

GENERALI zavarovalnica d.d. Ljubljana

ANNUAL REPORT 2019

generalis.si



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1 Financial statements

1.1 STATEMENT OF FINANCIAL POSITION

In EUR		TOTAL	TOTAL
Items		31.12.2019	31.12.2018
ASSETS		362.601.111	329.215.657
INTANGIBLE ASSETS	8.1.1	952.661	677.923
FIXED ASSETS	8.1.2	2.778.694	1.041.044
DEFERRED RECEIVABLES FOR TAX	8.2.4	0	0
FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	8.1.9	298.022	298.022
FINANCIAL INVESTMENTS		194.244.183	185.758.793
a.) Loans and deposits	8.1.4.3	178.011	220.388
b.) Available for sale financial assets	8.1.4.1	194.033.928	185.514.245
c.) Financial assets at fair value through profit or loss	8.1.4.2	32.244	24.160
INVESTMENTS FOR UNIT-LINKED INSURANCE CONTRACTS	8.1.5	66.414.605	51.966.082
REINSURANCE AND COINSURANCE ASSETS	8.1.3	75.719.980	66.890.262
RECEIVABLES		13.646.573	14.836.230
a.) Receivables from direct insurance operations	8.1.6.1	5.780.581	5.641.414
b.) Receivables from coinsurance and reinsurance operations		6.518.176	7.993.320
c.) Current tax receivables		158.797	0
d.) Other receivables		1.189.019	1.201.496
OTHER ASSETS	8.1.8	911.465	1.185.819
CASH AND CASH EQUIVALENTS	8.1.7	7.634.928	6.561.482
LIABILITITES		362.601.111	329.215.657
EQUITY	8.2.1	53.272.989	48.503.183
SHARE CAPITAL	8.2.1.1	39.520.347	39.520.347
CAPITAL RESERVES	8.2.1.2	3.731.544	3.729.236
RESERVES FROM PROFIT		222.799	222.799
REVALUATION RESERVES	8.2.1.4	6.260.229	4.819.017
PROFIT OR LOSS CARRIED FORWARD	8.2.1.3	211.784	0
PROFIT OR LOSS OF THE YEAR	8.2.1.3	3.326.286	211.784
TOTAL LIABILITIES		309.328.122	280.712.474
INSURANCE TECHNICAL PROVISIONS	8.2.2	153.381.879	149.736.370
a.) Provisions for unearned premiums	8.2.2.1	24.210.657	23.469.829
b.) Mathematical provisions	8.2.2.2	55.263.716	54.096.179
c.) Claims provisions	8.2.2.3	58.747.978	58.129.314
d.) Other insurance technical provisions	8.2.2.4, 8.2.2.5	15.159.528	14.041.048
INSURANCE TECHNICAL PROVISIONS IN FOR UNIT-LINKED INSURANCE CONTRACTS	8.2.2.6	66.311.354	51.940.343
PROVISIONS FOR OTHER RISKS AND EXPENSES	8.2.3	1.550.794	1.011.376

In EUR		TOTAL	TOTAL
Items		31.12.2019	31.12.2018
DEFERRED TAX LIABILITIES	8.2.4	1.118.895	1.773.869
OTHER FINANCIAL LIABILITIES	8.2.5.1	1.874.693	
LIABILITIES	8.2.5	75.374.938	68.225.859
a.) Liabilities from direct insurance operations	8.2.5.1	4.056.308	3.661.215
b.) Liabilities from co-insurance and re-insurance operations	8.2.5.1	71.318.630	64.040.877
c.) Liabilities for corporate income tax	8.2.5.3	0	523.767
OTHER LIABILITIES	8.2.6	9.377.507	8.679.631

