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Independent Auditors' Report

To the owners of Pozavarovalnica Sava, d.d.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying separate financial statements of Pozavarovalnica Sava, d.d. (the "Company") and the consolidated statements of the Company and its subsidiaries (collectively, the "Group"), which comprise:

- the separate and consolidated statements of financial position as at 31 December 2021;

and, for the period from 1 January to 31 December 2021:

- the separate and consolidated statements of profit or loss;
- the separate and consolidated statements of other comprehensive income;
- the separate and consolidated statements of cash flows;
- the separate and consolidated statements of changes in equity;

and

- notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying separate and consolidated financial statements give a true and fair view of the unconsolidated and consolidated financial position, respectively, of the Company and the Group as at 31 December 2021, and of their respective unconsolidated and consolidated financial performance and unconsolidated and consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union ("IFRS EU").

TRR: SI56 2900 0000 1851 102

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 št. reg. vl.: 06112062100
 osnovni kapital: 54.892,00 EUR
 ID za DDV: SI20437145
 matična št.: 5648556



Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and Regulation (EU) No 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities (OJ L 158, 27.5.2014, p. 77-112 - Regulation EU No 537/2014). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Separate and Consolidated Financial Statements section of our report. We are independent of the Company and the Group in accordance with

International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the separate and consolidated financial statements in Slovenia and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and consolidated financial statements as a whole, and in forming our opinion thereon, and we do

not provide a separate opinion on these matters.

We have determined the following key audit matters:

Valuation of mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk (consolidated financial statements) and incurred but not reported claim provisions for non-life insurance (separate and consolidated financial statements)

In the consolidated financial statements, mathematical provisions for life insurance: EUR 443,577,279 and technical provisions for the benefit of life insurance policyholders who bear the investment risk: EUR 524,183,338, total: EUR 967,760,617, as at 31 December 2021 (as at 31 December 2020, mathematical provisions for life insurance: EUR 465,641,679, and technical provisions for the benefit of life insurance policyholders who bear the investment risk: EUR 409,604,428, total: EUR 875,246,107).

In the separate and consolidated financial statements, respectively, incurred but not reported claim provisions for non-life insurance as at 31 December 2021: EUR 62,131,812 (31 December 2020: EUR 79,366,006) and EUR 228,769,676 (31 December 2020: EUR 265,196,111).

We refer to the separate and consolidated financial statements: Notes 17.4.25., 17.4.26. in 17.4.27. (Accounting policies) and Note 17.7.24 (Financial disclosures).

Key audit matter	Our response
In the consolidated financial statements, mathematical provision for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk, and in both separate and consolidated financial statements, incurred but not reported claim provisions for non-life insurance (IBNR provisions), represent a significant share of the Company's and the Group's respective total liabilities.	Our procedures, performed with the support from our own actuarial specialists, included, among others: <ul style="list-style-type: none"> • Testing design and implementation of selected controls within the insurance provision measurement process, including those over determination and validation of actuarial assumptions and model outcomes;

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- Evaluating the methods and models used in measuring mathematical provision for life insurance, technical provisions for the benefit of life insurance policyholders who bear the investment risk and IBNR provisions against relevant regulatory and financial reporting requirements;

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

Determination of the adequacy of mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk is associated with significant estimation uncertainty as it involves complex models and actuarial analysis. In case inappropriate models, input data or assumptions are used in the underlying calculations, or in case such models, data or assumptions are inappropriately applied, there is a risk that insufficiency in the recognized amounts of the provisions is not identified.

At each reporting date, the Group is required to perform a liability adequacy test (hereinafter, "LAT") with an aim to determine whether the recognized technical provisions (mainly mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk) are sufficient. The test is based on the comparison of the Management Board's current estimate of the present value of future cash flows arising from the in-force insurance contracts with the stated amounts of the related provisions. In case the LAT shows that the amounts of technical provisions are insufficient in light of the estimated future cash flows, the entire deficiency is recognized in the profit or loss.

The Group's key assumptions used in the cash flow model include those in respect of expected expenses, mortality, morbidity and lapse rates and also the pattern of the policyholders' option exercise, investment yields and discount rates. Relatively insignificant changes in these assumptions can have a significant effect on the amounts of the related estimates due to the long-term nature of the obligations.

For mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk

- Challenging the Group's current estimates of future cash flows used for LAT purposes by means of:
 - assessing whether key data used in developing LAT assumptions is appropriate (such as historical discount and inflation rates, investment portfolio per reporting date, historical changes in policy status, data on expenses and incurred additional accident riders claims) by tracing them to the underlying Group evidence as well as, where applicable, external market data sources;
 - challenging the key assumptions used in the LAT. Specifically, among other things, we assessed whether the assumptions of mortality, morbidity, lapse rates and expenses as well as the pattern of the policyholders' option exercise were properly set based on the Group's experience studies and, where relevant, expected future changes, and whether the investment yields and discount rates used were in line with observable market rates;
- assessing reasonableness of the movements in mathematical provisions for life insurance and technical provisions for the benefit of life insurance policyholders who bear the investment risk for the year, starting from the opening value and developing our independent expectation for the closing balance considering the items which should result in an increase in the provisions (such as premiums, technical interest rate, profit sharing, yield rate) and those which result in its decrease (claims, expense loadings, risk premium);



IBNR provisions for non-life insurance

Significant complexity is also associated with estimating IBNR provisions. Several actuarial methods are available for calculating IBNR provisions, which need to be tailored to specific circumstances, based on the Management Board's judgment, in particular in respect of whether and to what extent past loss patterns can be applied in predicting claims reported in the future.

In view of the above-mentioned factors, measurement of the above-mentioned insurance contract liabilities represents an area of significant audit risk which required our increased attention. As such we considered it to be our key audit matter.

For IBNR provisions for non-life insurance

- Assessing whether key data used in developing assumptions for IBNR provisions is appropriate (such as claim occurrence date, claim reporting date, claim payment date and amount of paid claim) by tracing them to the underlying Company's and the Group's evidence;
- Challenging the key assumptions used in the IBNR provisions calculation. Specifically, among other things, we assessed whether development factors used by the Company and the Group based on our analysis of development factors in the past are appropriate;
- Assessing the quality of the IBNR provision estimates based on the comparison of the provision amounts recognized in the past with actual paid claims (run off test);

For all above mentioned provisions

Assessing the Company's and the Group's disclosures in respect of above-mentioned provisions against the requirements of the relevant financial reporting standards.

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Impairment of financial investments in subsidiaries (separate financial statements)

Financial investments in subsidiaries as at 31 December 2021: EUR 304,554,991 (31 December 2020: EUR 304,072,412), related impairment loss recognized in 2021: nil (2020: EUR 2,003,035).

We refer to the separate financial statements: Note 17.4.13 (accounting policies), Note 17.7.6 (financial disclosures).

Key audit matter	Our response
<p>The Company has thirteen subsidiaries that provide services in the fields of insurance, asset management and supporting businesses. In the separate financial statements, these investments are carried at cost less impairment losses, if any. As at each reporting date, Management Board assesses whether indications exist that their carrying amounts might not be recoverable. Indications of impairment may include, among other things, significant operating losses, negative shareholders' equity or financial performance otherwise below the planned levels.</p> <p>Once impairment indicators are identified for an investment, the Management Board estimates its recoverable amount, being the higher of its fair value less costs to sell or the value-in-use, using internal model.</p> <p>The determination of the recoverable amounts, performed primarily on the basis of discounted cash flow models, involves significant Management Board judgment and estimates in respect of the model assumptions such as growth rates, discount rates and forecasted net operating profit.</p> <p>Based on the above-mentioned circumstances, satisfying ourselves in respect of the impairment of investments in subsidiaries required our increased attention in the audit and was considered by us to be a key audit matter.</p>	<p>Our procedures, performed with the support from our own valuation specialists, included, among others:</p> <ul style="list-style-type: none"> • Testing design and implementation of selected controls within the process of testing investments in subsidiaries for impairment, such as those over projections and all inputs used in valuation model. • Challenging the Company's identification of impairment indicators and consequently the requirement to perform related impairment tests, based on our understanding of the current market conditions and by independently assessing the investees' financial performance, based, among other things, on the analysis of their financial performance against past forecasts; • For the investments with impairment indicators, evaluating assumptions and judgements applied by the Company to determine their recoverable amounts. Our assessment covered, among others: <ul style="list-style-type: none"> - challenging the discount rate used in the model, which we estimated independently by reference to publicly available external sources; - evaluating the reasonableness of the Management Board's impairment model assumptions, such as, growth rate and forecasted net operating profit. This included, but was not limited to, inspecting the subsidiaries' financial statements, approved budgets, making corroborating inquiries of the Company's directors regarding the subsidiaries' financial performance, analysing their actual performance against past forecasts, as well as inspecting external evidence in support of the GDP growth and other macroeconomic variables;



- Evaluating the accuracy and completeness of the Company's disclosures regarding the key assumptions and judgements applied while assessing the recoverable amounts of the investments in subsidiaries.

Other Information

Management is responsible for the other information. The other information comprises the "Business Report of the Sava Insurance Group and Sava Re" and "Appendices" included in the Annual Report but does not include the separate and consolidated financial statements and our auditor's report thereon. Other information was obtained prior to the date of this auditors' report, except for the Report of the Supervisory Board, which will be available after that date.

Our opinion on the separate and consolidated financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Business Report, we considered whether it includes the disclosures

required by the Company's Act dated 4 May 2006 (official gazette of Republic of Slovenia No. 42/2006 with amendments - hereafter referred to as "the applicable legal requirements"). Based solely on the work required to be undertaken in the course of the audit of the separate and consolidated financial statements and the procedures above, in our opinion, in all material respects:

- the information given in the Business Report for the financial year for which the separate and consolidated financial statements are prepared, is consistent with the separate and consolidated financial statements; and
- the Business Report has been prepared in accordance with the applicable legal requirements.

In addition, in light of the knowledge and understanding of the entity and its environment in which it operates, obtained in the course of our audit, we are required to report if we have identified material misstatements in other information that we obtained prior to the date of this auditors' report. We have nothing to report in this respect.

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Responsibilities of Management and Those Charged with Governance for the Separate and Consolidated Financial Statements

Management is responsible for the preparation of separate and consolidated financial statements that give a true and fair view in accordance with the IFRS EU, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is

responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's and the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the separate and consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and Regulation (EU) No 537/2014 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs and Regulation (EU) No 537/2014, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the Company's and the Group's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern;
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial



statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our

independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate and consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders of the Company on the shareholders meeting dated 21 May 2019 to audit the Company's and the Group's respective separate and consolidated financial statements for the year ended 31 December 2021. Our total uninterrupted period of engagement is three years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 20 April 2022;

- we have not provided any prohibited non-audit services (NASs) referred in Article 5 of Regulation (EU) No 537/2014. We also remained independent of the Company and the Group in conducting the audit.

For the period to which our statutory audit relates, in addition to the audit and services, which are disclosed in the Management Report or in the separate and consolidated financial statements, we have not provided any other services to the Company or the Group.

Independent auditor's report on the compliance of the electronic financial statements with the delegated regulation 2019/815 on a single electronic reporting format

We have conducted an engagement to provide reasonable assurance as to whether the audited consolidated financial statements of the Group, for the financial year ended 31 December 2021 ("Audited Consolidated Financial Statements") have been prepared in accordance with requirements of the Commission Delegated Regulation (EU)

2019/815 of 17 December 2018 on supplementing the Directive 2004/109/EC of the European Parliament and the Council with regard to regulatory technical standards for establishing a single electronic reporting format applicable for the year 2021 ("Delegated Regulation").

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Responsibility of the Management and those charged with Governance

Management is responsible for the preparation and fair presentation of the electronic Audited Consolidated Financial Statements in accordance with the Delegated Regulation, and for such internal control as management determines is necessary to enable the preparation of the electronic Audited Consolidated Financial Statements that are

free from material misstatement, whether due to fraud or error. Those charged with governance are responsible for overseeing the preparation of the electronic Audited Consolidated Financial Statements in compliance with requirements of the Delegated Regulation.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the audited financial statements are prepared in accordance with requirements of the Delegated Regulation. We conducted our assurance engagement in accordance with the International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information (ISAE 3000) issued by the International Auditing and Assurance Standards Board. This standard requires that we plan and perform the engagement to obtain reasonable assurance on whether the opinion is appropriate. We have acted in accordance with the independence and ethical requirements of the EU Regulation 537/2014

and the International Code of Ethics for Accounting Professionals issued by the International Ethics Standards Board for Accounting Professionals. The Code is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional conduct. Our company operates in accordance with the International Standards on Quality Control (ISQC 1) and maintains a comprehensive quality management system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Summary of Work Performed

Within the scope of our work, we performed the following audit procedures:

- identified and assessed the risks of material non-compliance of the Audited Consolidated Financial Statements with the requirements of the Delegated Regulation, whether due to error or fraud;
- obtained an understanding of internal control relevant to the engagement in order to provide reasonable assurance for designing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control;
- assessed whether the Audited Separate and Consolidated Financial Statements hereof comply with the requirements of the

Delegated Regulation applicable as of the reporting date;

- obtained reasonable assurance that the Audited Consolidated Financial Statements of the issuer are presented in a correct XHTML electronic format.
- obtained reasonable assurance that the values and disclosures in the Audited Consolidated Financial Statements in XHTML format are correctly marked and in Inline XBRL (iXBRL) technology and that their machine reading provides complete and accurate information contained in the Audited Consolidated Financial Statements.

We believe that the evidence obtained provides a sufficient and appropriate basis for our opinion.



Opinion

Based on the procedures performed and the evidence obtained, the Audited Consolidated Financial Statements of the Group for the financial year ended 31 December 2021 are in

our opinion prepared, in all material respects, in accordance with the requirements of the Delegated Regulation.

On behalf of audit firm

KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Nevenka Kržan
Certified Auditor
Director

Ljubljana, 21 April 2022

KPMG Slovenija, d.o.o.
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16.1 Statement of financial position

EUR	Note	Sava Insurance Group		Sava Re	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
ASSETS		2,658,322,359	2,467,251,303	832,078,756	756,640,585
Intangible assets	1	67,306,775	64,278,611	3,194,031	1,947,056
Property, plant and equipment	2	56,337,174	48,336,491	2,464,213	2,356,848
Right-of-use assets	3	7,386,426	8,648,594	204,879	89,258
Deferred tax assets	4	5,487,403	4,924,819	3,688,957	3,487,337
Investment property	5	14,281,192	16,121,079	7,899,693	8,031,875
Financial investments in subsidiaries and associates	6	20,479,729	15,056,143	324,129,991	319,097,412
Financial investments:	7	1,472,688,443	1,430,149,336	327,784,595	269,537,788
- Loans and deposits		29,846,572	31,796,178	12,183,310	12,228,804
- Held to maturity		40,023,124	43,679,425	2,816,979	2,816,598
- Available for sale		1,368,432,673	1,327,264,062	303,501,261	246,840,118
- At fair value through profit or loss		34,386,074	27,409,671	9,283,045	7,652,268
Assets held for the benefit of policyholders who bear the investment risk	8	517,439,592	411,224,812	0	0
Reinsurers' share of technical provisions	9	57,767,056	42,609,217	48,486,444	31,935,116
Investment contract assets	10	172,836,349	158,765,028	0	0
Receivables	11	149,940,870	153,871,498	79,803,172	86,753,033
Receivables arising out of primary insurance business		128,544,723	135,285,588	74,410,185	79,662,908
Receivables arising out of reinsurance and co-insurance business		9,077,165	6,054,576	5,125,596	4,461,167
Current tax assets		330,518	529,831	0	325,472
Other receivables		11,988,464	12,001,503	267,390	2,303,486
Deferred acquisition costs	12	22,572,741	24,278,003	4,869,156	5,837,477
Other assets	13	4,380,387	4,240,414	746,808	487,239
Cash and cash equivalents	14	88,647,678	83,458,594	28,806,817	27,080,146
Non-current assets held for sale	15	770,544	1,288,664	0	0

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EUR	Note	Sava Insurance Group		Sava Re	
		31 December 2021	31 December 2020	31 December 2021	31 December 2020
EQUITY AND LIABILITIES		2,658,322,359	2,467,251,303	832,078,756	756,640,585
Shareholders' equity		504,077,018	460,214,488	371,166,000	333,869,060
Share capital	16	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	17	42,702,320	43,035,948	54,239,757	54,239,757
Profit reserves	18	229,008,079	202,285,580	229,238,622	202,818,558
Own shares	19	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	20	21,246,888	40,173,090	3,619,684	6,039,787
Reserve due to fair value revaluation		1,300,871	964,485	96,544	46,586
Retained earnings	21	116,166,406	73,413,529	10,633,662	34,797,321
Net profit or loss for the period	21	49,623,843	56,197,540	26,420,064	-10,990,617
Translation reserve		-3,256,354	-3,266,013	0	0
Equity attributable to owners of the controlling company		503,709,720	459,721,826	371,166,000	333,869,060
Non-controlling interests in equity	22	367,298	492,662	0	0
Subordinated liabilities	23	74,863,524	74,804,974	74,863,524	74,804,974
Technical provisions	24	1,237,500,117	1,233,312,054	331,812,724	297,882,871
Unearned premiums		207,022,452	210,614,842	52,775,034	57,411,109
Technical provisions for life insurance business		443,577,279	465,641,679	0	0
Provision for outstanding claims		578,713,597	547,764,679	278,281,619	238,990,653
Other technical provisions		8,186,789	9,290,854	756,071	1,481,109
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	24	524,183,338	409,604,428	0	0
Other provisions	25	9,018,106	9,287,735	421,865	424,345
Deferred tax liabilities	4	11,387,395	14,901,575	76,227	76,227
Investment contract liabilities	10	172,660,266	158,596,453	0	0
Other financial liabilities		584,924	470,937	0	0
Liabilities from operating activities	26	54,783,379	58,412,273	46,543,595	45,389,434
Liabilities from primary insurance business		41,669,619	46,269,833	39,556,034	40,565,890
Liabilities from reinsurance and co-insurance business		10,109,076	6,837,159	6,592,809	4,823,544
Current income tax liabilities		3,004,684	5,305,281	394,752	0
Lease liability	27	7,224,138	8,255,225	203,730	87,834
Other liabilities	28	62,040,154	39,391,161	6,991,091	4,105,840

The notes to the financial statements in sections from 17.4 to 17.10 form an integral part of these financial statements.

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16.2 Income statement¹³³

EUR	Note	Sava Insurance Group		Sava Re	
		2021	2020	2021	2020
Net premiums earned	30	686,574,317	635,361,568	162,736,587	157,398,793
Gross premiums written		729,898,408	679,749,305	190,051,724	191,683,253
Written premiums ceded to reinsurers and co-insurers		-46,115,953	-41,050,900	-31,488,119	-29,817,808
Change in gross unearned premiums		3,425,874	-2,216,711	4,636,075	-2,823,052
Change in unearned premiums, reinsurers' and co-insurers' shares		-634,012	-1,120,126	-463,093	-1,643,599
Income from investments in subsidiaries and associates	31	772,886	142,088	50,417,783	2,589,986
Profit from investments in equity-accounted associate companies		772,886	142,088	0	0
Income from investments in subsidiary companies		0	0	50,417,783	2,589,986
Investment income	32	34,057,270	26,449,203	9,902,249	6,064,021
Interest income		16,842,749	16,151,438	2,569,728	3,047,007
Other investment income		17,214,521	10,297,765	7,332,521	3,017,014
Net realised and unrealised gains on investments of life insurance policyholders who bear the investment risk	32	68,719,103	23,043,525	0	0
Other technical income	33	19,101,970	14,544,056	5,824,719	4,554,918
Commission income		8,640,223	5,899,388	4,870,965	4,140,292
Other technical income		10,461,747	8,644,668	953,754	414,625
Other income	33	27,037,764	30,895,868	834,088	860,650
Net claims incurred	34	-408,814,273	-426,695,412	-111,592,756	-115,737,981
Gross claims payments, net of income from recourse receivables		-406,908,665	-399,532,382	-99,242,817	-90,303,006
Reinsurers' and co-insurers' shares		12,632,236	5,199,171	9,926,605	6,071,633
Change in the gross provision for outstanding claims		-30,461,435	-36,154,019	-39,290,966	-33,926,015
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares		15,923,591	3,791,818	17,014,422	2,419,407
Change in other technical provisions	35	23,872,769	40,613,572	723,394	209,214
Change in technical provisions for policyholders who bear the investment risk	35	-115,064,830	-35,479,642	0	0
Expenses for bonuses and rebates		-276,004	-103,253	1,643	-4,427
Operating expenses	36	-219,931,765	-203,216,146	-61,268,096	-54,637,288
Acquisition costs		-77,684,219	-74,410,866	-45,244,305	-40,497,640
Change in deferred acquisition costs		-1,926,381	1,561,215	-968,321	-717,122
Other operating expenses		-140,321,165	-130,366,495	-15,055,471	-13,422,527

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EUR	Note	Sava Insurance Group		Sava Re	
		2021	2020	2021	2020
Expenses for investments in subsidiaries and associates and impairment losses on goodwill	31	0	-2,096,868	0	-2,570,083
Impairment loss on goodwill		0	-2,096,868	0	-2,570,083
Expenses for financial assets and liabilities	32	-5,710,086	-13,122,281	-3,239,801	-8,801,803
Impairment losses on financial assets not at fair value through profit or loss		-161,960	-1,099,794	0	-429,356
Interest expense		-3,128,936	-3,152,597	-2,898,715	-2,895,938
Other investment expenses		-2,419,190	-8,869,890	-341,086	-5,476,509
Other technical expenses	33	-14,337,516	-19,324,402	-464,594	-3,213,645
Other expenses	33	-2,466,335	-3,265,162	-269,002	-242,087
Profit or loss before tax		93,535,270	67,746,714	53,606,214	-13,529,732
Income tax expense	37	-17,368,092	-11,360,415	-766,086	2,539,116
Net profit or loss for the period		76,167,178	56,386,299	52,840,127	-10,990,617
Net profit or loss attributable to owners of the controlling company		76,074,720	56,222,528	-	-
Net profit or loss attributable to non-controlling interests		92,457	163,771	-	-
Earnings per share (basic and diluted)	21	4.91	3.63	-	-

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16.3 Statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	76,167,178	56,386,299	52,840,127	-10,990,617
OTHER COMPREHENSIVE INCOME, NET OF TAX	-18,581,762	19,396,797	-2,370,146	847,474
a) Items that will not be reclassified subsequently to profit or loss	336,546	40,447	49,958	25,210
Other items that will not be reclassified subsequently to profit or loss	335,805	-66,465	49,958	25,210
Tax on items that will not be reclassified subsequently to profit or loss	741	106,912	0	0
b) Items that may be reclassified subsequently to profit or loss	-18,918,308	19,356,350	-2,420,104	822,263
Net gains/losses on remeasuring available-for-sale financial assets	-23,140,493	24,016,152	-2,987,782	1,015,139
Net change recognised in the fair value reserve	-18,094,415	26,263,079	-2,987,782	1,015,139
Net change transferred from fair value reserve to profit or loss	-5,105,275	-2,246,927	0	0
Other reclassifications	59,197	0	0	0
Tax on items that may be reclassified subsequently to profit or loss	4,212,448	-4,561,530	567,678	-192,875
Net gains or losses from translation of financial statements of non-domestic companies	9,737	-98,272	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	57,585,416	75,783,096	50,469,981	-10,143,143
Attributable to owners of the controlling company	57,494,563	75,619,856	-	-
Attributable to non-controlling interests	90,852	163,240	-	-

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16.4 Cash flow statement

EUR		Note	Sava Insurance Group		Sava Re	
			2021	2020	2021	2020
A. Cash flows from operating activities						
a)	Items of the income statement		6,272,151	38,982,263	-2,484,939	-6,678,632
	Net profit or loss for the period		76,167,178	56,386,299	52,840,127	-10,990,617
	Adjustments for:		-69,895,027	-17,404,036	-55,325,066	4,311,984
2	Realised gains or losses on the disposal of property, plant and equipment assets		-325,160	-113,648	-16,416	-42,933
3	Gains or losses of equity-accounted subsidiary		32	-772,886	-142,088	0
4	Impairment loss on intangible assets and goodwill		0	1,529,820	0	0
5	Other financial expenses/income		-91,962,689	-49,139,873	-52,639,007	-1,278,377
6	Depreciation/amortisation		10,394,920	10,188,394	709,820	727,645
7	Income tax expense		17,368,092	11,360,415	766,086	-2,539,116
8	Net exchange differences		-4,597,304	8,912,944	-4,145,549	7,444,766
b.)	Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position		114,721,511	23,534,827	28,985,547	39,939,759
1	Change in receivables from primary insurance		11	6,740,865	4,668,768	5,252,723
2	Change in receivables from reinsurance		11	-3,022,589	679,988	-664,429
3	Change in other receivables from (re)insurance business			-476,290	-292,456	0
4	Change in other receivables and other assets			2,251,177	-4,521,630	2,868,700
5	Change in other tax assets		4	-562,584	0	0
6	Change in inventories		13	1,377	-24,663	0
7	Change in liabilities arising out of primary insurance		26	-4,600,214	-4,087,165	-1,009,856
8	Change in liabilities arising out of reinsurance business		26	3,271,917	-2,463,278	1,769,265
9	Change in other liabilities from operating activities			12,040,513	3,672,167	2,711,773
10	Change in other liabilities (except unearned premiums)			10,721,974	4,740,270	684,123
11	Change in technical provisions			102,938,043	30,565,108	17,378,525
	- Change in unearned premiums			-2,791,862	3,336,837	-4,172,982
	- Change in provision for outstanding claims			14,537,844	32,362,201	22,276,544
	- Change in other technical provisions			-1,381,815	-2,223,677	-725,038
	- Change in mathematical provision			-22,490,954	-38,389,895	0
	- Change in mathematical provision for policyholders who bear the investment risk			115,064,830	35,479,642	0
12	Corporate income tax paid			-14,582,678	-9,402,282	-5,276
c)	Net cash from/used in operating activities (a + b)			120,993,662	62,517,090	26,500,608
						33,261,127

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EUR		Note	Sava Insurance Group		Sava Re	
			2021	2020	2021	2020
B. Cash flows from investing activities						
a)	Cash receipts from investing activities		681,772,670	445,230,153	152,457,625	136,350,835
1	Interest received from investing activities	32	22,902,040	16,151,438	3,649,817	3,572,404
2	Cash receipts from dividends and participation in the profit of others	32	1,847,602	1,173,588	50,936,381	2,823,567
3	Proceeds from sale of intangible assets		1,310,598	155,228	0	0
4	Proceeds from sale of property, plant and equipment assets		1,548,925	328,102	16,416	42,933
5	Proceeds from disposal of financial investments		654,163,505	427,421,797	97,855,010	129,911,930
b)	Cash disbursements in investing activities		-778,792,089	-524,976,502	-161,168,166	-192,507,029
1	Purchase of intangible assets		-6,728,193	-6,899,448	-2,048,184	-894,747
2	Purchase of property, plant and equipment		-11,220,649	-5,858,451	-137,395	-169,566
3	Purchase of long-term financial investments		-760,843,247	-512,218,603	-158,982,587	-191,442,716
3.1	Purchase of subsidiary companies		-5,032,579	-83,489,797	-153,950,008	-83,489,797
3.2	Other disbursements to acquire financial investments		-755,810,668	-428,728,806	-5,032,579	-107,952,919
c)	Net cash from/used in investing activities (a + b)		-97,019,419	-79,746,349	-8,710,542	-56,156,194
C. Cash flows from financing activities						
a)	Cash receipts from financing activities		1,866,213	0	0	0
b)	Cash disbursements in financing activities		-20,651,372	-6,015,569	-16,063,395	-2,956,007
1	Interest paid	32	-2,893,735	-3,152,597	-2,838,770	-2,889,555
3	Repayment of long-term financial liabilities		-4,517,330	-2,689,097	-51,584	-66,452
5	Dividends and other profit participations paid		-13,240,307	-173,875	-13,173,042	0
c)	Net cash from/used in financing activities (a + b)		-18,785,159	-6,015,569	-16,063,395	-2,956,007
C2. Closing balance of cash and cash equivalents						
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)		5,189,084	-23,244,828	1,726,671	-25,851,075
y)	Opening balance of cash and cash equivalents		83,458,594	93,804,031	27,080,146	52,931,222
	Opening balance of cash and cash equivalents – acquisition		0	12,899,391	0	0

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16.5 Statement of changes in equity for 2021

Sava Insurance Group			III. Profit reserves										IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve			
	1	2	4	5	7	8	9	10	11	12	13	14	15	16	17
Closing balance in previous financial year	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,540	-24,938,709	-3,266,013	459,721,826	492,662	460,214,488
Opening balance in the financial period	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,540	-24,938,709	-3,266,013	459,721,826	492,662	460,214,488
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-18,926,202	336,386	0	76,074,721	0	9,659	57,494,564	90,852	57,585,416
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	76,074,721	0	0	76,074,721	92,457	76,167,178
b) Other comprehensive income	0	0	0	0	0	0	-18,926,202	336,386	0	0	0	9,659	-18,580,157	-1,605	-18,581,762
Transactions with owners – payouts	0	0	200,304	0	0	26,522,195	0	0	-13,444,663	-26,450,878	0	0	-13,173,042	-67,265	-13,240,307
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-13,173,042	0	0	0	-13,173,042	-67,265	-13,240,307
Allocation of net profit to profit reserve	0	0	200,304	0	0	26,522,195	0	0	-271,621	-26,450,878	0	0	0	0	0
Movements within equity	0	-333,628	0	0	0	0	0	0	56,197,540	-56,197,540	0	0	-333,628	-148,953	-482,581
Transfer of profit	0	0	0	0	0	0	0	0	56,197,540	-56,197,540	0	0	0	0	0
Acquisition of non-controlling interests	0	-333,628	0	0	0	0	0	0	0	0	0	0	-333,628	-148,953	-482,581
Closing balance in the financial period	71,856,376	42,702,320	12,150,797	24,938,709	11,225,068	180,693,505	21,246,888	1,300,871	116,166,406	49,623,843	-24,938,709	-3,256,354	503,709,720	367,298	504,077,018

Sava Re			III. Profit reserves										Total	
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares			
	1	2	4	5	7	8	9	10	11	12	13	14	14	
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709		333,869,060	
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,787	46,586	34,797,320	-10,990,617	-24,938,709		333,869,060	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-2,420,104	49,958	0	52,840,127	0		50,469,981	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	52,840,127	0		52,840,127	
b) Other comprehensive income	0	0	0	0	0	0	-2,420,104	49,958	0	0	0		-2,370,146	
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-13,173,042	0	0		-13,173,042	
Allocation of net profit to profit reserves	0	0	0	0	0	26,420,064	0	0	0	-26,420,064	0		0	
Transfer of profit	0	0	0	0	0	0	0	0	-10,990,617	10,990,617	0		0	
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	179,313,389	3,619,683	96,544	10,633,662	26,420,064	-24,938,709		371,166,000	

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16.6 Statement of changes in equity for 2020

Sava Insurance Group			III. Profit reserves										IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve			
	1	2	4	5	7	8	9	10	11	12	13	14	15	16	17
Closing balance in previous financial year	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847
Opening balance in the financial period	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847
Comprehensive income for the period, net of tax	0	0	0	0	0	0	19,454,480	40,447	0	56,222,528	0	-97,599	75,619,856	163,240	75,783,096
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	56,222,528	0	0	56,222,528	163,771	56,386,299
b) Other comprehensive income	0	0	0	0	0	0	19,454,480	40,447	0	0	0	-97,599	19,397,328	-531	19,396,797
Transactions with owners	0	0	87,282	0	0	27,797	0	0	-90,092	-24,987	0	0	0	-173,875	-173,875
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	0	-173,875	-173,875
Allocation of net profit to profit reserve	0	0	87,282	0	0	27,797	0	0	-90,092	-24,987	0	0	0	0	0
Movements within equity	0	0	0	0	0	0	0	0	31,375,138	-31,546,718	0	0	-171,580	0	-171,580
Transfer of profit	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	-171,580	0	0	0	-171,580	0	-171,580
Closing balance in the financial period	71,856,376	43,035,948	11,950,493	24,938,709	11,225,068	154,171,310	40,173,090	964,485	73,413,529	56,197,540	-24,938,709	-3,266,013	459,721,826	492,662	460,214,488

Sava Re			III. Profit reserves										Total	
EUR	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other	IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares			
	1	2	4	5	7	8	9	10	11	12	13	14	14	
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,524	21,376	14,517,789	20,188,017	-24,938,709		343,920,689	
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,524	21,376	14,517,789	20,188,017	-24,938,709		343,920,689	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	822,263	25,210	0	-10,990,617	0		-10,143,143	
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	-10,990,617	0		-10,990,617	
b) Other comprehensive income	0	0	0	0	0	0	822,263	25,210	0	0	0		847,474	
Movements within equity	0	0	0	0	0	0	0	0	20,279,531	-20,188,017	0		91,515	
Transfer of profit	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0		0	
Other	0	0	0	0	0	0	0	0	91,515	0	0		91,515	
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	6,039,788	46,586	34,797,320	-10,990,617	-24,938,709		333,869,060	

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17.1 Basic details

Reporting company

Sava Re d.d. (hereinafter also the Company) is the parent of the Sava Insurance Group (hereinafter also the Group). The Company was established under the Foundations of the Life and Non-Life Insurance System Act, and it was entered in the company register kept by the Ljubljana Basic Court, Ljubljana Unit (now Ljubljana District Court), on 10 December 1990. Its legal predecessor, Pozavarovalna Skupnost Sava, was established in 1977.

The Group transacts reinsurance business (14% of operating revenue), non-life insurance business (57% of operating revenue), life insurance business (25% of operating revenue), pension business and asset management (3% of operating revenue) and other non-insurance business (1% of operating revenue)¹³⁴.

In 2021, the Group employed on average 2,700 people (2020: 2,712 employees) on a full-time equivalent basis. As at 31 December 2021, the total number of employees on a full-time equivalent basis was 2,699 (31 December 2020: 2,701 employees). Statistics on employees in regular employment by various criteria are given in section 10 “Human resources management”.

In the 2021 financial year, the Company employed on average 123 people (2020: 117 employees) on a full-time equivalent basis. As at 31 December 2021, the total number of employees on a full-time equivalent basis was 127 (31 December 2020: 119 employees). Statistics on employees in regular employment by various criteria are given in section 10 “Human resources management”.

Business address of the controlling company	Dunajska cesta 56, Ljubljana, Slovenia
Name of reporting entity	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Legal form of entity	delniška družba (public limited company)
Domicile of entity	Slovenia
Address of entity's registered office	Dunajska cesta 56, Ljubljana, Slovenia
Country of incorporation	Slovenia
Principal place of business	Dunajska cesta 56, Ljubljana, Slovenia
Description of nature of entity's operations and principal activities	reinsurance
Name of parent entity	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Name of ultimate parent of group	Pozavarovalnica Sava, d.d. (Sava Reinsurance Company d.d., Sava Re d.d.)
Explanation of change in name of reporting entity or other means of identification from end of preceding reporting period	no changes in 2021
Description of nature of financial statements	IFRS, as adopted by the European Union
Date of end of reporting period	31 December 2021
Period covered by financial statements	1 January 2021 – 31 December 2021
Description of presentation currency	euro
Level of rounding used in financial statements	rounded to the nearest whole number

¹³⁴ Data for 2021.

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Educational profile of employees

	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Primary and lower secondary education	5	7	0	0
Secondary education	1,088	1,131	15	13
Higher education	269	288	3	4
University education	1,195	1,135	85	79
Master's degree and doctorate	141	139	24	23
Total	2,699	2,701	127	119

The bodies of the Company are the general meeting, the supervisory board and the management board.

The largest shareholder of the Company is Slovenian Sovereign Holding, with a 17.7% stake. The ultimate beneficial owner of Slovenian Sovereign Holding is the Republic of Slovenia. The second-largest shareholder is Intercapital securities Ltd. (custodial account) with a 14.9% stake, and the third-largest the Republic of Slovenia, with a 13.9% stake. The table "Ten largest shareholders and the list of holders of qualified holdings pursuant to the Takeovers Act as at 31 December 2021" (section 3.2 "General information on the share") is followed by an additional note on the share of voting rights in Sava Re (section 3.2 "General information on the share").

It is the responsibility of the Company's management board to prepare the annual report and authorise it for issue to the supervisory board. The audited annual report is then approved by the Company's supervisory board. If the annual report is not approved by the supervisory board, or if the management and supervisory boards leave the decision about its approval (authorisation for issue) to the general meeting of shareholders, the general meeting also decides on the approval (authorisation for issue) of the annual report.

The general meeting has the power to amend the annual report after it has been approved by the Company's management board; however, it must be re-audited by the external auditor within two weeks after its approval by the general meeting.

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17.2 Business combinations and overview of Group companies¹³⁵

The Company did not take over or acquire any company in 2021.

The tables below show individual items of the statement

of financial position and the income statement based on the separate financial statements of subsidiaries and associates prepared in accordance with IFRSs, together with the parent company's share of voting rights.

Subsidiaries as at 31 December 2021

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 December 2021	Profit or loss for 2021	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	1,163,953,793	938,955,403	224,998,390	58,087,630	425,791,464	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	39,319,494	27,093,402	12,226,092	558,440	19,470,508	100.00%
Illyria	insurance	Kosovo	21,641,407	16,892,677	4,748,730	815,729	11,876,123	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	23,962,472	17,603,467	6,359,005	-266,161	14,726,479	93.86%
Sava Osiguranje (MNE)	insurance	Montenegro	29,118,285	20,416,941	8,701,344	1,741,085	13,400,639	100.00%
Illyria Life	insurance	Kosovo	14,922,563	9,954,829	4,967,734	354,074	3,680,081	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	13,157,644	8,597,904	4,559,740	27,312	5,096,806	100.00%
S Estate	currently none	Kosovo	5,868	0	5,868	-68	0	100.00%
Sava Car	technical research and analysis	Montenegro	1,750,895	955,224	795,671	55,165	889,070	100.00%
ZM Svetovanje	consulting and marketing of insurances of the person	Slovenia	244,515	99,927	144,588	14,404	999,529	100.00%
Ornatus KC	ZS call centre	Slovenia	53,510	33,580	19,930	2,606	296,349	100.00%
Sava Agent	insurance agency	Montenegro	2,279,925	1,902,690	377,235	159,510	827,677	100.00%
Sava Station	technical research and analysis	North Macedonia	223,914	45,877	178,037	10,524	248,971	93.89%
Sava Pokojninska	pension fund	Slovenia	196,479,232	187,600,754	8,878,478	616,287	6,826,261	100.00%
TBS Team 24	organisation of assistance services and customer service	Slovenia	3,633,574	2,735,648	897,926	883,684	12,339,040	87.50%
Sava Penzisko Društvo	pension fund management	North Macedonia	11,563,934	414,787	11,149,147	1,776,572	4,622,981	100.00%
SO Poslovno Savjetovanje d.o.o.	business consulting	Croatia	4,936,864	9,824	4,927,040	-28,213	566	100.00%
Sava Infond	investment fund asset management	Slovenia	9,905,198	1,465,502	8,439,696	2,957,166	11,004,539	100.00%
Vita	insurance	Slovenia	703,046,860	615,484,838	87,562,022	7,728,173	112,735,058	100.00%

¹³⁵ GRI 102-7, 102-45.

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Subsidiaries as at 31 December 2020

EUR	Activity	Country of incorporation	Assets	Liabilities	Equity as at 31 December 2020	Profit or loss for 2020	Total income	Share of voting rights (%)
Zavarovalnica Sava	insurance	Slovenia	1,168,961,531	953,866,901	215,094,630	48,896,888	411,105,687	100.00%
Sava Neživotno Osiguranje (SRB)	insurance	Serbia	36,061,002	23,936,704	12,124,298	1,437,546	20,887,677	100.00%
Illyria (RKS)	insurance	Kosovo	20,903,204	16,888,896	4,014,308	601,381	10,317,800	100.00%
Sava Osiguruvanje (MKD)	insurance	North Macedonia	23,939,241	17,289,728	6,649,513	540,674	13,359,917	92.57%
Sava Osiguranje (MNE)	insurance	Montenegro	28,401,936	19,170,286	9,231,650	1,759,863	12,586,721	100.00%
Illyria Life (RKS)	insurance	Kosovo	13,331,228	8,308,964	5,022,264	222,061	2,810,737	100.00%
Sava Životno Osiguranje (SRB)	insurance	Serbia	12,401,450	8,087,629	4,313,821	58,374	4,258,165	100.00%
S Estate (RKS)	currently none	Kosovo	5,936	1	5,935	-180	0	100.00%
Sava Car (MNE)	technical research and analysis	Montenegro	1,889,492	1,127,872	761,620	131,164	937,501	100.00%
ZS Svetovanje (SVN)	consulting and marketing of insurances of the person	Slovenia	208,622	78,438	130,184	33,388	984,656	100.00%
Ornatus KC (SVN)	ZS call centre	Slovenia	38,788	21,464	17,324	-8,218	245,644	100.00%
Sava Agent (MNE)	insurance agency	Montenegro	2,329,781	2,106,432	223,349	13,694	692,736	100.00%
Sava Station (MKD)	technical research and analysis	North Macedonia	213,839	45,565	168,274	-124,876	145,051	92.57%
Sava Pokojninska (SVN)	pension fund	Slovenia	178,693,978	170,235,570	8,458,408	499,727	5,497,393	100.00%
TBS Team 24 (SVN)	organisation of assistance services and customer service	Slovenia	1,930,012	1,361,300	568,712	518,743	9,330,446	75.00%
Sava Penzisko Društvo (MKD)	pension fund management	North Macedonia	11,197,072	941,405	10,255,667	1,580,100	4,183,466	100.00%
SO Poslovno Savjetovanje	business consulting	Croatia	4,950,507	11,568	4,938,939	278,801	419,484	100.00%
Sava Infond (SVN)	investment fund asset management	Slovenia	7,726,945	952,520	6,774,425	1,522,399	7,821,419	100.00%
Vita (SVN)	insurance	Slovenia	602,675,399	509,798,885	92,876,515	8,671,328	102,077,036	100.00%

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In 2020, the Company acquired the insurance company Vita. It was first included in the consolidated accounts on 30 May 2020. In 2020, the company SŽO Poslovno Savjetovanje stopped operating. A summary liquidation

procedure was carried out, and the company was struck off the register of companies on 19 December 2020. As from the strike off, the company has not been included in the consolidated financial statements.

Overview of companies with non-controlling interests

EUR	Sava Osiguruvanje		Sava Station		TBS Team 24	
	2021	2020	2021	2020	2021	2020
Non-controlling interest as % of equity	6.14%	7.43%	6.14%	7.43%	12.50%	25.00%
Proportion of non-controlling interest voting rights, in %	6.14%	7.43%	6.14%	7.43%	12.50%	25.00%
Statement of profit or loss and other comprehensive income						
Income	14,726,479	13,359,917	248,971	145,051	12,339,040	9,330,446
Net profit for the year	-266,161	540,674	10,524	-124,876	883,684	518,743
- Of non-controlling interest	-16,334	40,172	646	-9,278	110,461	129,686
Other comprehensive income	-24,060	-12,297	-947	-424	-6	37
- Of non-controlling interest	-1,477	-914	-58	-32	-1	9
Total comprehensive income	-290,221	528,377	9,577	-125,300	883,678	518,780
- Of non-controlling interest	-17,810	39,258	588	-9,310	110,460	129,695
Dividends paid to non-controlling interests	0	0	0	0	67,365	173,875
Statement of financial position						
Assets	23,962,472	23,939,241	223,914	213,839	3,633,574	1,930,012
Liabilities	17,603,467	17,289,728	45,877	45,565	2,735,648	1,361,300
Shareholders' equity	6,359,005	6,649,513	178,037	168,274	897,926	568,712

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17.3 Consolidation principles

The parent company prepared both separate and consolidated financial statements as at 31 December 2021.

The consolidated financial statements include Sava Re as the parent and all its subsidiaries, i.e. companies in which Sava Re holds, directly or indirectly, more than half of the voting rights and has the power to control their financial and operating policies so as to obtain benefits from their activities.

The consolidated financial statements of the Sava Insurance Group include all companies directly or indirectly controlled by Sava Re, which controls a company if and only if it has all the following elements:

- power over the company (directs the relevant activities that significantly affect the company's returns),
- exposure, or rights, to variable returns from its involvement with the company, and
- the ability to use its power over the company to affect the amount of its returns.

The Group's consolidated financial statements also include associate companies in which the members of the Sava Insurance Group (parent and subsidiaries) hold, directly or indirectly, between 20% and 50% of all voting rights. If they hold less than 20%, they can still have significant influence, provided such influence can be demonstrated.

All subsidiaries in the Sava Insurance Group are fully consolidated. Interests in associates and joint ventures are accounted for in the consolidated financial statements using the equity method.

The financial year of the Group is the same as the calendar year.

Subsidiaries are fully consolidated as of the date of obtaining control and are deconsolidated as of the date that such control is lost.

Subsidiaries that manage pension funds and management companies that manage the funds' assets are consolidated without the funds as under law such fund assets are separate from the assets of the company that manages them. Accordingly, these funds are not included in the consolidated financial statements.

At the time of an entity's first consolidation, its assets and liabilities are measured at fair value. Goodwill is measured as the excess of the fair value of the consideration effectively transferred over the net amount of the acquirer's (controlling company's) interest in the fair value of the acquired identifiable assets, liabilities and contingent liabilities. Subsequently, goodwill is measured at cost less any impairment losses.

When acquiring a non-controlling interest in a subsidiary (when the Group already holds a controlling interest), the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. The Group recognises any difference between the amount by which the non-controlling interests are adjusted, and the fair value of the consideration paid directly in equity, and attributes it to the owners of the parent. The difference between cost and the carrying amount of the non-controlling interest is accounted for in equity under capital reserves.

Profits earned and losses made by subsidiaries are included in the Group's income statement. Intra-Group transactions (receivables and liabilities, expenses and income between the consolidated companies) have been eliminated.

All companies within the Group apply uniform accounting policies. If the accounting policies of a subsidiary differ from the accounting policies applied by the Group, appropriate adjustments are made to the financial statements of such subsidiary prior to the compilation of the consolidated financial statements to ensure compliance with the accounting policies of the Group.

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17.4 Significant accounting policies

Significant accounting policies applied in the preparation of the consolidated and separate financial statements are set out below. In 2021, the Group applied the same accounting policies as in 2020. As for the implementation of IFRS 9, the Group applied the temporary exemption until the adoption of IFRS 17 “Insurance contracts”. For more information, see section 17.5 “Standards and interpretations issued but not yet effective, and new standards and interpretations”.

17.4.1 Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), and interpretations of the International Financial Reporting Interpretations Committee’s (IFRIC), as adopted by the European Union. They have also been prepared in accordance with applicable Slovenian legislation (the Companies Act, ZGD-1). The “Sava Insurance Group financial control rules” lay down accounting policies that must be followed by subsidiaries when reporting for consolidation purposes. The “Rules on accounting and accounting policies of Sava Re d.d.” set down in detail the accounting policies of the Company.

Interested parties can obtain information on the financial condition and results of operations of the Sava Insurance Group by consulting the annual report. Annual reports are available on Sava Re’s website and at its registered office.

In selecting and applying accounting policies, as well as in preparing the financial statements, the management board of the parent company aims at providing understandable, relevant, reliable and comparable accounting information.

The financial statements have been prepared based on the going-concern assumption.

The Company’s management board approved the audited financial statements on 21 April 2022.

17.4.2 Measurement bases

The financial statements have been prepared on the historic cost basis, except for financial assets measured at fair value through profit or loss, and available-for-sale financial assets, which are measured at fair value. Assets of policyholders who bear the investment risk are also measured at fair value.

17.4.3 Presentation currency, translation of transactions and items

The financial statements are presented in euros (EUR) without cents. The euro is the functional and presentation currency of the Group companies. Due to rounding, figures in tables may not add up to the totals.

Assets and liabilities as at 31 December 2021 denominated in foreign currencies have been translated into euros using the mid-rates of the European Central Bank (hereinafter: “ECB”) as at 31 December 2021. Amounts in the income statements have been translated using the average exchange rate. As at 31 December 2020 and 31 December 2021, they were translated using the then applicable mid-rates of the ECB. Foreign exchange differences arising on settlement of transactions and on translation of monetary assets and liabilities are recognised in the income statement. Exchange rate differences associated with non-monetary items, such as equity securities carried at fair value through profit or loss, are also recognised in the income statement, while exchange rate differences associated with equity securities classified as available for sale are recognised in the fair value reserve. Since equity items in the statement of financial position as at 31 December 2021 are translated using the exchange rates of the ECB on that day and since interim movements are translated using the average exchange rates of the ECB, any differences arising therefrom are disclosed in the equity item translation reserve.

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17.4.4 Use of major accounting estimates, sources of uncertainty

Assumptions and other sources of uncertainty relate to estimates that require management to make complex, subjective and comprehensive judgements. Areas that involve significant management judgement are presented below.

- The need for impairment of goodwill is assessed using the accounting policy under section 17.4.7 “Goodwill” and note 1.
- Criteria for impairment of investments in subsidiaries and associates are determined using the accounting policy under section 17.4.13 “Financial investments in subsidiaries and associates” and under note 6.
- Deferred tax assets are recognised if Group entities plan to realise a profit in their medium-term projections. For details, see section 17.4.11 “Deferred tax assets and liabilities” and note 4.
- Receivables are impaired based on the accounting policy set out in section 17.4.17 “Receivables”. Any recognised impairment loss is shown in note 11.
- Financial investments: Classification, recognition, measurement and derecognition, investment impairment and fair value measurement, are made based on the accounting policy set out in section 17.4.14 “Financial investments and assets held for the benefit of policyholders who bear the investment risk”. Movement in investments and their classification are shown in note 7, whereas the associated income and expenses, and impairment losses are shown in note 32.
- Technical provisions – calculation and liability adequacy tests pertaining to insurance contracts are shown in sections 17.4.24–26. Movements in these provisions are shown in note 24.

- Estimates are used for recognising technical items because reinsurance accounts relating to accepted reinsurance business are not received in time. Estimates relate to amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although the Company has yet to receive reinsurance accounts. These items include: premiums, claims, commissions, unearned premiums, claims provisions and deferred acquisition costs.

17.4.5 Cash flow statement

The cash flow statement has been prepared using the indirect method. The cash flow statement has been prepared as the sum of all cash flows of all Group companies less any inter-Group cash flows. Cash flows from operating activities have been prepared based on data from the 2021 statement of financial position and income statement, with appropriate adjustments for items that do not constitute cash flows. Cash flows from financing activities are shown based on actual disbursements. Items relating to changes in net operating assets are shown in net amounts.

17.4.6 Intangible assets

Intangible assets, except goodwill, are stated at cost, including any expenses directly attributable to preparing them for their intended use, less accumulated amortisation and any impairment losses. Amortisation is calculated for each item separately, on a straight-line basis, except for goodwill, which is not amortised. Intangible assets are first amortised upon their availability for use.

Intangible assets include computer software, licences pertaining to computer software (with useful life assumed to be five years). In case of recognition of a specific intangible asset with a longer useful life (customer list or contractual customer relationships), the useful life is defined in a separate valuation report.

For material intangible assets (e.g. customer lists), the Company and the Group assess the need for impairment at least annually. If any indication of impairment exists, the recoverable amount is examined. The recoverable amount is the net value in use estimated using future cash flows. The value in use is generally determined in a separate valuation report.

If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

17.4.7 Goodwill

Goodwill arises on the acquisition of subsidiaries. In acquisitions, goodwill relates to the excess of the cost of the business combination over the acquirer’s interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired company. If the excess is negative (badwill), it is recognised directly in the income statement. The recoverable amount of the cash-generating unit so calculated is compared against its carrying amount, including goodwill belonging to such unit. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs of disposal and value in use.

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Method of calculating value in use

Value in use for each cash-generating unit is calculated using the discounted cash flow method (DCF method). The budget projections of the CGUs and their estimate of the long-term results achievable are used as a starting point. Value in use is determined by reference to free cash flows discounted at an appropriate discount rate.

The discount rate is determined as the cost of equity (COE), using the capital asset pricing model (CAPM). It is based on the interest rate on risk-free securities, equity premium, and insurance business prospects applying the beta factor. Added is a country risk premium and a size premium.

The elements of the discount rate have been taken from the following sources:

- The risk-free rate of return is based on the yield to maturity of 30-year German government bonds (source: Bloomberg).
- The equity risk premium has been taken from the publication of KPMG Netherlands “Equity market risk premium,” Research Summary, November 2020.
- Tax rates included in the discount rate calculation are the applicable tax rates in individual countries where companies operate.
- Beta for individual industries has been calculated with reference to comparable companies of the same industry of MSCI Small Cap Europe (source: Bloomberg).

- The country risk premiums have been calculated as the difference between the yield to maturity of German long-term government bonds and a comparable local bond issued (source: Bloomberg).
- Size premium: CRSP Deciles Study, Duff & Phelps, December 2019.

The bases for the testing of value in use are prepared in several phases: In phase one, the Company prepares three- or five-year projections of performance results for each company as part of the regular planning process unified Group-wide. These strategic plans are approved by the parent company and confirmed by the relevant governance body. For insurance and pension companies, it is additionally assessed whether the capital required for an insurance company to operate under local regulations would be fully engaged.

Premium growth and profitability was planned for foreign insurance companies in three- and five-year projections in view of the low insurance penetration rates. Insurance penetration is expected to increase markedly due to the expected convergence of their countries’ macroeconomic indicators towards levels common in western European countries. Western Balkan markets, which have a relatively low penetration rate, are expected to see a faster growth in gross premiums than in expected GDP.

The profitability of pension companies is expected to grow, driven by increased contributions to pension funds as the result of demographic trends and at relatively fixed operating costs.

To estimate the residual value used in the calculation of the estimated value of equity, the calculation considers normalised cash flow in the last year of the forecast made using the Gordon growth model. Subsidiaries have been valued using a long-term growth rate (g) ranging from 0–2% to calculate the residual value. For Slovenia-based companies, other than the pension company, this growth rate is based on the average risk-free rate of return totalising 0%; for other markets, including the Slovenian pension company, it totals 2% and is based on the expected long-term industry growth rate.

A cash-generating unit consists of an individual company. Movement in goodwill is discussed in detail in note 1 of section 17.7 “Notes to the financial statements – statement of financial position”.

Goodwill of associate companies is included in their respective carrying amount. Any impairment losses on their goodwill are treated as impairment losses on investments in associate companies.

Section 17.7 “Notes to the financial statements – statement of financial position”, note 1, sets out the main assumptions for cash flow projections with a calculation of value in use.

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17.4.8 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost, including cost directly attributable to the acquisition of the asset. Subsequently, the cost model is applied: assets are carried at cost, less accumulated depreciation and any impairment losses.

Items of property, plant and equipment are first depreciated upon their availability for use. Amortisation is calculated for each item separately, on a straight-line basis. Depreciation rates are determined so as to allow the cost of property, plant and equipment assets to be allocated over their estimated useful lives.

Depreciation rates of property, plant and equipment assets

Depreciation group	Rate
Land	0.0%
Buildings	1.3–2.0%
Transportation means	15.5–20.0%
Computer equipment	33.33%
Office and other furniture	10.0–12.5%
Other equipment	6.7–20.0%

An assessment is made annually to determine whether there is any indication of impairment. If any such indication exists, an estimate of the recoverable amount of the asset is made. The recoverable amount is the higher of the value in use and fair value less costs to sell. If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired. Value in use is assessed in terms of a cash-generating unit, with a company as a whole constituting a cash-generating unit.

Gains and losses on the disposal of items of property, plant and equipment, calculated as the difference between sales proceeds and carrying amounts, are included in profit or loss. The costs of property, plant and equipment maintenance and repairs are recognised in profit or loss as incurred. Investments in property, plant and equipment assets that increase future economic benefits are recognised in their carrying amount.

17.4.9 Right-of-use assets

Right-of-use assets are recorded when a contract contains a lease that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Right-of-use assets are recognised at the present value of future lease payments, in accordance with IFRS 16, and lease liabilities are recognised. Right-of-use assets are amortised through value adjustments in the amount equalling depreciation calculated based on the lease term. Lease liability is increased by interest expense calculated on the lease liability and decreased by lease payments made. Right-of-use assets and lease liability are recognised in net amount, excluding taxes. Group companies recognise payments for short-term and low-value leases as an expense.

As of 1 January 2019, the Group companies recognise right-of-use assets relating to long-term leases (more than one year) and not relating to low-value assets (acquisition cost below EUR 5,000), and lease liabilities. The value of the right-of-use asset comprises the amount of the initial measurement of the lease liability, initial direct costs incurred by the lessee, and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset. All lease contracts have been reviewed, examining the right to control the use of an identified asset for a definite period. The lease term is either set in the contract or estimated, if the lease contract is entered into for an indefinite period or has an extension option. The right-of-use assets are calculated as discounted future cash flows of the lease payments over the lease term. Lease liability is also recognised. The applied discount rate consists of the incremental borrowing rate and takes into account the company's credit rating and lease term, and country risk for Group companies outside Slovenia. Upon the occurrence of a significant event that has an impact on the lease, the lease term and the value of the asset are reassessed.

