance business, the Company's articles of association and the rules of procedure of the supervisory board. In accordance with the law, the supervisory board must be convened at least on a quarterly basis, generally after the end of each quarter. If necessary, it may meet more frequently. The terms of reference of the supervisory board are governed by its rules of procedure, which are posted on the Company's website.

Pursuant to the Company's articles of association and the applicable legislation, the supervisory board is composed of six members, of whom four (shareholder representatives) are elected by the Company's general meeting, and two of whom (employee representatives) are elected by the works council, which informs the general meeting of its decisions. Supervisory board members are appointed for a term of up to four years and are eligible for re-election. The supervisory board members elect a chair and deputy chair from among its members.

The supervisory board is composed so as to ensure responsible oversight and decision-making in the best interest of the Company. Its composition takes account of diversity in terms of technical knowledge, experience and skills, and the way candidates complement each other so as to form a homogenous team and ensure a sound and prudent overseeing of the Company's affairs. In 2024, 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. It is posted on the Company's website.

**The supervisory board in 2024**

In 2024, the composition of the supervisory board remained unchanged.

In 2024, the supervisory board consisted of: Davor Ivan Gjivoje Jr, chair, Keith William Morris, deputy chair, Klemen Babnik, Matej Gomboši, Edita Rituper and Blaž Garbajs.

*Composition of the supervisory board in 2024*

| Member | Title | Beginning of term of office | Duration/expiry of term |
|---|---|---|---|
| Davor Ivan Gjivoje Jr | chairman | 8 March 2021 | 9 March 2029 |
| Keith William Morris | deputy chair | 17 July 2021 | 17 July 2025 |
| Klemen Babnik | member | 17 July 2021 | 17 July 2025 |
| Matej Gomboši | member | 17 July 2021 | 17 July 2025 |
| Edita Rituper | member, employee representative | 13 June 2023 | 13 June 2027 |
| Blaž Garbajs | member, employee representative | 13 June 2023 | 13 June 2027 |

## Supervisory board committees

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

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 work of the internal audit and the functioning of the risk management system;
- monitor the statutory audit of the separate and consolidated financial statements;
- perform such other tasks as may be assigned by valid resolution of the supervisory board and in accordance with statutory requirements and best practice of peer companies or insurance groups.

*The audit committee in 2024*

In 2024, the audit committee comprised the following members: Matej Gomboši, chairman, and the members Blaž Garbajs, Dragan Martinović (external committee member), Katarina Sitar Šuštar (external committee member, until 22 October 2024) and Simona Korošec Lavrič (external committee member), from 21 November 2024).

**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 risk monitoring;
- assess the appropriateness and adequacy of the risk management documents to be approved by the supervisory board;
- perform such other tasks as may be assigned by resolution of the supervisory board, in accordance with statutory requirements and best practice of peer companies or insurance groups.

*The risk committee in 2024*

In 2024, the risk committee comprised the following members: Keith William Morris (chairman), Davor Ivan Gjivoje Jr, Slaven Mićković (external member) and Janez Komelj (external member).

**Nominations and remuneration committee**

The main tasks of the nominations and remuneration committee of the supervisory board include:

- preparing proposals for the supervisory board regarding the criteria for membership of the management board and considering and making proposals regarding nominations to be decided by the supervisory board;
- reviewing in advance the proposal of the chair of the management board regarding the composition of the management board and the Company's governance, and preparing proposals for the supervisory board;
- carrying out the nomination procedure for a candidate for membership of the supervisory board who is a shareholder representative; and
- assisting in the development and implementation of a system of remuneration, reimbursement and other benefits for the management board members.

*The nominations and remuneration committee in 2024*

In 2024, the nominations and remuneration committee comprised the following members: Klemen Babnik (chair), Davor Ivan Gjivoje Jr, Keith William Morris, Matej Gomboši, Edita Rituper and Blaž Garbajs.

The provisional composition of the nominations and remuneration committee for the purpose of the nomination procedures for new members of the supervisory board is described in more detail in the Company's annual report in section A.5 *Corporate governance statement*.

**Fit and proper committee**

The main tasks of the fit & proper committee include:

- to carry out procedures for assessing the competence of the supervisory board, supervisory board committees and the management board as collective bodies, and to conduct fit and proper assessments of individual members of these bodies; and
- at the request of the Company's works council, to carry out a fit and proper assessment of each member of the supervisory board (employee representative) elected by the works council.

*Fit & Proper Committee in 2024*

In 2024, 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 resources management).

The provisional composition of the fit and proper committee for the purpose of the nomination procedures for new members of the supervisory board is described in more detail in the Company's annual report in section A.5 *Corporate governance statement*.

## Management board

The management board conducts the business and represents the Company in public and legal matters. It is composed of at least two and no more than five members, one of whom is the chair. The chair and members of the management board are appointed by the supervisory board for a period of five years. These appointments may be renewed indefinitely. The chairperson and all members of the management board are employed 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 composition of the management board is such to ensure responsible oversight and decision-making in the best interests of the Company. The management board's composition takes into account the diversity of expertise, experience and skills, and the way in which the candidates complement each other to form a homogeneous team and ensure the sound and prudent conduct of the Company's business. In 2024, 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 implementation of the policy on the diversity of the management board in 2024 is described in more detail in the Company's annual report, section A.5 *Corporate governance statement*.

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

### Terms of reference and operation of the management board

The management board operates in accordance with the applicable legislation, especially 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. The terms of reference and operation of the management board are defined in more detail in the management board's rules of procedure.

The division of powers between the management and supervisory bodies is described in more detail in the Corporate Governance Policy of Sava Re d.d., which is posted on the Company's website.

In 2024, the management board consisted of four[4] members: Marko Jazbec (chairman), Polona Pirš, Peter Skvarča and David Benedek.

The average age of the management board members was 50.8 years. All management board members are citizens of the Republic of Slovenia.

[4] ESRS 2 GOV-1 paragraph 21 (a).

*Composition of the management board in 2024*

| Full name | Marko Jazbec | Polona Pirš | Peter Skvarča | David Benedek |
|---|---|---|---|---|
| **Function** | chairman | member | member | member |
| **Area of responsibility at management board level** | ▪ coordination of the work of the management board<br>▪ general, HR, organisational and legal affairs<br>▪ public relations<br>▪ compliance<br>▪ internal audit<br>▪ management of strategic investments in Slovenia-based insurance companies (from 22 March 2023)<br>▪ information technology<br>▪ sustainable development | ▪ corporate finance<br>▪ strategic planning and controlling<br>▪ accounting<br>▪ investor relations<br>▪ capital and risk management<br>▪ actuarial affairs | ▪ development of reinsurance and reinsurance underwriting, Group & non-Group<br>▪ reinsurance protection (retrocession), Group & non-Group<br>▪ development of reinsurance processes and technology<br>▪ reinsurance technical accounting<br>▪ management of strategic investments in non-Slovenian subsidiaries | ▪ financial operations and asset management<br>▪ management of strategic investments in pension companies and asset management companies (AMCs)<br>▪ management of strategic investments in healthcare companies<br>▪ managing overarching cooperation with commercial banks or banking groups at Group level |
| **First appointed** | 12 May 2017 | 14 January 2018 | 19 June 2020 | 22 March 2023 |
| **End of term of office** | 13 May 2027 | 15 January 2028 | 20 June 2030 | 22 March 2028 |

At its session of 10 October 2024, the Sava Re supervisory board reappointed Peter Skvarča, whose five-year term of office is due to expire on 19 June 2025, as a member of the management board for a further term. The new five-year term of the management board member starts on 20 June 2025.

**Reporting**

The management board reports fully and accurately to the supervisory board at least quarterly on the following matters:

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

## B.1.2 Risk management

The risk management system is one of the key building blocks of the system of governance. The management board ensures that it has in place an effective risk management system based on an appropriate organisational structure. For more details on risk management, see section B.3 *Risk management system including the own risk and solvency assessment*.

## B.1.3 Key functions of the risk management system

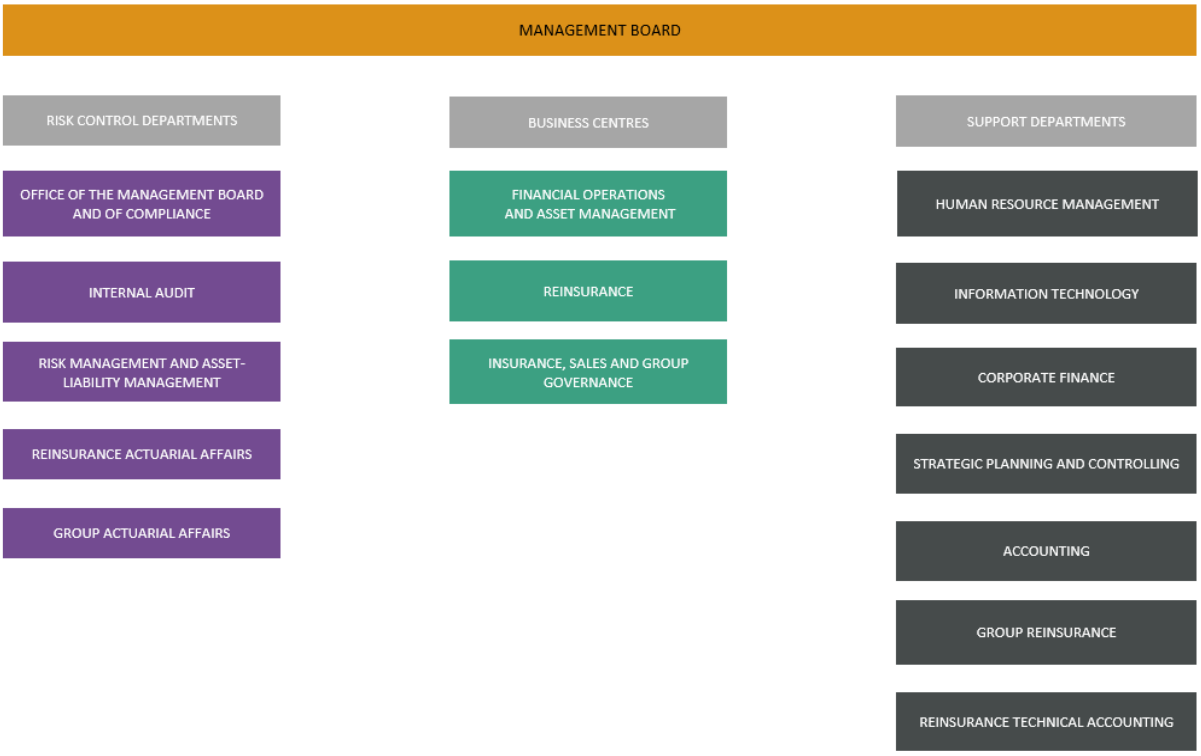
### General

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 (hereinafter key functions).

The key functions are integrated into the organisational structure and decision-making processes to strengthen the three-lines-of-defence framework in the Company's risk management system. All four key functions cooperate closely with each other, regularly exchanging information they need for their functioning.

The key functions perform their duties independently from each other and from other organisational units of the Company. The Company's key functions are organised as services of the risk management system and are directly subordinated to the Company's management board, as illustrated in the chart below.

*Internal organisation chart of the Company as at 31 December 2024*




In most cases, the parent company's key function holders also act as key function holders at the Group level. They have access to all information, data and reports required for their smooth operation.

The main activities of the individual key function holders at the level of the Company are set out in the following section.

## Role of individual key functions

The key functions perform duties as stipulated by insurance law, including regulations based thereon. The operation of the risk management function is discussed in detail in section B.3.1 *Risk management organisation*, the operation of the actuarial function in section B.6 *Actuarial function*, the operation of the compliance monitoring function in section B.4.2 *Compliance function*, and the operation of the internal audit function in section B.5 *Internal audit function*.

## Reporting by key function holders

Individual key function holders report to the management and supervisory boards or individual supervisory board committees, if so stipulated by the Company's rules and regulations.

Detailed provisions on the scope, manner and frequency of reporting of any key function are set out in internal regulations governing each key function.

## Cooperation among key function holders

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

Annually, the Group level key function holders issue a joint statement that they have undertaken, with due care and in accordance with the rules of the profession, activities to ensure that all key risks that the Company is or could be exposed to in the course of its business operations, are monitored and that the risk management system established at the Company level is effective.

### B.1.4 Committees of the governance system

The Company's management board sets up committees tasked with advisory roles based on resolutions. Such committees consider issues from specific areas, draft management board resolutions and oversee their implementation, and perform other tasks requiring specific expertise, thus providing professional support to the management board.

Committees are an integral part of the Company's system of governance, dealing with issues from various areas, such as risk management, asset and liability management, actuarial affairs, data quality management and information security.

The terms of reference, powers and composition of committees are set out in internal regulations adopted by the Company's management board. The Company has set up a risk management committee, a data quality management committee, an information security committee and an IT steering committee. The following Group level committees have been established: a risk management committee, an actuarial committee, a solutions and projects committee, an IT steering committee, an innovation management committee, an information systems architecture committee and a reserving committee.

The individual committees are described below, with the actuarial committee and the reserving committee discussed in more detail in section B.6 *Actuarial function*.

#### Risk management committee

The risk management committee is primarily responsible for drafting risk management recommendations and proposals for the management board and for monitoring the Company's risk profile. It also plays a crucial role in the communication process because it acts as a discussion forum on elements of the risk management system. In addition, the committee is responsible for the verification of the effectiveness of risk management processes in place. The main objectives of the committee are to unify risk management practices throughout the Company and provide professional risk management advice to the Company's management board in order to ensure effective operation.

The main tasks of the risk management committee are to:

- set up and review the functioning of the risk management system;
- regularly monitor key risks and the risk profile against the Company's risk appetite and review the compliance with the risk strategy;
- prepare recommendations for the management board relating to risk management;
- monitor quantitative risk assessment calculations and respond adequately;
- propose actions and measures to reduce risk;
- issue opinions relating to important business decisions with a material impact on the risk profile;
- identifying and monitoring emerging risks.

#### Data quality management committee

The data quality management committee is primarily responsible for data quality reports. The main tasks of the data quality management committee are to:

- harmonise and amend the Company's data quality management policy with the Sava Insurance Group's framework policy;
- participate in the drafting of the data quality management annual report and approve it before submitting it to the management board;
- participate in redesigning the data quality management system;
- foster awareness about the role of the data quality management system among employees.

### IT steering committee

To ensure a 360-degree view of IT activities, we have set up a steering committee that meets at least four times a year to provide information and updates on activities in the areas of IT development, IT operations, IT infrastructure, IT security, IT controlling and IT process organisation. The committee is composed of management board members, authorised representative of the management board and a representative of the risk management and asset-liabilities management department. The committee acts as an expert and advisory body in the field of information technology. All decisions of the committee are submitted to the management board for review, thus ensuring the board's overall control of IT operations.

The purpose of the committee is to:

- focus IT development on the coordination of IT and IT projects/development tasks with other business areas in the Group;
- develop and implement an IT strategy in line with the Group's business goals;
- coordinate decisions on the development and deployment of the Group's IT human and financial resources;
- effectively monitor IT risk (as part of the IT line process) in the Group;
- direct the development and use of resources in line with strategic guidelines and decide on the allocation of resources among the different areas of the Group.

To ensure adequate operational expertise, the committee is complemented by two other committees:

- the IT security committee (in charge of planning, steering and implementing cyber security tasks),
- the IT architecture committee (in charge of planning, selecting and overseeing the professional integration of IT systems and business solutions).

Both committees are professional in nature and are composed of interdisciplinary experts (internal and external), ensuring an appropriate level of expertise and adequate input of external best practices.

### Process solutions and projects committee of the Sava Insurance Group

The insurance business process development committee has been established to monitor insurance business processes at the Group level, optimise insurance business processes in each Group company, coordinate the development of processes and their software support that affect the operations of several Group companies, communicate with stakeholders in the process of developing, redesigning or modifying insurance business processes, and review the adequacy of software support for insurance business processes.

The main objectives and tasks of the process solutions segment are:

- mitigating business risk;
- improving business performance;
- reducing operating costs;
- increasing the speed and efficiency of business operations;

- advising on initiatives and proposals for new projects and other tasks in the area of process development and informatics;
- overseeing complex development tasks in the area of process development and IT.

The main objectives and tasks of the segment of maintaining common records of Group projects are:

- taking responsibility for maintaining project records;
- monitoring the project portfolio;
- taking responsibility for monitoring and overseeing the use of project funds at Group level;
- providing administrative support and guidance to project managers;
- collecting information on the status of projects, costs and project funds;
- preparing reports for management.

The main objectives and tasks of the segment of setting up and managing strategic projects are:

- developing a project plan with the business benefits of the project and setting up the project organisation;
- analysing risks;
- implementing the project plan;
- communicating with stakeholders;
- providing advice, coordinating and monitoring project work;
- closing the project and delivering the results.

### B.1.5 Information about the remuneration policy

The Company's remuneration policy establishes the framework for the planning, implementing and monitoring remuneration systems and schemes that support the Company's long-term strategy and risk management policy.

The remuneration policy applies to all organisational levels of the Company and to all employees: the management board, senior and lower management, key function holders and other employees.

#### Principles of the remuneration policy

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

The main principles of the remuneration policy are:

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

**Remuneration structure**

The Company's remuneration structure includes:

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

The **base salary** is set based on the employee's role and position, taking into account knowledge acquired, professional experience, responsibilities, complexity of the job and the situation on the local labour market.

**Performance-based pay** depends on the Company's business performance and the employee's individual performance or, in the case of managers, also the performance of the unit they head. The aim of performance-based pay is to motivate and reward the most successful employees who significantly contribute to the achievement of sustainable results, meet or exceed the agreed-upon objectives, strengthen long-term customer relationships and generate income. Performance-based pay relating to an employee's individual performance depends on the attainment of predefined individual goals and other duties consistent with expected behaviours and competencies. Performance-based pay relating to business performance depends on a performance indicator, or a combination of several performance indicators, of the Group.

The performance-based pay system and scheme for the management board are considered and approved by the supervisory board. The variable part of the salary of the management board depends on the attainment of goals and the performance of the Company or the Group as a whole. The performance-based pay of each management board member is paid out in an amount of 50% of the allocated performance-based pay subject to the approval of the supervisory board. Payment of the balance of 50% of the performance-based pay is subject to a two-year deferral.

The performance-based pay system and scheme for the risk management system's key function holders are considered, determined and approved by the management board. If necessary, the supervisory board gives its consent to it. In addition to the Group's performance, performance-based pay of key function holders depends primarily on the attainment of the goals of each key function, which are strictly separate from the goals of the business functions they oversee.

The performance-based pay system and scheme for senior and junior management is considered, determined and approved by the management board. Performance-based pay of senior and lower management is based on a combination of performance assessment of the individual, the team they head, and the performance of the Group.

The system and scheme of performance-based pay for other employees is determined and approved by the management board. This is done with due regard to the statutory provisions relating to cooperation with social partners. Performance-based pay of other employees depends on a combination of the employee's assessed individual performance and overall performance of the Group.

The Company runs no share-option schemes.

**Other benefits and incentives:** The Company is running a collective voluntary supplementary pension insurance scheme funded by the employer. It has a contract in place on joining the pension company's pension scheme, entered into the pension scheme register with the Financial Administration of the Republic of Slovenia (second pension pillar). Employees had the option to join a third pillar pension scheme at the end of 2019, for which the maximum level of contributions paid by the Company depended on the type of employment contract (management board, employees with special powers, and other employees), level of gross salary, and seniority. Contributions to pension insurance schemes are accounted for as employee benefits.

**Remuneration upon termination of the employment contract:** Upon termination of a contract of employment, employees are eligible for severance pay in accordance with the law and their employment contract. Severance pay not prescribed by law is capped at six times the average monthly salary in the last year of employment in employment contracts. Exceptionally, where an employment contract is terminated on a consensual basis, additional severance pay may be paid; however, total severance payments must not exceed twelve times the average monthly salary in the last year of employment. Upon the termination of a contract of employment, any additional remuneration cannot include payments in the event of failure.

As a rule, the Company grants loans to neither its employees nor the members of the management or supervisory boards; accordingly, there were no such transactions in 2024.

The Company has no additional pension schemes.

### Material related-party transactions

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

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

In 2024, material transactions included:

- total remuneration of the members of the management board and the supervisory board, including the members of its committees, of EUR 1.4 million (2023: EUR 1.4 million)[5], and
- loans granted to subsidiaries of EUR 2.3 million as at 31 December 2024 (2023: EUR 2.8 million).

In 2024, the parent company paid out EUR 27.1 million in dividends (2023: EUR 24.8 million). All related-party transactions are set out in detail in the Company's annual report, in section C.3.9 *Related party disclosures*.

## B.2 Fit and proper requirements

### General

In accordance with the law, the Company ensures that persons who effectively run and oversee the Company are properly qualified (fit) and suitable (proper) for doing so in a professional manner. To this end, the Company conducts fit and proper assessments of its employees: management and supervisory board members, members of the supervisory board's committees, key managers, key function holders of the risk management system and personnel overseeing outsourced activities. The assessment is carried out before the appointment to the role and periodically thereafter whenever circumstances arise that require a reassessment of whether such persons are still fit and proper.

In addition to the appropriate qualifications, experience and expertise (fitness) they must have, relevant personnel is required to demonstrate they have good repute and demonstrate high standards of integrity (propriety) as exemplified by their actions.

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

All relevant personnel are subject to the reporting duty regarding any new facts or circumstances, or changes to information submitted in the initial suitability assessment. An appropriately composed fit and proper committee assesses whether the new facts and changed circumstances or information are of such a nature as to require a fit and proper reassessment.

The HR function requires relevant personnel to sign personal statements at least once a year. Statements submitted by relevant persons confirm compliance with current fit and proper standards

[5] This disclosure relates to the parent company, Sava Re.

and their commitment to notify the human resources function immediately of any circumstances that may affect their fit and proper assessment.

In 2024, full fit and proper assessment procedures were conducted for new relevant personnel as well as an annual review based on annual statements for persons already assessed.

## Fitness requirements for relevant personnel

### Supervisory board and its committees

In assessing the fitness of members of the Company's supervisory board, including its committees, it is necessary to consider knowledge acquired through education and work experience. Requirements considered in the fitness assessment are:

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

The supervisory board is composed so as to ensure responsible oversight and decision-making in the best interest of the Company. Members are selected so that their professional expertise, experience and skills are complementary. The supervisory board, viewed as a whole, must have sufficient expertise. Individual members of the supervisory body with distinct special expertise may, in particular based on the assignment of responsibilities for a certain area, compensate for any less profound expertise of other members of the supervisory body in those areas.

### Management board

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

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

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

### Key function holders of the risk management system

In assessing the fitness of the key function holders of the risk management system, it is necessary to consider knowledge acquired through education and work experience. Based on this, the assessment is made considering assigned responsibilities for each key function. Requirements considered in the fitness assessment are:

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

### Other relevant personnel

In assessing the fitness of other relevant personnel, it is necessary to consider knowledge acquired through education and work experience. Based on this, the assessment is made considering assigned responsibilities for individual areas. Requirements considered in the fitness assessment are:

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

## Suitability requirements for relevant personnel

### Personal reliability and reputation

To ensure the sound and prudent management of the Company, relevant personnel must have the appropriate qualifications (fitness), be of good repute and demonstrate high standards of integrity (properness) through their actions. A relevant person is deemed to be proper, as long as there are no reasons to think otherwise. Circumstances that give rise to reasonable doubt regarding suitability are harmful to the reputation of both the relevant person and consequently the Company.

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

### Independence of relevant personnel

Relevant persons may experience conflicts of interest due to the nature of business relations. Any relevant person that experiences a conflict of interest in their work must disclose such conflict of interest and act in the interests of the Company. If this is not possible, such person must inform the Company's management or supervisory board, if a conflict of interest is perceived with any member of either the management or supervisory boards.

### Time input

The members of the supervisory board and its committees must – in addition to business knowledge, relevant personal integrity, business ethics and independence – demonstrate that they have available time resources in the period when performing the function.

## Assessment procedure

The fit and proper assessment procedure is conducted by a special committee set up according to an internal framework document (policy). During the assessment of relevant personnel, the Company's human resources function assists with the implementation of operational tasks, such as the acquisition, submission, processing and storage of documents and issuance of the assessment results.

The committees conduct fit and proper assessments and issue relevant results based on documents and statements compiled. Based on assessments thus obtained, they may take the necessary actions to ensure adequate qualifications of relevant personnel. The committees also conduct overall fit and proper assessments of the management and supervisory bodies as collective bodies.

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

The Company's management is aware that risk management is key to achieving operational and strategic objectives and to ensuring its long-term solvency. Therefore, the Company is continuously improving its risk management system.

Awareness of the risks to which the Company is exposed is essential for its safety, financial stability and the achievement of its objectives. In order to establish good risk management practices, the Company promotes a risk management culture with appropriately defined remuneration for employees, employee training and relevant internal information flow.

The Company has in place a risk strategy that defines risk appetite and policies covering the entire framework of risk management, own risk and solvency assessments (hereinafter: ORSA) and risk management for each individual risk category.

### B.3.1 Risk management organisation

Systematic risk management includes an appropriate organisational structure and a clear delineation of responsibilities.

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

- The first line of defence consists of all organisational units with operational responsibilities (development, sales and reinsurance management, provision of reinsurance services, financial operations, accounting, controlling, human resources and others).
- The second line of defence consists of three key functions (the risk management function, actuarial function, compliance function) and the risk management committee.
- The third line of defence is covered by the internal audit function.

The **management board** plays a key role and bears ultimate responsibility for the effectiveness of established risk management processes and their alignment with the Group's standards and the applicable legislation. In this regard, it has the following main responsibilities:

- setting the risk strategy, and approving risk tolerance limits and operational limits,
- adoption of policies relating to the risk management system,
- implementing effective risk management processes, and
- monitoring operations in terms of risk and providing input for risk-based decision making.

The **supervisory board** approves the risk strategy, the risk management policy and the appointment of key function holders of the risk management system. In addition, the supervisory board reviews periodic risk management reports. A risk committee has been set up as part of the supervisory board to provide expertise in particular with regard to the Company's risk management.

The **first line of defence** involves all the Company's employees who are responsible for ensuring that operational tasks are performed in such a way as to reduce or eliminate risk. Additionally, risk owners are responsible for monitoring and assessing individual risks listed in the risk register. Line managers are responsible for ensuring that the operational performance of the processes for which they are responsible are conducted in a manner that reduces or eliminates risks, and that the frameworks laid down in the risk strategy are observed. The first line of defence is also responsible for monitoring and measuring risks, preparing data for periodic risk reports for individual areas of risk and identifying new risks.

The Company's **second line of defence** comprises the Company's risk management committee and three key functions: the actuarial function, risk management function and compliance function. The members of the committee and key function holders are appointed by the management board; key function holder appointments also require the consent of the supervisory board. The Company's key functions are independent, they are organised as management support services and report directly to the Company's management board. Their roles and responsibilities are defined in the policy of each key function and/or in the risk management policy that defines the risk management function. The responsibilities of the risk management function are summarised later in this section; those of the other key functions constituting the risk management system are set out in sections B.4.2 *Compliance function*, B.5 *Internal audit function* and B.6 *Actuarial function* of this report.

**The risk management function** is primarily responsible for:

- setting up effective risk management processes and coordinating risk management processes already in place,
- identifying, assessing, monitoring, managing and reporting on risks,
- organising risks in a joint risk profile, indicating interdependencies,
- periodically monitoring the risk profile,
- designing the risk strategy and setting risk tolerance limits,
- regularly reporting to the risk management committee, the management board, the supervisory board's risk committee, and the supervisory board,
- offering support to the management board in decision-making (including in relation to strategic decisions, such as corporate strategy, mergers and acquisitions, and major projects and investments), and
- reporting on potential hazards.

Details on duties, terms of reference, responsibilities and powers of the risk management function holder, procedures, obligations, time limits and reporting distribution lists are set out in the risk management policy.

In addition to the key functions, the second line of defence also includes the Company's **risk management committee** (for more information, see section B.1.4 *Committees of the governance system*. The committee includes the key representatives of the first line of defence with regard to the company's risk profile and the management board. The holders of other key functions of the risk management system are also invited to attend meetings of the committee. The committee is primarily responsible for monitoring the Company's risk profile, analysing risk reports and issuing recommendations to the management board.