Disclosures on pages from 57 to 87 are part of financial statements

1.2 INCOME STATEMENT

In EUR		SKUPAJ	SKUPAJ
Items		31.12.2019	31.12.2018
NET INCOME FROM INSURANCE PREMIUM	9.1.1	78.669.097	76.043.641
a.) Gross premium written		105.502.065	102.251.482
b.) Premium written re-insured and co-insured		-26.155.886	-26.005.535
c.) Change in unearned premiums		-677.082	-202.306
INVESTMENT INCOME	9.1.2,9.2.1	13.518.943	4.872.798
OTHER INSURANCE INCOME, including	9.1.3	3.962.606	4.392.172
a.) Fee and commission income		3.475.408	3.935.175
OTHER INCOME	9.1.4	1.689.414	1.948.627
NET CLAIMS	9.2.2	-37.445.371	-39.296.696
a.) Gross claims paid		-45.471.987	-55.233.533
b.) Claims re-insured and co-insured		7.648.583	15.274.883
c.) Change in claims provisions		378.033	661.954
CHANGE IN OTHER INSURANCE TECHNICAL PROVISIONS	9.2.2	-458.596	-69.185
CHANGE IN INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED INSURANCE CONTRACTS	8.2.2.6	-7.185.505	1.179.227
CHANGE IN BONUSES AND DISCOUNTS		-319.505	-345.985
OPERATING EXPENSES, including	9.2.3	-40.544.310	-29.647.328
a.) Acquisition costs	9.2.3.1	-13.840.288	-14.384.617
INVESTMENT EXPENSES	9.1.2.1.	-37.524	-5.540.860
OTHER INSURANCE EXPENSES	9.2.3.5	-6.661.234	-6.989.955
OTHER EXPENSES	9.2.3.6	-1.026.168	-795.645
PROFIT BEFORE TAX		4.161.847	5.750.811
INCOME TAX EXPENSE	8.2.5.3.1	-835.561	-1.084.755
NET PROFIT OF THE YEAR		3.326.286	4.666.056
Earnings per share (basic and diluted)		1,41	1,97

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1.3 STATEMENT OF COMPREHENSIVE INCOME

In EUR		SKUPAJ	
Items		01.01.- 31.12. 2019	01.01. - 31.12. 2018
NET PROFIT FOR THE YEAR	8.2.1.3	3.326.286	4.666.056
OTHER COMPREHENSIVE INCOME AFTER TAX		1.441.211	-2.792.261
a) Items that will not be reclassified to profit or loss in subsequent periods		-42.386	-58.382
3. Actuarial net income/loss from pension fund		-52.328	-72.076
6. Tax from comprehensive income that will not be reclassified to profit or loss in subsequent periods		9.942	13.694
b) Items that may be reclassified to profit or loss in subsequent periods		1.483.597	-2.733.879
1. Net income/loss from revaluation of financial assets available for sale	9.1.2.5	1.831.602	-3.375.159
1.1. Unrealised income/loss from revaluation of financial assets available for sale	8.2.1.4	2.551.564	-3.429.849
1.2. Realised income/loss from revaluation of financial assets available for sale	9.1.2.5	-719.962	54.690
5. Tax from comprehensive income that may be reclassified to profit or loss in subsequent periods		-348.005	641.280
NET COMPREHENSIVE INCOME		4.767.497	1.873.795

Disclosures on pages from 57 to 87 are part of financial statements.

1.4 STATEMENT OF CHANGES IN EQUITY

YEAR 2019

in EUR	Share capital	Capital reserves	Reserved from profit	Revaluation reserve	Net retained earnings from previous years	Net result of the year	TOTAL EQUITY
	8.2.1.1	8.2.1.2		8.2.1.4	8.2.1.3		8.2.1
Balance as at 1 January 2019	39.520.347,00	3.729.236,00	222.799,00	4.819.017,00	211.784,00	0,00	48.503.183,00
Comprehensive income	0,00	0,00	0,00	1.441.212,00	0,00	3.326.286,00	4.767.498,00
a.) Profit for the year	0,00	0,00	0,00	0,00	0,00	3.326.286,00	3.326.286,00
b.) Other comprehensive income	0,00	0,00	0,00	1.441.212,00	0,00	0,00	1.441.212,00
Covering losses from the previous years	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Allocation of net income into reserves	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Other	0,00	2.308,00	0,00	0,00	0,00	0,00	2.308,00
Balance as at 31 December 2019	39.520.347,00	3.731.544,00	222.799,00	6.260.229,00	211.784,00	3.326.286,00	53.272.989,00

YEAR 2018

in EUR	Share capital	Capital reserves	Reserved from profit	Revaluation reserve	Net retained earnings from previous years	Net result of the year	TOTAL EQUITY
	8.2.1.1	8.2.1.2		8.2.1.4	8.2.1.3		8.2.1
Balance as at 1 January 2018	39.520.347,00	4.048.419,00	0	7.611.278,00	-4.231.473,00	0	46.948.571,00
Comprehensive income	0	0	0	-2.792.261,00	0	4.666.056,00	1.873.795,00
a.) Profit for the year	0	0	0	0	0	4.666.056,00	4.666.056,00
b.) Other comprehensive income	0	0	0	-2.792.261,00	0	0	-2.792.261,00
Covering losses from the previous years	0	0	0	0	4.231.473,00	-4.231.473,00	0
Allocation of net income into reserves	0	0	222.799	0	0	-222.799	0
Other	0	-319.183,00		0	0	0	-319.183,00
Balance as at 31 December 2018	39.520.347,00	3.729.236,00	222.799	4.819.017,00	0,00	211.784	48.503.183,00

Disclosures on pages from 57 to 87 are part of financial statements.