The cost model is applied, where the right-of-use asset is measured at cost less accumulated depreciation and adjusted for any remeasurement of the lease liability using a revised discount rate. Upon the initial application of the standard the Group companies used the modified approach.

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17.4.10 Non-current assets held for sale

A non-current asset is classified as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, its sale must be highly probable, and it must be available for immediate sale in its present condition. There must be a commitment to sell the asset and the sale should be completed within one year. Such assets are measured at the lower of the assets' carrying amount or fair value less costs to sell and are not depreciated.

17.4.11 Deferred tax assets and liabilities

Deferred tax assets and liabilities are amounts of income taxes expected to be recoverable or payable, respectively, in future periods depending on taxable temporary differences. Temporary differences are differences between the carrying amount of an asset or liability in the statement of financial position and its tax base.

Deferred tax assets and liabilities are established for temporary non-deductible impairments of portfolio investments. Deferred tax assets are additionally established for impairment losses on receivables, unused tax losses and for provisions for employees.

Deferred tax liabilities arise from catastrophe equalisation reserves transferred from technical provisions to profit reserves (as at 1 January 2007), which were tax-deduct-

ible when set aside (prior to 1 January 2007), and from fair value adjustments and newly recognised intangible assets (customer lists or contractual customer relationships) on acquisition of a new company.

Deferred tax assets and liabilities are established also for the part of value adjustments recorded under fair value reserve. Deferred tax assets and liabilities are also accounted for actuarial gains or losses arising on the calculation of provisions for severance pay upon retirement. This is because actuarial gains and losses, and the related deferred tax assets or liabilities, affect comprehensive income.

A Group company sets off deferred tax assets and liabilities, provided that the criteria have been satisfied. The Group does not set off deferred tax assets and liabilities in its consolidated financial statements.

A deferred tax asset is recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. In 2020, such deferred tax assets were recognised.

In 2020, deferred tax assets and liabilities were accounted for using tax rates that the management believes will be used to tax the differences. The tax rate applicable for most Group companies (Slovenia) is 19% (2019: 19%), and 9–18% for other companies (Croatia 18%, Serbia 15%, Kosovo and North Macedonia 10%, Montenegro 9%).

17.4.12 Investment property

Investment property comprises assets not used directly for carrying out business activities but held to earn rent or to realise capital gains at disposal. Investment property is accounted for using the cost model and straight-line depreciation. Investment property is depreciated at the rate of 1.3–2.0%. The basis for calculating the depreciation rate is the estimated useful life. All leases where the Group companies act as lessors are cancellable operating leases. Lease payments (rentals) received are recognised as income on a straight-line basis over the lease term. A cash-generating unit consists of an individual property. An assessment is made annually as to whether there is an indication of impairment of investment property. If any such indication exists, an estimate of the recoverable amount of the asset is made. The recoverable amount is the higher of the value in use and the net selling price less costs to sell. If the recoverable amount exceeds or is equal to the carrying amount, the asset is not impaired.

The Group companies measure the fair value of investment property using fair value models.

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17.4.13 Financial investments in subsidiaries and associates

Investments in subsidiaries are measured at cost, less any impairment losses. Subsidiaries are entities in which the Company holds more than 50% of voting rights and which the Company controls, i.e. has the power to control their financial and operating policies so as to obtain benefits from their activities. Subsidiaries are included in the consolidated financial statements using the full consolidation method.

Associates are entities in which the Company holds between 20% and 50% of voting rights or over which the Company has significant influence. Associates are accounted for using the equity method.

Impairment

Impairment testing in Group companies and associates is carried out at least on an annual basis. Pursuant to IAS 36, the controlling company, when reviewing whether there are indications that an asset may be impaired, considers external (changes in market or legal environment, interest rates, elements of the discount rate, capitalisation) as well as internal sources of information (business volume, manner of use of asset, actual versus budgeted performance results, decline in expected cash flows and such like).

If impairment is necessary, an impairment test is carried out for each individual investment by calculating the recoverable amount of the cash-generating unit based on the value in use. Cash flow projections used in these cal-

culations are based on the business plans approved by the management for the period until and including 2025. The discount rate used is based on market rates adjusted to reflect company-specific risks. The recoverable amount of each cash-generating unit so calculated was compared to its carrying amount.

Main assumptions for cash flow projections with calculations of value in use

Discounted cash flow projections are based on the Group companies' business plans covering a 5-year period (strategic business plans for individual companies for the period 2021–2025).

Growth in premiums earned by insurance companies reflects the growth expected in their insurance markets, as well as the characteristics of their portfolios (a small proportion of non-motor business). In all their markets, insurance penetration is relatively low. However, insurance penetration is expected to increase due to the expected convergence of their countries' macroeconomic indicators towards EU levels. Social inflation is also expected to rise, i.e. claims made against insurance companies are expected to become more frequent and higher. Costs are expected to lag slightly behind premiums owing to expected business process optimisation in subsidiaries. Business process optimisation will thus contribute to the growth in net profits.

Growth in pension companies' revenue is due to increased contributions to pension funds as a result of demographic trends, at relatively fixed operating costs, which may lead to greater profitability.

The discount rate is determined as the cost of equity (COE), using the capital asset pricing model (CAPM). It is based on the risk-free interest rate and equity premium, as well as prospects for the relevant business. Added is a country risk premium and a size premium.

Assessments as to whether there is any indication of impairment of investments in subsidiaries are made using the same model as for goodwill. For more information on the assumptions, see section 17.4.7 "Goodwill" of the financial statements with notes.

17.4.14 Financial investments and assets held for the benefit of policyholders who bear the investment risk

17.4.14.1 Classification

Financial assets are classified into the following categories:

Financial assets at fair value through profit or loss

Financial assets held for trading comprise instruments that have been acquired exclusively for the purpose of trading, i.e. realising gains in the short term. Financial assets designated as at fair value through profit or loss comprise subordinated financial assets, primarily because they provide the issuer with the option of early redemption, and assets held for the benefit of policyholders who bear the investment risk.

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Held-to-maturity financial assets

Held-to-maturity financial assets are assets with fixed or determinable payments and fixed maturities that the Group companies have the intention and ability to hold to maturity. These are non-derivative financial assets not quoted in an active market.

Loans and receivables (deposits)

This category includes loans and bank deposits with fixed or determinable payments that are not traded in any active market, and deposits with cedants. Under some re-insurance contracts, part of the reinsurance premiums is retained by cedants as guarantee for payment of future claims, and generally released after one year. These deposits bear contractually agreed interest.

Available-for-sale financial assets

Available-for-sale financial assets are assets that are intended to be held for an indefinite period and are not classified as financial assets at fair value through profit or loss or as held to maturity financial assets.

17.4.14.2 Recognition, measurement and derecognition

Available-for-sale financial assets, held-to-maturity financial assets, and loans and receivables are initially measured at fair value plus any transaction costs. Financial assets at fair value through profit or loss are initially measured at fair value, with any transaction costs recognised as investment expenses.

Acquisitions and disposals of securities, loans and deposits are recognised on the trade date.

Gains and losses arising from fair value revaluation of financial assets available for sale are recognised in the statement of other comprehensive income, and transferred to the income statement upon disposal or impairment. Gains and losses arising from fair value revaluation of financial assets at fair value through profit or loss are recognised directly in the income statement.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire or when the assets are transferred and the transfer qualifies for derecognition in accordance with IAS 39.

Loans and receivables (deposits) and held-to-maturity financial assets are measured at amortised cost.

17.4.14.3 Determination of fair values

All financial instruments are measured at fair value, except for deposits, shares not quoted in any regulated market that constitute the non-material portion of the investment portfolio, loans (assuming that their carrying amount is a reasonable approximation of fair value) and financial instruments held to maturity, which are measured at amortised cost. The fair value of investment property, and land and buildings used in business operations and the fair value of financial instruments measured at amortised cost are set out in note 29. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either (i) in the principal market for the asset or liability, or (ii) in the absence of a principal market, in

the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Valuation techniques are used that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

On the valuation date, the fair value of a financial investment is established by determining the price in the principal market based on:

- for stock exchanges: the quoted closing price on the stock exchange on the measurement date or on the last day of operation of the exchange on which the investment is quoted;
- for the OTC market: the quoted CBBT closing bid price or, if unavailable, the Bloomberg BVAL bid price, where the price must not be older than 15 days.
- the price is calculated based on an internal valuation model or yield curve valuation.

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For the valuation the Company uses the closing price on the stock exchange or the published CBBT bid price for debt investments (according to the defined Bloomberg methodology) as the unadjusted quoted price, while the BVAL bid price calculated on the basis of the internal valuation model or the yield curve valuation do not represent unadjusted quoted prices.

The BVAL bid price (based on the defined Bloomberg methodology) represents a price that is not quoted but calculated based on directly and indirectly observable market inputs. When calculating the price using a valuation model, the company shall first use the directly and indirectly observable market inputs. If these are not available, the company shall determine the price of a financial investment using a model with unobservable inputs, as defined from IFRS 13.86 to IFRS 13.90.

The BVAL score is the basis for assessing the quality of the BVAL price, with a higher score indicating a better price quality in the market.

Assets and liabilities measured or disclosed at fair value in the financial statements are measured and presented in accordance with the IFRS 13 fair-value hierarchy that categorises the inputs of valuation techniques used to measure fair value into three levels.

Assets and liabilities are classified in accordance with IFRS 13 based primarily on the availability of market information, which is determined by the relative levels of trading identical or similar instruments in the market, with a focus on information that represents actual market activity or binding quotations of brokers or dealers.

Investments measured or disclosed at fair value are presented in accordance with the levels of fair value under IFRS 13, which categorises the inputs used to measure fair value into the following three levels of the fair value hierarchy:

- Level 1: financial investments for which fair value is determined based on quoted prices (unadjusted) in active markets for identical financial assets that the Company can access at the measurement date. This level includes the prices of debt assets with CBBT prices and those BVAL prices that have a calculated BVAL score of 8 or higher, with 10 or more direct observations.
- Level 2: financial investments whose fair value is determined using inputs that are directly or indirectly observable, other than the quoted prices included within Level 1. Unobservable market inputs have no significant impact on the valuation. Pursuant to IFRS 13.82, level 2 inputs may include:
 - quoted prices for similar financial investments in markets that are not active,
 - quoted prices for identical or similar financial investments in markets that are not active,
 - inputs other than quoted prices that are observable for financial investments,
 - market-corroborated inputs.
 This level thus includes BVAL prices of debt investments with a calculated BVAL score of 8 or higher but with 9 or fewer direct observations and BVAL prices with a calculated BVAL score of 7 or lower.
- Level 3: financial investments for which observable market inputs are not available. Fair value is thus determined based on valuation techniques using inputs that are not directly or indirectly observable in the market.

This level includes BVAL prices of debt investments with a BVAL score of 5 or lower. Unobservable market inputs may have a significant impact on the valuation.

The company classifies as level-3 investments its investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and similar. There are no market prices available for such investments; therefore, valuation based on available market data is not possible.

In accordance with IFRS 13.97, the Company also classifies within the fair value hierarchy all financial investments that are not measured at fair value in the statement of financial position but for which the Company discloses fair value (loans granted, deposits, deposits with cedants) and for which the Company assumes that their carrying amount is a reasonable approximation of fair value (in accordance with IFRS 7.29).

The policy of determining when transfers between levels of the fair value hierarchy are deemed to have occurred is disclosed and fully complied with. Policy on the timing of recognising transfers is the same for transfers into the levels as that for transfers out of the levels. Examples of policies include: (a) the date of the event or change in circumstances that caused the transfer; (b) the beginning of the reporting period; (c) the end of the reporting period. The Company reviews quarterly the categorisation of investments into the three levels of the fair value hierarchy. To this end, it applies the rules for determining the fair value set out under note 29. If the categorisation conditions change, financial investments are reclassified into the relevant level.

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17.4.14.4 Impairment losses on investments

A financial asset other than at fair value through profit or loss is impaired and an impairment loss incurred only if there is objective evidence of impairment as a result of events that occurred after the initial recognition of the asset and if such events have an impact on future cash flows that can be reliably estimated. An assessment is made quarterly as to whether there is any objective evidence that a financial asset is impaired (when preparing interim and annual reports).

17.4.14.4.1 Debt securities

Investments in debt securities (other than investments in debt securities at fair value through profit or loss) are impaired when any of the following conditions are met:

- the issuer fails to make a coupon or principal payment, and/or it is likely that such liabilities will not be settled in full in accordance with the assessment of circumstances on the reporting date;
- the issuer is subject to a bankruptcy, liquidation or compulsory settlement procedure.

If the first condition above is met, an impairment loss is recognised in the income statement in the amount of the difference between market value and cost of the debt security and the cost of such debt security.

If the second condition above is met, an impairment loss is recognised in profit or loss as the difference between the potential payment out of the bankruptcy or liquidation estate and the cost of the investment. The potential payment out of the bankruptcy or liquidation estate is estimated based on information concerning the bankruptcy, liquidation or compulsory settlement proceedings, or, if such information is not available, based on experience or estimates made by a credit rating or other financial institution.

In respect of debt securities, only impairment losses recognised pursuant to indent one above (first condition) may be reversed. An impairment loss is reversed when the issuer's liability is settled. Impairment losses are reversed through profit or loss.

17.4.14.4.2 Equity securities**Quoted shares and mutual fund investments**

Equity investments (other than equity investments at fair value through profit or loss) are impaired when any of the following conditions is met:

- their market price is more than 40% below cost;
- the market price of any share is below its cost continuously for 1 year or continuously 3 years in the case of mutual funds;
- the model based on which the Group assesses the need for impairment of unquoted securities indicates that the asset needs to be impaired.

Unquoted shares

Unquoted portfolio shares include shares not quoted in any regulated securities market and shares for which the Group can demonstrate that they do not have an active market and that the company carries at cost with regular impairment testing.

The cost model is used if an investment is considered non-material, either in relation to the issuer (share of equity) or in relation to the portfolio of the holder (share of the investment portfolio).

At the reporting date, it must be determined whether the purchase price paid for a share still represents its fair value (unless the relevant investment is considered non-material). If the established fair value of an unquoted security is less than its cost, an impairment loss is recognised. A company may use a valuation made by a business appraiser in order to verify the model and test for impairment.

An impairment loss is recognised in the amount of the difference between market price and cost of financial assets.

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17.4.14.4.3 Investments in unlisted alternative funds

Alternative funds during the investment phase typically experience a J-curve effect. During this phase the fund incurs high management expenses and expenses related to the acquisition of investments, which may result in the fund value falling below the value of contributions. By adding investments, the size of the fund increases, while the proportion of expenses relative to the fund's total value decreases. The value of the fund gradually rises towards the value of contributions and then moves depending on the profitability of investments. As long as the alternative fund is in the investment phase and shows a drop in its fair value due to the described J curve effect, the fund is valued through the fair value reserve. As soon as the alternative fund is past the investment phase, the need for impairment is assessed as indicated in the following paragraph.

Investments in alternative funds beyond the investment phase are impaired when, as at the statement of financial position date:

- the value of the investment in an alternative fund is more than 40% below cost or if
- the market value of the investment in an individual alternative fund is below cost continuously for 5 years.

An impairment loss, being the difference between the fund value quoted by the manager of the alternative fund and the cost of the investment in the alternative fund, is recognised in profit or loss.

17.4.15 Reinsurers' share of technical provisions

The amount of the reinsurers' share of technical provisions represents the proportion of gross technical provisions and unearned premiums for transactions that the Group cedes to reinsurers and co-insurers outside the Sava Insurance Group. The amount is determined at the close of each accounting period in accordance with the provisions of co-insurance and reinsurance (retrocession) contracts and in line with movements in the portfolio, based on gross technical provisions for the business that is the subject of these contracts.

Assets are tested for impairment on the reporting date. Assets ceded to individual partners are tested individually. The impact of the reinsurance programme on risk is described in section 17.6.3.1 "Non-life underwriting risk".

17.4.16 Investment contract assets and liabilities

Contracts of homogeneous groups are classified as investment contracts if they bear significant financial risk and are accounted for in accordance with IAS 39. Investment contract assets and liabilities only include the investment contract assets and liabilities of the company Sava Pokojninska, which manages pension funds. Investment contract assets comprise the assets supporting the liability funds "Moji Skladi Življenjskega Cikla" for the transaction of voluntary supplementary pension business that are measured in accordance with IFRS 9. On initial recognition, investment contract assets are classified

as either assets at fair value through profit or loss or as held-to-maturity assets. For consolidation purposes, the amounts of assets and liabilities arising from investment contracts are adjusted in accordance with the guidance for financial investments set out in section 17.4.14 "Financial investments and assets held for the benefit of policyholders who bear the investment risk". Classification and valuation of assets is presented in detail in note 10. Investment contract liabilities are liabilities arising out of pension insurance business under group and individual plans for voluntary supplementary pension insurance, for which the administrator maintains personal accounts for pension plan members. To support these liabilities, Sava Pokojninska sets aside long-term business provisions comprising liabilities for assets on policyholders' personal accounts (net contributions and return) and additional liabilities to cover the difference between the actual and guaranteed rate of return. Investment contract liabilities are presented in note 10.

Sava Pokojninska initially recognises investment property assets in respect of pension fund business under investment contract assets using the cost model, plus any transaction costs. The following measurements are made using the fair value model due to regulatory requirements and the fact that these are pension fund assets. Appraisals are carried out at least once every three years by certified real estate appraisers licensed by the Slovenian Institute of Auditors. The amounts of investment property in investment contract assets are not adjusted for consolidation purposes.

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17.4.17 Receivables

Receivables consist mainly of premium receivables due from policyholders or insurers as well as receivables for claims and commissions due from reinsurers.

17.4.17.1 Recognition of receivables

Receivables are initially recognised based on policies issued, invoices or other authentic documents (e.g. confirmed reinsurance or co-insurance accounts). In financial statements, receivables are reported in net amounts, i.e. net of any allowances made.

Receivables arising out of reinsurance business are recognised when inwards premiums or claims and commissions relating to retrocession business are invoiced to cedants or reinsurers, respectively. For existing reinsurance contracts for which no confirmed invoices have been received from cedants or reinsurers, receivables are recognised in line with policies outlined in sections 17.4.31 “Net premiums earned” and 17.4.32 “Net claims incurred”. Receivables of the parent company arising out of reinsurance contracts have not been specifically secured.

Recourse receivables are recognised as assets provided that, on the basis of a recourse claim, an appropriate legal basis exists (a final order of attachment, a written agreement with or payments by the policyholder or debtor, or subrogation for credit risk insurance). In case of subrogation, recourse receivables are recognised only after the debtor’s existence has been verified and the debtor is contactable. Recognition of principal amounts to which recourse receivables relate decreases claims paid. Group companies recognise impairment losses on recourse re-

ceivables based on past experience. Recourse receivables are tested for impairment on a case-by-case basis.

The Group companies have pledged no receivables as security.

17.4.17.2 Impairment of receivables

Receivables are classified into groups with similar credit risk in order to be assessed in terms of recoverability or impairment. All material items of receivables are subject to this assessment.

An allowance is created for receivables expected not to be collectible in full or in part. Such receivables are recognised as doubtful. If the Company recognises receivables from and liabilities to the same entity, receivables are subject to impairment even if older than one year.

In case of litigation, such receivables are recognised as disputable; allowances are established for such receivables and charged against operating expenses from revaluation.

In addition to age, the method of accounting for allowances takes into account the phase of the collection procedure, historical data on the percentage of write-offs made and the ratio of recoverability. Assumptions are reviewed at least annually.

17.4.17.3 Receivables write-offs

Write-offs of receivables require appropriate supporting documents, such as a court decision, bankruptcy order or other document evidencing that the company has lost its legal title, or in cases where it is evident that collection is not meaningful due to excessive costs of the proceedings.

17.4.18 Deferred acquisition costs

Acquisition costs that are deferred include that part of operating expenses directly associated with policy underwriting.

Deferred acquisition costs consist primarily of deferred commissions. These are invoiced commissions relating to the next financial year and are recognised based on (re)insurance accounts and estimated amounts obtained based on estimated commissions taking into account straight-line amortisation.

17.4.19 Other assets

Other assets consist of capitalised short-term accruals and deferrals, namely short-term deferred costs.

17.4.20 Cash and cash equivalents

The statement of financial position and cash flow item “cash and cash equivalents” comprises:

- cash, including cash in hand, cash in bank accounts of commercial banks and other financial institutions, and overnight deposits, and
- cash equivalents, including demand deposits and deposits with an original maturity of up to three months.

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17.4.21 Fair values of assets

Determination of fair values

Asset class / principal market	Level 1	Level 2	Level 3
Debt securities			
OTC market	Debt securities measured based on CBBT prices in an active market.	Debt securities measured based on CBBT prices in an inactive market.	Debt securities measured using an internal model that does not consider level 2 inputs. The internal model applies the expected present value method, where bond prices are calculated based on the expected bond yield.
		Debt securities measured at the BVAL price if the CBBT price is unavailable.	
		Debt securities are measured using an internal model based on level 2 inputs.	
Stock Exchange	Debt securities measured based on stock exchange prices in an active market.	Debt securities measured based on stock exchange prices in an inactive market.	Debt securities measured using an internal model that does not consider level 2 inputs.
		Debt securities measured at the BVAL price when the stock exchange price is unavailable.	
		Debt securities are measured using an internal model based on level 2 inputs.	
Shares			
Stock Exchange	Shares measured based on stock exchange prices in an active market.	Shares measured based on stock exchange prices in an inactive market.	Shares are measured using an internal model that does not consider level 2 inputs.
		Shares without available stock exchange prices and that are measured using an internal model based on level 2 inputs.	
Unquoted shares and participating interests			
			Unquoted shares the fair value of which cannot be determined, valued at cost less impairment losses or measured at fair value using an internal model using Level 3 inputs.
Mutual funds			
	Mutual funds measured at the quoted unit value on the measurement date.		
Alternative funds			
			The fair value is determined based on the valuation of individual projects for which discounted cash flow methods are used.
Deposits and loans			
- with maturity			Measured at amortised cost.

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17.4.22 Shareholders' equity

Composition:

- share capital comprises the par value of paid-up ordinary shares, expressed in euros;
- capital reserves comprise amounts paid up in excess of the par value of shares;
- profit reserves comprise reserves provided for by the articles of association, legal reserves, reserves for own shares, catastrophe equalisation reserves and other profit reserves;
- own shares;
- fair value reserve;
- retained earnings;
- net profit or loss for the year;
- translation reserve;
- non-controlling interest.

Own shares were acquired in line with a share repurchase programme posted on the Company's website Sava Re shares (sava-re.si.).

Reserves provided for by the articles of association are used:

- to cover the net loss that cannot be covered (in full) out of retained earnings and other profit reserves, or if these two sources of funds are insufficient to cover the net loss in full (an instrument of additional protection of tied-up capital);
- to increase share capital;
- to regulate the dividend policy.

Profit reserves also include catastrophe equalisation reserves set aside pursuant to the rules on technical provisions and capital reserves as approved by appointed ac-

tuaries. These are tied-up reserves and their distribution cannot be decided in the general meeting.

Pursuant to the Companies Act, the Company's management board has the power to allocate up to half of the net profit to other reserves.

17.4.23 Subordinated liabilities

Subordinated liabilities represent a long-term liability of the Group in the form of a subordinated bond to be used for general corporate purposes of the Sava Insurance Group and for the optimisation of its capital structure valued at amortised cost. For more details see disclosure 23.

17.4.24 Classification of insurance contracts

The Group transacts traditional and unit-linked life business, non-life business and reinsurance business, the basic purpose of which is the transfer of underwriting risk. Underwriting risk is considered significant, if an insured event results in payments for the Group of at least 5% of the claim payment. Accordingly, the Group classified all such contracts concluded as insurance contracts. Proportional reinsurance contracts represent a risk that is identical to the underlying insurance policies, which are insurance contracts. Since non-proportional reinsurance contracts provide for the payment of significant additional pay-outs in case of loss events, they also qualify as insurance contracts.

17.4.25 Technical provisions

In the statement of financial position technical provisions are shown in gross amounts under liabilities. The share of technical provisions for the business ceded to non-Group reinsurers is shown in the statement of financial position under the asset item reinsurers' share of technical provisions. Technical provisions must be set at an amount that provides reasonable assurance that liabilities from assumed (re)insurance contracts can be met. The main principles used in calculations are described below.

Unearned premiums are the portions of premiums written pertaining to periods after the accounting period. Unearned premiums are calculated on a pro rata temporis basis at insurance policy level, except for decreasing term contracts (credit life). Since there is generally insufficient data available for accepted reinsurance business at the individual policy level, the fractional value method is used for calculating unearned premiums at the level of individual reinsurance accounts for periods for which premiums are written.

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Mathematical provisions for life insurance contracts represent the actuarial value of obligations arising from policyholders' guaranteed entitlements. In most cases, they are calculated using the net Zillmer method with the same parameters as those used for premium calculation, except for the discount rate applied, which was a technical interest rate of at least 1.25%. Other parameters are the same as those used in the premium calculation. Any calculated negative liabilities arising out of mathematical provisions are set to nil. The Zillmer method was used for amortising acquisition costs. The calculation of mathematical provisions is based on the assumption that the full agent commission was paid upon the conclusion of the contract, while agents actually receive the commission within two to five years, depending on the policy term. The mathematical provision includes all deferred commissions. Deferred policy acquisition expenses are shown under assets, in the event of commission prepayments, or show the difference between the positive Zillmerised mathematical provision and the Zillmerised mathematical provision.

Provisions for outstanding claims (claims provision) are established in the amount of expected liabilities for incurred but not settled claims, including loss adjustment expenses. These comprise provisions both for reported claims, which are calculated based on case estimates, and claims incurred but not reported (IBNR), which are calculated using actuarial methods. Future liabilities are generally not discounted, with the exception of the part relating to annuities under certain liability insurance contracts. In such cases, the related provisions are established based on the expected net present value of future liabilities.

Provisions for incurred but not reported claims are calculated for the major part of the portfolios of primary insurers using methods based on paid claims triangles; the result is the total claims provision, and the IBNR provision is calculated as the difference between the result of the triangle method and the provision based on case reserves. In classes where the volume of business is not large enough for reliable results from the triangle methods, the calculation is made based on either (i) the product of the expected number of subsequently reported claims and the average amount of subsequently reported claims or (ii) methods based on expected loss ratios. The consolidated IBNR provision also includes the IBNR provision for the proportion of business written outside the Group. For this part of the portfolio, technical categories based on reinsurance accounts are not readily available; therefore, it is necessary to estimate items that are received untimely, including claims provisions, taking into account expected premiums and expected combined ratios for each underwriting year, class of business and form of reinsurance as well as development triangles for underwriting years by accounting quarters; the IBNR provision is then established at the amount of the claims provision thus estimated.

The provision for outstanding claims is thus established based on statistical data and using actuarial methods; therefore, its calculation also constitutes a liability adequacy test.

The provision for bonuses, rebates and cancellations is intended for agreed and expected pay-outs due to good results of insurance contracts and expected payment due to cancellations in excess of unearned premiums.

Other technical provisions include the provision for unexpired risks derived from a liability adequacy test for unearned premiums, as described below.

Unearned premiums are deferred premiums based on coverage periods. If based on such a calculation the premium is deemed to be inadequate, the unearned premium is also inadequate. Group companies carry out liability adequacy tests for unearned premiums at the level of homogeneous groups appropriate to portfolios. The calculation of the expected combined ratio in any homogeneous group is based on premiums earned, claims incurred, commission expenses and other operating expenses. Where the expected combined ratio exceeds 100%, thus revealing a deficiency in unearned premiums, a corresponding provision for unexpired risks is set aside within other technical provisions.

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

These are provisions for unit-linked life business. They comprise mathematical provisions, unearned premiums and provisions for outstanding claims. The bulk comprises mathematical provisions. Their value is the aggregate value of all units of funds under all policies, including all premiums not yet converted into units, plus the discretionary bonuses of guaranteed funds managed by us. The value of funds is based on market value as at the statement of financial position date.

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17.4.27 Liability adequacy test (LAT)

Adequacy testing of provisions set aside based on insurance contracts is conducted as at the financial statement date, separately for non-life and life business. The liability adequacy test for non-life business is described in section 17.4.25 “Technical provisions”.

Liability adequacy testing for life business

The liability adequacy test for life policies is carried out as a minimum at each reporting date against a calculation of future cash flows using explicit and consistent assumptions of all factors – future premiums, mortality, morbidity, investment returns, lapses, surrenders, guarantees, policyholder bonuses and expenses. For this purpose, the present value of future cash flows is used.

Discounting is based on the yield curve for euro area sovereign bonds at the statement of financial position date; but for EU Member States either the risk-free yield curve of government bonds at the statement of financial position date is used, including a loading for the investment mix, or a yield curve based on the investment mix and in case of reinvestments the Solvency II risk-free rate is used. Where reliable market data is available, assumptions (such as the discount rate and investment return) are derived from observable market prices. Assumptions that cannot be reliably derived from market values are based on current estimates calculated by reference to the Group’s own internal models (lapse rates, actual mortality and morbidity) and publicly available resources (demographic information published by the local statistical bureau). For mortality, higher rates are anticipated than are realised due to uncertainty.

Input assumptions are updated annually based on recent experience. Correlations between risk factors are not taken into account. The principal assumptions used are described below.

The liability adequacy test is performed on the policy and/or product level. If the test is performed at the policy level, the results are shown at the product-level, with products grouped by class of business. A company generally evaluates the test results separately for traditional policies other than annuities, unit-linked policies and annuities. If insurance liabilities, including related assets, cannot be evaluated separately as part of traditional or unit-linked policies, the company may evaluate the test results together. The adequacy of liabilities is checked separately for each group of insurance products. In determining any additional liabilities to be established the liability inadequacies of individual groups are not offset against surpluses arising on other groups. The net present value of future cash flows calculated using the assumptions described below is compared with the insurance liabilities, for each group separately. If this comparison shows that the carrying amount of the insurance liabilities is inadequate in the light of the estimated cash flows, the entire deficiency is recognised in profit or loss by establishing an additional provision.

Mortality is usually based on data supplied by the local statistical bureau or on the mortality of the portfolio and is amended by the Group based on a statistical investigation of its mortality experience. Assumptions for mortality and morbidity are adjusted by a margin for risk and are higher than actual.

Future contractual premiums are included and for most business also premium indexation is taken into consideration. Estimates for lapses and surrenders are made based on experience. Actual persistency rates by product type and duration are regularly investigated, and assumptions updated accordingly. The actual persistency rates are adjusted by a margin for risk and uncertainty.

Estimates for future maintenance expenses included in the liability adequacy test are derived from experience. For future periods, cash flows for expenses have been increased by a factor equal to the estimated annual inflation.

Yield and the discount rate are based on the same yield curve; a loading for market development is added when discounting.

The liability adequacy test takes into account expected future discretionary bonuses. Expected future discretionary bonuses are aligned with the bonus methodology. The share of discretionary bonuses complies with internal rules and is treated as a discounted liability.

For most life policies estimates are made of the impact of changes in key variables that may have a material effect on the results of liability adequacy tests at the end of the year. Sensitivity analyses are prepared separately for traditional life business and investment-linked life business.

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EUR	31 December 2021		31 December 2020	
	LAT test for traditional life policies	LAT test for unit-linked life policies	LAT test for traditional life policies	LAT test for unit-linked life policies
Base run	370,901,785	487,677,285	398,789,646	361,855,319
Investment return + 100 p.p.	353,462,458	480,550,191	382,303,277	352,807,585
Investment return - 100 p.p.	391,268,128	496,337,863	419,316,231	372,221,448
Mortality + 10%	376,278,112	488,945,012	402,706,961	363,582,039
Lapses + 10%	372,904,989	489,419,664	402,310,967	363,249,945
Operating expenses on policy + 10%	377,707,799	493,641,149	405,328,094	367,627,622

The base run is calculated using the same assumptions as for liability adequacy testing. Changes in variables represent reasonable possible changes which, had they occurred, would have led to significant changes in insurance liabilities at the statement of financial position date. The reasonable possible changes represent neither expected changes in variables nor worst-case scenarios. A change in key variables would affect the corresponding component of the result in the same proportion.

The analysis is prepared for the change in variables, with all other assumptions remaining unchanged, and ignores changes in the values of related assets. Sensitivity was calculated for an unfavourable direction of movement. The income statement and insurance liabilities (as shown in the LAT test) are mostly impacted by changes in the net investment income and operating expenses.

17.4.28 Other provisions

Employee benefits include severance pay upon retirement and jubilee benefits. Provisions for employee benefits are the net present value of the Group's future liabilities proportionate to the years of service in the Group (the projected unit credit method). Pursuant to IAS 19 "Employee benefits" actuarial gains and losses arising on re-measurement of net liabilities for severance pay upon retirement are recognised in other comprehensive income.

These provisions are calculated based on personal data of employees: date of birth, date of commencement of employment in the Group, anticipated retirement, and salary. For each Group company, the amounts of severance pay upon retirement and jubilee benefits are in accordance with local legislations, employment contracts and other applicable regulations. Expected pay-outs also include tax liabilities where payments exceed statutory non-taxable amounts.

The probability of an employee staying with the Group includes both the probability of death and the probability of termination of employment relationship. Assumptions relating to future increases in salaries, severance pay upon retirement and jubilee benefits, as well as those relating to employee turnover depend on developments in individual markets and individual Group companies. The same term structure of risk-free interest rates is used for discounting as that in the capital adequacy calculation under Solvency II.

17.4.29 Other financial liabilities

Other financial liabilities mainly include dividend payment obligations relating to previous years.

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17.4.30 Liabilities from operating activities, lease liabilities and other liabilities

Liabilities are initially recognised at amounts recorded in the relevant documents. Subsequently, they are increased or decreased in line with documents, and reduced through payments. Liabilities from operating activities comprise liabilities for claims, for premiums from ceded retrocession business, for claims from accepted reinsurance business and for liabilities relating to retained deposits.

Since 1 January 2019 Group companies have been reporting lease liabilities as a separate item. Lease liability is initially recognised at the present value of lease payments that have not been paid on the date of recognition. The applied discount rate consists of the incremental borrowing rate and takes into account the company's credit rating and lease term, and country risk for the Group. Lease liability is measured at the commencement date by increasing the carrying amount to reflect interest on the lease liability and reducing the carrying amount to reflect the lease payments made. If the lease changes after the initial measurement, the carrying amount is remeasured to reflect any modifications or reassessments using a revised discount rate.

Other liabilities include amounts due to employees, amounts due to clients, deferred reinsurance commissions, current income tax liabilities and other short-term liabilities (accrued expenses).

17.4.31 Net premiums earned

Group companies use the accrual basis method of accounting for insurance premiums earned. The following are disclosed separately: gross (re)insurance premiums, co-insurance and retrocession premiums, and unearned premiums. These items are used to calculate net premiums written in the income statement. Premiums earned are recognised based on confirmed (re)insurance accounts or (re)insurance contracts.

Estimates are made on the basis of amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although the Group has yet to receive reinsurance accounts. Net premiums earned are calculated based on invoiced gross reinsurance premiums less invoiced premiums retroceded, both adjusted for the movement in gross unearned premiums and the change in reinsurers' share of unearned premiums. Premiums earned are estimated based on individual reinsurance contracts.

The companies monitor premiums earned by insurance group and insurance class.

17.4.32 Net claims incurred

Claims and benefits incurred are accounted for on an accrual basis. Net claims incurred comprise gross claims payments, net of recourse receivables and reinsured claims, i.e. amounts invoiced to retrocessionaires. The amount of gross claims paid includes the change in the claims provision, taking into account estimated claims and provisions for outstanding claims. Estimates are made on the basis of amounts in reinsurance contracts, which, according to contractual due dates, have already accrued, although corresponding reinsurance accounts have not been received. Claims incurred are estimated based on estimated premiums and combined ratios for individual reinsurance contracts. These items are used to calculate net claims incurred in the income statement.

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17.4.33 Investment income and expenses

Investment income and expenses are recorded separately by source of funds, i.e. in three separate registers: the non-life insurance investment register, the life insurance investment register and own funds investment register. Own fund investments support the Group's shareholders' funds, non-life insurance investments support technical provisions, and life insurance investments support mathematical provisions.

Investment income includes:

- dividend income (income from shares);
- interest income;
- net exchange gains;
- income from changes in fair value and gains on disposal of investments designated at fair value through profit or loss;
- gains on disposal of investments of other investment categories, and
- other income.

Investment expenses include:

- interest expense;
- net exchange losses;
- expenses due to changes in fair value and losses on disposal of investments designated at fair value through profit or loss;
- losses on disposal of investments of other investment categories, and
- other expenses.

These income and expenses are disclosed depending on whether the underlying investments are classified as investments held to maturity, at fair value through profit or loss, available for sale, loans and receivables, or deposits.

Interest income and expenses for investments classified as held to maturity or available for sale are recognised in the income statement using the effective interest rate method. Interest income and expenses for investments at fair value through profit or loss are recognised in the income statement using the coupon interest rate. Dividend income is recognised in the income statement when payout is authorised. Gains and losses on the disposal of investments represent the difference between the carrying amount of a financial asset and its sale price, or between its cost less impairment, if any, and the sale price in the case of investments available for sale.

17.4.34 Operating expenses

Operating expenses include:

- acquisition costs in the period;
- change in deferred policy acquisition expenses;
- other operating expenses classified by nature, as follows:
 - a. depreciation/amortisation of operating assets;
 - b. personnel costs including employee salaries, social and pension insurance costs and other personnel costs;
 - c. remuneration of the supervisory board and its committees; and payments under contracts for services;
 - d. other operating expenses relating to services and materials.

17.4.35 Other technical income and expenses and other income/revenue and expenses

Other technical income of the Group comprises income from commissions (reinsurance commissions less the change in deferred acquisition costs relating to reinsurers) and is recognised based on confirmed reinsurance accounts and estimated commission income taking into account straight-line amortisation. These include other technical income such as income on the realisation of impaired receivables, revenue from other insurance business (green card sales, claims handling as accommodation business), exchange gains and revenue from other services. This income is recognised in the income statement when services are completed or invoices issued.

Other technical expenses of the Group comprise expenses for loss prevention activities and fire brigade charges, the contribution for covering claims of uninsured and unidentified vehicles and vessels, regulator fees, foreign exchange losses, operating expenses from revaluation and other expenses.

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Other income comprises income from investment property, income arising from property, plant and equipment assets, other income not directly attributable to insurance business, and revenue from sales for non-insurance companies (including asset management revenue, such as revenue from entry and exit charges, and management fees) relating to revenue from contracts with customers recognised when control of the goods or services is transferred to the customer in an amount that reflects the consideration that is estimated to be an adequate for the sold goods or services. Revenue from contracts with customers is recognised at the fair value of the consideration received or receivable, less any returns, bonuses, rebates and volume discounts. Revenue is recognised when the customer has taken control of the goods or has received the benefits from the services rendered. For sale of goods and services, revenue is recognised when goods are delivered to the customer, or the services are rendered and collectability of the related receivables is reasonably certain. Sales revenue does not include any charges paid upon purchase or sale, in line with IFRS 15. This revenue is included in the income statement under “other income” and is presented in the pensions or “other” segments. This revenue is not multi-year in nature, is recognised on an accrual basis in the financial year and presented under note 33.

Other expenses, which are made up of non-technical items, consist of allowances for other receivables, direct operating expenses arising from investment property, impairment losses on intangible fixed assets and other extraordinary expenses. Other expenses are recognised in the income statement when the service is rendered.

17.4.36 Income tax expense

Income tax expense for the year comprises current and deferred tax. Current income tax is presented in the income statement, except for the portion relating to the items presented in shareholders’ equity; deferred tax is also presented in shareholders’ equity. Current tax is payable on the taxable profit for the year using the tax rates enacted by the date of the statement of financial position, as well as on any adjustments to tax liabilities of prior periods. Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The deferred tax amount is based on the expected manner of recovery or settlement of the carrying amount of assets and liabilities, using the tax rates effective on the date of the statement of financial position. Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group income tax expense has been determined in accordance with the requirements of each member’s local legislation.

17.4.37 Information on operating segments

Operating segments as disclosed and monitored were determined based on the different activities carried out in the Group. Segments were formed through the aggregation of operations of companies that generate revenue and expenses, including revenue and expenses arising from intra-group transactions, based on similar services provided by companies (features of insurance products, market networks, and the circumstance in which companies operate).

The operating segments are reinsurance (reinsurance business), non-life (non-life insurance business), life (life insurance business, broken down into Slovenia and international), pensions and asset management (pension insurance business in Slovenia and North Macedonia, and fund management) and the “other” segment (assistance services associated with motor, home owners and health insurance business). Section 8.1 explains in more detail how the companies are included in operating segments.

Performance of these segments is monitored based on different indicators, with net profit calculated in accordance with IFRSs a common performance indicator for all segments. The management board monitors performance by segment to the level of underwriting results, net investment income and other aggregated performance indicators, as well as the amounts of assets, equity and technical provisions on a quarterly basis.

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Asset items by operating segment as at 31 December 2021

Sava Insurance Group EUR 31 December 2021	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total	AM			
ASSETS	370,861,211	694,187,221	153,666,435	847,853,656	1,118,810,072	46,822,190	1,165,632,261	248,579,384	25,395,845	2,658,322,359	
Intangible assets	3,194,031	13,861,616	8,916,376	22,777,992	7,608,332	46,759	7,655,091	30,871,429	2,808,232	67,306,775	
Property, plant and equipment	2,464,212	35,377,174	14,216,375	49,593,549	1,849,234	1,896,304	3,745,538	489,457	44,418	56,337,174	
Right-of-use assets	192,886	2,730,815	3,762,553	6,493,368	430,632	29,558	460,190	207,331	32,651	7,386,426	
Deferred tax assets	3,688,957	1,115,818	24,199	1,140,017	626,942	9,933	636,875	21,554	0	5,487,403	
Investment property	7,899,693	2,771,050	3,192,081	5,963,131	35,583	0	35,583	382,785	0	14,281,192	
Financial investments in associates	0	0	0	0	0	0	0	0	20,479,729	20,479,729	
Financial investments:	228,470,510	512,785,009	86,829,981	599,614,990	568,792,382	41,504,468	610,296,850	34,306,093	0	1,472,688,443	
- Loans and deposits	7,574,664	3,202,386	12,961,392	16,163,778	15,772	1,622,720	1,638,492	4,469,639	0	29,846,572	
- Held to maturity	1,971,444	1,900,803	2,975,617	4,876,421	24,909,197	1,248,300	26,157,497	7,017,762	0	40,023,124	
- Available for sale	212,403,436	496,888,334	70,670,982	567,559,316	538,001,848	37,883,084	575,884,932	12,584,989	0	1,368,432,673	
- At fair value through profit or loss	6,520,966	10,793,486	221,989	11,015,475	5,865,565	750,364	6,615,929	10,233,703	0	34,386,074	
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	516,900,819	538,773	517,439,592	0	0	517,439,592	
Reinsurers' share of technical provisions	24,217,574	26,777,147	6,233,981	33,011,128	497,659	40,695	538,354	0	0	57,767,056	
Investment contract assets	0	0	0	0	0	0	0	172,836,349	0	172,836,349	
Receivables	65,891,719	64,687,883	15,081,699	79,769,582	1,399,676	857,186	2,256,862	1,179,991	842,716	149,940,870	
Receivables arising out of primary insurance business	60,539,206	57,802,959	8,590,216	66,393,175	897,128	677,557	1,574,685	37,657	0	128,544,723	
Receivables arising out of reinsurance and co-insurance business	5,125,596	3,002,694	944,338	3,947,032	1,006	3,531	4,537	0	0	9,077,165	
Current tax assets	0	18,581	220,043	238,624	88,879	1,683	90,562	1,332	0	330,518	
Other receivables	226,917	3,863,649	5,327,102	9,190,751	412,663	174,415	587,078	1,141,002	842,716	11,988,464	
Deferred acquisition costs	5,288,004	12,460,262	4,556,330	17,016,592	182,641	85,504	268,145	0	0	22,572,741	
Other assets	746,808	1,462,435	898,809	2,361,244	379,729	100,254	479,983	468,238	324,114	4,380,387	
Cash and cash equivalents	28,806,817	19,847,044	9,494,476	29,341,520	20,106,442	1,712,756	21,819,198	7,816,157	863,986	88,647,678	
Non-current assets held for sale	0	310,969	459,575	770,544	0	0	0	0	0	770,544	

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Asset items by operating segment as at 31 December 2020

Sava Insurance Group EUR 31 December 2020	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total	AM			
ASSETS	310,173,528	654,513,690	155,257,572	809,771,260	1,054,086,240	44,893,868	1,098,980,107	229,059,804	19,266,604	2,467,251,303	
Intangible assets	1,947,056	10,358,364	8,745,822	19,104,186	7,644,297	38,203	7,682,500	32,753,213	2,791,656	64,278,611	
Property, plant and equipment	2,356,848	28,243,943	13,429,584	41,673,527	1,912,628	1,888,097	3,800,725	413,828	91,563	48,336,491	
Right-of-use assets	66,195	3,372,251	4,454,591	7,826,842	664,867	12,238	677,105	60,929	17,523	8,648,594	
Deferred tax assets	3,487,337	829,759	258	830,017	582,379	2,265	584,644	22,821	0	4,924,819	
Investment property	8,031,874	3,294,530	4,350,852	7,645,382	36,925	0	36,925	406,898	0	16,121,079	
Financial investments in associates	0	0	0	0	0	0	0	0	15,056,143	15,056,143	
Financial investments:	186,826,022	474,526,385	88,172,501	562,698,886	613,086,540	38,632,943	651,719,483	28,904,946	0	1,430,149,336	
- Loans and deposits	6,193,636	2,732,127	16,441,565	19,173,692	7,665	1,596,647	1,604,311	4,824,539	0	31,796,178	
- Held to maturity	1,978,547	1,888,476	3,204,533	5,093,009	30,188,403	1,249,135	31,437,538	5,170,332	0	43,679,426	
- Available for sale	173,395,273	461,876,060	67,905,976	529,782,036	577,580,718	35,052,158	612,632,875	11,453,879	0	1,327,264,062	
- At fair value through profit or loss	5,258,567	8,029,722	620,427	8,650,149	5,309,754	735,004	6,044,758	7,456,196	0	27,409,671	
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	410,768,551	456,261	411,224,812	0	0	411,224,812	
Reinsurers' share of technical provisions	7,421,722	28,062,968	6,672,664	34,735,632	396,956	54,907	451,863	0	0	42,609,217	
Investment contract assets	0	0	0	0	0	0	0	158,765,028	0	158,765,028	
Receivables	67,448,412	68,145,529	14,886,389	83,031,918	1,394,740	781,739	2,176,479	764,083	450,606	153,871,498	
Receivables arising out of primary insurance business	60,405,297	63,844,148	9,303,689	73,147,837	1,007,483	697,333	1,704,816	27,638	0	135,285,588	
Receivables arising out of reinsurance and co-insurance business	4,461,167	1,141,721	440,023	1,581,744	484	11,181	11,665	0	0	6,054,576	
Current tax assets	325,472	0	204,359	204,359	0	0	0	0	0	529,831	
Other receivables	2,256,476	3,159,660	4,938,318	8,097,978	386,773	73,225	459,998	736,445	450,606	12,001,503	
Deferred acquisition costs	5,020,676	14,908,469	4,086,684	18,995,154	201,887	60,286	262,173	0	0	24,278,003	
Other assets	487,239	1,645,235	869,622	2,514,857	375,148	88,316	463,464	316,483	458,371	4,240,414	
Cash and cash equivalents	27,080,146	20,383,301	9,042,896	29,426,197	17,021,322	2,878,612	19,899,934	6,651,575	400,742	83,458,594	
Non-current assets held for sale	0	742,955	545,709	1,288,664	0	0	0	0	0	1,288,664	

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Equity and liabilities items by operating segment as at 31 December 2021

Sava Insurance Group EUR 31 December 2021	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
EQUITY AND LIABILITIES	393,961,667	664,179,708	156,379,206	820,558,914	1,065,381,650	46,781,050	1,112,162,699	225,318,988	106,320,085	2,658,322,359	
Subordinated liabilities	0	0	0	0	0	0	0	0	74,863,524	74,863,524	
Technical provisions	226,015,867	449,275,943	100,615,847	549,891,790	416,324,878	31,220,556	447,545,434	14,047,026	0	1,237,500,117	
Unearned premiums	27,169,894	140,791,194	37,832,354	178,623,548	823,015	405,995	1,229,010	0	0	207,022,452	
Mathematical provisions	0	0	0	0	399,577,869	29,953,695	429,531,564	14,045,715	0	443,577,279	
Provision for outstanding claims	198,362,627	303,333,536	60,231,263	363,564,799	15,923,994	860,866	16,784,860	1,311	0	578,713,597	
Other technical provisions	483,346	5,151,213	2,552,230	7,703,443	0	0	0	0	0	8,186,789	
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	523,134,539	1,048,799	524,183,338	0	0	524,183,338	
Other provisions	421,865	5,678,863	1,021,274	6,700,137	1,370,287	9,949	1,380,236	449,402	66,466	9,018,106	
Deferred tax liabilities	76,227	3,119,986	133,758	3,253,744	7,206,457	91,047	7,297,504	759,920	0	11,387,395	
Investment contract liabilities	0	0	0	0	0	0	0	172,660,266	0	172,660,266	
Other financial liabilities	0	0	584,172	584,172	0	259	259	493	0	584,924	
Liabilities from operating activities	30,836,632	11,100,202	4,157,629	15,257,831	7,730,272	498,458	8,228,730	362,392	97,794	54,783,379	
Liabilities from primary insurance business	23,849,071	7,148,115	2,575,844	9,723,959	7,654,233	442,356	8,096,589	0	0	41,669,619	
Liabilities from reinsurance and co-insurance business	6,592,809	2,046,399	1,375,017	3,421,416	76,039	18,812	94,851	0	0	10,109,076	
Current income tax liabilities	394,752	1,905,688	206,768	2,112,456	0	37,290	37,290	362,392	97,794	3,004,684	
Lease liability	191,824	2,826,494	3,925,946	6,752,440	0	30,900	30,900	216,243	32,731	7,224,138	
Other liabilities	7,072,154	39,446,744	6,117,494	45,564,238	4,298,488	725,932	5,024,420	1,841,264	2,538,078	62,040,154	
Shareholders' equity										504,077,018	
Equity attributable to owners of the controlling company										503,709,720	
Non-controlling interests in equity										367,298	

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Equity and liabilities items by operating segment as at 31 December 2020

Sava Insurance Group EUR 31 December 2020	Non-life				Life			Pensions and AM		Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total				
EQUITY AND LIABILITIES	363,097,197	590,990,338	149,996,649	740,986,988	1,011,232,998	45,219,532	1,056,452,530	203,005,131	103,709,454	2,467,251,303	
Subordinated liabilities	0	0	0	0	0	0	0	0	74,804,974	74,804,974	
Technical provisions	190,974,341	456,309,723	101,390,848	557,700,571	444,867,509	28,717,430	473,584,939	11,052,203	0	1,233,312,054	
Unearned premiums	27,322,807	146,495,865	35,644,071	182,139,936	855,782	296,317	1,152,099	0	0	210,614,842	
Mathematical provisions	0	0	0	0	427,251,899	27,338,259	454,590,158	11,051,521	0	465,641,679	
Provision for outstanding claims	162,444,795	304,295,082	63,181,438	367,476,520	16,759,828	1,082,854	17,842,682	682	0	547,764,679	
Other technical provisions	1,206,739	5,518,776	2,565,339	8,084,115	0	0	0	0	0	9,290,854	
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	408,564,749	1,039,679	409,604,428	0	0	409,604,428	
Other provisions	424,345	5,710,437	1,314,860	7,025,297	1,409,324	10,351	1,419,675	360,985	57,433	9,287,735	
Deferred tax liabilities	76,227	3,265,586	89,630	3,355,216	10,389,965	131,891	10,521,856	948,276	0	14,901,575	
Investment contract liabilities	0	0	0	0	0	0	0	158,596,453	0	158,596,453	
Other financial liabilities	-19	0	469,653	469,653	0	1,303	1,303	0	0	470,937	
Liabilities from operating activities	31,478,898	11,728,673	3,997,581	15,726,254	10,578,811	528,117	11,106,928	140,160	-39,967	58,412,273	
Liabilities from primary insurance business	26,655,354	7,538,149	2,318,996	9,857,145	9,307,748	449,586	9,757,334	0	0	46,269,833	
Liabilities from reinsurance and co-insurance business	4,823,544	688,410	1,201,889	1,890,299	85,841	37,475	123,316	0	0	6,837,159	
Current income tax liabilities	0	3,502,114	476,696	3,978,810	1,185,222	41,056	1,226,278	140,160	-39,967	5,305,281	
Lease liability	65,480	3,450,925	4,639,955	8,090,880	0	12,695	12,695	68,520	17,650	8,255,225	
Other liabilities	4,086,578	21,673,770	5,639,476	27,313,246	4,194,539	632,968	4,827,507	1,846,960	1,316,870	39,391,161	
Shareholders' equity										460,214,488	
Equity attributable to owners of the controlling company										459,721,826	
Non-controlling interests in equity										492,662	

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Income statement items by operating segment 2021

Sava Insurance Group EUR 2021	Non-life				Life			Pensions and AM	Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	103,729,231	332,570,848	68,030,805	400,601,653	167,917,411	10,061,282	177,978,693	4,264,740	0	686,574,317
Gross premiums written	112,091,269	354,307,808	80,526,761	434,834,569	168,474,253	10,233,577	178,707,830	4,264,740	0	729,898,408
Written premiums ceded to reinsurers and co-insurers	-8,738,892	-26,528,426	-10,136,059	-36,664,485	-648,912	-63,664	-712,576	0	0	-46,115,953
Change in gross unearned premiums	158,677	5,523,056	-2,191,364	3,331,692	44,932	-109,427	-64,495	0	0	3,425,874
Change in unearned premiums, reinsurers' and co-insurers' shares	218,177	-731,590	-168,533	-900,123	47,138	796	47,934	0	0	-634,012
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	772,886	772,886
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	772,886	772,886
Investment income	8,008,178	5,891,920	2,123,339	8,015,259	16,209,231	1,038,915	17,248,146	785,687	0	34,057,270
Interest income	1,764,040	2,336,467	1,927,954	4,264,422	9,239,837	1,025,272	10,265,109	549,178	0	16,842,749
Other investment income	6,244,138	3,555,453	195,385	3,750,837	6,969,394	13,643	6,983,037	236,509	0	17,214,521
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	68,641,409	77,694	68,719,103	0	0	68,719,103
Other technical income	1,355,079	8,148,158	5,193,927	13,342,085	4,178,448	24,625	4,203,073	201,918	-183	19,101,970
Commission income	798,567	4,490,122	3,192,573	7,682,695	148,332	10,629	158,961	0	0	8,640,223
Other technical income	556,512	3,658,036	2,001,354	5,659,390	4,030,116	13,996	4,044,112	201,918	-183	10,461,747
Other income	832,892	3,085,348	2,129,221	5,214,569	324,289	58,651	382,940	17,107,666	3,499,697	27,037,764
Net claims incurred	-76,849,909	-175,224,523	-34,345,496	-209,570,020	-116,910,247	-4,209,261	-121,119,509	-1,274,835	0	-408,814,273
Gross claims payments, net of income from recourse receivables	-58,451,182	-183,096,666	-41,336,370	-224,433,037	-118,261,277	-4,488,964	-122,750,241	-1,274,206	0	-406,908,665
Reinsurers' and co-insurers' shares	947,191	7,286,035	4,253,971	11,540,006	141,315	3,723	145,039	0	0	12,632,236
Change in the gross provision for outstanding claims	-35,917,831	957,746	3,042,221	3,999,967	1,156,146	300,912	1,457,058	-629	0	-30,461,435
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	16,571,912	-371,638	-305,318	-676,956	53,567	-24,932	28,635	0	0	15,923,591
Change in other technical provisions	723,394	588,148	70,273	658,421	27,762,661	-2,277,513	25,485,148	-2,994,194	0	23,872,769
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-114,983,796	-81,034	-115,064,830	0	0	-115,064,830
Expenses for bonuses and rebates	0	-217,764	-58,240	-276,004	0	0	0	0	0	-276,004
Operating expenses	-29,542,748	-102,900,724	-35,452,754	-138,353,478	-34,377,320	-3,821,589	-38,198,909	-11,362,609	-2,474,021	-219,931,765
Acquisition costs	-24,777,943	-33,960,746	-6,119,215	-40,079,961	-12,230,512	-556,504	-12,787,016	-39,299	0	-77,684,219
Change in deferred acquisition costs	162,604	-2,346,711	469,855	-1,876,856	-237,268	25,139	-212,129	0	0	-1,926,381
Other operating expenses	-4,927,409	-66,593,267	-29,803,394	-96,396,661	-21,909,540	-3,290,224	-25,199,764	-11,323,310	-2,474,021	-140,321,165
Expenses for financial assets and liabilities	-266,373	-486,480	-175,364	-661,844	-1,664,744	-32,296	-1,697,040	-211,722	-2,873,108	-5,710,086
Impairment losses on financial assets not at fair value through profit or loss	0	-13,246	0	-13,246	-148,714	0	-148,714	0	0	-161,960
Interest expense	-27,665	-66,355	-152,285	-218,640	-6,287	-707	-6,994	-2,529	-2,873,108	-3,128,936
Other investment expenses	-238,708	-406,879	-23,079	-429,958	-1,509,743	-31,589	-1,541,332	-209,193	0	-2,419,190
Other technical expenses	-464,593	-7,199,095	-4,725,309	-11,924,404	-1,037,402	-129,552	-1,166,954	-781,567	0	-14,337,516
Other expenses	-410,292	-1,391,452	-564,886	-1,956,338	-5,982	-2,654	-8,636	-90,381	-688	-2,466,335
Profit or loss before tax	7,114,859	62,864,385	2,225,515	65,089,900	16,053,955	707,269	16,761,225	5,644,703	-1,075,417	93,535,270
Income tax expense										-17,368,092
Net profit or loss for the period										76,167,178
Net profit or loss attributable to owners of the controlling company										76,074,721
Net profit or loss attributable to non-controlling interests										92,457

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Income statement items by operating segment 2020

Sava Insurance Group EUR 2020	Non-life				Life			Pensions and AM	Other	Total
	Reinsurance	Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	99,243,228	329,789,367	73,245,407	403,034,775	119,935,665	9,907,058	129,842,724	3,240,841	0	635,361,568
Gross premiums written	106,792,968	362,663,027	76,786,411	439,449,438	120,314,520	9,951,538	130,266,058	3,240,841	0	679,749,305
Written premiums ceded to reinsurers and co-insurers	-5,645,082	-28,183,838	-6,675,900	-34,859,738	-500,918	-45,162	-546,080	0	0	-41,050,900
Change in gross unearned premiums	-2,227,841	-2,687,004	2,618,081	-68,923	89,309	-9,256	80,053	0	0	-2,216,711
Change in unearned premiums, reinsurers' and co-insurers' shares	323,183	-2,002,818	516,816	-1,486,002	32,755	9,938	42,693	0	0	-1,120,126
Income from investments in subsidiaries and associates	0	0	0	0	0	0	0	0	142,088	142,088
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	142,088	142,088
Investment income	4,198,409	6,441,925	2,665,491	9,107,416	11,379,135	1,031,278	12,410,412	732,965	0	26,449,203
Interest income	2,079,078	3,003,759	2,054,419	5,058,178	7,456,627	996,002	8,452,629	561,553	0	16,151,438
Other investment income	2,119,331	3,438,166	611,072	4,049,238	3,922,508	35,276	3,957,783	171,412	0	10,297,765
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	23,008,939	34,586	23,043,525	0	0	23,043,525
Other technical income	684,412	8,387,648	3,182,674	11,570,322	2,153,238	19,440	2,172,678	116,644	0	14,544,056
Commission income	638,027	3,986,224	1,206,238	5,192,462	58,231	10,668	68,899	0	0	5,899,388
Other technical income	46,385	4,401,424	1,976,436	6,377,860	2,095,007	8,772	2,103,779	116,644	0	8,644,668
Other income	860,052	3,120,293	2,013,992	5,134,285	9,185,133	53,863	9,238,996	13,363,506	2,299,029	30,895,868
Net claims incurred	-76,011,122	-187,440,684	-41,212,850	-228,653,534	-116,246,005	-4,815,553	-121,061,559	-969,198	0	-426,695,412
Gross claims payments, net of income from recourse receivables	-56,510,782	-179,754,178	-37,346,685	-217,100,863	-120,316,271	-4,635,897	-124,952,168	-968,569	0	-399,532,382
Reinsurers' and co-insurers' shares	960,040	2,288,127	1,847,753	4,135,880	88,544	14,707	103,251	0	0	5,199,171
Change in the gross provision for outstanding claims	-18,881,000	-15,154,520	-6,292,584	-21,447,104	4,385,395	-210,681	4,174,714	-629	0	-36,154,019
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,579,379	5,179,887	578,667	5,758,554	-403,674	16,318	-387,357	0	0	3,791,818
Change in other technical provisions	209,214	1,923,931	90,532	2,014,463	41,904,082	-1,060,706	40,843,376	-2,453,481	0	40,613,572
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-35,860,767	381,125	-35,479,642	0	0	-35,479,642
Expenses for bonuses and rebates	0	-90,566	-12,687	-103,253	0	0	0	0	0	-103,253
Operating expenses	-26,090,661	-100,892,872	-35,136,793	-136,029,666	-26,091,855	-3,832,275	-29,924,130	-9,595,326	-1,576,363	-203,216,146
Acquisition costs	-22,148,662	-38,427,623	-5,048,930	-43,476,553	-8,164,129	-602,450	-8,766,579	-19,072	0	-74,410,866
Change in deferred acquisition costs	238,147	1,656,568	-876,716	779,852	522,087	21,129	543,216	0	0	1,561,215
Other operating expenses	-4,180,146	-64,121,817	-29,211,147	-93,332,965	-18,449,813	-3,250,954	-21,700,767	-9,576,254	-1,576,363	-130,366,495
Expenses for investments in subsidiaries and associates and impairment losses on goodwill	0	0	0	0	0	0	0	-1,529,820	-567,048	-2,096,868
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	-1,529,820	-567,048	-2,096,868
Expenses for financial assets and liabilities	-5,551,244	-1,471,690	-266,038	-1,737,228	-2,902,827	104,609	-2,798,218	-159,206	-2,875,885	-13,122,281
Impairment losses on financial assets not at fair value through profit or loss	-301,606	-191,287	-9,992	-201,279	-595,823	-1,087	-596,910	1	0	-1,099,794
Interest expense	-24,485	-66,137	-164,775	-230,912	-18,394	-500	-18,894	-2,421	-2,875,885	-3,152,597
Other investment expenses	-5,225,153	-1,214,267	-91,271	-1,305,537	-2,288,609	106,196	-2,182,414	-156,786	0	-8,869,890
Other technical expenses	-3,213,645	-9,711,177	-4,756,022	-14,467,199	-714,898	-241,976	-956,874	-699,619	12,935	-19,324,402
Other expenses	-283,829	-1,395,574	-1,449,903	-2,845,477	-41,860	-5,176	-47,036	-85,913	-2,907	-3,265,162
Profit or loss before tax	-5,955,185	48,660,600	-1,636,196	47,024,404	25,707,979	1,576,273	27,284,252	1,961,393	-2,568,151	67,746,714
Income tax expense										-11,360,415
Net profit or loss for the period										56,386,299
Net profit or loss attributable to owners of the controlling company										56,222,528
Net profit or loss attributable to non-controlling interests										163,771

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Inter-segment business – inter-segment consolidation eliminations

EUR	Reinsurance		Non-life		Life		Pensions and AM		Other	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Gross premiums written	77,960,454	84,890,285	273,336	198,136	0	7,452	0	0	0	0
Net premiums earned	82,436,267	84,280,252	-81,531,081	-83,589,828	-717,213	-565,894	0	0	0	0
Gross claims paid	-40,791,635	-40,791,635	-6,981,982	-6,981,982	0	0	0	0	0	0
Net claims incurred	-44,164,769	-48,837,239	36,044,151	42,599,700	441,676	163,069	0	0	0	0
Operating expenses	-21,855,737	-19,498,461	-1,775,305	-1,399,348	-808,964	-1,015,078	-121,751	-85,371	-955,269	-859,223
Investment income	49,106	87,295	0	0	0	2,485,826	8,024	3,384	0	0
Other technical income	397,241	368,240	287,282	277,813	741,172	722,217	0	0	1,387,623	1,246,185
Other income	1,196	9,884,561	41,484	44,093	145	0	0	0	9,866,317	7,976,117

Cost of intangible and property, plant and equipment assets by operating segment

EUR	Reinsurance		Non-life		Life		Pensions and AM		Other		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Investments in intangible assets	1,556,253	915,531	4,578,980	4,757,869	414,800	1,117,576	143,862	104,172	34,299	4,300	6,728,194	6,899,448
Investments in property, plant and equipment	359,691	170,565	10,460,614	5,455,876	173,053	73,737	217,191	115,350	10,100	42,923	11,220,649	5,858,451

From the first quarter of 2021 onwards, the Group presents Sava Infond in the pensions and asset management segment. In the 2020 annual report, Sava Infond was part of the “other” segment.