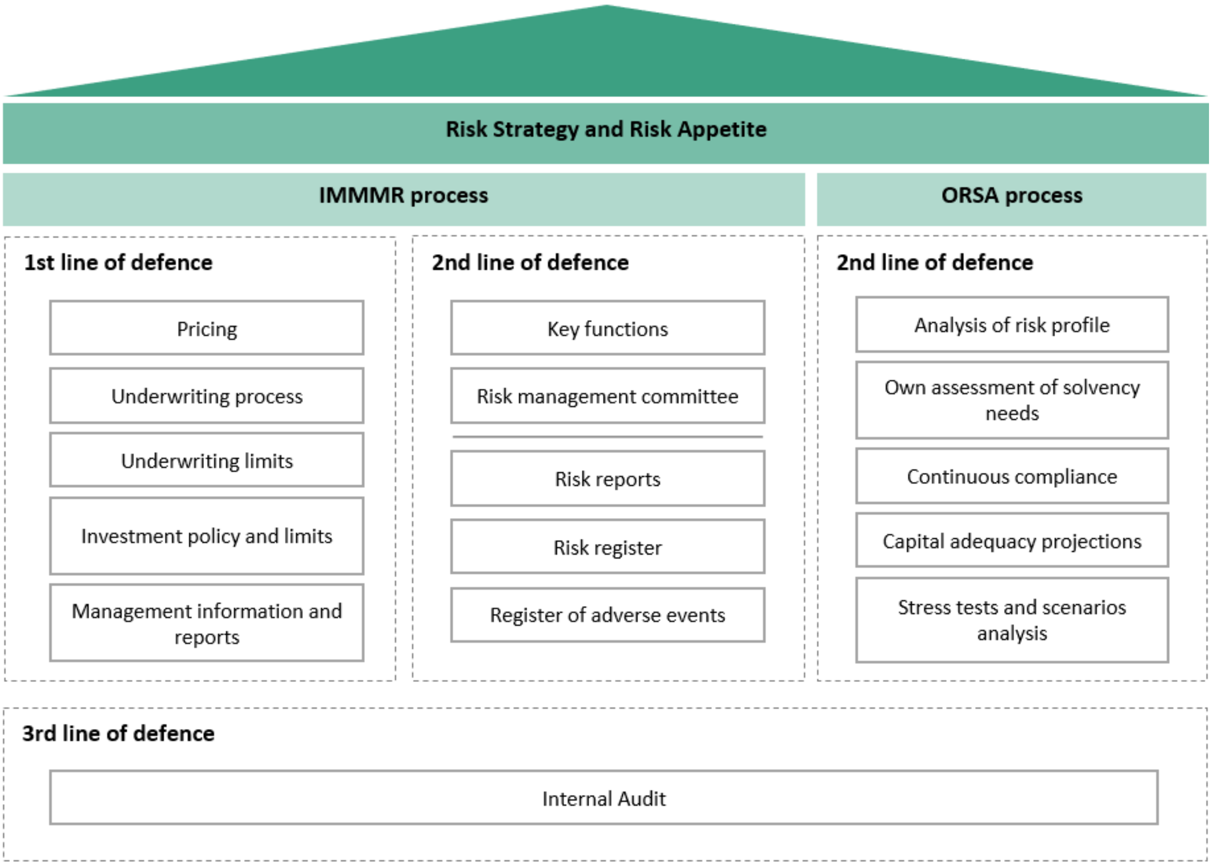
The **third line of defence** consists of the internal audit function. It is completely independent of the business areas and other functions. In the context of the risk management system, the internal audit function is responsible for the independent analysis, verification, and assessment of the performance and effectiveness of internal control and risk management systems.

### B.3.2 Components of the risk management system

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

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

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




## Risk strategy

The Company seeks to operate in compliance with its business strategy and to meet its key strategic objectives while maintaining an adequate capital level. To this end, a risk strategy of the Sava Insurance Group for 2023–2027 was adopted at Group level. The risk strategy defines:

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

The Company's risk appetite is based on four major areas:

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

Based on its risk appetite, the Company sets its risk strategy, risk tolerance limits and operational limits. Risk tolerance limits are limits set for individual risk categories included in the Company's risk profile, determining approved deviations from planned values. These limits are set based on the results of sensitivity analyses, stress tests and scenarios, and professional judgment.

The Company sets operational limits, such as underwriting and investment limits, in order to ensure that the activities of the first line of defence are carried out in accordance with the set risk appetite. In addition, the Company ensures that it has in place well-defined and established escalation paths and management actions for breaches of operational limits.

For periodic monitoring of compliance with the risk strategy, the Company has defined a minimum set of risk measures for each risk category to allow for monitoring of the Company's current risk profile and capital position. The Company periodically reviews these risk measures.

## Risk management processes

Risk management processes are inseparable from and fully integrated into business processes carried out in the Company. All organisational units are involved in the Company's risk management processes.

The main risk management processes are:

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

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

**Risk identification**

In the process of risk identification, the Company identifies the risks it is exposed to. The key risks are listed in the risk register and make up its risk profile. The set of key risks is regularly reviewed, and new risks are added if necessary.

Risk identification is both a top-down and a bottom-up process. Using a top-down approach, risk identification is conducted by the risk management function, the risk management committee and the management board. Such identification of new and emerging risks is based on monitoring the legal and business environment, market developments and trends, and expert knowledge. This process is mainly used by the Company with strategic risks, such as reputational risk and legal risk.

Bottom-up risk identification takes place in individual organisational units and with risk owners (the first line of defence). Risks thus identified are categorised and incorporated into the relevant processes of monitoring, measuring, managing and reporting. The Company also maintains an adverse events register to identify emerging risks, especially operational.

Risk identification is performed on an ongoing basis, especially for major projects and business initiatives, such as the launch of a new product, investment in a new asset class or an acquisition. In addition, once a year the Company conducts a regular review of its entire risk register.

**Risk assessment**

The Company has established a periodic assessment of the risks it is exposed to. The Company uses both qualitative and quantitative methods to measure risk. The Company develops its own quantitative models to assess risks throughout the Sava Insurance Group.

The Company measures risks by:

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

**Risk monitoring**

Risk monitoring is conducted at several levels: at the level of individual organisational units and risk owners: the risk management department, the risk management committee, the management board, the supervisory board's risk committee, and the supervisory board. A standard set of risk measures is defined and monitored on a regular basis. Both risks and risk management measures are subject to monitoring and control. Adverse events and the implementation of corrective measures to prevent the recurrence of an individual event are also monitored.

**Risk management**

The Company's management board is responsible for risk management and the use of various risk management techniques and measures. In its decisions, the management board takes into account the cost benefit aspect of actions as well as recommendations, if any, issued by the risk management committee or key functions.

Whenever the need arises to adopt a new risk control measure, the Company conducts an analysis of the measure in terms of its economic and financial viability. Elimination or mitigation of risks must be more cost effective than mitigation of the potential impact should the risk materialise, taking into full account the probability of such an event and its financial implications.

The Company regularly monitors and upgrades its internal control environment. Adverse event monitoring helps detect internal control weaknesses and identify the need for new internal controls to prevent risks from materialising in the future.

With regard to capital adequacy, the Company already considers in its business planning how its business strategy will affect its solvency position from both a regulatory and an ORSA perspective. If decisions are made during the financial year that have a significant impact on the risk profile but have not been assessed in terms of risk during the business planning process, the Company assesses the impact of these decisions on its risk profile and capital adequacy, and verifies compliance with the risk appetite. If a business decision could have a significant impact also on the Group's risk profile, such impact on the Group's risk profile and capital adequacy is also assessed. If any business decision fails to comply with the risk appetite or any risk tolerance limit is exceeded, the Company is required to document such deviation and take relevant action to resolve the situation.

**Risk reporting**

The Company also has in place periodic risk reporting. Risk owners report to the risk management function on each risk category, including a predetermined set of significant risk measures and qualitative information. Based on this, the risk management function in cooperation with risk managers prepares a risk report covering the Company's entire risk profile. The report is first considered by the risk management committee, followed by the management board, the risk committee and the supervisory board.

## Own risk and solvency assessment (ORSA)

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

A comprehensive ORSA process is carried out at the Group level, together with uniform reporting to the Insurance Supervision Agency as part of the joint report of Zavarovalnica Sava, Sava Re and the Sava Insurance Group. Zavarovalnica Vita prepares its ORSA report separately.

The ORSA report has been prepared based on the Company's business and strategic plans, taking into account the current risk profile as well as any changes planned therein. The ORSA is primarily conducted to understand the own risk profile and the Standard Formula, and to analyse the impact of the changes in the risk profile on capital adequacy over the next three years. Throughout the ORSA, the Company's management board is actively involved in the process: it confirms the technical bases for the ORSA, reviews the ORSA, and challenges it before giving its formal approval.

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

The ORSA process is extensive and spans a large part of the year. Based on input from the business and strategic plans and the risk strategy, the SCR is calculated, and Solvency II valuations are made for balance sheet items and eligible own funds for the next three-year period. Based on projections, continuous compliance with the regulatory requirements regarding capital and technical provisions is reviewed. In addition, compliance with the risk strategy is reviewed.

Based on the results of the suitability analysis of the Standard Formula for the Company's risk profile, the own solvency model is then used to conduct an own risk and solvency assessment for a three-year period. In addition, we perform sensitivity analyses and an analysis of selected scenarios relevant to the (planned) risk profile of the Company.

The Company conducts the ORSA process at least once a year. The part of the ORSA report relating to Sava Re and the Sava Insurance Group is considered by the risk management committee and confirmed by the management board; the supervisory board's risk committee and the supervisory board of Sava Re also takes note of it. The joint ORSA report is submitted to the Insurance Supervision Authority after approval by the management board.

However, in the event of a significant change in the risk profile or eligible own funds that was not been anticipated in the business or strategic plans, the Company conducts an ad hoc ORSA according to defined criteria.

The ORSA is subject to continuous improvement, both with regard to risk assessment as well as in terms of its integration into the Company's ongoing processes and business decision-making.

# B.4 Internal control system

## B.4.1 Internal control system

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

The Company seeks to make employees aware of the importance of internal controls and involves employees in the implementation of internal control procedures. Procedures for reporting to the appropriate level of management with regard to potential problems, deviations, non-compliance with the code of conduct or other policy violations or illegal actions must therefore be presented to all employees in plain language and are clearly stated in documents available to all employees. The Company also indirectly monitors the adequacy of the internal control system through the reporting of adverse events. Adverse events are regularly reported by employees and recorded in the adverse events register and the risk management function monitors their resolution and the implementation of new internal controls to reduce their occurrence.

The Company has in place a policy of internal controls aimed at setting up an effective and reliable system of internal controls. The policy sets out the basic principles, framework of and roles for the system of internal controls as part of the Company's system of governance.

## B.4.2 Compliance function

The compliance function is organised as one of the four key functions constituting the risk management system. Being an internal control function, it is part of the second line of defence of the internal risk management system, consisting of three lines of defence. Its main duty is to manage the risks arising from non-compliance with the law.

The compliance function is organised within the department "office of the management board and of compliance". Although the compliance function is not organised as an independent organisational unit, it is ensured that the compliance function holder has direct access to the management board at all times. The compliance function holder also has other responsibilities; therefore, relevant measures have been taken by the Company to avoid potential conflicts of interest for the function holder when in the compliance function holder's role.

The compliance function holder is authorised by the management board subject to the consent of the supervisory board.

The main tasks of the compliance function are to:

- monitor and periodically assess the adequacy and effectiveness of regular procedures and measures taken to address any deficiencies in the compliance with regulations and other commitments;
- advise and assist in the coordination of the Company's operations with the obligations imposed by regulations and other commitments;
- assess potential impacts of changes in the legal environment on the operations of the Company in terms of compliance with its regulations and other commitments, and thus report on them to the Company's management board, individual organisational units, and business and key functions;
- identify and assesses risks to the Company's compliance with regulations and other commitments, and, if necessary, propose recommendations and guidelines for the management of compliance risk;

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

## B.5 Internal audit function

The Company's internal audit function is conducted by an independent organisational unit, the internal audit department, which reports directly to the management board and the audit committee and is functionally and organisationally separate from other organisational units. Its organisational position ensures autonomy and independence of operation. The internal audit is part of the internal control system of the Company that ensures independent, regular and comprehensive review and assessment of the adequacy of the Company's governance, risk management and control procedures. Internal audit reports directly (orally and in writing) to the management board, the audit committee and the supervisory board.

The internal audit function, being an internal control function, is part of the third line of defence of the Company's risk management system.

The main tasks of the internal audit are to:

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

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

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

The internal audit function holder has been appointed by the management board with the consent of the supervisory board upon the prior opinion of the audit committee and also serves as the director of the internal audit department.

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

In accordance with the Slovenian Insurance Act and under outsourcing agreements, the Company performs the internal audit key function for Zavarovalnica Sava, Zavarovalnica Vita, Sava Pokojninska and Sava Infond for an indefinite period.

While strengthening the internal audit department in 2024, we further intensified the implementation of software to support the comprehensive internal auditing process, the issuance of an overall opinion at the level of the entire Sava Insurance Group and the adaptation to the new Global Internal Auditing Standards™. The Group Internal Audit has been introduced at the level of the entire Group since 2021. This represents a high level of periodic monitoring of the development and quality of internal audit functions at subsidiaries, providing also the basis for issuing overall opinions of the effectiveness and efficiency of internal controls and risk management at the company and Group levels.

## B.6 Actuarial function

The actuarial function is an administrative concept comprising all the persons performing actuarial tasks of the second line of defence as detailed below. Actuarial function performers are employed in the areas of the actuarial function. They also perform first-line-of-defence actuarial tasks. Although the actuarial function is part of the second line of defence, it is organised in a way that prevents any one person from both implementing (first line) and controlling (second line) the same tasks.

The Company's actuarial function holder is responsible for carrying out the actuarial function. The appointment was made by the management board with the consent of the supervisory board.

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

- coordinate the calculation of technical provisions and ensure their consistency with applicable regulations;
- ensure the appropriateness of the methodologies, underlying models and assumptions made in calculating technical provisions so that they reflect key risks and are sufficiently stable;
- assess the sufficiency and quality of the data used in calculating technical provisions and to provide recommendations on how to adapt processes in order to improve data quality;
- compare best estimate provisions established in accordance with Solvency II principles (hereinafter SII provisions) against experience and, in the event of any deviation, suggest changes to the assumptions and valuation models used;
- oversee the use of approximations in calculating SII provisions;
- examine the appropriateness of the underwriting policy and express an opinion on the adequacy of insurance premiums, taking into account all underlying risks and effects of changes in the portfolio, options and guarantees, anti-selection, inflation and legal risks;
- verify the adequacy of reinsurance arrangements;
- participate in introducing and implementing the risk management system, in particular with respect to the development, use and monitoring of adequacy of the models underlying the calculation of capital requirements for underwriting risk and the conduct of own risk and solvency assessment;
- prepare, at least annually, a written report to be submitted to the management and supervisory bodies, and the local supervisory authority; reports on the implementation of the above tasks and their results, clearly identifying any weaknesses by issuing recommendations on how to eliminate them;
- for each recommendation given in the written report referred to in the previous indent, the function proposes a person responsible for and a time limit for the elimination of any weakness or implementation of any recommendation, such time limit having been agreed with the relevant responsible person;
- serve on the risk management committee.

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

The key function holders of the Sava Insurance Group companies serve on the Group's actuarial committee, the membership of which is regulated in its rules of procedure. Within its powers and in line with the rules of procedure appended to this policy, the Group's actuarial committee adopts decisions in the form of proposals and recommendations for the management board of Sava Re, other key functions of the Group and the Group's risk management committee, which are implemented in line with the rules of procedures of the Group's actuarial committee. The members of the actuarial committee have a responsibility toward the Company to communicate information about relevant arrangements to relevant parts of the Company.

In early 2024, a reserving committee was formally established to ensure a systematic review of the process of formulation and development of the assumptions used in the calculation of a company's technical provisions considering all applicable standards, i.e., Solvency II and IFRS, and to provide the management of individual companies with expert opinions and proposals regarding the formulation of the assumptions used in the calculation of the technical provisions.

The role of the reserving committee is to assist management in understanding the appropriateness of the assumptions used in the calculations of provisions and to understand the impact of movements in provisions and the assumptions used on a company's financial statements.

The duties, powers and responsibilities of the reserving committee are defined in more detail in the Rules of Procedure of the Reserving Committee of Sava Re d.d.

## B.7 Outsourcing

In accordance with the provisions of the applicable Insurance Act, the Company has adopted a policy and rules that govern the outsourcing of critical or important operational functions or activities. The policy defines the framework for outsourcing critical or important operational functions: contracts on outsourcing in general, when they might be entered into, how they should be maintained and documented, and how to ensure compliance with the applicable outsourcing guidelines. The policy outlines the steps and responsibilities in the process of outsourcing functions or activities, defining the standards of management and control of such a process. The policy further defines the registering of outsourced operations comprising all contracts considered as outsourced and defines how to document the whole decision-making process, collect the necessary documents and the signing of such contracts. The policy states that each outsourced operation must have an administrator, whose main responsibility is to oversee the outsourced function or activity. By signing the contract, all providers of outsourced services undertake to act in accordance with the applicable law and cooperate with the local supervisor. The Company must notify the local regulator of its intention to outsource an operation before entering into the relevant contract.

On 31 December 2021, the Company entered an asset management agreement with Sava Infond d.o.o. (outsourcing agreement), which entered into force on 1 January 2022.

Under outsourcing agreements, the Company performs the key function of internal audit for its subsidiaries Zavarovalnica Sava, Zavarovalnica Vita, Sava Pokojninska and Sava Infond for an indefinite period of time.

Under an outsourcing agreement, the Company performs the key function of compliance for its subsidiary Sava Pokojninska for an indefinite period of time.

## B.8 Any other information

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

The Company has in place a transparent and appropriate risk-based governance system.

The Sava Re corporate governance policy sets out the main governance principles, taking into account the Company's goals, mission, vision and values. The purpose of the policy is to define the foundation of the Company's system of governance, the basic management rules, rules of corporate governance and a transparent organisational structure with clear and transparent allocation and segregation of roles and responsibilities. Corporate governance is a combination of processes and frameworks used by the management and supervisory boards, and supervisory board committees for communicating, directing, controlling and monitoring a company's operations in order to achieve the Company's goals. The policy was last amended in November 2023.

In its 2024 annual report on internal auditing, the internal audit, based on all the tests carried out and methods employed in individual audit areas, issued an opinion that the internal controls at Sava Re are adequate and that their reliability is good. It is also of the opinion that Sava Re's governance has proven to be adequate and is being continuously improved to achieve key business goals, and that risks are well managed in terms of efficiency and economy of operations, although there remains some room for further improvement in the functioning of the system. The audit reviews revealed individual irregularities and weaknesses, to which the IAD drew attention, recommending these be remedied to improve control procedures, corporate governance and risk management. The Company's management board is aware of the potential impacts that the identified irregularities and weaknesses may have on the achievement of its key goals and is therefore taking remedial action. This is to increase the efficiency of internal controls and regularity of operations.

The adequacy of the Company's corporate governance system was also confirmed by an internal corporate governance audit carried out in 2022. The internal audit department assessed the adequacy, effectiveness and efficiency of the risk management, and internal control systems in the corporate governance area as good.

# C.Risk profile

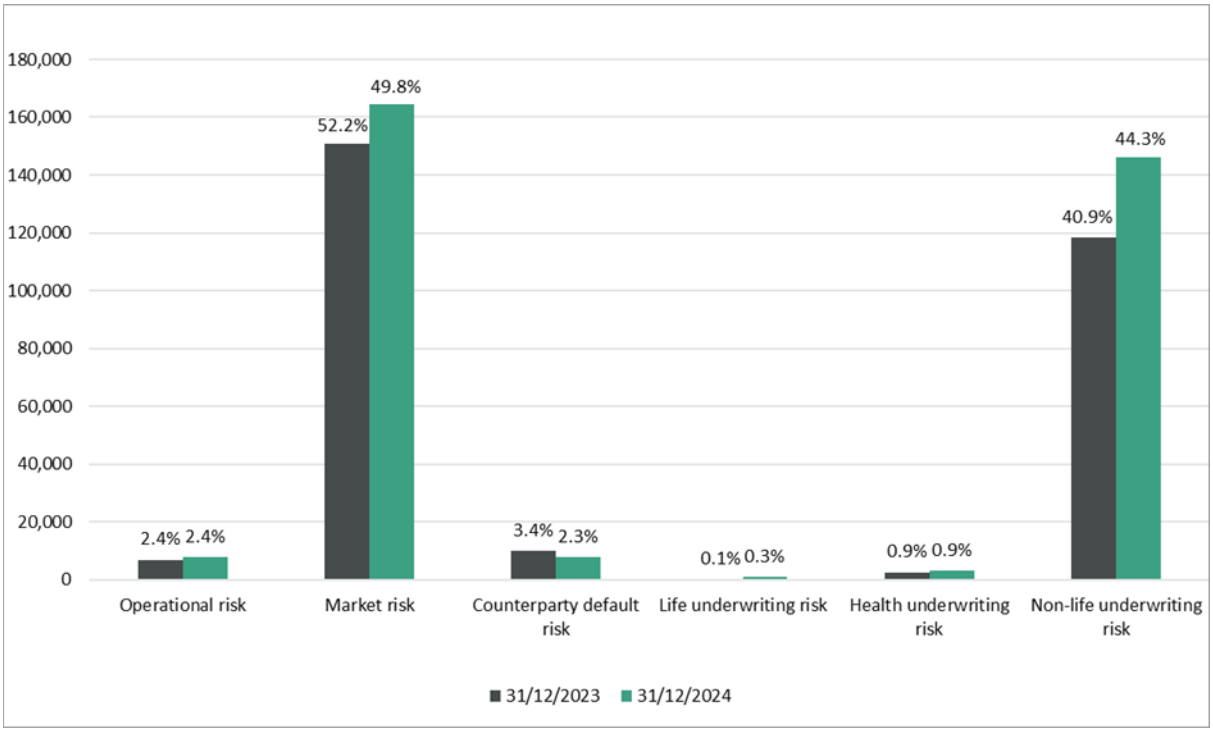
The Company's operations are exposed to various types of risk. This document does not purport to provide an exhaustive list of all possible risks but rather discusses risks that were reasonably foreseeable at the time of writing. The Company identifies, measures, manages, monitors and reports risks in accordance with the processes described in section B.3 *Risk management system, including the own risk and solvency assessment*. The main risk categories that the Company is exposed to are:

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

The following subsections discuss individual risk categories, except strategic risk, which is discussed in section C.6 *Other material risks*.

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

*Undiversified SCR by risk module (EUR thousand and as % of total)*[6]




At the end of 2024, the risk profile continued to be dominated by market and non-life underwriting risks; other risk categories are smaller. The increase in the capital requirement for market risk in 2024 is mainly due to the higher value of participations in subsidiaries and associates, mainly as a result of the companies' strong financial results and more favourable valuations of the investments. The capital requirement for non-life underwriting risk also increased in 2024, mainly due to higher capital requirements for premium and reserve risk and for catastrophe risk, primarily as a result of the growth in the reinsurance business. As a consequence, the proportion of market risk dropped slightly in 2024, whereas the proportion of non-life underwriting rose.

[6] The share of an individual module is calculated as the share of the sum of all modules.

### Key findings of ORSA for 2025

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

The 2025 ORSA (submitted to the regulator in March 2025) was based on Sava Re's business plan approved in December 2024. The 2025 ORSA results showed a robust solvency position and strong capital adequacy of the Company. Based on the financial plan and business projections, the Company's solvency ratio will be above the lower limit set in the risk strategy (above 200%), according to both the Standard Formula and the own assessment of solvency needs. The methodology used for the own assessment of solvency needs is described below for each individual risk.

As part of the ORSA for 2025, several relevant scenarios were also implemented for Sava Re. The Company analysed the impact of increased macroeconomic risk on its business and solvency position through a financial scenario, the results of which are described in more detail in section C.2.4 *Risk Management*. The Company analysed the impact of transition risks and physical risks from climate change using three climate scenarios to assess the impact of the transition to a greener economy on the investment portfolio and the impact of an increase in the frequency and severity of natural catastrophes on the insurance portfolio. The results of the climate scenarios are described in section C.6.6 *Sustainability and climate change risks*. The Company also tested the impact of catastrophic events with the Ljubljana earthquake scenario, the results of which are described in the section C.1.4 *Risk management*. While a single scenario can have a significant impact on the Company's solvency position, none of the scenarios would cause the Company's solvency ratio to fall below 200%.

### Impact of geopolitical uncertainty and the macroeconomic environment on the Company's risk profile

Geopolitical uncertainty is also a feature of 2024. The military conflict between Russia and Ukraine continued, and the military conflict between Israel and Hamas escalated to the point where other countries became involved. Tensions between China and Taiwan intensified in 2024. US–China rivalry was growing, particularly in the technology and military sectors, and protectionism by major economies could have an impact on global supply chains. These frictions also affected the free movement of goods and international trade.

The year was marked by elections in some major developed countries, which had an impact on financial markets. The election outcomes have added uncertainty to expectations for the coming year, as they are likely to affect the dynamics of relations between countries and pose new challenges to the free market. The strategic positioning of imports and exports of key commodities and products could be affected by high price volatility and supply chain congestion in the future. Europe's structural challenges and its dependence on Russian gas, with a significant reduction in supply to Europe in recent years, also pose risks. Political instability in some European countries and declining economic activity in Germany were also contributing to a deteriorating economic environment.

From a stock market perspective, 2024 was a good year for equities and bonds. This prompted several central banks, including the US Federal Reserve and the European Central Bank (ECB), to cut key interest rates. In Europe, the ECB implemented a second 25-basis-point rate cut in September, motivated by growing confidence in inflation dynamics and weak economic growth. Inflation fell to 2.2% in November 2024, close to the ECB target. Inflation in the euro area is forecast by the ECB to be 2.1% in 2025 and 1.9% in 2026. In 2025, it is expected that the ECB and the US Federal Reserve will continue their trend of lowering interest rates. Uncertainty about economic growth in Europe is relatively high.

The Organisation for Economic Co-operation and Development (OECD) has forecast that the global economy will grow by 3.3% in 2025. The US economy is expected to grow by 2.4% and the EU by 1.3%.[7]

In 2024, the Company underwrote reinsurance business in line with its key strategic objectives, in particular to ensure moderate but high-quality growth and appropriate portfolio diversification. Despite the uncertain geopolitical environment, the second half of the year saw favourable changes in the reinsurance markets, and this resulted in additional capacity being released and interest in releasing even more capacity in the reinsurance industry. This led to a further easing of conditions from a pricing perspective, making the markets more competitive. These changes also impacted the last quarter and are expected to continue into 2025.

Potential systemic risks are kept under constant review in order to take 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 ORSA also examines the impacts of different scenarios.

### Climate change and transition to sustainable business

Climate change is a significant sustainability risk for the Company, as it has a direct and indirect impact on our business activities, and monitoring and managing this risk is crucial for the Group's long-term performance.

As the number and severity of catastrophic events have increased in recent years, climate change risks continue to be monitored at Company and Group level. These risks are discussed in more detail in section C.6.6 *Sustainability risk and climate change risk*.

### Cyber risk

Cyber risks were among the key operational risks in 2024 but are also important from a strategic perspective. Monitoring and managing these risks will continue to be vital for the Group in the future. The realisation of cyber risks can lead to a complete disruption of operations and high financial losses while also affecting the Group's reputation. We are therefore planning and implementing additional activities at the Group level in addition to the risk prevention measures already in place in this area. Security threats and incidents are also regularly monitored through the Security Operations Centre (SOC).

In 2024, we implemented all necessary activities for all Group companies to comply with the new DORA regulation[8], which sets new requirements for the security of network and information systems of financial entities. Activities carried out at the Group level include ICT (Information and Communication Technology) risk management, ICT incident reporting, digital operational resilience testing, third-party ICT risk management and the establishment of information sharing processes.

[7] OECD (2024), OECD Economic Outlook, https://www.oecd.org/en/publications/oecd-economic-outlook-volume-2024-issue-2_d8814e8b-en.html.
[8] Digital Operational Resilience Act.

## C.1 Underwriting risk

The Company's exposure to underwriting risk arises out of its accepted reinsurance contracts. This risk is related to the risks underwritten and associated processes, and it arises from the uncertainty related to the occurrence, scope and timing of obligations.