1.4.1 BALANCE SHEET LOSS UNDER SLOVENIAN COMPANIES ACT (ZGD-1)

in v EUR	2019	2018
Net operational result	3.326.286	4.666.056
Net income / loss carried forward	211.784	-4.231.473
Increase of reserves from profit	0	222.799
Balance sheet profit	3.538.070	211.784
Balance sheet loss	0	-4.231.473

1.5 CASH FLOW STATEMENT

in EUR	31.12.2019	31.12.2018
CASH FLOWS FROM OPERATING ACTIVITIES		
INCOME STATEMENT ITEMS	-2.766.695	5.184.172
1. Net insurance premium	79.346.179	76.246.254
2. Investment non - financial income	0	0
3. Other income and financial income from operating receivables	5.614.496	6.340.494
4. Net insurance claims	-37.823.709	-39.958.955
5. Net insurance benefits	-319.505	-345.985
6. Net operating expenses	-40.378.629	-28.985.809
7. Other expenses without depreciation	-7.687.402	-7.780.173
8. Income tax and other taxes	-1.518.125	0
CHANGE IN OPERATING CURRENT ASSETS	16.143.892	-331.098
1. Change in direct insurance receivables	0	-331.098
2. Change in re - insurance receivables	-139.167	702.011
3. Change in other (re -) insurance receivables	1.475.144	-3.498.259
4. Change in other receivables and assets	6.265.595	6.026.580
5. Change in deferred tax receivables	286.831	75.465
6. Change in direct insurance liabilities	0	0
7. Change in re - insurance liabilities	395.093	724.721
8. Change in other operating liabilities	-632.055	2.163.232
9. Change in other liabilities (except unearned premium)	1.666.910	-707.920
10. Change in deferred tax liabilities	5.832.506	-5.816.928
Net cash generated from operating activities	993.035	0
	13.377.197	4.852.769
CASH FLOWS FROM INVESTING ACTIVITIES		
INVESTMENT RECEIPTS	99.384.047	135.034.752
1. Interest received	4.086.986	4.275.446
- from insurance-technical provisions	3.898.513	4.125.929
- from other sources	188.473	149.517
2. Dividend received	140.464	597.351
- from insurance-technical provisions	140.464	588.154
- from other sources	0	9.197
3. Proceeds from disposal of long term financial investment	58.751.691	113.030.312
- from insurance-technical provisions	56.961.057	110.423.632
- from other sources	1.790.633	2.606.680
4. Proceeds from disposal of short term financial investment	36.404.906	17.131.643
- from insurance-technical provisions	25.534.818	13.206.922
- from other sources	10.870.088	3.924.721

in EUR	31.12.2018	31.12.2017
INVESTMENT DISBURSEMENTS	111.687.800	143.516.758
1. Acquisition of intangible assets	-432.309	- 277.456
2. Acquisition of fixed assets	-2.005.506	- 348.558
3. Acquisition of long term financial investments	-79.071.566	- 121.222.313
- from insurance-technical provisions	-76.082.778	-115.618.216
- from other sources	-2.988.788	-5.604.097
4. Acquisition of short term financial investments	-30.178.418	-21.668.431
- from insurance-technical provisions	-21.224.691	-17.209.250
- from other sources	-8.953.727	-4.459.181
CASH FLOWS FROM FINANCING	-12.303.753	-8.482.006
Net cash used in investing activities	0	0
Cash and cash equivalents at end of year	7.634.928	6.561.482
Net increase / (decrease) in Cash and cash equivalents	1.073.444	-3.629.237
Cash and cash equivalents at beginning of year	6.561.482	10.190.719

2 General information

Generali Zavarovalnica d.d. ("the Company") underwrites life and non-life insurance risks, such as those associated with motor death, disability, health, property and liability. All these products are offered to domestic market. The Company does business in Slovenia and employs over 400 people. In 2016 the Company obtained a license to carry out reinsurance operations.

The Company is a joint stock company. The address of its registered office is: Kržičeva 3, Ljubljana, Slovenia. The Company is a part of international holding Generali Group CEE Holding B.V. ("the Generali Group"), based in Diemn, Diemerhof 32. Consolidated financial statements of Generali Group CEE Holding B.V. are available on the address listed above.