The Group’s insurance operations are focused on Slovenia and the Adriatic region (Serbia, Croatia, Montenegro, North Macedonia and Kosovo), while its reinsurance operations take place in global reinsurance markets.

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17.5 Standards and interpretations issued but not yet effective, and new standards and interpretations

The accounting policies adopted by the Group companies in preparing their financial statements are consistent with those of the previous financial year, except for the following new or amended IFRSs adopted for annual periods beginning on or after 1 January 2021.

Standards issued by the International Accounting Standards Board (IASB) but not yet effective

The following new standards and amendments to standards are effective for annual periods beginning on 1 January 2021 or later, and earlier application is permitted. The Group and the Company have not early adopted any of the new or amended standards and do not expect them to have a material impact on the consolidated financial statements of the Group and the separate financial statements of the Company when they become effective:

- Classification of Liabilities as Current or Non-current (amendments to IAS 1);
- Property, Plant and Equipment: Proceeds before Intended Use (amendments to IAS 16);
- reference to the conceptual framework (Amendments to IFRS 3);
- Onerous contracts: Cost of fulfilling a contract (amendments to IAS 37);
- Disclosure of Accounting Policies (amendments to IAS 1);

- Definition of Accounting Estimates (amendments to IAS 8);
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (amendments to IAS 12);
- Covid-19-Related Rent Concessions beyond 30 June 2021 (amendment to IFRS 16);
- Annual improvements 2018–2020.

Amendments to IAS 1 Presentation of Financial Statements Classification of Liabilities as Current or Non-current

The amendments are effective for accounting periods beginning on or after 1 January 2023. Early application is permitted.

The amendments clarify that the classification of liabilities as current or non-current shall be based solely on the entity's right to defer settlement at the end of the reporting period. The company's right to defer settlement for at least 12 months from the reporting date need not be unconditional but must have substance. The classification is not affected by management's intentions or expectations about whether and when the entity will exercise its right. The amendments also clarify the situations that are considered settlement of a liability.

The Group and the Company expect that the amendments, on the date when initially applied, will have no material impact on their financial statements.

Amendment to IAS 16 Property, Plant and Equipment – Proceeds before Intended Use

The amendments are effective for accounting periods beginning on or after 1 January 2022. Early application is permitted.

The amendments to IAS 16 require that the proceeds from selling items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended must be recognised, together with the cost of those items, in profit or loss and that the entity must measure the cost of those items applying the measurement requirements of IAS 2.

The amendments must be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The cumulative effect of initially applying the amendments will be recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented (if necessary).

The Group and the Company expect that the amendments, on the date when initially applied, will have no material impact on their financial statements because they have no such assets.

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Amendment to IAS 37 Onerous Contracts – costs of disputing a contract

The amendments specify which costs are to be included in determining the cost of fulfilling a contract for the purposes of assessing whether the contract is onerous. The amendments apply for annual reporting periods beginning on or after 1 January 2022 to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognised as an opening balance adjustment to retained earnings or other components of equity, as appropriate. To the best of the Group's and the Company's knowledge, no such contracts were in force at 31 December 2021.

IAS 1 Presentation of Financial Statements – Definition of Materiality

In October 2018, the IASB amended its definition of materiality, and it is consistent in all IFRS standards and the core framework. The IASB recently issued amendments to IAS 1 Presentation of Financial Statements and amendments to IFRS Guidance, which will become effective on 1 January 2023. In practice, it is a judgement of materiality that would assist the Company in providing useful disclosures about accounting policies. The key amendments to IAS 1 include:

- requiring companies to disclose their material accounting policies rather than their significant accounting policies;
- clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

- clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Group and the Company expect that the amendments, on the date when initially applied, will have no impact on their financial statements but will affect the scope of annual report disclosures.

IAS 8 Accounting Policies – Accounting Estimates

The Board has issued amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to clarify how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. The amendments are effective from 1 January 2023. The amendments introduce a new definition for accounting estimates: clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. Developing an accounting estimate includes both:

- selecting a measurement technique (estimation or valuation technique);
- choosing the inputs to be used when applying the chosen measurement technique.

The effects of changes in such inputs or measurement techniques are changes in accounting estimates. The definition of accounting policies remains unchanged.

The Group and the Company expects that the amendments, on the date when initially applied, will have no material impact on their financial statements.

Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences, e.g. leases. The amendments are effective for annual reporting periods beginning on or after 1 January 2023. For leases, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments apply to transactions that occur after the beginning of the earliest period presented.

Under the amendments, the Group will recognise a separate deferred tax asset and a deferred tax liability. The adoption of these amendments will not affect retained earnings.

Amendment to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021

The amendments apply for the period from 1 June 2020 or later (the amendments were extended to 1 April 2021). Earlier application is permitted, including in financial statements not authorised for issue at 28 May 2020. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of Covid-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The resulting accounting will depend on the details of the rent concession. For example, if the

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concession is in the form of a one-off reduction in rent, it will be accounted for as a variable lease payment and be recognised in profit or loss. The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

The Board has extended the practical expedient by 12 months – i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

This practical expedient is not available for lessors.

A lessee applies the amendments retrospectively and recognises the cumulative effect of initially applying them in the opening retained earnings of the reporting period in which they are first applied.

The Group and the Company have reviewed their leases but will not apply any concessions because the terms of the leases do not include any provision on force majeure. The impact is shown in note 3.

IFRS 17 “Insurance Contracts”

On 25 June 2020, the International Accounting Standards Board (Board) issued the final accounting standard for insurance contracts IFRS 17. During the finalisation of IFRS 17, the effective date was postponed for two years, from 1 January 2021 to 1 January 2023. The Board

further decided to align the effective date for IFRS 9 with IFRS 17 for insurance companies. Due to the postponement of the effective date for IFRS 17, the start of the comparative period was also postponed for two years, from 1 January 2020 to 1 January 2022. IFRS 4, which is currently still effective, must be applied until IFRS 17 becomes effective. IFRS 4 allows the use of local accounting practices for insurance contracts in the consolidated balance sheet. With IFRS 17, the Board has introduced common accounting guidelines for insurance contracts for the first time. The Group and the Company will apply IFRS 4 for reporting for the 2022 financial year. For the purpose of preparing comparative periods for 2022, the Group and the Company will apply IFRS 17. Data for comparative periods for 2022 will be published in the financial year 2023.

IFRS 17 determines three models for measuring insurance contracts:

- Insurance contracts are generally measured using the general measurement model (GMM), which is based on the prospective method. It is based on estimates of expected cash flows at fulfilment using current, explicit, unbiased assumptions that reflect the entity’s point of view. Estimates of expected cash flows are adjusted for the time value of money and financial risks (discounting) and for non-financial risks (risk adjustment). On initial recognition of insurance contracts, either a deferred gain (contractual service margin, CSM) is recognised systematically over the period of the contract or a loss component is recognised immediately in the income statement. The general measurement model includes a number of exceptions and specific provisions relating to groups of investment contracts,

including discretionary participation features and reinsurance contracts held by the entity.

- The standard introduces two other measurement models, which are presented below.
 - For insurance contracts with a duration of cover of one year or less and for contracts with low cash-flow variability at maturity, a simpler measurement model – the premium allocation approach (PAA) – can be applied. This simplified approach is similar to the method of calculating unearned premiums currently used to measure property and accident insurance over the duration of the cover. Under the previous approach, a provision was made for unexpired risks in the event of a loss, whereas under IFRS 17, the loss component is determined using a modified general measurement model.
 - For direct participation contracts, such as life insurance, unit-linked and index-linked policies, and certain with-profits contracts, IFRS 17 specifies a mandatory measurement model – the variable fee approach (VFA). The approach is aligned with the general measurement model, with a significant difference in the calculation of the contractual service margin, as this approach takes into account the entity’s participation in the change in fair value of the underlying items.

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The level of aggregation of insurance contracts (units of account) will be determined in accordance with the standard:

- Portfolios consisting of contracts exposed to similar risks and managed together
- Groups of contracts: on initial recognition of contracts, the contracts in each contract portfolio are classified into groups of contracts according to:
 - policy year (annual cohorts)
 - profitability, specifically:
 - onerous contracts,
 - contracts with no significant possibility of becoming onerous subsequently, and
 - other contracts.

The most significant changes to the measurement of insurance contract liabilities will be:

- the use of current, explicit, unbiased assumptions that reflect the entity's point of view to measure insurance contract liabilities,
- taking into account the time value of money (discounting),
- introducing a non-financial risk adjustment to explicitly capture uncertainty in cash flows on the performance of insurance contracts,
- introduction of contractual service margins (CSM) for unearned future profit of a group of insurance companies, which are allocated over the duration of the contract,
- separate measurement of insurance contracts and re-insurance contracts held by the entity,
- elimination of investment components from income and expenses,
- separate presentation of the underwriting result with costs directly attributable to insurance contracts,
- the introduction of the other comprehensive income

option for insurance liabilities, which reduces some volatility in profit or loss for insurers where financial assets are measured at amortised cost or fair value through other comprehensive income, in accordance with IFRS 9.

IFRS 17 implements a completely new concept of accounting for insurance contracts, which significantly changes the existing long-standing practices. Especially for longer-term contracts, the standard will have a significant effect on the income statement, and disclosures will be made on the current and expected profitability by type of insurance contract. Its implementation posed significant challenges for the Group and the Company, as it was necessary to make important adjustments to the actuarial models, to redefine the classification of insurance contracts from all the different aspects required by IFRS 17. It also fundamentally changes the way in which financial statements are prepared and the information they provide. Processes are changing significantly, and their refinement and consistent implementation will be key to the timeliness of the financial statements. It was necessary to implement a completely new tool to support all the necessary calculations, in line with IFRS 17, to ensure quality input data from existing IT systems and to build an adequate database.

At Group level, a dedicated implementation task force was set up to implement IFRS 17 and has been active since 2018. In 2022, activities will continue to be carried out to complete the project, in particular validating new methodologies and guidelines for the valuation of insurance contracts, setting up new processes to ensure timely reporting, performing transition calculations and the impact of the transition, completing all necessary new disclosures, preparing comparable data for 2022, setting up new and adjusted indicators.

Given that the standard introduces the significant changes described above and that the Group and the Company have not yet completed all IFRS reporting activities, it is not currently possible to quantify the impact on individual items of the balance sheet and income statement.

Standards issued by the International Accounting Standards Board (IASB) but not yet applied by the Group companies

IFRS 9 “Financial Instruments”

The final version of IFRS 9 “Financial Instruments” reflects all phases of the financial instruments project and replaces IAS 39 “Financial Instruments: Recognition and Measurement” and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

Due to the adoption of the new standard on insurance contracts, IFRS 17, insurance companies may defer the application of IFRS 9 until 1 January 2023. All the Group's insurance companies have taken advantage of the option to postpone application due to the application of IFRS 17 “Insurance Contracts”.

Late application is conditional upon the carrying amount of liabilities arising out of insurance business exceeding 90% of the total carrying amount of liabilities. The Group and the Company first tested the satisfaction of this condition on 31 December 2015. There have been no changes that would have a significant effect on the satisfaction of the condition since then. Compliance with conditions and disclosures under IFRS 9 are presented below.

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IFRS 9 Financial Instruments – Qualifying for the temporary deferral from IFRS 9 and specific disclosures

Sava Insurance Group

EUR	31 December 2015	As % of total liabilities
Technical provisions and liabilities from operating activities	937,776,777	79.1%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	207,590,086	17.5%
Liabilities under insurance contracts subject to IFRS 4	1,145,366,863	96.6%
Other liabilities	40,674,000	3.4%
Total liabilities*	1,186,040,863	100.0%

* Excluding equity and investment contract liabilities.

Sava Re

EUR	31 December 2015	As % of total liabilities
Technical provisions and liabilities from operating activities	268,773,864	94.7%
Liabilities under insurance contracts subject to IFRS 4	268,773,864	94.7%
Other liabilities	14,899,307	5.3%
Total liabilities*	283,673,171	100.0%

* Excluding equity.

Sava Insurance Group

EUR	31 December 2021	As % of total liabilities	31 December 2020	As % of total liabilities
Technical provisions and liabilities from operating activities	1,289,278,812	67.6%	1,286,419,046	72.5%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	524,183,338	27.5%	409,604,428	23.1%
Liabilities under insurance contracts subject to IFRS 4	1,813,462,150	95.1%	1,696,023,474	95.6%
Other liabilities	93,259,401	4.9%	77,611,914	4.4%
Total liabilities*	1,906,721,551	100.0%	1,773,635,388	100.0%

* Excluding equity, subordinated liabilities and investment contract liabilities.

Sava Re

EUR	31 December 2020	As % of total liabilities	31 December 2019	As % of total liabilities
Technical provisions and liabilities from operating activities	377,961,568	97.9%	343,272,305	98.7%
Liabilities under insurance contracts subject to IFRS 4	377,961,568	97.9%	343,272,305	98.7%
Other liabilities	8,087,664	2.1%	4,694,245	1.3%
Total liabilities*	386,049,232	100.0%	347,966,550	100.0%

* Excluding equity and subordinated liabilities.

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The other liabilities item does not include investment contract liabilities disclosed by the Slovenian pension company, as the company already applies IFRS 9 (the calculation excluding investment contracts totals 95.1%) and subordinated liabilities from the Sava Re bond issue.

The table below provides an analysis of the fair value of financial assets. They are divided into assets whose contractual cash flows consist solely of payments of principal and interest on the principal amounts outstanding (SPPI financial assets), excluding financial assets held for trading, and other financial assets.

Sava Insurance Group

EUR	SPPI financial assets			Other financial assets		
	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2021	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2021
Debt securities	1,444,193,913	19,060,701	1,463,254,614	46,041,444	-535,829	45,505,615
Equity securities	0	0	0	466,275,345	144,415,420	610,690,765
Loans and deposits*	31,970,617	-8,515,835	23,454,782	0	0	0
Cash and cash equivalents**	101,100,298	6,950,605	108,050,904	0	0	0
Total	1,577,264,829	17,495,471	1,594,760,300	512,316,790	143,879,591	656,196,381

* Including loans to subsidiaries and two IRLF deposits.

** Including IRLF cash assets of Sava Pokojninska.

Sava Re

EUR	SPPI financial assets				Other financial assets	
	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)	Fair value as at 31 December 2020	Change (purchase, sale, redemption, etc.)
Debt securities	225,258,501	50,596,644	275,855,145	7,001,226	1,373,017	8,374,243
Equity securities	0	0	0	25,643,576	6,196,999	31,840,575
Loans and deposits	4,967,639	-2,394,665	2,572,974	0	0	0
Cash and cash equivalents	27,080,146	1,726,671	28,806,817	0	0	0
Total	257,306,286	49,928,649	307,234,936	32,644,802	7,570,016	40,214,818

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The table below shows the carrying amounts of the assets whose contractual cash flows consist solely of payments of principal and

interest on the principal amounts outstanding, in view of their credit risk rating.

Sava Insurance Group

EUR	Total	AAA	AA/A	BBB	BB/B	Not rated
Debt securities*	1,450,289,186	278,919,204	661,331,831	377,261,728	68,928,318	63,848,105
Loans and deposits*	23,454,782	0	0	674,850	100,050	22,679,882
Cash and cash equivalents***	108,050,904	0	1,499,925	31,168,672	1,870	75,380,437
Total	1,581,794,871	278,919,204	662,831,756	409,105,249	69,030,239	161,908,424

* Including IRLF debt securities.

** Including loans to subsidiaries and two IRLF deposits.

*** Including IRLF cash assets of Sava Pokojninska.

Sava Re

EUR	Total	AAA	AA/A	BBB	BB/B	Not rated
Debt securities	275,386,201	101,082,457	116,052,091	42,105,779	1,767,528	14,378,345
Cash and cash equivalents	28,806,817	0	1,499,925	17,978,561	0	9,328,331
Total	304,193,018	101,082,457	117,552,017	60,084,340	1,767,528	23,706,676

The table below discloses the fair value and carrying amounts of the assets whose contractual cash flows consist solely of payments

of principal and interest on the principal amounts outstanding, and which have been assessed as not having a low credit risk.

Sava Insurance Group

EUR	Fair value as at 31 December 2021	Carrying amount as at 31 December 2021
Debt securities	132,655,067	132,776,423
Loans and deposits	3,134,535	3,134,535
Cash and cash equivalents*	1,870	1,870
Total	135,791,472	135,912,828

* Excluding deposits with cedants, but including IRLF cash assets.

Sava Re

EUR	Fair value as at 31 December 2021	Carrying amount as at 31 December 2021
Debt securities	16,145,872	16,145,872
Loans and deposits	2,572,974	2,572,974
Total	18,718,846	18,718,846

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17.6 Risk management¹³⁶

The main risk categories that the Group is exposed to are:

- insurance risks (non-life insurance risks, life insurance risks, health insurance risks),
- financial risks (market risks, liquidity risks, credit risks, risk of failure to realise guaranteed returns),
- insolvency risk,
- operational risk and
- strategic risk.

The following table shows a summary of risks in 2021.

Below is a review of risks in terms of the potential volatility of business results and the resulting impact on the financial statements of the Group and Sava Re. The potential impact in the case an extreme internal or external risk is realised and the impact of such on the Group’s solvency position is set out in the “Sava Insurance Group’s solvency and financial condition report” and in the “Sava Re’s solvency and financial condition report”.

Risk profile of Sava Insurance Group and Sava Re

Risks		Risk described in section
Insolvency risk	The Group and the Company ensure an adequate level of excess capital. In accordance with the Solvency II standard formula, capital adequacy of the Group and the Company remains within the target capital range as defined in the risk strategy and well above regulatory requirements.	17.6.2
Underwriting risks	According to capital requirements, the Group’s most important risks include non-life, life, and health underwriting risks. Risks are adequately managed, but the exposure to non-life and life insurance underwriting risks is slightly higher relative to the previous year. Sava Re is most exposed to non-life underwriting risks, which remained at a level comparable to the previous year.	17.6.3
Financial risks	The Group and the Company ensure the appropriate management of financial risks. Exposure to these risks is actively monitored and managed, and adequate diversification of the investment portfolio and management of assets and liabilities are ensured. Compared to the previous year, financial risks are at a comparable level, whereas exposure increased slightly as a result of the increased value of the investment portfolio. The Group and the Company maintain a sufficient level of highly liquid investments.	17.6.4
Operational risks	The Group and the Company actively manage operational risks by continuously improving the internal control environment and processes. Operational risks decreased slightly compared to the previous year, as the Group took an effective approach to reducing risks associated with Covid-19 and other risks, including cyber risks.	17.6.5
Strategic risks	Due to an uncertain macroeconomic environment and the situation related to Covid-19, strategic risks are an important risk category for the Group and Sava Re. These risks remain at a level similar as the previous year, and both the Group and the Company are working to limit the risks accordingly and to respond effectively and adapt to changes in the environment.	17.6.6

¹³⁶ GRI 102-11.

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17.6.1 Impact of Covid-19 pandemic

Covid-19 has been present for a year and a half now, and is still being a source of many direct and indirect and direct uncertainties related to the attainment of business results and strategic goals of the Sava Insurance Group and Sava Re. Macroeconomic conditions and the situation on the financial markets resulted in a significant improvement in 2021, and the Group and the Company financially weathered this period very well, without any major adverse effects of Covid-19 on business results. We are monitoring and analysing potential impacts and risks on a regular basis, with certain measures being adopted as necessary.

In 2021, we integrated the monitoring of Covid-19-related risks into the regular risk monitoring scheme and reported on them in risk reports. The process of monitoring the effects of Covid-19 involved all Group companies. The monitoring was carried out in terms of impact of individual risks, current business performance, liquidity and capital adequacy. These analyses and reports were taken into consideration by the management when making decisions.

Both the Sava Insurance Group and Sava Re have demonstrated the resilience of the solvency status as related to market conditions over the entire period dominated by Covid-19. The resilience of the Group's and the Company's solvency status was verified in the 2021 ORSA (which we submitted to the regulator in March 2021) against a stress scenario with high impacts on financial investments based on the 2008–2009 financial crisis. Their capital adequacy and liquidity were further verified through the EIOPA stress test, which was reported to the regulator in August 2021.

In the own risk and solvency assessment for 2022 (hereinafter: ORSA 2022), the adequacy of the solvency status of the Company and the Group was also verified for the 2022–2024 period. The basis for conducting the 2022 ORSA is the business plan of Sava Re and the Sava Insurance Group for 2022 confirmed in December 2021, and financial projections for 2023 and 2024. The capital adequacy projections in the 2022 ORSA confirmed that, over the entire strategy period, the solvency position was compliant with both statutory provisions and Group/company internal rules, ensuring continuous and adequate liquidity. In ORSA 2022, we also focused on the implementation of stress scenarios and the analysis of their impacts. We implemented two scenarios with a higher impact, i.e. the inflation scenario and the EIOPA scenario, in which the EIOPA stress test shocks were applied. In both scenarios we also considered the potential impact on the insurance portfolios of the Company and the Group. The scenarios were implemented for 31 December 2022 (with consideration of financial projections), and they both confirmed the robustness of the Sava Insurance Group's and Sava Re's capital adequacy, which is significantly higher than the required regulatory amount, even if an individual scenario is realised.

Following the emergence of Covid-19, the Group took an active approach to minimise operational risks related to the epidemic, the adjusted method of operations in Group companies, and followed the business continuity protocols. In 2020, a plan and the instructions were drafted to apply to changed circumstances or emergencies such as a period of an epidemic or a pandemic. The instructions define four phases of conduct depending on the situation intended to reduce risks and plan work

activities under different circumstances. All Group companies and thus all employees were acquainted with the plan. In accordance with the plan and consequently depending on the current situation, Group companies organised their operations according to a hybrid format in 2021 as well (combining office work with working from home).

Employees receive weekly notifications on the epidemic situation, with updates from both the authorities and the Company. Despite the challenges brought about by the current circumstances, the Group managed to maintain regular and transparent communication with its employees, which enabled the Group to quickly react and adapt to change.

Following the required adaptation to the situation due to Covid-19 and the appropriate provision of support to employees and teleworking, we also adjusted some technical measures, with the aim of increasing the protection of the operation of information systems that have become more exposed under the new system of working. We achieved this by introducing additional methods for detecting anomalies and suspicious patterns within the SIEM system, and by tightening certain policies and technical controls in this system. We also took the opportunity to integrate an advanced threat detection system on servers and final workstations and a system for more efficient system for security patch management on all types of information systems.

In 2021, the Sava Insurance Group continued with processes adjusted to remote operations related to customer relations in both underwriting and claims settlement.

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Realisation of the new annual life and pension insurance premiums in 2021 was higher than originally planned, while the aggravated business circumstances resulting from the measures did not significantly affect the underwriting of new insurance policies, as most companies achieved the planned sales results. We did not detect a material increase in the mortality rate as a result of the pandemic. Nor did we record any significant increase in unpaid premiums, cancellations or surrenders in 2021. Working with clients, which was made more difficult due to the measures imposed, was largely addressed by making increased use of digitalised business, which enabled clients to solve most matters remotely.

In the case of non-life insurance, we wrote less insurance premiums for the risk of cancellation related to travel and tourism in 2021. Concerning insurance of risk of travel cancellation, we recorded a return of travel insurance premiums for insuring trips that were not realised due to Covid-19, as travel service providers did not offer their travel services throughout the year as a result of restrictions on such. Relative to the previous year, we saw more income from motor insurance in Zavarovalnica Sava and companies outside Slovenia.

With respect to non-life insurance claims, we recorded a lower number of liquidated claims from motor vehicle insurance, liability insurance, accident insurance, and travel cancellation insurance than planned. Companies outside Slovenia recorded larger claim volumes in motor vehicle insurance and accident insurance.

The Sava Insurance Group and Sava Re remain exposed with regard to business interruption coverages resulting from Covid-19. In 2020, incurred but not yet reported provisions were set aside for business interruption business under (re)insurance contracts where grounds exist for covering claims for Covid-19 (insurance taken out in the Republic of Ireland based on the principle of the freedom to provide services in the EU, and reinsurance in the United Kingdom). These provisions relate to any expenses and damages that may be incurred. Based on reported claims, these provisions were used in 2021 to form provisions for reported but not yet paid claims. A legal regulatory risk remains in these markets that the interpretations of the policy conditions could be unfavourable and additional claims will have to be paid.

After reviewing all lease contracts pursuant to IFRS 16 within the Group and the Company, we found that the contracts do not contain force majeure clauses, so they are treated as a lease modification, while the amounts are immaterial. We have examined the investment property assets owned by the Group and the Company and find that the Covid-19 epidemic had no impact on operations. The lessees do not operate in business sectors hit by the Covid-19 epidemic. We recorded no impairment losses or write-offs of receivables due to the effects of Covid-19 within the Group or the Company. We also examined the impact of circumstances related to Covid-19 on government assistance received; however, the relevant amounts are immaterial.

The favourable effects of the measure taken by governments and associated economic stabilisation measures continued in 2021. The pandemic has changed our operations, negatively affecting supply chains, mainly in the industrial sector, but the impact on economic activity has been smaller than originally expected despite certain negative effects. Equity securities registered record growth in 2021, and credit spreads for debt securities risk remained at the previous year's level.

At the beginning of the pandemic, investment management companies suffered a drop in the value of assets under management, which in turn led to lower revenue from management commissions. The quick rise in prices of investments in securities that began in the second half of 2020 continued in 2021. In 2021, investment management companies recorded high growth in operating revenue and the value of assets under management, which can be explained by favourable developments in capital markets and negative interest rates.

Covid-19 had no significant impact on the liquidity of Group companies in 2021, as there were no major unfavourable discrepancies between the realised and planned cash flow. Sava Re has a highly liquid portfolio of financial investments, which are used for the repayment of liabilities from insurance and other contracts. To ensure liquidity, Sava Re maintains a large share of its investment portfolio invested in government bonds, cash and demand deposits. The Group companies have adequate liquidity positions. In addition to their own sources of liquidity, they keep credit lines with Sava Re as a secondary source of liquidity.

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Assessment of Covid-19-related risks and the going-concern assumption

2021 was the second year of operations in changed circumstances due to Covid-19. We now understand the risks much better than at the beginning of the pandemic and we have determined that the risks within Sava Re and the Sava Insurance Group are well managed. We do not expect Covid-19 to have a significant negative impact on key risks in the future, as the Company took an active approach to managing these risks. The legal regulatory risk that the interpretation of policy conditions related to covering suspended operations would be unfavourable in some markets and that additional claims related to Covid-19 would have to be paid remains open. The Group continuously identifies, monitors, analyses, and manages risks associated with Covid-19.

Covid-19-related uncertainties remain present in 2022, but we estimate that there will be no higher risks due to Covid-19 and, consequently, we do not expect any significant adverse effects on operations. Likewise, we do not expect the solvency of Sava Re and the Sava Insurance Group to be threatened in any way, as solvency ratios for both remain high and within reasonable expectations. We also believe that the liquidity risk within the Group is well-managed and do not expect a significant increase of this risk over the coming 12 months, so the going-concern assumption remains valid. Our assumption is based on the cash flow expected from the main activity and the composition of the investment portfolio that can provide adequate liquidity over a longer period of difficult circumstances.

¹³⁷ During the preparation of the audited annual report, the Sava Insurance Group is yet to obtain auditor-reviewed capital adequacy data as at 31 December 2021 from their certified auditor. The annual calculation with auditor assurance will be published in the “Sava Insurance Group solvency and financial condition report for 2021” to be released on 19 May 2022.

17.6.2 Capital adequacy and capital management in the Sava Insurance Group and Sava Re

The Group and Sava Re use the standard formula for calculating their capital requirements under the Solvency II regime. The calculation of the solvency capital requirement (hereinafter: SCR) is carried out once a year completely, whereas eligible own funds supporting the Group’s solvency requirements are valued on a quarterly basis. We also calculated SCR for internal purposes every quarter.

The capital requirements of the Company and the Group were met throughout 2021.

The following table shows the capital adequacy calculation for Sava Re with auditor assurance and the capital adequacy calculation for the Group without auditor assurance, both as at 31 December 2021¹³⁷. In addition, we

provide the capital adequacy calculation for Sava Re and the Group, both with auditor assurance and as at 31 December 2020.

Eligible own funds as at 31 December 2021 totalled EUR 601 million and were slightly higher than as at 31 December 2020 (EUR 567.8 million). Reasons for increased eligible own funds include the Group’s profit, the appreciation of index- or unit-linked assets, and an increase in the value of portfolio investments. The Group SCR as at 31 December 2021 is higher than the SCR as at 31 December 2020. The main impact comes from the increase in market risks, which are amplified by the appreciation of investments in equity securities and investment funds. The Group remains most exposed to non-life underwriting risk. The Group’s solvency ratio remained at the same level as at 31 December 2020. Accordingly, we assess the Group’s insolvency risk as low.

Capital adequacy of the Group and Sava Re

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Eligible own funds	601,277,146	567,780,308	615,653,390	596,036,396
Minimum capital requirement (MCR)	140,650,843	136,354,977	54,509,854	54,849,778
Solvency capital requirement (SCR)	304,404,918	287,431,589	218,039,417	219,399,112
Solvency ratio	198%	198%	282%	272%

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Overcapitalisation
over **250%**

Additional engagement or return of capital



Acceptable overcapitalisation
220–250%

Seeking ways to restructure capital use



Optimal capitalisation
180–220%

Optimal level of capital



Suboptimal capitalisation
150–180%

Potential capital restructuring



Warning capital level
100–150%

Measures to safeguard Group solvency



Sava Re’s eligible own funds as at 31 December 2021 totalled EUR 615.7 million and were slightly higher than as at 31 December 2020 (EUR 596 million). The increase in eligible own funds is mainly due to the strong profit of Sava Re. The SCR of Sava Re as at 31 December 2021 is similar to the SCR in the calculation as at 31 December 2020. Sava Re remains most exposed to market risk and non-life underwriting risk. Sava Re’s solvency ratio is marginally higher than as at 31 December 2020. Accordingly, we assess Sava Re’s insolvency risk as low.

At the Sava Insurance Group level, it is not only important to achieve regulatory capital adequacy, but to ensure that the level of capital meets the requirements of credit rating agencies for level “A” ratings, and that the Group remains solvent and is able to meet its obligations even if stress scenarios realise. To this end, the risk strategy of the Sava Insurance Group for 2020–2022, which defines the Group’s risk appetite, defines the levels of required solvency ratios, as listed below.

The Group’s solvency ratio as at 31 December 2021 indicates that the ratio is within the Group’s optimal capital range, in accordance with the risk strategy.

17.6.3 Underwriting risks

Underwriting risk arises from the Group’s (re)insurance activities, i.e. the underwriting of (re)insurance contracts, and performance of (re)insurance contracts and transactions directly related to (re)insurance activities. It relates to the risks covered under (re)insurance contracts and associated processes, and 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,
- health underwriting risk (including accident (re)insurance).

The basic purpose of life, non-life and health insurance is the assumption of risk from policyholders. In addition to the risks directly assumed by the Group’s primary insurance companies, the Group also assumes underwriting risk from cedants outside the Group through accepted reinsurance. Sava Re retains a portion of the assumed risks (from the Group and outside it) and retrocedes the portion that exceeds its capacity.

The Group and Sava Re are exposed to all three categories of risks. Accepted life reinsurance business of non-Group cedants, including accident reinsurance business, is classified as health reinsurance risk. Due to their one-year duration and according to the nature of their coverage, this life reinsurance business is comparable to accepted accident reinsurance business.

First, we present underwriting risks arising out of non-life business. This is followed by risks arising out of life and health insurance business.

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17.6.3.1 Non-life underwriting risk

Non-life underwriting risk is divided into:

- **Premium risk** is the risk that premiums written are insufficient to meet the obligations arising from (re)insurance contracts. This risk depends on many factors, such as inadequate assessment of market developments, poor assessment of claims development, use of inadequate statistics, intentionally insufficient premiums for certain 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 and
 - risk of unexpected increase in claims.

Given the Group's portfolio structure, the largest contributors to premium risk include motor vehicle and property (re)insurance fire and other damage to property, including associated business interruption insurance). The Group's premium risk remained at a level similar to the previous year, which we assess as moderate. We further assess that this risk in Sava Re is also moderate.

- **Reserve risk** is the risk that either technical provisions are insufficient to meet the obligations arising from (re)insurance contracts due to inadequate methods, inappropriate, incomplete and inaccurate data, inefficient procedures and controls or inadequate expert judgement, or misreporting, resulting in unreliable information about the financial position of the Company or the Group. These include:

- the risk of data availability and accuracy,
- the risk of adequacy of methods and assumptions used,
- the risk of a calculation error,
- the risk of complex tools used in processes yielding misleading results.

Like premium risk, most of the reserve risk originates from motor vehicle insurance and property business, for which technical provisions are also structurally the largest owing to the Group's traditional focus on such business. We assess the Group's reserve risk as similar to the previous year and moderate despite the high base, which is supported by control measures as described later in this section. We also assess the same risk for Sava Re as moderate.

- **Catastrophe risk** is the risk of an occurrence of a catastrophic event; such events are rare but their financial impact is too high to be covered merely by otherwise appropriate premiums and provisions. Catastrophe risk may materialise in the case of extreme events or a large number of catastrophic events in a short period. The risk also includes an excessive geographical accumulation of risks. The Group's portfolio is geographically relatively well diversified, with risks being slightly more concentrated in Slovenia, which is further addressed by means of the reinsurance programme. We assess the Group's disaster risk in 2021 as moderate and (given the volume of insurance portfolios) similar to the previous year. We also assess the same risk for Sava Re as moderate.

- **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 Group and the Company are not materially exposed to this type of risk. The risk of early termination of contracts in 2021 in Sava Re as well as in the Group is assessed as low and comparable to that in the previous year.

Recently, climate change risks have become a highly topical issue, which is why the Group and the Company pay more attention to them also by analysing long-term scenarios. Other underwriting risks, such as economic environment risk and policyholder behaviour risk, may be relevant, but their effect is already indirectly accounted for in the above non-life underwriting risk.

The Group's exposure to non-life underwriting risk, measured by the volume of consolidated net premiums earned by insurance class, is shown in the graph below.

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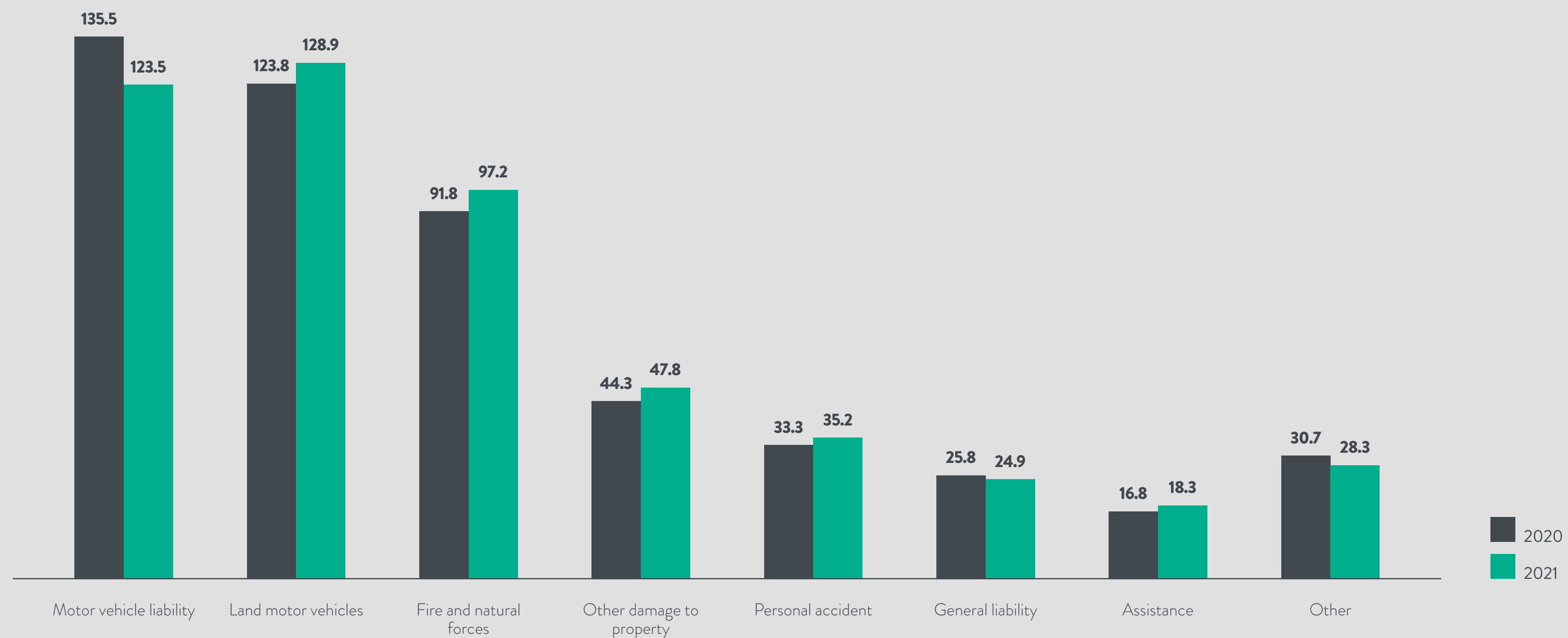
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Sava Insurance Group consolidated net non-life premiums earned¹³⁸ by class of business

(€m)



The breakdown of the Group’s net non-life premiums earned did not change significantly in 2021.

The Group has more premiums in the Adria region, where the direct Group’s subsidiaries operate; exposure to Slovenia is predominant. Diversification in 2021 remains similar to that of the previous year. Other exposures of Sava Re in other areas are relatively well diversified globally.

Because the Group as a whole has an adequate reinsurance programme in place, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic losses. A more likely scenario to which the Group is exposed to is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums.

If the Group’s net combined ratio were to change by 1 p.p. due to higher/lower underwriting risks, net profit before tax would decrease/increase by EUR 5.3 million (2020: EUR 5.2 million).

Sava Re’s exposure to non-life underwriting risk, measured by the volume of consolidated net premiums earned by insurance class, is shown in the graph below.

¹³⁸ The figure includes health insurance business, provided on a similar basis as non-life insurance business. Those risks are addressed in section 17.6.3.3. Health underwriting risk.

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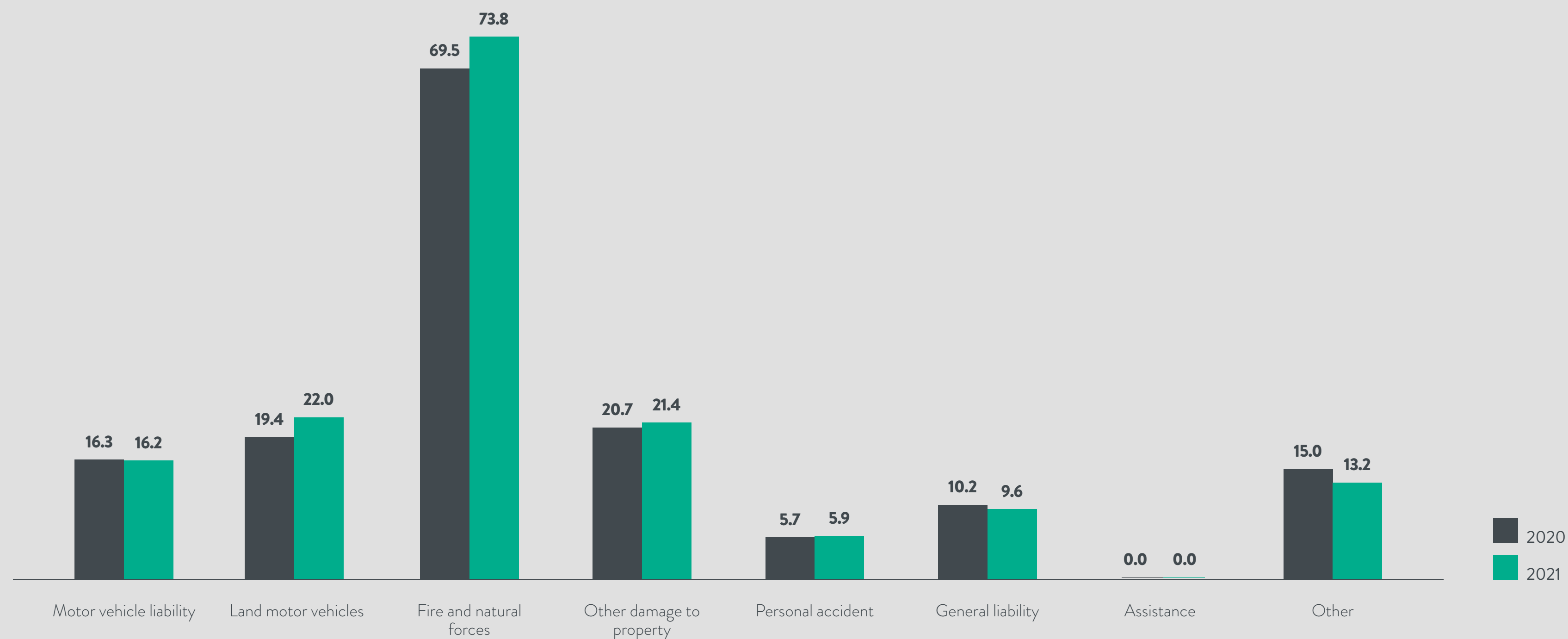
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Sava Re net non-life premiums earned by class of business¹³⁹

(€m)



The breakdown of the Sava Re’s net non-life (re)insurance premiums earned did not change significantly in 2021.

If Sava Re’s net combined ratio changed due to higher/lower underwriting risks by 1 p.p., net profit before tax would change by EUR 1.7 million (2020: EUR 1.6 million). In 2021, an additional maximum net claim of EUR 5 million would have deteriorated the combined ratio by 3.0% (2020: 3.1%).

The Group and Sava Re manage non-life underwriting risks by:

- established underwriting processes, comprising procedures and an authorisation system for the underwriting of (re)insurance contracts with higher sums insured, and a process for the underwriting of (re) insurance contracts in accordance with internal underwriting guidelines for facultative underwriting for high exposures;

- underwriting limits;
- geographical diversification;
- an appropriate actuarial pricing policy applied in product design and controlling; and
- an appropriate reinsurance programme.

The sections below explain risk management in greater detail by each non-life underwriting risk.

¹³⁹ The figure includes health insurance business, provided on a similar basis as non-life insurance business. Those risks are addressed in section 17.6.3.3. Health underwriting risk.

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Premium risk

The Group seeks to mitigate underwriting process risk by restricting authorisations for mass underwriting, as well as by means of additional training of underwriters and agents, by providing understandable, clear and detailed instructions, and by defining appropriate underwriting limits that are consistent with the business strategy, the risk strategy and the reinsurance programme. In addition, we make special efforts to offer products to appropriate target clients (to prevent mis-selling and/or adverse selection), to accept reinsurance from trusted cedants, and to ensure that appropriate limits are in place for exposure concentration by geographical location and homogeneous risk groups, which maintain favourable risk diversification.

Another underwriting process risk is PML error, the inaccurate assessment of the Probable Maximum Loss (hereinafter: PML). In order to mitigate this risk, the Group has in place guidelines for PML assessment, requirements that PML assessments are a team exercise, and ensures that the reinsurance programme covers PML error. Most accepted non-life (re)insurance contracts are renewed annually. This allows insurers to amend the conditions and rates to take into account any deterioration in the underwriting results of entire classes of business, and for major policyholders in a timely manner. Where significant primary insurance risks are involved, adequately qualified underwriting experts of the parent company are involved. Additionally, in respect of risks exceeding the limits set out in the obligatory reinsurance treaties, it is vital that adequate facultative reinsurance cover is obtained to upgrade the basic reinsurance programme.

The net retention limit per risk is set at EUR 4 million for the majority of non-life classes of insurance and a combined limit of EUR 4 million is used for the classes fire and natural forces, other damage to property and miscellaneous financial loss; a net retention limit of EUR 2 million is set for motor liability and for marine. In principle, this caps any net claim arising out of any single loss event at a maximum of EUR 4 million.

The Group seeks to mitigate price risk before launching a product by making in-depth market analyses, staying informed (media, competitors, clients), monitoring applicable regulations and associated requirements, and monitoring historical claim trends (for the entire market) and forecasts. In respect of obligatory proportional reinsurance treaties, Sava Re follows the fortune of its ceding companies, while with non-proportional and facultative contracts, the decision on assuming a risk is on Sava Re. It follows from the foregoing that in order to manage this risk, it is essential to review the practices of existing and future ceding companies and to analyse developments in the relevant markets and in the relevant classes of insurance. Consequently, coverage may only be granted by taking into account internal underwriting guidelines, whereby, based on available information and the set prices, as well as other relevant contractual provisions, the results need to comply with the target combined ratios. The suitability of pricing is verified through modelling and other detailed profitability reviews.

The Group mitigates claims risk through in-depth assessments of underwriting process risk, by restricting the authorisations in the underwriting process, and by developing IT support that allows an accurate overview of claims accumulation. For accepted reinsurance, this risk, too, can be managed by means of special clauses in proportional reinsurance contracts, which limit the reinsurer's share of unexpected claims, and by not accepting unlimited layers under non-proportional contracts. Also central to reducing this risk is the annual testing of the appropriateness of reinsurance protection using a variety of stress tests and scenarios, and setting appropriate retentions. Retention levels and per risk reinsurance protection in 2021 remain similar to the previous year.

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Reserve risk

The Group manages reserve risk by means of robust processes and effective controls as regards the calculation of technical provisions in accordance with both IFRS and Solvency II regulations. In addition, it conducts annual backtesting of the appropriateness of technical provisions, analysing any major reasons for their insufficiency. Insufficiency of technical provisions and may occur because of inaccurate actuarial estimates or an unexpectedly unfavourable loss development. It may be a result of new types of losses that have not been excluded in cedants' insurance conditions and for which no claims provisions have yet been established, which is common with liability insurance contracts, but can also occur due to changed court practices. All experience so gained is then used in the calculation of future technical provisions.

By documenting and understanding such a process, the Group can identify and describe potential risks, such as the:

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

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

Such controls include:

- reconciliation of technical provision items with accounting records,
- peer review of actuarial methods and assumptions,
- changes to management controls relating to the IT tools used in the process,
- actuarial review and approval of the level of technical provisions.

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

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Back-testing of the adequacy of technical provisions in 2021

Unearned premiums are established by Group members on a pro rata basis at the insurance policy level. In addition to unearned premiums, Group companies establish provisions for unexpired risks for those homogeneous risk groups where the combined ratio (loss ratio plus expense ratio) is expected to exceed 100%, as described in the notes to technical provisions.

The adequacy of the values of claims provisions or technical provisions is verified through a run-off analysis. This can only be applied to past years – the further back in

time, the more precise the results. Given that technical provisions are calculated using consistent actuarial methods, we can conclude, based on past discrepancies between originally estimated liabilities and subsequently established liabilities at individual dates of the statement of financial position, that the provisions as at 31 December 2021 are adequate. Due to the difference in posting claims provisions for accepted reinsurance and primary insurance business (discussed later in this section), the run-off analysis was made separately for primary insurance and reinsurance business; in the latter case, we only show the accepted business of cedants outside the Group

to show the adequacy of gross provisions at the Group level.

Group primary insurance companies record and analyse claims provision data by accident year. The table below shows an analysis of gross claims provisions established by the Group for liabilities under non-life primary insurance contracts. Amounts were translated from local currencies into euros using the exchange rate prevailing at the end of the year (provisions) or in the middle of the year (claims paid).

Adequacy analysis of gross claims provisions for the Sava Insurance Group's non-life insurance business

EUR thousand	Year ended 31 December										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Estimate of gross liabilities											
As originally estimated	263,656	290,474	293,024	311,809	303,797	315,019	316,571	306,605	322,951	346,466	343,009
Re-estimated as of 1 year later	231,464	246,795	248,046	251,859	256,163	257,770	258,309	264,187	283,206	292,921	
Re-estimated as of 2 years later	212,386	230,046	217,644	232,333	219,341	216,531	233,594	244,539	254,527		
Re-estimated as of 3 years later	201,545	207,383	207,626	205,138	186,403	199,615	218,803	224,693			
Re-estimated as of 4 years later	184,794	200,463	186,044	179,712	172,869	186,891	206,185				
Re-estimated as of 5 years later	179,412	183,289	165,665	168,496	162,831	179,309					
Re-estimated as of 6 years later	165,228	166,507	157,862	160,715	158,944						
Re-estimated as of 7 years later	149,122	160,051	152,375	157,827							
Re-estimated as of 8 years later	144,876	156,603	151,389								
Re-estimated as of 9 years later	142,343	155,958									
Re-estimated as of 10 years later	140,287										
Cumulative gross redundancy (latest estimate – original estimate)	123,369	134,516	141,635	153,983	144,853	135,710	110,386	81,912	68,424	53,546	
Cumulative gross redundancy as % of original estimate	46.8%	46.3%	48.3%	49.4%	47.7%	43.1%	34.9%	26.7%	21.2%	15.5%	

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The cumulative gross redundancies for the accident years from 2016 to 2019 increased compared to amounts at the end of the preceding year, which were 40.7%, 30.9%, 20.2% and 12.3% of original estimates.