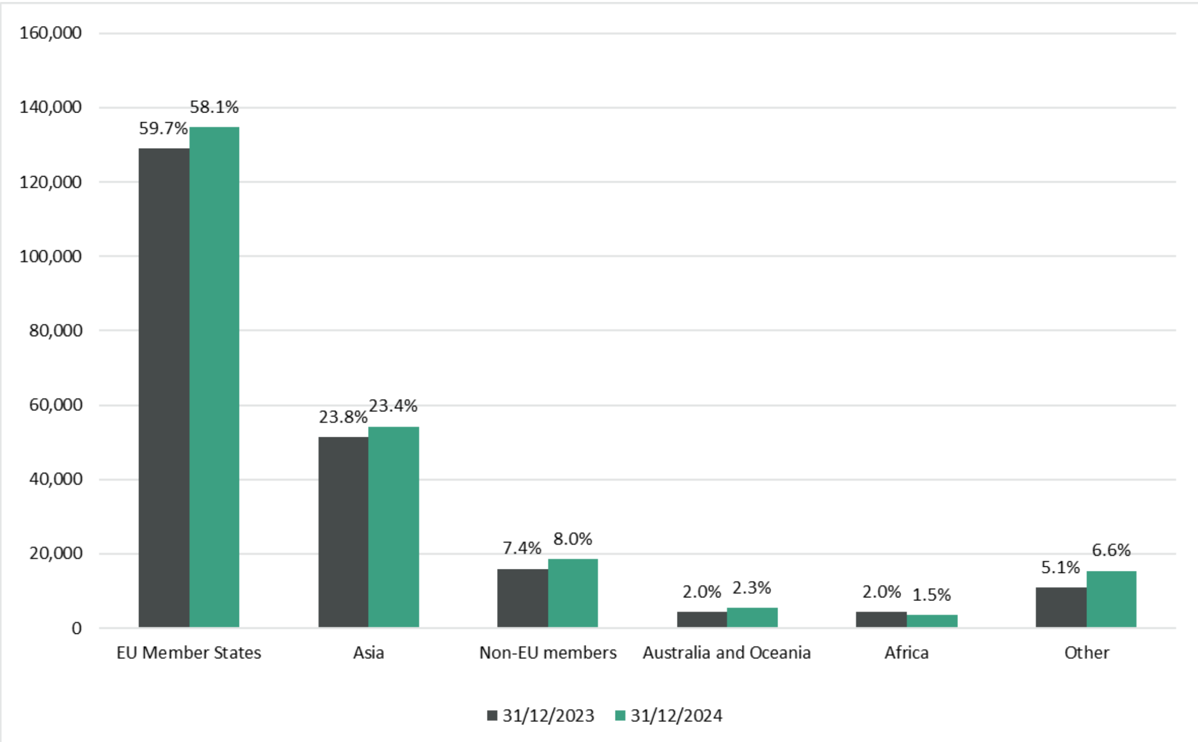
Underwriting risk is generally divided into:

- non-life underwriting risk,
- life underwriting risk (including annuities stemming from the non-life reinsurance business),
- health underwriting risk (including accident reinsurance).

The Company is exposed to all three types of underwriting risk. Life underwriting risk includes most of the risks associated with the accepted life reinsurance business ceded from within the Sava Insurance Group, whereas the accepted life reinsurance business from non-Group cedants and the accident reinsurance business is discussed under health underwriting risk. This is because, due to its annual coverage period and technical basis, such life reinsurance business is similar to accepted accident reinsurance business.

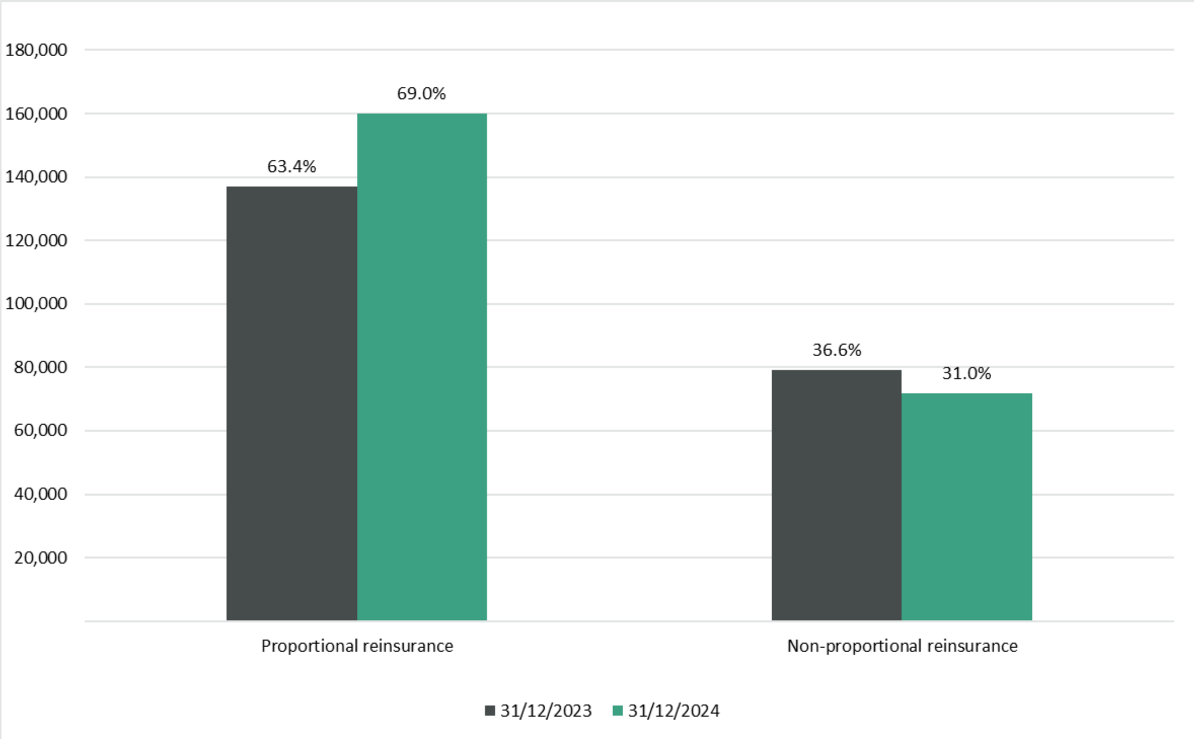
The following charts show gross premiums written by three criteria: geographical area, form of reinsurance and insurance group.

*Gross premiums written by geographical area (EUR thousand and as % of total)*

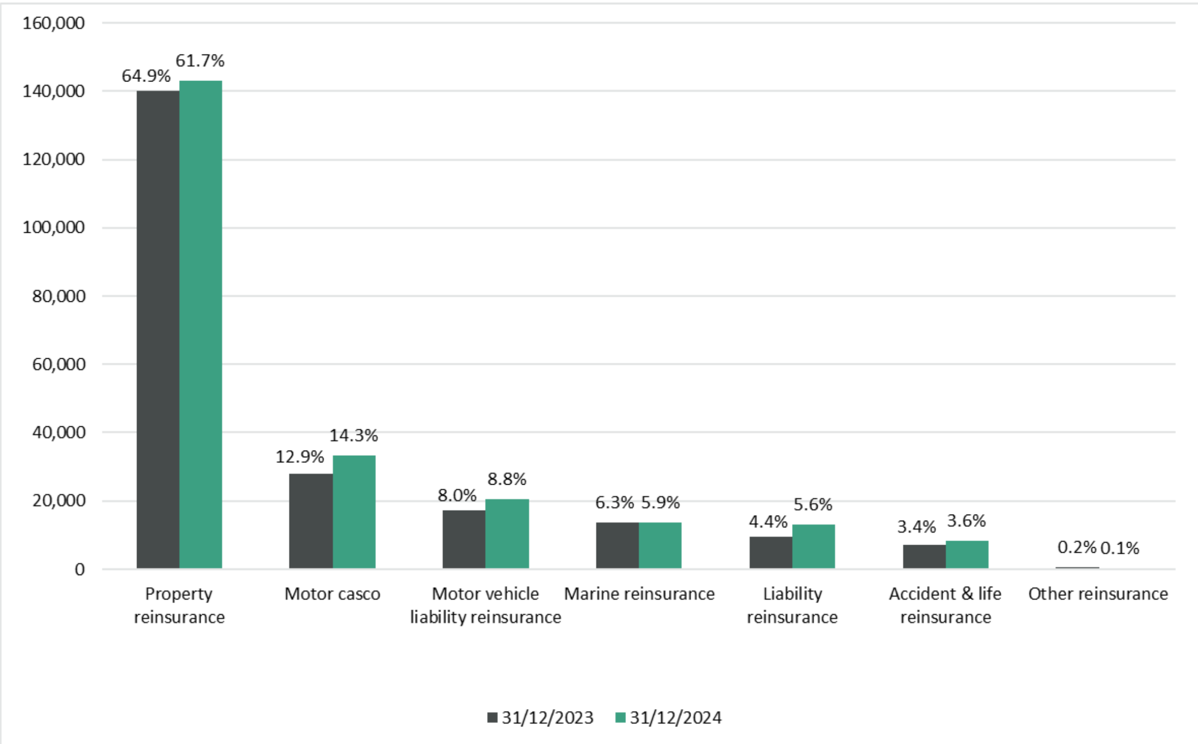



As can be seen, the Company is most exposed to the EU markets (especially to Slovenia) and Asia, and it is seeking to diversify through its presence in other markets.

*Gross premiums written by form of reinsurance (EUR thousand and as % of total)*




*Gross premiums written by insurance group (EUR thousand and as % of total)*




In terms of premiums, the reinsurance portfolio is dominated by proportional and property reinsurance business. Other major insurance groups are fairly evenly represented.

### C.1.1 Risk exposure

The Company is mainly exposed to the following non-life underwriting risks and risks associated with not-similar-to-life-technique health insurance business (NSLT health insurance).

- **Premium risk** is the risk that premiums written are insufficient to meet the obligations arising from reinsurance contracts. This risk depends on many factors, such as inadequate assessment of market developments, poor assessment of claims development, use of inadequate statistics, intentionally inadequate pricing in certain lines of business expected to be offset by other lines of business, or inadequate assessment of external macroeconomic factors that may change significantly during the term of a contract. These include:
  - underwriting process risk,
  - pricing risk,
  - risk of unexpected increase in claims.

In line with the portfolio composition, premium risk predominantly arises from the property reinsurance business, both proportional, the predominant form of reinsurance in terms of premium income, and the non-proportional reinsurance business, which is riskier due to claims volatility.

- **Reserve risk** is the risk that technical provisions are insufficient to meet the obligations arising from (re)insurance contracts due to inadequate methods, inappropriate, incomplete and inaccurate data, inefficient procedures and controls or inadequate expert judgement, or misreporting, resulting in unreliable information about the Company's financial position. These include the following risks:
  - risk related to data availability and accuracy,
  - risk related to adequacy of methods and assumptions used,
  - risk of calculation error,
  - risk stemming from complex tools used in processes yielding misleading results.

Similar to premium risk, property reinsurance is the largest contributor to reserve risk, but since the Company has been focusing on this business for many years, the proportion of the associated best estimate technical provisions is also the largest.

- **Catastrophe risk** includes the risk of occurrence of a catastrophic event; such events are rare, but their financial impact is too high to simply be covered by otherwise appropriate premiums and provisions. Catastrophe risk may materialise as an extreme event or as a large number of catastrophic events in a short period. This risk also includes an excessive geographical accumulation of risks. The Company's portfolio is geographically well diversified and also further balanced through its retrocession programme; therefore, the relatively high capital requirement stems from the aggregation of a large number of such requirements for various smaller natural perils and regions and various man-made catastrophic events, and it is due to the fact that coverage against catastrophic events is the Company's primary and most important role. The retrocession programme is described in more detail in section C.1.4 *Risk management*.

- **Lapse risk** is the risk of loss or adverse change in the value of insurance liabilities resulting from changes in the level or volatility of lapse rates. The Company is not significantly exposed to this type of risk.

The Company has a minor exposure to the following **life underwriting risks**:

- biometric risks, which are divided into:
  - mortality risk,
  - longevity risk
  - disability and morbidity risk,

- life-expense risk,
- revision risk,
- lapse risk, being the risk of early termination of life insurance contracts, includes terminations due to surrenders, conversion to paid-up status and premium default,
- life catastrophe risk.

Other underwriting risks, such as economic environment risk and policyholder behaviour risk, may be material, but their effect is already indirectly accounted for in the above non-life and life underwriting risk.

### C.1.2 Risk measurement

The Company uses the Standard Formula for quantitative assessment of underwriting risk. To this end, it does not apply undertaking-specific parameters for individual companies, in accordance with Article 104(7) of Directive 2009/138/EC.

As at 31 December 2024, the Company was exposed to non-life underwriting risk in the amount of EUR 146.2 million (31 December 2023: EUR 118.3 million), health underwriting risk in the amount of EUR 3.0 million (31 December 2023: EUR 2.6 million) and life underwriting risk in the amount of EUR 1.0 million (31 December 2023: EUR 0.4 million). The capital requirement for non-life underwriting risk, health underwriting risk and life underwriting risk accounted for 44.3%, 0.9% and 0.3%, respectively, of the sum of the SCR of all risk modules[9]. Premium and reserve risk, followed by catastrophe risk, represented the largest proportion of the undiversified non-life underwriting risk.

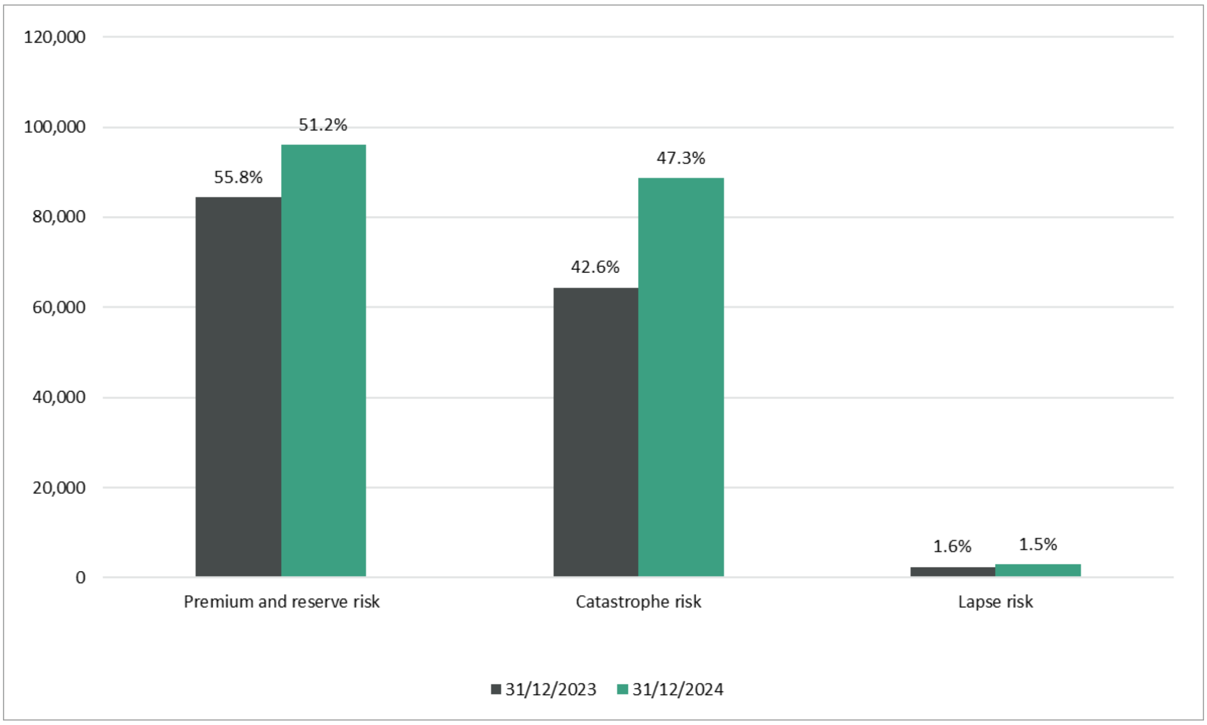
The capital requirement for non-life underwriting risks at 31 December 2024 increased materially, with material increases in both premium and reserve risk and catastrophe risk, while the lapse risk remained at a similar level to 2023. The capital requirement for premium and reserve risk increased as a result of the increase in premium volume due to price increases in the reinsurance markets and business volume growth, and the increase in reserves due to the change in the calculation of the best estimate claims provisions and the increase in business volume. The capital requirement for catastrophe risks is higher in 2024 than in 2023, mainly due to portfolio growth in the various regions.

The capital requirements for health and life underwriting risks remained at similar levels in 2024 as in 2023 and are relatively small.

The following chart shows the composition of non-life underwriting risk, the largest category of underwriting risk.

[9] The sum of all SCRs of all risk modules, including operational risk, is taken into account.

*Undiversified non-life underwriting risk by risk sub-module (EUR thousand and as % of total)*[10]




The Company also uses its own assessment (within ORSA) to quantify underwriting risks, where it assesses the premium and reserve risk using undertaking-specific parameters (USP). The own assessment of the premium and reserve risk is significantly lower than the result calculated using the Standard Formula; consequently, the own assessment of the capital requirements for non-life underwriting risk is lower than the requirements calculated using the Standard Formula.

In addition to this quantitative risk measurement, the Company also monitors its exposure to non-life underwriting risk quarterly, analysing the combined ratios of individual contracts and homogeneous risk groups, verifying the adequacy of technical provisions, monitoring aggregate exposures to natural catastrophes by geographical location and monitoring major new contracts. Based on all interim information, the Company monitors the underwriting risk profile to detect any changes, which enables the management to respond in a timely manner.

### C.1.3 Risk concentration

The Company considers the risk related to natural catastrophes to be the largest non-life underwriting risk. The Company's highest exposure to natural catastrophes is in Slovenia (as reflected in the reinsurance capacity), 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 2024.

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

*The largest gross exposure of Sava Re to natural catastrophes by country (EUR thousand)*[11]

| Country | 31 December 2024 | Country | 31 December 2023 |
|---|---|---|---|
| Slovenia | 468,546 | Slovenia | 472,942 |
| China | 44,674 | China | 48,184 |
| Greece | 31,160 | Greece | 36,075 |
| Cyprus | 30,262 | Taiwan | 32,530 |
| Taiwan | 29,951 | Vietnam | 30,843 |
| United Kingdom | 28,922 | Germany | 30,300 |
| Serbia | 28,753 | India | 30,298 |
| Vietnam | 27,792 | Austria | 29,726 |
| Austria | 27,405 | Serbia | 29,543 |
| Poland | 26,757 | Romania | 28,616 |
| **Total** | **744,220** | **Total** | **769,057** |

Exposures to Slovenia decreased by EUR 4.4 million compared to the previous year, while exposures in other markets also decreased slightly. Cyprus, the United Kingdom and Poland are new countries on the list of countries with the highest gross exposure in 2024.

### C.1.4 Risk management

The Company manages underwriting risk mainly through an established underwriting process, as set out in internal reinsurance underwriting guidelines. These define the requirements for partners, the minimum required level of information about the business and the expected profitability range. In addition, they also define the underwriting process and levels of authority so that appropriate controls are included in the process. The Company also manages underwriting risk by means of geographical diversification, aggregate exposure limits and an appropriate reinsurance (retrocession) programme.

The Company annually reviews and sets underwriting limits. These limits relate to the sums insured or probable maximum loss (PML) figures of individual contracts and to reinsurance premiums, all for assumed shares in the Company's retention, as well as to the expected aggregate exposure to catastrophic risk by geographical area. Underwriting limits must also be confirmed by the holder of the actuarial function to ensure their consistency with the Company's risk appetite. Underwriting limits are an integral part of the reinsurance underwriting guidelines. For more complex transactions, these guidelines also define the process of approving risk acceptance, including roles and responsibilities, and escalation procedures.

In addition to the above, the Company analyses the impact of selected sensitivity analyses on risk levels. In the calculation as at 31 December 2024, we tested the impact of a **10% increase in the volume measure for the premium risk of non-life and NSLT health insurance** on the level of premium and reserving risk and the overall SCR. A 10% increase in the premium volume measure would result in a 4.8% increase in the premium and reserving risk of the non-life business and a 6.8% increase in the premium and reserving risk of the NSLT health insurance business. The increase does not have a material impact on the Company's solvency.

We also analysed the impact of a **10% increase in the volume measure for the reserving risk of non-life and NSLT health insurance** on the level of premium and reserving risk and the overall SCR. A 10% increase in the provision volume measure would result in a 5.2% increase in the premium and reserving

[11] 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.

risk of the non-life business and a 3.2% increase in the premium and reserving risk of the NSLT health insurance business. The increase does not have a material impact on the Company's solvency.

*Impact of sensitivity analysis on eligible own funds, SCR and Company's solvency ratio (for non-life and NSLT health business)*

| EUR thousand | Eligible own funds | Difference from base value | SCR | Difference from base value | Solvency ratio | Difference from base value |
|---|---|---|---|---|---|---|
| **Base values as at 31 December 2024** | **759,481** | | **258,013** | | **294%** | |
| Increase in volume measure for premium risk | 759,481 | 0 | 260,906 | 2,893 | 291% | -3 p.p. |
| Increase in volume measure for reserve risk | 759,481 | 0 | 261,164 | 3,151 | 291% | -3 p.p. |
| **Base values as at 31 December 2023** | **653,163** | | **225,927** | | **289%** | |
| Increase in volume measure for premium risk | 653,163 | 0 | 228,480 | 2,553 | 286% | -3 p.p. |
| Increase in volume measure for reserve risk | 653,163 | 0 | 228,749 | 2,822 | 286% | -3 p.p. |

Below we set out the risk management of individual non-life and health NSLT underwriting risks in greater detail, along with an overview of risk management of life underwriting risk.

## Premium risk

Premium risk is mainly managed through proper reinsurance underwriting and quarterly performance monitoring by class of insurance, if necessary, also by contract or partner, and through measures taken on this basis.

**Underwriting process risk** is managed by means of additional training of underwriters; by producing understandable, clear and detailed instructions; and by defining appropriate underwriting limits that are consistent with the Company's risk appetite as defined in its risk strategy, business strategies and retrocession programme. In addition, we pay special attention that contracts are entered into with verified and trusted cedants, and that there are appropriate limits on exposure concentration by geographical area and homogeneous risk groups in order to meet the required risk diversification. A major underwriting process risk is the incorrect assessment of the PML, mainly due to cedants of the Sava Insurance Group. To reduce this risk, the Company provides guidance on PML assessment, cooperates with its cedants' underwriters when underwriting large risks, offers relevant training and ensures that the retrocession programme covers PML error.

As regards **price risk**, the Company is only able to manage such risk indirectly, because it must follow the fortunes of its cedants in proportional reinsurance treaties. This is why the verification of cedants constitutes the main part of the underwriting process. The Company can manage product design risk directly only as regards the contractual terms and conditions, which, if inappropriate, may include associated risks that the Company, unaware of such when entering into the contract, fails to take account of when setting the premium. This can arise owing to poor and inadequate information provided by the cedant, or due to inadequate interpretation of the terms and conditions. To properly assess all risks, the Company must fully understand all positive and negative aspects of the contract and the associated risks. Before entering into a contract, the Company therefore closely examines both the partner and the market, compiles the information available (from the media, competitors or clients), monitors the applicable regulations and the related requirements, and observes trends in historical claims data (for the entire market) and forecasts. In addition, the Company may use special clauses in reinsurance contracts to limit performance volatility; for example, sliding scale or profit commissions, or loss ratio ceilings.

The **risk of an unexpected increase in claims** may arise as the result of incorrect risk assessment in the underwriting process, new types of claims, changes in case law, increased awareness of policyholders of their rights, changes in macroeconomic circumstances, activities adversely affecting the environment or an inadequate retrocession programme. This risk is mitigated through in-depth assessments of risks during reinsurance underwriting and prudent granting of underwriting authority. As with product design risk, the Company can manage this risk through the use of special clauses in proportional reinsurance contracts that 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 retrocession protection using a variety of stress tests and scenarios, and setting appropriate retention limits.

### Reserve risk

The Company manages reserve risk by means of robust processes and effective controls as regards the calculation of IFRS and Solvency II technical provisions. In addition, it conducts annual backtesting of the appropriateness of technical provisions, analysing the major reasons for their insufficiency. All experience so gained is then used in calculating future technical provisions. An effective calculation process for technical provisions comprises several key steps. By documenting and understanding such a process, the Group can identify and describe potential risks, such as:

- the risk related to data availability and accuracy,
- the risk related to the adequacy of methods and assumptions used,
- the risk of calculation error,
- the risk associated with supporting IT systems and tools.

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

Examples of controls include:

- reconciliation of technical provision items with 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 technical provisions.

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

### Lapse risk

It is estimated that lapse risk, being the risk of early termination of reinsurance contracts, is less important for the Company, because the vast majority of reinsurance contracts are entered into for one year, and the risk is also managed by developing and maintaining good business relations with cedants and closely monitoring the market situation.

### Catastrophe risk

The Company manages catastrophe risk through prudent reinsurance underwriting, geographical diversification and relevant retrocession protection against natural and man-made catastrophes.

To protect against potential natural disasters, the Company has in place catastrophe covers (CAT XL) to protect its retention, for both Group and non-Group business. However, before the operation of the non-proportional cover, the Slovenian portfolio is protected by a surplus retrocession cover providing protection at the individual risk level (including PML error), and an earthquake quota share cover. Thus, in case of a major event, the Company would suffer a loss in the amount of the priority of the CAT XL cover plus a reinstatement premium. If the Company continues to make use of the cover, reinstatement provisions start operating, i.e., the Company protects itself by a new cover for the remaining period of cover, which is an ordinary instrument available in international reinsurance markets, the price of which is lower than the initial cover because of the shorter period of exposure. This ensures that the Company remains solvent even if several catastrophe events occur in any one year.

The Company also considered various scenarios and their impact on business operations and the solvency position. We selected scenarios based on the own risk profile, striving to identify events with a potentially material impact on the operations and capital adequacy, and taking into account their probability of occurrence.

Catastrophe risk is a major risk for the Company. Therefore, as part of the annual ORSA process, the Company tests catastrophe scenarios in terms of their impact on solvency. As part of its 2025 ORSA, the Company addressed disaster risk with the Ljubljana earthquake scenario and the medium- and long-term climate scenarios. The former is described below, and the climate scenarios are described in section C.6.6 *Sustainability and climate change risks*.

The earthquake scenario assumes a magnitude VIII earthquake in Ljubljana in early 2025, resulting in property damage and accident insurance claims. The scenario has been used to calculate the impact on eligible own funds and the solvency ratio at the end of 2025. The scenario has a limited negative impact due to adequate reinsurance protection. The Company's solvency ratio falls slightly in the scenario but remains well above the target capitalisation level. Going forward, the Company will seek to diversify its portfolio, limit its geographical exposure, promote preventive measures (especially in the domestic portfolio) and ensure adequate retrocession protection.

### Life underwriting risk

We estimate that life underwriting risk is less significant for the Company. The risk is mitigated through a unified underwriting process in the Sava Insurance Group, good business relations with non-Group cedants of long standing and closely analysing the market situation. Procedures put in place to mitigate lapse risk include monitoring lapses in absolute and relative terms and overseeing cedant measures taken to minimise policy lapses. Procedures put in place to manage mortality risk include the consistent application of underwriting protocols, which specify in detail the deviation from normal mortality risk, the use of appropriate mortality tables and adequate retrocession protection. Procedures put in place to manage life expense risk include monitoring the macroeconomic situation (e.g., inflation) and planning service expenses for the coming years.

## C.2 Market risk

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

- **Interest rate risk** is the risk of a change in market interest rates adversely affecting the value of interest-rate-sensitive assets and liabilities. Interest-rate-sensitive investments include bonds, deposits, loans, bond and mixed mutual funds, and debt alternative funds. Interest-rate-sensitive liabilities mainly include technical provisions. When calculating capital requirements for interest rate risk, the amount of interest-rate-sensitive assets is considered on the assets side, whereas the best estimate technical provisions and provisions for employees are considered on the liabilities side.
- **Equity risk** is the risk of a fall in the level of equity prices resulting in a fall in the value of equities. The following are exposed to this risk: participations in subsidiaries and associates, investments in equity alternative funds, investments in equities and equity and mixed mutual funds. The level of risk in the calculation of capital requirements is also affected by the level of the symmetric adjustment, which is determined on the basis of the historical performance of the equity index.
- **Property risk** is the risk of a fall in the value of property due to changes in the level and volatility of property prices. This risk affects own-use property, investment property, real-estate funds and right-of-use assets.
- **Currency risk** is the risk of a drop in the value of assets or increase in the level of liabilities due to changes in the level of currency exchange rates.
- **Spread risk** is the risk of the sensitivity of the values of assets to changes in the level or in the volatility of credit spreads over the risk-free interest rate term structure. This risk affects bonds, deposits, loans, bond and mixed mutual funds, and debt alternative funds.
- **Market concentration risk** is the risk of a suboptimal diversification of the asset portfolio or an increased exposure to the default of a single counterparty or group of counterparties.