The Company is included in consolidated financial statements of the ultimate parent company Assicurazioni Generali S.p.A., Trst, Piazza Duca degli Abruzzi 2, where consolidated financial statements are available.

The financial statements for the year ended on 2019 were approved by the Management board on 20.03.2020.

The statutory bodies of the Company:

Supervisory Board:

Mr. Gregor Pilgram - Chairman of the supervisory board
Mr. Stefano Culos – Member
Mr. Carlo Schiavetto – Member
Mrs. Suzana Meglic – Member

Management Board:

Mrs. Vanja Hrovat - Chairman
Mr. Mitja Feri - Member of the board

Audit committee:

Mr. Carlo Schiavetto - Chairman
Gregor Pilgram - Member
Mrs. Barbara Kunc - Member

The Company's shareholders at 31.12.2019:

Generali CEE Holding B.V.	100,00%
Other	100,00%

Data about the Company:

Register number: **5186684000**

Tax number: **88725324**

Registration at court register: **20.12.1990**

3 Management responsibility statement

The Management Board hereby confirms its responsibility for the preparation of the financial statements of the Company for the year ended December 31, 2019, and for the accompanying accounting policies and notes to the accounting policies.

The Management Board is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and with the requirements of the Slovenian Companies Act and Insurance Act so as to give a true and fair view of the financial position of the Company as at December 31, 2019 and their financial results and cash flows for the year then ended.

The Management Board also confirms that the appropriate accounting policies were consistently applied, and that the accounting estimates were prepared according to the principles of prudence and good management. The Management Board further confirms that the financial statements of the Company, together with the notes, have been prepared on a going-concern basis for the Company and in line with valid legislation and the International Financial Reporting Standards as adopted by the European Union.

The Management Board is also responsible for appropriate accounting practices, for the adoption of appropriate measures for the safeguarding of assets, and for the prevention and identification of fraud and other irregularities or illegal acts.

The tax authorities may audit the operations of the Company at any time within 5 years from the day of the tax statement, which could result in an additional tax liability, default interest and fines for corporate income tax or for other taxes or levies. The Management Board is not aware of any circumstances that could give rise to a potential material liability in this respect.

Ljubljana, 23.03.2020

Management board:

Vanja Hrovat

President of the management board



Guzej Katarina

Member of the management board



Mitja Feri

Member of the management board



4 Notes to the financial statements

4.1 STATEMENT OF COMPLIANCE

The Company's management approved the Company's financial statements as on 20.3.2020.

The financial statements of Generali Zavarovalnica d.d. have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the interpretations of the IFRS Interpretations Committee, also adopted by the EU, and the Companies Act.

On the balance sheet date, and considering the standards adoption process in the European Union, there were no differences between the IFRS applied and the IFRS adopted by the European Union that would be reflected in the accounting policies Generali Zavarovalnica d.d.

The Company's financial statements are in accordance with the provisions of the national legislation, the Slovenian Companies Act (ZGD-1) and the acts amending the Slovenian Companies Act designated (ZGD-1A – 1J).

Furthermore, the annual report and accounts have been prepared using the national secondary legislation: the decision on annual report and quarterly financial statements of insurance undertakings issued by the Insurance Supervision Agency (Official gazette of the Republic of Slovenia Nos. 1/16 and 85/16). Secondary legislation issued on the basis of Insurance Act (hereinafter referred to as the ZZavar-1) significant for the drawing up of accounting information is also the Decision on the Detailed method of Valuing Accounting Items and the Drawing up of Financial Statements (Official gazette of the Republic of Slovenia Nos. 95/2002, 30/2003 and 128/2006)

The reporting period of the Company is equal to the calendar year. The amounts in the financial statements and notes are rounded to 1 EUR .

4.2 NEW AND AMENDED STANDARDS AND INTERPRETATIONS

4.2.1 Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2019:

IFRS 16: Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). The new standard requires lessees to recognize most leases on their financial statements. Lessees have a single accounting model for all leases, with certain exemptions. Lessor accounting is substantially unchanged. Management has made an assessment of the effect of the standard and considers that will not

have a material effect on the financial statements.

At 1.1.2019 company adopted new IFRS 16. In the transition company used the modified retrospective method. Assets were recognized in financial assets as tangible fixed assets in amount of 3.693.571 EUR.

The present value of lease liabilities for office space and parking spaces is measured at the present value of the remaining rents. The contractually agreed rental period and the discount rate of 1.8%.

In income statement of financial position leases are recognized as assets and financial liabilities.