The Group cannot use triangles organised by accident year data for recording claims provisions in respect of accepted reinsurance business. This is because ceding companies report claims under proportional treaties broken down by underwriting year. As claims under one-year policies written during any one year may occur either in the year the policy is written or in the year after, data on losses for proportional reinsurance contracts is only broken down by underwriting year. Furthermore, some markets renew treaty business during the year, resulting

in additional discrepancies between the underwriting year and the accident year. Due to these specifics, the Group provides data on reinsurer's share by underwriting year. The estimated liabilities relate to claims that have already been incurred (reported and not reported) and the settlement of which is covered by the claims provision, and claims arising from accepted contracts that have not yet been incurred and the settlement of which is covered by unearned premiums less deferred commission.

The table below therefore shows originally estimated gross or net liabilities with claims provisions included at any year-end plus unearned premiums less deferred commission, which is compared to subsequent estimates of these liabilities.

Adequacy analysis of gross technical provisions of Sava Re for non-Group accepted reinsurance business

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	94,883	121,735	123,079	125,023	142,850	146,463	149,017	150,198	163,050	183,917	219,519
Re-estimated as of 1 year later	100,258	109,506	107,622	119,263	132,998	127,717	132,200	143,738	152,741	165,885	
Re-estimated as of 2 years later	93,476	103,445	107,313	112,468	122,748	119,454	129,376	136,424	148,246		
Re-estimated as of 3 years later	94,547	101,933	104,790	157,689	117,864	120,620	126,985	135,101			
Re-estimated as of 4 years later	92,404	100,548	99,270	103,714	119,066	117,370	126,431				
Re-estimated as of 5 years later	92,661	97,783	97,472	106,072	118,033	117,930					
Re-estimated as of 6 years later	89,848	96,073	99,853	104,740	117,088						
Re-estimated as of 7 years later	87,720	97,321	98,776	104,385							
Re-estimated as of 8 years later	88,510	96,944	98,682								
Re-estimated as of 9 years later	88,517	96,915									
Re-estimated as of 10 years later	88,740										
Cumulative gross redundancy (latest estimate – original estimate)	6,144	24,820	24,398	20,637	25,762	28,533	22,585	15,097	14,804	18,031	
Cumulative gross redundancy as % of original estimate	6.5%	20.4%	19.8%	16.5%	18.0%	19.5%	15.2%	10.1%	9.1%	9.8%	

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The cumulative gross redundancies for the underwriting years from 2016 to 2019 increased compared to amounts at the end of the preceding year, which were 19.9%, 14.8%, 9.2% and 6.3% of original estimates.

When establishing technical provisions, the Group takes into account any under-reserved technical provisions

identified on the subsidiary company level, recognising any identified deficiencies at the Group level. As at 31 December 2021, there were no above-mentioned deficiencies.

We also analyse Sava Re's gross provisions in a similar way.

Adequacy analysis of gross technical provisions for Sava Re

EUR thousand	Year ended 31 December											
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Estimate of gross liabilities												
As originally estimated	173,525	206,099	199,339	207,416	209,963	218,615	224,093	225,314	253,098	290,564	326,187	
Re-estimated as of 1 year later	169,377	179,499	170,890	183,590	191,260	191,207	196,533	212,977	230,594	266,524		
Re-estimated as of 2 years later	155,552	169,304	160,099	174,579	175,447	177,623	193,586	201,337	226,207			
Re-estimated as of 3 years later	155,334	158,181	156,865	251,220	165,546	179,783	188,634	198,852				
Re-estimated as of 4 years later	145,246	155,634	147,772	157,337	168,051	173,940	187,557					
Re-estimated as of 5 years later	143,162	149,283	142,401	160,186	164,979	174,546						
Re-estimated as of 6 years later	135,956	144,100	144,796	158,029	164,560							
Re-estimated as of 7 years later	129,809	144,541	143,401	158,146								
Re-estimated as of 8 years later	129,516	144,271	144,228									
Re-estimated as of 9 years later	128,827	144,727										
Re-estimated as of 10 years later	128,108											
Cumulative gross redundancy (latest estimate – original estimate)	45,417	61,372	55,111	49,270	45,403	44,070	36,536	26,462	26,891	24,041		
Cumulative gross redundancy as % of original estimate	26.2%	29.8%	27.6%	23.8%	21.6%	20.2%	16.3%	11.7%	10.6%	8.3%		

The cumulative gross redundancies for underwriting years 2016–2019 increased if compared to amounts as at the end of the preceding year, which were 20.4%, 15.8%, 10.6% and 8.9% of original estimates.

Similarly, we can monitor the analysis of the run-off of the net provision for outstanding claims or technical provisions, which is also divided into primary insurance and accepted reinsurance business. As the ceded reinsurance of primary insurance has already been deducted from net provisions, accepted reinsurance for the purposes of the analysis of the Group and for purposes of the analysis of Sava Re is the same.

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Adequacy analysis of net claims provisions for the non-life insurance business of the Sava Insurance Group

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	202,646	221,247	230,702	245,550	248,733	256,335	258,053	251,559	260,078	266,834	261,000
Re-estimated as of 1 year later	176,960	194,064	195,513	205,541	207,936	210,200	211,896	212,512	218,989	222,957	
Re-estimated as of 2 years later	166,099	180,807	175,819	188,209	178,822	177,350	189,427	191,353	195,745		
Re-estimated as of 3 years later	157,694	166,024	166,627	167,113	152,494	161,860	173,728	175,248			
Re-estimated as of 4 years later	146,685	160,089	150,076	146,970	140,302	148,927	163,418				
Re-estimated as of 5 years later	142,166	146,960	134,032	137,028	130,165	142,606					
Re-estimated as of 6 years later	131,404	133,855	127,022	129,084	126,848						
Re-estimated as of 7 years later	118,827	128,105	121,236	126,604							
Re-estimated as of 8 years later	115,013	124,044	120,283								
Re-estimated as of 9 years later	112,026	123,438									
Re-estimated as of 10 years later	110,333										
Cumulative gross redundancy (latest estimate – original estimate)	92,313	97,809	110,419	118,946	121,884	113,729	94,635	76,311	64,332	43,877	
Cumulative gross redundancy as % of original estimate	45.6%	44.2%	47.9%	48.4%	49.0%	44.4%	36.7%	30.3%	24.7%	16.4%	

Analysis of the amount of net technical provisions for accepted reinsurance or net technical provisions of Save Re

EUR thousand	Year ended 31 December										
Estimate of gross liabilities	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
As originally estimated	156,370	174,480	173,344	177,031	194,262	200,824	204,479	204,392	222,739	259,627	278,603
Re-estimated as of 1 year later	144,939	153,136	153,577	161,973	175,595	175,066	178,102	192,189	207,659	237,256	
Re-estimated as of 2 years later	132,255	147,655	142,529	151,267	159,178	158,850	171,432	179,817	201,645		
Re-estimated as of 3 years later	136,571	136,270	137,887	217,817	147,913	157,175	165,987	176,628			
Re-estimated as of 4 years later	125,973	132,322	127,700	131,429	146,688	151,959	164,308				
Re-estimated as of 5 years later	122,826	125,137	120,791	131,813	144,196	151,660					
Re-estimated as of 6 years later	116,306	119,238	121,578	129,328	142,752						
Re-estimated as of 7 years later	110,470	118,405	119,416	128,404							
Re-estimated as of 8 years later	109,444	117,369	119,004								
Re-estimated as of 9 years later	108,680	116,795									
Re-estimated as of 10 years later	108,405										
Cumulative gross redundancy (latest estimate – original estimate)	47,965	57,684	54,341	48,627	51,511	49,164	40,171	27,763	21,094	22,371	
Cumulative gross redundancy as % of original estimate	30.7%	33.1%	31.3%	27.5%	26.5%	24.5%	19.6%	13.6%	9.5%	8.6%	

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Lapse risk

It is estimated that lapse risk is less important for the Group, as the vast majority of non-life insurance policies is written for one year and cannot be terminated early without the insurer's consent (except in case of premium default or if the subject-matter of the insurance policy is no longer owned by the policyholder or has been destroyed due to a loss event). The majority of accepted reinsurance contracts is also written for a period of one year. The risk associated with these contracts is also mitigated by nurturing good business relations with policy holder cedants and by closely analysing the market situation.

Catastrophe risk

The Group manages catastrophe risk by means of a well-designed underwriting process, by controlling risk

concentration for products covering larger complexes against natural disasters and fire, by geographical diversification, and by adequate retrocession protection against natural and man-made catastrophes. In managing these risks, due consideration is given to the fact that maximum net aggregate losses in any one year are affected by both the maximum net claim arising from a single catastrophe event and the frequency of such events.

An appropriate reinsurance programme is important for managing the underwriting risk to which the Group is exposed. Sava Re uses retrocession treaties to diversify risk appropriately. The reinsurance programme is set up to reduce exposure to potential single large losses or the effect of a large number of single losses arising from the same loss event. The Group considers its reinsurance programme (including proportional and non-proportion-

al reinsurance) to be appropriate in view of the risks to which it is exposed. Net retention limits set by the Group are only rarely applied. The Group also concludes co-insurance and reciprocal contracts with other reinsurers to further disperse risks.

The risk related to natural catastrophes is assessed as the largest risk among non-life underwriting risks of the Company and the Group. The Company has the highest exposure to natural disasters in Slovenia, whereas exposures elsewhere are relatively well-diversified globally.

The following table shows the Company's gross natural catastrophe exposures for the 10 countries with the highest exposure as at 31 December 2021.

Gross exposure to natural catastrophes by country¹⁴⁰

EUR thousand	31 December 2021	31 December 2020
Slovenia	465,535	276,415
Croatia	45,868	49,999
China	45,109	38,233
India	35,302	29,616
Germany	33,133	32,353
North Macedonia	32,192	28,184
Serbia	32,126	33,469
Turkey	30,725	31,046
Great Britain	30,219	31,142
Taiwan	29,771	25,867
Total	779,980	576,324

¹⁴⁰The balances as at 31 December 2020 are presented for comparison; they are not necessarily the highest exposures in the year.

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Exposure to Slovenia is higher compared to the previous year due to higher exposure under quota share reinsurance business written with Zavarovalnica Sava.

At the Group level, the exposure to natural catastrophes is higher than shown above only in the regions where the Group companies underwrite property insurance; the

Gross aggregate exposures in Slovenia by peril

EUR thousand ¹⁴¹	2021	2020
Flood	12,469,313	11,957,377
Earthquake	13,298,175	10,278,567
Storm and hail	51,152,165	50,011,579

The Group's primary insurance business and separately accepted non-Group reinsurance business is protected against natural catastrophes based on non-proportional catastrophe excess-of-loss coverages for own account. Even prior to the operation of the non-proportional protection, the portfolio of earthquake (re)insurance business of the Group's cedants is protected by a quota share retrocession treaty. This means that if a major event occurs, the Group will suffer a loss equal, at most, to the amount of the priority of the catastrophe excess-of-loss cover plus a reinstatement premium; the priority of the catastrophe programme for Group business remained unchanged in 2021 at EUR 5 million, while the priority of the catastrophe programme for non-Group accepted reinsurance was reduced to EUR 4 million in 2021, resulting in reduced net exposure to a catastrophic event in this portfolio. If the Group makes additional use of the coverage, it is subject to provisions concerning rein-

largest gross aggregate exposure to natural catastrophes is thus concentrated in Slovenia. The Group has in place a catastrophe reinsurance programme (detailed below), under which it covers a maximum of EUR 5 million per event, with the remainder ceded to reinsurers. The following table gives the gross aggregate exposures in Slovenia by peril.

statements, meaning that it would purchase protection for the remaining period of cover. This is a common instrument available in the international reinsurance market at a price that is usually lower than the original cover due to the shorter coverage period. To cap the aggregate amount of claims in a period, the Slovenian portfolio is further covered by an aggregate reinsurance cover. It ensures that the Group remains solvent even if several catastrophic events occur in a single year.

Apart from the abovementioned reduction in the priority of the catastrophe programme for accepted reinsurance of cedants outside the Group, the reinsurance programme was adjusted to the changes in accepted business (termination of FoS business) compared to the previous year, but it did not change significantly from the previous year. In this way, the Group maintains catastrophe risk at a level comparable to 2020.

Assessed risk exposure in 2021 compared to 2020

We estimate the Group's non-life underwriting risk as moderate and well managed, and it remains at a similar level to the previous year. Net non-life premiums written dropped by 0.8% in 2021.

According to our assessment, the likelihood that the non-life underwriting risk will seriously compromise the Group's or Sava Re's financial stability is estimated as low, while there are no significant differences between 2021 and 2020.

17.6.3.2 Life underwriting risk

The main life underwriting risks are:

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

¹⁴¹ The data compiled are as at 30 June of each year.

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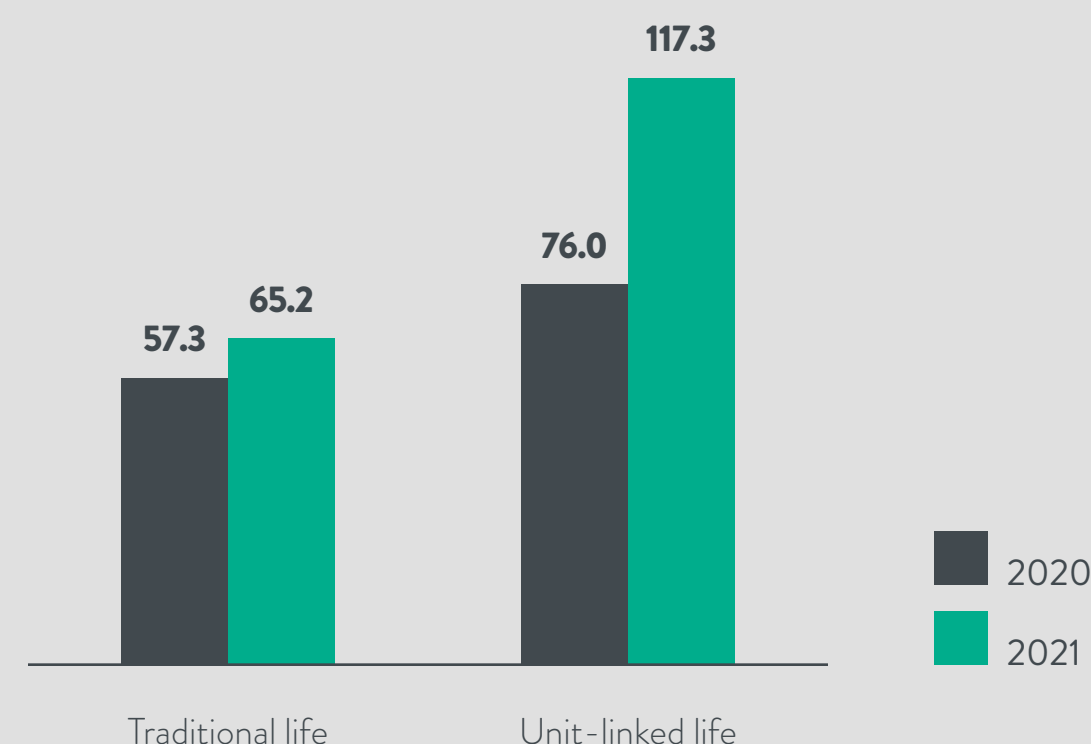
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The Group is moderately exposed to life underwriting risk. The Group's main exposure to life underwriting risk is in the EU. The structure of net premiums earned from the Group's life insurance business is shown in the chart below.

Consolidated net premiums earned of the Sava Insurance Group by line of business (€m)



Sava Re's exposure to life underwriting risk is low. In 2021, net premiums earned from the reinsurance of traditional life insurance amounted to EUR 548 thousand (2020: EUR 515 thousand) and net premiums earned from unit-linked life insurance EUR 42 thousand (2020: EUR 50 thousand).

The Group's key exposures are to lapse risk, mortality risk and expense risk. Other risks related to the Group's life insurance business are lower and are therefore not discussed in detail herein.

Lapse risk is the risk of an increase or decrease in lapse rates (rate of early termination of contracts) due to surrenders, conversions to paid-up status, or premium default. Risk levels depend on the use of adequate statistics, identification of terminations for various reasons in an underwriting year, and economic situation, which, to a certain extent, affect the behaviour of policyholders. Risk levels also depend on competitive insurance products available in the market, and advice provided by insurance intermediaries and financial advisers.

The Group manages lapse risk mainly by means of quarterly monitoring of the number and percentage of policies lapsed, by restricting surrenders if an approval by the insurer is required, and by the systematic prevention of insurance rearrangements by intermediaries.

Mortality risk is the risk that the actual mortality of insured persons will turn out to be greater than projected in mortality tables used during premium pricing. Risk levels depend on the use of adequate statistics and identification of insured persons with an increased mortality risk due to health reasons or a risky lifestyle.

The procedures used to manage mortality risk are: consistent application of underwriting protocols, which specify in detail the deviation from normal mortality risk, regular monitoring of exposures and adequacy of mortality tables used, and appropriate reinsurance protection.

Life expense risk is the risk that the actual expenses incurred in servicing life insurance contracts turn out to be greater than projected in pricing. Risk levels depend on the use of adequate statistics, and an increase in the actual expenses incurred in servicing life insurance contracts.

Life-expense risk is managed by the Group by periodic monitoring of the expenses incurred in servicing life insurance contracts, monitoring the macroeconomic situation (e.g. inflation), and appropriately planning the servicing of expenses for the coming years.

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Besides the above-specified ways in each type of life-insurance business, the Group also controls life underwriting risks by regularly monitoring the life portfolio structure, exposure, premium payment patterns, lapse rates and expenses incurred in a specific period, as well as by analysing the appropriateness of the modelling of the expected mortality, morbidity, and lapse rates. The information so obtained allows for timely action in the case of adverse developments in these indicators.

The Group additionally manages life underwriting risk by strictly following underwriting and risk assessment procedures. These specify the criteria and terms of approving risk acceptance. At given premium rates, risk assumption depends on the age at entry and the requested sum insured. The Group accepts risks if the insured's health, as a measure of risk quality, is in line with table data listing criteria for medical examinations. An additional factor in the assumption of risks is lifestyle, including leisure activities and occupation. The Group has in place an appropriate reinsurance programme in order to limit the impact of underwriting risk (death and additional risks); covers are generally on a proportional basis. The retention of insurance companies does not exceed EUR 100,000.

There is no significant concentration of life underwriting risk at the Group level, as the portfolio is well-diversified in terms of the age of the insured persons, the remaining period of insurance, exposures (of sums insured and sums at risk), and premium payment schedule. The portfolio is also diversified in terms of the percentage of policies lapsed in a period, expenses and mortality, and morbidity rates by product.

Assessed risk exposure in 2021 compared to 2020

We estimate the Group's life underwriting risk as moderate and well managed, remaining at a similar level to 2020.

17.6.3.3 Health underwriting risk

Health underwriting risk includes:

- health underwriting risks pursued on a similar technical basis as non-life insurance (hereinafter: NSLT health business);
- health underwriting risks pursued on a similar technical basis as life insurance (hereinafter: SLT health business).

The Group is exposed to both types of health underwriting risk. The majority of the exposure relates to accident insurance, which is classified as NSLT health insurance, while the exposure to SLT health insurance is very small.

NSLT health underwriting risks are, inherently, very similar to non-life underwriting risks and are therefore discussed in greater detail in section 17.6.3.1 Non-life underwriting risk focusing on non-life business. The Group applies similar techniques to manage them, i.e. by means of a well-designed underwriting process, control of risk concentration for accident and health insurance products, and adequate reinsurance protection.

SLT health underwriting risks are by their nature very similar to life underwriting risks, and are therefore managed by the Group using similar techniques. They are discussed in greater detail in section 17.6.3.2 "Life underwriting risk".

Assessed risk exposure in 2021 compared to 2020

We consider the Group's and Sava Re's exposure to health underwriting risk in 2021 low and comparable to 2020.

17.6.4 Financial risks

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

The value of the investment portfolio includes the following balance sheet items: financial investments, investment property, investments in subsidiaries, cash and cash equivalents, and assets held for the benefit of policyholders who bear the investment risk.

As at 31 December 2021, the balance-sheet value of this investment portfolio stood at EUR 2,113.5 million (31 December 2021: EUR 1956.0 million).

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In terms of risk, the investment portfolio portion focused on the assets held for the benefit of policyholders who bear the investment risk (hereinafter: KSNT) can be divided into:

- The investments of policyholders relating to the liabilities of unit-linked life business where policyholders fully bear the full investment risk. This part of the investment portfolio is invested in mutual funds selected by policyholders (matching of assets and liabilities). In accordance with the revaluation of investments in mutual funds based on market rates, mathemati-

cal provisions are also revalued, so these investments are excluded from the risk analysis, but the data is presented in the tables below showing the entire investment portfolio. The value of these investments was EUR 447.2 million at the end of 2021 (in 2021: EUR 325.4 million).

- Investments supporting the liabilities of unit-linked life business for which the insurer provides guaranteed unit values. For this part of the investment portfolio, the insurance company assumes the risk of achieving the guaranteed return and all market risks. The Com-

pany defines an investment policy for this investment portfolio part, which covers various types of investments included in a more detailed analysis of financial risks, as the insurance company assumes them in full.

This portion of the investments of assets of policyholders who assume investment risk from the point of view of the insurance company's financial risk exposure is shown in the table below, together with investments supporting non-life and traditional life insurance.

Value and structure of the investment portfolio in terms of financial risk assumption as at 31 December 2021

Sava Insurance Group EUR	IRLF					Investments exposed to financial risk
	Non-life	Life	Insurer investments*	Policyholder investments**	Total	
Deposits and CDs	12,605,079	5,956,618	2,008,600	0	20,570,296	20,570,296
Government bonds	445,328,578	273,171,403	36,001,448	0	754,501,428	754,501,428
Corporate bonds	266,180,211	325,955,892	30,297,820	0	622,433,923	622,433,923
Shares (excluding strategic shares)	9,843,601	26,122,084	0	0	35,965,685	35,965,685
Mutual funds	28,522,221	7,338,860	1,977,081	447,154,643	484,992,805	37,838,159
Bond and money market	16,019,824	1,874,078	1,977,081	36,183,144	56,054,123	19,870,979
Mixed	0	0	0	89,947,477	89,947,477	0
Equity funds	12,502,397	5,464,782	0	321,024,022	338,991,201	17,967,179
Infrastructure funds	44,532,966	0	0	0	44,532,966	44,532,966
Real estate funds	14,209,049	1,637,010	0	0	15,846,059	15,846,059
Loans granted and other investments	1,539,703	134,836	0	0	1,674,539	1,674,539
Deposits with cedants	9,610,337	0	0	0	9,610,337	9,610,337
Financial investments	832,371,745	640,316,702	70,284,949	447,154,643	1,990,128,039	1,542,973,392
Financial investments in associates	20,479,729	0	0	0	20,479,729	0
Investment property	14,245,609	35,583	0	0	14,281,192	14,281,192
Cash and cash equivalents	63,072,752	10,904,760	14,670,166	0	88,647,678	88,647,678
Investment portfolio	930,169,835	651,257,045	84,955,115	447,154,643	2,113,536,638	1,645,902,262

* Investments supporting the liabilities of unit-linked life business with which the insurer covers guaranteed unit values and assumes market risk.

** Investments for the benefit of life-insurance policyholders who bear the investment risk (mutual funds selected by policyholders).

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Value and structure of the investment portfolio in terms of financial risk assumption as at 31 December 2020

Sava Insurance Group EUR	IRLF				Total	Investments exposed to financial risk
	Non-life	Life	Insurer investments*	Policyholder investments**		
Deposits and CDs	16,102,323	6,313,121	4,009,072	0	26,424,516	26,424,516
Government bonds	380,228,980	284,098,960	42,676,308	0	707,004,249	707,004,249
Corporate bonds	266,591,940	348,741,130	35,163,791	0	650,496,861	650,496,861
Shares (excluding strategic shares)	11,591,702	27,010,594	0	0	38,602,296	38,602,296
Mutual funds	27,474,663	10,838,412	3,959,090	325,416,550	367,688,715	42,272,165
Bond and money market	21,127,570	8,748,033	3,959,090	23,275,952	57,110,645	33,834,693
Mixed	0	0	0	67,674,586	67,674,586	0
Equity funds	6,347,093	2,090,379	0	234,466,012	242,903,484	8,437,472
Infrastructure funds	27,436,468	0	0	0	27,436,468	27,436,468
Real estate funds	12,840,307	1,500,001	0	0	14,340,307	14,340,307
Loans granted and other investments	2,012,039	107,531	0	0	2,119,569	2,119,569
Deposits with cedants	7,261,165	0	0	0	7,261,165	7,261,165
Financial investments	751,539,587	678,609,747	85,808,262	325,416,550	1,841,374,148	1,515,957,597
Financial investments in associates	15,056,143	0	0	0	15,056,143	0
Investment property	16,084,154	36,925	0	0	16,121,079	16,121,079
Cash and cash equivalents	60,299,894	13,656,927	9,501,773	0	83,458,594	83,458,594
Investment portfolio	842,979,778	692,303,599	95,310,036	325,416,550	1,956,009,964	1,615,537,270

* Investments supporting the liabilities of unit-linked life business with which the insurer covers guaranteed unit values and assumes market risk.

** Investments for the benefit of life-insurance policyholders who bear the investment risk (mutual funds selected by policyholders).

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As at 31 December 2021, the Sava Re investment portfolio totalled EUR 688.6 million (31 December 2020: EUR 623.7 million) and consists of:

- financial investments (2021: EUR 327.8 million; 2020: EUR 269.5 million);
- financial investments in subsidiaries and associates

- (2021: EUR 324.1 million; 2020: EUR 319.1 million)
- investment property (2021: EUR 7.9 million; 2020: EUR 8.0 million)
 - cash and cash equivalents (2021: EUR 28.8 million; 2020: EUR 27.1 million).

In 2021, the value of Sava Re's investment portfolio exposed to financial risk increased by EUR 64.9 million compared to year-end 2020, which is explained in section 9.2.1.1 "Investment portfolio" of the business part of the report.

Value and structure of the investment portfolio in terms of financial risk assumption

Sava Re							
EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Absolute change	Movement (p.p.)	
Government bonds	179,718,397	26.1%	132,857,699	21.3%	46,860,698	4.8	
Corporate bonds	104,042,314	15.1%	98,807,709	15.8%	5,234,605	-0.7	
Shares (excluding strategic shares)	6,850,703	1.0%	9,256,913	1.5%	-2,406,210	-0.5	
Mutual funds	6,011,306	0.9%	3,216,524	0.5%	2,794,781	0.4	
Bond funds	2,648,312	0.4%	2,146,164	0.3%	502,148	0.0	
Equity funds	3,362,993	0.5%	1,070,360	0.2%	2,292,634	0.3	
Infrastructure funds	14,554,843	2.1%	9,200,979	1.5%	5,353,864	0.6	
Real estate funds	4,423,724	0.6%	3,969,161	0.6%	454,563	0.0	
Loans granted	2,572,971	0.4%	4,967,639	0.8%	-2,394,668	-0.4	
Deposits with cedants	9,610,337	1.4%	7,261,165	1.2%	2,349,171	0.2	
Financial investments	327,784,595	47.6%	269,537,788	43.2%	58,246,807	4.4	
Financial investments in Group companies	324,129,991	47.1%	319,097,412	51.2%	5,032,579	-4.1	
Investment property	7,899,693	1.1%	8,031,875	1.3%	-132,182	-0.1	
Cash and cash equivalents	28,806,817	4.2%	27,080,146	4.3%	1,726,671	-0.2	
Total financial investments exposed to financial risk	688,621,097	100.0%	623,747,221	100.0%	64,873,876		

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17.6.4.1 Market risk

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

Group financial investments exposed to market risk

Sava Insurance Group						
EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Absolute change	Movement (p.p.)
Deposits and CDs	20,570,297	1.3%	26,424,516	1.7%	-5,854,219	-0.4
Government bonds	754,501,430	48.1%	707,004,249	45.9%	47,497,181	2.2
Corporate bonds	622,433,922	39.7%	650,496,861	42.2%	-28,062,939	-2.6
Shares (excluding strategic shares)	35,965,683	2.3%	38,602,296	2.5%	-2,636,612	-0.2
Mutual funds	37,838,161	2.4%	42,272,165	2.7%	-4,434,004	-0.3
Bond and money market	19,870,979	1.3%	33,834,693	2.2%	-13,963,714	-0.9
Mixed	0	0.0%	0	0.0%	0	0.0
Equity funds	17,967,181	1.1%	8,437,472	0.5%	9,529,710	0.6
Infrastructure funds	44,532,966	2.8%	27,436,468	1.8%	17,096,498	1.1
Real estate funds	15,846,059	1.0%	14,340,307	0.9%	1,505,751	0.1
Loans granted and other investments	1,674,539	0.1%	2,119,569	0.1%	-445,030	0.0
Financial investments	1,533,363,058	97.8%	1,508,696,432	98.0%	24,666,626	-0.2
Financial investments in associates	20,479,729	1.3%	15,056,143	1.0%	5,423,586	0.3
Investment property	14,281,192	0.9%	16,121,079	1.0%	-1,839,887	-0.1
Investment portfolio	1,568,123,979	98.7%	1,539,873,654	99.0%	28,250,325	-0.3

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

The value of the Group's investments portfolio exposed to market risk increased by EUR 28.3 million in 2021 compared to year-end 2020, which is explained in section 9.2.1.1 "Investment portfolio" of the business report part.

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Sava Re financial investments exposed to market risk

Sava Re						
EUR	31 December 2021	As % of total 31 December 2021	31 December 2020	As % of total 31 December 2020	Absolute difference	Movement (p.p.)
Government bonds	179,718,397	27.6%	132,857,699	22.5%	46,860,698	5.1
Corporate bonds	104,042,314	16.0%	98,807,709	16.8%	5,234,605	-0.8
Shares (excluding strategic shares)	6,850,703	1.1%	9,256,913	1.6%	-2,406,210	-0.5
Mutual funds	6,011,306	0.9%	3,216,524	0.5%	2,794,781	0.4
Bond funds	2,648,312	0.4%	2,146,164	0.4%	502,148	0.0
Equity funds	3,362,993	0.5%	1,070,360	0.2%	2,292,634	0.3
Infrastructure funds	14,554,843	2.2%	9,200,979	1.6%	5,353,864	0.7
Real estate funds	4,423,724	0.7%	3,969,161	0.7%	454,563	0.0
Loans granted	2,572,974	0.4%	4,967,639	0.8%	-2,394,665	-0.4
Financial investments	318,174,259	48.9%	262,276,623	44.5%	55,897,636	4.4
Financial investments in Group companies and associates	324,129,991	49.9%	319,097,412	54.1%	5,032,579	-4.3
Investment property	7,899,693	1.2%	8,031,875	1.4%	-132,182	-0.1
Total financial investments	650,203,943	100.0%	589,405,910	100.0%	60,798,034	

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

The value of Sava Re's financial investments exposed to market risk rose by EUR 55.4 million in 2021 compared to year-end 2020, as explained in section 9.2.1.1 "Investment portfolio" of the business report part.

17.6.4.1.1 Interest rate risk

Interest rate risk is the risk that the Group or the Company will be exposure to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities.

The major part of interest rate risk on the liabilities side affects the life insurance segment (mathematical provisions). Based on the prescribed methodology for the

calculation of technical provisions for the purposes of preparing financial statements, on the non-life business side only temporary and life annuities arising out of liability policies are interest-rate sensitive; however, any change in liabilities due to changes in the capitalised value of annuities as a result of a decline in interest rates is negligible and has therefore not been considered in those calculations.

Interest rate risk is measured through a sensitivity analysis, by observing the change in the value of investments in interest-rate sensitive assets or the value of mathematical provisions in case of a change in interest rate of 1 p.p. The interest-rate sensitive bond portfolio includes

government and corporate bonds, deposits, loans, bond mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5.

Interest rate risk of the Group

The total value of investments included in the interest risk calculation as at 31 December 2021 was EUR 1,422.5 million (31 December 2020: EUR 1,425.9 million). Of this, EUR 743.8 million (31 December 2020: EUR 689.9 million) relates to assets of non-life insurers (including Sava Re) and EUR 678.8 million (31 December 2020: EUR 735.9 million) to assets of life insurers.

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The sensitivity analysis of the non-life segment as at 31 December 2021 showed that in the event of an interest rate increase of 1 p.p., the value of the interest rate sensitive investments would drop EUR 29.4 million (31 December 2020: EUR 26.7 million) or 4.0% (31 De-

ember 2019: 3.9%). The table below shows in greater detail how the value of investments changes in response to a change in interest rates and the impact on the financial statements, where the impact on equity is a result of available-for-sale and held-to-maturity investments,

loans and deposits, and the impact on profit or loss is a result of investments classified as at fair value through profit or loss.

Results of the sensitivity analysis on interest-rate sensitive non-life investments

Sava Insurance Group		31 December 2021				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	445,914,810	427,971,202	-17,943,608	445,914,810	465,198,334	19,283,524
Corporate bonds	266,179,925	255,795,509	-10,384,416	266,179,925	277,371,195	11,191,270
Bond and convertible mutual funds	16,019,821	15,386,775	-633,046	16,019,821	16,708,961	689,139
Other interest rate sensitive assets	15,644,785	15,215,151	-429,634	15,644,785	16,475,826	831,041
Total	743,759,342	714,368,638	-29,390,704	743,759,342	775,754,316	31,994,974
Effect on equity		-28,358,766			30,871,902	
Effect on the income statement		-1,031,938			1,123,072	

Sava Insurance Group		31 December 2020				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	381,171,094	365,094,801	-16,076,293	381,171,094	398,485,603	17,314,509
Corporate bonds	266,591,625	257,199,284	-9,392,341	266,591,625	276,906,886	10,315,261
Bond mutual funds	21,127,570	20,311,186	-816,384	21,127,570	22,018,496	890,926
Other interest rate sensitive assets	21,029,148	20,655,186	-373,962	21,029,148	21,601,578	572,430
Total	689,919,436	663,260,457	-26,658,980	689,919,436	719,012,563	29,093,126
Effect on equity		-25,433,152			27,630,657	
Effect on the income statement		-1,225,828			1,462,469	

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The sensitivity analysis of interest rate sensitive life insurance investments showed that in case of a 1 p.p. increase in interest rates, the value would decrease by EUR 35.1 million or 5.2% (31 December 2020: 39.2 million; 5.3%).

The table below shows in greater detail how the value of investments changes in response to a change in interest rates and the impact on the financial statements, where the impact on equity is a result of available-for-sale and

held-to-maturity assets, and loans and deposits, where as the impact on profit or loss is a result of investments classified as at fair value through profit or loss.

Results of the sensitivity analysis on interest-rate sensitive life investments

Sava Insurance Group		31 December 2021				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	310,028,667	291,797,037	-18,231,630	310,028,667	330,217,976	20,189,309
Corporate bonds	356,606,682	340,132,301	-16,474,381	356,606,682	374,451,659	17,844,977
Bond and mixed mutual funds	3,851,158	3,651,748	-199,410	3,851,158	4,070,787	219,629
Other interest rate sensitive assets	8,270,503	8,030,428	-240,075	8,270,503	8,725,648	455,145
Total	678,757,010	643,611,515	-35,145,495	678,757,010	717,466,070	38,709,060
Effect on equity		-34,399,938			37,899,442	
Effect on the income statement		-745,561			809,618	

Sava Insurance Group		31 December 2020				
EUR		+100 bp		-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	328,757,817	308,401,995	-20,355,822	328,757,817	351,431,001	22,673,184
Corporate bonds	384,041,600	366,004,192	-18,037,407	384,041,600	403,733,963	19,692,363
Bond, convertible and mixed mutual funds	12,707,109	12,030,908	-676,201	12,707,109	13,453,142	746,033
Other interest rate sensitive assets	10,429,724	10,336,756	-92,968	10,429,724	10,524,882	95,158
Total	735,936,250	696,773,851	-39,162,398	735,936,250	779,142,988	43,206,738
Effect on equity		-38,221,472			42,118,925	
Effect on the income statement		-940,926			1,087,813	

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As at 31 December 2021, the value of the mathematical provisions included in the sensitivity analysis on the liabilities side amounted to EUR 443.6 million (31 December 2020: EUR 465.6 million). A sensitivity analysis for liabilities (mathematical provisions) showed that if the present value of mathematical provisions is calculated

using an interest rate that is 1 p.p. higher, the mathematical provisions in accordance with the LAT test would decrease by EUR 17.4 million, or 3.9%, (31 December 2020: EUR 16.5 million; 3.5%). By contrast, if the provision is calculated using a 1 p.p. lower interest rate, mathematical provisions in accordance with LAT test would

increase by EUR 20.4 million, or 4.6% (31 December 2019: EUR 20.5 million; 4.4%). The sensitivity analysis includes the results of the LAT test set out in section 17.4.27 “Liability adequacy test (LAT)”.

Results of the sensitivity analysis on life insurance liabilities

Sava Insurance Group EUR	+100 bp			-100 bp		
	Value of mathematical provision	Post-stress value based on LAT test	Change in value	Value of mathematical provision	Post-stress value based on LAT test	Change in value
31 December 2021	443,577,279	426,137,952	-17,439,327	443,577,279	463,943,621	20,366,342
31 December 2020	465,641,679	449,155,310	-16,486,370	465,641,679	486,168,264	20,526,584

The results of the sensitivity analysis on the assets and liabilities side show that assets are moderately less sensitive to changes in interest rates compared to 2020, whereas mathematical provisions are marginally more sensitive. In 2021, the Group also adjusted the maturity of assets and liabilities to reduce the net effect of interest rate changes on the Group’s balance sheets. The difference between the average maturity of assets and liabilities separately for life and non-life business is presented below.

The average maturity of bonds and deposits of non-life business was 4.06 years at year-end 2021 (31 December 2020: 4.03 years), while the expected maturity of non-life liabilities was 2.10 years (31 December 2020: 2.08 years).

The average maturity of bonds and deposits of life business was 5.43 years at year-end 2021 (31 December 2020: 5.60 years), and the expected maturity of life liabilities was 6.04 years (31 December 2020: 6.44 years).

We estimate that interest rate risk did not change significantly in 2021 compared to the previous year. The value of interest-sensitive assets and interest-sensitive liabilities remained at similar levels, as did the difference between the maturities of assets and liabilities. Due to the low interest rate environment, the companies are primarily exposed to reinvestment risk, and this is particularly important for the life insurance segment, which must meet its commitments regarding guaranteed returns over a longer period.

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Sava Re interest rate risk

Given that according to the prescribed methodology for the calculation of technical provisions, Sava Re does not have interest-rate sensitive technical provisions, changes in market interest rates are

only reflected in the value of the investment portfolio. The interest-rate sensitive investment portfolio includes government and corporate bonds, loans granted, bond and convertible mutual funds with a weight of 1, and mixed mutual funds with a weight of 0.5.

Results of the sensitivity analysis

Sava Re EUR	31 December 2021					
	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	180,187,341	173,888,217	-6,299,124	180,187,341	186,926,993	6,739,652
Corporate bonds	104,042,047	99,877,407	-4,164,640	104,042,047	108,516,256	4,474,208
Bond mutual funds	2,648,312	2,551,130	-97,182	2,648,312	2,752,461	104,149
Other interest rate sensitive assets	2,572,974	2,512,269	-60,705	2,572,974	2,638,032	65,059
Total	289,450,674	278,829,023	-10,621,651	289,450,674	300,833,742	11,383,068
Effect on equity		-10,133,529			10,853,406	
Effect on the income statement		-488,121			529,662	

Sava Re EUR	31 December 2020					
	+100 bp			-100 bp		
Type of security	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Government bonds	133,452,334	128,208,707	-5,243,627	133,452,334	139,087,713	5,635,379
Corporate bonds	98,807,393	95,211,507	-3,595,887	98,807,393	102,773,098	3,965,704
Bond and convertible mutual funds	2,146,164	2,065,094	-81,070	2,146,164	2,234,213	88,049
Other interest rate sensitive assets	4,967,639	4,846,045	-121,594	4,967,639	5,099,102	131,464
Total	239,373,531	230,331,353	-9,042,177	239,373,531	249,194,127	9,820,596
Effect on equity		-8,433,831			9,094,873	
Effect on the income statement		-608,346			725,723	

The sensitivity analysis showed that an increase in interest rates would lower the value of the investment portfolio included in the analysis by EUR 10.6 million (31 December 2020: EUR 9.0 million) or 3.7% (31 December 2020: 3.8%).

We estimate that the interest rate risk increased slightly due to a larger volume of interest-sensitive investments.

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17.6.4.1.2 Investment property risk

Investment property risk is the risk of change in the fair value of investment property directly or indirectly owned by the Group or Sava Re.

Investment property

Sava Insurance Group EUR	As % of total		As % of total		Absolute difference	Movement (p.p.)
	31 December 2021	31 December 2021	31 December 2020	31 December 2020		
Investment property	14,281,192	0.9%	16,121,079	1.0%	-1,839,887	-0.1
Real estate funds	15,846,059	1.0%	14,340,307	0.9%	1,505,751	0.1
Total	30,127,250	1.9%	30,461,386	2.0%	-334,136	-0.1

Sava Re EUR	As % of total		As % of total		Absolute difference	Movement (p.p.)
	31 December 2021	31 December 2021	31 December 2020	31 December 2020		
Investment property	7,899,693	1.1%	8,031,875	1.3%	-132,182	-0.1
Real estate funds	4,423,724	0.6%	3,969,161	0.6%	454,563	0.0
Total	12,323,417	1.8%	12,001,035	1.9%	322,382	0.1

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

As at 31 December 2021, the value of the Group's investments exposed to property risk stood at EUR 30.1 million (31 December 2020: EUR 30.5 million) and decreased by EUR 0.3 million compared to the previous period.

As at 31 December 2021, the value of the Sava Re investments exposed to investment property risk stood at EUR 12.3 million (31 December 2020: EUR 12.0 million) and has increased by EUR 0.3 million compared to the previous period, mainly due to the recorded commit-

ment of funds with real-estate fund managers.

Property risk was assessed by applying a 15% decrease to the value of investments. The result is shown in the tables below.

Estimated value of investment property taking account of the shock

Sava Insurance Group EUR	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investment property	14,281,192	12,139,013	-2,142,179	16,121,079	13,702,917	-2,418,162
Real estate funds	15,846,059	13,469,150	-2,376,909	14,340,307	12,189,261	-2,151,046
Total	30,127,250	25,608,163	-4,519,088	30,461,386	25,892,178	-4,569,208

Sava Re EUR	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
Investment property	7,899,693	6,714,739	-1,184,954	8,031,875	6,827,094	-1,204,781
Real estate funds	4,423,724	3,760,165	-663,559	3,969,161	3,373,787	-595,374
Total	12,323,417	10,474,905	-1,848,513	12,001,035	10,200,880	-1,800,155

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In the case of such a shock, the value of the Group's investments exposed to investment property risk would decrease by EUR 4.5 million, while the value of investments of Sava Re exposed to investment property risk would decrease by EUR 1.8 million.

17.6.4.1.3 Equity risk

Equity risk is the risk that the value of investments will decrease due to fluctuations in equity markets. Assets exposed to the risk include shares, equity and mixed mutual funds (a stress test takes into account half of the value) and alternative funds (infrastructure).

Unlike the bond portfolio, which moves inversely to interest

rates, the value of equities and mutual funds changes linearly with stock prices. A 10% drop in the value of equity securities to assess the sensitivity of the Group's investments to equity risk would result in a decrease in the value of investments by EUR 9.8 million (31 December 2020: EUR 7.4 million). Thus, a 20% fall in equity prices would reduce the value of investments by EUR 19.7 million (31 December 2020: EUR 14.9 million). The Group shows the highest concentration of equity risk is to Slovenia-based issuers. The value of investments in Slovenian-issued equity securities at year-end 2021 stood at EUR 12.8 million, accounting for 13.0% of all assets sensitive to changes in equity securities (2020: EUR 18.4 million, 24.7%).

Equity investments included in the sensitivity analysis

Sava Insurance Group		As % of total		As % of total		Absolute change	Movement (p.p.)
EUR	31 December 2021	31 December 2021	31 December 2020	31 December 2020			
Shares	35,965,685	2.3%	38,602,296	2.5%	-2,636,610		-0.2
Of which Slovenian shares	12,797,641	0.8%	18,405,126	1.2%	-5,607,484		-0.4
Equity and mixed mutual funds	17,967,179	1.1%	8,437,472	0.5%	9,529,708		0.6
Infrastructure funds	44,532,966	2.8%	27,436,468	1.8%	17,096,498		1.1
Total	98,465,831	6.3%	74,476,235	4.8%	23,989,595		1.4

The data for 2020 differ from those in the 2020 annual report due to a change in the presentation of market risk.

Sensitivity assessment of equity investments

Sava Insurance Group		31 December 2021			31 December 2020		
EUR	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value	
Investments sensitive to equity risk							
Loss of 10%	98,465,831	88,619,248	-9,846,583	74,476,235	67,028,612	-7,447,624	
Loss of 20%	98,465,831	78,772,665	-19,693,166	74,476,235	59,580,988	-14,895,247	

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The Sava Insurance Group's exposure to equity risk increased slightly in 2021 compared to year-end 2020 due to an increased exposure to mutual and alternative funds. We estimate that the risk increased somewhat in 2021.

Sava Re's assets exposed to equity risk include equities, equity and mutual funds, and infrastructure funds. Investments in subsidiaries are excluded from stress tests, as the Group and the Company assess their value in accordance with the policy described in section 17.4.13 "Financial investments in subsidiaries and associates".

As at 31 December 2021, investments exposed to the equity risk accounted for 3.6% of Sava Re's investment portfolio, 0.5 p.p. more compared to year-end 2020.

Equity investments included in the sensitivity analysis

Sava Re	As % of total portfolio as at			As % of total portfolio as at		
	31 December 2021	31 December 2021	31 December 2020	31 December 2020	Absolute change	Change in structure (p.p.)
EUR						
Shares	6,850,703	1.0%	9,256,913	1.5%	-2,406,210	-0.5
Of which Slovenian shares	6,681,248	1.0%	9,155,294	1.5%	-2,474,045	-0.5
Equity mutual funds	3,362,993	0.5%	1,070,360	0.2%	2,292,634	0.3
Infrastructure funds	14,554,843	2.1%	9,200,979	1.5%	5,353,864	0.6
Total	24.768.539	3.6%	19.528.251	3.1%	5.240.288	0.5

The table differs from that in the 2020 annual report due to the changed manner of presenting market risks.

Sensitivity assessment of equity investments

Sava Re	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
EUR						
Investments sensitive to equity risk						
Loss of 10%	24,768,539	22,291,685	-2,476,854	19,528,251	17,575,426	-1,952,825
Loss of 20%	24,768,539	19,814,831	-4,953,708	19,528,251	15,622,601	-3,905,650

In order to assess the sensitivity of investments to equity risk, we assume a 10% drop in the value of all equity securities included in the stress test, which would result in a drop in the value of investments by EUR 2.5 million (31 December 2020: EUR 2.0 million). Thus, a 20% drop in equity prices would reduce the value of investments by EUR 5.0 million (31 December 2020: EUR 3.9 million).

Sava Re shows the highest concentration of equity risk to Slovenia-based issuers. The value of investments in equity securities of Slovenian issuers at year-end 2021 stood at EUR 6.7 million, representing 27.0% of assets sensitive to changes in equity securities (2020: EUR 9.2 million, 46.8%).

The Group's and Sava Re's equity risk in 2021 increased.

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Risk related to financial investments in subsidiaries and associates of the Sava Insurance Group and Sava Re

Regarding the risk related to its financial investments in subsidiaries and associates, the Sava Insurance Group and Sava Re is mostly exposed to the risk of a decline in the value of these investments. As at 31 December 2021,

the Group's total exposure to the risk of financial investments in subsidiaries and associates was EUR 75.6 million (2020: EUR 70.1 million).

The table below shows the value of investments in subsidiaries and associates taking into account the shock.

Assessed sensitivity of Sava Insurance Group's investments in subsidiaries and associates

Sava Insurance Group	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
EUR						
Decrease in value of 10%	75,567,917	68,011,125	-7,556,792	70,144,331	63,129,898	-7,014,433
Decrease in value of 20%	75,567,917	60,454,334	-15,113,583	70,144,331	56,115,465	-14,028,866
Value decrease of largest subsidiary of 10%	26,704,604	24,034,144	-2,670,460	26,704,604	24,034,144	-2,670,460
Value decrease of largest subsidiary of 20%	26,704,604	21,363,683	-5,340,921	26,704,604	21,363,683	-5,340,921

Regarding the risk related to its financial investments in subsidiaries and associates, Sava Re is especially exposed to the risk of a decline in these investments and to concentration risk. In 2021, Sava Re's financial investments in subsidiaries and associates included one major exposure, i.e. the investment in Zavarovalnica Sava, the value of which as at 31 December 2021 accounted for 38.1% (31 December 2020: 38.7) of the entire value of

financial investments in subsidiaries and associates. As at 31 December 2021, Sava Re's total exposure to the risk related to financial investments in subsidiaries and associates was EUR 324.1 million (31 December 2020: EUR 319.1 million).

The table below shows the value of investments in subsidiaries and associates taking into account the shock.

Assessed sensitivity of investments in subsidiaries and associates of Sava Re

Sava Re	31 December 2021			31 December 2020		
	Value	Post-stress value	Change in value	Value	Post-stress value	Change in value
EUR						
Decrease in value of 10%	324,129,991	291,716,992	-32,412,999	319,097,412	287,187,671	-31,909,741
Decrease in value of 20%	324,129,991	259,303,993	-64,825,998	319,097,412	255,277,930	-63,819,482
Value decrease of largest subsidiary of 10%	123,364,958	111,028,462	-12,336,496	123,364,958	111,028,462	-12,336,496
Value decrease of largest subsidiary of 20%	123,364,958	98,691,966	-24,672,992	123,364,958	98,691,967	-24,672,992

Sava Re's exposure to the risk related to financial investments in subsidiaries and associates was somewhat larger in 2021 than in 2020. Taking account of all the impacts,

we believe that the risk related to participations remained moderate due to their active management.

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The Sava Insurance Group and Sava Re manage the risk related to their financial investments in subsidiaries and associates through active management of the companies, comprising:

- a governance system (management and supervision), and clear segregation of responsibilities at all levels;
- risk management policy;
- systematic risk management with a three-lines-of-defence framework (detailed in section 11 “Risk management”);
- the setting of business and risk management strategies from the top down, taking into account both the Group as a whole as well as its individual members;
- a comprehensive system of monitoring operations, reporting on business results and risks at all levels.

17.6.4.1.4 Currency risk

Currency risk is the risk that changes in exchange rates will lower the value of foreign-denominated assets or increase liabilities denominated in foreign currencies.

The Sava Insurance Group manages currency risk through the efforts of each company to optimise asset-liability currency matching. As at 31 December 2021, the Sava Insurance Group recorded 8.6% of liabilities nominated in a foreign currency (2020: 9.1%).

Based on the market situation, individual companies assess the ability of currency matching in the primary currency, and, if this is not possible, the transaction currency is used for matching.

The following table includes the currency mismatch for the Sava Insurance Group for the five currencies that account for the largest share of liabilities. The mismatch is shown by both the settlement currency and the transaction currency.

Currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,383,196,350	2,428,623,444		
Foreign currencies	275,126,009	229,698,916		
US dollar (USD)	70,833,678	39,538,332	31,295,346	179.2
Croatian kuna (HRK)	28,445,422	36,340,161	7,894,739	78.3
Serbian dinar (RSD)	40,050,567	23,087,728	16,962,839	173.5
Macedonian denar (MKD)	33,539,880	16,833,540	16,706,340	199.2
Korean won (KRW)	14,800,937	16,595,883	1,794,946	89.2
Other	87,455,525	97,303,272	9,847,747	89.9
Total	2,658,322,359	2,658,322,359	84,501,957	
% currency matched			96.8%	

Currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,203,000,402	2,241,841,898		
Foreign currencies	264,250,901	225,409,405		
US dollar (USD)	69,733,304	50,126,784	19,606,520	139.1
Croatian kuna (HRK)	33,972,961	37,194,288	3,221,327	91.3
Serbian dinar (RSD)	37,391,414	20,043,714	17,347,700	186.5
Macedonian denar (MKD)	35,268,252	16,811,230	18,457,022	209.8
British pound (GBP)	20,224,422	19,706,047	518,375	102.6
Other	67,660,548	81,527,342	13,866,794	83.0
Total	2,467,251,303	2,467,251,303	73,017,738	
% currency matched			97.0%	

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Transaction currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,384,158,817	2,431,088,936		
Foreign currencies	274,163,542	227,233,424		
US dollar (USD)	75,651,244	54,222,526	21,428,718	139.5
Croatian kuna (HRK)	28,445,422	36,340,161	7,894,739	78.3
Serbian dinar (RSD)	40,050,567	23,087,728	16,962,839	173.5
Macedonian denar (MKD)	33,539,880	16,833,540	16,706,340	199.2
Korean won (KRW)	14,800,937	16,595,883	1,794,946	89.2
Other	81,675,491	80,153,585	1,521,906	101.9
Total	2,658,322,359	2,658,322,359	66,309,488	
% currency matched			97.5%	

Transaction currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Insurance Group				
Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	2,203,513,209	2,243,236,654		
Foreign currencies	263,738,094	224,014,649		
US dollar (USD)	73,672,273	61,931,802	11,740,470	119.0
Croatian kuna (HRK)	33,972,961	37,194,288	3,221,327	91.3
Serbian dinar (RSD)	37,391,414	20,043,714	17,347,700	186.5
Macedonian denar (MKD)	35,268,252	16,811,230	18,457,022	209.8
British pound (GBP)	20,224,422	19,706,047	518,375	102.6
Other	63,208,772	68,327,567	5,118,795	92.5
Total	2,467,251,303	2,467,251,303	56,403,690	
% currency matched			97.7%	

The Sava Insurance Group shows high levels of exposure to the currencies of the countries in which its subsidiaries operate. The Sava Insurance Group manages a high level of currency matching by monitoring assets and liabilities matching at the level of individual companies and portfolio.

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Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2021

(all amounts translated into euros)

Sava Insurance Group Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	45,427,093	4,542,709	-4,542,709
US dollar (USD)	31,295,346	3,129,535	-3,129,535
Croatian kuna (HRK)	-7,894,739	-789,474	789,474
Serbian dinar (RSD)	16,962,839	1,696,284	-1,696,284
Macedonian denar (MKD)	16,706,340	1,670,634	-1,670,634
Korean won (KRW)	-1,794,946	-179,495	179,495
Other	-9,847,747	-984,775	984,775
Effect on income statement		4,542,709	-4,542,709

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2020

(all amounts translated into euros)

Sava Insurance Group Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	38,841,496	3,884,150	-3,884,150
US dollar (USD)	19,606,520	1,960,652	-1,960,652
Croatian kuna (HRK)	-3,221,327	-322,133	322,133
Serbian dinar (RSD)	17,347,700	1,734,770	-1,734,770
Macedonian denar (MKD)	18,457,022	1,845,702	-1,845,702
British pound (GBP)	518,375	51,838	-51,838
Other	-13,866,794	-1,386,679	1,386,679
Effect on income statement		3,884,150	-3,884,150

¹⁴²The accounting currency is the local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.

¹⁴³The transaction currency is the currency in which reinsurance contract transactions are processed.

Sava Re is the Sava Insurance Group member with the largest exposure to currency risk.

As at 31 December 2021, the Company's liabilities denominated in foreign currencies accounted for 17.5% of its total liabilities. As the proportion of international business is rising (as is the number of different currencies), Sava Re has put in place a currency matching policy. It took measures for the matching of assets and liabilities in foreign currencies aimed at decreasing currency risk. The currency matching rules lays down the criteria as to when the Company is to start the currency mismatch by accounting currency¹⁴². Based on the market situation, the Company assesses the ability of currency matching in the primary currency, and if this is not possible, the transaction currency is to be used for matching.¹⁴³ The currency matching policy of a company defines the conditions and method of matching. Currency matching of assets and liabilities using the accounting and transaction currency methodology is shown in the table "Transaction currency match".

Currency mismatch of assets and liabilities is monitored by individual accounting currency. The following table includes the currency mismatch for the five currencies that account for the largest share of liabilities.