### C.2.1 Risk exposure

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

*Composition of investments included in the calculation of market risk (under Solvency II)*

| (EUR thousand) | 31 December 2024 | Structure as at 31 December 2024 | 31 December 2023 | Structure as at 31 December 2023 |
|---|---|---|---|---|
| Asset class | | | | |
| **Bonds** | **404,354** | **40.0%** | **317,774** | **37.0%** |
| Government bonds | 276,188 | 27.4% | 229,684 | 26.7% |
| Corporate bonds | 128,166 | 12.7% | 88,090 | 10.2% |
| **Investment funds** | **33,296** | **3.3%** | **29,427** | **3.4%** |
| **Deposits** | **1,042** | **0.1%** | **1,042** | **0.1%** |
| **Equity investments** | **554,615** | **54.9%** | **495,035** | **57.6%** |
| Participations | 551,410 | 54.6% | 491,496 | 57.2% |
| Listed shares | 828 | 0.1% | 813 | 0.1% |
| Unlisted shares | 2,377 | 0.2% | 2,726 | 0.3% |
| **Property** | **13,847** | **1.4%** | **13,967** | **1.6%** |
| Own-use property | 3,588 | 0.4% | 3,691 | 0.4% |
| Other property | 10,259 | 1.0% | 10,276 | 1.2% |
| **Loans and mortgages** | **2,603** | **0.3%** | **2,744** | **0.3%** |
| **Total** | **1,009,756** | **100%** | **859,989** | **100%** |

The value of assets included in the calculation of market risk was EUR 1,009.8 million as at 31 December 2024 (31 December 2023: EUR 860.0 million). The increase in the value of investments in 2024 is due to the increase in the value of participations in subsidiaries and associates, and the issuance of a subordinated bond in October 2024. Investments in government and corporate bonds increased compared to the previous period, driven by the issuance of a subordinated bond, the investment of free cash flow and the appreciation of these investments. The growth in investment fund assets was largely driven by favourable value movements in 2024. The value of participations in subsidiaries increased compared to the previous year, reflecting the strong operating performance of the subsidiaries.

Their composition shows that the majority of the Company's financial investments consists of strategic participations and fixed-rate financial instruments. The predominance of fixed-rate financial instruments in portfolio investments reflects the Company's policy to manage financial investments so that assets and liabilities are matched.

The proportion of portfolio investments[12] in variable-rate financial instruments is relatively small, with the majority of the Company's equity investments being participations. The majority of the market risks of the portfolio investments arise from interest rate and credit risk.

### C.2.2 Risk measurement

The Company uses the Standard Formula in addition to its own risk assessment for the quantitative assessment of market risk.

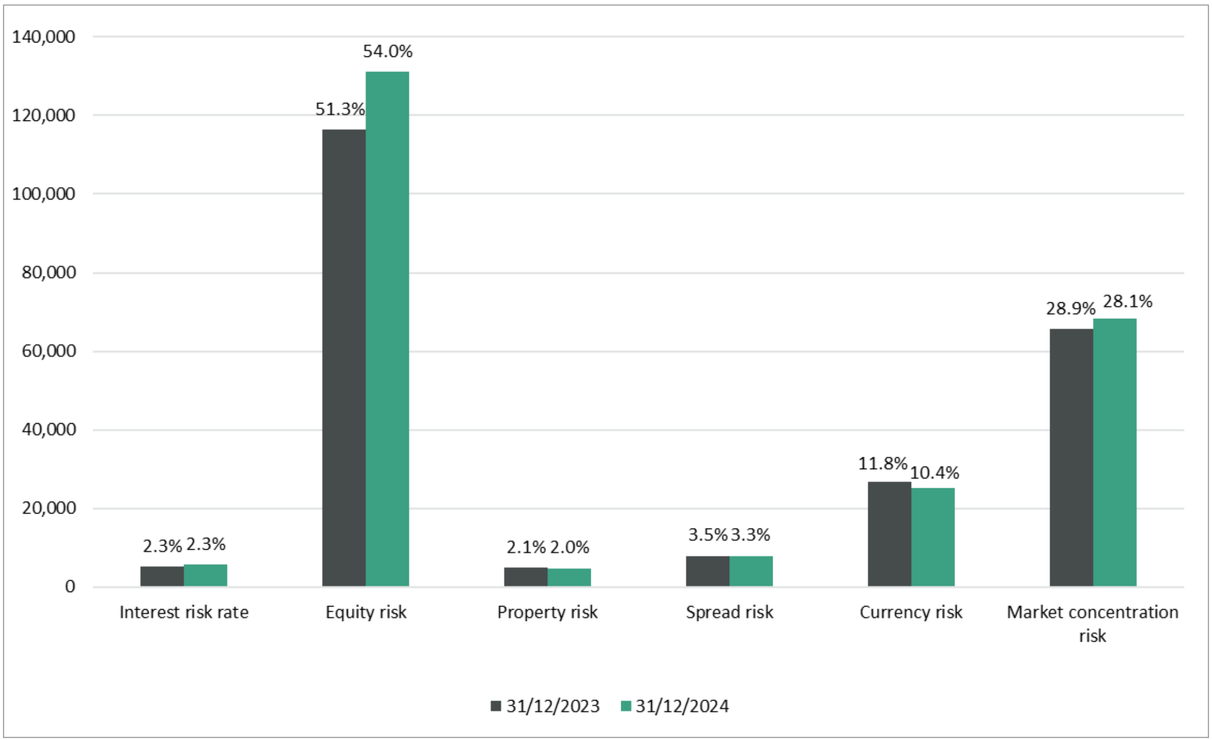
The solvency capital requirement in accordance with the Solvency II Standard Formula for market risk stood at EUR 164.4 million as at 31 December 2024 (31 December 2023: EUR 150.9 million, representing 49.8% of the sum of the SCR of all risk modules[13]. The capital requirement is higher largely due to the higher value of participations in subsidiaries and associates, which increases equity risk and

[12] Assets included in the calculation of market risks less participations in subsidiaries.

[13] The sum of all SCRs of all risk modules, including operational risk, was taken into account.

concentration risk. The Company has participations in insurance companies, both EU- and non-EU-based, in the amount of EUR 432.5 million (31 December 2023: EUR 379.2 million), in non-EU based insurance companies in the amount of EUR 65.0 million (31 December 2023: EUR 63.5 million), in the other subsidiaries and associates of EUR 53.9 million (31 December 2023: EUR 48.7 million). The Company's exposure to participations in subsidiaries and associates thus represents a material proportion of the capital requirement for equity risk and market risk concentration. The value of participations in EU-based and non-EU-based insurance companies increased significantly compared to last year, mainly as a result of the companies' strong operating results and more favourable valuation of the investments. The strong performance of the companies also led to an increase in the value of the investments in the remaining subsidiaries and associates.

*Undiversified market risk by risk sub-module (EUR thousand and as % of total)*[14]




**Interest rate risk** accounts for a relatively small proportion of the capital requirement for market risk. The risk increased slightly in 2024, due to the higher risk-free interest rate term structure. The Company regularly monitors, analyses and addresses the scope of the assumed interest rate risk. In view of the activities conducted and internal controls in place, we consider that this risk is well managed.

**Equity risk** is the largest type of market risk, accounting for 54% of total market risk. The majority of the capital requirement stems from participations in subsidiaries and associates. Equity risk arising from portfolio investments is relatively low due to the smaller exposure. The risk increased in 2024, mainly due to the higher value of participations in subsidiaries and associates. The slightly higher (EIOPA) symmetric adjustment[15] also had an impact.

**Property risk** is minor, as the proportion of property in the investment portfolio is capped by the Company's limit system and is therefore relatively small. In 2024, this risk remained at a similar level to that of the previous year.

**Spread risk** is a relatively small part of market risk, contributing 3.3% to the capital requirement. In 2024, despite a significant increase in the volume of debt securities, the risk remained at a similar level

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

[15] The shock is adjusted for equity market volatility.

to the previous year, mainly due to an increase in the share of better-rated investments. The Company has a limit system in place to manage credit risk, which defines maximum exposures to a single issuer, region, sector and credit rating, and thus prevents the assumption of risks exceeding the Company's risk appetite.

**Currency risk** represents 10.4% of market risk. Both assets and liabilities are exposed to this risk. The risk decreased slightly in 2024.

**Market risk concentration** is the second-largest market risk, accounting for 28%. The level of this risk is due to the Company's participations in subsidiaries that are not EU-based insurance companies, which are considered a single exposure under the Standard Formula. The level of risk is also affected by participations in associates, which are treated as a separate exposure and therefore exceed the exposure threshold in concentration risk. This risk increased compared to 31 December 2023, mainly due to the higher value of investments in the EU-based non-insurance subsidiaries. Portfolio investments are exposed to only minor market concentration risk because the Company monitors and regulates its exposure (concentration) of portfolio investments by region, sector and asset class. It thus prevents any large concentrations in the investment portfolio and limits the risk.

When assessing the risks associated with the investment portfolio, the Company also regularly monitors other risk measures, i.e., performance of the investment portfolio:

- duration,
- capital spending,
- market and book return, and net investment income,
- income volatility.

As part of its asset and liability matching procedures, the Company calculates and monitors the following for each asset and liability portfolio on a quarterly basis:

- modified duration, convexity and key rate duration,
- estimated future cash flows,
- the change in fair value,
- the currency structure of assets and liabilities.

In addition to the Standard Formula, the Company uses its own solvency model (as part of the ORSA) to monitor and assess market risk. In our own calculation of risk, we assess the following financial risks: equity risk, interest rate risk and credit risk of financial investments. Equities are valued using the capital asset pricing model (CAPM), where for each equity we separately determine an equity index that represents the market return in the model (based on the relevant economic generator scenarios). In its own model, the Company includes all marketable equity securities sufficiently liquid to allow it to estimate, with sufficient accuracy, the parameters of the model using historical data. For other investments, the Company uses stresses prescribed by the Standard Formula. In the own assessment, interest rate risk is assessed for all interest-sensitive assets and liabilities. To this end, each currency representing a relatively small proportion of the portfolio is translated into a modelled currency with which it had the most stable exchange rate over the past five-year period[16]. Furthermore, in its own model, the Company assesses the credit risk of financial investments, which also captures market risk concentration and spread risk. The own model only considers financial investments without participations in subsidiaries and associates. These are taken into account in the calculation of equity risk in the same way as in the Standard Formula, whereas in the calculation of market risk concentration, exposures relating to participations in subsidiaries and associates that are not EU-based insurers are considered as individual exposures. The own assessment of the capital requirement for market risks is lower than the assessment using the Standard Formula, mainly due to the lower capital requirement for participations in the own model, whereas the own assessment for portfolio

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

investments is slightly higher than in the Standard Formula, mainly because EU government bonds are treated as risk-free in the Standard Formula, while in the own model we also assess the risk related to these investments.

### C.2.3 Risk concentration

The largest exposure of the financial investments in subsidiaries and associates represents the investment in Zavarovalnica Sava, the value of which accounted for 58.9% of the entire value of financial investments in subsidiaries and associates (31 December 2023: 56.3%). As at 31 December 2024, Sava Re's total exposure to the risk of financial investments in subsidiaries and associates was EUR 551.4 million (31 December 2023: EUR 491.5 million).

The exposure to Germany represents the largest concentration to any single issuer. The Company's largest regional concentration is to the European Union.

The Company is aware of the risks associated with these concentrations and is actively managing them by setting appropriate maximum exposure limits in its limit system.

### C.2.4 Risk management

The framework for market risk management is set out in the Company's asset and liability management policy and investment risk management policy. These define:

- basic investment guidelines,
- measures to be used in monitoring investment performance,
- measures to be used in monitoring investment risks,
- the monitoring of the compliance of the portfolio with the limit system,
- persons responsible in the investment process.

In the management and monitoring of market risk, the Company takes account of the following:

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

The Company manages the risks arising from the financial investments portfolio by regularly monitoring and analysing issuers' financial data, monitoring the market prices of financial instruments, regularly analysing asset and liability management figures submitted to the risk management committee and conducting sensitivity analyses for material parameters of market risk.

The Company mostly manages the risk arising from its participations in subsidiaries through clearly defined business and risk management strategies, which the Group companies must follow, and through active Group governance.

Regarding market risk, we carried out five sensitivity analyses, applying various parameters that affect the level of the solvency capital requirement for market risk and the level of the Company's eligible own funds, and consequently the solvency position. The table below shows the results of selected sensitivity analyses.

*Impact of sensitivity analyses on eligible own funds, the SCR and the Company's solvency ratio*

| EUR thousand | Eligible own funds | Difference from base value | SCR | Difference from base value | Solvency ratio | Difference from base value |
|---|---|---|---|---|---|---|
| **Base values as at 31 December 2024** | **759,481** | | **258,013** | | **294%** | |
| Increase in interest rates of 100 basis points | 754,980 | -4,502 | 257,197 | -816 | 294% | 0 p.p. |
| Decrease in interest rates of 100 basis points | 763,891 | 4,409 | 259,034 | 1,022 | 295% | 1 p.p. |
| Fall in value of equity securities of 20% | 755,835 | -3,647 | 256,748 | -1,264 | 294% | 0 p.p. |
| Decrease in value of property of 15% | 756,551 | -2,930 | 257,610 | -402 | 294% | 0 p.p. |
| Decrease in value of participation in Zavarovalnica Sava of 20% | 692,963 | -66,519 | 247,818 | -10,195 | 280% | -14 p.p. |
| Decrease in value of participation in insurer Vita of 20% | 737,460 | -22,022 | 254,589 | -3,424 | 290% | -4 p.p. |
| Widening of credit spreads by 100 basis points | 749,153 | -10,328 | 257,627 | -386 | 291% | -3 p.p. |
| **Base values as at 31 December 2023** | **653,163** | | **225,927** | | **289%** | |
| Increase in interest rates of 100 basis points | 650,466 | -2,697 | 224,931 | -996 | 289% | 0 p.p. |
| Decrease in interest rates of 100 basis points | 655,914 | 2,751 | 227,077 | 1,150 | 289% | 0 p.p. |
| Fall in value of equity securities of 20% | 650,334 | -2,829 | 224,881 | -1,046 | 289% | 0 p.p. |
| Decrease in value of property of 15% | 650,700 | -2,463 | 225,513 | -414 | 289% | 0 p.p. |
| Decrease in value of participation in Zavarovalnica Sava of 20% | 597,862 | -55,302 | 217,130 | -8,797 | 275% | -14 p.p. |
| Decrease in value of participation in insurer Vita of 20% | 632,619 | -20,544 | 222,617 | -3,311 | 284% | -5 p.p. |
| Widening of credit spreads by 100 basis points | 646,228 | -6,935 | 225,474 | -453 | 287% | -2 p.p. |

The first sensitivity analysis was an **increase and decrease in interest rates**. We conducted the analysis by raising or lowering the base curve of the risk-free interest rate for all maturities by 100 basis points. Then, a new calculation was made of eligible own funds and the solvency capital requirement for all interest-rate-sensitive assets and liabilities. An increase in interest rates of 100 basis points resulted in a decrease in the Company's eligible own funds slightly below the Company's materiality threshold[17] as well as a decline in its SCR. Consequently, the impact of the sensitivity analysis on the solvency ratio is very small. The sensitivity analysis of a 100-basis-point reduction in interest rates revealed an opposite effect on eligible own funds and SCR. The impact of the sensitivity analysis on the solvency ratio is very small.

The second sensitivity analysis assumed a **fall in the prices of the Company's equities** of 20% as at the reporting date. The value of participations in subsidiaries and associates was not decreased. The impact on equities was proportionate to the change in the sensitivity analysis. The sensitivity analysis chiefly resulted in a decrease in eligible own funds, as well as in a decline in the capital requirement for market

[17] The materiality threshold is a measure of the Company linked to the level of eligible own funds and the solvency capital requirement. As at 31 December 2024, the Company's materiality threshold was EUR 10.0 million.

risk. The decline in eligible own funds and the SCR is below the Company's materiality threshold, and the impact on the solvency ratio is very small.

The third sensitivity analysis assumed a 15% **fall in property prices**. The calculation was made using the amount of property as at the reporting date. The sensitivity analysis chiefly resulted in a decline in eligible own funds, but the capital requirement for property risk also decreased. The impact of a fall in property prices on eligible own funds and the SCR is below the materiality threshold. Consequently, the impact of the sensitivity analysis on the solvency ratio was small.

As mentioned, the value of participations in subsidiaries has a material effect on the balance sheet and the level of the Company's market risk; therefore, in our fourth sensitivity analysis, we tested the impact on the solvency position of a **20% fall in the value of the two largest participations in subsidiaries**, Zavarovalnica Sava and Zavarovalnica Vita. Investments in the Company's insurance subsidiaries are valued in the Solvency II balance sheet using the adjusted capital method as the excess of the companies' Solvency II assets over liabilities. The value of the participation in Zavarovalnica Sava was EUR 324.9 million in the Solvency II balance sheet as at 31 December 2024 (31 December 2023: EUR 276.5 million), accounting for 58.9% (31 December 2023: 56.3%) of the total value of its financial investments in subsidiaries and associates. The sensitivity analysis assuming a 20% fall in the value of the participation in Zavarovalnica Sava materially reduces the eligible own funds and the Sava Re SCR. As eligible own funds decrease more than the SCR, the solvency ratio of the Company decreases significantly but remains high. The value of the participation in the insurer Zavarovalnica Vita was EUR 107.5 million in the Solvency II balance sheet as at 31 December 2024 (31 December 2023: EUR 102.7 million), accounting for 19.5% (31 December 2023: 20.9%) of the total value of its financial investments in subsidiaries and associates. The sensitivity analysis assuming a 20% fall in the value of the participation in the insurer Zavarovalnica Vita materially reduces the eligible own funds of Sava Re as well as its SCR. Because eligible own funds decrease by more than the SCR, the solvency ratio of the Company declines, but remains high.

The fifth is a sensitivity analysis to **increases in credit spreads**. The analysis was carried out by increasing the credit spreads by 100 basis points and then recalculating the eligible own funds and the solvency capital requirement. An increase in the credit spread reduces the Company's eligible own funds slightly above the Company's materiality threshold, but it also slightly reduces the Company's SCR, so the impact of the sensitivity analysis on the solvency ratio is relatively small.

### Scenario analysis in ORSA

In ORSA, the Company analysed the impact of increased macroeconomic risks on its business and solvency with a financial scenario and, as part of its climate scenarios, the transition to a greener economy with lower and higher impacts on the investment portfolio and the long-term impact of physical risks on the investment portfolio. The financial scenario is described below, and the climate scenarios are described in section C.6.6 *Sustainability and climate change risks*.

In the financial scenario, the Company applied the insurance stress test prescribed by EIOPA for 2024. The scenario assumed an increase in the risk-free interest rates, a widening of credit spreads on debt securities and a decline in the value of other asset classes. The additional scenario assumed an increase in lapses in life policies, higher non-life claims and higher non-life and life insurance expenses. Based on this scenario, we recalculated the impact on the planned investment portfolio and planned insurance obligations at the end of 2025. Such a scenario would have a large impact on the Company's eligible own funds (the impact considerably exceeding the Company's materiality threshold). Such a decline in the value of investments would also result in a lower capital requirement for market risk and, consequently, a lower SCR for the Company. The change in assumptions on the insurance side would have a minor impact on capital requirements. While the financial scenario would significantly reduce solvency, the Company's solvency ratio would remain above the lower end of the optimal capitalisation range as defined in the Company's risk strategy (200%) and well above the regulatory level of 100%.

The Company also uses these scenarios to determine the potential management actions required if the scenario materialises.

### Prudent person principle

The Company makes investment decisions that take into account all investment-related risks, not only risks considered in the calculation of its capital requirement. The strategic asset allocation is determined through an optimisation process based on historical data for each asset class and taking into account the Company's market risk appetite.

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

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

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

The Company has in place a limit system, which considers maximum losses expected on individual issuers, limits for market risk concentration prescribed under the Standard Formula, limits based on risk appetite and acceptable volatility of return on financial investments. In addition to the limits set for individual asset classes, industries, regions and issuers, the Company has set limits regarding credit ratings of investments to further mitigate credit risk.

In the case of a conflict of interest, the Company ensures that the investment is made in the best interest of policyholders and beneficiaries.

## C.3 Credit risk

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

### C.3.1 Risk exposure

As part of credit risk, the Company is exposed to:

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

Spread risk and market risk concentration are discussed and presented in section C.2 Market risk, in accordance with the risk classification and measurement in the Standard Formula. Later in this section, we provide details regarding counterparty default risk.

Counterparty default risk includes losses due to unexpected default or deterioration in the credit standing of counterparties and debtors over the coming 12 months. Counterparty default risk covers risk-mitigating contracts, such as reinsurance arrangements and receivables from intermediaries, as well as any other credit exposures not covered by the spread risk within the Standard Formula (cash and cash equivalents, and deposits to cedants). Credit risk relating to trade receivables arises out of delays in the payment of receivables from the Company's areas of receivables from the inwards reinsurance business and recourse receivables. In order to avoid such delays, the Company closely monitors the payment behaviour of cedants, running procedures to collect overdue receivables. This explains the Company's low exposure to counterparty default risk.

### C.3.2 Risk measurement

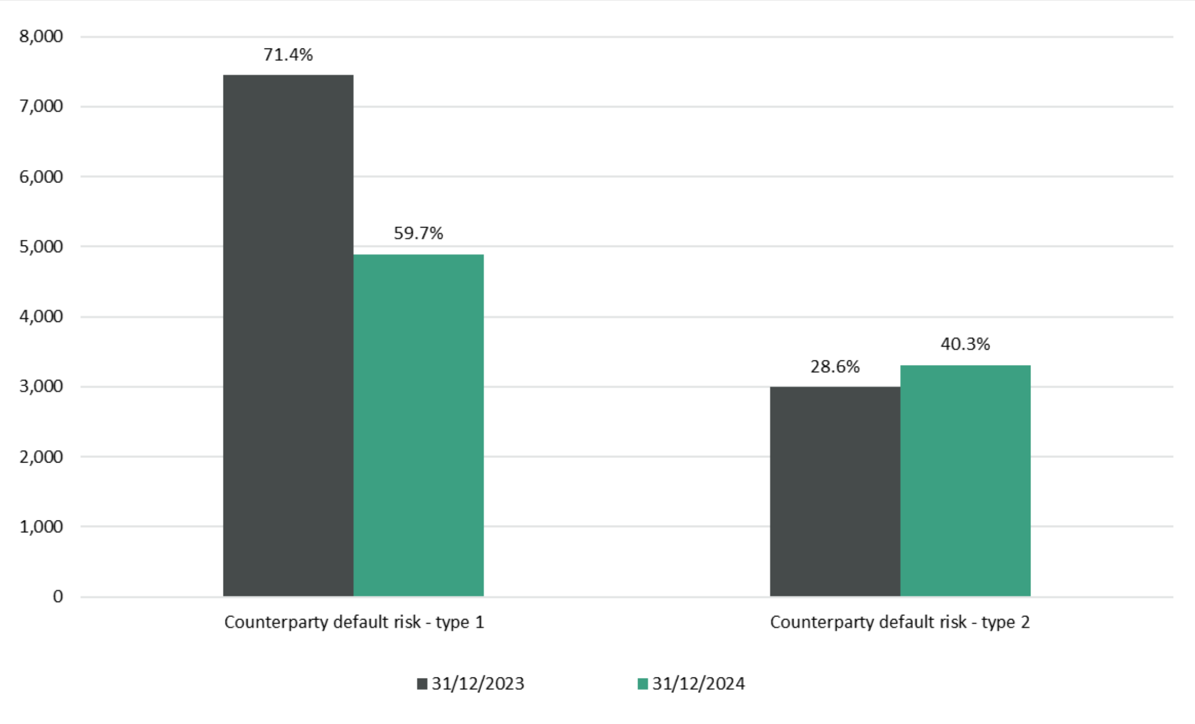
The Company makes quantitative assessments of credit risk using the Standard Formula. As mentioned, spread and market concentration risks are assessed within the market risk module, whereas counterparty default risk is assessed in a separate counterparty default risk module. The results for counterparty default risk are presented below, whereas market risks are discussed in section *C.2 Market risk*.

The Company's solvency capital requirement in accordance with the Standard Formula for counterparty default risk amounted to EUR 7.7 million as at 31 December 2024 (31 December 2023: EUR 9.9 million, representing 2.3% of the sum of the SCR of all risk modules[18].

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

[18] The sum of all SCRs of all risk modules, including operational risk, is taken into account.

*Undiversified counterparty default risk by risk sub-module (EUR thousand and as % of total)*[19]




Type 1 risk includes exposures related to reinsurance and co-insurance contracts, cash and cash equivalents, and deposits to cedants. The exposure as at 31 December 2024 is slightly lower than as at 31 December 2023. Exposures to retrocessionaires and deposits to cedants decreased compared to last year, whereas exposure to banks from cash and cash equivalents increased slightly.

Type 2 risk includes all receivables of the Solvency II balance sheet not included under type 1 risk other than tax assets and deferred tax assets. As at 31 December 2024, the risk was at roughly the same level as at 31 December 2023.

In addition to the calculation of the solvency capital requirement in accordance with the Standard Formula, the Company uses its own model (in ORSA) to assess credit risk relating to financial investments. This model takes account of spread, migration and default risks for all investments in debt instruments. Thus, the credit risk associated with financial investments is considered as a whole, taking into account the change in the value of the investments due to changes in the level of the spreads on the risk-free interest rate curve (spread risk), changes in credit ratings (migration risk) and changes due to the default of the issuer (counterparty default risk). Closely interrelated, these risks are addressed within a single model in the ORSA. For more information on the own model for assessing market and credit risk, see section *C.2.2 Risk measurement*. As regards counterparty default risk related to reinsurers and co-insurers, and deposits to cedants, we believe that the Standard Formula appropriately evaluates the risk and, therefore, made no own calculations for this part, whereas cash and cash equivalents are treated as risk-free investments.

The Company has no significant concentration with counterparty default risk.

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

### C.3.3 Risk management

The Company's investment portfolio is reasonably diversified in accordance with the Company's limit system in order to avoid large concentration of a certain type of investment, large concentration with any counterparty or economic sector, or other potential forms of concentration.

The Company manages its credit risk associated with assets under reinsurance and coinsurance contracts by limiting the exposure to a single reinsurer/co-insurer and by entering into contracts with highly rated partners.

In order to avoid such delays, the Company closely monitors the payment behaviour of cedants, running procedures to collect overdue receivables.

The Company monitors and reports on credit risk exposure on a quarterly basis and is thus able to take timely action if necessary. Partners' credit ratings are also monitored, with a focus on indications of any possible downgrading. To this end, a process has been put in place for reviewing external credit ratings by the credit rating committee, which is part of the risk management committee.

As part of its review of reinsurer credit ratings in the capital adequacy calculation, the Company tested the impact of a deterioration in the credit standing of retrocessionaires and cedants, where there are exposures in the form of deposits with cedants. We assumed a rating downgrade for all partners by one notch, based on which we calculated the impact on the SCR and the solvency ratio. The impact on the Company's solvency is small.

*Impact of sensitivity analysis on eligible own funds, SCR and solvency ratio*

| EUR thousand | Eligible own funds | Difference from base value | SCR | Difference from base value | Solvency ratio | Difference from base value |
|---|---|---|---|---|---|---|
| **Base values as at 31 December 2024** | **759,481** | | **258,013** | | **294%** | |
| Deterioration of partners' credit ratings | 759,482 | 0 | 260,762 | 2,749 | 291% | -3 p.p. |
| **Base values as at 31 December 2023** | **653,163** | | **225,927** | | **289%** | |
| Deterioration of partners' credit ratings | 652,984 | -179 | 227,213 | 1,286 | 287% | -2 p.p. |

## C.4 Liquidity risk

Liquidity risk is the risk that an entity will not have sufficient liquid assets to meet its obligations as they fall due, and it will have to sell its less liquid assets at a discount or raise new loans. Liquidity risk should be understood as risk arising from short-term cash flows rather than risk arising from a long-term mismatch of assets and liabilities.