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Currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	690,155,277	686,687,328		
Foreign currencies	141,923,479	145,391,429		
US dollar (USD)	51,534,886	38,865,102	12,669,784	132.6
Korean won (KRW)	14,800,938	16,595,883	1,794,945	89.2
Chinese yuan (CNY)	11,508,020	11,186,734	321,287	102.9
Indian rupee (INR)	7,689,555	5,903,170	1,786,385	130.3
Taka (BDT)	3,015,573	9,926,558	6,910,985	30.4
Other	53,374,507	62,913,983	9,539,475	84.8
Total	832,078,756	832,078,756	33,022,860	
% currency matched			96.0%	

Currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	629,959,970	623,106,590		
Foreign currencies	126,680,615	133,533,995		
U.S. dollar (USD)	54,823,057	44,025,789	10,797,267	124.5
Korean won (KRW)	11,378,112	12,106,489	728,377	94.0
Chinese yuan (CNY)	8,260,310	9,004,798	744,488	91.7
Indian rupee (INR)	6,276,433	6,366,669	90,235	98.6
Taka (BDT)	2,583,799	7,492,748	4,908,948	34.5
Other	43,358,903	54,537,502	11,178,599	79.5
Total	756,640,585	756,640,585	28,447,915	
% currency matched			96.2%	

Sava Re has set itself a target of matching assets and liabilities at least 90%. In 2021 assets and liabilities were matched 96.0% (2020: 96.2%), which demonstrates the high quality of currency risk management.

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Transaction currency (mis)match as at 31 December 2021 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	691,117,745	689,152,589		
Foreign currencies	140,961,012	142,926,168		
US dollar (USD)	56,352,452	53,549,296	2,803,156	105.2
Korean won (KRW)	14,800,938	16,595,883	1,794,945	89.2
Chinese yuan (CNY)	11,508,020	11,186,734	321,287	102.9
Indian rupee (INR)	8,960,928	9,291,991	331,063	96.4
Russian rouble (RUB)	3,858,328	3,996,289	137,961	96.5
Other	45,480,345	48,305,975	2,825,631	94.2
Total	832,078,756	832,078,756	8,214,041	
% currency matched			99.0%	

Transaction currency (mis)match as at 31 December 2020 (all amounts translated into euros)

Sava Re Currency	Assets	Equity and liabilities	Mismatch	Matched liabilities (%)
Euro (EUR)	630,470,203	624,500,008		
Foreign currencies	126,170,381	132,140,576		
U.S. dollar (USD)	58,762,025	55,830,808	2,931,218	105.3
Korean won (KRW)	11,378,112	12,106,489	728,377	94.0
Chinese yuan (CNY)	8,260,310	9,004,798	744,488	91.7
Indian rupee (INR)	7,648,206	8,768,937	1,120,731	87.2
Russian rouble (RUB)	2,874,123	2,779,585	94,538	103.4
Other	37,247,605	43,649,960	6,402,355	85.3
Total	756,640,585	756,640,585	12,021,707	
% currency matched			98.4%	

In the management of currency risk (management aspect), Sava Re managed to directly match all substantially liquid currencies. Other currencies were matched based on their correlation with the euro or the US dollar. Since many accounting currencies are at least 90% correlated to the US dollar, the surplus of assets over liabilities in US dollars has been reduced to EUR 2.8 million (from EUR 12.7 million). This would further increase the currency matching percentage to 99.0% (2020: 98.4%).

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Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2021

(all amounts translated into euros)

Sava Re Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	-3,467,951		
US dollar (USD)	12,669,784	1,266,978	-1,266,978
Korean won (KRW)	-1,794,945	-179,495	179,495
Chinese yuan (CNY)	321,286	32,129	-32,129
Indian rupee (INR)	1,786,385	178,638	-178,639
Russian rouble (RUB)	-6,910,985	-691,099	691,098
Other	-9,539,476	-953,948	953,948
Effect on income statement		-346,797	346,795

Impact of a 10-percent increase or decrease in the exchange rate as at 31 December 2020

(all amounts translated into euros)

Sava Re Currency	Assets less equity and liabilities (mismatch)	Effect of 10% rise in exchange rate	Effect of 10% drop in exchange rate
Euro (EUR)			
Foreign currencies	-6,853,381	-685,338	685,338
US dollar (USD)	10,797,268	1,079,727	-1,079,727
Korean won (KRW)	-728,377	-72,838	72,838
Chinese yuan (CNY)	-744,488	-74,449	74,449
Indian rupee (INR)	-90,236	-9,024	9,024
Russian rouble (RUB)	-4,908,949	-490,895	490,895
Other	-11,178,599	-1,117,860	1,117,860
Effect on income statement		-685,338	685,338

The Company also uses a stochastic analysis to measure currency risk and to predict the average surplus funds as well as the 5th percentile of surplus funds after one year from the risk valuation date.

Based on exchange rates to which Sava Re has been exposed to over the past five years and the corresponding euro equivalent surpluses of assets and liabilities as at 31 December 2021, we made a stochastic analysis that projected that, assuming an unaltered currency structure, after one year the average surplus of assets over liabilities would be EUR 0.1 million (31 December 2020: EUR 0.3 million), but with a 5-percent probability that the deficit of assets exceeds EUR 0.3 million (31 December 2020: EUR 0.5 million).

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Effect of exchange differences on the income statement

A currency mismatch also affects profit or loss through accounting for exchange rate differences due to the impact of exchange rate changes on various statement of financial position items.

When assets and liabilities are 100% matched in terms of foreign currencies, changes in exchange rates have no impact on profit or loss. This is because any change in the value of assets denominated in a foreign currency as a result of a change in the exchange rate is offset by the change in the value of liabilities denominated in that currency. As Sava Re's assets and liabilities are not 100% currency matched, changes in exchange rates do affect profit or loss. The following table shows the impact of exchange differences.

Other Group companies whose local currency is the euro (companies based in Slovenia, Montenegro and Kosovo) have the majority of euro-denominated liabilities, while a process of currency matching is conducted with regard to liabilities denominated in currencies other than euro when the materiality threshold is exceeded. Group companies whose local currency is not the euro (companies based in Croatia, Serbia and North Macedonia), transact most business in their respective local currencies, while due to Group relations, they are to a minor extent subject to euro-related currency risk.

We estimate that currency risk at the Group level remained the same in 2021 compared to 2020 since Sava Re is taking measures to reduce exposure to currency risk, and it continues currency matching of assets and liabilities both directly based on accounting currencies and indirectly based on transaction currencies, and thus reduces exposure to currency risk.

Effect of exchange differences on the income statement

Sava Re		
Statement of financial position item	Exchange differences	
	31 December 2021	31 December 2020
Euro (EUR)		
Investments	3,706,465	-4,631,730
Technical provisions and deferred commissions	-4,658,448	7,298,446
Receivables and liabilities	439,083	-2,813,036
Total effect on the income statement	-512,900	-146,320

17.6.4.2 Liquidity risk

Liquidity risk is the risk that, owing to unexpected or unexpectedly high obligations, the Company will not be able to meet all its financial obligations.

Individual Group companies manage liquidity risk in line with the guidelines laid down in the Sava Re Group liquidity risk management policy. Each Group member carefully plans and monitors the realisation of cash flows (cash inflows and outflows), and in the case of liquidity problems, informs the parent company, which assesses the situation and provides the necessary funds to ensure liquidity.

Liquidity risk assumed by an individual Group company is also reduced by the regular measurement and monitoring of selected liquidity indicators. An indicator of liquidity risk is the level of maturity matching of financial assets and liabilities.

Liquidity requirements are met by allocating funds to money market instruments in the percentage consistent with the estimated normal current liquidity requirements. In this regard, each EU-based Group company

maintains a liquidity buffer of highly liquid assets accounting for at least 15% of its investment portfolio. Highly liquid assets are intended to provide liquidity to meet any extraordinary liquidity requirements and are available on an ongoing basis. The other Group members manage their short-term liquidity requirements through cash in bank accounts and short-term deposits.

The table below shows the value of financial investments and technical provisions covering life policies by year based on undiscounted cash flows, while the value of technical provisions covering non-life business is shown by year and expected maturity based on triangular development. The Group companies cover the excess of liabilities over assets with a maturity of less than one year with assets available on call and through surplus cash flows arising out of current operations.

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Maturity profile of financial assets and liabilities

Sava Insurance Group	Carrying amount as at						Total
EUR	31 December 2021	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2021
Financial investments	1,472,688,443	0	235,336,192	596,389,507	633,445,005	132,205,788	1,597,376,491
- At fair value through profit or loss	34,386,074	0	1,236,917	7,858,636	34,811,763	5,085,711	48,993,028
- Held to maturity	40,023,124	0	8,745,779	25,597,236	12,884,627	0	47,227,642
- Loans and deposits	29,846,572	0	26,423,579	4,682,169	1,081,936	0	32,187,685
- Available-for-sale	1,368,432,673	0	198,929,916	558,251,465	584,666,679	127,120,077	1,468,968,137
Reinsurers' share of technical provisions	57,767,056	0	29,849,258	18,639,883	8,655,550	622,365	57,767,056
Cash and cash equivalents	73,977,510	21,344,906	52,632,604	0	0	0	73,977,510
TOTAL ASSETS	1,604,433,008	21,344,906	317,818,054	615,029,390	642,100,555	132,828,153	1,729,121,058
Subordinated liabilities	74,863,524	0	2,812,500	11,250,000	83,437,500	0	97,500,000
Technical provisions	1,237,500,117	0	518,952,517	427,586,458	287,797,347	3,163,795	1,237,500,117
TOTAL LIABILITIES	1,312,363,641	0	521,765,017	438,836,458	371,234,847	3,163,795	1,335,000,117
Difference	292,069,367	21,344,906	-203,946,963	176,192,932	270,865,708	129,664,358	394,120,941

Sava Insurance Group	Carrying amount as at						Total
EUR	31 December 2020	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2020
Financial investments	1,430,149,336	0	207,319,408	548,470,547	598,938,589	122,651,235	1,477,379,779
- At fair value through profit or loss	27,409,671	0	1,388,125	6,467,824	27,344,919	3,003,233	38,204,101
- Held to maturity	43,679,425	0	9,061,550	18,221,530	19,076,901	0	46,359,981
- Loans and deposits	31,796,178	0	34,863,159	10,403,359	1,360,465	0	46,626,983
- Available-for-sale	1,327,264,062	0	162,006,574	513,377,834	551,156,304	119,648,002	1,346,188,714
Reinsurers' share of technical provisions	42,609,217	0	25,043,476	11,097,039	5,853,017	615,685	42,609,217
Cash and cash equivalents	73,956,821	13,346,082	60,610,738	0	0	0	73,956,820
TOTAL ASSETS	1,546,715,374	13,346,082	292,973,622	559,567,586	604,791,606	123,266,920	1,593,945,816
Subordinated liabilities	74,804,974	0	2,812,500	11,250,000	86,250,000	0	100,312,500
Technical provisions	1,233,312,054	0	466,853,383	445,533,403	318,511,639	2,413,629	1,233,312,054
TOTAL LIABILITIES	1,308,117,028	0	469,665,883	456,783,403	404,761,639	2,413,629	1,333,624,554
Difference	238,598,346	13,346,082	-176,692,261	102,784,183	200,029,967	120,853,291	260,321,262

The data differ from those in the 2020 annual report; the 2020 annual report also included KSNT investments in liquidity risk, but they are excluded from the 2021 annual report.

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As at 31 December 2021, highly liquid investments of the Sava Insurance Group represented 37.5% (31 December 2020: 37.7%) of the entire investment portfolio, which demonstrates its high liquidity.

Sava Re manages liquidity risk by ensuring funds in the amount of the estimated liquidity requirement. This comprises estimated ordinary current liquidity needs and liquidity reserves, which are ensured through the allocation of funds in money market instruments and through setting minimum percentages of portfolios that must be invested in highly liquid assets readily available to provide liquidity in case of emergency.

Sava Re makes the normal current liquidity assessment based on the projected cash flow analysis in the period of up to one year included in the monthly and weekly plans, which take into account the planned investment maturity dynamics as well as other inflows and outflows from operating activities. To this end, historical data from previous monthly and weekly liquidity plans and projections regarding future operations are used. The liquidity reserve is then calculated on the basis of an assessment of the maximum weekly outflows based on historical data.

Exposure to liquidity risk is also measured by maturity-matching of assets and liabilities. The following table

shows the value of financial investments by year based on undiscounted cash flows, while the value of technical provisions is shown by year and expected maturity based on triangular development.

Maturity profile of financial assets and liabilities

Sava Re	Carrying amount as at						Total
EUR	31 December 2021	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2021
Financial investments	327,784,595	0	61,698,421	146,698,011	98,031,895	29,192,263	335,620,590
- At fair value through profit or loss	9,283,045	0	291,920	3,357,700	9,718,539	126,024	13,494,183
- Held to maturity	2,816,979	0	844,500	2,410,000	0	0	3,254,500
- Loans and deposits	12,183,310	0	10,898,506	711,716	716,862	0	12,327,085
- Available-for-sale	303,501,261	0	49,663,495	140,218,595	87,596,494	29,066,239	306,544,822
Reinsurers' share of technical provisions	48,486,444	0	21,952,110	18,054,742	8,479,592	0	48,486,444
Cash and cash equivalents	28,806,817	8,000,000	20,806,817	0	0	0	28,806,817
TOTAL ASSETS	405,077,857	8,000,000	104,457,348	164,752,754	106,511,487	29,192,263	412,913,851
Subordinated liabilities	74,863,524	0	2,812,500	11,250,000	83,437,500	0	97,500,000
Technical provisions	331,812,724	0	150,641,099	123,274,509	57,897,117	0	331,812,724
TOTAL LIABILITIES	406,676,249	0	153,453,599	134,524,509	141,344,617	0	429,312,724
Difference	-1,598,392	8,000,000	-48,996,251	30,228,245	-34,823,130	29,192,263	-16,398,873

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Sava Re	Carrying amount as at						Total
EUR	31 December 2020	Callable	Up to 1 year	1–5 years	Over 5 years	No maturity	31 December 2020
Financial investments	269,537,788	0	53,249,398	110,214,910	85,724,964	25,643,576	274,832,847
- At fair value through profit or loss	7,652,268	0	654,173	2,205,200	7,735,200	651,042	11,245,615
- Held to maturity	2,816,598	0	144,500	1,152,000	2,102,500	0	3,399,000
- Loans and deposits	12,228,804	0	9,610,771	2,009,076	954,760	0	12,574,607
- Available-for-sale	246,840,118	0	42,839,954	104,848,633	74,932,504	24,992,534	247,613,625
Reinsurers' share of technical provisions	31,935,116	0	15,542,616	10,696,775	5,695,725	0	31,935,117
Cash and cash equivalents	27,080,146	4,600,000	22,480,146	0	0	0	27,080,146
TOTAL ASSETS	328,553,049	4,600,000	91,272,159	120,911,685	91,420,689	25,643,576	333,848,109
Subordinated liabilities	74,804,974	0	2,812,500	11,250,000	86,250,000	0	100,312,500
Technical provisions	297,882,871	0	145,737,942	99,280,772	52,864,158	0	297,882,871
TOTAL LIABILITIES	372,687,845	0	148,550,442	110,530,772	139,114,158	0	398,195,371
Difference	-44,134,796	4,600,000	-57,278,282	10,380,913	-47,693,468	25,643,576	-64,347,262

Sava Re held EUR 160.2 million or 45.0% (31 December 2020: EUR 134.2 million; 46.0%) of highly liquid investments.

In terms of the Company's liquidity, matching of maturity of gross technical provisions and reserves with funds of the non-life insurance register is important. Sava Re's liabilities with up to 1 year's maturity at the end of 2021 exceeded short-term assets by EUR 16.4 million. Taking into consideration expected operating income and a high share of liquid investments, we estimate the Company's liquidity position as appropriate.

The average maturity of assets and liabilities also indicates the liquidity situation. The average maturity of bonds and deposits of the non-life insurance register was 3.81 years at year-end 2021 (31 December 2020: 3.97 years), while the expected maturity of liabilities was 2.84 years (31 December 2020: 2.82 years).

Based on the above, we estimate that liquidity risk is well managed at both the Group and individual company levels and did not increase significantly compared to year-end 2020.

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17.6.4.3 Credit risk

Credit risk is the risk of default on the obligations of a securities issuer or other counterparty towards the Company.

Within the context of credit risk, the Company and the Group also addresses concentration risk, i.e. excessive concentration of risk in a specific region, industry or issuer.

Assets exposed to credit risk include financial investments (deposit investments, bonds, loans granted, deposits with cedants, bond and convertible mutual funds, and cash and cash equivalents), receivables due from reinsurers and other receivables.

Credit risk due to issuer default

As at 31 December 2021, the Group was exposed to credit risk in the amount of EUR 1,517.3 million (31 December 2020: EUR 1,510.6 million).

As at 31 December 2021, the Group was exposed to credit risk in the amount of EUR 327.4 million (31 December 2020: EUR 273.1 million).

Credit risk for investments is estimated based on two factors:

- credit ratings used in determining credit risk for fixed-rate investments¹⁴⁴ and cash assets¹⁴⁵;
- performance indicators for other investments.

Below we set out an assessment of credit risk for fixed-rate investments.

¹⁴⁴Included are government bonds, corporate bonds, deposits and loans granted, deposits with cedants, bond and convertible mutual funds, and private debt fund investments.

¹⁴⁵This includes cash and demand deposits.

The Group's exposure to credit risk

Sava Insurance Group EUR	31 December 2021	31 December 2020
Fixed-rate investments	1,517,309,181	1,510,599,647
Debt instruments	1,419,051,166	1,419,879,889
Deposits with cedants	9,610,337	7,261,165
Cash and cash equivalents	88,647,678	83,458,594
Receivables due from reinsurers	65,533,428	47,776,355
Reinsurers' share of technical provisions	57,767,056	42,609,217
Receivables for shares in claims	7,766,372	5,167,138
Other receivables	142,174,498	148,704,356
Receivables arising out of primary insurance business	128,544,723	135,285,588
Receivables arising out of co-insurance and reinsurance business (other than receivables for shares in claims)	1,310,793	887,434
Current tax assets	330,518	529,831
Other receivables	11,988,464	12,001,503
Total exposure	1,725,017,112	1,707,080,358

Sava Re's exposure to credit risk

Sava Re EUR	31 December 2021	31 December 2020
Fixed-rate investments	327,399,150	273,120,522
Debt instruments	288,981,996	238,779,211
Deposits with cedants	9,610,337	7,261,165
Cash and cash equivalents	28,806,817	27,080,146
Receivables due from reinsurers	53,053,054	35,662,316
Reinsurers' share of technical provisions	48,486,444	31,935,116
Receivables for shares in claims	4,566,609	3,727,200
Receivables, excluding receivables arising out of reinsurance business	75,236,562	83,025,833
Receivables arising out of primary insurance business	74,410,185	79,662,908
Receivables arising out of co-insurance and reinsurance business (excluding receivables for shares in claims)	558,987	733,967
Current tax assets	0	325,472
Other receivables	267,390	2,303,486
Total exposure	455,688,765	391,808,671

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Fixed-rate investments by issuer credit rating

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Rated by S&P/Fitch	Amount	Structure	Amount	Structure	
AAA/Aaa	272,294,913	17.9%	280,353,617	18.6%	-0.6
AA/Aa	201,403,974	13.3%	206,149,002	13.6%	-0.4
A/A	426,057,805	28.1%	428,845,228	28.4%	-0.3
BBB/Baa	382,337,096	25.2%	336,845,832	22.3%	2.9
BB/Ba	53,832,033	3.5%	110,414,161	7.3%	-3.8
B/B	16,873,016	1.1%	14,787,432	1.0%	0.1
Not rated	164,510,344	10.8%	133,204,375	8.8%	2.0
Total	1,517,309,181	100.0%	1,510,599,647	100.0%	

Fixed-rate investments by issuer credit rating

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Rated by S&P/Fitch	Amount	Structure	Amount	Structure	
AAA	101,082,457	30.9%	85,217,697	31.2%	-0.3
AA	52,320,746	16.0%	41,716,163	15.3%	0.7
A	69,416,221	21.2%	55,512,431	20.3%	0.9
BBB	62,273,290	19.0%	39,822,325	14.6%	4.4
BB	1,014,564	0.3%	22,899,630	8.4%	-8.1
B	752,966	0.2%	714,777	0.3%	0.0
Not rated	40,538,905	12.4%	27,237,500	10.0%	2.4
Total	327,399,150	100.0%	273,120,522	100.0%	

As regards management of credit risk, the objective pursued by the Group determines that the share of debt instruments and cash and cash-equivalents accounts for at least 75% of the investment portfolio value. As at 31 December 2021, these assets represented 90.9% of the investment portfolio (31 December 2020: 91.9%).

As at 31 December 2020, fixed-rate investments rated “A” or better accounted for 59.3% of the total fixed-rate portfolio (31 December 2020: 60.6%). The share of the best-rated investments slightly dropped somewhat in 2021 compared with the previous year. Fixed-rate investments with no credit rating available accounted for 8% of fixed-rate investments. Almost 45% of these investments included investments in cash and cash equivalents, while a significant part (15%) consists of investments in government bonds in Group company portfolios outside the EU and bond mutual funds (25%).

As regards management of credit risk, the objective pursued by the Company determines that the investments rated “A-” or better account for at least 45% of the entire investment portfolio value. As at 31 December 2021, investments rated “A” or better represented 68.1% of total investments exposed to credit risk (31 December 2020: 66.8%). The Company regularly monitors exposure to individual issuers and any changes in credit standing in order to be able to prepare for a timely response to any adverse developments in financial markets or increase in risk related to any issuer.

Sava Re mitigates credit risk with other investments through a high degree of diversification and by investing in liquid securities.

The investment portfolios of the Sava Insurance Group and Sava Re is reasonably diversified in accordance with local law and Group internal rules in order to avoid large concentration in a certain type of investment, large concentration with any counterparty or economic sector or other potential forms of concentration.

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Diversification of financial investments by industry

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Industry	Amount	Structure	Amount	Structure	
Government	759,704,436	46.2%	708,656,314	43.9%	2.3
Banking	193,717,225	11.8%	229,324,071	14.2%	-2.4
Utilities	192,919,178	11.7%	201,209,733	12.5%	-0.7
Finance & insurance	172,084,715	10.5%	172,603,588	10.7%	-0.2
Consumables	139,401,765	8.5%	137,612,058	8.5%	0.0
Industry	93,011,474	5.7%	96,614,881	6.0%	-0.3
Property	50,530,503	3.1%	42,080,154	2.6%	0.5
Infrastructure	44,532,966	2.7%	27,436,468	1.7%	1.0
Total	1,645,902,262	100.0%	1,615,537,270	100.0%	

Diversification of financial investments by industry

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Industry	Amount	Structure	Amount	Structure	
Government	180,134,800	49.4%	133,328,107	43.8%	5.7
Banking	54,102,390	14.8%	55,635,905	18.3%	-3.4
Utilities	33,368,605	9.2%	30,156,595	9.9%	-0.7
Finance & insurance	29,638,049	8.1%	29,374,215	9.6%	-1.5
Consumables	22,428,066	6.2%	19,533,725	6.4%	-0.3
Property	18,210,798	5.0%	14,498,716	4.8%	0.2
Industry	12,053,553	3.3%	12,921,568	4.2%	-0.9
Infrastructure	14,554,843	4.0%	9,200,979	3.0%	1.0
Total	364,491,105	100.0%	304,649,810	100.0%	

The Sava Insurance Group's largest exposure by industry or sector was to the government (31 December 2021: 46.2%; 31 December 2020: 43.9%), with a notable high diversification by issuer. As at 31 December 2021, exposure to the banking sector amounted to EUR 193.7 million, representing 11.8% of financial investments (31 December 2020: 229.3 million; 14.2%).

Sava Re's largest exposure by industry as at 31 December 2020 was to the government (31 December 2021: 49.4%; 31 December 2020: 43.8%), with a notable high diversification by issuer. As at 31 December 2021, exposure to the banking sector amounted to EUR 54.1 million, representing 14.8% of financial investments (31 December 2020: 55.6 million; 18.3%).

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Diversification of financial investments by region

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Region	Amount	Structure	Amount	Structure	
Slovenia	259,798,182	15.8%	276,731,326	17.1%	-1.3
Europe, EU Member States	927,044,832	56.3%	891,936,117	55.2%	1.1
Europe, non-EU members	184,540,165	11.2%	187,036,670	11.6%	-0.4
United States of America	185,984,102	11.3%	185,871,362	11.5%	-0.2
Rest of the world	88,534,980	5.4%	73,961,795	4.6%	0.8
Total	1,645,902,262	100.0%	1,615,537,270	100.0%	

Diversification of financial investments by region

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Region	Amount	Structure	Amount	Structure	
Slovenia	63,088,191	17.3%	65,242,854	21.4%	-4.1
Europe, EU Member States	203,948,992	56.0%	149,350,018	49.0%	6.9
Europe, non-EU members	11,187,081	3.1%	11,393,887	3.7%	-0.7
United States of America	49,808,674	13.7%	49,453,480	16.2%	-2.6
Rest of the world	36,458,167	10.0%	29,209,570	9.6%	0.4
Total	364,491,106	100.0%	304,649,810	100.0%	

Exposure to Slovenia by asset type

Sava Insurance Group					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Type of investment	Amount	Structure	Amount	Structure	
Government bonds	133,230,479	8.1%	148,458,208	9.2%	-1.1
Cash and cash equivalents	73,729,658	4.5%	69,163,528	4.3%	0.2
Corporate bonds	19,857,583	1.2%	20,499,474	1.3%	-0.1
Shares	12,797,641	0.8%	18,405,126	1.1%	-0.4
Investment property	11,089,110	0.7%	11,770,227	0.7%	-0.1
Deposits	2,008,600	0.1%	4,009,072	0.2%	-0.1
Loans granted	1,300,812	0.1%	1,715,920	0.1%	0.0
Mutual funds	4,827,558	0.3%	2,223,059	0.1%	0.2
Infrastructure funds	956,741	0.1%	486,711	0.0%	0.0
Total	259,798,182	15.8%	276,731,326	17.1%	-1.3

The Group's largest exposure by region is to the EU member states (31 December 2021: 56.3%, 31 December 2020: 55.2%), with the exposure spread among 25 countries. This is followed by the exposure to Slovenia-based issuers (31 December 2021: 15.8%; 31 December 2020: 17.1%) and issuers based in the United States of America (31 December 2021: 11.3%; 31 December 2020: 11.5%). Exposure to other regions remained broadly flat year on year.

Sava Re's largest exposure is to EU Member States (31 December 2021: 56.0%, 31 December 2020: 49.0%), with the exposure spread among 22 countries. This is followed by the exposure to Slovenia-based issuers (31 December 2021: 17.3%; 31 December 2020: 21.4%) and exposure to issuers based in the United States of America (31 December 2021: 13.7%; 31 December 2020: 16.2%).

The Group's exposure to Slovenia decreased by 1.3 p.p. in 2021. In 2021, investments in government bonds represent the largest exposure to Slovenia, the same as in 2020. They accounted for 8.1% of the total portfolio, down by 1.1 p.p. compared to the previous year.

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Exposure to Slovenia by asset type

Sava Re					
EUR	31 December 2021		31 December 2020		Movement (p.p.)
Type of investment	Amount	Structure	Amount	Structure	
Cash and cash equivalents	25,978,561	7.1%	25,883,358	8.5%	-1.4
Government bonds	14,080,976	3.9%	14,371,057	4.7%	-0.9
Investment property	7,899,693	2.2%	8,031,875	2.6%	-0.5
Shares	6,681,248	1.8%	9,155,294	3.0%	-1.2
Corporate bonds	6,404,008	1.8%	5,920,734	1.9%	-0.2
Loans granted	1,086,964	0.3%	1,393,825	0.5%	-0.2
Infrastructure funds	956,741	0.3%	486,711	0.2%	0.1
Total	63,088,191	17.3%	65,242,854	21.4%	-4.1

At the year end, the exposure of Sava Re to Slovenia-based issuers was EUR 63.1 million, representing 17.3% of financial investments (31 December 2020: EUR 65.2 million; 21.4%). Compared to 2020, the structural share of such investments increased by 4.1 p.p., chiefly due to the lower balance of cash and cash equivalents, and shares.

As at 31 December 2021, the Group's exposure to the ten largest issuers was EUR 481.7 million, representing 29.3% of financial investments (31 December 2020: EUR 451.7 million; 35.6%). The largest single issuer of securities to which the Group is exposed is the Republic of Slovenia.

As at 31 December 2021, Sava Re's exposure to the ten largest issuers was EUR 134.6 million, representing 36.9% of financial investments (31 December 2020: EUR 108.6 million; 35.6%). The largest single issuer of securities to which Sava Re is exposed is Germany. As at 31 December 2021, it totalled EUR 28.9 million or 7.9% of financial investments (31 December 2020: EUR 21.8 million; 7.2%).

We assess that in 2021, the Sava Insurance Group companies – by maintaining a large percentage of highly-rated investments, diversification of investments by industry and geography and reducing concentration – managed credit risk well, maintaining it on the same level as in 2020.

Counterparty default risk

The Group is also exposed to credit risk in relation to its reinsurance programme. As a rule, subsidiaries conclude reinsurance contracts directly with the parent company. Exceptionally, if so required by local regulations, they buy reinsurance from providers of assistance services and local reinsurers. In such cases, local reinsurers transfer the risks to Sava Re, thus reducing the effective credit risk exposure relating to reinsurers below the one correctly shown according to accounting rules.

The tables below show the receivables ageing analysis for the Group and Sava Re, including the above-mentioned receivables for reinsurers' shares in claims.

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Receivables ageing analysis

Sava Insurance Group		31 December 2021									
EUR	Gross amount	Allowance	Receivables	Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	146,939,903	-20,410,622	126,529,281	98,895,556	9,440,530	4,465,130	3,143,952	5,147,448	2,829,707	2,606,958	126,529,281
Receivables due from insurance intermediaries	2,412,729	-871,452	1,541,277	713,272	763,151	27,923	8,563	16,767	11,601	0	1,541,277
Other receivables arising out of primary insurance business	621,026	-146,861	474,165	129,697	14,216	2,041	1,500	251,420	38,540	36,751	474,165
Receivables arising out of primary insurance business	149,973,658	-21,428,935	128,544,723	99,738,525	10,217,897	4,495,094	3,154,015	5,415,635	2,879,848	2,643,709	128,544,723
Receivables for shares in claims	7,993,897	-227,525	7,766,372	7,144,678	88,666	22,292	75	34,211	77,148	399,302	7,766,372
Other receivables arising out of co-insurance and reinsurance business	1,310,793	0	1,310,793	1,292,332	0	129	140	3,347	14,845	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	9,304,690	-227,525	9,077,165	8,437,010	88,666	22,421	215	37,558	91,993	399,302	9,077,165
Current tax assets	330,518	0	330,518	330,518	0	0	0	0	0	0	330,518
Other short-term receivables arising out of insurance business	17,365,268	-14,129,963	3,235,305	1,165,644	242,582	114,860	109,961	183,514	353,473	1,065,271	3,235,305
Receivables arising out of investments	440,212	-167,108	273,104	248,083	438	313	625	937	3,555	19,153	273,104
Other receivables	10,846,117	-2,366,062	8,480,055	7,766,242	538,955	96,750	12,292	17,103	14,866	33,847	8,480,055
Other receivables	28,651,597	-16,663,133	11,988,464	9,179,969	781,975	211,923	122,878	201,554	371,894	1,118,271	11,988,464
Total	188,260,463	-38,319,593	149,940,870	117,686,022	11,088,538	4,729,438	3,277,108	5,654,747	3,343,735	4,161,282	149,940,870

Sava Insurance Group		31 December 2020									
EUR	Gross amount	Allowance	Receivables	Not past due	Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	154,469,019	-21,560,418	132,908,601	98,216,113	9,514,091	4,414,656	3,075,756	6,978,449	4,374,660	6,334,876	132,908,601
Receivables due from insurance intermediaries	2,608,578	-837,647	1,770,931	862,083	835,861	35,924	11,255	4,060	4,058	17,690	1,770,931
Other receivables arising out of primary insurance business	762,484	-156,428	606,056	141,125	15,567	367	35,669	255,117	108,093	50,118	606,056
Receivables arising out of primary insurance business	157,840,081	-22,554,493	135,285,588	99,219,321	10,365,519	4,450,947	3,122,680	7,237,626	4,486,811	6,402,684	135,285,588
Receivables for shares in claims	5,344,797	-177,659	5,167,138	3,231,556	250,233	1,069,952	0	9,927	134,992	470,478	5,167,138
Other receivables arising out of co-insurance and reinsurance business	887,438	0	887,438	731,241	0	138,985	0	8,025	297	8,890	887,438
Receivables arising out of reinsurance and co-insurance business	6,232,235	-177,659	6,054,576	3,962,797	250,233	1,208,937	0	17,952	135,289	479,368	6,054,576
Current tax assets	529,831	0	529,831	529,831	0	0	0	0	0	0	529,831
Other short-term receivables arising out of insurance business	18,048,243	-15,289,228	2,759,015	963,217	171,319	163,407	131,660	268,322	372,579	688,511	2,759,015
Receivables arising out of investments	2,877,916	-1,223,923	1,653,993	1,630,216	306	226	453	679	2,639	19,474	1,653,993
Other receivables	8,770,856	-1,182,361	7,588,495	7,085,770	333,878	53,912	15,533	28,535	33,854	37,013	7,588,495
Other receivables	29,697,015	-17,695,512	12,001,503	9,679,203	505,503	217,545	147,646	297,536	409,072	744,998	12,001,503
Total	194,299,162	-40,427,664	153,871,498	113,391,152	11,121,255	5,877,429	3,270,326	7,553,114	5,031,172	7,627,050	153,871,498

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The Group assessed its receivables for impairment. Allowances were established for receivables that needed to be impaired. Receivables are discussed in greater detail in note 11.

Reinsurance programmes are mostly placed with first-class reinsurers with an appropriate credit rating (at least “A-” according to S&P Global Ratings for long-term business and at least “BBB+” for short-term business). Thus, nearly 80% of the Sava Insurance Group’s credit risk exposure to reinsurers at the end of 2021 (2020: at least 80%) related to reinsurers rated “BBB” or better. When classifying reinsurers by credit rating group, we considered the credit rating of each individual reinsurer, also where the reinsurer is part of a group. Often such reinsurers are unrated subsidiaries, while the parent com-

pany has a credit rating. We consider such a treatment conservative, as ordinarily a parent company takes action if a subsidiary gets into trouble.

As at 31 December 2021, the total exposure of the Sava Insurance Group to credit risk relating to reinsurers was EUR 65.5 million (31 December 2020: EUR 47.8 million), of which EUR 57.7 million (31 December 2020: EUR 42.6 million) relates to the reinsurers’ share of technical provisions and EUR 7.8 million (31 December 2020: EUR 5.2 million) to receivables for the reinsurers’ and co-insurers’ shares in claims. At 31 December 2021 the Group’s total credit risk exposure relating to reinsurers represented 2.5 % of total assets (31 December 2020: 1.9%).

Sava Insurance Group’s receivables due from reinsurers by reinsurer credit rating

Sava Insurance Group EUR	31 December 2021		31 December 2020	
	Amount	Structure	Amount	Structure
Rated by S&P / AM Best (A++ or A+)/(AAA or AA)	19,682,915	30.1%	17,028,850	36.8%
A / (A or A-)	30,985,239	47.3%	19,115,849	39.1%
BBB / (B++ or B+)	6,222,418	9.5%	5,507,157	11.6%
Less than BBB / less than B+	955,393	1.5%	575,307	1.2%
Not rated	7,646,270	11.7%	5,524,775	11.3%
Total	65,492,236	100.0%	47,751,937	100.0%

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Receivables ageing analysis

Sava Re EUR	31 December 2021				Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
	Gross amount	Allowance	Receivables	Not past due							
Receivables due from policyholders	74,475,114	-656,690	73,818,424	58,619,395	4,328,425	1,843,705	2,012,040	3,666,622	1,927,894	1,420,345	73,818,425
Other receivables arising out of primary insurance business	591,761	0	591,761	274,038	0	0	0	247,547	40,895	29,281	591,761
Receivables arising out of primary insurance business	75,066,875	-656,690	74,410,185	58,893,433	4,328,425	1,843,705	2,012,040	3,914,169	1,968,789	1,449,625	74,410,185
Receivables for shares in claims	4,792,142	-225,533	4,566,609	3,949,023	88,127	22,292	75	34,211	77,148	395,732	4,566,609
Other receivables arising out of co-insurance and reinsurance business	558,987	0	558,987	543,556	0	129	140	317	14,845	0	558,987
Receivables arising out of reinsurance and co-insurance business	5,351,129	-225,533	5,125,596	4,492,579	88,127	22,421	215	34,528	91,993	395,732	5,125,596
Other receivables	608,425	-341,035	267,390	267,390	0	0	0	0	0	0	267,390
Other receivables	608,425	-341,035	267,390	267,390	0	0	0	0	0	0	267,390
Total	81,026,429	-1,223,257	79,803,172	63,653,403	4,416,551	1,866,126	2,012,255	3,948,697	2,060,783	1,845,358	79,803,172

Sava Re EUR	31 December 2020				Past due up to 30 days	Past due from 31 to 60 days	Past due from 61 to 90 days	Past due from 91 to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
	Gross amount	Allowance	Receivables	Not past due							
Receivables due from policyholders	79,542,628	-598,410	78,944,217	61,518,416	2,840,959	1,428,304	1,494,849	4,109,699	2,550,958	5,001,033	78,944,217
Other receivables arising out of primary insurance business	718,691	0	718,691	287,434	0	0	24,977	254,816	107,822	43,643	718,691
Receivables arising out of primary insurance business	80,261,318	-598,410	79,662,908	61,805,850	2,840,959	1,428,304	1,519,825	4,364,515	2,658,780	5,044,676	79,662,908
Receivables for shares in claims	3,902,869	-175,669	3,727,200	1,798,842	246,581	1,069,952	0	9,927	134,992	466,905	3,727,200
Other receivables arising out of co-insurance and reinsurance business	733,967	0	733,967	585,298	0	138,985	0	496	297	8,890	733,967
Receivables arising out of reinsurance and co-insurance business	4,636,836	-175,669	4,461,167	2,384,141	246,581	1,208,937	0	10,424	135,289	475,796	4,461,167
Current tax assets	325,472	0	325,472	325,472	0	0	0	0	0	0	325,472
Receivables arising out of investments	36,942	-88	36,853	36,853	0	0	0	0	0	0	36,853
Other receivables	2,596,359	-329,726	2,266,633	2,266,633	0	0	0	0	0	0	2,266,633
Other receivables	2,633,301	-329,815	2,303,486	2,303,486	0	0	0	0	0	0	2,303,486
Total	87,856,928	-1,103,894	86,753,033	66,818,949	3,087,540	2,637,241	1,519,825	4,374,938	2,794,068	5,520,471	86,753,033

Sava Re assessed its receivables for impairment. Allowances were established for receivables that needed to be impaired. Receivables are discussed in greater detail in note 11.

Reinsurance programmes are mostly placed with first-class reinsurers with an appropriate credit rating (at least “A-” according to Standard & Poor’s for long-term business, and at least “BBB+” for short-term business). We consider this risk as low, particularly as the

investment portfolio is adequately diversified. See details in the following table. Thus, at least 80% of the credit risk exposure relating to reinsurers at the end of 2021 (2020: at least 80%) related to reinsurers rated “BBB” or better.

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Sava Re's receivables due from reinsurers by reinsurer credit rating

Sava Re EUR	31 December 2021		31 December 2020	
Rated by S&P / AM Best	Amount	Structure	Amount	Structure
(A++ or A+)/(AAA or AA)	18,517,919	34.9%	15,937,927	44.7%
A / (A or A-)	27,599,994	52.0%	14,885,019	41.7%
BBB / (B++ or B+)	2,833,975	5.3%	2,470,950	6.9%
Less than BBB / less than B+	902,579	1.7%	575,307	1.6%
Not rated	3,198,586	6.0%	1,793,112	5.0%
Total	53,053,054	100.0%	35,662,315	100.0%

As at 31 December 2021, the total exposure of Sava Re to credit risk relating to reinsurers was EUR 53.1 million (31 December 2020: EUR 35.7 million). Of this, EUR 48.5 million (31 December 2020: EUR 31.9 million) relates to retroceded gross technical provisions (EUR 6.2 million to unearned premiums and EUR 42.3 million to provisions for outstanding claims) and EUR 4.6 million (31 December 2020: EUR 3.7 million) to receivables for reinsurers' shares in claims. The total credit risk exposure of Sava Re to retrocessionaires accounted for 6.4% of total assets in 2021 (31 December 2020: 4.7%).

17.6.4.4 Risk of failure to realise guaranteed returns

The Group is exposed to the risk of failing to achieve the guaranteed return, specifically with investment contracts and with traditional and unit-linked life insurance business.

The risk of failure to realise guaranteed returns also includes the risk of investment contracts relating to the long-term business funds of the voluntary supplementary pension insurance (VSPI) that Sava Pokojninska manages for the benefit of policyholders.

Investment contracts

The Group's investment contracts include a group of life cycle funds called MOJI Skladi Življenjskega Cikla (MY Life-Cycle Funds), relating to supplementary pension business of the company Sava Pokojninska in the accumulation phase. The company manages the group of long-term life-cycle funds MOJI Skladi Življenjskega Cikla, which comprise three funds: MOJ Dinamični Sklad (MY Dynamic Fund), MOJ Uravnoveženi Sklad (MY Balanced Fund), and MOJ Zajamčeni Sklad (MY Guaranteed Fund). Investment contract liabilities are not included in the consolidated technical provisions item, and are, therefore, not included in the presentation of underwriting risk. Investment contract assets are not included in the consolidated financial investments item, and are, therefore, not included in the presentation of investment portfolio risk. In addition, there is a risk of failing to achieve the guaranteed return associated with investment contract assets and liabilities for the long-term business fund with a guaranteed return (MGF).

The members of the supplementary pension insurance scheme thus bear the entire investment risk arising out of the two funds MDF and MBF, while with the MGF they

bear the investment risk above the guaranteed return. The guaranteed return of MGF is 60% of the average annual interest rate on government securities with a maturity of over one year. Liabilities relating to MGF comprise paid in premiums, guaranteed return and amounts in excess of the guaranteed return, provided the company achieved it. For each member, the fund administrator keeps a personal account with accumulating net contributions and assets to exceed the guaranteed return (provisions); for MGF, additionally the guaranteed return is maintained. Liabilities to the members of the MDF and MBF move in line with the value of investments. In years when the return in excess of guaranteed return is realised, liabilities to the members of the MGF for assets in excess of guaranteed levels of assets are increased; if, however, realised return is below the guaranteed level, this part of liabilities decreases until the provision is fully exhausted. The described control of guaranteed return is carried out at the level of individual members' accounts. In the event that individual provisions of any account are not sufficient to cover the guaranteed assets, the company is required to make provisions for the difference, which may exceed 20% of the capital. Any excess must be covered by the company's own funds.

The risk of failing to realise guaranteed returns is managed primarily through appropriate management of policyholder assets and liabilities, an appropriate investment strategy, an adequate level of the company's capital and provisioning. The Group tests its risk exposure arising out of guaranteed return through stress tests and scenarios as part of the own risk and solvency assessment. We estimate that the risk of additional payments made in order to achieve the guaranteed returns remained at the same level in 2021 compared to 2020.

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The value of fund assets of the North Macedonian pension company Sava Penzisko Društvo (two funds, mandatory and voluntary) is not included in the statement of financial position of the company as these are funds under management (similar treatment as for fund management companies). The role of the North Macedonian pension company is solely to manage the assets; the funds have no guaranteed return. Consequently, the company is not exposed to the risk to which investment contracts are exposed, i.e. failure to realise the guaranteed return.

Traditional and unit-linked life insurance contracts

The Group is exposed to the risk of failure to realise guaranteed returns for its traditional and unit-linked life insurance business with guaranteed returns (e.g. guaranteed fund unit value). Taking into account the realised book return on financial investments and the guaranteed return on the liabilities side in the period 2021, the effect of not achieving the guaranteed return was a loss of EUR 203.7 thousand (2020: EUR 249.2 thousand).

We assess that the risk of failure to realise guaranteed returns is high and remained on the 2020 level.

17.6.5 Operational risks

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

Operational risks are not among the Group's or Sava Re's most significant risks. Nevertheless, some of them are material, particularly:

- risk associated with the operation of the computer and communication system,
- risk associated with supervision and reporting,
- risk of personal data breach in companies inside and outside the EU,
- risk of the IT system being hacked,
- risk of inappropriate business decisions,
- risk of incorrect data input and inadequate documentation,
- risks associated with clients, products and business practices,
- risk of damage to physical assets due to natural disaster or fire,
- compliance risk (laws and regulations).

Significant Company and Group risks also include cyber risks. It is important for Group companies to lower this risk, as its realisation can lead to a complete interruption of business and extensive financial damage. This is why the Group regularly upgrades the management of and limits exposure to cyber risks.

To assess operational risks in Group companies and at the Group level, qualitative assessment of the probability and financial impact within the scope of the risk register is applied. Through regular risk assessments, the Group

companies obtain insight into the actual level of their exposure to such risks.

Group companies have established processes for identifying, measuring, monitoring, managing and reporting on such risks for the effective management of operational risk. Operational risk management processes have also been set up at the Group level and are defined in the operational risk management policy.

The main measures of operational risk management on the individual company and the Group level include:

- maintaining an effective business processes management system and system of internal controls,
- awareness-raising and training of all employees on their role in the implementation of the internal control system and management of operational risks,
- implementing appropriate policies as regards information security,
- having in place a business continuity plan for all critical processes (in order to minimise the risk of unpreparedness for incidents and external events and any resulting business interruption),
- having in place IT-supported processes and controls in the key areas of business of every Group company,
- awareness-raising and training of all employees.

We estimate that the Company's and the Group's exposure to operational risks in 2021 was moderate and decreased slightly compared to 2020 as they both adapted to the changed circumstances due to Covid-19 and limited the risks accordingly.

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17.6.6 Strategic risks

Group companies and the Group are exposed to a variety of internal and external strategic risks that may have a negative impact on the income or capital adequacy.

The primary key strategic risks to which the Group and Sava Re were exposed in 2021 include:

- risk of inadequate development strategy,
- risks associated with strategic investments,
- risk of inadequate strategic focus of the operations of companies,
- risk of market and economic conditions and competition risk,
- risk of legislative changes,
- political risks,
- reputation risk,
- project risks.

Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including external) factors.

Group companies' and the Group's strategic risks are assessed qualitatively in the risk register by assessing the frequency and potential financial impact of each event. In addition, key strategic risks are evaluated in the EU-based Group (re)insurance companies, using qualitative analysis of various scenarios. Based on both analyses combined, an overview is obtained of the extent and change in the exposure to this type of risk.

Group companies mitigate individual strategic risks mainly through preventive measures, and individual companies have in place various processes that ensure that they can properly identify, measure, monitor, manage, control and report strategic risks, thus ensuring their effective management. In addition to the competent organisational units in Group companies, strategic risks are identified and managed by management bodies, risk management committees, risk management functions and the key functions of the risk management system. Strategic risks are additionally identified by the Group's risk management committee. Strategic risks are also managed by continually monitoring the realisation of short- and long-term goals of Group companies, and by monitoring regulatory changes in the pipeline and market developments.

The Group is aware that its reputation is important in realising its business goals and in order to achieve its strategic plans in the long term. Group companies have taken steps aimed at mitigating reputation risk, such as setting up fit and proper procedures applicable to key employees, ensuring systematic operations of their respective compliance functions, having in place business continuity plans, developing stress tests and scenarios, and planning actions and responses in the case such risks materialise. Toward ensuring the Group's good reputation, each and every employee is responsible for improving the quality of services delivered and overall customer satisfaction.

We estimate that the Group's exposure to strategic risks in 2021 was moderate, and remains unchanged relative to 2020 due to the uncertain macroeconomic environment and the situation related to Covid-19.

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17.7 Notes to the financial statements – statement of financial position

1) Intangible assets

Movement in cost and accumulated amortisation / impairment losses of intangible assets

Sava Insurance Group						
EUR	Software	Goodwill	Deferred acquisition costs	Other intangible assets	Intangible assets in progress	Total
Cost						
31 December 2020	14,494,358	40,877,792	4,915,589	34,109,747	7,262,740	101,660,226
Additions	549,288	0	22,037	423,425	5,733,444	6,728,194
Reclassification	0	0	0	0	19,006	19,006
Transfer to use	3,064,086	0	0	0	-3,064,086	0
Disposals	-1,022,289	0	-240,059	-12,556	-35,694	-1,310,598
Exchange differences	2,467	0	0	3,913	-5	6,375
31 December 2021	17,087,910	40,877,792	4,697,567	34,524,529	9,915,405	107,103,203
Accumulated amortisation and impairment losses						
31 December 2020	11,127,001	8,444,979	0	17,809,635	0	37,381,614
Additions	1,457,268	0	0	1,956,949	0	3,414,217
Disposals	-1,003,001	0	0	0	0	-1,003,001
Exchange differences	2,779	0	0	818	0	3,597
31 December 2021	11,584,047	8,444,979	0	19,767,402	0	39,796,428
Carrying amount as at 31 December 2020	3,367,357	32,432,812	4,915,589	16,300,112	7,262,740	64,278,611
Carrying amount as at 31 December 2021	5,503,863	32,432,812	4,697,567	14,757,127	9,915,405	67,306,775

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Sava Insurance Group						
EUR	Software	Goodwill	Deferred acquisition costs	Other intangible assets	Intangible assets in progress	Total
Cost						
31 December 2019	12,996,279	40,877,792	4,155,831	33,539,706	2,337,949	93,907,557
Additions – acquisition of subsidiary	748,673	0	0	0	0	748,673
Additions	1,208,956	0	759,758	901,943	4,924,791	7,795,448
Reversal	-448,566	0	0	-309,031	0	-757,597
Exchange differences	-10,984	0	0	-22,871	0	-33,855
31 December 2020	14,494,358	40,877,792	4,915,589	34,109,747	7,262,740	101,660,226
Accumulated amortisation and impairment losses						
31 December 2019	10,138,865	6,915,159	0	15,793,464	0	32,847,488
Additions	1,385,312	0	0	2,016,236	0	3,401,548
Disposals	-386,843	0	0	0	0	-386,843
Impairments	0	1,529,820	0	0	0	1,529,820
Exchange differences	-10,333	0	0	-65	0	-10,398
31 December 2020	11,127,001	8,444,979	0	17,809,635	0	37,381,615
Carrying amount as at 31 December 2019	2,857,414	33,962,633	4,155,831	17,746,242	2,337,949	61,060,069
Carrying amount as at 31 December 2020	3,367,357	32,432,812	4,915,589	16,300,112	7,262,740	64,278,611

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Sava Re				
EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 December 2020	2,295,828	36,083	1,190,467	3,522,379
Additions	41,595	5,393	1,509,265	1,556,253
Transfer to use	522,547		-522,547	0
Disposals	-290,609	-6,761	-35,694	-333,064
31 December 2021	2,569,361	34,715	2,141,491	4,745,568
Accumulated amortisation and impairment losses				
31 December 2020	1,575,322	0	0	1,575,322
Additions	263,445	0	0	263,445
Disposals	-287,229	0	0	-287,229
31 December 2021	1,551,538	0	0	1,551,538
Carrying amount as at 31 December 2020	720,507	36,083	1,190,467	1,947,056
Carrying amount as at 31 December 2021	1,017,824	34,715	2,141,491	3,194,031

Sava Re				
EUR	Software	Other intangible assets	Intangible assets in progress	Total
Cost				
31 December 2019	1,793,135	36,033	798,413	2,627,582
Additions	517,534	5,943	392,054	915,531
Disposals	-14,841	-5,893	0	-20,734
31 December 2020	2,295,828	36,083	1,190,467	3,522,379
Accumulated amortisation and impairment losses				
31 December 2019	1,333,472	0	0	1,333,472
Additions	256,690	0	0	256,690
Disposals	-14,840	0	0	-14,840
31 December 2020	1,575,322	0	0	1,575,322
Carrying amount as at 31 December 2019	459,664	36,033	798,413	1,294,110
Carrying amount as at 31 December 2020	720,507	36,083	1,190,467	1,947,056

The decrease in goodwill in 2020 arose from the impairment of Sava Pokojninska. Goodwill arisen on the acquisition of Sava Infond was partly allocated, based on the assessed value of contractual customer relationships, to contractual relationships with customers, which increased the balance of other intangible assets.

Other intangible assets in the Group comprise estimated values of customer lists (EUR 8.9 million) and contractual customer relationships (EUR 5.7 million).

Assets in progress relate to new IT solutions acquired, in particular to prepare for the implementation of the new accounting standard IFRS 17 and 9, and to support the core business of Zavarovalnica Sava and Sava Re.

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Movement in goodwill**Movement in goodwill in 2021**

Sava Insurance Group EUR	
Total amount carried forward as at 31 December 2020	32,432,813
Balance as at 31 December 2021	32,432,813
Sava Neživotno Osiguranje (SRB)	4,565,229
Sava Osiguranje (MNE)	3,648,534
Zavarovalnica Sava	4,761,733
Sava Agent	2,718
TBS Team 24	2,787,676
Sava Penzisko Društvo	1,666,838
Sava Infond	15,000,085

Movement in goodwill in 2020

Sava Insurance Group EUR	
Total amount carried forward as at 31 December 2019	39,146,633
Disposals in current year	-6,713,820
Sava Pokojninska	-1,529,820
Sava Infond	-5,184,000
Balance as at 31 December 2020	32,432,813
Sava Neživotno Osiguranje (SRB)	4,565,229
Sava Osiguranje (MNE)	3,648,534
Zavarovalnica Sava	4,761,733
Sava Agent	2,718
TBS Team 24	2,787,676
Sava Penzisko Društvo	1,666,838
Sava Infond	15,000,085

There was no reduction in goodwill in 2021. The 2020 decline in the goodwill of Sava Pokojninska relates to impairment, whereas the decline in the goodwill in Sava Infond relates to a reclassification to other intangible assets.

Goodwill impairment testing

In the impairment testing of goodwill arising out of the acquired companies listed at the beginning of this section, the recoverable amount of each cash-generating

unit as at 31 December 2021 in all companies exceeded its carrying amount including goodwill belonging to the unit. The following assumptions were used to calculate the recoverable amount:

Assumptions used in goodwill impairment testing in 2021

	Zavarovalnica Sava (SVN)	Sava Neživotno Osiguranje (SRB)	Sava Osiguranje (MNE)	Sava Penzisko (MKD)	Sava Infond (SVN)	TBS Team 24 (SVN)
Discount rate (%)	7.2	9.3	11.4	9.0	7.7	9.4
Long-term growth rate (%)	0.0	2.0	2.0	2.0	0.0	0.0
Expected average growth in revenue in the next 5 years (%)	1.8	8.7	6.0	9.1	7.4	-0.6
Expected average annual profit in the next 5 years (EUR million)	33.5	1.2	1.4	2.5	4.1	0.9

* Revenue = net premiums earned for insurance companies, operating revenue for other companies.

** Profit = net profit for all except TBS; after tax EBITDA for TBS.

Sensitivity analysis for estimation parameters

A sensitivity analysis was carried out for the difference between the estimated recoverable amount and the carrying amount for different long-term growth rates, discount rates and annual achievement of planned profit over all projection horizons. It was found that in no case of deviation (long-term growth rates change of 1 p.p., discount rates change of 1 p.p. or profit change of 10%) was the estimated recoverable amount lower than the carrying amount.

Sensitivity analysis for Covid business scenarios

In 2021, we did not perform sensitivity analyses for scenarios to assess Covid-19-related impacts on operations. This is because the Group performed well despite the ongoing pandemic. Operating revenue grew by 7.6% and net profit by 35.1%. The Group's net profit for 2021 also exceeded the pre-Covid profit of 2019. Improvements were also seen in net incurred loss ratios of the reinsurance company and the non-life insurers. Economic conditions have improved in all countries where the Group is present and economic growth is expected to continue in the coming years. Therefore, the Group companies do not expect any negative impacts from Covid in the future and have prepared their business plans for 2022–2024 accordingly.

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2) Property, plant and equipment

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

Sava Insurance Group						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2020	5,576,811	54,791,481	23,962,225	201,165	1,434,695	85,966,377
Additions	0	63,040	735,363	242,263	10,179,984	11,220,650
Reclassification	0	1,115,682	503,052	146,417	-19,007	1,746,144
Transfer to use	0	86,013	2,049,175	0	-2,135,188	0
Disposals	0	0	-1,548,925	0	0	-1,548,925
Exchange differences	1,673	12,834	4,100	75	0	18,682
31 December 2021	5,578,484	56,069,050	25,704,990	589,920	9,460,484	97,402,928
Accumulated depreciation and impairment losses						
31 December 2020	0	20,950,868	16,679,787	-769	0	37,629,886
Additions	0	1,057,034	2,956,381	40,615	0	4,054,030
Reclassification	0	89,095	500,840	146,417	0	736,352
Disposals	0	0	-1,360,695	0	0	-1,360,695
Exchange differences	0	3,344	2,836	0	0	6,180
31 December 2021	0	22,100,341	18,779,149	186,263	0	41,065,753
Carrying amount as at 31 December 2020	5,576,810	33,840,613	7,282,438	201,934	1,434,695	48,336,491
Carrying amount as at 31 December 2021	5,578,483	33,968,709	6,925,841	403,657	9,460,484	56,337,174

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Sava Insurance Group						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2019	5,630,200	54,230,979	24,107,167	319,159	329,979	84,617,484
Additions – acquisition of subsidiary	0	0	136,926	0	0	136,926
Additions	90,199	2,361,534	2,272,959	29,044	1,104,716	5,858,452
Reclassification	-73,035	-1,630,752	-28,945	-146,417	0	-1,879,149
Disposals	-20,641	-78,621	-2,512,690	-496	0	-2,612,448
Impairment	-42,668	-47,491	0	0	0	-90,159
Exchange differences	-7,244	-44,168	-13,192	-125	0	-64,729
31 December 2020	5,576,811	54,791,481	23,962,225	201,165	1,434,695	85,966,378
Accumulated depreciation and impairment losses						
31 December 2019	0	20,540,637	16,368,020	93,118	0	37,001,775
Additions	0	1,138,908	2,708,610	53,020	0	3,900,538
Reclassification	0	-667,520	-26,442	-146,417	0	-840,379
Disposals	0	-50,635	-2,355,802	-490	0	-2,406,927
Exchange differences	0	-10,522	-14,599	0	0	-25,121
31 December 2020	0	20,950,868	16,679,787	-769	0	37,629,886
Carrying amount as at 31 December 2019	5,630,200	33,690,342	7,739,147	226,041	329,979	47,615,709
Carrying amount as at 31 December 2020	5,576,811	33,840,613	7,282,438	201,934	1,434,695	48,336,491

Assets in progress amount to EUR 9.5 million (2020: EUR 1.4 million) and mainly comprise new equipment acquired and a building intended for insurance business (construction of a new office building for Zavarovalnica Sava).

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Sava Re						
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	In progress	Total
Cost						
31 December 2020	151,374	2,417,758	1,473,852	82,195	0	4,125,178
Additions	0	0	107,107	232,163	20,421	359,691
Disposals	0	0	-98,678	0	0	-98,678
Transfer to use	0	0	9,867	0	-9,867	0
31 December 2021	151,374	2,417,758	1,492,148	314,358	10,554	4,386,191
Accumulated depreciation and impairment losses						
31 December 2020	0	754,686	966,864	46,780	0	1,768,331
Additions	0	32,672	187,108	1,771	0	221,551
Disposals	0	0	-67,903	0	0	-67,903
31 December 2021	0	787,358	1,086,069	48,551	0	1,921,979
Carrying amount as at 31 December 2020	151,374	1,663,072	506,987	35,415	0	2,356,848
Carrying amount as at 31 December 2021	151,374	1,630,400	406,078	265,807	10,554	2,464,213

Sava Re					
EUR	Land	Buildings	Equipment	Other items of property, plant and equipment	Total
Cost					
31 December 2019	156,645	2,463,160	1,653,883	82,186	4,355,873
Additions	0	0	170,550	15	170,565
Disposals	0	0	-350,581	-6	-350,587
Reclassification	-5,271	-45,402	0	0	-50,673
31 December 2020	151,374	2,417,758	1,473,852	82,195	4,125,178
Accumulated depreciation and impairment losses					
31 December 2019	0	735,961	1,067,215	45,086	1,848,263
Additions	0	18,725	201,300	1,694	221,719
Disposals	0	0	-301,651		-301,651
31 December 2020	0	754,686	966,864	46,780	1,768,331
Carrying amount as at 31 December 2019	156,645	1,727,199	586,667	37,100	2,507,611
Carrying amount as at 31 December 2020	151,374	1,663,072	506,987	35,415	2,356,848

Property, plant and equipment assets have not been acquired under finance lease contracts and are unencumbered by third-party rights.

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3) Right-of-use assets

In this part, Group companies disclose information on operating leases.

Movement in cost and accumulated amortisation / impairment losses of right-of-use assets

Sava Insurance Group EUR	Land and buildings	Motor vehicles	Computers and IT equipment	Total
As at 31 December 2020	7,969,959	648,513	30,122	8,648,594
Depreciation of right-of-use assets	-1,790,989	-202,784	-17,983	-2,011,756
Change in right of use	1,006,513	17,760	0	1,024,273
New contracts	227,360	-30,334	0	197,026
Reversal of right-of-use assets	-444,225	-27,486	0	-471,711
As at 31 December 2021	6,968,618	405,669	12,139	7,386,426

Sava Insurance Group EUR	Land and buildings	Motor vehicles	Computers and IT equipment	Other	Total
As at 31 December 2019	9,070,045	834,118	48,105	21,984	9,974,252
Depreciation of right-of-use assets	-1,842,414	-324,453	-12,626	-13,176	-2,192,669
Change in right of use	-145,056	19,620	-5,357	-16,350	-147,143
New contracts	991,415	133,772	-	11,572	1,136,760
Reversal of right-of-use assets	-104,032	-14,544	-	-4,030	-122,606
As at 31 December 2020	7,969,959	648,513	30,122	0	8,648,594

Sava Re EUR	Land and buildings	Total
As at 31 December 2020	89,258	89,258
Depreciation of right-of-use assets	-74,585	-74,585
Change in right of use	192,558	192,558
Derecognition of right-of-use assets	-2353	-2353
As at 31 December 2021	204,879	204,879

Sava Re EUR	Land and buildings	Motor vehicles	Total
As at 31 December 2019	103,132	12,268	115,400
Depreciation of right-of-use assets	-86,240	-3,014	-89,254
Change in right of use	73,650	0	73,650
Derecognition of right-of-use assets	-1,284	-9,254	-10,538
As at 31 December 2020	89,258	0	89,258

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The amounts recognised in the income statement related to leases are shown in the table below.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Interest on lease liabilities	138,383	168,474	106	126
Costs associated with short-term leases	56,857	576,418	-	11,726
Costs associated with low value leases	49,289	-	-	-
Total	244,529	744,892	106	11,852

Cash flow from leases is shown in the table.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Cash flow from leases	4,517,330	2,689,079	76,657	66,452

The circumstances linked to Covid-19 also affected lease payments in some cases. IASB published a document on 10 April 2020, explaining the accounting impacts in accordance with IFRS 16. The Sava Insurance Group considered whether to treat changes in rent payments as lease modifications, or as a change from fixed to variable rent, and reviewed lease contracts and terms. The standard defines lease modification as a change in the scope of a lease, or the consideration for a lease. If the rent is changed due to government measures, or due to partial or total forgiveness of lease payments, and this is specified in contracts, the change does not constitute a change in the scope of the lease, and fixed rent is changed into variable. The lessee applies the clause from the standard under which the effect should be recognised as a gain or loss.

There are no limitations or requirements associated with leases on the Company or the Group.

When reviewing all lease contracts, the company determined these do not contain force majeure clauses, and consequently treated changes as lease modifications. The Sava Insurance Group made lease modifications in four companies; this had a EUR 217,434 effect on right-of-use assets (2020: EUR 203,521).

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4) Deferred tax assets and liabilities

Sava Insurance Group EUR	31 December 2020	Included in income statement	Included in other comprehensive income	Offset value as at 31 December 2021	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-1,261,053	-22,055	0	-1,283,108	12,963	-1,296,071
Intangible assets	-898,320	197,784	0	-701,123	0	-701,123
Long-term financial investments and investment property	-11,397,432	58,633	4,240,690	-7,122,699	2,169,973	-9,292,672
Short-term operating receivables	257,859	17,656	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	821,746	30,908	-27,501	825,153	846,454	-21,302
Provision for tax losses	2,576,671	-394,173	0	2,182,498	2,182,499	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	-9,976,755	-111,247	4,213,189	-5,899,990	5,487,403	-11,387,395

Sava Insurance Group EUR	31 December 2019	Included in income statement	Included in other comprehensive income	Recognised in business combinations	Offset value as at 31 December 2020	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	-1,273,817	12,764	0	0	-1,261,053	9,888	-1,270,941
Intangible assets	-1,096,060	197,740	0	0	-898,320	0	-898,320
Long-term financial investments and investment property	-6,881,243	44,294	-3,894,829	-665,653	-11,397,432	1,255,439	-12,652,871
Short-term operating receivables	231,234	26,626	0	0	257,859	257,859	0
Provisions for jubilee benefits and severance pay (retirement)	685,292	30,590	105,865	0	821,746	824,961	-3,216
Provision for tax losses	71,369	2,505,303	0	0	2,576,671	2,576,671	0
Other	-76,227	0	0	0	-76,227	0	-76,227
Total	-8,339,453	2,817,316	-3,788,965	-665,653	-9,976,755	4,924,819	-14,901,575

Sava Re EUR	31 December 2020	Included in income statement	Included in other comprehensive income	Offset value as at 31 December 2021	Deferred tax assets	Deferred tax liabilities
Long-term financial investments and investment property	676,906	0	567,678	1,244,584	1,244,584	0
Short-term operating receivables	257,859	17,656	0	275,515	275,515	0
Provisions for jubilee benefits and severance pay (retirement)	47,269	10,459	0	57,728	57,728	0
Provision for tax losses	2,505,303	-394,173	0	2,111,130	2,111,130	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	3,411,110	-366,058	567,678	3,612,730	3,688,957	-76,227

Sava Re EUR	31 December 2019	Included in income statement	Included in other comprehensive income	Offset value as at 31 December 2020	Deferred tax assets	Deferred tax liabilities
Long-term financial investments and investment property	861,922	7,859	-192,875	676,905	676,906	0
Short-term operating receivables	231,234	26,626	0	257,859	257,859	0
Provisions for jubilee benefits and severance pay (retirement)	47,941	-671	0	47,269	47,269	0
Provision for tax losses	0	2,505,303	0	2,505,303	2,505,303	0
Other	-76,227	0	0	-76,227	0	-76,227
Total	1,064,869	2,539,116	-192,875	3,411,110	3,487,337	-76,227

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5) Investment property

Movement in cost and accumulated depreciation of investment property

Sava Insurance Group				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2020	2,346,752	14,976,482	184,866	17,508,100
Additions	0	76	16,512	16,588
Reclassification	0	-1,116,718	-15,051	-1,131,769
Disposals	-189,588	-629,652	-252	-819,492
Impairment	0	-16,000	0	-16,000
Exchange differences	1,588	2,239	0	3,827
31 December 2021	2,158,752	13,216,427	186,075	15,561,254
Accumulated depreciation and impairment losses				
31 December 2020	28,629	1,273,563	84,830	1,387,022
Additions	0	279,695	20,066	299,761
Reclassification	0	-90,132	-12,840	-102,972
Disposals	0	-307,743	-198	-307,941
Impairment	0	90	0	90
Exchange differences	11	4,092	0	4,103
31 December 2021	28,640	1,159,565	91,858	1,280,063
Carrying amount as at 31 December 2020	2,318,123	13,702,919	100,036	16,121,079
Carrying amount as at 31 December 2021	2,130,112	12,056,862	94,217	14,281,192

Sava Insurance Group				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2019	2,402,688	15,176,550	160,095	17,739,333
Additions	0	132,670	8,964	141,634
Reclassification	5,271	45,402	26,145	76,818
Disposals	0	0	-10,338	-10,338
Impairment	-55,408	-370,668	0	-426,076
Exchange differences	-5,799	-7,472	0	-13,271
31 December 2020	2,346,752	14,976,482	184,866	17,508,100
Accumulated depreciation and impairment losses				
31 December 2019	28,694	967,327	48,182	1,044,202
Additions	0	292,726	20,617	313,343
Reclassification	0	14,095	23,643	37,738
Disposals	0	0	-7,612	-7,612
Exchange differences	-65	-584	0	-649
31 December 2020	28,629	1,273,563	84,830	1,387,022
Carrying amount as at 31 December 2019	2,373,994	14,209,224	111,913	16,695,132
Carrying amount as at 31 December 2020	2,318,123	13,702,919	100,036	16,121,079

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Sava Re				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2020	1,497,711	7,058,306	68,119	8,624,136
Additions	0	0	15,703	15,703
31 December 2021	1,497,711	7,058,306	83,822	8,639,839
Accumulated depreciation and impairment losses				
31 December 2020	0	578,559	13,702	592,262
Additions	0	141,761	6,123	147,884
31 December 2021	0	720,320	19,825	740,146
Carrying amount as at 31 December 2020	1,497,711	6,479,747	54,417	8,031,875
Carrying amount as at 31 December 2021	1,497,711	6,337,985	63,997	7,899,693

Sava Re				
EUR	Land	Buildings	Equipment	Total
Cost				
31 December 2019	1,492,440	7,012,904	69,112	8,574,456
Additions	5,271	45,402	0	50,673
Reclassification	0	0	-993	-993
31 December 2020	1,497,711	7,058,306	68,119	8,624,136
Accumulated depreciation and impairment losses				
31 December 2019	0	422,933	8,809	431,742
Additions	0	141,532	4,893	146,425
Reclassification	0	14,095	0	14,095
31 December 2020	0	578,559	13,702	592,261
Carrying amount as at 31 December 2019	1,492,440	6,589,971	60,303	8,142,714
Carrying amount as at 31 December 2020	1,497,711	6,479,747	54,417	8,031,875

In 2021, the Group generated income of EUR 1.3 million by leasing out its investment property (2020: EUR 1.2 million). Maintenance costs associated with investment property are either included in the rent or charged to the lessee. Costs covered by the Group in 2021 totalled EUR 85,238 (2020: EUR 122,638). We estimate that the Group will continue to lease its investment property in 2022 and over the next five-year period in a similar scope as in 2021 and generate a similar amount of lease income.

In 2021, the Group generated income of EUR 784,325 by leasing out its investment property (2020: EUR 783,238). Maintenance costs associated with investment property are either included in rent or charged to the lessees in a proportionate amount. These recovered costs amounted to EUR 56,408 in 2021 (2020: EUR 72,555).

The investment properties are unencumbered by any third-party rights.

The fair values of investment property are resented in note 29 "Fair values of assets and liabilities".

We have examined the investment property assets owned by the Group and the Company and find that the Covid-19 epidemic had no impact on operations. The lessees do not operate in business sectors hit by the Covid-19 epidemic.

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6) Financial investments in subsidiaries and associates

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Financial investments in subsidiaries	0	0	304,554,991	304,072,412
Financial investments in associates	20,479,729	15,056,143	19,575,000	15,025,000
Total	20,479,729	15,056,143	324,129,991	319,097,412

Financial investments in subsidiaries

EUR	Sava Re		Acquisition/ recapitalisation Value	Sava Re	
	31 December 2020			31 December 2021	
	Holding	Value		Holding	Value
Zavarovalnica Sava	100.00%	123,364,958	0	100.00%	123,364,958
Sava Neživotno Osiguranje (SRB)	100.00%	16,143,299	0	100.00%	16,143,299
Illyria	100.00%	9,563,104	0	100.00%	9,563,104
Sava Osiguruvanje (MKD)	92.57%	10,031,490	62,580	93.86%	10,094,070
Sava Osiguranje (MNE)	100.00%	15,373,019	0	100.00%	15,373,019
Illyria Life	100.00%	4,035,893	0	100.00%	4,035,893
Sava Životno Osiguranje (SRB)	100.00%	5,142,278	0	100.00%	5,142,278
Illyria Hospital	100.00%	5,996	0	100.00%	5,996
Sava Pokojninska	100.00%	6,417,800	0	100.00%	6,417,800
TBS Team 24	75.00%	2,906,504	420,000	78.50%	3,326,504
Sava Penzisko Društvo	100.00%	19,714,494	0	100.00%	19,714,494
Sava Infond	85.00%	24,583,778	0	85.00%	24,583,778
Vita	100.00%	66,789,797	0	100.00%	66,789,797
Total		304,072,412	482,580		304,554,991

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Sava Re EUR	31 December 2019		Acquisition/ recapitalisation Value	Impairment (-) Value	31 December 2020	
	Holding	Value			Holding	Value
Zavarovalnica Sava	100.00%	123,364,959	0	0	100.00%	123,364,958
Sava Neživotno Osiguranje (SRB)	100.00%	16,143,256	43	0	100.00%	16,143,299
Illyria	100.00%	8,094,000	1,800,000	-330,896	100.00%	9,563,104
Sava Osiguruvanje (MKD)	92.57%	10,031,490	0	0	92.57%	10,031,490
Sava Osiguranje (MNE)	100.00%	15,373,019	0	0	100.00%	15,373,019
Illyria Life	100.00%	4,035,892	0	0	100.00%	4,035,893
Sava Životno Osiguranje (SRB)	100.00%	5,142,278	0	0	100.00%	5,142,278
S Estate	100.00%	5,996	0	0	100.00%	5,996
Sava Pokojninska	100.00%	8,089,939	0	-1,672,139	100.00%	6,417,800
TBS Team 24	75.00%	2,906,504	0	0	75.00%	2,906,504
Sava Penzisko Društvo	100.00%	19,714,494	0	0	100.00%	19,714,494
Sava Infond	85.00%	24,583,778	0	0	85.00%	24,583,778
Vita	100.00%		66,789,797	0	100.00%	66,789,797
Total		237,485,605	68,589,840	-2,003,035		304,072,412

Financial investments in associates

Sava Insurance Group EUR	31 December 2020		Additions		Attributed profit or loss	31 December 2021		Share of voting rights (%)
	Holding	Value	Holding	Value		Holding	Value	
DCB (formerly ZTSR)	50.00%	15,092,165	0.00%	4,550,000	837,564	40.10%	20,479,729	50.00%
G2I	17.50%	-36,022	0.00%	0	-64,678	17.50%	0*	25.00%
Total		15,056,143		4,550,000	772,886		20,479,729	

* The negative value of the investment (EUR 100,700), resulting from the attribution of the company's losses, is recorded as a liability.

Sava Insurance Group EUR	31 December 2019		Additions		Attributed profit or loss	Impairment	31 December 2020		Share of voting rights (%)
	Holding	Value	Holding	Value			Holding	Value	
ZTSR	50.00%	41,302		14,900,000	150,863	0	50.00%	15,092,165	50.00%
G2I	17.50%	539,801		0	-8,775	-567,048	17.50%	-36,022*	25.00%
Total		581,103		14,900,000	142,088	-567,048		15,056,143	

* The negative value of the investment reflects impairment losses recognised for the entire cost of the investment plus the negative results of the company G2I.

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Sava Re EUR	31 December 2020		Additions		31 December 2021		Share of voting rights (%)
	Holding	Value	Holding	Value	Holding	Value	
DCB	50.00%	15,025,000	0.00%	4,550,000	50.00%	19,575,000	50.00%
G2I	17.50%	0	0.00%	0	17.50%	0	25.00%
Total		15,025,000		4,550,000		19,575,000	

Sava Re EUR	31 December 2019		Additions		31 December 2020		Share of voting rights (%)	
	Holding	Value	Holding	Value	Impairment	Holding		Value
ZTSR	50.00%	125,000	0.00%	14,900,000	0	50.00%	15,025,000	50.00%
G2I	17.50%	567,048	0.00%	0	-567,048	17.50%	0	25.00%
Total		692,048		14,900,000	-567,048		15,025,000	

Sava Insurance Group		
EUR	31 December 2021	31 December 2020
DCB (formerly ZTSR)		
Value of assets	44,373,702	40,255,944
Liabilities	18,380,231	10,071,614
Shareholders' equity	25,993,471	30,184,330
Income	25,928,230	10,800,226
Profit or loss for the period	1,675,127	301,725
Part of the profit or loss attributable to the Group	837,564	150,863
G2I		
Value of assets	3,732,026	1,924,836
Liabilities	3,067,181	973,624
Shareholders' equity	664,846	951,212
Income	5,818,938	3,657,195
Profit or loss for the period	-369,588	-50,140
Part of the profit or loss attributable to the Group	-64,678	-8,775

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

The assumptions used in the valuation are discussed in greater detail in section 17.7 "Notes to the financial statements – statement of financial position".

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7) Financial investments

Sava Insurance Group		At FVTPL			Loans and receivables	Total
EUR		Non-derivative				
31 December 2021	Held-to-maturity	Designated to this category	Available-for-sale			
Debt instruments	40,023,124	29,300,362	1,241,312,597	20,236,235	1,330,872,318	
Deposits and CDs	0	0	0	18,561,697	18,561,697	
Government bonds	28,338,756	1,613,883	688,547,341	0	718,499,980	
Corporate bonds	11,684,368	27,686,479	552,765,256	0	592,136,103	
Loans granted	0	0	0	1,674,538	1,674,538	
Equity instruments	0	5,085,712	66,741,051	0	71,826,763	
Shares	0	258,154	35,707,531	0	35,965,685	
Mutual funds	0	4,827,558	31,033,520	0	35,861,078	
Investments in infrastructure funds	0	0	44,532,966	0	44,532,966	
Investments in real-estate funds	0	0	15,846,059	0	15,846,059	
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	9,610,337	9,610,337	
Total	40,023,124	34,386,074	1,368,432,673	29,846,572	1,472,688,443	

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

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Sava Re	At FVTPL				Loans and receivables	Total
	Non-derivative					
EUR 31 December 2021	Held-to-maturity	Designated to this category	Available-for-sale			
Debt instruments	2,816,979	9,157,021	271,786,710	2,572,974	286,333,684	
Government bonds	2,074,942	0	177,643,454	0	179,718,397	
Corporate bonds	742,036	9,157,021	94,143,256	0	104,042,314	
Loans granted	0	0	0	2,572,974	2,572,974	
Equity instruments	0	126,024	12,735,984	0	12,862,008	
Shares	0	126,024	6,724,679	0	6,850,703	
Mutual funds	0	0	6,011,306	0	6,011,306	
Investments in infrastructure funds	0	0	14,554,843	0	14,554,843	
Investments in real-estate funds	0	0	4,423,724	0	4,423,724	
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	9,610,337	9,610,337	
Total	2,816,979	9,283,045	303,501,261	12,183,310	327,784,595	

Sava Re	At FVTPL				Loans and receivables	Total
	Non-derivative					
EUR 31 December 2020	Held-to-maturity	Designated to this category	Available-for-sale			
Debt instruments	2,816,598	7,001,226	221,847,584	4,967,639	236,633,047	
Deposits and CDs	0	0	0	0	0	
Government bonds	2,074,512	0	130,783,187	0	132,857,699	
Corporate bonds	742,086	7,001,226	91,064,397	0	98,807,709	
Loans granted	0	0	0	4,967,639	4,967,639	
Equity instruments	0	651,042	11,822,395	0	12,473,437	
Shares	0	651,042	8,605,871	0	9,256,913	
Mutual funds	0	0	3,216,524	0	3,216,524	
Investments in infrastructure funds	0	0	9,200,979	0	9,200,979	
Investments in real-estate funds	0	0	3,969,161	0	3,969,161	
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,261,165	7,261,165	
Total	2,816,598	7,652,268	246,840,118	12,228,804	269,537,788	

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The Sava Insurance Group held 3.3% of financial investments constituting subordinated instruments for the issuer (31 December 2020: 1.4%). The total value of subordinated investments stood at EUR 47.9 million (31 December 2020: EUR 19.6 million).

Sava Re held 1.1% of financial investments that constitute subordinated instruments for the issuer (31 December 2020: 1.2%). The total value of subordinated investments stood at EUR 7.4 million (31 December 2020: EUR 7.6 million).

A portion of subordinated assets invested in banks is recognised as debt instruments in the category measured at amortised cost, while the other part is recognised in the category measured through profit or loss.

We reviewed the Company's and Group's financial investments and determined that the impact of the Covid-19 epidemic did not materially decrease their fair value or create the need to impair the investments. The Company and Group hold a small portion of loans granted in their portfolio. The conditions and the ability to repay the loans given did not deteriorate in any of the cases due to the impact of the Covid-19 epidemic, while minor effects were recorded at the Group level, mainly as extensions of repayment terms for loans given.

Movement in financial investments

Sava Insurance Group						
EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 January 2021	118,692,147	1,279,661,013	22,415,443	2,119,569	7,261,165	1,430,149,336
Additions – portfolio assumption	0	0	0	0	0	0
New acquisitions	33,036,361	265,169,240	10,856,051	237,616	7,896,091	317,195,359
Transfer between asset classes	0	0	0	0	0	0
Maturities	0	-163,197,067	-14,708,880	-694,593	-5,874,559	-184,475,099
Interest income	0	-21,533,650	-332,746	-59,876	0	-21,926,272
Disposal	-33,510,194	-40,775,573	-7,158	0	0	-74,292,926
Change in fair value – in equity	7,898,538	-28,479,649	0	0	0	-20,581,111
Change in fair value – from equity to IS – disposals	6,106,965	596,129	0	0	0	6,703,094
Change in fair value – from equity to IS – impairment	-25,468	0	0	0	0	-25,468
Change in fair value through profit or loss	5,016	-285,751	0	0	0	-280,735
Change in amortised cost, exchange differences	-248	19,351,974	332,857	71,612	327,639	20,083,835
Exchange differences, opening balance	2,671	129,419	6,129	211	0	138,429
Balance as at 31 December 2021	132,205,788	1,310,636,085	18,561,697	1,674,538	9,610,337	1,472,688,443

* Debt securities include government and corporate bonds.

Sava Insurance Group						
EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 January 2020	75,933,492	933,980,922	46,667,937	1,202,867	7,089,021	1,064,874,239
Additions – portfolio assumption	19,789,963	350,235,574	0	0	0	370,025,537
New acquisitions	30,999,449	318,127,742	20,132,250	1,429,965	6,289,335	376,978,741
Transfer between asset classes	0	848,099	-848,099	0	0	0
Maturities	0	-174,374,085	-43,897,945	-321,560	-5,493,150	-224,086,740
Disposal	-10,111,414	-183,352,096	0	-248,492	0	-193,712,001
Change in fair value – in equity	3,059,550	20,219,750	0	0	0	23,279,300
Change in fair value – from equity to IS – disposals	-25,679	3,492,480	0	0	0	3,466,801
Change in fair value – from equity to IS – impairment	-989,979	-108,756	0	0	0	-1,098,735
Change in fair value through profit or loss	47,285	175,801	0	-1,062	0	222,023
Change in amortised cost, exchange differences	1,212	11,023,381	385,873	59,358	-624,041	10,845,783
Exchange differences, opening balance	-11,733	-607,798	-24,573	-1,509	0	-645,612
Balance as at 31 December 2020	118,692,147	1,279,661,013	22,415,443	2,119,569	7,261,165	1,430,149,336

* Debt securities include government and corporate bonds.

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Sava Re					
EUR	Equity securities	Debt securities*	Loans	Deposits with cedants	Total
Balance as at 1 January 2021	25,643,576	231,665,408	4,967,639	7,261,165	269,537,788
Additions – portfolio assumption	0	0	0	0	0
New acquisitions	7,938,160	116,391,710	0	7,896,091	132,225,961
Transfer between asset classes	0	0	0	0	0
Maturities	0	-46,534,167	-2,396,828	-5,874,559	-54,805,554
Interest income	0	-3,543,029	-104,143	0	-3,647,172
Disposal	-5,117,080	-15,814,593	0	0	-20,931,673
Change in fair value – in equity	1,660,499	-4,648,281	0	0	-2,987,782
Change in fair value – from equity to IS – disposals	1,565,533	333,633	0	0	1,899,166
Change in fair value – from equity to IS – impairment	0	0	0	0	0
Change in fair value through profit or loss	149,887	21,650	0	0	171,537
Change in amortised cost, exchange differences	0	5,888,380	106,306	327,639	6,322,324
Exchange differences, opening balance	0	0	0	0	0
Balance as at 31 December 2021	31,840,575	283,760,710	2,572,974	9,610,337	327,784,595

* Debt securities include government and corporate bonds.

Sava Re						
EUR	Equity securities	Debt securities*	Deposits	Loans	Deposits with cedants	Total
Balance as at 1 January 2020	19,346,319	243,106,122	22,338,823	4,216,308	7,089,021	296,096,593
Additions – portfolio assumption	0	0	0		0	0
New acquisitions	7,399,528	89,789,706	880,272	3,594,079	6,289,335	107,952,919
Transfer between asset classes	0	742,132	-742,132		0	0
Maturities	0	-47,561,037	-22,485,202	-2,967,467	-5,493,150	-78,506,856
Disposal	-419,660	-55,200,297	0		0	-55,619,957
Change in fair value – in equity	-487,598	1,502,737	0		0	1,015,139
Change in fair value – from equity to IS – disposals	-5,325	1,011,670	0		0	1,006,345
Change in fair value – from equity to IS – impairment	-320,600	-108,756	0		0	-429,356
Change in fair value through profit or loss	129,639	126,752	0		0	256,391
Change in amortised cost, exchange differences	1,274	-1,743,622	8,238	124,720	-624,041	-2,233,431
Exchange differences	0	0	0		0	0
Balance as at 31 December 2020	25,643,576	231,665,408	0	4,967,639	7,261,165	269,537,788

* Debt securities include government and corporate bonds.

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No securities have been pledged as security by the Group companies.

Loans of the parent granted to Group companies

EUR	31 December 2021	31 December 2020
Sava Neživotno Osiguranje (SRB)	0	499,979
Illyria (RKS)	909,093	1,560,232
Sava Životno Osiguranje (SRB)	450,852	1,351,526
Total	1,359,945	3,411,737

Fair values of financial investments are shown in note 29.

8) Assets held for the benefit of policyholders who bear the investment risk

Sava Insurance Group EUR 31 December 2021	FVTPL			Loans and receivables	Total
	Held to maturity	Designated to this category	Available-for-sale		
Debt instruments	4,078,892	1,338,186	60,882,191	2,008,600	68,307,868
Deposits and CDs	0	0	0	2,008,600	2,008,600
Government bonds	513,310	0	35,488,138	0	36,001,448
Corporate bonds	3,565,582	1,338,186	25,394,053	0	30,297,820
Equity instruments	0	447,154,643	1,977,081	0	449,131,723
Mutual funds	0	447,154,643	1,977,081	0	449,131,723
Total	4,078,892	448,492,829	62,859,271	2,008,600	517,439,592

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

Sava Insurance Group EUR	31 December 2021	31 December 2020
Held-to-maturity	4,078,892	5,195,090
At FVTPL – non-derivative – designated to this category	448,492,829	326,537,924
Available-for-sale	62,859,271	75,482,726
Loans and receivables	2,008,600	4,009,072
Total	517,439,592	411,224,812

Investments for the benefit of life-insurance policyholders who bear the investment risk are investments placed by the Group insurer in line with requests of life insurance policyholders.

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Movement in financial investments

Sava Insurance Group				
EUR	Equity securities	Debt securities	Deposits	Total
Balance as at 1 January 2021	329,038,804	78,176,936	4,009,072	411,224,812
Additions – portfolio assumption	0	0	0	0
New acquisitions	95,363,772	7,351,995	0	102,715,767
Transfer between asset classes	0	0	0	0
Maturities	0	-7,821,004	-2,000,000	-9,821,004
Interest income	0	-975,137	-4,634	-979,771
Disposal	-43,253,598	-9,548,072	0	-52,801,670
Change in fair value – in equity	18,424	-1,641,891	0	-1,623,467
Change in fair value – from equity to IS – disposals	-2,112	196,877	0	194,765
Change in fair value – from equity to IS – impairment	-4,731	0	0	-4,731
Change in fair value through profit or loss	67,885,712	18,877	0	67,904,589
Change in amortised cost, exchange differences	83,942	540,686	4,162	628,790
Exchange differences	1,511	0	0	1,511
Balance as at 31 December 2021	449,131,724	66,299,268	2,008,600	517,439,591

Sava Insurance Group				
EUR	Equity securities	Debt securities	Deposits	Total
Balance as at 1 January 2020	129,435,048	79,723,887	4,000,954	213,159,889
Additions – portfolio assumption	153,446,464	0	0	153,446,464
New acquisitions	46,832,747	4,917,318	0	51,750,065
Transfer between asset classes	0	0	0	0
Maturities	0	-8,053,814	0	-8,053,814
Disposal	-23,047,203	-57,429	0	-23,104,632
Change in fair value – in equity	75,420	919,103	0	994,524
Change in fair value – from equity to IS – disposals	-6,284	89,054	0	82,771
Change in fair value – from equity to IS – impairment	0	0	0	0
Change in fair value through profit or loss	22,390,399	4,451	0	22,394,851
Change in amortised cost, exchange differences	-82,789	640,681	8,118	566,010
Exchange differences	-4,999	-6,315	0	-11,314
Balance as at 31 December 2020	329,038,804	78,176,937	4,009,072	411,224,813

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9) Reinsurers' share of technical provisions

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
From unearned premiums	8,788,390	9,582,146	6,183,038	6,646,131
From technical provisions for life insurance business	48,937,470	33,002,650	42,303,406	25,288,985
From provisions for claims outstanding	41,196	24,421	0	0
From other technical provisions	57,767,056	42,609,217	48,486,444	31,935,116

The reinsurers' and co-insurers' share of technical provisions at the Group level increased by 35.6%, or EUR 15.2 million (Sava Re: increase of EUR 16.6 million). The EUR 15.9 million increase in the claims provision relates to amounts set aside to cover natural catastrophe events on accepted reinsurance business from abroad, specifically storm events in western Europe in 2021.

10) Investment contract assets and liabilities

Investment contract assets and liabilities relate to the management of pension funds at the subsidiary Sava Pokojninska. The Group had EUR 172.8 million (2020: 158.8 million) of investment contract assets and EUR 172.7 million (2020: EUR 158.6 million) of investment contract liabilities. Its investment contracts include a group of life cycle funds called MOJI Skladi Življenjskega Cikla (MY life-cycle funds), relating to supplementary pension business of the company Sava Pokojninska in the accumulation phase. Further details on the risks associated with investment contract liabilities are provided in section 17.4.14 "Financial investments and assets held for the benefit of policyholders who bear the investment risk".

Investment contract assets

Sava Insurance Group		
EUR	31 December 2021	31 December 2020
Financial investments	150,852,305	138,712,977
Investment property	506,000	506,000
Receivables	17,751	11,136
Cash and cash equivalents	21,460,293	19,534,916
Total	172,836,349	158,765,028

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Sava Insurance Group		FVTPL					Total
EUR		Non-derivative			Loans and receivables	Investment property	
31 December 2021	Held to maturity	Designated to this category	Available-for-sale				
Debt instruments	54,699,216	66,799,835	0	0	0	121,499,051	
Bonds	54,699,216	66,799,835	0	0	0	121,499,051	
Equity instruments	0	25,987,161	0	0	0	25,987,161	
Total financial investments	54,699,216	92,786,996	0	0	0	147,486,212	
Investments in infrastructure funds	0	666,260	0	0	0	666,260	
Investments in real-estate funds	0	2,699,832	0	0	0	2,699,832	
Cash and receivables	0	0	0	21,478,044	0	21,478,044	
Investment property	0	0	0	0	506,000	506,000	
Total investment contract assets	54,699,216	96,153,088	0	21,478,044	506,000	172,836,349	

Sava Insurance Group		FVTPL					Total
EUR		Non-derivative			Loans and receivables	Investment property	
31 December 2020	Held to maturity	Designated to this category	Available-for-sale				
Debt instruments	54,695,756	63,302,795	0	0	0	117,998,551	
Bonds	54,695,756	63,302,795	0	0	0	117,998,551	
Equity instruments	0	18,279,476	0	0	0	18,279,476	
Total financial investments	54,695,756	81,582,271	0	0	0	136,278,027	
Investments in real-estate funds	0	2,434,949	0	0	0	2,434,949	
Cash and receivables	0	0	0	19,546,052	0	19,546,052	
Investment property	0	0	0	0	506,000	506,000	
Total investment contract assets	54,695,756	84,017,220	0	19,546,052	506,000	158,765,028	

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Investment contract assets by level of the fair value hierarchy

Sava Insurance Group		Fair value					
EUR							Difference between
31 December 2021	Carrying amount	Level 1	Level 2	Level 3	Total fair value		FV and CA
Investment contract assets measured at fair value	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0	
FVTPL	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0	
Designated to this category	96,153,089	81,289,348	10,646,095	4,217,646	96,153,088	0	
Debt instruments	66,799,835	55,302,187	10,646,095	851,553	66,799,835	0	
Equity instruments	25,987,161	25,987,161	0	0	25,987,161	0	
Infrastructure funds	666,260	0	0	666,260	666,260	0	
Real estate funds	2,699,832	0	0	2,699,832	2,699,832	0	
Investment contract assets not measured at fair value	54,699,216	42,159,241	21,071,070	0	63,230,311	8,531,095	
Held-to-maturity assets	54,699,216	42,159,241	21,071,070	0	63,230,311	8,531,095	
Debt instruments	54,699,216	42,159,241	21,071,070	0	63,230,311	8,531,095	
Total investment contract assets	150,852,305	123,448,589	31,717,164	4,217,646	159,383,399	8,531,094	

Sava Insurance Group		Fair value					
EUR							Difference between
31 December 2020	Carrying amount	Level 1	Level 2	Level 3	Total fair value		FV and CA
Investment contract assets measured at fair value	84,017,220	73,633,554	7,815,976	2,567,690	84,017,220	0	
FVTPL	84,017,220	73,633,554	7,815,976	2,567,690	84,017,220	0	
Designated to this category	84,017,220	73,633,554	7,815,976	2,567,690	84,017,220	0	
Debt instruments	63,302,795	56,176,060	6,993,994	132,741	63,302,795	0	
Equity instruments	18,279,476	17,457,494	821,982	0	18,279,476	0	
Real estate funds	2,434,949	0	0	2,434,949	2,434,949	0	
Investment contract assets not measured at fair value	54,695,756	57,337,912	9,032,515	0	66,370,427	11,674,671	
Held-to-maturity assets	54,695,756	57,337,912	9,032,515	0	66,370,427	11,674,671	
Debt instruments	54,695,756	57,337,912	9,032,515	0	66,370,427	11,674,671	
Total investment contract assets	138,712,976	130,971,466	16,848,491	2,567,690	150,387,647	11,674,671	

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Investment contract liabilities

Sava Insurance Group EUR	31 December 2021	31 December 2020
Net liabilities to pension policyholders	171,883,551	158,110,998
Other liabilities	925,947	613,999
TOTAL IN BALANCE SHEET – LONG-TERM BUSINESS FUNDS OF VOLUNTARY PENSION INSURANCE	172,809,498	158,724,998
Inter-company transactions between company and life insurance liability fund	-149,231	-128,543
TOTAL IN BALANCE SHEET	172,660,266	158,596,453

Movement in financial investments

Sava Insurance Group EUR	Debt securities	Equity securities	Total
Balance as at 1 January 2021	117,998,552	20,714,425	138,712,977
New acquisitions	20,463,436	9,468,198	29,931,634
Maturities	-6,140,729	0	-6,140,729
Disposal	-10,677,724	-5,295,465	-15,973,189
Interest income	-160,819	0	-160,819
Change in fair value – from equity to IS – disposals	4,621	16,043	20,664
Change in fair value through profit or loss	-400,600	4,281,339	3,880,739
Exchange differences	412,314	168,714	581,028
Balance as at 31 December 2021	121,499,051	29,353,254	150,852,305

Sava Insurance Group EUR	Debt securities	Equity securities	Total
Balance as at 1 January 2020			
New acquisitions	55,990,969	5,640,845	61,631,814
Maturities	-6,961,331	0	-6,961,331
Disposal	-46,118,938	-5,922,285	-52,041,224
Coupon payments	-2,615,517	0	-2,615,517
Accrued interest	2,695,448	0	2,695,448
Revaluation (through IS)	-1,107,605	-638,835	-1,746,440
Income/expenses upon sale	-17,885	173,971	156,086
Exchange differences	-78,015	-131,606	-209,620
Balance as at 31 December 2020	117,998,552	20,714,425	138,712,977

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The pension company eliminates inter-company transactions of the joint balance sheet; therefore, liabilities to pension policyholders exceed investment contract liabilities. Internal transactions between the group of My-Life-cycle long-term business funds and the pension company were eliminated in the balance sheet. These include entry charges and management fees for the current month, which may be recognised upon conversion or when credited to personal accounts.

Liabilities in the balance sheet of the long-term liability fund of the voluntary supplementary pension insurance are mostly long-term. These are liabilities relating to the voluntary supplementary pension life liability fund for premiums paid, guaranteed return and the return in excess of guaranteed return (provisions).

The table shows income and expenses relating to investment contracts in 2021.

Profit or loss realised from investment contract assets is fully recognised in investment contract liabilities.

Movement in investments, and income and expenses relating to investment contract assets measured at fair value – level 3

Sava Insurance Group EUR	Debt instruments		Investments in infrastructure funds		Investments in real-estate funds	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Opening balance	132,741	107,139	0	0	2,434,949	0
Additions	847,870	132,267	795,269	0	53,096	1,500,000
Maturities	-138,870	-106,665	0	0	0	0
Disposals	0	0	-153,625	0	0	0
Revaluation to fair value	9,812	0	24,616	0	211,787	-65,051
Reclassification into levels	0	0	0	0	0	1,000,000
Closing balance	851,553	132,741	666,260	0	2,699,832	2,434,949
Income	4,997	60,742	39,870	0	270,526	33,516
Expenses	0	0	0	0	0	-67,177

Net investment income for the financial period (EUR)	Investment contracts	Annuity contracts
Finance income	7,291,711	92,208
Dividend income	211,075	0
Interest income	2,502,746	53,571
Gains on disposal of financial investments	25,112	116
Gains on change in fair value	3,858,437	35,482
Other finance income	694,341	3,039
Income from investment property	49,230	0
Rental income	49,230	0
Financial expenses	-4,385	-45,433
Losses on disposals	-4,385	-180
Other finance expenses	0	-45,253
Expenses relating to investment property	-4,945	0
Expenses arising from management and renting	-4,945	0
Expenses relating to management of life insurance business fund	-1,848,681	0
Asset management commission	-1,605,198	0
Expenses relating to custodian bank	-35,378	0
Audit-related expenses	-12,078	0
Expenses relating to communication with life insurance business fund members	-21,814	0
Brokerage expenses for purchase and sale of securities	-3,042	0
Other expenses charged against the life ins. liability fund under applicable rules	-171,171	0
Transfer of cash from supplementary pension scheme	0	2,647,266
Net claims incurred	0	-526,921
Change in mathematical provision	0	-2,117,043
Expenses factored in policies	0	-50,078
Net profit/loss attributable to policyholders	5,482,930	0

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11) Receivables

The receivables of the Group and the Company decreased by EUR 3.9 million and EUR 6.9 million compared to year-end 2020, respectively.

The largest decline in the Group's receivables was in the Slovenian non-life insurance segment, of EUR 6.0 million, in the item receivables arising out of primary insurance business. The ageing analysis

shows the largest increase in receivables for reinsurers' shares in claims, at EUR 3.9 million and the largest decrease in not-past-due short-term receivables arising out of investments.

Receivables by type

Sava Insurance Group EUR	31 December 2021			31 December 2020		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	146,939,903	-20,410,622	126,529,281	154,469,019	-21,560,418	132,908,601
Receivables due from insurance intermediaries	2,412,729	-871,452	1,541,277	2,608,578	-837,647	1,770,931
Other receivables arising out of primary insurance business	621,026	-146,861	474,165	762,484	-156,428	606,056
Receivables arising out of primary insurance business	149,973,658	-21,428,935	128,544,723	157,840,081	-22,554,493	135,285,588
Receivables for shares in claims	7,993,897	-227,525	7,766,372	5,344,797	-177,659	5,167,138
Other receivables arising out of co-insurance and reinsurance business	1,310,793	0	1,310,793	887,438	0	887,438
Receivables arising out of reinsurance and co-insurance business	9,304,690	-227,525	9,077,165	6,232,235	-177,659	6,054,576
Current tax assets	330,518	0	330,518	529,831	0	529,831
Other short-term receivables arising out of insurance business	17,365,268	-14,129,963	3,235,305	18,048,243	-15,289,228	2,759,015
Receivables arising out of investments	440,212	-167,108	273,104	2,877,916	-1,223,923	1,653,993
Other receivables	10,846,117	-2,366,062	8,480,055	8,770,856	-1,182,361	7,588,495
Other receivables	28,651,597	-16,663,133	11,988,464	29,697,015	-17,695,512	12,001,503
Total	188,260,463	-38,319,593	149,940,870	194,299,162	-40,427,664	153,871,498

Sava Re EUR	31 December 2021			31 December 2020		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	74,475,114	-656,690	73,818,424	79,542,628	-598,410	78,944,217
Other receivables arising out of primary insurance business	591,761	0	591,761	718,691	0	718,691
Receivables arising out of primary insurance business	75,066,875	-656,690	74,410,185	80,261,318	-598,410	79,662,908
Receivables for shares in claims	4,792,142	-225,533	4,566,609	3,902,869	-175,669	3,727,200
Other receivables arising out of co-insurance and reinsurance business	558,987	0	558,987	733,967	0	733,967
Receivables arising out of reinsurance and co-insurance business	5,351,129	-225,533	5,125,596	4,636,836	-175,669	4,461,167
Current tax assets	0	0	0	325,472	0	325,472
Receivables arising out of investments	0	0	0	36,942	-88	36,853
Other receivables	608,425	-341,035	267,390	2,596,359	-329,726	2,266,633
Other receivables	608,425	-341,035	267,390	2,633,301	-329,815	2,303,486
Total	81,026,429	-1,223,257	79,803,172	87,856,928	-1,103,894	86,753,033

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Net receivables ageing analysis

Sava Insurance Group					
EUR 31 December 2021	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	98,895,556	22,197,060	2,829,707	2,606,958	126,529,281
Receivables due from insurance intermediaries	713,272	816,404	11,601	0	1,541,277
Other receivables arising out of primary insurance business	129,697	269,177	38,540	36,751	474,165
Receivables arising out of primary insurance business	99,738,525	23,282,641	2,879,848	2,643,709	128,544,723
Receivables for reinsurers' shares in claims	7,144,678	145,244	77,148	399,302	7,766,372
Other receivables arising out of co-insurance and reinsurance business	1,292,332	3,616	14,845	0	1,310,793
Receivables arising out of reinsurance and co-insurance business	8,437,010	148,860	91,993	399,302	9,077,165
Current tax assets	330,518	0	0	0	330,518
Other short-term receivables arising out of insurance business	1,165,644	650,917	353,473	1,065,271	3,235,305
Short-term receivables arising out of financing	248,083	2,313	3,555	19,153	273,104
Other short-term receivables	7,766,242	665,100	14,866	33,847	8,480,055
Other receivables	9,179,969	1,318,330	371,894	1,118,271	11,988,464
Total	117,686,022	24,749,831	3,343,735	4,161,282	149,940,870

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

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Sava Re					
EUR					
31 December 2021	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	58,619,395	11,850,791	1,927,894	1,420,345	73,818,425
Other receivables arising out of primary insurance business	274,038	247,547	40,895	29,281	591,761
Receivables arising out of primary insurance business	58,893,433	12,098,338	1,968,789	1,449,625	74,410,185
Receivables for reinsurers' shares in claims	3,949,023	144,706	77,148	395,732	4,566,609
Other receivables arising out of co-insurance and reinsurance business	543,556	585	14,845	0	558,987
Receivables arising out of reinsurance and co-insurance business	4,492,579	145,291	91,993	395,732	5,125,596
Other short-term receivables	267,390	0	0	0	267,390
Other receivables	267,390	0	0	0	267,390
Total	63,653,403	12,243,629	2,060,783	1,845,358	79,803,172

Sava Re					
EUR					
31 December 2020	Not past due	Past due up to 180 days	Past due from 180 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	61,518,416	9,873,810	2,550,958	5,001,033	78,944,217
Other receivables arising out of primary insurance business	287,434	279,792	107,822	43,643	718,691
Receivables arising out of primary insurance business	61,805,850	10,153,603	2,658,780	5,044,676	79,662,908
Receivables for reinsurers' shares in claims	1,798,842	1,326,461	134,992	466,905	3,727,200
Other receivables arising out of co-insurance and reinsurance business	585,298	139,481	297	8,890	733,967
Receivables arising out of reinsurance and co-insurance business	2,384,141	1,465,942	135,289	475,796	4,461,167
Current tax assets	325,472	0	0	0	325,472
Short-term receivables arising out of financing	36,853	0	0	0	36,853
Other short-term receivables	2,266,633	0	0	0	2,266,633
Other receivables	2,303,486	0	0	0	2,303,486
Total	66,818,949	11,619,545	2,794,068	5,520,471	86,753,033

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Movement in allowance for receivables

Sava Insurance Group						
EUR	31 December				Exchange	31 December
31 December 2021	2020	Additions	Collection	Write-offs	differences	2021
Receivables due from policyholders	-21,560,418	-1,404,544	854,679	1,706,239	-6,578	-20,410,622
Receivables due from insurance intermediaries	-837,647	-106,547	65,168	8,071	-497	-871,452
Other receivables arising out of primary insurance business	-156,428	-139	9,763	0	-57	-146,861
Receivables arising out of primary insurance business	-22,554,493	-1,511,230	929,610	1,714,310	-7,132	-21,428,935
Receivables for shares in claims	-177,659	-50,009	145	0	-2	-227,525
Receivables arising out of reinsurance and co-insurance business	-177,659	-50,009	145	0	-2	-227,525
Other short-term receivables arising out of insurance business	-15,289,228	-116,690	260,046	1,016,537	-628	-14,129,963
Receivables arising out of investments	-1,223,923	0	1,045,015	11,280	520	-167,108
Other short-term receivables	-1,182,361	-1,326,994	137,425	7,363	-1,495	-2,366,062
Other receivables	-17,695,512	-1,443,684	1,442,486	1,035,180	-1,603	-16,663,133
Total	-40,427,664	-3,004,923	2,372,241	2,749,490	-8,737	-38,319,593

Sava Insurance Group							
EUR	31 December				Additions –	Exchange	31 December
31 December 2020	2019	Additions	Collection	Write-offs	acquisition of subsidiary	differences	2020
Receivables due from policyholders	-23,040,976	-2,119,407	2,092,939	1,684,702	-221,713	44,037	-21,560,418
Receivables due from insurance intermediaries	-964,939	-12,589	138,891	0	0	990	-837,647
Other receivables arising out of primary insurance business	-122,516	-41,031	6,886	0	0	233	-156,428
Receivables arising out of primary insurance business	-24,128,431	-2,173,027	2,238,716	1,684,702	-221,713	45,260	-22,554,493
Receivables for shares in claims	-177,662	0	0	0	0	3	-177,659
Receivables arising out of reinsurance and co-insurance business	-177,662	0	0	0	0	3	-177,659
Other short-term receivables arising out of insurance business	-17,646,665	-585,382	664	2,933,105	0	9,050	-15,289,228
Receivables arising out of investments	-1,226,600	0	1,089	0	0	1,588	-1,223,923
Other short-term receivables	-1,253,524	-127,512	195,016	2,957	0	702	-1,182,361
Other receivables	-20,126,789	-712,894	196,769	2,936,062	0	11,340	-17,695,512
Total	-44,432,882	-2,885,921	2,435,485	4,620,764	-221,713	56,603	-40,427,664

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Sava Re						
EUR	31 December				Exchange	31 December
31 December 2021	2020	Additions	Collection	Write-offs	differences	2021
Receivables due from policyholders	-598,410	-103,421	49,560	0	-4,418	-656,690
Receivables arising out of primary insurance business	-598,410	-103,421	49,560	0	-4,418	-656,690
Receivables for shares in claims	-175,669	-50,009	145	0	0	-225,533
Receivables arising out of reinsurance and co-insurance business	-175,669	-50,009	145	0	0	-225,533
Receivables arising out of investments	-88	0	0	88	0	0
Other short-term receivables	-329,726	-11,309	0	0	0	-341,035
Other receivables	-329,814	-11,309	0	0	0	-341,035
Total	-1,103,894	-164,739	49,705	88	-4,418	-1,223,257

Sava Re					
EUR	31 December			Exchange	31 December
31 December 2020	2019	Additions	Collection	differences	2020
Receivables due from policyholders	-493,707	-179,160	39,025	35,433	-598,410
Receivables arising out of primary insurance business	-493,707	-179,160	39,025	35,433	-598,410
Receivables for shares in claims	-175,669	0	0	0	-175,669
Receivables arising out of reinsurance and co-insurance business	-175,669	0	0	0	-175,669
Receivables arising out of investments	-88	0	0	0	-88
Other short-term receivables	-329,726	0	0	0	-329,726
Other receivables	-329,814	0	0	0	-329,814
Total	-999,190	-179,160	39,025	35,433	-1,103,894

The Group reviewed any Covid-19-related impacts on receivables and found there were none.

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12) Deferred acquisition costs**Deferred acquisition costs**

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Short-term deferred acquisition costs	16,476,228	18,368,778	0	0
Short-term deferred reinsurance acquisition costs	6,096,513	5,909,225	4,869,156	5,837,477
Total	22,572,741	24,278,003	4,869,156	5,837,477

13) Other assets

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Inventories	140,950	142,327	0	0
Other short-term deferred costs (expenses) and accrued revenue	4,239,437	4,098,087	746,808	487,239
Total	4,380,387	4,240,414	746,808	487,239

14) Cash and cash equivalents

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Cash in hand	16,632	17,313	0	0
Cash in bank accounts	54,118,887	56,463,387	20,806,817	22,480,146
Call and overnight deposits, and deposits of up to 3 months	34,512,159	26,977,894	8,000,000	4,600,000
Total	88,647,678	83,458,594	28,806,817	27,080,147

The increase in the balance of cash compared to year-end 2020 is associated with the reclassification of these assets from other financial investments to cash and cash equivalents and is of a short-term nature.

15) Non-current assets held for sale

The amount of the Group's non-current assets held for sale declined compared to the previous year to EUR 0.8 million (2020: EUR 1.3 million) and relates to items of property, plant and equipment held for sale.

16) Share capital

As at 31 December 2021, the parent's share capital was divided into 17,219,662 shares (the same as at 31 December 2020). All shares are ordinary registered shares of the same class. Their holders are entitled to participate in the Company's control and profits (dividends). Each share carries one vote in general meeting and entitles the bearer to a proportionate share of the dividend distribution.

Shares are recorded in the Central Securities Clearing Corporation (KDD) under the POSR ticker symbol.

As at year-end 2021, the Company's shareholders' register listed 4,274 shareholders (31 December 2020: 4,238 shareholders). The Company's shares are listed in the prime market of the Ljubljana Stock Exchange.

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17) Capital reserves

A contra account of capital reserves includes the difference between market and book value of acquired

non-controlling interests amounting to EUR 0.3 million in 2021.

Movement in capital reserves

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
As at 1 January	43,035,948	43,035,948	54,239,757	54,239,757
Acquisition of non-controlling interests by company	-333,628	0	0	0
- Sava osiguruvanje (MKD)	-339,854	0	0	0
- TBS Team 24	6,226	0	0	0
Balance as at 31 December	42,702,320	43,035,948	54,239,757	54,239,757

18) Profit reserves

EUR	Sava Insurance Group		Distributable/ non-distributable	Sava Re		Distributable/ non-distributable
	31 December 2021	31 December 2020		31 December 2021	31 December 2020	
Legal reserves and reserves provided for by the articles of association	12,150,797	11,950,493	non-distributable	14,986,525	14,986,525	non-distributable
Reserve for own shares	24,938,709	24,938,709	non-distributable	24,938,709	24,938,709	non-distributable
Catastrophe equalisation reserve	11,225,068	11,225,068	non-distributable	10,000,000	10,000,000	non-distributable
Other profit reserves	180,693,505	154,171,310	distributable	179,313,388	152,893,324	distributable
Total	229,008,079	202,285,580		229,238,622	202,818,558	

In 2021, the Company established other profit reserves in the amount of EUR 26.4 million (in 2020, the Company posted a loss and therefore did not strengthen its other profit reserves).

19) Own shares

As at 31 December 2021, the Company held a total of 1,721,966 own shares (2020: 1,721,966) with ticker POSR (accounting for 10% less one share of the issued shares) for a value of EUR 24,938,709 (2020: EUR 24,938,709).

Own shares are a contra account of equity.

20) Fair value reserve

The fair value reserve comprises the change in fair value of available-for-sale financial assets.

In 2021, the change in fair value resulted in a EUR 18.9 million decline in the fair value reserve. The table shows the net change in the fair value reserve, which is an equity component.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
As at 1 January	40,173,090	20,718,610	6,039,787	5,217,524
Change in fair value	-18,093,438	26,262,937	-2,987,782	1,015,139
Transfer from fair value reserve to the IS due to disposal	-5,105,275	-2,246,927	0	0
Deferred tax	4,212,833	-4,561,530	567,678	-192,875
Other reclassifications	59,678	0	0	0
Total fair value reserve	21,246,888	40,173,090	3,619,684	6,039,787

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21) Net profit or loss and retained earnings

The net profit attributable to owners of the controlling company relating to the 2021 financial year totalled EUR 76.1 million (2020: EUR 56.2 million).