### C.4.1 Risk exposure

The Company has substantial monetary obligations (mainly to cedants and therefore needs to manage its cash flows appropriately to ensure an adequate level of liquidity). The Company carefully plans and monitors cash flows (both inflows and outflows). Furthermore, it regularly monitors the receivables aging analysis, considering the impact of the settlement of receivables on its current liquidity.

### C.4.2 Risk measurement

Liquidity risk is a risk difficult to quantify and hence is not covered in the Standard Formula. It is regularly monitored and managed by the Company.

To determine its exposure to liquidity risk, the Company monitors and analyses the following risk measures:

- cash in bank accounts,
- highly liquid assets as a percentage of total financial investments,
- value of illiquid investments,
- all other legally required measures.

### C.4.3 Risk concentration

The Company is not exposed to a concentration of liquidity risks, but it may in certain cases still face certain emergency liquidity needs.

### C.4.4 Risk management

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

The estimated liquidity requirement of the Company is composed of the estimated normal current liquidity requirement (arising from operations and investment maturities) and a liquidity buffer (estimated based on historical data on maximum weekly outflows).

The Company conducts an assessment of the normal current liquidity requirement within a period of up to one year based on projected three-month and weekly cash flows, which take account of the planned investment maturity dynamics and of other inflows and outflows from operations by using historical financial data from previous monthly and weekly liquidity plans and expectations regarding future performance.

Liquidity requirements are met by allocating funds to money market instruments in a percentage consistent with the estimated normal current liquidity requirement. In this regard, the Company maintains a liquidity buffer of highly liquid assets accounting for at least 20% of its investment portfolio (category L1A under the ECB methodology, investments in US government bonds, government and supranational issuers rated AAA and AA+, cash and cash equivalents, and UCITS[20] money market funds). As at 31 December 2024, 51% of the Company's investment portfolio qualified as highly liquid (31 December 2023: 52%), which demonstrates that the investment portfolio is very liquid.

In view of the above, we believe that the Company's liquidity risk is low and well managed.

### Expected profits included in future premiums

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

The EPIFP is calculated at the individual policy level for the non-life and NSLT health insurance business from the end of 2024 and is equal to expected future premiums less the related expected future claims, commissions and other expenses taken into account in the calculation of the best estimate provisions. The EPIFP for the life insurance business is also calculated separately.

As at 31 December 2024, the Company's EPIFP totalled EUR 11.0 million (31 December 2023: EUR 7.7 million). The increase in the EPIFP reflects the change in the calculation methodology, which will be implemented at the individual policy level from the end of 2024.

[20] Undertaking for collective investment in transferable securities.

## C.5 Operational risk

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

### C.5.1 Risk exposure

Operational risks are not among the Company's major risks. Nevertheless, some are relatively important for the Company. The key operational risks of Sava Re in 2024, ranked from highest to lowest by their rating in the risk register, are:

- the risk of personal data protection breaches,
- the risks associated with cyberattacks,
- the risks associated with the core IT system for reinsurance operations,
- the risks related to compliance with laws and regulations on IT systems,
- the risk related to the sanctions clause,
- the risks related to IT systems.

### C.5.2 Risk measurement

At least annually, the Company calculates its capital requirement for operational risk using the Standard Formula. Such a calculation, however, is only of limited practical value because the calculation is not based on the Company's actual exposure to operational risk, but on an approximation calculated mainly based on the Company's premiums, provisions and expenses.

The capital requirement for the operational risk calculated using the Standard Formula was EUR 7.8 million as at 31 December 2024 (31 December 2023: EUR 6.9 million), representing 2.4% of the total SCR of all risk modules[21] (31 December 2023: 2.4%).

Due to the above-mentioned reason, the Company assesses operational risks mainly by qualitatively assessing the related probability and financial severity within the risk register, and by analysing various scenarios. The Company makes quarterly risk assessments to obtain insight into the level of its current exposure to such risks.

### C.5.3 Risk concentration

The Company was not exposed to a significant concentration of operational risks, but certain risks were increased due to ongoing development projects (e.g., risks related to the core IT system) and new regulatory requirements.

### C.5.4 Risk management

The Company has in place various processes that ensure it can properly identify, measure, monitor, manage, control and report on operational risk, thus ensuring its effective management. Accountability and operational risk management processes are set out in greater detail in the operational risk policy and the risk management rules.

The chief operational risk management measures that the Company implements are:

[21] The sum of all SCRs of all risk modules, including operational risk, is taken into account.

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

All major internal controls related to operational risk are included in the risk register. The Company monitors weaknesses and newly introduced improvements in internal controls.

The Company regularly reports on assessed operational risks in the risk report, which is submitted to the risk management committee, the management board, the supervisory board's risk committee and the supervisory board. If necessary, the risk management function and the risk management committee issue recommendations to the management board for further steps and improvements to operational risk management processes.

Cyber risks continued to be among the key operational risks in 2024. Monitoring and managing these risks is of key importance to the Company, which is why we regularly improve activities to prevent and manage them. In addition to the preventive measures already in place, the Company is planning and implementing additional activities. Security threats and incidents are regularly monitored by the Security Operations Centre (SOC). In 2024, a project was launched to implement the requirements of the DORA regulation, which Sava Re is also required to comply with. The new legislation, which comes into force in January 2025, sets new network and information security requirements for financial institutions. Activities carried out in 2024 include ICT (Information and Communication Technology) risk management, ICT incident reporting, digital operational resilience testing, third-party ICT risk management and the establishment of information sharing processes.

## C.6 Other material risks

Other material risks faced by the Company primarily consist of strategic risks. These include the risk of an unexpected decrease in the Company's value due to unfavourable effects of management decisions, change in the business and legal environments, or market developments. Such adverse events could affect the Company's operating revenue and capital adequacy. Therefore, the following is a discussion of strategic risks and, as part of this, emerging and sustainability risks.

### C.6.1 Risk exposure

The Company is exposed to a variety of internal and external strategic risks. The key strategic risks of the Company in 2024, ranked from highest to lowest by their rating in the risk register, are set out below:

- the risks associated with deteriorating terms for obtaining adequate reinsurance,
- the risk of deteriorating macroeconomic and geopolitical conditions, which may make it more difficult to underwrite reinsurance or to achieve the planned returns on the investment portfolio,
- the risk that the soft reinsurance market prices do not keep pace with claims due to excess capital,
- the risks associated with planning assumptions,
- the risks related to changes in reinsurance legislation.

In 2024, the risks associated with a deterioration in macroeconomic conditions remain high. The high risk ratings were maintained due to the continued uncertain geopolitical situation. Despite the volatile environment, 2024 saw the first signs of a moderation in the cost of obtaining reinsurance cover, particularly in non-loss-intensive markets. While lower reinsurance prices will make it easier to obtain adequate retrocession, greater attention will need to be paid to ensuring that the reinsurance is underwritten at appropriate premium rates. The Company expects strategic risks to continue to increase in the coming year, despite reinsurance rate moderation.

### C.6.2 Risk measurement

Strategic risks are by their nature very diverse and highly dependent on various (including external) factors, making them difficult to quantify. They are also not included in the calculation of the capital requirement in accordance with the Standard Formula.

Therefore, strategic risks are assessed qualitatively in the risk register by assessing the likelihood and potential financial impact of each event. In addition, the Company seeks to assess key strategic risks using qualitative analysis of various scenarios. Based on both analyses combined, the Company obtains an overview of the extent and change in the exposure to this type of risk.

### C.6.3 Risk concentration

The Company manages strategic risks well and has no material exposure to concentration risk.

### C.6.4 Risk management

The Company mitigates individual strategic risks mainly through preventive measures.

In addition to individual organisational units, the management board, the risk management committee and risk management functions are actively involved in identifying and managing strategic risks.

Strategic risks are also managed through on-going monitoring of the realisation of the Company's short- and long-term goals, and by monitoring regulatory changes in the pipeline and market developments.

The Company will seek to ensure that the limits and premium rates for reinsurance contracts adequately reflect the effects of claims inflation and loss experience, and to obtain the best possible retrocession cover in the circumstances. The Company will also carefully consider the impact of market conditions on the investment portfolio and adjust its investment policy accordingly.

Strategic risks arising from **participations in subsidiaries and associates** are among the largest risks of this type. The Company actively manages risks through:

- a governance system and clear segregation of responsibilities at all levels;
- risk management policies;
- systematic risk management as part of a three-lines-of-defence framework (discussed in detail in section B.3 *Risk management system, including the own risk and solvency assessment*);
- top-down setting of business and risk management strategies, taking into account both the Group as a whole as well as its individual members; and
- a comprehensive system of monitoring operations, reporting on business results and risks at all levels.

The Company recognises that reputation is important to the achievement of its business goals and long-term strategic plans. The risk strategy therefore identifies **reputation risk** as a key risk. The Company seeks to minimise the likelihood of actions that could have a material impact on its reputation. A crucial factor in ensuring the Company's good reputation and successful performance is the quality of services; therefore, each and every employee is responsible for improving the quality of services and customer satisfaction. In addition, the Company has taken steps aimed at mitigating reputation risk, such as setting up fit and proper procedures applicable to key employees, ensuring systematic operations of their respective compliance functions, having in place business continuity procedures, developing stress tests and scenarios, and planning actions and responses in case risks materialise. The Company also manages reputational risk through timely and accurate reporting to regulatory bodies and well-planned public relations. In addition, the Company monitors operational indicators, which also indirectly measure reputational risk.

The Company manages and mitigates **regulatory risk** through ongoing monitoring of legal changes and assessing such potential effects on operations in the short and longer term. In accordance with statutory regulations, the Company has established a compliance function to monitor and assess the adequacy and effectiveness of regular procedures and measures taken to remedy any deficiencies in the Company's compliance with regulations and other commitments.

The Company also considers **project risks** to be part of strategic risks. The Company systematically monitors the risks for each key project, analysing and managing them to ensure the timely adoption of necessary measures. Key project risks are monitored and assessed by project team members as well as other stakeholders, also in the risk register.

### C.6.5 Emerging risks

To ensure successful long-term business operations, it is extremely important to predict and identify new risks. The Company attempts to follow trends, technological developments and events that may shape future risk development. It is a challenge to accurately predict such risks, so the Company obtains information externally and seeks to define what could significantly affect its business operations in the future.

In 2024, Sava Re conducted a survey to obtain assessments of which emerging risks would have the greatest impact on the Company's business. On the basis of the ratings and the number of raters, an average rating was calculated for each of the risks. The highest assessed risk up to 2027 was the risk of geopolitical instability and its consequences, followed by physical climate risks and the risk of a major cyberattack and cyber-fraud. These risks were considered to be the key risks beyond 2027.

The Company will continue to analyse such risks, take them into account in business planning and take the necessary measures to ensure stable operations in the long term.

### C.6.6 Sustainability and climate change risks

In the strategy period 2023–2027, the Company attaches great importance to sustainable development and a sustainable development strategy has been prepared and adopted in cooperation with all the Group's subsidiaries. In addition, the Company is paying increasing attention to the risks associated with sustainable development.

Like other companies, Sava Re is exposed to transition risk as it works to become more sustainable. Based on the requirements of the Solvency II Delegated Regulation and the IDD[22], the Company integrates sustainability risks into its risk management system. In facultative reinsurance underwriting, the Company follows the Sava Insurance Group's guidelines for responsible underwriting of environmental, social and governance risks in the non-life insurance business. The Group-level Sustainability Investment Policy of the Sava Insurance Group defines, among other things, the activities in which the Sava Insurance Company will no longer invest (industries identified as non-sustainable). In addition, the Company has established a system for keeping abreast of new legislation.

In the coming years, the Company will continue to strive to contribute to sustainable development and to monitor and manage the risks associated with the transition to sustainable business.

#### Climate change risks

The Company recognises the importance of climate change risk to its long-term operations and monitors both physical and transition risks. Sava Re actively manages transition risks by adopting relevant internal acts and complying with legal requirements in the area of climate risks. The impact of physical risks on operations is indirectly monitored by monitoring loss events, profit and business performance.

Climate change risks are also included in the risk register and are assessed periodically. Key climate change risks for the Company, ranked based on their rating in the risk register (from highest to lowest), are:

- the risk of increased claims because of the increased frequency and concentration of extreme weather events and natural catastrophes (heat waves, landslides, floods, wildfires, storms, hailstorms),
- the risk of reduced availability and less affordable retrocession due to the increased frequency, causation and severity of natural catastrophes,
- the risk of an increased capital cost due to the increased frequency and severity of extreme weather events.

The risks of climate change and their impact on the Company's and the Group's business are also presented in more detail in the Company's annual report in section "B.ESRS E1 Climate Change SBM-3 – Material impacts, risks and opportunities and their interaction with strategy and business model".

These risks were assessed qualitatively and quantitatively in this year's 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 in the investment and non-life insurance portfolios, where qualitative analysis indicated that the Company could experience the greatest impact from

[22] Insurance Distribution Directive.

climate change. Three climate change scenarios have also been included in selected SSP scenarios and time horizons, all of which have been run on planned data for 2025 and analyse impacts in the medium and long term. Shared Socioeconomic Pathways (SSP) scenarios have been defined by the Intergovernmental Panel on Climate Change (IPCC) and include, in addition to the GHG emission projections defined by the RCP scenarios (used in the previous ORSA), different projections of global socio-economic change by 2100.

In the climate scenario SSP1-1.9[23], the Company analysed the impact of transition risk, which has a minor impact on the investment portfolio in the medium term (between 2030 and 2050). The scenario assumes that the value of investments decreases depending on a country's preparedness and vulnerability to climate change. The impacts on eligible own funds and SCR have been calculated. If this scenario were to occur, the decrease in eligible own funds would be mainly driven by a decrease in the value of participations in subsidiaries.

In the climate scenario SSP2-4.5[24], in addition to the impact of high-impact transition risks on the investment portfolio, the Company also analysed the impact of an increase in the frequency of natural catastrophes on the insurance portfolio in the medium term (between 2030 and 2050). The investment shocks applied are slightly higher than in the SSP1-1.9 scenario. At the same time, the scenario assumes that three catastrophic events occur in Slovenia during the year, and that a European storm also occurs in the same year, affecting some western and northern European countries. The scenario would have a significant impact on own funds, and the SCR would decrease slightly.

In the climate scenario SSP5-8.5[25], the Company analysed the impact of physical risks from climate change on the investment portfolio and the impact of a long-term increase in the frequency and severity of natural catastrophes on the insurance portfolio over the long term (between 2071 and 2100). In addition to the impact on investments (depending on the country's vulnerability), the scenario assumes that Slovenia experiences five major catastrophic events each year and that a major European storm occurs in the same year, affecting slightly more countries in western and northern Europe. The scenario would have a significant impact on own funds, and the SCR would decrease slightly.

In all three scenarios, solvency falls significantly, but the Company remains above the lower limit of the optimal capitalisation range (200%). In the future, the Company will implement various measures to mitigate the effects of such scenarios (seeking adequate diversification of the reinsurance portfolio, limiting its geographical exposure, ensuring adequate retrocession protection, pursuing sustainability policies, monitoring risk indicators, adapting policies to changing circumstances, etc.).

### Other sustainability risks

In addition to climate change, Sava Re monitors other sustainability risks. These are included in the risk register and periodically assessed.

In 2024, regulatory risks were among the highest rated key sustainability risks at the Company and Group level. Of these risks, the following increased compared to 2023:

- the risk of inadequate or untimely implementation of sustainability-related legislation,
- the risk of opportunity losses for Group companies due to compliance with the restrictions imposed by sustainability policies and other regulations;

[23] SSP1-1.9 is a scenario for a transition to a greener economy that is consistent with limiting the global average temperature increase to 1.5°C (with at least a 50% probability) and achieving climate neutrality by 2050 (Net Zero 2050).

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

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

- the risk of higher costs due to policy adjustments or environmentally friendly operations (in line with SFDR, CSRD and other legislation).

At the Company level, some of the above risks are expected to increase over the strategy period, mainly due to the increased scope and complexity of the new sustainability legislation.

In addition to regulatory risks, other sustainability risks are monitored, such as the risk of not identifying environmental changes (for stakeholders) in time to adapt to new legislation and policies, the risk of inadequate whistleblowing protocols, and reputational risks (including the risk of greenwashing and inadequate sustainability products). The estimated impact of such other risks was lower in 2024 compared to the regulatory risks.

## C.7 Any other information

The Company has no other material information relating to its risk profile.

# D. Valuation for solvency purposes

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

Assets are valued in accordance with IFRSs as adopted by the EU, except where the Delegated Regulation and implementing regulation provide for more than one valuation method to be used, provided that this complies with Solvency II. For most other cases of assets and liabilities (apart from technical provisions; TP) the IFRSs provide for valuation consistent with Solvency II principles.

The basis for the balance sheet in accordance with Solvency II (SII balance sheet), with assets and liabilities valued in accordance with the valuation principles set out in Articles 174–190 of ZZavar-1, is the statement of financial position drawn up by the Company for reporting purposes in accordance with IFRSs, referred to in this document as the IFRS balance sheet. In this document, we use the term gross IFRS provisions for the IFRS 17 term insurance contract assets and liabilities and the term reinsurers' share of IFRS provisions for reinsurance contract assets and liabilities, respectively.

The IFRS balance sheet is the basis for reclassifications and revaluations for the purpose of the SII balance sheet. This section describes the implementation of such reclassifications and revaluations only for those items for which the value under Solvency II (SII value) differs from the value under IFRSs (IFRS value). For all other items, IFRSs are deemed to ensure a valuation consistent with Solvency II principles.

The following table shows the balance sheet as at 31 December 2024 with IFRS values of assets and liabilities (IFRS balance sheet) along with assets and liabilities in accordance with the valuation principles set out in Articles 174–190 of ZZavar-1, taking into account the revaluations and reclassifications of asset and liability items (SII balance sheet).

*IFRS and SII balance sheets as at 31 December 2024*

| EUR thousand | | IFRS | Revaluation | Reclassification | Solvency II |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| 1 | Deferred acquisition costs (D.1.1) | 0 | 0 | 0 | 0 |
| 2 | Intangible assets (D.1.2) | 6,482 | -6,482 | 0 | 0 |
| 3 | Deferred tax assets (D.1.3) | 4,155 | 5,053 | 0 | 9,209 |
| 4 | Property and equipment held for own use (D.1.4) | 2,595 | 993 | 0 | 3,588 |
| 5 | Property and equipment other than for own use (D.1.5) | 7,643 | 2,616 | 0 | 10,259 |
| 6 | Investments in subsidiaries and associates (D.1.5) | 325,410 | 226,001 | 0 | 551,410 |
| 7 | Shares (D.1.5) | 3,205 | 0 | 0 | 3,205 |
| 8 | Bonds (D.1.5) | 404,284 | 70 | 0 | 404,354 |
| 9 | Investment funds (D.1.5) | 33,296 | 0 | 0 | 33,296 |
| 10 | Deposits other than cash equivalents (D.1.5) | 1,023 | 19 | 0 | 1,042 |
| 11 | Loans and mortgages (D.1.6) | 2,579 | 24 | 0 | 2,603 |
| 12 | Reinsurers' share of technical provisions (D.1.7) | 63,770 | -15,492 | 441 | 48,719 |
| 13 | Deposits to cedants (D.1.8) | 0 | 0 | 11,779 | 11,779 |
| 14 | Insurance and intermediaries receivables (D.1.9) | 0 | 0 | 21,704 | 21,704 |
| 15 | Reinsurance and co-insurance receivables (D.1.10) | 0 | 0 | 416 | 416 |
| 16 | Other receivables (D.1.11) | 1,032 | 0 | 0 | 1,032 |
| 17 | Own shares (D.1.12) | 24,939 | 43,940 | 0 | 68,879 |
| 18 | Cash and cash equivalents (D.1.13) | 14,724 | 0 | 0 | 14,724 |
| 19 | Other assets (D.1.14) | 995 | -995 | 0 | 0 |
| **Total assets** | | **896,130** | **255,748** | **34,340** | **1,186,218** |
| **Liabilities** | | | | | |
| 20 | Gross technical provisions – non-life and NSLT health (D.2) | 265,384 | -11,076 | 28,435 | 282,744 |
| 21 | Gross technical provisions – life (excl. health, index-linked and unit-linked business) (D.2) | 15,022 | -7,793 | 0 | 7,228 |
| 22 | Provisions other than technical provisions (D.3.1) | 474 | 0 | 0 | 474 |
| 23 | Deferred tax liabilities (D.1.3) | 0 | 4,970 | 0 | 4,970 |
| 24 | Financial liabilities other than financial liabilities owed to financial institutions | 261 | 0 | 0 | 261 |
| 25 | Insurance and intermediaries payables (D.3.2) | 0 | 0 | 5,047 | 5,047 |
| 26 | Liabilities from reinsurance and co-insurance business (D.3.3) | 0 | 0 | 857 | 857 |
| 27 | Other trade payables (D.3.4) | 3,372 | 0 | 0 | 3,372 |
| 28 | Subordinated liabilities (D.3.5) | 125,058 | -10,082 | 0 | 114,977 |
| 29 | Other liabilities (D.3.6) | 2,668 | 0 | 0 | 2,668 |
| **Total liabilities** | | **412,239** | **-23,981** | **34,340** | **422,598** |
| **Excess of assets over liabilities** | | **483,891** | **279,728** | **0** | **763,620** |

*IFRS and SII balance sheets as at 31 December 2023*

| EUR thousand | | IFRS | Revaluation | Reclassification | Solvency II |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| 1 | Deferred acquisition costs (D.1.1) | 0 | 0 | 0 | 0 |
| 2 | Intangible assets (D.1.2) | 4,675 | -4,675 | 0 | 0 |
| 3 | Deferred tax assets (D.1.3) | 5,087 | 3,290 | 0 | 8,378 |
| 4 | Property and equipment held for own use (D.1.4) | 2,731 | 960 | 0 | 3,691 |
| 5 | Property and equipment other than for own use (D.1.5) | 7,803 | 2,473 | 0 | 10,276 |
| 6 | Investments in subsidiaries and associates (D.1.5) | 325,242 | 166,254 | 0 | 491,496 |
| 7 | Shares (D.1.5) | 3,539 | 0 | 0 | 3,539 |
| 8 | Bonds (D.1.5) | 317,682 | 92 | 0 | 317,774 |
| 9 | Investment funds (D.1.5) | 29,427 | 0 | 0 | 29,427 |
| 10 | Deposits other than cash equivalents (D.1.5) | 1,021 | 20 | 0 | 1,042 |
| 11 | Loans and mortgages (D.1.6) | 2,715 | 29 | 0 | 2,744 |
| 12 | Reinsurers' share of technical provisions (D.1.7) | 95,316 | -9,567 | -27,014 | 58,735 |
| 13 | Deposits to cedants (D.1.8) | 0 | 0 | 13,212 | 13,212 |
| 14 | Insurance and intermediaries receivables (D.1.9) | 0 | 0 | 19,743 | 19,743 |
| 15 | Reinsurance and co-insurance receivables (D.1.10) | 0 | 0 | 30,148 | 30,148 |
| 16 | Other receivables (D.1.11) | 198 | 0 | 0 | 198 |
| 17 | Own shares (D.1.12) | 24,939 | 23,276 | 0 | 48,215 |
| 18 | Cash and cash equivalents (D.1.13) | 12,260 | 0 | 0 | 12,260 |
| 19 | Other assets (D.1.14) | 715 | -715 | 0 | 0 |
| **Total assets** | | **833,351** | **181,439** | **36,089** | **1,050,879** |
| **Liabilities** | | | | | |
| 20 | Gross technical provisions – non-life and NSLT health (D.2) | 290,568 | -28,111 | -12,008 | 250,449 |
| 21 | Gross technical provisions – life (excl. health, index-linked and unit-linked business) (D.2) | 89 | 8,273 | 0 | 8,362 |
| 22 | Provisions other than technical provisions (D.3.1) | 420 | 0 | 0 | 420 |
| 23 | Deferred tax liabilities (D.1.3) | 0 | 5,151 | 0 | 5,151 |
| 24 | Financial liabilities other than financial liabilities owed to financial institutions | 280 | 0 | 0 | 280 |
| 25 | Insurance and intermediaries payables (D.3.2) | 0 | 0 | 44,963 | 44,963 |
| 26 | Liabilities from reinsurance and co-insurance business (D.3.3) | 0 | 0 | 3,133 | 3,133 |
| 27 | Other trade payables (D.3.4) | 9,218 | 0 | 0 | 9,218 |
| 28 | Subordinated liabilities (D.3.5) | 74,988 | -16,285 | 0 | 58,703 |
| 29 | Other liabilities (D.3.6) | 1,952 | 0 | 0 | 1,952 |
| **Total liabilities** | | **377,515** | **-30,972** | **36,089** | **382,632** |
| **Excess of assets over liabilities** | | **455,836** | **212,411** | **0** | **668,247** |

As at 31 December 2024, the Company had off-balance sheet items amounting to EUR 10.0 million (31 December 2023: EUR 10.0 million), which are contingent assets equal to the amount of its cancelled subordinated instruments, in respect of which the Company continues to take action to protect its interests. In addition, off-balance sheet items as at 31 December 2024 include contingent liabilities relating to commitments to make payments to alternative funds in the amount of EUR 3.5 million (31 December 2023: EUR 2.4 million).

## D.1 Assets

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

### D.1.1 Deferred acquisition costs

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

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

### D.1.2 Intangible assets

Intangible assets are valued at nil under Solvency II rules but may be recognised to the extent and at a value greater than nil, if they can be sold separately and if a quoted market price exists in an active market for the same or a similar intangible asset item.

The Company holds no intangible assets that may be sold separately and for which it cannot demonstrate market values for identical or similar assets. The SII value of intangible assets is stated at nil.

### D.1.3 Deferred tax assets and liabilities

Deferred tax assets and liabilities are defined based on identified temporary differences. These are differences between the tax value and the carrying amount of assets or liabilities. Temporary differences may be taxable temporary differences, either amounts to be added to the taxable profit in future periods or amounts to be deducted from the taxable profit in future periods. Deferred taxes are thus recognised as either deferred tax assets or liabilities as a result of accounting for current and future tax implications.

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

In the SII balance sheet, deferred tax assets and liabilities are accounted for on all revaluations apart from:

- the revaluation of the participations in subsidiaries and associates item if such participations are considered strategic investments; in such cases, revaluation differences are treated as permanent differences and do not meet the requirements of temporary differences and, therefore, there is no basis for accounting for deferred taxes with regard to this item;
- the revaluation of the "own shares listed on a stock exchange" item because it does not constitute a taxable temporary difference;

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

In 2023, deferred tax assets and liabilities were accounted for using a tax rate of 22% (2023: 22%). The Company recognised additional net deferred tax assets resulting from Solvency II revaluations in the amount of EUR 4.2 million (2023: EUR 3.2 million). The table below shows a detailed overview by individual item.

*Deferred tax assets and liabilities*

| EUR thousand | 31 December 2024 | | | 31 December 2023 | | |
|---|---|---|---|---|---|---|
| | IFRS value | Revaluation | SII value | IFRS value | Revaluation | SII value |
| **Deferred tax assets** | **4,155** | **5,053** | **9,209** | **5,087** | **3,290** | **8,378** |
| Financial investments | 3,727 | 0 | 3,727 | 4,835 | 0 | 4,835 |
| Gross TPs | 27 | 0 | 27 | -589 | 0 | -589 |
| Reinsurers' share of technical provisions | -241 | 3,408 | 3,167 | 122 | 2,105 | 2,226 |
| Other items of deferred tax assets | 643 | 1,645 | 2,288 | 720 | 1,186 | 1,906 |
| **Deferred tax liabilities** | **0** | **4,970** | **4,970** | **0** | **5,151** | **5,151** |
| Financial investments | 0 | 601 | 601 | 0 | 575 | 575 |
| Gross TPs | 0 | 4,151 | 4,151 | 0 | 4,364 | 4,364 |
| Other items of deferred tax liabilities | 0 | 219 | 219 | 0 | 211 | 211 |

The largest impact of deferred tax assets is on financial investments, which is already reflected in the IFRS balance sheet and is the result of the revaluation of investments. In the SII balance sheet, an additional impact of deferred tax assets arose from the revaluation of the reinsurers' share of technical provisions and from the revaluation of intangible assets.

The largest impact on deferred tax liabilities arose from the revaluation of gross technical provisions (gross TPs).

### D.1.4 Property, plant and equipment assets held for own use

Every three years, the Company has the fair values of its properties held for own use appraised by independent external property appraisers. The appraisal was carried out in 2022. Equipment for own use represents an immaterial amount and is stated at the same amounts in both the SII and IFRS balance sheets. The presentation of SII right-of-use assets is the same as in the IFRS balance sheet.