The Company ended the 2021 financial year with a net profit of EUR 52.8 million (2020: EUR -11.0 million).

Earnings or loss per share

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net profit or loss for the period	76,167,178	56,386,299	52,840,127	-10,990,617
Net profit or loss attributable to owners of the controlling company	76,074,720	56,222,528	0	0
Weighted average number of shares outstanding	15,497,696	15,497,696	15,497,696	15,497,696
Earnings or loss per share	4.91	3.63	3.41	-0.71

Comprehensive income per share

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Comprehensive income for the period	57,585,416	75,783,096	50,469,981	-10,143,143
Comprehensive income for the owners of the controlling company	57,494,563	75,619,856	0	0
Weighted average number of shares outstanding	15,497,696	15,497,696	15,497,696	15,497,696
Comprehensive income per share	3.71	4.88	3.26	-0.65

The weighted number of shares takes into account the annual average calculated on the basis of monthly averages of ordinary shares less the number of own shares. The weighted average number of shares outstanding in the financial period was 15,497,696 and the same as in 2020. The parent does not have potentially dilutive capital instruments, which is why basic earnings per share equal diluted earnings per share.

Retained earnings as at 31 December 2021 grew by EUR 26.4 million from 31 December 2020 (2020: decrease of EUR 11.0 million), reflecting the covering of a loss.

In 2021, the Company paid out EUR 13,173,042 in dividends. In 2020, it did not pay any dividends in line with the recommendation of the Slovenian Insurance Supervision Agency due to potential negative impacts of the Covid-19 pandemic on operations. For more information, see section 3.2 “General information on the share”.

The distributable profit for 2021 totals EUR 37.1 million (2020: EUR 23.8 million).

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Statement of distributable profit or loss

Sava Re EUR	2021	2020
Net profit or loss for the period	52,840,127,40	-10,990,616,55
- profit or loss for the year under applicable standards	52,840,127,40	-10,990,616,55
Release from profit reserve	0,00	0,00
Retained earnings or losses	10,633,662,37	34,705,806,06
Adjustment to retained earnings	0,00	91,514,46
Additions to other reserves as per resolution of the management and supervisory boards	26,420,063,70	0,00
Distributable profit to be allocated by the general meeting	37,053,726,07	23,806,703,97
- to shareholders	not yet published	13,173,041,60
- to be carried forward to the next year	0,00	10,633,662,37

22) Non-controlling interests in equity**Non-controlling interests in equity**

EUR	Sava Insurance Group	
	31 December 2021	31 December 2020
Sava Osiguruvanje (MKD)	309,711	397,985
Sava Station	-1,457	-2,480
TBS Team 24	59,044	97,157
Total	367,298	492,662

23) Subordinated liabilities

In October 2019, Sava Re issued subordinated bonds with a scheduled maturity of 2039, ISIN code XS2063427574 and with an early recall option for 7 November 2029.

The total issue size is EUR 75 million. Until the early recall option of the bond, the annual interest rate is fixed at 3.75% and the coupon is payable annually. If the issuer does not exercise the early recall option, the annual interest rate after the date of the early recall will be 4.683% over the three-month Euribor, with coupons payable quarterly.

The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 December 2021, the market price of the bond was 100.532% and the market value EUR 78,065,096 (2020: price 100.353% and market value EUR 75,680,846).

The book value of the bond as at 31 December 2021 was EUR 74,863,524 (31 December 2020: EUR 74,804,974).

The effective interest rate on the bond issued (calculated from the early recall option) is 3.86%.

Additions relate to attributable interest; reductions relate to interest paid and change in price.

Sava Re EUR	31 December 2020	Additions	Reductions	31 December 2021
Subordinated bond	74,804,974	4,443,237	-4,384,687	74,863,524

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24) Technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Movement in gross technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Sava Insurance Group EUR	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
Gross unearned premiums	210,614,842	277,970,688	-273,237,168	-8,506,710	180,800	207,022,452
Technical provisions for life insurance business	465,641,679	50,285,890	-71,677,100	-612,837	-60,353	443,577,279
Gross provision for outstanding claims	547,764,679	266,553,482	-142,186,269	-97,843,245	4,424,950	578,713,597
Gross provision for bonuses, rebates and cancellations	1,300,797	1,402,907	-1,112,097	-60,514	-239	1,530,854
Other gross technical provisions	7,990,057	5,955,262	-5,487,904	-1,798,215	-3,265	6,655,935
Total	1,233,312,054	602,168,229	-493,700,538	-108,821,521	4,541,893	1,237,500,117
Technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	169,430,901	-53,924,606	-932,792	5,407	524,183,338

Sava Insurance Group EUR	31 December 2019	Additions	Uses	Reversals	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
Gross unearned premiums	207,895,397	228,743,609	-226,470,990	-19,574	868,238	-401,838	210,614,842
Technical provisions for life insurance business	211,877,103	30,265,232	-65,323,976	-2,156,330	290,984,317	-4,667	465,641,679
Gross provision for outstanding claims	502,914,277	264,219,014	-143,415,230	-76,875,217	7,970,605	-7,048,769	547,764,679
Gross provision for bonuses, rebates and cancellations	1,234,752	1,198,045	-1,131,377	-467	0	-157	1,300,797
Other gross technical provisions	10,031,180	7,031,490	-9,071,960	0	0	-651	7,990,057
Total	933,952,710	531,457,390	-445,413,533	-79,051,588	299,823,160	-7,456,082	1,233,312,054
Technical provision for the benefit of life insurance policyholders who bear the investment risk	220,613,698	79,961,005	-44,375,985	-1,004,223	154,409,933	0	409,604,428

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Sava Re EUR	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
Gross unearned premiums	57,411,109	50,552,521	-55,481,908	0	293,312	52,775,034
Gross provision for outstanding claims	238,990,654	143,364,934	-76,932,193	-31,940,047	4,798,271	278,281,619
Gross provision for bonuses, rebates and cancellations	274,368	272,725	-274,368	0	0	272,725
Other gross technical provisions	1,206,740	483,346	-1,206,740	0	0	483,346
Total	297,882,871	194,673,526	-133,895,209	-31,940,047	5,091,583	331,812,724

Sava Re EUR	31 December 2019	Additions	Uses	Reversals	Exchange differences	31 December 2020
Gross unearned premiums	54,588,057	53,610,806	-49,931,323	0	-856,431	57,411,109
Gross provision for outstanding claims	205,064,638	132,985,632	-75,886,065	-15,900,555	-7,272,996	238,990,654
Gross provision for bonuses, rebates and cancellations	269,941	274,368	-269,941	0	0	274,368
Other gross technical provisions	1,415,955	1,206,740	-1,415,955	0	0	1,206,740
Total	261,338,590	188,077,547	-127,503,285	-15,900,555	-8,129,427	297,882,871

The Group's gross technical provisions increased by 0.3%, or EUR 4.2 million, in 2021 (2020: EUR 299.4 million reflecting an acquisition):

- Gross unearned premiums decreased by 1.7%, chiefly because most FoS business relating to non-life insurance was discontinued.
- Gross claims provisions grew by 5.7%, which largely relates to the increase in accepted reinsurance business on account of catastrophic events in western Europe in 2021.
- Mathematical provisions (technical provisions for life business) declined by 4.7% because of maturing life insurance portfolios of the Slovenian insurers, slightly offset by the growth seen in the other companies.

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The composition of gross and net provisions for outstanding claims is shown in the following table.

Composition of the provision for outstanding claims

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Net provision for claims incurred but no reported	228,769,676	265,196,111	62,131,812	79,366,006
Gross provision for outstanding claims	230,736,378	266,948,962	63,041,529	79,366,006
Reinsurers' share	-1,966,702	-1,752,851	-909,716	0
Net provision for claims reported but not settled, triangles	281,003,785	230,518,249	174,046,481	134,524,546
Gross provision for outstanding claims	327,471,155	261,344,224	215,440,171	159,813,531
Reinsurers' share	-46,467,370	-30,825,975	-41,393,690	-25,288,985
Net provision for expected subrogation recoveries	-2,450,618	-2,634,158	-200,081	-188,884
Gross provision for outstanding claims	-2,450,618	-2,634,158	-200,081	-188,884
Net provision for loss adjustment expenses	17,626,038	17,828,862	0	0
Gross provision for outstanding claims	17,626,038	17,828,862	0	0
Net provision for accepted co-insurance business	4,827,246	3,852,965	0	0
Gross provision for outstanding claims	5,330,644	4,276,789	0	0
Reinsurers' share	-503,398	-423,824	0	0
Total gross provision for outstanding claims	578,713,597	547,764,679	278,281,619	238,990,653
Total reinsurers' share	-48,937,470	-33,002,650	-42,303,406	-25,288,985
Net provision for outstanding claims	529,776,127	514,762,029	235,978,213	213,701,669

- The provision for bonuses, rebates and cancellations is a small part of technical provisions; it mainly grew in Slovenian non-life insurance business.
- The provision for unexpired risks (shown under the other gross technical provisions item) decreased by 16.7% as a result of the discontinuation of unprofitable business of the Slovenian members of the Group (FoS business, accepted marine reinsurance).

- The provision for the benefit of life insurance policyholders who bear the investment risk increased by 28.0%, mainly due to portfolio growth, but also noteworthy are the writing of single-premium policies and the increase in the value of assets, which exceeded payments for maturities, claims and surrenders.

Sava Re's gross technical provisions increased by 11.4%, or EUR 33.9 million, year on year. Unearned premiums decreased by EUR 4.6 million, mainly reflecting the decline experienced by Group's cedants (FoS business). The claims provision grew by 16.4%, or EUR 39.3 million with most of the increase (EUR 35.9 million) relating to the increase in the business of non-Group cedants attributable to natural catastrophic events in western Europe in 2021.

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Calculation of the gross provision for unexpired risks by class of insurance

EUR	Primary insurance	Sava Re
31 December 2021		
Personal accident	244,470	0
Health	270,269	248
Land motor vehicles	710,129	0
Railway rolling stock	1,156	13,626
Aircraft hull	4,140	50,803
Ships hull	9,291	413,583
Goods in transit	27,536	0
Fire and natural forces	3,596,001	0
Other damage to property	258,394	0
Motor vehicle liability	917,840	0
Aircraft liability	1,644	0
Liability for ships	6,357	0
General liability	70,887	0
Suretyship	3,549	0
Miscellaneous financial loss	30,347	5,086
Assistance	20,576	0
Total	6,172,588	483,346

EUR	Primary insurance	Sava Re
31 December 2020		
Personal accident	141,140	0
Health	40,705	347
Land motor vehicles	1,029,638	0
Railway rolling stock	0	10,321
Aircraft hull	17,162	30,168
Ships hull	57,529	1,165,904
Goods in transit	6,631	0
Fire and natural forces	2,906,314	0
Other damage to property	269,832	0
Motor vehicle liability	1,816,894	0
Aircraft liability	29,319	0
Liability for ships	15,719	0
General liability	279,638	0
Miscellaneous financial loss	25,945	0
Assistance	146,850	0
Total	6,783,317	1,206,740

We also present the movement in net technical provisions for the Group and Sava Re for 2021 and 2020.

Movement in net technical provisions and the technical provision for the benefit of life insurance policyholders who bear the investment risk

Sava Insurance Group	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
EUR						
Net unearned premiums	201,032,696	270,322,681	-264,782,949	-8,435,453	97,087	198,234,062
Net technical provisions for life insurance business	465,641,679	50,285,890	-71,677,100	-612,837	-60,353	443,577,279
Net provision for outstanding claims	514,762,029	238,218,733	-130,474,421	-96,822,766	4,092,552	529,776,127
Net provision for bonuses, rebates and cancellations	1,273,554	1,388,265	-1,112,097	-59,773	-291	1,489,658
Other net technical provisions	7,992,879	5,955,262	-5,490,726	-1,798,215	-3,265	6,655,935
Total	1,190,702,837	566,170,831	-473,537,293	-107,729,044	4,125,730	1,179,733,061
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	409,604,428	169,430,901	-53,924,606	-932,792	5,407	524,183,338

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Sava Insurance Group	31 December 2019	Additions	Uses	Reversals	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
EUR							
Net unearned premiums	197,190,000	222,094,011	-219,162,626	53,898	856,938	475	201,032,696
Net technical provisions for life insurance business	211,877,103	30,265,232	-65,323,976	-2,156,330	290,984,317	-4,667	465,641,679
Net provision for outstanding claims	474,999,135	254,036,943	-137,448,782	-76,851,735	6,703,188	-6,676,720	514,762,029
Net provision for bonuses, rebates and cancellations	1,234,753	1,170,839	-1,131,377	-467	0	-194	1,273,554
Other net technical provisions	10,031,178	7,034,312	-9,071,960	0	0	-651	7,992,879
Total	895,332,169	514,601,337	-432,138,721	-78,954,634	298,544,443	-6,681,757	1,190,702,837
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	220,613,698	79,961,005	-44,375,985	-1,004,223	154,409,933	0	409,604,428

Sava Re	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
EUR						
Net unearned premiums	50,764,978	44,451,893	-48,836,731	0	211,856	46,591,996
Net provision for outstanding claims	213,701,669	116,879,517	-67,822,312	-31,257,060	4,476,398	235,978,212
Net provision for bonuses, rebates and cancellations	274,368	272,725	-274,368	0	0	272,725
Other net technical provisions	1,206,740	483,346	-1,206,740	0	0	483,346
Total	265,947,755	162,087,482	-118,140,151	-31,257,059	4,688,255	283,326,281

Sava Re	31 December 2019	Additions	Uses	Reversals	Exchange differences	31 December 2020
EUR						
Net unearned premiums	46,298,327	48,760,737	-43,838,549	0	-455,537	50,764,978
Net provision for outstanding claims	182,195,060	123,356,147	-70,666,360	-14,280,619	-6,902,559	213,701,669
Net provision for bonuses, rebates and cancellations	269,941	274,368	-269,941	0	0	274,368
Other net technical provisions	1,415,955	1,206,740	-1,415,955	0	0	1,206,740
Total	230,179,283	173,597,992	-116,190,805	-14,280,619	-7,358,096	265,947,755

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We have identified the most important uncertain assumption on which the level of gross claims provisions depends as the claims ratio for the most recent year. We

present the sensitivity of non-life (re)insurance claims provisions to this assumption for the Group and Sava Re.

Sensitivity of the Group's gross non-life insurance claims provision (CP) as at 31 December 2021

EUR Scenario	Base CP	Post-stress CP	Stress impact	Stress impact (%)
5% rise in loss ratio for most recent year	561,927,426	580,129,696	18,202,270	3.24%
5% drop in loss ratio for most recent year	561,927,426	543,725,159	-18,202,267	-3.24%

Sensitivity of Sava Re's gross claims provision (CP) as at 31 December 2021

EUR Scenario	Base CP	Post-stress CP	Stress impact	Stress impact (%)
5% rise in loss ratio for most recent year	278,281,619	283,805,967	5,524,348	1.99%
5% drop in loss ratio for most recent year	278,281,619	272,757,271	-5,524,348	-1.99%

We have identified the expected combined ratio as the most important uncertain assumption on which the level of the provision for unexpired risks depends. We present

the sensitivity of the provision for unexpired risks to this assumption for the Group and Sava Re.

Sensitivity of Group's provision for unexpired risks (PUR) as at 31 December 2021

EUR Scenario	Base PUR	Post-stress PUR	Stress impact	Stress impact (%)
5% rise in expected combined ratio	8,186,789	10,365,663	2,178,874	26.61%
5% drop in expected combined ratio	8,186,789	6,005,259	-2,181,530	-26.65%

Sensitivity of Sava Re's provision for unexpired risks (PUR) as at 31 December 2021

EUR Scenario	Base PUR	Post-stress PUR	Stress impact	Stress impact (%)
5% rise in expected combined ratio	483,346	573,120	89,774	18.57%
5% drop in expected combined ratio	483,346	393,572	-89,774	-18.57%

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25) Other provisions

Movement in the provision for severance pay upon retirement and jubilee benefits

EUR	Sava Insurance Group			Sava Re		
	Provision for severance pay upon retirement	Provision for jubilee benefits	Total	Provision for severance pay upon retirement	Provision for jubilee benefits	Total
Balance as at 1 January 2020	4,975,802	3,004,424	7,980,226	307,978	116,366	424,345
Interest expense (IS)	34,011	17,033	51,044	-1,977	-786	-2,764
Current service cost (IS)	424,008	259,366	683,374	30,329	18,131	48,461
Past service cost (IS)	-6,989	12,783	5,794	9,387	6,558	15,945
Payout of benefits (-)	-124,336	-226,263	-350,599	0	-6,596	-6,596
Actuarial losses (IS)	0	-90,945	-90,945	0	-7,570	-7,570
Actuarial losses (SFP)	-348,386	0	-348,386	-49,957	0	-49,957
Exchange differences	55	50	105	0	0	0
Balance as at 31 December 2021	4,954,165	2,976,448	7,930,613	295,760	126,103	421,865

EUR	Sava Insurance Group			Sava Re		
	Provision for severance pay upon retirement	Provision for jubilee benefits	Total	Provision for severance pay upon retirement	Provision for jubilee benefits	Total
Balance as at 1 January 2020	4,664,800	2,819,247	7,484,047	347,687	119,214	466,901
Interest expense (IS)	-7,203	6,142	-1,061	-1,574	-521	-2,095
Current service cost (IS)	361,575	283,519	645,094	37,389	16,529	53,918
Past service cost (IS)	4,148	680	4,828	0	0	0
Payout of benefits (-)	-157,253	-188,971	-346,224	-50,314	-8,575	-58,889
Actuarial losses (IS)	-35,147	39,152	4,005	0	-10,280	-10,280
Actuarial losses (SFP)	70,861	0	70,861	-25,210	0	-25,210
Additions – acquisition of subsidiary	74,228	44,823	119,051	0	0	0
Exchange differences	-206	-169	-375	0	0	0
Balance as at 31 December 2020	4,975,802	3,004,424	7,980,226	307,978	116,366	424,345

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Below we provide a sensitivity analysis of the provision for severance pay upon retirement and the provision for jubilee benefits.

Sava Insurance Group Impact on the level of provisions (EUR)	Provision for severance pay upon retirement		Provision for jubilee benefits	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Decrease in discount rate of 1%	704,379	712,589	330,433	332,853
Increase in discount rate of 1%	-584,251	-592,284	-282,534	-285,098
Decrease in real income growth of 0.5%	-300,545	-304,236	-131,747	-133,069
Increase in real income growth of 0.5%	327,320	329,556	141,195	141,966
Decrease in staff turnover of 10%	180,285	182,354	87,290	85,893
Increase in staff turnover of 10 %	-168,800	-171,957	-82,691	-82,054
Decrease in mortality rate of 10%	36,456	36,340	13,558	13,121
Increase in mortality rate of 10%	-34,607	-35,974	-12,645	-13,019

Sava Re Impact on the level of provisions (EUR)	Provision for severance pay upon retirement		Provision for jubilee benefits	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Decrease in discount rate of 1%	41,386	44,900	10,778	10,453
Increase in discount rate of 1%	-34,493	-37,507	-9,413	-9,120
Decrease in real income growth of 0.5%	-17,947	-20,098	0	0
Increase in real income growth of 0.5%	19,883	21,845	0	0
Decrease in staff turnover of 10%	17,579	17,205	4,549	4,014
Increase in staff turnover of 10 %	-16,344	-16,121	-4,321	-3,830
Decrease in mortality rate of 10%	2,473	2,718	309	296
Increase in mortality rate of 10%	-2,445	-2,687	-307	-294

Sava Insurance Group					
EUR	31 December 2020	Additions	Uses and reversals	Exchange differences	31 December 2021
Other provisions	1,307,509	138,974	-361,916	2,923	1,087,490
Total	1,307,509	138,974	-361,916	2,923	1,087,490

Sava Insurance Group						
EUR	31 December 2019	Additions	Uses and reversals	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
Other provisions	1,221,422	208,715	-312,381	189,778	-25	1,307,509
Total	1,221,422	208,715	-312,381	189,778	-25	1,307,509

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26) Liabilities from operating activities

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Liabilities to policyholders	13,902,460	16,784,079	23,705,142	22,777,735
Liabilities to insurance intermediaries	5,078,410	6,013,927	0	0
Other liabilities from primary insurance business	22,688,749	23,471,827	15,850,892	17,788,155
Liabilities from primary insurance business	41,669,619	46,269,833	39,556,034	40,565,890
Liabilities for reinsurance premiums	9,958,801	6,741,079	6,592,670	4,823,544
Liabilities for shares in reinsurance claims	116,011	91,847	139	0
Other liabilities due from co-insurance and reinsurance	34,264	4,233	0	0
Liabilities from reinsurance and co-insurance business	10,109,076	6,837,159	6,592,809	4,823,544
Current income tax liabilities	3,004,684	5,305,281	394,752	0
Total	54,783,379	58,412,273	46,543,595	45,389,434

Sava Insurance Group EUR	Contractual maturity			
	31 December 2021	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	1,295,018	12,607,442	13,902,460	
Liabilities to insurance intermediaries	0	5,078,410	5,078,410	
Other liabilities from primary insurance business	408,355	22,280,394	22,688,749	
Liabilities from primary insurance business	1,703,373	39,966,246	41,669,619	
Liabilities for reinsurance and co-insurance premiums	158	9,958,643	9,958,801	
Liabilities for shares in reinsurance claims	0	116,011	116,011	
Other liabilities from reinsurance and co-insurance business	0	34,264	34,264	
Liabilities from reinsurance and co-insurance business	158	10,108,918	10,109,076	
Current income tax liabilities	0	3,004,684	3,004,684	
Total	1,703,531	53,079,848	54,783,379	

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Sava Insurance Group EUR	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
31 December 2020			
Liabilities to policyholders	4,260,521	12,523,558	16,784,079
Liabilities to insurance intermediaries	3,278	6,010,649	6,013,927
Other liabilities from primary insurance business	1,484,459	21,987,368	23,471,827
Liabilities from primary insurance business	5,748,258	40,521,575	46,269,833
Liabilities for reinsurance and co-insurance premiums	7,875	6,733,204	6,741,079
Liabilities for shares in reinsurance claims	0	91,847	91,847
Other liabilities from reinsurance and co-insurance business	0	4,233	4,233
Liabilities from reinsurance and co-insurance business	7,875	6,829,284	6,837,159
Current income tax liabilities	0	5,305,281	5,305,281
Total	5,756,133	52,656,140	58,412,273

Sava Re EUR	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
31 December 2021			
Liabilities to policyholders	1,295,018	22,410,125	23,705,142
Other liabilities from primary insurance business	408,355	15,442,537	15,850,892
Liabilities from primary insurance business	1,703,373	37,852,662	39,556,034
Liabilities for reinsurance and co-insurance premiums	158	6,592,512	6,592,670
Liabilities for shares in reinsurance claims	0	139	139
Liabilities from reinsurance and co-insurance business	158	6,592,652	6,592,809
Current income tax liabilities	0	394,752	394,752
Total	1,703,530	44,840,065	46,543,595

Sava Re EUR	Contractual maturity		
	From 1 to 5 years	Up to 1 year	Total
31 December 2020			
Liabilities to policyholders	4,260,521	18,517,214	22,777,735
Other liabilities from primary insurance business	1,481,811	16,306,344	17,788,155
Liabilities from primary insurance business	5,742,332	34,823,558	40,565,890
Liabilities for reinsurance and co-insurance premiums	5,375	4,818,169	4,823,544
Liabilities from reinsurance and co-insurance business	5,375	4,818,169	4,823,544
Total	5,747,707	39,641,726	45,389,434

The other liabilities due from co-insurance and reinsurance item comprises liabilities for reinsurance commission.

The Group's current tax liabilities decreased by EUR 2.3 million year on year. This is because during 2021 the advance payments of tax made by Group companies were higher than the actually assessed corporate income tax for 2021.

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27) Lease liability

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Lease liability – maturity up to 1 year	3,265,380	2,377,129	74,984	44,726
Lease liability – maturity over 1 year	3,958,758	5,878,097	128,746	43,108
Total	7,224,138	8,255,225	203,730	87,834

Movement in short- and long-term lease liabilities

EUR	Sava Insurance Group		Sava Re	
	Short-term	Long-term	Short-term	Long-term
31 December 2020	2,377,129	5,878,097	44,726	43,108
New leases	0	749,588	0	191,448
Repayments	0	-1,970,051	0	-76,657
Interest attribution	0	189,375	0	106
Transfer to short-term liabilities	888,251	-888,251	30,258	-30,258
31 December 2021	3,265,380	3,958,758	74,984	127,746

The amounts recognised in the income statement related to leases are shown in the table below.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Interest on lease liabilities	138,383	168,474	106	126
Costs associated with short-term leases	56,857	576,418	-	11,726
Costs associated with low value leases	49,289	-	-	-
Total	244,529	744,891	106	11,852

Cash flow from operating leases is shown in the table.

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Cash flow from leases	4,517,330	2,689,079	76,657	66,452

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28) Other liabilities

Other liabilities by maturity

Sava Insurance Group			
EUR			
31 December 2021	Contractual maturity		
	Over 1 year	Up to 1 year	Total
Other liabilities	447,147	29,363,572	29,810,719
Short-term provisions (deferred income and accrued expenses)	0	32,229,435	32,229,435
Total	447,147	61,593,007	62,040,154

Sava Insurance Group			
EUR			
31 December 2020	Contractual maturity		
	Over 1 year	Up to 1 year	Total
Other liabilities	691,931	17,191,769	17,883,700
Short-term provisions (deferred income and accrued expenses)	0	21,507,461	21,507,461
Total	691,931	38,699,230	39,391,161

Sava Re		
EUR		
31 December 2021	Contractual maturity	
	Up to 1 year	Total
Other liabilities	4,104,690	4,104,690
Short-term provisions (deferred income and accrued expenses)	2,886,400	2,886,400
Total	6,991,091	6,991,091

Sava Re		
EUR		
31 December 2020	Contractual maturity	
	Up to 1 year	Total
Other liabilities	1,508,811	1,508,811
Short-term provisions (deferred income and accrued expenses)	2,597,028	2,597,028
Total	4,105,840	4,105,840

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Other liabilities and short-term provisions (deferred income and accrued expenses) are unsecured.

Other liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Short-term liabilities due to employees	3,787,253	3,757,391	584,768	569,273
Diverse other short-term liabilities for insurance business	4,827,142	4,943,512	0	0
Short-term trade liabilities	11,590,073	4,781,012	1,837,846	473,800
Diverse other short-term liabilities	9,159,104	3,709,854	1,682,076	465,738
Other long-term liabilities	447,147	691,931	0	0
Total	29,810,719	17,883,700	4,104,690	1,508,811

Change in short-term provisions

Sava Insurance Group						
EUR	31 December 2020	Additions	Uses	Reversals	Exchange differences	31 December 2021
Short-term accrued expenses	7,981,663	24,535,691	-23,958,984	-10,529	1,613	8,549,454
Other accrued costs (expenses) and deferred revenue	13,525,798	39,903,374	-29,745,220	-6,194	2,223	23,679,981
Total	21,507,461	64,439,065	-53,704,204	-16,723	3,836	32,229,435

Sava Insurance Group							
EUR	31 December 2019	Additions	Uses	Reversals	Additions – acquisition of subsidiary	Exchange differences	31 December 2020
Short-term accrued expenses	6,071,510	10,773,652	-10,219,906	-111,714	1,469,340	-1,219	7,981,663
Other accrued costs (expenses) and deferred revenue	11,091,206	28,326,805	-25,908,872	-4,183	22,303	-1,461	13,525,798
Total	17,162,716	39,100,457	-36,128,778	-115,897	1,491,643	-2,680	21,507,461

Sava Re				
EUR	31 December 2020	Additions	Uses	31 December 2021
Short-term accrued expenses	2,319,591	1,525,025	-1,209,422	2,635,193
Other accrued costs (expenses) and deferred revenue	277,438		-26,231	251,207
Total	2,597,028	1,525,025	-1,235,653	2,886,400

Sava Re				
EUR	31 December 2019	Additions	Uses	31 December 2020
Short-term accrued expenses	1,773,897	1,471,394	-925,700	2,319,591
Other accrued costs (expenses) and deferred revenue	217,290	60,148	0	277,438
Total	1,991,186	1,531,542	-925,700	2,597,028

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29) Fair values of assets and liabilities

Financial assets by level of the fair value hierarchy

Sava Insurance Group		Fair value				Total fair value	Difference between FV and CA
EUR		Level 1	Level 2	Level 3			
31 December 2021	Carrying amount						
Investments measured at fair value	1,402,818,747	1,096,267,790	236,756,942	69,794,015	1,402,818,747	0	
At FVTPL	34,386,074	17,194,823	15,708,219	1,483,032	34,386,074	0	
Designated to this category	34,386,074	17,194,823	15,708,219	1,483,032	34,386,074	0	
Debt instruments	29,300,362	12,120,683	15,708,219	1,471,460	29,300,362	0	
Equity instruments	5,085,712	5,074,140	0	11,572	5,085,712	0	
Available-for-sale	1,368,432,673	1,079,072,967	221,048,723	68,310,983	1,368,432,673	0	
Debt instruments	1,241,312,597	1,014,982,697	220,365,284	5,964,616	1,241,312,597	0	
Equity instruments	66,741,051	64,090,270	683,439	1,967,342	66,741,051	0	
Investments in infrastructure funds	44,532,966	0	0	44,532,966	44,532,966	0	
Investments in real-estate funds	15,846,059	0	0	15,846,059	15,846,059	0	
Investments for the benefit of policyholders who bear the investment risk	511,352,100	509,280,047	2,072,053	0	511,352,100	0	
Investments not measured at fair value	69,869,696	21,855,896	18,909,719	30,694,309	71,459,924	1,590,228	
Held-to-maturity assets	40,023,124	21,855,896	18,909,719	847,737	41,613,352	1,590,228	
Debt instruments	40,023,124	21,855,896	18,909,719	847,737	41,613,352	1,590,228	
Loans and deposits	29,846,572	0	0	29,846,572	29,846,572	0	
Deposits	18,561,697	0	0	18,561,697	18,561,697	0	
Loans granted	1,674,538	0	0	1,674,538	1,674,538	0	
Deposits with cedants	9,610,337	0	0	9,610,337	9,610,337	0	
Investments for the benefit of policyholders who bear the investment risk not measured at fair value	6,087,492	3,990,270	276,810	2,008,600	6,275,680	188,188	
Total investments	1,472,688,443	1,118,123,686	255,666,661	100,488,324	1,474,278,671	1,590,228	

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Sava Insurance Group		Fair value					
EUR							Difference between
31 December 2020	Carrying amount	Level 1	Level 2	Level 3	Total fair value		FV and CA
Investments measured at fair value	1,354,673,733	1,024,515,549	284,697,323	45,460,863	1,354,673,733		0
At FVTPL	27,409,671	9,093,388	16,531,703	1,784,580	27,409,671		0
Designated to this category	27,409,671	9,093,388	16,531,703	1,784,580	27,409,671		0
Debt instruments	24,406,439	6,870,329	15,763,093	1,773,017	24,406,439		0
Equity instruments	3,003,232	2,223,059	768,610	11,563	3,003,232		0
Available-for-sale	1,327,264,062	1,015,422,161	268,165,620	43,676,283	1,327,264,062		0
Debt instruments	1,211,575,148	958,904,416	252,670,734	0	1,211,575,148		0
Equity instruments	73,912,138	56,517,745	15,494,886	1,899,507	73,912,138		0
Investments in infrastructure funds	27,436,469	0	0	27,436,469	27,436,469		0
Investments in real-estate funds	14,340,307	0	0	14,340,307	14,340,307		0
Investments for the benefit of policyholders who bear the investment risk	402,020,651	399,954,555	2,066,096	0	402,020,651		0
Investments not measured at fair value	75,475,603	22,965,332	22,603,563	32,644,231	78,213,126		2,737,523
Held-to-maturity assets	43,679,425	22,965,332	22,603,563	848,053	46,416,948		2,737,523
Debt instruments	43,679,425	22,965,332	22,603,563	848,053	46,416,948		2,737,523
Loans and deposits	31,796,178	0	0	31,796,178	31,796,178		0
Deposits	22,415,444	0	0	22,415,444	22,415,444		0
Loans granted	2,119,569	0	0	2,119,569	2,119,569		0
Deposits with cedants	7,261,165	0	0	7,261,165	7,261,165		0
Investments for the benefit of policyholders who bear the investment risk not measured at fair value	9,204,161	5,518,905	0	4,009,072	9,527,977		323,816
Total investments	1,430,149,336	1,047,480,881	307,300,886	78,105,094	1,432,886,859		2,737,523
Total investments for the benefit of life policyholders who bear the investment risk	411,224,812	405,473,460	2,066,096	4,009,072	411,548,628		323,816

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Sava Re EUR 31 December 2021	Fair value					Total fair value	Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3			
Investments measured at fair value	312,784,306	263,433,279	23,112,215	26,238,813	312,784,306	0	
At FVTPL	9,283,045	3,289,895	4,668,448	1,324,703	9,283,045	0	
Designated to this category	9,283,045	3,289,895	4,668,448	1,324,703	9,283,045	0	
Debt instruments	9,157,021	3,163,871	4,668,448	1,324,703	9,157,021	0	
Equity instruments	126,024	126,024	0	0	126,024	0	
Available-for-sale	303,501,261	260,143,384	18,443,767	24,914,110	303,501,261	0	
Debt instruments	271,786,710	249,104,071	18,212,040	4,470,599	271,786,710	0	
Equity instruments	12,735,984	11,039,313	231,727	1,464,944	12,735,984	0	
Investments in infrastructure funds	14,554,843	0	0	14,554,843	14,554,843	0	
Investments in real-estate funds	4,423,724	0	0	4,423,724	4,423,724	0	
Investments not measured at fair value	15,000,289	2,543,887	0	12,925,080	15,468,967	468,678	
Held-to-maturity assets	2,816,979	2,543,887	0	741,770	3,285,657	468,678	
Debt instruments	2,816,979	2,543,887	0	741,770	3,285,657	468,678	
Loans and deposits	12,183,310	0	0	12,183,310	12,183,310	0	
Loans granted	2,572,974	0	0	2,572,974	2,572,974	0	
Deposits with cedants	9,610,337	0	0	9,610,337	9,610,337	0	
Total investments	327,784,595	265,977,166	23,112,215	39,163,893	328,253,273	468,678	

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Sava Re EUR 31 December 2020	Fair value					Total fair value	Difference between FV and CA
	Carrying amount	Level 1	Level 2	Level 3			
Investments measured at fair value	254,492,387	198,639,178	39,581,208	16,272,001	254,492,387	0	
At FVTPL	7,652,268	728,133	5,219,383	1,704,752	7,652,268	0	
Designated to this category	7,652,268	728,133	5,219,383	1,704,752	7,652,268	0	
Debt instruments	7,001,226	728,133	4,568,341	1,704,752	7,001,226	0	
Equity instruments	651,042	0	651,042	0	651,042	0	
Available-for-sale	246,840,118	197,911,045	34,361,825	14,567,248	246,840,119	0	
Debt instruments	221,847,584	194,694,521	27,153,063	0	221,847,584	0	
Equity instruments	11,822,395	3,216,524	7,208,762	1,397,109	11,822,395	0	
Investments in infrastructure funds	9,200,979	0	0	9,200,979	9,200,979	0	
Investments in real-estate funds	3,969,161	0	0	3,969,161	3,969,161	0	
Investments not measured at fair value	15,045,402	2,669,147	0	12,970,890	15,640,037	594,635	
Held-to-maturity assets	2,816,598	2,669,147	0	742,086	3,411,233	594,635	
Debt instruments	2,816,598	2,669,147	0	742,086	3,411,233	594,635	
Loans and deposits	12,228,804	0	0	12,228,804	12,228,804	0	
Loans granted	4,967,639	0	0	4,967,639	4,967,639	0	
Deposits with cedants	7,261,165	0	0	7,261,165	7,261,165	0	
Total investments	269,537,788	201,308,325	39,581,208	29,242,890	270,132,424	594,635	

The fair value of the investment property of the Company as at 31 December 2021 stood at EUR 8,990,602 (2020: EUR 8,990,602), that of the Group at EUR 15,893,227 (2020: 17,426,655). The Company classifies investment property as level 3 assets.

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Movement in investments, income and expenses measured at fair value – level 3

Sava Insurance Group EUR	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Opening balance	1,773,017	18,912,998	1,911,070	2,253,110	27,436,469	20,159,022	14,340,307	4,000,000
Exchange differences	0	0	0	0	-2	-123	0	0
Additions	80,104	3,633,035	0	0	16,069,997	8,405,844	0	10,506,818
Impairment	0	-108,756	0	-320,600	0	0	0	0
Disposals	0	-500,000	0	0	-955,057	-376,861	0	0
Maturities	-417,985	-95,000	0	0	0	0	0	0
Revaluation to fair value	-31,952	-48,453	67,844	-21,440	1,981,559	-751,413	1,505,752	-166,511
Reclassification into other levels	0	-20,020,807	0	0	0	0	0	0
Reclassification into levels	6,032,892	0	0	0	0	0	0	0
Closing balance	7,436,076	1,773,017	1,978,914	1,911,070	44,532,966	27,436,469	15,846,059	14,340,307
Income	151,073	155,534	10,484	267,751	1,429,893	817,667	349,833	132,867
Expenses	-396	108,756	0	320,600	0	0	0	0
Unrealised gains/losses	-17,131	109,260	0	0	0	0	0	0

Sava Re EUR	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in real-estate funds	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Opening balance	1,704,752	1,815,529	1,397,109	1,739,134	9,200,979	6,951,308	3,969,161	1,000,000
Exchange differences	0	1	0	0	-1	-62	0	0
Additions	0	0	0	0	5,454,838	2,966,812	0	3,002,172
Impairment	0	-108,756	0	-320,600	0	0	0	0
Disposals	0	0	0	0	-955,057	-221,963	0	0
Maturities	-350,396	0	0	0	0	0	0	0
Revaluation to fair value	-29,653	-2,022	67,835	-21,425	854,084	-495,117	454,563	-33,011
Reclassification into levels	4,470,599	0	0	0	0	0	0	0
Closing balance	5,795,302	1,704,752	1,464,944	1,397,109	14,554,843	9,200,979	4,423,724	3,969,161
Income	142,363	155,534	10,484	85,951	506,705	252,754	100,588	34,925
Expenses	-396	108,756	0	320,600	0	0	0	0
Unrealised gains/losses	-17,131	109,260	0	0	0	0	0	0

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Reclassification of assets and financial liabilities between levels

Sava Insurance Group EUR 31 December 2021	Level 1	Level 2
FVTPL	-57,495	57,495
Debt securities designated to this category reclassified from level 2 into level 1	-304,077	304,077
Equity securities designated to this category reclassified from level 2 into level 1	246,581	-246,581
Available-for-sale	27,634,818	-27,634,818
Debt instruments	17,757,961	-17,757,961
Reclassification from level 1 into level 2	-201,731	201,731
Reclassification from level 2 into level 1	17,959,693	-17,959,693
Equity instruments	9,876,857	-9,876,857
Reclassification from level 2 into level 1	9,876,857	-9,876,857
Total	27,577,323	-27,577,323

Sava Insurance Group EUR 31 December 2020	Level 1	Level 2	Level 3
FVTPL	-175,644	175,644	0
Designated to this category	-175,644	175,644	0
Debt instruments	-175,644	175,644	0
Reclassification from level 1 into level 2	-175,644	175,644	0
Available-for-sale	7,904,365	12,116,442	-20,020,807
Debt instruments	7,904,365	12,116,442	-20,020,807
Reclassification from level 1 into level 2	-3,044,603	3,044,603	0
Reclassification from level 2 into level 1	10,948,969	-10,948,969	0
Reclassification from level 3 into level 2	0	20,020,807	-20,020,807
Total	7,728,721	12,292,086	-20,020,807

Sava Re EUR 31 December 2021	Level 1	Level 2
FVTPL	126,024	-126,024
Designated to this category	126,024	-126,024
Equity instruments	126,024	-126,024
Reclassification from level 2 into level 1	126,024	-126,024
Available-for-sale	22,427,459	-22,427,459
Debt instruments	17,399,452	-17,399,452
Reclassification from level 2 into level 1	17,399,452	-17,399,452
Equity instruments	5,028,007	-5,028,007
Reclassification from level 2 into level 1	5,028,007	-5,028,007
Total	22,553,483	-22,553,483

Sava Re EUR 31 December 2020	Level 1	Level 2
Available-for-sale	3,297,985	-3,297,985
Debt instruments	3,297,985	-3,297,985
Reclassification from level 1 into level 2	-1,619,126	1,619,126
Reclassification from level 2 into level 1	4,917,111	-4,917,111
Total	3,297,985	-3,297,985

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In 2021, the method of classifying financial assets into levels based on criteria for pricing in the principal market was updated. If no CBBT price is available for a debt security in the OTC market, the BVAL price is used. An additional criterion to be applied is the BVAL score and the number of direct observations. The BVAL score is the basis for assessing the quality of the BVAL price, with a higher score indicating a better price quality in the market. The definition of an active market has also been updated: for quoted investments, a market is regarded as active if the investment is traded for at least half of the trading days.

As at 31 December 2021, a large proportion of the debt securities portfolio is valued at the CBBT bid price, which represents the unadjusted quoted price and thus meets the criteria for a tier 1 classification. Mutual funds and listed equity securities that meet the criteria of an active market, as well as debt securities valued at BVAL bid prices that meet the relevant price quality criteria, are also classified into this level.

As at 31 December 2021, level 1 investments represented 78.1% (31 December 2020: 74.6%) of financial investments measured at fair value.

In 2021, the proportion of OTC market assets measured using closing CBBT bid prices increased compared to year-end 2020. As at 31 December 2021, level 1 investments represented 84.28% (31 December 2020: 77.8%) of financial investments measured at fair value.

Debt securities for which no CBBT bid price exists at the classification date, but a BVAL bid price of lower quality is available, are classified into Level 2. We classify into the same Level investments valued based on an internal model that uses directly and indirectly observable market inputs, such as the risk-free interest rate curve, yield of similar financial instruments, and credit and liquidity risk premiums. Equity securities valued using stock exchange prices that meet the criteria for a non-functioning market are also classified into this Level.

The Company classifies into Level 3 unquoted shares valued at cost, loans granted valued at amortised cost and investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and such like. There are no market prices available for such investments; therefore, valuation based on available market data is not possible.

The Sava Insurance Group classifies as level-3 investments its investments in alternative funds, such as real-estate funds, infrastructure funds, private debt funds, private equity funds and similar. Alternative funds are valued by fund managers in the form of fund unit values or as the value of invested assets, being the best approximation of fair value. Assets are valued based on material non-public information on assets invested in funds. The Company has only limited access to input data as used by fund managers, which is why the Group does not carry out own valuations nor is it possible for the Group to run sensitivity analyses.

In order to value fund assets, managers of such funds generally use methods that comply with International Private Equity and Venture Capital Valuation standards, such as discounting of cash flows and the multiples method.

Valuation techniques for all items described above are defined in accounting policies. The method for investment property is described in section 17.4.12 “Investment property”, for financial investments in subsidiaries and associates in section 17.4.13 “Financial investments in subsidiaries and associates”, and for financial investments in section 17.4.14 “Financial investments and assets held for the benefit of policyholders who bear the investment risk”.

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17.8 Notes to the financial statements – income statement

30) Net premiums earned

Net premiums earned

Sava Insurance Group						
EUR						
2021	Gross premiums written	Premiums written for assumed co-insurance	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	35,709,624	27,425	-301,692	-266,037	13,521	35,182,841
Health	10,798,019	96,768	-822,531	-1,056,811	-139,868	8,875,577
Land motor vehicles	135,424,115	574	-2,386,112	-4,308,575	183,709	128,913,711
Railway rolling stock	332,071	0	0	-25,996	0	306,075
Aircraft hull	701,003	0	-216,948	-36,274	-2,694	445,087
Ships hull	5,804,322	421,936	-857,137	2,481,580	-1,404,768	6,445,933
Goods in transit	5,953,089	702,980	-455,025	84,688	49,729	6,335,461
Fire and natural forces	118,041,887	1,138,387	-21,785,202	-629,133	440,963	97,206,902
Other damage to property	53,344,975	1,513,775	-8,473,915	1,115,392	291,361	47,791,588
Motor vehicle liability	127,700,576	0	-5,442,483	1,524,481	-307,547	123,475,027
Aircraft liability	328,817	17,589	-231,023	5,604	3,187	124,174
Liability for ships	681,110	0	-18,148	-7,930	993	656,025
General liability	23,426,473	319,980	-2,609,379	3,573,482	189,158	24,899,714
Credit	1,059,174	0	-14,301	1,420,609	-17,415	2,448,067
Suretyship	302,307	0	-19	88,175	0	390,463
Miscellaneous financial loss	2,484,600	143,828	-979,322	550,039	-1,485	2,197,660
Legal expenses	719,522	6,785	-610,052	13,268	-5,419	124,104
Assistance	19,449,450	0	-121,513	-1,015,466	16,228	18,328,699
Life	65,924,848	0	-711,095	-98,236	56,463	65,171,980
Unit-linked life	117,322,240	158	-80,056	13,014	-127	117,255,229
Total non-life	542,261,134	4,390,027	-45,324,802	3,511,096	-690,347	504,147,108
Total life	183,247,088	158	-791,151	-85,222	56,336	182,427,209
Total	725,508,223	4,390,185	-46,115,953	3,425,874	-634,012	686,574,317

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Sava Insurance Group						
EUR						
2020	Gross premiums written	Premiums written for assumed co-insurance	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	33,235,012	3,045	-208,828	312,548	-3,078	33,338,699
Health	8,617,436	718	-598,212	-6,545	-5,491	8,007,906
Land motor vehicles	127,038,900	877	-2,080,745	-1,308,715	117,093	123,767,410
Railway rolling stock	211,320	0	-110	43,341	-289	254,262
Aircraft hull	536,945	0	-195,162	-14,722	3,307	330,368
Ships hull	6,452,906	7,171,215	-5,448,395	108,014	-266,814	8,016,926
Goods in transit	5,269,131	541,903	-318,420	533,648	45,436	6,071,698
Fire and natural forces	111,484,675	1,018,873	-18,070,229	-3,232,689	630,619	91,831,249
Other damage to property	54,423,785	421,815	-6,985,576	-3,969,365	425,496	44,316,155
Motor vehicle liability	133,985,568	0	-924,031	4,873,388	-2,416,471	135,518,454
Aircraft liability	337,312	0	-212,450	-40,641	23,042	107,263
Liability for ships	667,686	0	-16,818	-5,404	-7,554	637,910
General liability	30,749,015	317,302	-3,360,769	-2,130,937	215,175	25,789,786
Credit	1,342,728	0	-158,798	2,571,829	17,405	3,773,164
Suretyship	547,347	0	-84,926	4,488	1	466,910
Miscellaneous financial loss	3,990,337	77,636	-1,082,536	-163,935	68,777	2,890,279
Legal expenses	754,687	7,146	-626,791	10,201	-5,189	140,054
Assistance	16,732,851	0	-50,961	119,464	-3,544	16,797,810
Life	57,734,030	0	-521,379	77,745	42,030	57,332,426
Unit-linked life	76,076,927	177	-105,764	1,576	-77	75,972,839
Total non-life	536,377,641	9,560,530	-40,423,757	-2,296,032	-1,162,079	502,056,303
Total life	133,810,957	177	-627,143	79,321	41,953	133,305,265
Total	670,188,598	9,560,707	-41,050,900	-2,216,711	-1,120,126	635,361,568

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Sava Re EUR 2021	Gross premiums written	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	5,980,868	-39,237	3,503	925	5,946,059
Health	22,378	0	-66	0	22,311
Land motor vehicles	23,762,397	-812,717	-914,026	6,823	22,042,477
Railway rolling stock	252,822	0	-20,813	0	232,009
Aircraft hull	367,241	-925	-37,886	0	328,430
Ships hull	5,912,171	-855,705	2,181,865	-1,404,767	5,833,563
Goods in transit	4,579,050	-194,787	91,649	-3,941	4,471,970
Fire and natural forces	93,483,332	-19,217,991	-892,553	455,792	73,828,580
Other damage to property	26,349,830	-6,313,105	743,937	578,584	21,359,246
Motor vehicle liability	17,354,493	-1,372,589	477,386	-303,322	16,155,967
Aircraft liability	80,709	-1,164	54,751	-45,971	88,325
Liability for ships	471,681	-18,148	1,132	993	455,657
General liability	8,442,839	-1,469,748	2,455,494	163,212	9,591,797
Credit	749,498	0	248,010	0	997,509
Suretyship	228,722	0	78,251	0	306,972
Miscellaneous financial loss	936,827	-763,218	238,368	24,500	436,476
Legal expenses	9,301	0	-300	0	9,001
Assistance	43,673	-10,595	-630	6,993	39,441
Life	945,978	-383,196	-71,413	57,087	548,455
Unit-linked life	77,914	-34,994	-583	0	42,337
Total non-life	189,027,832	-31,069,928	4,708,071	-520,180	162,145,795
Total life	1,023,892	-418,190	-71,996	57,087	590,792
Total	190,051,724	-31,488,119	4,636,075	-463,093	162,736,587

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Sava Re EUR 2020	Gross premiums written	Reinsurers' and co-insurers' shares (-)	Change in gross unearned premiums (+/-)	Change in unearned premiums, reinsurers' and co-insurers' shares (+/-)	Net premiums earned
Personal accident	5,764,658	-38,265	822	-3,353	5,723,863
Health	315,856	0	-1,146	0	314,710
Land motor vehicles	20,525,041	-776,487	-389,634	14,629	19,373,549
Railway rolling stock	194,000	-110	27,863	-289	221,464
Aircraft hull	178,814	-2,204	1,612	-70	178,152
Ships hull	12,315,957	-5,447,360	103,423	-266,814	6,705,206
Goods in transit	4,376,069	-219,588	294,349	11,976	4,462,806
Fire and natural forces	86,764,814	-15,340,679	-2,463,888	558,845	69,519,092
Other damage to property	26,684,911	-4,387,780	-1,841,367	216,061	20,671,825
Motor vehicle liability	16,202,151	-311,694	2,878,291	-2,422,642	16,346,107
Aircraft liability	205,625	-97,076	-40,612	24,292	92,229
Liability for ships	465,542	-16,818	126	-7,554	441,295
General liability	13,671,456	-2,100,952	-1,547,374	154,462	10,177,591
Credit	555,574	0	318,772	0	874,345
Suretyship	303,322	0	6,013	0	309,335
Miscellaneous financial loss	2,246,894	-730,340	-150,546	34,497	1,400,506
Legal expenses	8,591	0	75	0	8,666
Assistance	14,654	0	-1,146	0	13,508
Life	788,501	-298,219	-17,683	42,378	514,976
Unit-linked life	100,823	-50,236	-1,002	-17	49,568
Total non-life	190,793,930	-29,469,353	-2,804,367	-1,685,961	156,834,250
Total life	889,323	-348,456	-18,685	42,362	564,544
Total	191,683,253	-29,817,808	-2,823,052	-1,643,599	157,398,793

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31) Income and expenses relating to investments in subsidiaries and associates

In 2021, the Group generated income from profit distributions of associates of EUR 772,886 (2020: EUR 142,088). No impairment losses on goodwill were recognised in 2021 (2020: EUR 2.1 million).

In 2021, the Company recognised EUR 50.4 million (2020: EUR 2.6 million) of dividend income and profit distributions. No expenses were recognised from impairment losses on shares or equity interests in the Group in 2021 (2020: EUR 2.6 million).