### D.1.5 Investments

#### Property, plant and equipment other than for own use

The methodology is consistent with the methodology used for property, plant and equipment held for own use, which is described in detail in section D.1.4 *Property, plant and equipment held for own use*.

#### Participations

Two valuation methodologies are applied, one for the valuation of participations in insurance companies and one for the valuation of participations in non-insurance companies.

**Participations in insurance companies**

In the SII balance sheet, participations in insurance companies are valued at fair value. These can be obtained through:

- market prices that are directly observable, or
- valuation using an adjusted equity method (the net asset value of participations with assets and liabilities adjusted to the SII values).

For equity investments in the insurance subsidiaries of Sava Re not listed in a regulated market, market value for the purpose of capital requirement calculation is calculated in accordance with the Standard Formula, on the basis of an adjusted equity method of valuation – the excess of an insurer's SII assets over liabilities – because none of the Company's subsidiaries is a member of any stock exchange.

Where Sava Re holds less than a 100% interest in a subsidiary, proportionate adjustments are made.

**Participations in non-insurance companies**

In the SII balance sheet, the Company measures the fair value of participations in non-insurance companies using the IFRS equity method in accordance with Article 13(5) of the Delegated Regulation, whereby goodwill that was part of the cost is deducted from cost, which is the basis for calculations under the equity method. The value of goodwill and other intangible assets, which would be valued at nil under the asset valuation methodology, is deducted by the Company from the resulting value of the company.

## Shares

***Shares – listed***

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

***Shares – unlisted***

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

## Bonds

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

## Investment funds

The Company values investments in mutual funds and ETFs[26] at the last published price in both the IFRS and SII balance sheets.

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

[26] Exchange Traded Fund.

### Deposits other than cash equivalents

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

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

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

## D.1.6 Loans and mortgages

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

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

## D.1.7 Reinsurers' share of technical provisions

In the IFRS balance sheet, the Company recognises the net amount of reinsurance contract assets (the carrying amount of portfolios of reinsurance contracts that are assets) and of reinsurance contract liabilities (the carrying amount of portfolios of reinsurance contracts that are liabilities) in the item reinsurers' share of technical provisions. The Company accounts for reinsurance contract liabilities in accordance with IFRS 17.

The Company's core business is accepted reinsurance, which is why, for the sake of clarity, we use the term retrocession for the insurance of such business with subsequent reinsurers – reinsurance ceded.

No items are reclassified to reinsurers' share of technical provisions in the SII balance sheet.

In the SII balance sheet, the Company reclassifies from the item reinsurers' share of technical provisions the past-due retroceded premium payable, which is classified in the SII balance sheet under liabilities from reinsurance and co-insurance business, and the past-due commission receivable related to retrocession business, which is classified in the SII balance sheet as reinsurance and co-insurance receivables.

The revaluation amount arises from differences in the methods used to measure the IFRS and SII provisions.

The basis for calculating the best estimate provisions for retroceded non-Group business is the projection of undiscounted cash flows for the purpose of preparing the statutory balance sheet in accordance with IFRS 17. In doing so, these categories are subtracted from the IFRS 17 cash flows that, according to the provisions of the Delegated Regulation, are not part of best estimate provisions. Subsequently, these cash flows are broken down by line of business and currency, and are discounted using risk-free interest rate curves.

In calculating the best estimate provisions for retroceded Group business, the Company takes as the basis the cash flows used in calculating the gross best estimate provisions and uses assumptions that are consistent with those used in calculating the gross best estimate provisions.

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

### D.1.8 Deposits to cedants

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

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

### D.1.9 Insurance and intermediaries receivables

The cash flows associated with receivables from accepted reinsurance are included in the valuation of IFRS 17 insurance contract liabilities, and therefore the Company does not present reinsurance receivables separately in the IFRS balance sheet.

In the SII balance sheet, the Company reclassifies past-due receivables for premiums arising out of accepted co-insurance and reinsurance from IFRS gross technical provisions to insurance and intermediaries receivables.

### D.1.10 Reinsurance and co-insurance receivables

The cash flows associated with receivables arising out of ceded reinsurance are included in the valuation of reinsurance contract liabilities in accordance with IFRS 17, and therefore the Company does not separately present receivables arising out of reinsurance business.

In the SII balance sheet, the Company reclassifies past-due commission receivables on ceded reinsurance from the reinsurers' share of IFRS provisions to the reinsurance and co-insurance receivables item.

### D.1.11 Other receivables

Other receivables include short-term receivables from government and other institutions, short-term receivables from leasing out premises and equipment, and similar.

The valuations for the SII balance sheet and the IFRS balance sheet are the same.

### D.1.12 Own shares

Own shares are listed on a regulated market; therefore, they are restated at the closing stock market price for the purposes of the SII balance sheet as at the SII balance sheet valuation date.

### D.1.13 Cash and cash equivalents

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

### D.1.14 Any other assets, not elsewhere shown

Other assets include short-term deferred costs and short-term accrued income. Short-term deferred costs comprise prepaid costs of insurance, licenses, rent and similar. In the SII balance sheet, other assets are recognised at the same amounts as in the IFRS balance sheet, except for prepaid costs, which are stated at nil.

## D.2 Technical provisions

In the IFRS balance sheet, the Company recognises the net amount of insurance contract assets (the carrying amount of portfolios of insurance contracts that are assets) and of insurance contract liabilities (the carrying amount of portfolios of insurance contracts that are liabilities) in the item technical provisions. The Company accounts for insurance contract assets and liabilities in accordance with IFRS 17.

No items are reclassified to technical provisions in the SII balance sheet.

In the SII balance sheet, the Company reclassifies from the technical provisions line item:

- past-due receivables for premiums arising out of the accepted reinsurance business into the item insurance and intermediaries receivables,
- not-past-due commission payables relating to the accepted reinsurance business into the item insurance and intermediaries payables,
- premium deposits to cedants into the item deposits to cedants,
- claims deposits with cedants into the item deposits to cedants.

The revaluation arises from differences in the methods used to measure the IFRS and SII provisions.

The valuation of the reinsurers' share of the SII technical provisions is discussed under valuation of assets, in section D.1.7 *Reinsurers' share of technical provisions*.

Best estimate provision calculations are performed at the contract level and final amounts are reported by the Company at the line of business level. Due to the negligible volume and nature of the obligations relating to the accepted non-Group life reinsurance business, the methodology for the valuation of these obligations is the same as for the non-life and NSLT health insurance business; therefore, the obligations arising out of the accepted life reinsurance business are classified as NSLT health insurance.

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

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

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

The main assumptions underlying the calculation are the estimated premiums for each line of business and the ultimate ratios applied, especially for the most recent underwriting year, which is subject to the greatest uncertainty due to unknown losses and unexpired coverage. For the non-Group accepted reinsurance business, the share of expected ultimate claims as a percentage of expected ultimate premiums for the most recent underwriting year is slightly higher than in the previous year due to a higher volume of catastrophes, but this did not have a significant impact on the Group's results in this operating segment due to effective reinsurance arrangements.

The best estimate provisions relating to the Group business are obtained from the subsidiaries, and only the expected future internal expenses associated with servicing these contracts are added to the relating cash flows.

The Company calculates the risk margin in line with the Delegated Regulation. A simplified calculation method is used for projecting the solvency capital requirement, taking into account the level 2 hierarchy referred to in Article 77 of the Decision on Detailed Instructions for the Valuation of Technical provisions. The total solvency capital requirement for each future year is calculated based on the ratio of the best estimate in that future year to the best estimate technical provisions as at the valuation date. The risk margin so obtained is allocated to individual lines of insurance, using the ratio of calculated capital requirements.

### D.2.1 Values of SII technical provisions

The following tables set out the values of gross best estimate provisions, the reinsurers' share of best estimate provisions and the risk margin by line of business.

*Best estimate provisions by line of business as at 31 December 2024*

| (EUR thousand) | Gross amount | Reinsurers' share | Risk margin |
|---|---|---|---|
| Proportional medical expense reinsurance | -5 | 0 | 5 |
| Proportional income protection reinsurance | 2,878 | -36 | 275 |
| Proportional workers' compensation reinsurance | 0 | 0 | 0 |
| Proportional motor vehicle liability reinsurance | 20,376 | 170 | 1,044 |
| Other proportional motor reinsurance | 15,528 | 1,678 | 1,134 |
| Proportional marine, aviation and transport reinsurance | 9,246 | 719 | 878 |
| Proportional fire and other damage to property reinsurance | 86,360 | 15,698 | 5,590 |
| Proportional general liability reinsurance | 16,455 | -60 | 1,046 |
| Proportional credit and suretyship reinsurance | 288 | 0 | 281 |
| Proportional legal expenses reinsurance | 0 | 0 | 1 |
| Proportional assistance reinsurance | -1 | 0 | 2 |
| Miscellaneous financial loss | 2,321 | 735 | 135 |
| Non-proportional health reinsurance | 307 | 0 | 73 |
| Non-proportional casualty reinsurance | 12,258 | 4,296 | 794 |
| Non-proportional marine, aviation and transport reinsurance | 5,595 | -664 | 994 |
| Non-proportional property reinsurance | 88,575 | 21,407 | 10,312 |
| Accepted life reinsurance | 7,092 | 4,776 | 137 |
| **Total portfolio** | **267,272** | **48,719** | **22,701** |

*Best estimate provisions by line of business as at 31 December 2023*

| (EUR thousand) | Gross amount | Reinsurers' share | Risk margin |
|---|---|---|---|
| Proportional medical expense reinsurance | 20 | 0 | 1 |
| Proportional income protection reinsurance | 2,397 | 48 | 273 |
| Proportional workers' compensation reinsurance | 0 | 0 | 0 |
| Proportional motor vehicle liability reinsurance | 15,837 | 3 | 987 |
| Other proportional motor reinsurance | 9,721 | 4,244 | 1,010 |
| Proportional marine, aviation and transport reinsurance | 8,700 | 875 | 817 |
| Proportional fire and other damage to property reinsurance | 67,855 | 14,953 | 4,991 |
| Proportional general liability reinsurance | 16,043 | 1,362 | 1,240 |
| Proportional credit and suretyship reinsurance | 570 | 0 | 198 |
| Proportional legal expenses reinsurance | -2 | 0 | 1 |
| Proportional assistance reinsurance | 0 | 0 | 0 |
| Miscellaneous financial loss | 3,867 | 2,065 | 187 |
| Non-proportional health reinsurance | 398 | 1 | 60 |
| Non-proportional casualty reinsurance | 13,549 | 5,925 | 792 |
| Non-proportional marine, aviation and transport reinsurance | 9,278 | -645 | 1,372 |
| Non-proportional property reinsurance | 80,475 | 24,663 | 9,812 |
| Accepted life reinsurance | 8,287 | 5,241 | 75 |
| **Total portfolio** | **236,997** | **58,735** | **21,815** |

Gross best estimate provisions increased by EUR 30.3 million in 2024, and the net provisions increased by EUR 40.3 million. In 2024, the methodology for calculating SII best estimate provisions was revised to align the calculation of IFRS and SII provisions as much as possible, both in substance and in process. As a result of this change, the comparison with year-end 2023 figures does not reflect the actual trend. In 2023, we saw major claims events that were paid off and largely retroceded during 2024. 2024 was a more favourable year in terms of losses, with smaller claims not exceeding the retro protection threshold. The amount of the premium provision is aligned with the business volume and the movement of not-past-due receivables.

Net IFRS provisions are lower than net SII provisions by EUR 24.6 million or 10%.

The main differences in the valuation of net SII and IFRS provisions are:

- A different interest rate curve is used for discounting, as the risk-free interest rate curve published by EIOPA is used for SII provisions, and a liquidity premium is added to this curve for IFRS provisions.
- Under IFRS, all receivables and liabilities are included in the calculation, whereas only the not-past-due portion of reinsurance receivables and liabilities is included in the valuation of SII provisions.
- The adjustment for non-financial risk is specific to the IFRS standard, the SII equivalent is the risk margin, but the calculation methodologies are slightly different.
- In the SII calculations, all future profits on existing business are recognised in eligible own funds, whereas in IFRS they are recognised in the CSM[27].

[27] Contractual Service Margin. 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.

### D.2.2 Description of the level of uncertainty associated with the value of SII technical provisions

As the level of uncertainty in SII provisions is largely driven by the assumptions used in the best estimate calculation, we tested the sensitivity of the amount of provisions to the key parameters of the calculation.

For best estimate premium and claims provisions, we tested the impact of the following changes:

- a 10% increase in the loss ratio in the last policy year, as this is the period of greatest uncertainty due to the more difficult to predict development of claims already incurred;
- a 10% reduction in premiums and commissions already accrued but not yet due from the estimate of accounts received late,
- a 50% increase in internal costs taken into account.

For the best estimate life insurance provisions, we tested the impact of the following changes:

- a 20% increase in longevity or reduction in mortality rates,
- a 3% increase in the amount of annuities.

However, for the total best estimate provisions, we tested the impact of the following changes:

- an upward shift of the risk-free interest rate curve by 100 basis points,
- a downward shift of the risk-free interest rate curve by 100 basis points,

The impact of these changes on the level of the net best estimate provisions is shown in the table below.

*Sensitivity testing of provisions*

| EUR thousand | Stress impact | Stress impact (%) |
|---|---|---|
| Best estimate premium and claims provisions | | |
| 10% increase in loss ratio | 12,225 | 5.7% |
| 10% decrease in not-past-due premiums and commissions | 4,124 | 1.9% |
| 50% increase in internal costs | 2,580 | 1.2% |
| Best estimate life insurance provisions | | |
| 20% decrease in expected mortality rates | 180 | 7.8% |
| 3% increase in the amount of annuities | 137 | 5.9% |
| Total best estimate provisions | | |
| 100 bps upward shift of the risk-free interest rate curve | -4,296 | -2.0% |
| 100 bps downward shift of the risk-free interest rate curve | 4,636 | 2.1% |

The Company identified no other material areas of uncertainty. The sensitivity calculations presented show that SII provisions are moderately sensitive to insensitive to changes in the above assumptions. The sensitivity analysis thus revealed no area or assumptions that would cause a major uncertainty of established SII provisions.

# D.3 Other liabilities

## D.3.1 Provisions other than technical provisions

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

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

## D.3.2 Insurance and intermediaries payables

The cash flows associated with payables from accepted reinsurance are included in the valuation of IFRS 17 insurance contract liabilities, and therefore the Company does not present reinsurance payables separately in the IFRS balance sheet.

In the SII balance sheet, the Company reclassifies from gross IFRS provisions to insurance and intermediaries payables the past-due commissions on accepted reinsurance.

## D.3.3 Reinsurance and co-insurance payables

The cash flows associated with payables arising out of ceded reinsurance are included in the valuation of reinsurance contract liabilities in accordance with IFRS 17, and therefore the Company does not separately present payables arising out of the reinsurance business.

In the SII balance sheet, the Company reclassifies past-due commissions payable on the ceded reinsurance and co-insurance business from the reinsurers' share of IFRS technical provisions to reinsurance and co-insurance payables.

## D.3.4 Other payables

Other payables of the Company comprise short-term payables to employees for accrued salaries and reimbursement of expenses, tax liabilities, trade payables for operating expenses, and other payables.

The valuation in the SII balance sheet does not differ from the valuation in the IFRS balance sheet.

## D.3.5 Subordinated liabilities

The Company's subordinated bonds are admitted to trading on the Luxembourg Stock Exchange.

The liabilities arising from the subordinated bonds issued are valued at amortised cost in accordance with IFRS and are therefore revalued to fair value for the SII balance sheet based on the published Bloomberg closing price at the date of the SII balance sheet valuation.

## D.3.6 Other financial liabilities other than debts owed to credit institutions

Other financial liabilities include long-term lease liabilities that qualify for valuation under IFRS 16.

The valuation in the SII balance sheet does not differ from the valuation in the IFRS balance sheet.

### D.3.7 Any other liabilities, not elsewhere shown

Any other liabilities, not elsewhere shown, primarily include accrued expenses.

The valuation in the SII balance sheet does not differ from the valuation in the IFRS balance sheet.

## D.4 Alternative methods for valuation

Periodically (every three years) the Company obtains market value appraisals of its property for own use and investment property assets from an independent external appraiser. We estimate that these appraisals are most representative of the amount for which the appraised properties could be exchanged between knowledgeable parties in arm's-length transactions. A valuation was obtained in 2022 from a certified real estate appraiser to update the estimated fair values of the properties held for own-use and investment properties.

For investments in Sava Re insurance subsidiaries not listed in a regulated market, the SII value of the capital requirement is calculated using the Standard Formula, applying an adjusted equity method of valuation as the excess of an insurance company's assets over its liabilities in the SII balance sheet (in accordance with Article 13(4) of the Delegated Regulation). Where Sava Re holds less than a 100% interest in a subsidiary, proportionate adjustments are made.

In the SII balance sheet, the Company measures its equity investments in non-insurance companies using the IFRS equity method in accordance with Article 13(5) of the Delegated Regulation. For this purpose, the cost which is the basis for calculations under the equity method, is reduced by the goodwill that was part of the cost. The value of goodwill and other intangible assets that would be valued at zero in accordance with the asset valuation methodology is deducted from the obtained value of the company.

Unlisted shares are measured at cost. The market value calculated using the internal model, which largely takes into account unobserved input, is only used for impairment testing.

## D.5 Any other information

The Company has no other material information relating to valuations.

# E. Capital management

The Company's capital management is defined in the capital management policy of the Sava Insurance Group and Sava Re d.d., laying down the goals and key activities related to capital management. Capital management is inextricable linked to the risk strategy, which determines the risk appetite.

The Company's capital management objectives are:

- long-term solvency within the target capitalisation range defined in the risk strategy;
- an appropriate level of financing flexibility;
- an acceptable level of volatility in the available capital and the solvency ratio;
- steering operating segments that tie up capital towards achieving an adequate profitability;
- managing the business to achieve an adequate return on equity or an adequate dividend yield for shareholders.

The Company manages its capital to ensure that it has at least enough capital to meet its obligations and regulatory requirements at all times. The composition of own funds held to ensure capital adequacy must comply with regulatory requirements and ensure an optimal balance between debt and equity. The amount of own funds must, at all times, at least meet the statutory solvency capital requirement, as well as relevant rating agency requirements and other objectives of the Company.

An important input element of capital management and business planning is the risk strategy, including the risk appetite set out therein. The risk strategy sets the lower bound of the target capitalisation range for the solvency ratio in relation to capital and capital adequacy. The Company's risk appetite in connection with capital adequacy is set at a level in line with statutory and rating agencies' requirements.

Every year the Company prepares a financial plan for the next three-year period. The first phase of the annual verification of the potential for capital optimisation and additional allocation of capital includes a review of the results of the last calculation of the amount and structure of eligible own funds and the SCR. The baselines are then used to prepare a business plan for the next three-year period and a capital management plan, including the activities needed to achieve the objectives of the capital allocation.

Eligible own funds, the SCR and consequently the Company's solvency ratio are calculated based on three-year financial projections. Calculations verify the alignment with the risk appetite, whereupon adjustments to the business plan are made, if necessary. The planned use of capital duly includes planned capital consumption items, such as ordinary dividends, own shares and projects that require additional capital.

In allocating capital to business segments, adequate return on equity is a prerequisite. Taking into account the business aspect, we strive to maximise the ratio of return generated by a particular operating segment tying up capital to allocated capital in terms of the capital allocated to cover risks (the optimum ratio of return to risk).

## E.1 Own funds

As at 31 December 2024, the Company reported an excess of assets over liabilities of EUR 763.6 million (31 December 2023: EUR 668.2 million).

The following is then deducted from basic own funds, i.e., the excess of the Company's assets over its liabilities:

- own shares in the amount of EUR 68.9 million (31 December 2023: EUR 48.2 million),
- foreseeable dividends in the amount of EUR 34.9 million (31 December 2023: EUR 25.6 million), as stated in the proposal of the Company's management and supervisory boards to the general meeting;
- other items in accordance with the provisions of ZZavar-1.

The excess of the Company's assets over its liabilities is increased by subordinated liabilities of EUR 115.0 million (31 December 2023: EUR 58.7 million), as these are part of the Company's basic own funds. Subordinated liabilities increased in 2024 due to a new subordinated bond issued in October 2024.

Basic own funds must be additionally reduced by the total value of participations in other financial and credit institutions (excluding insurers) exceeding 10% of the Company's own-fund items (paid-up share capital plus reconciliation reserves). In addition, they are reduced by part of the value of all participations in financial and credit institutions that exceeds 10% of the Company's own-fund items (other than those alone exceeding 10% and thus being excluded). As at 31 December 2024, the Company is not reporting such exclusions from own funds.

As at 31 December 2024, the Company did not report adjustments for other items in accordance with ZZavar-1.

Ancillary own funds are items that do not constitute basic own funds and that the Company may call up to absorb its losses. They include unpaid share capital or uncalled initial funds, letters of credit and guarantees, and other legal commitments received by the Company. As at 31 December 2024, the Company reported no ancillary own funds.

The table below shows the structure of the Company's own funds.

*Structure of own funds*

| EUR thousand | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Ordinary share capital (gross of own shares) | 71,856 | 71,856 |
| Share premium account related to ordinary share capital | 54,240 | 54,240 |
| Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings | 0 | 0 |
| Subordinated mutual member accounts | 0 | 0 |
| Surplus funds | 0 | 0 |
| Preference shares | 0 | 0 |
| Share premium account related to preference shares | 0 | 0 |
| Reconciliation reserve (= (1) - (2) - (3) - (4) - (5)) | 529,537 | 465,137 |
| *(1) Excess of assets over liabilities* | *763,620* | *668,247* |
| *(2) Own shares (held directly and indirectly)* | *68,879* | *48,215* |
| *(3) Adjustment for own-fund restricted items with respect to matching adjustment portfolios and ring-fenced funds* | *0* | *0* |
| *(4) Foreseeable dividends, distributions and charges* | *34,870* | *25,571* |
| *(5) Other basic own fund items* | *130,335* | *129,323* |
| Subordinated liabilities | 114,977 | 58,703 |
| Amount equal to the value of net deferred tax assets | 4,238 | 3,227 |
| **Total basic own funds after deductions** | **774,848** | **653,163** |

Total basic own funds after deductions increased by EUR 121.7 million compared to 31 December 2023. The main contributors to the growth in own funds are the higher value of participations in subsidiaries and associates, mainly as a result of the companies' strong financial results, more favourable valuation of the investments, and the issuance of new subordinated debt in October 2024. In addition, the growth in own funds was driven by the Company's strong profit for the year.

The Company also recognises net deferred tax assets within own funds as at 31 December 2024, which are described in more detail in section *D Valuation for solvency purposes*.

The following table shows the adjustments to IFRS equity in the valuation of the Solvency II balance sheet.

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

| EUR thousand | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **IFRS equity** | **458,953** | **430,897** |
| Difference in the valuation of participations | 226,001 | 166,254 |
| Difference in the valuation of other assets | -14,193 | -8,092 |
| Difference in the valuation of technical provisions | 18,869 | 19,838 |
| Difference in the valuation of other liabilities | 5,112 | 11,134 |
| Foreseeable dividends, distributions and charges | -34,870 | -25,571 |
| Subordinated liabilities in basic own funds | 114,977 | 58,703 |
| **Total basic own funds after Solvency II deductions** | **774,848** | **653,163** |
| *Of which tier 1* | *655,633* | *591,233* |
| *Of which tier 2* | *65,147* | *58,703* |
| *Of which tier 3* | *54,068* | *3,227* |

As can be seen from the table, the majority of the difference in assets stems from the revaluation of participations in subsidiaries and associates, with the difference predominantly relating to the revaluation of insurance companies. With liabilities, the largest difference is in the revaluation of technical provisions in line with Solvency II requirements. A detailed description of the valuation methodology used is provided in section *D Valuation for solvency purposes*.

The MCR and SCR are covered by the Company's own funds. In accordance with the law, the Company is not permitted to use just any kind of own funds to meet its capital requirement. For this purpose, the Solvency II legislation classifies own funds into three tiers. These differ in terms of permanence and loss absorbency. Thus, tier 1 funds include own funds that mostly meet the conditions laid down in items one and two of Article 196(1) of ZZavar-1; such items are available to absorb losses at all times (permanent availability) and, in the event of the Company's winding-up, they become available to the holder only after all of the Company's other obligations are met. It is important whether an item of own funds has a maturity, whether the absence of incentives to repay has been confirmed and whether the item is free of encumbrances.

The Company's tier 1 own funds include:

- paid-up ordinary shares;
- paid-up capital reserves; and
- reconciliation reserves set as the excess of assets over liabilities, less paid-up ordinary shares and capital reserves, and less the value of own shares and foreseeable dividends.

The Company's tier 1 own funds do not include own fund items that have a limited duration, they are not subordinated or subject to early redemption.

Tier 2 funds include own fund items that mostly exhibit the features from item two of Article 196(1) of ZZavar-1; in the event of the Company's winding-up, such items become available to the holder only after all of the Company's other obligations are met and paid. It is important whether an item of own funds has a maturity, whether the absence of incentives to repay has been confirmed and whether the item is free of encumbrances.

The Company classifies its subordinated liabilities, subordinated debt issued in 2019, which has a maturity of 20 years and a contractual opportunity to redeem after 10 years, as tier 2 eligible own funds. Subordinated liabilities have the feature of subordination.

Tier 3 is for own fund items classified as neither tier 1 nor tier 2. The Company classifies its subordinated debt issued in October 2024, which matures 5 years from the date of issue, as tier 3 own funds. The Company's net deferred tax assets are also classified as tier 3 and are further described in section D Valuation for solvency purposes.

The legal restrictions for the level of eligible own funds to cover the SCR and MCR are shown in the table below.

*Restrictions for own funds designated to meet the SCR and MCR*

| | Tier 1 | Tier 2 | Tier 3 |
|---|---|---|---|
| SCR coverage | minimum 50% of SCR | no additional restrictions[28] | maximum 15% of SCR |
| MCR coverage | minimum 80% of MCR | maximum 20% of MCR | not eligible |

The two tables below show the amounts of own funds eligible to meet the SCR and MCR. They are classified into the statutory tiers described above.

*Own funds eligible to meet the SCR*

| EUR thousand | Total | Tier 1 | Tier 2 | Tier 3 |
|---|---|---|---|---|
| As at 31 December 2024 | 759,481 | 655,633 | 65,147 | 38,702 |
| As at 31 December 2023 | 653,163 | 591,233 | 58,703 | 3,227 |

[28] The total of tier 2 and tier 3 assets must not exceed 50% of the SCR.

*Own funds eligible to meet the MCR*

| EUR thousand | Total | Tier 1 | Tier 2 | Tier 3 |
|---|---|---|---|---|
| As at 31 December 2024 | 668,534 | 655,633 | 12,901 | 0 |
| As at 31 December 2023 | 602,530 | 591,233 | 11,296 | 0 |

As at 31 December 2024, the majority of the Company's eligible own funds was classified as tier 1 funds and free of any ancillary own funds. The Company's tier 2 funds include subordinated liabilities, i.e., the subordinated debt issued in 2019, and its tier 3 funds comprise subordinated liabilities, i.e., the subordinated debt issued in 2024, and net deferred tax assets. In view of the legal restrictions, the Company only included tier 3 own funds to cover the SCR in the amount of 15% of the SCR.

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The Company included its tier 2 subordinated debt in eligible own funds to cover the MCR only in the amount of 20% of the MCR due to regulatory restrictions, whereas the Company's tier 3 own funds are not eligible to cover the MCR.

There were no items subject to regulatory transitional arrangements among the disclosed eligible own funds.

## E.2 Solvency capital requirement and minimum capital requirement

### E.2.1 Solvency capital requirement (SCR)

The Company calculates its SCR and MCR in accordance with the Standard Formula.

The following table shows the total amount of SCR, SCR by risk module, the amount of eligible own funds and the Company's solvency ratio.

*Solvency capital requirement by risk module*

| EUR thousand | 31 December 2024 | 31 December 2023 |
|---|---|---|
| **SCR** | **258,013** | **225,927** |
| Adjustments for TP and DT | 0 | 0 |
| Operational risk | 7,837 | 6,899 |
| **Basic solvency capital requirement (BSCR)** | **250,175** | **219,029** |
| Sum of risk components | 322,259 | 282,119 |
| Diversification effect | -72,083 | -63,091 |
| Market risk | 164,427 | 150,941 |
| Counterparty default risk | 7,695 | 9,893 |
| Life underwriting risk | 961 | 360 |
| Health underwriting risk | 3,008 | 2,605 |
| Non-life underwriting risk | 146,168 | 118,320 |
| **Eligible own funds** | **759,481** | **653,163** |
| **Solvency ratio** | **294%** | **289%** |

The majority of the SCR as at 31 December 2024 relates to market risk, which increased compared to 31 December 2023, mainly due to the rise in the value of participations in subsidiaries, mainly as a result of the strong performance of the subsidiaries and the more favourable valuation of the investments. Non-life underwriting risk also increased significantly compared to 31 December 2023, with both premium and reserve risk and catastrophe risk increasing due to portfolio growth. For details regarding changes in individual modules, see section *C Risk profile*.

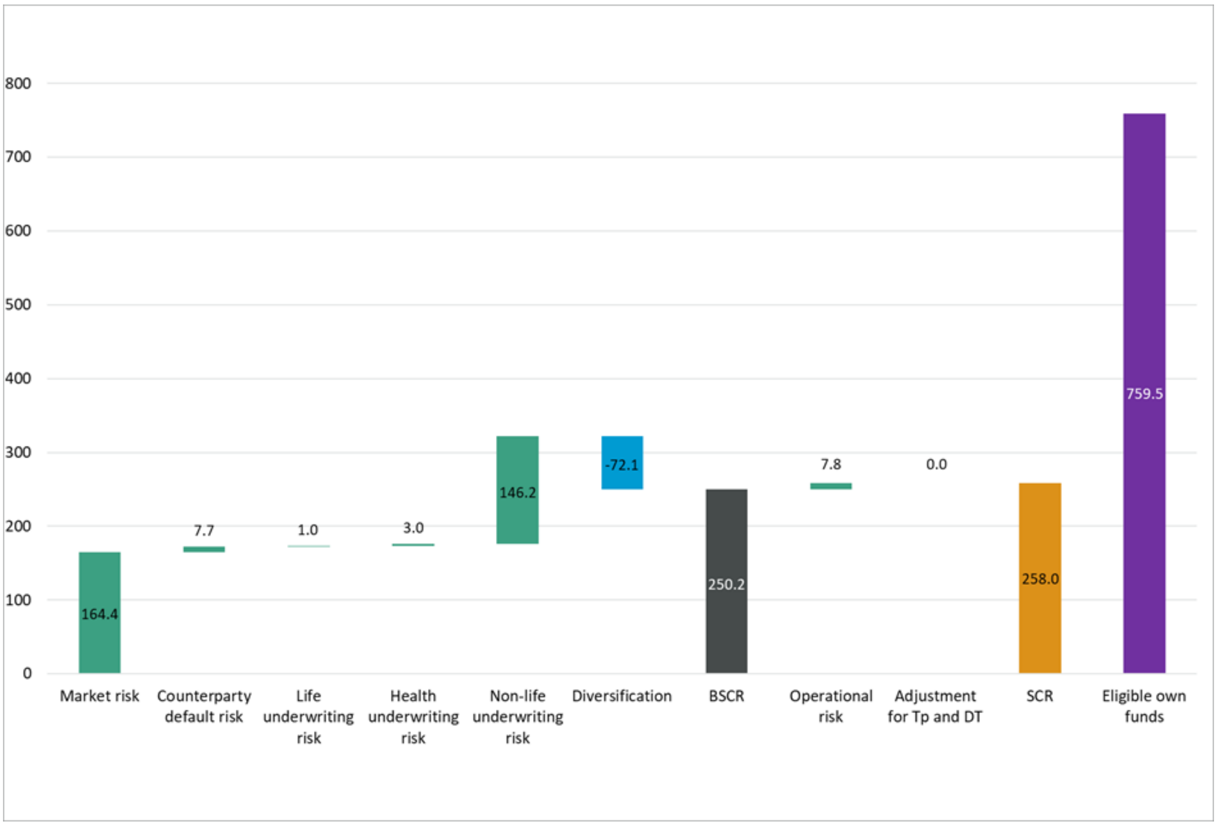
The Company has a relatively small portfolio of accepted life reinsurance business (from annuities related to non-life insurance and term life insurance). The Company makes separate calculations for the accepted life reinsurance business for most cedants in the Group. For this reinsurance business, it calculates the SCR in the life underwriting risk module based on the calculations of Group companies. The capital requirement for accepted non-Group life reinsurance is calculated in line with the nature of the business in the NSLT health insurance module.

The Company calculates its SCR without using the simplifications referred to in Articles 88–112 of the Delegated Regulation. Nor does it use undertaking-specific parameters in calculating the SCR for non-life and NSLT health business.

The adjustment for the loss-absorbing capacity of deferred taxes is calculated in accordance with the Delegated Regulation and Article 23 of the Decision on the Terms and Method of Covering Losses by Reducing Technical Provisions and Deferred Taxes. Adjustments have been made in the amount of the maximum adjustment for loss absorbency of deferred taxes that may be taken into account without providing evidence, i.e., up to the amount of net liabilities for deferred taxes in the SII balance sheet. As the deferred tax assets are higher than the deferred tax liabilities in the SII balance sheet, the SCR adjustment for deferred taxes taken into account at 31 December 2024 is EUR 0.

The following chart shows the individual risk modules of the Standard Formula, the Company's SCR and its eligible own funds as at 31 December 2024.

*Solvency capital requirement by risk module as at 31 December 2024 (EUR million)*




As evident from the figure above, eligible own funds significantly exceed the SCR, as reflected in the Company's high solvency ratio of 294% as at 31 December 2024 (31 December 2023: 289%).

A major criterion for determining the risk appetite in the Sava Insurance Group's risk strategy is the solvency ratio. In line with the applicable risk strategy, the solvency ratio must be above 200%, based on which the Company is well capitalised as at 31 December 2024, even by internal criteria.

In December 2024, the financial projections and the calculation of eligible own funds, the SCR and the solvency ratio for the next three years were also confirmed. The Company's solvency ratio is planned at a level in line with the risk strategy for the next three years.

### E.2.2 Minimum capital requirement

Sava Re calculates the MCR in accordance with Articles 248–251 of the Delegated Regulation. Non-life MRC is calculated as the linear combination of written premiums after deduction of premiums for reinsurance contracts and technical provisions, net of the risk margin after deduction of amounts recoverable under reinsurance contracts. The linear combination captures all segments of the non-life insurance business. Input data are shown in the table below.

*Input data for the Company's MCR calculation*

| EUR thousand<br>31 December 2024 | Net best estimate technical provisions | Net premiums written |
|---|---|---|
| Medical expense insurance and proportional reinsurance | 0 | 122 |
| Income protection insurance and proportional reinsurance | 2,914 | 5,973 |
| Workers' compensation insurance and proportional reinsurance | 0 | 0 |
| Motor vehicle liability insurance and proportional reinsurance | 20,206 | 20,486 |
| Other motor insurance and proportional reinsurance | 13,850 | 29,033 |
| Marine, aviation and transport insurance and proportional reinsurance | 8,527 | 8,571 |
| Fire and other damage to property insurance and proportional reinsurance | 70,662 | 65,528 |
| General liability insurance and proportional reinsurance | 16,515 | 5,222 |
| Credit and suretyship insurance and proportional reinsurance | 288 | 74 |
| Legal expenses insurance and proportional reinsurance | 0 | 2 |
| Assistance insurance and proportional reinsurance | 0 | 39 |
| Miscellaneous financial loss insurance and proportional reinsurance | 1,586 | 447 |
| Non-proportional health reinsurance | 307 | 861 |
| Non-proportional casualty reinsurance | 7,962 | 4,747 |
| Non-proportional marine, aviation and transport reinsurance | 6,259 | 2,801 |
| Non-proportional property reinsurance | 67,168 | 37,206 |

*Input data for the Company's MCR calculation*

| EUR thousand<br>31 December 2023 | Net best estimate technical provisions | Net premiums written |
|---|---|---|
| Medical expense insurance and proportional reinsurance | 20 | 17 |
| Income protection insurance and proportional reinsurance | 2,349 | 5,154 |
| Workers' compensation insurance and proportional reinsurance | 0 | 0 |
| Motor vehicle liability insurance and proportional reinsurance | 15,834 | 17,177 |
| Other motor insurance and proportional reinsurance | 5,478 | 25,817 |
| Marine, aviation and transport insurance and proportional reinsurance | 7,825 | 9,242 |
| Fire and other damage to property insurance and proportional reinsurance | 52,902 | 55,162 |
| General liability insurance and proportional reinsurance | 14,681 | 4,209 |
| Credit and suretyship insurance and proportional reinsurance | 570 | 447 |
| Legal expenses insurance and proportional reinsurance | 0 | 9 |
| Assistance insurance and proportional reinsurance | 0 | 1 |
| Miscellaneous financial loss insurance and proportional reinsurance | 1,802 | 582 |
| Non-proportional health reinsurance | 398 | 712 |
| Non-proportional casualty reinsurance | 7,624 | 2,678 |
| Non-proportional marine, aviation and transport reinsurance | 9,923 | 1,669 |
| Non-proportional property reinsurance | 55,812 | 47,350 |

Life MCR is calculated as a linear combination of technical provisions, net of the risk margin and capital at risk.

*Inputs for calculating the Company's life MCR*

| EUR thousand | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Other life and health reinsurance obligations | 2,316 | 3,046 |
| Capital at risk for all life reinsurance obligations | 448,456 | 456,864 |

The following table shows the Company's MCR.

*Minimum capital requirement*

| EUR thousand | 31 December 2024 | 31 December 2023 |
|---|---|---|
| Linear required MCR | 46,998 | 42,322 |
| Absolute MCR floor | 3,900 | 3,900 |
| Combined MCR | 64,503 | 56,482 |
| **MCR** | **64,503** | **56,482** |
| Own funds eligible to meet the MCR | 668,534 | 602,530 |
| **MCR ratio** | **1,036%** | **1,067%** |

## E.3 Use of the duration-based equity risk sub-module in the calculation of the solvency capital requirement

The Company does not use the duration-based equity risk sub-module to calculate the SCR.

## E.4 Difference between the Standard Formula and any internal model used

There are no differences between the Standard Formula and internal model because the Company does not use an internal model for the calculation of the SCR.

## E.5 Non-compliance with the minimum capital requirement and non-compliance with the solvency capital requirement

As at 31 December 2024, the Company was compliant with legislation, its high solvency ratio being substantially higher than the statutory 100%. Moreover, as at 31 December 2024, the Company had a major surplus of eligible own funds above the minimum capital requirement.

Based on the projections of the solvency capital requirement and eligible own funds, we estimate that the Sava Re solvency ratio will remain above the statutory 100% during the entire three-year projection period, as required by law. Therefore, the Company does not expect any further steps or measures in terms of ensuring compliance with its capital requirement.

## E.6 Any other information

The Company has no other material information relating to capital management.

# Appendix – Glossary of selected terms

| English term | Slovenian term | Meaning |
|---|---|---|
| **Adjustment for TP and DT** | **Prilagoditve za TP in DT** | Adjustment for the loss-absorbing capacity of technical provisions and deferred taxes. Adjustment because of the capacity to absorb losses by reducing technical provisions and through deferred taxes. |
| **Basic solvency capital requirement – BSCR** | **Osnovni zahtevani solventnostni kapital – BSCR** | The basic solvency capital requirement within the framework of the standard formula is an amount based on the statutory calculation of the following risks: non-life underwriting risk, life underwriting risk, health underwriting risk, market risk and counterparty default risk. |
| **Business continuity procedures** | **Načrt neprekinjenega poslovanja** | Document that includes procedures for ensuring the continuous operation of key business processes and systems. The contingency plan is an integral part of business continuity procedures and sets out technical and organisational measures to restore operations and mitigate the consequences of severe business disruptions. |
| **Capital asset pricing model** | **CAPM** | Model describing the relationship between risk and expected return on assets. |
| **Combined ratio** | **Kombinirani količnik** | The sum of the loss ratio and the expense ratio. The Group's ratio is calculated for the reinsurance and non-life insurance operating segments. Sava Re's ratio does not include expenses arising from holding activities.<br>For the transition to IFRS 17, the Group retained the existing net/net methodology for calculating the combined ratio. In line with the approach adopted by other comparable insurance companies, the Group decided to change its methodology to a net/gross calculation of the combined ratio in 2023, which is also consistent with the presentation of the income statement in accordance with IFRS 17. The revised methodology was used for the first time in the 2023 annual report. Under the new methodology, the net reinsurance expenses are included in the numerator, while the denominator includes insurance revenue net of the reinsurers' share. Calculations using the new methodology slightly deteriorate the combined ratio, but the prior year combined ratio has also been restated for comparison. |
| **Eligible own funds** | **Primerni lastni viri sredstev** | Own funds eligible to cover the solvency capital requirement. |
| **Emerging risk** | **Nastajajoča tveganja** | New risks, or risks that have been identified previously but which arise in new or unknown circumstances and the impact of which is not fully understood. |
| **Expected profits included in future premiums** | **EPIFP** | Expected profits included in future premiums. |
| **Gross premiums written** | **Kosmate premije** | The total premiums from all policies written or renewed during a given period, regardless of what portions have been earned. |
| **IFRS** | **MSRP** | International Financial Reporting Standards. EU-wide uniform set of rules governing the accounting of business transactions. |
| **IFRS provisions** | **MSRP rezervacije** | Insurance and reinsurance contract assets and liabilities calculated in accordance with IFRS. |
| **Investments at Fair Value Through Profit or Loss** | **Naložbe FVTPL** | Financial investments measured at fair value through profit or loss. |

| English term | Slovenian term | Meaning |
|---|---|---|
| **Market value** | **Tržna vrednost** | The amount for which an asset could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. The amounts are based on prices in active and liquid markets that a company has access to and are commonly used. |
| **Minimum capital requirement – MCR** | **Zahtevani minimalni kapital – MCR** | The minimum capital requirement is equal to the amount of own funds below which policyholders, insured persons and other beneficiaries of insurance contracts would be exposed to an unacceptable level of risk if the insurer were allowed to continue operating. |
| **Modified duration** | **Modificirano trajanje** | Modified duration measures the portfolio's sensitivity to parallel shifts in the interest rate curve. A change in interest rates of +/-1% has an impact of approximately -/+MD% on the portfolio. |
| **NSLT health business** | **NSLT zdravstvena zavarovanja** | Health insurance provided on a technical basis similar to that of non-life insurance. |
| **Operational limits** | **Operativni limiti** | Operational limits for particular areas are determined on the basis of expressed risk tolerance limits. Underwriting limits or investment limits used by first-line-of-defence staff in the day-to-day risk management process to keep a company within its set risk appetite range. |
| **Own risk and solvency assessment – ORSA** | **Lastna ocena tveganj in solventnosti – ORSA** | Own assessment of the risks associated with a company's business and strategic plans and assessment of the adequacy of own funds to cover risks. |
| **Physical risks of climate change** | **Fizična tveganja podnebnih sprememb** | Risks arising from the physical effects of climate change. They include acute physical risks arising from weather events that adversely affect the business and chronic physical risks arising from long-term climate change that adversely affects a company's business. |
| **Probable maximum loss – PML** | **Največja verjetna škoda – PML** | This is the maximum loss for a risk an insurer assesses could occur in one loss event. Normally, it is expressed as a percentage of the sum insured; in extreme cases, it equals the sum insured (PML is 100% of the sum insured). |
| **Risk appetite** | **Pripravljenost za prevzem tveganj** | Risk level that a company is willing to take in order to meet its strategic goals. At Sava Re defined based on the acceptable solvency ratio, the liquidity ratio of the assets, profitability of insurance products and reputation risk. |
| **Risk management system** | **Sistem upravljanja tveganj** | The risk management system is a set of measures taken by an insurer to manage (i.e., to identify, monitor, measure, manage, report) material risks arising from both the operations of a company and the external environment in order to enhance the implementation of strategic objectives and minimise any loss of own funds. |
| **Risk profile** | **Profil tveganj** | All of the risks that a company is exposed to and the quantification of these exposures for all risk categories. |
| **Risk register** | **Register tveganj** | List of all identified risks maintained and periodically updated by a company. |
| **Risk tolerance limits** | **Meje dovoljenega tveganja** | Limits for risk categories included in a company's risk profile and for risk measures monitored as part of day-to-day risk management. Set annually and aligned with the risk appetite as stated in a company's risk strategy and based on sensitivity analyses, stress tests and scenarios, or professional judgment. |
| **Scenario** | **Scenarij** | Scenarios seek to determine the impact of multiple changes in parameters, such as concurrent changes in different risks types affecting the insurance business, the value of financial assets and a change in interest rates. |
| **Sensitivity analysis** | **Analiza občutljivosti** | In a sensitivity analysis, a single parameter is changed to observe the effect on the value of assets, liabilities and/or own funds as well as any effects of such changes on these values. |

| English term | Slovenian term | Meaning |
|---|---|---|
| **Shared Socioeconomic Pathways** | **SSP scenarij[29]** | Various pathways of greenhouse gas concentrations and emissions. |
| **Solvency and financial condition report – SFCR** | **Poročilo o solventnosti in finančnem položaju – PSFP** | Insurance and reinsurance companies publish solvency and financial condition reports at least annually. The report includes a description of its business and operations, its governance system, risk profile, valuation for Solvency II purposes, structure and quality of own funds, and the level of the minimum and solvency capital requirement. |
| **Solvency capital requirement – SCR** | **Zahtevani solventnostni kapital – SCR** | The SCR is an amount based on the regulatory calculation of all quantifiable risk, including non-life underwriting risk, life underwriting risk, health underwriting risk, market risk, counterparty default risk and operational risk. |
| **Solvency ratio** | **Solventnostni količnik** | Ratio of eligible own funds to the solvency capital requirement. It represents a company's capital adequacy in accordance with the Solvency II principles. A solvency ratio in excess of 100% indicates that the company has more than sufficient resources to meet the solvency capital requirement. |
| **Standard formula** | **Standardna formula** | Set of calculations prescribed by Solvency II regulations used for generating the solvency capital requirement. |
| **Stress test** | **Stresni test** | In a stress test, a single parameter is changed due to a potential future financial event to observe the effect on the value of a company's assets, liabilities and/or own funds as well as any effects on the value of the parameter itself. |
| **Technical provisions – TP** | **Zavarovalno-tehnične rezervacije – ZTR** | Provisions calculated in accordance with Solvency II (best estimate provisions). |
| **Tier of capital** | **Kakovostni razred kapitala** | Items of own funds are classified into three tiers based on certain criteria (such as duration and whether basic or ancillary). |
| **Transition risk of climate change** | **Tveganja prehoda podnebnih sprememb** | Transition risk arises in the transition to a low-carbon and climate-resilient economy. Such risks include risks of new rules, requirements and policies, legal risks, technology risks, market risks and reputation risks. |
| **Undertaking-specific parameters – USP** | **Parametri, specifični za posamezno podjetje – USP** | Insurance and reinsurance undertakings may, within the design of the standard formula, replace standard deviations for premium and reserve risk of NSLT health underwriting for business for which a system for equalising health risk is used by parameters specific to the undertaking concerned, in accordance with article 104( 7) of Directive 2009/138/EC. |

[29] SSP scenarios have been defined by the Intergovernmental Panel on Climate Change (IPCC) and have evolved from Representative Concentration Pathways (RCP) scenarios. A definition of scenarios is available at www.ipcc.ch/report/ar6/syr/downloads/report/IPCC_AR6_SYR_LongerReport.pdf.

# Quantitative Reporting Templates

S.02.01.02 Balance sheet

S.04.05.21 Premiums, claims and expenses by country

S.05.01.02 Premiums, claims and expenses by line of business

S.12.01.02 Life and Health SLT Technical Provisions

S.17.01.02 Non-life Technical Provisions

S.19.01.21 Non-life Insurance Claims Information

S.23.01.01 Own funds

S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula

S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

All amounts in the quantitative reporting templates are in thousands of euros.

# S.02.01.02 Balance sheet

| | | Solvency II value |
|---|---|---|
| **Assets** | | **C0010** |
| Goodwill | **R0010** | |
| Deferred acquisition costs | **R0020** | |
| Intangible assets | **R0030** | 0 |
| Deferred tax assets | **R0040** | 9,209 |
| Pension benefit surplus | **R0050** | 0 |
| Property, plant & equipment held for own use | **R0060** | 3,588 |
| Investments (other than assets held for index-linked and unit-linked contracts) | **R0070** | 1,003,566 |
| Property (other than for own use) | **R0080** | 10,259 |
| Holdings in related undertakings, including participations | **R0090** | 551,410 |
| Equities | **R0100** | 3,205 |
| Equities – listed | **R0110** | 828 |
| Equities – unlisted | **R0120** | 2,377 |
| Bonds | **R0130** | 404,354 |
| Government bonds | **R0140** | 276,188 |
| Corporate bonds | **R0150** | 128,166 |
| Structured notes | **R0160** | 0 |
| Collateralised securities | **R0170** | 0 |
| Collective Investments Undertakings | **R0180** | 33,296 |
| Derivatives | **R0190** | 0 |
| Deposits other than cash equivalents | **R0200** | 1,042 |
| Other investments | **R0210** | 0 |
| Assets held for index-linked and unit-linked contracts | **R0220** | 0 |
| Loans and mortgages | **R0230** | 2,603 |
| Loans on policies | **R0240** | 0 |
| Loans and mortgages to individuals | **R0250** | 0 |
| Other loans and mortgages | **R0260** | 2,603 |
| Reinsurance recoverables from: | **R0270** | 48,719 |
| Non-life and health similar to non-life | **R0280** | 43,943 |
| Non-life excluding health | **R0290** | 43,979 |
| Health similar to non-life | **R0300** | -36 |
| Life and health similar to life, excluding health and index-linked and unit-linked | **R0310** | 4,776 |
| Health similar to life | **R0320** | 0 |
| Life excluding health and index-linked and unit-linked | **R0330** | 4,776 |
| Life index-linked and unit-linked | **R0340** | 0 |
| Deposits to cedants | **R0350** | 11,779 |
| Insurance and intermediaries receivables | **R0360** | 21,704 |
| Reinsurance receivables | **R0370** | 416 |
| Receivables (trade, not insurance) | **R0380** | 1,032 |
| Own shares (held directly) | **R0390** | 68,879 |
| Amounts due in respect of own fund items or initial fund called up but not yet paid in | **R0400** | 0 |
| Cash and cash equivalents | **R0410** | 14,724 |
| Any other assets, not elsewhere shown | **R0420** | 0 |
| **Total assets** | **R0500** | **1,186,218** |

| | | Solvency II value |
|---|---|---|
| **Liabilities** | | **C0010** |
| Technical provisions – non-life | **R0510** | 282,744 |
| Technical provisions – non-life (excluding health) | **R0520** | 279,211 |
| Technical provisions calculated as a whole | **R0530** | 0 |
| Best Estimate | **R0540** | 257,000 |
| Risk margin | **R0550** | 22,211 |
| Technical provisions – health (similar to non-life) | **R0560** | 3,532 |
| Technical provisions calculated as a whole | **R0570** | 0 |
| Best Estimate | **R0580** | 3,180 |
| Risk margin | **R0590** | 353 |
| Technical provisions – life (excluding index-linked and unit-linked) | **R0600** | 7,228 |
| Technical provisions – health (similar to life) | **R0610** | 0 |
| Technical provisions calculated as a whole | **R0620** | 0 |
| Best Estimate | **R0630** | 0 |
| Risk margin | **R0640** | 0 |
| Technical provisions – life (excluding health and index-linked and unit-linked) | **R0650** | 7,228 |
| Technical provisions calculated as a whole | **R0660** | 0 |
| Best Estimate | **R0670** | 7,092 |
| Risk margin | **R0680** | 137 |
| Technical provisions – index-linked and unit-linked | **R0690** | 0 |
| Technical provisions calculated as a whole | **R0700** | 0 |
| Best Estimate | **R0710** | 0 |
| Risk margin | **R0720** | 0 |
| Other technical provisions | **R0730** | |
| Contingent liabilities | **R0740** | 0 |
| Provisions other than technical provisions | **R0750** | 474 |
| Pension benefit obligations | **R0760** | 0 |
| Deposits from reinsurers | **R0770** | 0 |
| Deferred tax liabilities | **R0780** | 4,970 |
| Derivatives | **R0790** | 0 |
| Debts owed to credit institutions | **R0800** | 0 |
| Financial liabilities other than debts owed to credit institutions | **R0810** | 261 |
| Insurance & intermediaries payables | **R0820** | 5,047 |
| Reinsurance payables | **R0830** | 857 |
| Payables (trade, not insurance) | **R0840** | 3,372 |
| Subordinated liabilities | **R0850** | 114,977 |
| Subordinated liabilities not in Basic Own Funds | **R0860** | 0 |
| Subordinated liabilities in Basic Own Funds | **R0870** | 114,977 |
| Any other liabilities, not elsewhere shown | **R0880** | 2,668 |
| **Total liabilities** | **R0900** | **422,598** |
| **Excess of assets over liabilities** | **R1000** | **763,620** |

# S.04.05.21 Premiums, claims and expenses by country

| | | Home Country | Top 5 countries (by amount of gross premiums written) – non-life obligations | | | | |
|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0020 | C0020 | C0020 | C0020 |
| | R0010 | | CN | KR | TR | GB | DE |
| | | | China | Korea (Republic of) | Turkey | Great Britain | Germany |
| **Premiums written** | | | | | | | |
| Gross – Direct Business | **R0020** | | | | | | |
| Gross – proportional reinsurance | **R0021** | 86,949 | 6,879 | 6,227 | 4,644 | 3,408 | 2,213 |
| Gross – non-proportional reinsurance | **R0022** | 13,500 | 5,717 | 3,636 | 2,369 | 1,640 | 2,342 |
| **Premiums earned** | | | | | | | |
| Gross – Direct Business | **R0030** | | | | | | |
| Gross – Proportional reinsurance accepted | **R0031** | 82,817 | 6,727 | 6,247 | 4,469 | 3,512 | 2,213 |
| Gross – Non-proportional reinsurance accepted | **R0032** | 12,918 | 5,729 | 3,560 | 2,369 | 1,581 | 2,342 |
| **Claims incurred** | | | | | | | |
| Gross – Direct Business | **R0040** | | | | | | |
| Gross – proportional reinsurance | **R0041** | 45,920 | 3,053 | -435 | 1,489 | 1,120 | 557 |
| Gross – non-proportional reinsurance | **R0042** | 16,345 | 3,180 | -453 | 1,551 | 1,511 | 580 |
| **Expenses incurred** | | | | | | | |
| Gross – Direct Business | **R0050** | | | | | | |
| Gross – proportional reinsurance | **R0051** | 23,830 | 1,705 | 1,339 | 691 | 833 | 634 |
| Gross – non-proportional reinsurance | **R0052** | 455 | 337 | 184 | 85 | 110 | 132 |

| | | Home Country | Top 5 countries (by amount of gross premiums written) – life obligations | | | | |
|---|---|---|---|---|---|---|---|
| | | C0030 | C0040 | C0040 | C0040 | C0040 | C0040 |
| | R1010 | | CN | KR | TR | GB | DE |
| | | | China | Korea (Republic of) | Turkey | Great Britain | Germany |
| **Premiums written – gross** | **R1020** | 1,112 | 0 | 0 | 0 | 0 | 0 |
| **Premiums earned – gross** | **R1030** | 1,074 | 0 | 0 | 0 | 0 | 0 |
| **Claims incurred – gross** | **R1040** | 852 | 0 | 0 | 0 | 0 | 0 |
| **Expenses – gross** | **R1050** | 65 | 0 | 0 | 0 | 0 | 0 |