32) Investment income and expenses

Investment income by IFRS categories

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Investment income	40,670,647	31,835,154	15,756,089	10,300,165
- Of which exchange gains	11,029,108	5,385,951	9,560,306	4,236,143
- Netting of exchange differences	-6,613,377	-5,385,951	-5,853,841	-4,236,143
Investment income after netting	34,057,270	26,449,203	9,902,249	6,064,021
Investment expenses	12,323,463	18,508,232	9,093,642	13,037,946
- Of which exchange losses	6,613,377	10,180,156	5,853,841	8,867,873
- Netting of exchange differences	-6,613,377	-5,385,951	-5,853,841	-4,236,143
Investment expenses after netting	5,710,086	13,122,281	3,239,801	8,801,803

EUR	Sava Insurance Group	
	2021	2020
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	87,404,487	58,378,999
- Netting of unrealised gains and losses	-18,685,384	-35,335,474
Net unrealised gains on investments of life insurance policyholders who bear the investment risk after netting	68,719,103	23,043,525
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	18,685,384	35,335,474
- Netting of unrealised gains and losses	-18,685,384	-35,335,474
Net unrealised losses on investments of life insurance policyholders who bear the investment risk after netting	0	0

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Sava Insurance Group EUR 2021	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total	Net unrealised gains on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,474,192	0	0	0	13,061	0	1,487,253	122,935
Debt instruments	1,474,192	0	0	0	13,061	0	1,487,253	122,935
At FVTPL	820,970	1,304,909	0	40,803	7,624	1,209	2,175,515	86,701,636
Designated to this category	820,970	1,304,909	0	40,803	7,624	1,209	2,175,515	86,701,636
Debt instruments	820,970	895,091	0	0	7,624	1,202	1,724,887	97,167
Equity instruments	0	409,818	0	40,803	0	7	450,628	86,604,469
Available-for-sale	14,083,029	0	7,783,807	1,806,799	8,335,560	1,860,777	33,869,972	575,754
Debt instruments	14,083,029	0	1,129,392	0	8,335,560	89,894	23,637,875	574,902
Equity instruments	0	0	6,654,415	1,783,670	0	14,286	8,452,371	852
Investments in infrastructure funds	0	0	0	0	0	1,429,893	1,429,893	0
Investments in real-estate funds	0	0	0	23,129	0	326,704	349,833	0
Loans and receivables	440,487	0	0	0	2,672,863	486	3,113,836	4,162
Debt instruments	423,132	0	0	0	3,774	486	427,392	4,162
Other investments	17,355	0	0	0	2,669,089	0	2,686,444	0
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	24,071	0	0	0	0	0	24,071	0
Total	16,842,749	1,304,909	7,783,807	1,847,602	11,029,108	1,862,472	40,670,647	87,404,487

Detailed presentation of net unrealised gains on investments of life insurance policyholders who bear the investment risk as at 31 December 2021

EUR	31 December 2021
Interest income	544,847
Change in fair value of FVTPL assets	86,243,291
Gains on disposal of FVTPL assets	275,503
Gains on disposal of other IFRS asset categories	203,036
Income from dividends and profit distributions – other investments	4,914
Exchange gains	132,896
Total	87,404,487

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Sava Insurance Group EUR 2020	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total	Net unrealised gains on investments of life insurance policyholders who bear the investment risk*
Held to maturity	1,369,840	0	36,453	0	41,480	180,226	1,627,999	176,520
Debt instruments	1,369,840	0	36,453	0	41,480	180,226	1,627,999	176,520
At FVTPL	873,196	2,538,803	0	35,467	23,765	53,196	3,524,427	57,670,330
Designated to this category	873,196	2,538,803	0	35,467	23,765	53,196	3,524,427	57,670,330
Debt instruments	873,196	2,203,809	0	0	23,765	44	3,100,814	203,512
Equity instruments	0	334,994	0	35,467	0	14,117	384,578	57,466,818
Other investments	0	0	0	0	0	39,035	39,035	0
Available-for-sale	13,413,096	0	4,870,520	1,138,121	5,277,105	1,443,652	26,142,494	524,027
Debt instruments	13,413,096	0	3,479,098	0	5,275,770	21,074	22,189,038	501,151
Equity instruments	0	0	1,391,422	1,138,121	1,335	408,606	2,939,484	22,876
Investments in infrastructure funds	0	0	0	0	0	881,105	881,105	0
Investments in real-estate funds	0	0	0	0	0	132,867	132,867	0
Loans and receivables	471,680	0	0	0	43,601	1,327	516,608	8,122
Debt instruments	455,183	0	0	0	9,836	1,327	466,346	8,122
Other investments	16,497	0	0	0	33,765	0	50,262	0
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	23,626	0	0	0	0	0	23,626	0
Total	16,151,438	2,538,803	4,906,973	1,173,588	5,385,951	1,678,401	31,835,154	58,378,999

Detailed presentation of net unrealised gains on investments of life insurance policyholders who bear the investment risk as at 31 December 2020

EUR	31 December 2020
Interest income	642,252
Change in fair value of FVTPL assets	57,532,394
Gains on disposal of FVTPL assets	17,552
Gains on disposal of other IFRS asset categories	109,059
Exchange gains	77,742
Total	58,378,999

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Sava Re EUR 2021	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total
Held to maturity	144,881	0	0	0	0	0	144,881
Debt instruments	144,881	0	0	0	0	0	144,881
At FVTPL	300,227	482,779	0	35,615	0	0	818,622
Designated to this category	300,227	482,779	0	35,615	0	0	818,622
Debt instruments	300,227	292,179	0	0	0	0	592,406
Equity instruments	0	190,600	0	35,615	0	0	226,215
Available-for-sale	1,994,241	0	1,927,703	482,983	7,305,907	696,975	12,407,808
Debt instruments	1,994,241	0	362,170	0	7,305,907	89,683	9,752,000
Equity instruments	0	0	1,565,533	482,983	0	0	2,048,516
Investments in infrastructure funds	0	0	0	0	0	506,705	506,705
Investments in real-estate funds	0	0	0	0	0	100,588	100,588
Loans and receivables	106,308	0	0	0	2,254,400	0	2,360,707
Debt instruments	106,306	0	0	0	0	0	106,306
Other investments	2	0	0	0	2,254,400	0	2,254,402
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	24,071	0	0	0	0	0	24,071
Total	2,569,728	482,779	1,927,703	518,598	9,560,306	696,975	15,756,089

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Sava Re EUR 2020	Interest income at effective interest rate	Change in fair value and gains on disposal of FVTPL assets	Gains on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Exchange gains	Other income	Total
Held to maturity	101,228	0	0	0	0	0	101,228
Debt instruments	101,228	0	0	0	0	0	101,228
At FVTPL	343,308	1,029,035	0	30,273	0	0	1,402,616
Designated to this category	343,308	1,029,035	0	30,273	0	0	1,402,616
Debt instruments	343,308	749,814	0	0	0	0	1,093,122
Equity instruments	0	279,222	0	30,273	0	0	309,494
Available-for-sale	2,444,846	0	1,053,834	203,309	4,236,143	700,563	8,638,695
Debt instruments	2,444,846	0	1,055,169	0	4,234,808	2,028	7,736,851
Equity instruments	0	0	-1,335	203,309	1,335	387,995	591,304
Investments in infrastructure funds	0	0	0	0	0	275,615	275,615
Investments in real-estate funds	0	0	0	0	0	34,925	34,925
Loans and receivables	134,000	0	0	0	0	0	134,000
Debt instruments	132,959	0	0	0	0	0	132,959
Other investments	1,042	0	0	0	0	0	1,042
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	23,626	0	0	0	0	0	23,626
Total	3,047,007	1,029,035	1,053,834	233,582	4,236,143	700,563	10,300,165

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Investment expenses by IFRS categories

Sava Insurance Group EUR	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total	Net unrealised losses on investments of life insurance policyholders who bear the investment risk
2021								
Held to maturity	0	0	0	0	16,024	873,817	889,841	0
Debt instruments	0	0	0	0	16,024	873,817	889,841	0
At FVTPL	0	918,280	0	0	9,373	123,077	1,050,730	18,663,405
Designated to this category	0	918,280	0	0	9,373	123,077	1,050,730	18,663,405
Debt instruments	0	837,059	0	0	9,373	889	847,321	32,405
Equity instruments	0	81,221	0	0	0	1,306	82,527	18,631,000
Other investments	0	0	0	0	0	120,882	120,882	0
Available-for-sale	0	0	326,305	161,960	4,408,229	172,397	5,068,891	13,002
Debt instruments	0	0	54,757	0	4,407,982	37,895	4,500,634	6,159
Equity instruments	0	0	271,548	161,960	247	134,502	568,257	6,843
Loans and receivables	257,886	0	0	0	2,179,751	5,314	2,442,951	8,977
Debt instruments	78,183	0	0	0	2,651	5,314	86,148	8,977
Other investments	179,703	0	0	0	2,177,100	0	2,356,803	0
Subordinated liabilities	2,871,050	0	0	0	0	0	2,871,050	0
Total	3,128,936	918,280	326,305	161,960	6,613,377	1,174,605	12,323,463	18,685,384

Detailed presentation of net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2021

EUR	31 December 2021
Interest expenses	8,977
Change in fair value of FVTPL assets	18,571,908
Losses on disposals of FVTPL assets	42,544
Losses on disposal of other IFRS asset categories	8,271
Impairment losses on investments	4,731
Exchange losses	48,850
Other	102
Total	18,685,384

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Sava Insurance Group EUR 2020	Interest expenses	Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total	Net unrealised losses on investments of life insurance policyholders who bear the investment risk
Held to maturity	0	0	0	0	27,487	170,539	198,026	0
Debt instruments	0	0	0	0	27,487	170,539	198,026	0
At FVTPL	0	2,300,187	0	0	18,061	70,708	2,388,956	35,323,367
Designated to this category	0	2,300,187	0	0	18,061	70,708	2,388,956	35,323,367
Debt instruments	0	1,998,307	0	0	18,061	64,809	2,081,177	147,014
Equity instruments	0	301,880	0	0	0	0	301,880	35,176,353
Other investments	0	0	0	0	0	5,899	5,899	0
Available-for-sale	0	0	1,439,986	1,099,795	10,029,918	88,807	12,658,506	2,603
Debt instruments	0	0	22,861	108,756	10,029,794	30,079	10,191,490	0
Equity instruments	0	0	1,417,286	991,039	0	58,243	2,466,568	2,603
Investments in infrastructure funds	0	0	-161	0	124	485	448	0
Loans and receivables	281,191	0	0	0	104,690	5,457	391,338	9,504
Debt instruments	76,107	0	0	0	11,039	5,457	92,603	9,504
Other investments	205,084	0	0	0	93,651	0	298,735	0
Subordinated liabilities	2,871,406	0	0	0	0	0	2,871,406	0
Total	3,152,597	2,300,187	1,439,986	1,099,795	10,180,156	335,511	18,508,232	35,335,474

Detailed presentation of net realised and unrealised losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2020

EUR	31 December 2020
Interest expenses	9,504
Change in fair value of FVTPL assets	35,143,953
Losses on disposals of FVTPL assets	1,017
Exchange losses	154,710
Other	26,291
Total	35,335,474

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Sava Re						
EUR		Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Exchange losses	Other	Total
2021	Interest expenses					
At FVTPL	0	311,243	0	0	1,306	312,549
Designated to this category	0	311,243	0	0	1,306	312,549
Debt instruments	0	270,529	0	0	0	270,529
Equity instruments	0	40,713	0	0	1,306	42,020
Available-for-sale	0	0	28,537	3,856,876	0	3,885,413
Debt instruments	0	0	28,537	3,856,876	0	3,885,413
Loans and receivables	27,665	0	0	1,996,965	0	2,024,630
Debt instruments	27,561	0	0	0	0	27,561
Other investments	104	0	0	1,996,965	0	1,997,069
Subordinated liabilities	2,871,050	0	0	0	0	2,871,050
Total	2,898,715	311,243	28,537	5,853,841	1,306	9,093,642

Sava Re							
EUR		Change in fair value and losses on disposal of FVTPL assets	Losses on disposal of other IFRS asset categories	Impairment losses on investments	Exchange losses	Other	Total
2020	Interest expenses						
At FVTPL	0	772,645	0	0	0	40,444	813,089
Designated to this category	0	772,645	0	0	0	40,444	813,089
Debt instruments	0	623,062	0	0	0	40,444	663,506
Equity instruments	0	149,583	0	0	0	0	149,583
Available-for-sale	0	0	7,044	429,356	8,867,873	24,645	9,328,919
Debt instruments	0	0	3,054	108,756	8,867,812	24,160	9,003,782
Equity instruments	0	0	4,068	320,600	0	0	324,668
Investments in infrastructure funds	0	0	-78	0	62	485	468
Loans and receivables	24,532	0	0	0	0	0	24,532
Debt instruments	24,407	0	0	0	0	0	24,407
Other investments	126	0	0	0	0	0	126
Subordinated liabilities	2,871,406	0	0	0	0	0	2,871,406
Total	2,895,938	772,645	7,044	429,356	8,867,873	65,089	13,037,946

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Net investment income

Sava Insurance Group EUR 2021	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 profit distributions – other investments	Impairment losses on investments	Foreign exchange gains/losses	Other income/ expenses	Total	Net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,474,192	0	0	0	0	-2,963	-873,817	597,412	122,935
Debt instruments	1,474,192	0	0	0	0	-2,963	-873,817	597,412	122,935
At FVTPL	820,970	386,629	0	40,803	0	-1,749	-121,868	1,124,785	68,038,231
Designated to this category	820,970	386,629	0	40,803	0	-1,749	-121,868	1,124,785	68,038,231
Debt instruments	820,970	58,032	0	0	0	-1,749	313	877,566	64,762
Equity instruments	0	328,597	0	40,803	0	0	-1,299	368,101	67,973,469
Other investments	0	0	0	0	0	0	-120,882	-120,882	0
Available-for-sale	14,083,029	0	7,457,502	1,806,799	-161,960	3,927,331	1,688,380	28,801,081	562,752
Debt instruments	14,083,029	0	1,074,635	0	0	3,927,578	51,999	19,137,241	568,743
Equity instruments	0	0	6,382,867	1,783,670	-161,960	-247	-120,216	7,884,114	-5,991
Investments in infrastructure funds	0	0	0	0	0	0	1,429,893	1,429,893	0
Investments in real-estate funds	0	0	0	23,129	0	0	326,704	349,833	0
Loans and receivables	182,601	0	0	0	0	493,112	-4,828	670,885	-4,815
Debt instruments	344,949	0	0	0	0	1,123	-4,828	341,244	-4,815
Other investments	-162,348	0	0	0	0	491,989	0	329,641	0
Deposits with cedants	24,071	0	0	0	0	0	0	24,071	0
Subordinated liabilities	-2,871,050	0	0	0	0	0	0	-2,871,050	0
Total	13,713,813	386,629	7,457,502	1,847,602	-161,960	4,415,731	687,867	28,347,184	68,719,103

Detailed presentation of net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2021

EUR	31 December 2021
Interest income/expenses	535,870
Change in fair value at disposal of FVTPL assets	67,671,383
Gains/losses on disposal of FVTPL assets	232,958
Gains/losses on disposal of other IFRS asset categories	194,765
Dividend income	4,914
Impairment losses on investments	-4,731
FX gains/losses	84,045
Other investment income/expenses	-102
Total	68,719,103

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Sava Insurance Group EUR 2020	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 profit distributions – other investments	Impairment losses on investments	Foreign exchange gains/losses	Other income/ expenses	Total	Net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk
Held to maturity	1,369,840	0	36,453	0	0	13,993	9,687	1,429,973	176,520
Debt instruments	1,369,840	0	36,453	0	0	13,993	9,687	1,429,973	176,520
At FVTPL	873,196	238,616	0	35,467	0	5,704	-17,512	1,135,471	22,346,963
Designated to this category	873,196	238,616	0	35,467	0	5,704	-17,512	1,135,471	22,346,963
Debt instruments	873,196	205,502	0	0	0	5,704	-64,765	1,019,637	56,498
Equity instruments	0	33,114	0	35,467	0	0	14,117	82,698	22,290,465
Other investments	0	0	0	0	0	0	33,136	33,136	0
Available-for-sale	13,413,096	0	3,430,534	1,138,121	-1,099,795	-4,752,813	1,354,845	13,483,988	521,424
Debt instruments	13,413,096	0	3,456,237	0	-108,756	-4,754,024	-9,005	11,997,548	501,151
Equity instruments	0	0	-25,864	1,138,121	-991,039	1,335	350,363	472,916	20,273
Investments in infrastructure funds	0	0	161	0	0	-124	880,620	880,657	0
Investments in real-estate funds	0	0	0	0	0	0	132,867	132,867	0
Loans and receivables	190,620	0	0	0	0	-61,089	-4,130	125,270	-1,382
Debt instruments	379,076	0	0	0	0	-1,203	-4,130	373,743	-1,382
Other investments	-188,456	0	0	0	0	-59,886	0	-248,473	0
Deposits with cedants	23,626	0	0	0	0	0	0	23,626	0
Subordinated liabilities	-2,871,406	0	0	0	0	0	0	-2,871,406	0
Total	12,998,841	238,616	3,466,987	1,173,588	-1,099,795	-4,794,205	1,342,890	13,326,922	23,043,525

Detailed presentation of net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk as at 31 December 2020

EUR	31 December 2020
Interest income/expenses	632,748
Change in fair value at disposal of FVTPL assets	22,388,441
Gains/losses on disposal of FVTPL assets	16,534
Gains/losses on disposal of other IFRS asset categories	109,059
FX gains/losses	-76,967
Other investment income/expenses	-26,290
Total	23,043,525

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Net unrealised gains and losses on investments of life policyholders that bear investment risk include all gains and losses on financial instruments that are shown in the balance sheet as assets of policyholders who bear investment risk. These assets include:

- the investments of policyholders relating to the liabilities of unit-linked life business where policyholders fully bear the full investment risk. This part of the investment portfolio is invested in mutual funds selected by policyholders (matching of assets and liabilities). Here the mathematical provisions are also revalued in line with the revaluation of the mutual fund investments based on market rates, while these income and expenses having no impact on the profit or loss. In 2021, the Group had a net investment income of EUR 67.7 million from the change in fair value of investments in mutual funds selected by policyholders classified in the FVTPL category (31 December 2020: EUR 22.4 million);
- investments supporting the liabilities of unit-linked life business for which the insurer provides guaranteed unit values. Income and expenses from these types of investments are treated as other non-life and life insurance investments. Interest income accounts for the largest share of the net investment income of these investments (31 December 2021: EUR 0.5 million; 31 December 2020: EUR 0.6 million) and gains on sales (31 December 2021: EUR 0.4 million; 31 December 2020: EUR 0.1 million).

Sava Re								
2021 EUR	Interest income/ expenses	Change in fair value and gains/ losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories	Income from dividends and profit distributions – other investments	Impairment losses on investments	Foreign exchange gains/losses	Other income/ expenses	Total
Held to maturity	144,881	0	0	0	0	0	0	144,881
Debt instruments	144,881	0	0	0	0	0	0	144,881
At FVTPL	300,227	171,537	0	35,615	0	0	-1,306	506,073
Designated to this category	300,227	171,537	0	35,615	0	0	-1,306	506,073
Debt instruments	300,227	21,650	0	0	0	0	0	321,877
Equity instruments	0	149,887	0	35,615	0	0	-1,306	184,196
Available-for-sale	1,994,241	0	1,899,166	482,983	0	3,449,031	696,975	8,522,396
Debt instruments	1,994,241	0	333,633	0	0	3,449,031	89,683	5,866,587
Equity instruments	0	0	1,565,533	482,983	0	0	0	2,048,516
Investments in infrastructure funds	0	0	0	0	0	0	506,705	506,705
Investments in real-estate funds	0	0	0	0	0	0	100,588	100,588
Loans and receivables	78,643	0	0	0	0	257,435	0	336,077
Debt instruments	78,745	0	0	0	0	0	0	78,745
Other investments	-102	0	0	0	0	257,435	0	257,332
Deposits with cedants	24,071	0	0	0	0	0	0	24,071
Subordinated liabilities	-2,871,050	0	0	0	0	0	0	-2,871,050
Total	-328,987	171,537	1,899,166	518,598	0	3,706,465	695,669	6,662,448

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Sava Re								Income from dividends and profit distributions – other investments	
2020		Change in fair value and gains/losses on disposal of FVTPL assets	Gains/losses on disposal of other IFRS asset categories		Impairment losses on investments	Foreign exchange gains/losses	Other income/expenses	Total	
EUR	Interest income/expenses								
Held to maturity	101,228	0	0	0	0	0	0	101,228	
Debt instruments	101,228	0	0	0	0	0	0	101,228	
At FVTPL	343,308	256,391	0	30,273	0	0	-40,444	589,527	
Designated to this category	343,308	256,391	0	30,273	0	0	-40,444	589,527	
Debt instruments	343,308	126,752	0	0	0	0	-40,444	429,616	
Equity instruments	0	129,639	0	30,273	0	0	0	159,911	
Available-for-sale	2,444,846	0	1,046,789	203,309	-429,356	-4,631,730	675,918	-690,224	
Debt instruments	2,444,846	0	1,052,115	0	-108,756	-4,633,003	-22,132	-1,266,931	
Equity instruments	0	0	-5,404	203,309	-320,600	1,335	387,995	266,636	
Investments in infrastructure funds	0	0	78	0	0	-62	275,130	275,146	
Investments in real-estate funds	0	0	0	0	0	0	34,925	34,925	
Loans and receivables	109,468	0	0	0	0	0	0	109,468	
Debt instruments	108,552	0	0	0	0	0	0	108,552	
Other investments	916	0	0	0	0	0	0	916	
Deposits with cedants	23,626	0	0	0	0	0	0	23,626	
Subordinated liabilities	-2,871,406	0	0	0	0	0	0	-2,871,406	
Total	151,069	256,391	1,046,789	233,582	-429,356	-4,631,730	635,474	-2,737,782	

Net investment income of the Group totalled EUR 28.3 million in 2021 (2020: EUR 13.3 million). The year-on-year increase is mainly due to higher net exchange gains, dividend income on financial investments and gains on the disposal of securities of other IFRS asset categories. Net exchange gains in 2021 totalled EUR 4.4 million (2020: net exchange losses of EUR 4.8 million).

Net investment income of the Company totalled EUR 6.6 million in 2021 (2020: EUR -2.7 million). The year-on-year increase is mainly due to higher net exchange gains, gains on the disposal of securities of other IFRS asset categories and income from alternative investments. Net exchange gains in 2021 totalled EUR 3.7 million (2020: net exchange losses were EUR 4.6 million).

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Investment income and expenses by source of funds

The Group records investment income and expenses separately by source of funds, i.e. separately for own fund assets, non-life insurance register assets and life insurance register assets. Own fund investments support the Group's shareholder funds; non-life insurance register assets support technical provisions relating to non-life business, whereas life insurance register assets support technical provisions relating to life insurance business.

Investment income – non-life insurance business

EUR	Sava Insurance Group		Sava Re	
	Liability fund 2021	Liability fund 2020	Liability fund 2021	Liability fund 2020
Interest income	5,855,949	6,790,351	2,372,965	2,709,732
Change in fair value and gains on disposal of FVTPL assets	782,831	1,606,407	477,109	911,169
Gains on disposal of other IFRS asset categories	1,132,538	2,110,493	841,172	1,024,889
Income from dividends and profit distributions – other investments	572,336	334,265	389,128	221,983
Exchange gains	10,787,708	4,882,097	9,558,741	4,231,359
Other income	1,849,291	1,018,052	696,975	312,505
Total investment income – liability fund	20,980,653	16,741,665	14,336,090	9,411,637
	Capital fund 2021	Capital fund 2020	Capital fund 2021	Capital fund 2020
Interest income	176,397	349,657	196,763	337,276
Change in fair value and gains on disposal of FVTPL assets	55,510	117,867	5,670	117,867
Gains on disposal of other IFRS asset categories	1,094,072	508,344	1,086,531	28,945
Income from dividends and profit distributions – other investments	129,470	11,598	129,470	11,598
Exchange gains	1,590	9,052	1,566	4,784
Other income	486	402,163	0	388,058
Total investment income – capital fund	1,457,525	1,398,681	1,420,000	888,528
Total investment income – non-life business	22,438,178	18,140,346	15,756,090	10,300,165

Investment income – life insurance business

EUR	Sava Insurance Group	
	Long-term business fund 2021	Long-term business fund 2020
Interest income	10,027,592	8,128,820
Change in fair value and gains on disposal of FVTPL assets	306,125	725,992
Gains on disposal of other IFRS asset categories	5,495,694	2,231,453
Income from dividends and profit distributions – other investments	1,145,240	827,083
Exchange gains	216,370	478,575
Other income	2,939	218,131
Total investment income – liability fund	17,193,960	12,610,054
	Capital fund 2021	Capital fund 2020
Interest income	782,811	882,610
Change in fair value and gains on disposal of FVTPL assets	160,443	88,537
Gains on disposal of other IFRS asset categories	61,503	56,683
Income from dividends and profit distributions – other investments	556	642
Exchange gains	23,440	16,227
Other income	9,756	40,055
Total investment income – capital fund	1,038,509	1,084,754
Total investment income – life business	18,232,469	13,694,808

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Expenses for financial assets and liabilities – non-life business

EUR	Sava Insurance Group		Sava Re	
	Liability fund 2021	Liability fund 2020	Liability fund 2021	Liability fund 2020
Interest expenses	174,839	228,763	13,516	13,844
Change in fair value and losses on disposal of FVTPL assets	515,694	1,440,750	264,656	764,038
Losses on disposal of other IFRS asset categories	62,475	1,754	28,537	1,605
Impairment losses on investments	13,246	503,284	0	429,356
Exchange losses	6,360,238	9,787,527	5,853,002	8,862,624
Other	12,618	56,563	1,306	24,645
Total investment expenses – liability fund	7,139,110	12,018,641	6,161,017	10,096,112
EUR	Capital fund		Capital fund	
	2021	2020	2021	2020
Interest expenses	2,944,574	2,902,519	2,885,199	2,882,095
Change in fair value and losses on disposal of FVTPL assets	103,567	21,517	46,588	8,607
Losses on disposal of other IFRS asset categories	2,866	5,439	0	5,439
Impairment losses on investments	0	0	0	0
Exchange losses	860	5,250	839	5,249
Other	0	40,444	0	40,444
Total investment expenses – capital fund	3,051,867	2,975,169	2,932,626	2,941,835
Total investment expenses – non-life business	10,190,977	14,993,810	9,093,643	13,037,946

Expenses for financial assets and liabilities – life business

EUR	Sava Insurance Group	
	Long-term business fund 2021	Long-term business fund 2020
Interest expenses	1,249	4,292
Change in fair value and losses on disposal of FVTPL assets	240,175	708,565
Losses on disposal of other IFRS asset categories	256,761	1,413,218
Impairment losses on investments	135,430	513,044
Exchange losses	224,810	382,562
Other	1,039,449	231,953
Total investment expenses – liability fund	1,897,874	3,253,634
EUR	Capital fund	
	2021	2020
Interest expenses	8,274	17,023
Change in fair value and losses on disposal of FVTPL assets	58,844	129,355
Losses on disposal of other IFRS asset categories	4,203	19,575
Impairment losses on investments	13,284	83,467
Exchange losses	27,469	4,817
Other	122,538	6,551
Total investment expenses – capital fund	234,612	260,788
Total investment expenses – life business	2,132,486	3,514,422

Net investment income from non-life and life business

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Non-life insurance	12,247,201	3,146,536	6,662,447	-2,737,781
Life insurance	16,099,983	10,180,386	0	0
Total	28,347,184	13,326,922	6,662,447	-2,737,781

EUR	Sava Insurance Group	
	Long-term business fund 2021	Long-term business fund 2020
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	87,404,487	58,378,999
EUR	Long-term business fund	
	2021	2020
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	18,685,384	35,335,474
Net gains	68,719,103	23,043,525

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Impairment losses on investments

In 2021, the Group recognised impairment losses of EUR 0.1 million on its financial investments (2020: EUR 1.1 million).

33) Other technical income and expenses and other income/revenue and expenses**Other technical income**

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Other technical income	31,711,898	28,513,698	17,815,266	17,349,649
- Of which exchange gains	12,791,501	13,969,642	12,429,630	12,794,731
- Netting of exchange differences	-12,609,928	-13,969,642	-11,990,547	-12,794,731
Other technical income after netting	19,101,970	14,544,056	5,824,719	4,554,918
Other technical expenses	26,947,444	33,294,044	12,455,141	16,008,376
- Of which exchange losses	12,609,928	18,088,381	11,990,547	15,607,767
- Netting of exchange differences	-12,609,928	-13,969,642	-11,990,547	-12,794,731
Other technical expenses after netting	14,337,516	19,324,402	464,594	3,213,645

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Reinsurance commission income	8,640,223	5,899,388	4,870,965	4,140,292
Revenue from other insurance business	2,683,132	2,590,203	0	0
Other technical income	11,323,355	8,489,591	4,870,965	4,140,292
Income on the realisation of impaired receivables	2,279,958	2,379,109	71,722	39,025
Exchange gains	12,791,501	13,969,642	12,429,630	12,794,731
Revenue from exit charges and management fees	4,068,263	1,981,344	0	0
Revenue from other services	1,248,821	1,694,012	442,948	375,600
Other income	20,388,543	20,024,107	12,944,301	13,209,357
Total	31,711,898	28,513,698	17,815,266	17,349,649

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Reinsurance commission income

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Personal accident	40,497	19,826	11,119	9,874
Land motor vehicles	375,737	386,220	0	207
Railway rolling stock	0	2	0	2
Aircraft hull	0	266	0	266
Ships hull	38,469	950,056	38,468	949,712
Goods in transit	30,492	1,322	0	684
Fire and natural forces	3,659,389	2,742,187	3,151,060	2,186,988
Other damage to property	1,865,642	1,082,596	1,517,560	698,520
Motor vehicle liability	2,155,931	116,260	0	102
Aircraft liability	6,330	9,748	0	11,024
Liability for ships	0	454	0	118
General liability	255,238	265,343	86,537	88,334
Credit	1,430	15,882	0	0
Suretyship	0	22,442	0	0
Miscellaneous financial loss	118,760	164,080	53,639	99,161
Legal expenses	-4,525	7,348	0	0
Assistance	-9,920	12,537	9,442	0
Life	106,753	83,702	3,140	76,183
Unit-linked life	0	19,118	0	19,118
Total non-life	8,533,470	5,796,569	4,867,825	4,044,992
Total life	106,753	102,819	3,140	95,300
Total	8,640,223	5,899,388	4,870,965	4,140,292

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Other income

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Income on the realisation of impaired receivables	263,923	125,423	0	0
Lease payments received from investment properties	1,348,174	1,305,784	784,325	783,238
Revenue from exit charges and management fees	16,980,563	13,266,321	0	0
Penalties and damages received	609,512	496,364	0	0
Income from disposal of investment property	193,517	0	0	0
Gain on bargain purchase	0	9,885,159	0	0
Revenue from other services	7,642,075	5,816,817	49,763	77,412
Total	27,037,764	30,895,868	834,088	860,650

Other technical expenses

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Expenses for loss prevention activities and fire brigade charge	4,159,100	4,037,450	12	14
Contribution for covering claims of uninsured and unidentified vehicles and vessels	1,056,921	1,691,254	0	0
Regulator fees	2,229,326	1,963,493	277,941	211,284
Exchange losses	12,609,928	18,088,381	11,990,547	15,607,767
Operating expenses from revaluation	2,598,484	3,354,303	164,736	179,160
Other expenses	4,293,685	4,159,163	21,904	10,151
Total	26,947,444	33,294,044	12,455,141	16,008,376

Income from other services comprises gains on the disposal of items of property, plant and equipment, extraordinary interest income and income from the use of holiday facilities.

Other technical expenses include foreign exchange losses based on the gross principle, whereas in the financial statements they are included based on the net principle.

Other expenses

Other expenses of EUR 2.4 million (2020: EUR 3.2 million) include allowances for and impairment losses on other receivables, indirect business expenses relating to investment property, expenses arising out of impaired items of property, plant and equipment for own use, and other extraordinary expenses.

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34) Net claims incurred

Net claims incurred

Sava Insurance Group		Gross amounts				Change in the reinsurers' and co-insurers' share of the claims provision		Net claims incurred
EUR	Claims	Subrogation recoveries	Reinsurers' share of claims (-)	Co-insurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)		
2021								
Personal accident	12,250,510	-445	-144,589	2,550	-3,378,091	260,729	8,990,664	
Health	4,611,703	-26,379	0	16,310	-165,245	301,414	4,737,803	
Land motor vehicles	77,248,317	-2,032,295	-1,110,184	0	2,693,517	-198,446	76,600,909	
Railway rolling stock	44,315	0	0	0	25,226	0	69,541	
Aircraft hull	548,773	0	-175,831	0	-37,341	110,817	446,418	
Ships hull	5,212,411	0	-2,399,848	3,143,850	3,717,588	-557,506	9,116,495	
Goods in transit	2,350,955	0	-750	270,963	1,299,819	9,918	3,930,905	
Fire and natural forces	63,591,605	-405,266	-4,688,972	88,389	28,120,804	-20,202,033	66,504,527	
Other damage to property	22,243,367	-31,324	-2,470,545	91,131	-1,907,723	1,180,181	19,105,087	
Motor vehicle liability	78,589,934	-3,348,868	-3,324,270	0	-12,537,085	1,159,432	60,539,143	
Aircraft liability	25,252	0	-9,116	0	52,402	-6,995	61,543	
Liability for ships	402,768	0	0	0	-99,741	0	303,027	
General liability	7,275,496	-28,634	-125,001	64,231	8,324,777	1,041,420	16,552,289	
Credit	1,449,310	-1,878,419	0	0	-474,815	0	-903,924	
Suretyship	103,119	-4,188	-5,304	0	251,735	-531	344,831	
Miscellaneous financial loss	4,626,900	0	-1,672,172	0	6,408,057	993,816	10,356,601	
Legal expenses	14,238	0	-5,642	727	-15,706	3,610	-2,773	
Assistance	9,884,290	-11,436	-27,889	0	-427,335	7,542	9,425,172	
Life	61,733,673	0	-131,966	0	-974,026	-38,311	60,589,370	
Unit-linked life	62,468,983	0	-18,308	0	-415,382	11,352	62,046,645	
Total non-life	290,473,263	-7,767,254	-16,160,113	3,678,151	31,850,843	-15,896,632	286,178,258	
Total life	124,202,656	0	-150,274	0	-1,389,408	-26,959	122,636,015	
Total	414,675,919	-7,767,254	-16,310,387	3,678,151	30,461,435	-15,923,591	408,814,273	

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Sava Insurance Group		Gross amounts				Change in the reinsurers' and co-insurers' share of the claims provision (+/-)		Net claims incurred
EUR		Claims	Subrogation recoveries	Reinsurers' share of claims (-)	Co-insurers' share of claims (-)	Change in the gross claims provision (+/-)	Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	
2020								
Personal accident		12,269,088	-771	-116,406	768	-4,476,102	-122,696	7,553,881
Health		4,787,042	-1,514	0	0	236,155	-233,464	4,788,219
Land motor vehicles		79,206,144	-1,726,851	-947,115	0	-4,231,915	59,953	72,360,216
Railway rolling stock		100,665	0	0	0	37,675	0	138,340
Aircraft hull		616,213	0	-16,463	0	-364,310	26,671	262,111
Ships hull		7,005,357	0	-2,239,570	3,381,197	2,675,670	-2,182,682	8,639,972
Goods in transit		2,604,908	0	0	327,672	191,302	-4,525	3,119,357
Fire and natural forces		54,488,706	-78,817	-3,307,490	212,620	30,922,465	-431,860	81,805,624
Other damage to property		19,565,697	-79,742	-833,901	82,733	1,585,860	-541,308	19,779,339
Motor vehicle liability		82,035,659	-2,987,703	-1,539,755	0	5,438,972	780,846	83,728,019
Aircraft liability		44,626	0	-12,424	0	4,271	13,896	50,369
Liability for ships		384,608	0	0	0	-244,978	0	139,630
General liability		6,640,328	-7,925	-143,687	99,269	403,905	232,096	7,223,986
Credit		2,083,746	-2,499,745	0	0	-464,477	0	-880,476
Suretyship		89,109	-15,000	0	0	235,820	0	309,929
Miscellaneous financial loss		1,168,830	-694	-101,553	7,140	8,447,970	-1,772,034	7,749,659
Legal expenses		16,194	0	-8,131	640	16,339	-6,876	18,166
Assistance		7,943,569	-1,270	-19,066	0	-67,484	3,439	7,859,188
Life		77,088,626	0	-2,256	0	-3,064,906	337,880	74,359,344
Unit-linked life		48,793,299	0	-23,392	0	-1,128,213	48,846	47,690,540
Total non-life		281,050,489	-7,400,032	-9,285,562	4,112,039	40,347,138	-4,178,544	304,645,528
Total life		125,881,925	0	-25,648	0	-4,193,119	386,726	122,049,884
Total		406,932,414	-7,400,032	-9,311,210	4,112,039	36,154,019	-3,791,818	426,695,412

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Sava Re EUR 2021	Gross amounts				Change in the reinsurers' and co-insurers' share of the claims provision (+/-)		Net claims incurred
	Claims	Subrogation recoveries	Reinsurers' share of claims (-)	Change in the gross claims provision (+/-)			
Personal accident	2,289,462	-75	-1,283	-648,849	-27	1,639,227	
Health	-249,790	0	0	-16,680	0	-266,470	
Land motor vehicles	11,427,298	-219,975	-158,899	1,474,931	-139,799	12,383,556	
Railway rolling stock	44,315	0	0	29,709	0	74,025	
Aircraft hull	336,057	0	-7,698	74,624	50,818	453,801	
Ships hull	7,984,579	0	-2,399,847	3,511,229	-557,507	8,538,455	
Goods in transit	2,182,870	-1	0	1,163,882	433	3,347,184	
Fire and natural forces	47,646,185	-33,949	-3,601,820	25,821,325	-19,862,047	49,969,694	
Other damage to property	10,070,682	-6,611	-946,576	-2,149,835	944,956	7,912,616	
Motor vehicle liability	11,389,850	-374,960	-1,637,288	-1,907,193	1,091,863	8,562,272	
Aircraft liability	16,136	0	0	50,685	3	66,824	
Liability for ships	449,260	0	0	-138,195	0	311,065	
General liability	3,245,093	-3,424	-6,138	4,063,443	798,592	8,097,566	
Credit	268,473	-422,000	0	2,605	0	-150,922	
Suretyship	36,033	-864	0	168,041	0	203,211	
Miscellaneous financial loss	2,838,356	-2	-1,081,909	7,434,162	837,765	10,028,371	
Legal expenses	2,944	0	0	-48	0	2,896	
Assistance	3	0	0	-23	0	-20	
Life	300,717	0	-66,838	354,813	-178,071	410,621	
Unit-linked life	26,154	0	-18,308	2,339	-1,401	8,784	
Total non-life	99,977,807	-1,061,861	-9,841,459	38,933,813	-16,834,950	111,173,351	
Total life	326,871	0	-85,146	357,152	-179,472	419,405	
Total	100,304,678	-1,061,861	-9,926,605	39,290,966	-17,014,422	111,592,756	

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Sava Re EUR 2020	Gross amounts				Change in the reinsurers' and co-insurers' share of the claims provision (+/-)	Net claims incurred
	Claims	Subrogation recoveries	Reinsurers' share of claims (-)	Change in the gross claims provision (+/-)		
Personal accident	2,126,678	-66	-10,439	-729,259	1,184	1,388,097
Health	843,927	0	0	-5,292	0	838,635
Land motor vehicles	11,319,780	-220,196	-61,973	-869,258	94,833	10,263,187
Railway rolling stock	100,665	0	0	33,192	0	133,857
Aircraft hull	608,729	0	-16,463	-360,911	6,671	238,026
Ships hull	9,544,523	0	-2,239,570	2,146,573	-2,182,681	7,268,845
Goods in transit	2,509,139	0	0	127,669	0	2,636,808
Fire and natural forces	39,762,650	-3,748	-2,481,610	26,676,504	738,206	64,692,002
Other damage to property	9,032,987	-9,529	-347,786	274,266	-452,834	8,497,103
Motor vehicle liability	11,447,405	-360,113	-880,702	412,719	45,278	10,664,587
Aircraft liability	32,202	0	0	-9,826	11,897	34,273
Liability for ships	377,121	0	0	-269,614	0	107,507
General liability	2,634,467	-1,520	-619	1,949,927	375,366	4,957,620
Credit	315,850	-423,017	0	-137,060	0	-244,226
Suretyship	60,125	-2,168	0	238,431	0	296,387
Miscellaneous financial loss	521,918	-97	-41,526	4,427,140	-1,073,269	3,834,166
Legal expenses	752	0	0	-61	0	691
Assistance	217	0	0	-22	0	196
Life	50,910	0	32,447	67,850	-16,925	134,282
Unit-linked life	33,418	0	-23,392	-46,954	32,868	-4,061
Total non-life	91,239,133	-1,020,454	-6,080,688	33,905,119	-2,435,350	115,607,761
Total life	84,327	0	9,055	20,896	15,943	130,221
Total	91,323,463	-1,020,454	-6,071,633	33,926,015	-2,419,407	115,737,981

The effect of the change in the claims provision is described in note 24.

35) Change in other technical provisions and change in the technical provision for policyholders who bear the investment risk

The change in other technical provisions relates to the change in the net provision for unexpired risks and the

change in the technical provision for policyholders who bear the investment risk. The change in technical provisions is described in note 24.

In 2021, the change in other technical provisions decreased by EUR 16.7 million (in 2020 decrease of EUR 5.9 million) and relates to the change in the mathematical provision for life insurance business, and the change in the technical provision of policyholders who

bear the investment risk decreased by EUR 79.6 million (2020: decrease of EUR 22.7 million).

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36) Operating expenses

The Group classifies operating expenses by nature. Compared to 2020, these expenses rose by 8.2%, or EUR 16.7 million, (2020: EUR 16.3 million).

The Company's operating expenses rose by 12.1%, or EUR 6.6 million, chiefly due to EUR 4.7 million higher policy acquisition costs (2020: EUR 4.8 million).

The proportion of other operating expenses as a percentage of gross premiums written rose to 6.0% in 2021 (2020: 5.7%). Other operating expenses include material costs of EUR 1.3 million, energy costs of EUR 1.4 million, lease payments of EUR 2.0 million, service costs of EUR 35.9 million (other service costs of EUR 14.3 million comprising postal and shipping charges, telephone expenses, cost of cleaning, operating and management expenses, various fees and charges, and such like, cost of intellectual and personal services of EUR 11.2 million, costs of advertising, promotion and entertainment of EUR 7.8 million, transaction costs and bank fees of EUR 2.6 million) and provisions for pensions, jubilee benefits, severance pay (upon retirement) of EUR 0.8 million, other provisions of EUR 14 thousand, and other expenses relating to donations, sponsorships, membership fees and diverse expenses of EUR 2.4 million.

The Group has examined any Covid-19-related impacts on government assistance received. Four companies received state aid totalling EUR 93,213 (2020: EUR 234,468) including exemption from contribution payments, childcare and quarantine subsidies, crisis allowance.

Operating expenses by nature

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Acquisition costs (commissions)	77,684,219	74,410,866	45,244,305	40,497,640
Change in deferred acquisition costs	1,926,381	-1,561,215	968,321	717,122
Depreciation/amortisation of operating assets	10,108,054	9,895,517	561,935	581,188
Personnel costs	85,639,887	81,028,873	9,806,405	9,257,885
- Salaries and wages	63,509,304	60,562,574	7,766,997	7,280,473
- Social and pension insurance costs	9,182,342	8,942,793	1,277,413	1,213,435
- Other personnel costs	12,948,241	11,523,506	761,996	763,976
Costs of services by natural persons not performing business, incl. of contributions	837,540	607,658	324,245	193,944
Other operating expenses	43,735,684	38,834,447	4,362,886	3,389,510
Total	219,931,765	203,216,146	61,268,096	54,637,288

Audit fees

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Audit of annual report	572,663	368,957	155,341	65,662
Other assurance services	64,084	39,214	26,032	16,221
Total	636,747	408,171	181,373	81,883

The cost of auditing the annual report includes audit costs incurred by each Group company, and additionally for Sava Re, in addition to the cost of auditing the separate financial statements, the cost of auditing the consolidated financial statements of the Sava Insurance Group. Other audit services relate to assurance services for reports drawn up by the Company and the Group under Solvency II requirements, and for other reports in respect of which the auditor provides assurance services (report on related parties, compliance with ESEF reporting, approval of financial statements for foreign regulators, etc.).

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37) Income tax expense

Tax expense recognised in the income statement

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Income tax expense	17,256,845	14,177,732	400,028	0
Deferred tax expense	111,247	-2,817,317	366,058	-2,539,116
Total tax expense recognised in the income statement	17,368,092	11,360,415	766,086	-2,539,116

Tax expense recognised in other comprehensive income – items that will not be reclassified to profit or loss

Sava Insurance Group EUR	2021			2020		
	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Provisions for jubilee benefits and severance pay – actuarial gains/losses	335,805	741	336,546	-66,465	106,912	40,447
Total	335,805	741	336,546	-66,465	106,912	40,447

Sava Re EUR	2021			2020		
	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Provisions for jubilee benefits and severance pay – actuarial gains/losses	49,958	0	49,958	25,210	0	25,210
Total	49,958	0	49,958	25,210	0	25,210

Tax expense recognised in other comprehensive income – items that will be reclassified to profit or loss

Sava Insurance Group EUR	2021			2020		
	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Long-term financial investments and investment property	-23,124,823	4,212,448	-18,912,375	23,998,637	-4,561,530	19,437,107
Exchange differences	-15,670	0	-15,670	17,515	0	17,515
Other comprehensive income	-23,140,493	4,212,448	-18,928,045	24,016,152	-4,561,530	19,454,622

Sava Re EUR	2021			2020		
	Before taxes	Tax	After taxes	Before taxes	Tax	After taxes
Long-term financial investments and investment property	-2,987,782	567,678	-2,420,104	1,015,139	-192,875	822,263
Other comprehensive income	-2,987,782	567,678	-2,420,104	1,015,139	-192,875	822,263

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Tax rate reconciliation

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Profit or loss before tax	93,535,270	67,746,714	53,606,214	-13,529,732
Income tax expenses at statutory tax rate (19%)	17,771,701	12,871,876	10,185,181	-2,570,649
Adjustment to actual rates	26,771,242	11,224,709	0	0
Tax effect of income deductible for tax purposes	-10,092,004	-1,075,543	-9,675,090	-617,475
Tax effect of expenses not tax deductible	1,200,758	1,276,834	86,493	118,856
Tax effect of income that increases tax base	667,507	818,487	484,573	655,550
Tax relief	-1,524,324	-695,025	-681,129	-125,398
Previously unrecognised deferred tax	335,381	-32,032	366,058	0
Other	9,532	-157,016	0	0
Total income tax expense in the income statement	17,368,092	11,360,415	766,086	-2,539,116
Effective tax rate	18.57%	16.77%	1.43%	18.77%

Unused tax losses

EUR	Sava Insurance Group		Sava Re	
	2021	Expiry date	2021	Expiry date
With expiry date	2,266,620	2022-2026	-	-
Without expiry date	11,745,495	0	11,133,298	0
Total	14,012,115		11,133,298	

EUR	Sava Insurance Group		Sava Re	
	2020	Expiry date	2020	Expiry date
With expiry date	2,345,139	2021-2025	-	-
Without expiry date	13,798,000	0	13,185,803	0
Total	16,143,139		13,185,803	

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17.9 Contingent receivables and liabilities

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Outstanding recourse receivables	28,366,399	29,626,929	0	0
Receivables from the cancellation of subordinated financial instruments	37,960,300	37,960,300	10,038,000	10,038,000
Other potential reinsurance receivables	1,672,497	1,687,112	24,941	39,556
Contingent assets	67,999,196	69,274,341	10,062,941	10,077,556

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Guarantees issued	24,373,833	29,211,069	8,491,853	13,216,739
Civil claims	118,737	101,992	0	0
Contingent liabilities	24,492,570	29,313,061	8,491,853	13,216,739

In off-balance sheet items for 2021 and 2020, the Group and the Company show contingent assets in the amount of their cancelled subordinated instruments, regarding which the Group is continuing activities for the protection of its interests. In December 2016, claims were filed against the issuing banks of the cancelled subordinated financial instruments held by the Group. Guar-

antees issued mostly represent potential liabilities arising from investments in alternative funds. At the time of signing the subscription, which represents a commitment to make future payments into the alternative fund, the Company records the amount of the commitment under off-balance sheet items, which are then decreased at every capita call-up by the amount called up.

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17.10 Related party disclosures

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

- owners and related enterprises,
- key management personnel: management board, supervisory board including its committees, and employees not subject to the tariff section of the collective agreement,
- subsidiary companies,
- associates.

Owners and related enterprises

The Group's largest shareholder is Slovenian Sovereign Holding, with a 17.7% stake. The ultimate beneficial owner of Slovenian Sovereign Holding is the Republic of Slovenia.

In March and April 2020, some employees (management board, employees under individual employment contracts) voluntarily agreed to pay cuts of between 15.0% and 20.0% due to the uncertainties related to Covid-19.

As at 31 December 2021, the Company disclosed liabilities for potential payment of the variable part of pay of management board members in respect of 2018, 2019 and 2020 subject to certain conditions in the amount of EUR 210,532.

As at 31 December 2021, the Company had no receivables due from the management board members. Management board members are not remunerated for their functions in subsidiary companies. They have other entitlements under employment contracts, i.e. an allowance for annual leave

of EUR 1,200, severance pay upon retirement and contributions to voluntary supplementary pension insurance. Management board members are not entitled to jubilee benefits for 10, 20 or 30 years of service.

Remuneration of management board members in 2021

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	199,050	59,400	442	4,101	262,993
Jošt Dolničar	179,400	53,460	5,471	3,608	241,939
Polona Pirš Zupančič	179,400	53,460	5,438	2,740	241,038
Peter Skvarča	179,400	40,838	5,440	5,977	231,655
Total	737,250	207,158	16,791	16,426	977,625

Remuneration of management board members in 2020

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Other payments	Total
Marko Jazbec	193,500	55,536	190	5,226	-	254,452
Jošt Dolničar	174,135	49,980	5,225	4,475	-	233,815
Srečko Čebren	73,177	80,171	2,170	1,535	89,100	246,154
Polona Pirš Zupančič	174,135	49,980	5,199	3,507	-	232,821
Peter Skvarča	95,700	-	2,748	3,849	-	102,296
Total	710,647	235,667	15,532	18,591	89,100	1,069,537

Liabilities to management board members based on gross remuneration

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

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Remuneration of the supervisory board and its committees in 2021

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind – insurance premiums	Total	
Supervisory board members							
	Davor Ivan Gjivoje	chairman	3.795	15.970	36.636	69	56.470
	Keith William Morris	deputy chair	3.795	14.300	2.202	69	20.366
	Klemen Babnik	member	1.925	5.941	49	69	7.984
	Matej Gomboši	member	1.925	5.941	763	69	8.698
	Gorazd Andrej Kunstek	member	3.795	13.000	0	69	16.864
	Mateja Živec	member	3.795	13.000	0	69	16.864
	Mateja Lovšin Herič	chair until 16 July 2021	1.870	10.589	0	0	12.459
	Andrej Kren	member until 16 July 2021	1.870	7.059	0	0	8.929
	Total supervisory board members		22.770	85.800	39.650	414	148.634
Audit committee members							
	Matej Gomboši	chairman	880	2.228	436	0	3.544
	Gorazd Andrej Kunstek	member	880	1.485	0	0	2.365
	Katarina Sitar Šuštar	external member	0	6.675	22	0	6.697
	Dragan Martinović	external member	0	4.973	0	0	4.973
	Andrej Kren	chair until 16 July 2021	2.420	2.647	0	0	5.067
	Mateja Lovšin Herič	member until 16 July 2021	2.420	1.765	0	0	4.185
	Ignac Dolensek	external member until 16 July 2021	0	9.038	0	0	9.038
	Total audit committee members		6.600	28.811	458	0	35.869
Members of the nominations and remuneration committee							
	Klemen Babnik	chairman	220	2.228	7	0	2.455
	Davor Ivan Gjivoje	member	1.760	3.250	21.238	0	26.248
	Keith William Morris	member	880	3.250	638	0	4.768
	Matej Gomboši	member	220	1.485	109	0	1.814
	Gorazd Andrej Kunstek	member	1.100	1.553	0	0	2.653
	Mateja Lovšin Herič	chair until 16 July 2021	1.540	2.647	0	0	4.187
	Andrej Kren	member until 16 July 2021	660	1.765	0	0	2.425
	Total nominations committee members		6.380	16.178	21.992	0	44.550
Members of the risk committee							
	Keith William Morris	chairman	1.540	4.875	1.117	0	7.532
	Davor Ivan Gjivoje	member	1.496	3.250	18.053	0	22.799
	Slaven Mičković	external member	0	12.451	0	0	12.451
	Janez Komelj	external member	0	2.313	0	0	2.313
	Total risk committee members		3.036	22.889	19.170	0	45.095
Members of the fit & proper committee							
	Keith William Morris	chairman	1.056	3.993	766	0	5.815
	Klemen Babnik	member	660	1.485	0	0	2.145
	Rok Saje	external member	1.496	3.250	0	0	4.746
	Klara Hauko	external member	660	1.485	0	0	2.145
	Mateja Živec	chair until 16 July 2021	660	2.647	0	0	3.307
	Andrej Kren	alternate member until 16 July 2021	396	1.765	0	0	2.161
	Gorazd Andrej Kunstek	alternate member	440	542	0	0	982
	Davor Ivan Gjivoje	alternate member	440	542	0	0	982
	Total members of the fit & proper committee		5.808	15.709	766	0	22.283

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Remuneration of the supervisory board and its committees in 2020

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Mateja Lovšin Herič	chair	2.503	18.038	0	20.541
Keith William Morris	deputy chair	2.503	13.228	1.200	16.931
Gorazd Andrej Kunstek	member	2.503	12.025	0	14.528
Mateja Živec	member	2.503	12.025	0	14.528
Davor Ivan Gjivoje	member	2.503	12.025	5.119	19.647
Andrej Kren	member	2.503	12.025	130	14.658
Total supervisory board members		15.018	79.366	6.449	100.833
Audit committee members					
Andrej Kren	chairman	1.782	4.509	98	6.389
Mateja Lovšin Herič	member	1.782	3.006	0	4.788
Ignac Dolenšek	external member	0	8.734	230	8.964
Total audit committee members		3.564	16.249	328	20.141
Members of the nominations and remuneration committee					
Mateja Lovšin Herič	chair	968	4.509	0	5.477
Keith William Morris	member	968	3.006	300	4.274
Davor Ivan Gjivoje	member	594	3.006	1.280	4.880
Andrej Kren	member	968	3.006	0	3.974
Total nominations committee members		3.498	13.527	1.580	18.605
Members of the risk committee					
Keith William Morris	chairman	836	4.509	300	5.645
Davor Ivan Gjivoje	member	836	3.006	1.280	5.122
Slaven Mičković	external member	0	10.991	0	10.991
Total risk committee members		1.672	18.506	1.580	21.758
Members of the fit & proper committee					
Mateja Živec	chair	154	4.509	0	4.663
Keith William Morris	member	660	3.006	300	3.966
Rok Saje	external member	814	3.006	0	3.820
Andrej Kren	alternate member	814	3.006	0	3.820
Total members of the fit & proper committee		2.442	13.527	300	16.269

As at 31 December 2021, the Company had no receivables due from the supervisory board members and had no liabilities due to any members of the supervisory board or its committees based on gross remuneration.

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In order to mitigate the impact of the epidemic, the members of the supervisory board and the external members of supervisory board committees waived 30.0% of the remuneration they receive on account of their membership of the Company's bodies from March to May 2020. The example was followed by the members of the supervisory boards and external members of supervisory board committees of the other Slovenian members of the Sava Insurance Group who are remunerated for performing their roles.

Average gross salary in Group companies

The average gross salary of Group companies is calculated as the sum of all personnel costs of Group companies (income statement item "personnel costs") multiplied by

Subsidiaries

Investments in and amounts due from Group companies

Sava Re		31 December 2021	31 December 2020
EUR			
Loans granted to Group companies	gross	1,359,945	3,411,737
Receivables for premiums arising out of reinsurance assumed	gross	13,594,556	18,988,445
Short-term receivables arising out of financing	gross	0	2,645
Other short-term receivables	gross	40,472	44,367
Short-term deferred acquisition costs	gross	1,144,493	14,145
Total		16,139,465	22,461,338

Liabilities to Group companies

Sava Re		31 December 2021	31 December 2020
EUR			
Technical provisions		105,796,856	106,908,528
- Unearned premiums		25,605,140	30,088,302
- Provision for outstanding claims		79,918,992	76,545,858
- Other technical provisions		272,725	274,368
Liabilities for shares in reinsurance claims due to Group companies		12,577,473	9,030,400
Other liabilities from co-insurance and reinsurance		3,129,491	4,880,137
Other short-term liabilities		19,633	19,264
Total (excluding provisions)		121,523,453	120,838,329

Employee remuneration not subject to the tariff section of the collective agreement for 2021

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind and other benefits	Total
Individual employment contracts	2,394,623	606,634	136,748	3,138,005

Employee remuneration not subject to the tariff section of the collective agreement for 2020

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind and other benefits	Total
Individual employment contracts	1,533,843	353,923	99,652	1,987,418

the number of months in operation, which is then divided by the average number of all employees based on the number of hours worked of all Group companies.

EUR	Sava Insurance Group	
	2021	2020
Average monthly gross salary	2,648	2,494
Total	2,648	2,494

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Liabilities to Group companies by maturity

EUR 31 December 2021	Contractual maturity			Total
	Over 5 years	from 1 to 5	Up to 1 year	
Technical provisions	18,454,675	39,293,684	48,048,498	105,796,856
Liabilities for shares in reinsurance claims due to Group companies	0	0	12,577,473	12,577,473
Other liabilities from co-insurance and reinsurance	0	0	3,129,491	3,129,491
Other short-term liabilities	0	0	19,633	19,633
Total (excluding provisions)	18,454,675	39,293,684	63,775,094	121,523,453

EUR 31 December 2020	Contractual maturity			Total
	Over 5 years	from 1 to 5	Up to 1 year	
Technical provisions	19,018,527	35,717,472	52,172,528	106,908,528
Liabilities for shares in reinsurance claims due to Group companies	0	0	9,030,400	9,030,400
Other liabilities from co-insurance and reinsurance	0	0	4,880,137	4,880,137
Other short-term liabilities	0	0	19,264	19,264
Total	19,018,527	35,717,472	66,102,329	120,838,329

Income and expenses relating to Group companies

Sava Re EUR	2021	2020
Gross premiums written	77,960,454	84,890,285
Change in gross unearned premiums	4,477,398	-595,211
Gross claims payments	-41,839,681	-34,802,040
Change in the gross provision for outstanding claims	-3,373,134	-15,045,015
Income from gross recourse receivables	1,048,046	1,009,816
Change in gross provision for bonuses, rebates and cancellations	1,643	-4,427
Other operating expenses	-247,383	-194,213
Dividend income	50,417,783	2,589,986
Other investment income	49,106	87,295
Interest income	-20,466,362	-18,348,978
Acquisition costs	-1,130,925	-955,269
Change in deferred acquisition costs	398,015	368,240
Other non-life income	67,294,961	19,000,470

Associate companies

No material operating income or expenses were posted with associate companies in 2021 and 2020.

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Majority state-owned companies

Disclosures relating to state-owned companies are prepared for state-owned companies that are monthly updated on the websites of Equity Investments – DUTB d.d. and SDH – List of Investments.

Receivables due from the state and majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
Interests in companies				
Debt securities and loans	83,165,547	90,780,931	16,521,297	17,361,396
Receivables due from policyholders	557,981	97,641	0	0
Total	88,286,313	98,115,860	20,158,613	23,606,169

Liabilities to the state and majority state-owned companies

EUR	Sava Insurance Group	
	31 December 2021	31 December 2020
Liabilities for shares in claims	1,191	3,504
Total	1,191	3,504

Income and expenses relating to majority state-owned companies

EUR	Sava Insurance Group		Sava Re	
	2021	2020	2021	2020
Dividend income	401,483	134,489	339,990	76,772
Interest income at effective interest rate	1,668,329	2,230,989	264,509	410,443
Other investment income	1,782,648	0	1,651,980	0
Gross premiums written	12,388,063	11,445,875	0	0
Gross claims payments	-2,267,096	-2,408,029	0	0
Total	13,973,426	11,403,324	2,256,480	487,215

Characteristics of loans granted to subsidiaries

Sava Re				
Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Životno Osiguranje (SRB)	450,000	ordinary	15,01,2022	0.90%
Illyria	500,000	subordinated	27,06,2029	3.00%
Illyria	400,000	ordinary	15,07,2022	0.75%
Total	1,350,000			

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- The Sava Insurance Group has examined the impact of the war in Ukraine on its operations and estimates that, due to its small volume of business with and low investment exposure to Russia and Ukraine, the changed circumstances will not have a material direct impact on its business results. The Sava Insurance Group (through Sava Re) has written reinsurance contracts with Russian and Ukrainian partners the annual premium volume of which accounts for only 0.5% of the Group's total planned operating revenue for 2022. All contracts contain so-called sanctions clauses. In the event of sanctions imposed by the European Union or the United Nations, such clauses limit the obligations of Sava Re under relevant contracts if such obligations are contrary to the applicable sanctions. In addition, the reinsurance contracts written exclude coverage related to war. The Group's credit and currency exposure to Russia, Ukraine and Belarus as at 31 December 2021 accounted for just 0.24% of the Group's financial investments. Most of this exposure arises from cash and cash equivalents, and rouble-denominated investments, which are matched to liabilities denominated in the same currency. Only a small part, 0.04%, is invested in securities of Russian issuers, and so the credit risk is also negligible. The Group is aware of the potentially adverse indirect effects on the macroeconomic environment and, consequently, on the Group's operations, which cannot yet be properly assessed at this stage. Some potential indirect impacts are presented in sensitivity analyses in the notes to the financial statements sections 17.6.4.1.1 "Interest rate risk" and 17.6.4.1.3 "Equity risk".

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