## S.05.01.02 Premiums, claims and expenses by line of business

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance |
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 |
| **Premiums written** | | | | | | | | | | |
| Gross – Direct Business | **R0110** | | | | | | | | | |
| Gross – Proportional reinsurance accepted | **R0120** | 122 | 6,112 | 0 | 20,486 | 33,210 | 9,047 | 82,885 | 5,408 | 74 |
| Gross – Non-proportional reinsurance accepted | **R0130** | | | | | | | | | |
| **Reinsurers' share** | **R0140** | 0 | 139 | 0 | 0 | 4,177 | 476 | 17,358 | 186 | 0 |
| **Net** | **R0200** | 122 | 5,973 | 0 | 20,486 | 29,033 | 8,571 | 65,528 | 5,222 | 74 |
| **Premiums earned** | | | | | | | | | | |
| Gross – Direct Business | **R0210** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross – Proportional reinsurance accepted | **R0220** | 101 | 6,019 | 0 | 19,231 | 31,337 | 8,951 | 81,816 | 5,335 | 139 |
| Gross – Non-proportional reinsurance accepted | **R0230** | | | | | | | | | |
| **Reinsurers' share** | **R0240** | 0 | 124 | 0 | 0 | 3,213 | 478 | 16,419 | 199 | 0 |
| **Net** | **R0300** | 101 | 5,895 | 0 | 19,231 | 28,124 | 8,473 | 65,397 | 5,136 | 139 |
| **Claims incurred** | | | | | | | | | | |
| Gross – Direct Business | **R0310** | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Gross – Proportional reinsurance accepted | **R0320** | 2 | 1,748 | 0 | 13,496 | 7,411 | 3,603 | 38,224 | 10,869 | 214 |
| Gross – Non-proportional reinsurance accepted | **R0330** | | | | | | | | | |
| **Reinsurers' share** | **R0340** | 0 | 265 | 0 | 10 | 540 | 354 | 7,452 | 10 | 0 |
| **Net** | **R0400** | 2 | 1,483 | 0 | 13,486 | 6,871 | 3,249 | 30,772 | 10,860 | 214 |
| **Expenses incurred** | **R0550** | 36 | 2,468 | 0 | 5,525 | 7,846 | 2,337 | 26,887 | 1,855 | 223 |
| **Balance – other technical expenses/income** | **R1210** | | | | | | | | | |
| **Total technical expenses** | **R1300** | | | | | | | | | |

| | | Line of Business for: non-life insurance and reinsurance obligations (direct business and accepted proportional reinsurance) | | | Line of Business for: accepted non-proportional reinsurance | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Legal expenses insurance | Assistance | Miscellaneous financial loss | Health | Casualty | Marine, aviation, transport | Property | |
| | | C0100 | C0110 | C0120 | C0130 | C0140 | C0150 | C0160 | C0200 |
| **Premiums written** | | | | | | | | | |
| Gross – Direct Business | **R0110** | | | | | | | | 0 |
| Gross – Proportional reinsurance accepted | **R0120** | 2 | 50 | 1,275 | | | | | 158,672 |
| Gross – Non-proportional reinsurance accepted | **R0130** | | | | 861 | 7,627 | 4,520 | 58,871 | 71,879 |
| **Reinsurers' share** | **R0140** | 0 | 11 | 828 | 0 | 2,879 | 1,719 | 21,665 | 49,438 |
| **Net** | **R0200** | 2 | 39 | 447 | 861 | 4,747 | 2,801 | 37,206 | 181,112 |
| **Premiums earned** | | | | | | | | | |
| Gross – Direct Business | **R0210** | | | | | | | | 0 |
| Gross – Proportional reinsurance accepted | **R0220** | 3 | 45 | 1,323 | | | | | 154,300 |
| Gross – Non-proportional reinsurance accepted | **R0230** | | | | 908 | 7,033 | 4,554 | 58,246 | 70,741 |
| **Reinsurers' share** | **R0240** | 0 | 10 | 850 | 0 | 2,879 | 1,579 | 21,714 | 47,465 |
| **Net** | **R0300** | 3 | 35 | 473 | 908 | 4,155 | 2,974 | 36,532 | 177,576 |
| **Claims incurred** | | | | | | | | | |
| Gross – Direct Business | **R0310** | | | | | | | | 0 |
| Gross – Proportional reinsurance accepted | **R0320** | 0 | 0 | 1,273 | | | | | 76,840 |
| Gross – Non-proportional reinsurance accepted | **R0330** | | | | 197 | 6,583 | 2,038 | 38,251 | 47,069 |
| **Reinsurers' share** | **R0340** | 0 | 0 | 354 | 0 | 605 | 0 | 12,082 | 21,672 |
| **Net** | **R0400** | 0 | 0 | 920 | 197 | 5,977 | 2,038 | 26,169 | 102,236 |
| **Expenses incurred** | **R0550** | 0 | 23 | 563 | 44 | 425 | 252 | 3,220 | 51,705 |
| **Other expenses** | **R1200** | | | | | | | | 16,182 |
| **Total technical expenses** | **R1300** | | | | | | | | 67,887 |

| | | Line of Business for: life insurance obligations | | | | | | Life reinsurance obligations | | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Health insurance | Insurance with profit participation | Insurance with profit participation | Other life insurance | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Health reinsurance | Life reinsurance | |
| | | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0300 |
| **Premiums written** | | | | | | | | | | |
| Gross | R1410 | | | | | | | | 1,275 | 1,275 |
| Reinsurers' share | R1420 | | | | | | | | 921 | 921 |
| Net | R1500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 354 | 354 |
| **Premiums earned** | | | | | | | | | | |
| Gross | R1510 | | | | | | | | 1,206 | 1,206 |
| Reinsurers' share | R1520 | | | | | | | | 718 | 718 |
| Net | R1600 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 488 | 488 |
| **Claims incurred** | | | | | | | | | | |
| Gross | R1610 | | | | | | | | 936 | 936 |
| Reinsurers' share | R1620 | | | | | | | | 675 | 675 |
| Net | R1700 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 261 | 261 |
| **Expenses incurred** | R1900 | | | | | | | | 78 | 78 |
| **Balance – other technical expenses/income** | R2510 | | | | | | | | | 0 |
| **Total technical expenses** | R2600 | | | | | | | | | 78 |
| **Total amount of surrenders** | R2700 | | | | | | | | | 0 |

# S.12.01.02 Life and Health SLT Technical Provisions

| | | Insurance with profit participation | Index-linked and unit-linked insurance | | | Other life insurance | | | Annuities stemming from non-life insurance contracts and relating to insurance obligations other than health insurance obligations | Accepted reinsurance |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Contracts without options and guarantees | Contracts with options or guarantees | | Contracts without options and guarantees | Contracts with options or guarantees | | |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 |
| **Technical provisions calculated as a whole** | **R0010** | | | | | | | | | 0 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | **R0020** | | | | | | | | | 0 |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | | | |
| **Best Estimate** | | | | | | | | | | |
| **Gross Best Estimate** | **R0030** | | | | | | | | | 7,092 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0080** | | | | | | | | | 4,776 |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re – total | **R0090** | | | | | | | | | 2,316 |
| **Risk margin** | **R0100** | | | | | | | | | 137 |
| **Technical provisions – total** | **R0200** | | | | | | | | | 7,228 |

| | | Total (Life other than health insurance, incl. Unit-Linked) | Health insurance (direct business) | | | Annuities stemming from non-life insurance contracts and relating to health insurance obligations | Health reinsurance (reinsurance accepted) | Total (Health similar to life insurance) |
|---|---|---|---|---|---|---|---|---|
| | | | | Contracts without options and guarantees | Contracts with options or guarantees | | | |
| | | C0150 | C0160 | C0170 | C0180 | C0190 | C0200 | C0210 |
| **Technical provisions calculated as a whole** | **R0010** | 0 | | | | | | |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | **R0020** | 0 | | | | | | |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | | |
| **Best Estimate** | | | | | | | | |
| **Gross Best Estimate** | **R0030** | 7,092 | | | | | | |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0080** | 4,776 | | | | | | |
| Best estimate minus recoverables from reinsurance/SPV and Finite Re – total | **R0090** | 2,316 | | | | | | |
| **Risk margin** | **R0100** | 137 | | | | | | |
| **Technical provisions – total** | **R0200** | 7,228 | | | | | | |

# S.17.01.02 Non-life Technical Provisions

| | | Direct business and accepted proportional reinsurance | | | | | |
|---|---|---|---|---|---|---|---|
| | | Medical expense insurance | Income protection insurance | Workers' compensation insurance | Motor vehicle liability insurance | Other motor insurance | Marine, aviation and transport insurance |
| | | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 |
| **Technical provisions calculated as a whole** | **R0010** | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | **R0050** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | |
| **Best Estimate** | | | | | | | |
| Premium provisions | | | | | | | |
| Gross | **R0060** | -11 | -201 | 0 | 3,145 | 4,245 | -1,724 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | 0 | -73 | 0 | 158 | 604 | -1 |
| Net Best Estimate of Premium Provisions | **R0150** | -11 | -128 | 0 | 2,987 | 3,641 | -1,723 |
| **Claims provisions** | | | | | | | |
| Gross | **R0160** | 5 | 3,079 | 0 | 17,231 | 11,283 | 10,970 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | 0 | 36 | 0 | 12 | 1,074 | 720 |
| Net Best Estimate of Claims Provisions | **R0250** | 5 | 3,043 | 0 | 17,220 | 10,209 | 10,250 |
| **Total Best estimate – gross** | **R0260** | -5 | 2,878 | 0 | 20,376 | 15,528 | 9,246 |
| **Total Best estimate – net** | **R0270** | -6 | 2,914 | 0 | 20,206 | 13,850 | 8,527 |
| **Risk margin** | **R0280** | 5 | 275 | 0 | 1,044 | 1,134 | 878 |
| **Technical provisions – total** | | | | | | | |
| Technical provisions – total | **R0320** | 0 | 3,153 | 0 | 21,420 | 16,662 | 10,125 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total | **R0330** | 0 | -36 | 0 | 170 | 1,678 | 719 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total | **R0340** | 0 | 3,189 | 0 | 21,250 | 14,984 | 9,405 |

| | | Direct business and accepted proportional reinsurance | | | | | |
|---|---|---|---|---|---|---|---|
| | | Fire and other damage to property insurance | General liability insurance | Credit and suretyship insurance | Legal expenses insurance | Assistance | Miscellaneous financial loss |
| | | C0080 | C0090 | C0100 | C0110 | C0120 | C0130 |
| **Technical provisions calculated as a whole** | **R0010** | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | **R0050** | 0 | 0 | 0 | 0 | 0 | 0 |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | | |
| **Best Estimate** | | | | | | | |
| Premium provisions | | | | | | | |
| Gross | **R0060** | -11,929 | -893 | -120 | 0 | -1 | -14 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | -620 | -72 | 0 | 0 | 0 | 68 |
| Net Best Estimate of Premium Provisions | **R0150** | -11,309 | -820 | -120 | 0 | -1 | -82 |
| **Claims provisions** | | | | | | | |
| Gross | **R0160** | 98,290 | 17,347 | 408 | 0 | 0 | 2,335 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | 16,318 | 13 | 0 | 0 | 0 | 666 |
| Net Best Estimate of Claims Provisions | **R0250** | 81,971 | 17,335 | 408 | 0 | 0 | 1,668 |
| **Total Best estimate – gross** | **R0260** | 86,360 | 16,455 | 288 | 0 | -1 | 2,321 |
| **Total Best estimate – net** | **R0270** | 70,662 | 16,515 | 288 | 0 | -1 | 1,586 |
| **Risk margin** | **R0280** | 5,590 | 1,046 | 281 | 1 | 2 | 135 |
| **Technical provisions – total** | | | | | | | |
| Technical provisions – total | **R0320** | 91,950 | 17,501 | 569 | 2 | 1 | 2,455 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total | **R0330** | 15,698 | -60 | 0 | 0 | 0 | 735 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total | **R0340** | 76,252 | 17,561 | 569 | 2 | 1 | 1,721 |

| | | Accepted non-proportional reinsurance | | | | Total Non-Life obligation |
|---|---|---|---|---|---|---|
| | | Non-proportional health reinsurance | Non-proportional casualty reinsurance | Non-proportional marine, aviation and transport reinsurance | Non-proportional property reinsurance | |
| | | C0140 | C0150 | C0160 | C0170 | C0180 |
| **Technical provisions calculated as a whole** | **R0010** | 0 | 0 | 0 | 0 | 0 |
| Total Recoverables from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default associated to TP calculated as a whole | **R0050** | 0 | 0 | 0 | 0 | 0 |
| **Technical provisions calculated as a sum of BE and RM** | | | | | | |
| **Best Estimate** | | | | | | |
| Premium provisions | | | | | | |
| Gross | **R0060** | -226 | -2,306 | -1,223 | -16,580 | -27,838 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0140** | 0 | -1,372 | -645 | -11,208 | -13,161 |
| Net Best Estimate of Premium Provisions | **R0150** | -226 | -934 | -578 | -5,372 | -14,677 |
| **Claims provisions** | | | | | | |
| Gross | **R0160** | 533 | 14,564 | 6,817 | 105,155 | 288,018 |
| Total recoverable from reinsurance/SPV and Finite Re after the adjustment for expected losses due to counterparty default | **R0240** | 0 | 5,669 | -19 | 32,615 | 57,105 |
| Net Best Estimate of Claims Provisions | **R0250** | 533 | 8,896 | 6,837 | 72,540 | 230,913 |
| **Total Best estimate – gross** | **R0260** | 307 | 12,258 | 5,595 | 88,575 | 260,180 |
| **Total Best estimate – net** | **R0270** | 307 | 7,962 | 6,259 | 67,168 | 216,236 |
| **Risk margin** | **R0280** | 73 | 794 | 994 | 10,312 | 22,564 |
| **Technical provisions – total** | | | | | | |
| Technical provisions – total | **R0320** | 380 | 13,052 | 6,589 | 98,887 | 282,744 |
| Recoverable from reinsurance contract/SPV and Finite Re after the adjustment for expected losses due to counterparty default – total | **R0330** | 0 | 4,296 | -664 | 21,407 | 43,943 |
| Technical provisions minus recoverables from reinsurance/SPV and Finite Re – total | **R0340** | 380 | 8,756 | 7,253 | 77,480 | 238,800 |

# S.19.01.21 Non-life Insurance Claims Information

| Accident year / underwriting year | Z0020 | 2 |
|---|---|---|

**Development year**

| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 | C0060 | C0070 | C0080 | C0090 | C0100 | C0110 |
| Prior | R0100 | | | | | | | | | | | -852 |
| N-9 | R0160 | 20,423 | 42,986 | 12,717 | 5,221 | 2,618 | 2,691 | 1,090 | 703 | 483 | 202 | |
| N-8 | R0170 | 17,600 | 40,036 | 13,651 | 6,093 | 3,068 | 2,677 | 2,381 | 971 | 862 | | |
| N-7 | R0180 | 18,641 | 42,340 | 10,682 | 7,377 | 3,126 | 2,612 | 1,102 | 1,809 | | | |
| N-6 | R0190 | 15,563 | 45,027 | 13,481 | 6,731 | 2,878 | 1,800 | 2,095 | | | | |
| N-5 | R0200 | 17,262 | 45,911 | 16,505 | 12,072 | 6,506 | 3,375 | | | | | |
| N-4 | R0210 | 14,294 | 43,138 | 21,403 | 8,808 | 6,211 | | | | | | |
| N-3 | R0220 | 22,159 | 52,787 | 25,022 | 10,088 | | | | | | | |
| N-2 | R0230 | 29,780 | 58,061 | 15,259 | | | | | | | | |
| N-1 | R0240 | 56,191 | 67,403 | | | | | | | | | |
| N | R0250 | 26,420 | | | | | | | | | | |

| | | In Current year | Sum of years (cumulative) |
|---|---|---|---|
| | | C0170 | C0180 |
| | R0100 | -852 | -852 |
| | R0160 | 202 | 89,134 |
| | R0170 | 862 | 87,340 |
| | R0180 | 1,809 | 87,689 |
| | R0190 | 2,095 | 87,575 |
| | R0200 | 3,375 | 101,630 |
| | R0210 | 6,211 | 93,854 |
| | R0220 | 10,088 | 110,056 |
| | R0230 | 15,259 | 103,101 |
| | R0240 | 67,403 | 123,595 |
| | R0250 | 26,420 | 26,420 |
| Total | R0260 | 132,871 | 909,541 |

**Gross undiscounted Best Estimate Claims Provisions**

(absolute amount)

| | Year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 & + |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Development year | | | | | | | | | | |
| | | C0200 | C0210 | C0220 | C0230 | C0240 | C0250 | C0260 | C0270 | C0280 | C0290 | C0300 |
| Prior | R0100 | | | | | | | | | | | 20,453 |
| N-9 | R0160 | 60,808 | 28,857 | 14,399 | 9,219 | 6,507 | 4,511 | 3,967 | 3,852 | 3,428 | 2,054 | |
| N-8 | R0170 | 60,818 | 29,078 | 16,829 | 10,551 | 7,298 | 6,475 | 5,546 | 4,704 | 3,638 | | |
| N-7 | R0180 | 66,657 | 33,019 | 20,905 | 17,066 | 9,774 | 7,175 | 8,624 | 7,160 | | | |
| N-6 | R0190 | 50,227 | 41,985 | 23,285 | 17,217 | 10,830 | 7,165 | 6,081 | | | | |
| N-5 | R0200 | 58,280 | 52,006 | 41,329 | 28,145 | 15,465 | 14,174 | | | | | |
| N-4 | R0210 | 64,775 | 62,593 | 39,532 | 25,533 | 16,427 | | | | | | |
| N-3 | R0220 | 73,622 | 71,988 | 37,859 | 29,371 | | | | | | | |
| N-2 | R0230 | 74,482 | 45,082 | 31,682 | | | | | | | | |
| N-1 | R0240 | 102,258 | 58,497 | | | | | | | | | |
| N | R0250 | 139,068 | | | | | | | | | | |

| | | Year end (discounted data) |
|---|---|---|
| | | C0360 |
| | R0100 | 19,955 |
| | R0160 | 2,338 |
| | R0170 | 3,422 |
| | R0180 | 6,705 |
| | R0190 | 5,792 |
| | R0200 | 13,460 |
| | R0210 | 15,598 |
| | R0220 | 27,683 |
| | R0230 | 29,531 |
| | R0240 | 55,047 |
| | R0250 | 126,911 |
| Total | R0260 | 306,443 |

# S.23.01.01 Own funds

| | | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Basic own funds before deduction for participations in other financial sector as foreseen in article 68 of Delegated Regulation (EU) 2015/35** | | | | | | |
| Ordinary share capital (gross of own shares) | **R0010** | 71,856 | 71,856 | | 0 | |
| Share premium account related to ordinary share capital | **R0030** | 54,240 | 54,240 | | 0 | |
| Initial funds, members' contributions or the equivalent basic own-fund item for mutual and mutual-type undertakings | **R0040** | 0 | 0 | | 0 | |
| Subordinated mutual member accounts | **R0050** | 0 | | 0 | 0 | 0 |
| Surplus funds | **R0070** | 0 | 0 | | | |
| Preference shares | **R0090** | 0 | | 0 | 0 | 0 |
| Share premium account related to preference shares | **R0110** | 0 | | 0 | 0 | 0 |
| Reconciliation reserve | **R0130** | 529,537 | 529,537 | | | |
| Subordinated liabilities | **R0140** | 114,977 | | 0 | 65,147 | 49,830 |
| Amount equal to the value of net deferred tax assets | **R0160** | 4,238 | | | | 4,238 |
| Other own fund items approved by the supervisory authority as basic own funds not specified above | **R0180** | 0 | 0 | 0 | 0 | 0 |
| **Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds** | | | | | | |
| Own funds from the financial statements that should not be represented by the reconciliation reserve and do not meet the criteria to be classified as Solvency II own funds | **R0220** | 0 | | | | |
| **Deductions** | | | | | | |
| Deductions for participations in financial and credit institutions | **R0230** | 0 | 0 | 0 | 0 | 0 |
| **Total basic own funds after deductions** | **R0290** | 774,848 | 655,633 | 0 | 65,147 | 54,068 |
| **Ancillary own funds** | | | | | | |
| Unpaid and uncalled ordinary share capital callable on demand | **R0300** | 0 | | | 0 | |
| Unpaid and uncalled initial funds, members' contributions or the equivalent basic own fund item for mutual and mutual-type undertakings, callable on demand | **R0310** | 0 | | | 0 | |
| Unpaid and uncalled preference shares callable on demand | **R0320** | 0 | | | 0 | |
| A legally binding commitment to subscribe and pay for subordinated liabilities on demand | **R0330** | 0 | | | 0 | |
| Letters of credit and guarantees under Article 96(2) of the Directive 2009/138/EC | **R0340** | 0 | | | 0 | |
| Letters of credit and guarantees other than under Article 96(2) of the Directive 2009/138/EC | **R0350** | 0 | | | 0 | |
| Supplementary members calls under first subparagraph of Article 96(3) of the Directive 2009/138/EC | **R0360** | 0 | | | 0 | |
| Supplementary members calls – other than under first subparagraph of Article 96(3) of the Directive 2009/138/EC | **R0370** | 0 | | | 0 | 0 |
| Other ancillary own funds | **R0390** | 0 | | | 0 | 0 |

| | | Total | Tier 1 – unrestricted | Tier 1 – restricted | Tier 2 | Tier 3 |
|---|---|---|---|---|---|---|
| | | C0010 | C0020 | C0030 | C0040 | C0050 |
| **Total ancillary own funds** | **R0400** | 0 | | | 0 | 0 |
| **Available and eligible own funds** | | | | | | |
| Total available own funds to meet the SCR | **R0500** | 774,848 | 655,633 | 0 | 65,147 | 54,068 |
| Total available own funds to meet the MCR | **R0510** | 720,780 | 655,633 | 0 | 65,147 | |
| Total eligible own funds to meet the SCR | **R0540** | 759,481 | 655,633 | 0 | 65,147 | 38,702 |
| Total eligible own funds to meet the MCR | **R0550** | 668,534 | 655,633 | 0 | 12,901 | |
| **SCR** | **R0580** | 258,013 | | | | |
| **MCR** | **R0600** | 64,503 | | | | |
| **Ratio of Eligible own funds to SCR** | **R0620** | 294% | | | | |
| **Ratio of Eligible own funds to MCR** | **R0640** | 1,036% | | | | |

| | | C0060 | |
|---|---|---|---|
| **Reconciliation reserve** | | | |
| Excess of assets over liabilities | **R0700** | 763,620 | |
| Own shares (held directly and indirectly) | **R0710** | 68,879 | |
| Foreseeable dividends, distributions and charges | **R0720** | 34,870 | |
| Other basic own fund items | **R0730** | 130,335 | |
| Adjustment for restricted own fund items in respect of matching adjustment portfolios and ring-fenced funds | **R0740** | 0 | |
| **Reconciliation reserve** | **R0760** | 529,537 | |
| **Expected profits** | | | |
| Expected profits included in future premiums (EPIFP) – Life business | **R0770** | 2,090 | |
| Expected profits included in future premiums (EPIFP) – Non- life business | **R0780** | 8,902 | |
| **Total Expected profits included in future premiums (EPIFP)** | **R0790** | 10,992 | |

# S.25.01.21 Solvency Capital Requirement – for undertakings on Standard Formula

| | | Gross solvency capital requirement | Simplifications |
|---|---|---|---|
| | | **C0110** | **C0120** |
| Market risk | **R0010** | 164,427 | |
| Counterparty default risk | **R0020** | 7,695 | |
| Life underwriting risk | **R0030** | 961 | 0 |
| Health underwriting risk | **R0040** | 3,008 | 0 |
| Non-life underwriting risk | **R0050** | 146,168 | 0 |
| Diversification | **R0060** | -72,083 | |
| Intangible asset risk | **R0070** | 0 | |
| **Basic Solvency Capital Requirement** | **R0100** | 250,175 | |

| | | USP |
|---|---|---|
| | | **C0090** |
| Life underwriting risk | **R0030** | none |
| Health underwriting risk | **R0040** | none |
| Non-life underwriting risk | **R0050** | none |

| **Calculation of Solvency Capital Requirement** | | **C0100** |
|---|---|---|
| Operational risk | **R0130** | 7,837 |
| Loss-absorbing capacity of technical provisions | **R0140** | 0 |
| Loss-absorbing capacity of deferred taxes | **R0150** | 0 |
| Capital requirement for business operated in accordance with Art. 4 of Directive 2003/41/EC | **R0160** | 0 |
| **Solvency capital requirement excluding capital add-on** | **R0200** | 258,013 |
| Capital add-on already set | **R0210** | 0 |
| of which, capital add-ons already set – Article 37 (1) Type a | **R0211** | 0 |
| of which, capital add-ons already set - Article 37 (1) Type b | **R0212** | 0 |
| of which, capital add-ons already set – Article 37 (1) Type c | **R0213** | 0 |
| of which, capital add-ons already set - Article 37 (1) Type d | **R0214** | 0 |
| **Solvency capital requirement** | **R0220** | 258,013 |

| **Other information on SCR** | | |
|---|---|---|
| Capital requirement for duration-based equity risk sub-module | **R0400** | 0 |
| Total amount of Notional Solvency Capital Requirements for remaining part | **R0410** | 0 |
| Total amount of Notional Solvency Capital Requirements for ring-fenced funds | **R0420** | 0 |
| Total amount of Notional Solvency Capital Requirements for matching adjustment portfolios | **R0430** | 0 |
| Diversification effects due to RFF nSCR aggregation for Article 304 | **R0440** | 0 |

**Approach to tax rate**

| | | **Yes/No** |
|---|---|---|
| | | **C0109** |
| Approach based on average tax rate | **R0590** | **1 – yes** |

**Calculation of adjustments due to loss absorbing capacity of deferred taxes**

| | | **LAC DT** |
|---|---|---|
| | | **C0130** |
| LAC DT | **R0640** | 0 |
| LAC DT justified by reversion of deferred tax liabilities | **R0650** | 0 |
| LAC DT justified by reference to probable future taxable economic profit | **R0660** | 0 |
| LAC DT justified by carry back, current year | **R0670** | 0 |
| LAC DT justified by carry back, future years | **R0680** | 0 |
| Maximum LAC DT | **R0690** | -32,213 |

# S.28.01.01 Minimum Capital Requirement – Only life or only non-life insurance or reinsurance activity

**Linear formula component for non-life insurance and reinsurance obligations**

| | | C0010 |
|---|---|---|
| MCRNL result | **R0010** | 46,635 |

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance) written premiums in the last 12 months |
|---|---|---|---|
| | | C0020 | C0030 |
| Medical expense insurance and proportional reinsurance | **R0020** | 0 | 122 |
| Income protection insurance and proportional reinsurance | **R0030** | 2,914 | 5,973 |
| Workers' compensation insurance and proportional reinsurance | **R0040** | 0 | 0 |
| Motor vehicle liability insurance and proportional reinsurance | **R0050** | 20,206 | 20,486 |
| Other motor insurance and proportional reinsurance | **R0060** | 13,850 | 29,033 |
| Marine, aviation and transport insurance and proportional reinsurance | **R0070** | 8,527 | 8,571 |
| Fire and other damage to property insurance and proportional reinsurance | **R0080** | 70,662 | 65,528 |
| General liability insurance and proportional reinsurance | **R0090** | 16,515 | 5,222 |
| Credit and suretyship insurance and proportional reinsurance | **R0100** | 288 | 74 |
| Legal expenses insurance and proportional reinsurance | **R0110** | 0 | 2 |
| Assistance insurance and proportional reinsurance | **R0120** | 0 | 39 |
| Miscellaneous financial loss insurance and proportional reinsurance | **R0130** | 1,586 | 447 |
| Non-proportional health reinsurance | **R0140** | 307 | 861 |
| Non-proportional casualty reinsurance | **R0150** | 7,962 | 4,747 |
| Non-proportional marine, aviation and transport reinsurance | **R0160** | 6,259 | 2,801 |
| Non-proportional property reinsurance | **R0170** | 67,168 | 37,206 |

**Linear formula component for life insurance and reinsurance obligations**

| | | C0040 |
|---|---|---|
| MCRL result | R0200 | 363 |

| | | Net (of reinsurance/SPV) best estimate and TP calculated as a whole | Net (of reinsurance/SPV) total capital at risk |
|---|---|---|---|
| | | C0050 | C0060 |
| Obligations with profit participation – guaranteed benefits | R0210 | 0 | |
| Obligations with profit participation – future discretionary benefits | R0220 | 0 | |
| Index-linked and unit-linked insurance obligations | R0230 | 0 | |
| Other life (re)insurance and health (re)insurance obligations | R0240 | 2,316 | |
| Total capital at risk for all life (re)insurance obligations | R0250 | | 448,456 |

**Overall MCR calculation**

| | | C0070 |
|---|---|---|
| Linear MCR | R0300 | 46,998 |
| SCR | R0310 | 258,013 |
| MCR cap | R0320 | 116,106 |
| MCR floor | R0330 | 64,503 |
| Combined MCR | R0340 | 64,503 |
| Absolute floor of the MCR | R0350 | 3,900 |
| | | C0070 |
| **Minimum Capital Requirement** | R0400 | 64,503 |

**SOLVENCY AND FINANCIAL CONDITION REPORT FOR 2024**