IFRS 9: Prepayment features with negative compensation (Amendment)

The Amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortized cost or at fair value through other comprehensive income. Management has assessed that amendments were not applicable for the Company.

IAS 28: Long-term Interests in Associates and Joint Ventures (Amendments)

The Amendments relate to whether the measurement, in particular impairment requirements, of long-term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The Amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. Management has assessed that amendments were not applicable for the Company.

IFRIC INTERPETATION 23: Uncertainty over Income Tax Treatments

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. Management has assessed that amendments were not applicable for the Company.

IAS 19: Plan Amendment, Curtailment or Settlement (Amendments)

The Amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The Amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. Management has assessed that amendments were not applicable for the Company.

The IASB has issued the Annual Improvements to IFRSs 2015 – 2017 Cycle, which is a collection of amendments to IFRSs. Management has assessed that amendments were not applicable for the Company.

- *IFRS 3 Business Combinations and IFRS 11 Joint Arrangements*: The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- *IAS 12 Income Taxes*: The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognized according to where the past transactions or events that generated distributable profits has been recognized.
- *IAS 23 Borrowing Costs*: The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

IAS 40: Transfers to Investment Property (Amendments)

The Amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The Amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use. Management has assessed that amendments were not applicable for the Company.

IFRIC INTERPRETATION 22: Foreign Currency Transactions and Advance Consideration

The Interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency. The Interpretation covers foreign currency transactions when an entity recognizes a non-monetary asset or a non-monetary liability arising from the payment or receipt of advance consideration before the entity recognizes the related asset, expense or income. The Interpretation states that the date of the transaction, for the purpose of determining the

exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, then the entity must determine a date of the transactions for each payment or receipt of advance consideration. Management has assessed that amendments were not applicable for the Company.

The IASB has issued the Annual Improvements to IFRSs 2014 – 2016 Cycle, which is a collection of amendments to IFRSs. Management has assessed that amendments were not applicable for the Company.

- *IAS 28 Investments in Associates and Joint Ventures*: The amendments clarify that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is venture capital organization, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition.

4.2.2 Standards issued but not yet effective and not early adopted

IFRS 17: Insurance Contracts

The standard is effective for annual periods beginning on or after 1 January 2021 with earlier application permitted if both IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments have also been applied. IFRS 17 Insurance Contracts establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. It also requires similar principles to be applied to reinsurance contracts held and investment contracts with discretionary participation features issued. The objective is to ensure that entities provide relevant information in a way that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the financial position, financial performance and cash flows of an entity. The standard has not been yet endorsed by the EU. Management is assessing the potential effects on its financial statements.

Amendment in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. The amendments have not yet been endorsed by the EU. Management has assessed that amendments were not applicable for the Company.

Conceptual Framework in IFRS standards

The IASB issued the revised Conceptual Framework for Financial Reporting on 29 March 2018. The Conceptual Framework sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. IASB also issued a separate accompanying document, Amendments to References to the Conceptual Framework in IFRS Standards, which sets out the amendments to affected standards in order to update references to the revised Conceptual Framework. Its objective is to support transition to the revised Conceptual Framework for companies that develop accounting policies using the Conceptual Framework when no IFRS Standard applies to a particular transaction. For preparers who develop accounting policies based on the Conceptual Framework, it is effective for annual periods beginning on or after 1 January 2020.

IFRS 3: Business Combinations (Amendments)

The IASB issued amendments in Definition of a Business (Amendments to IFRS 3) aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The Amendments are effective for business combinations for which the acquisition date is in the first annual reporting period beginning on or after 1 January 2020 and to asset acquisitions that occur on or after the beginning of that period, with earlier application permitted. These Amendments have not yet been endorsed by the EU. Management has assessed that amendments were not applicable for the Company.

IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Definition of 'material' (Amendments)

The Amendments are effective for annual periods beginning on or after 1 January 2020 with earlier application permitted. The Amendments clarify the definition of material and how it should be applied. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity'. In addition, the explanations accompanying the definition have been improved. The Amendments also ensure that the definition of material is consistent across all IFRS Standards. Management has assessed that amendments were not applicable for the Company.

IFRS 9 Financial Instruments final Version contains the requirements of each individual phase of an IFRS 9 revision project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all prior IFRS 9 versions. The standard introduces new requirements for the classification, measurement and impairment of financial instruments and hedge accounting. The insurance company is still assessing the impact of the standard on its financial statements. Deferral of IFRS 9 is permitted if the majority of the liabilities of the insurance company are liabilities from insurance contracts (IFRS 4.20D).

Interest Rate Benchmark Reform - IFRS 9, IAS 39 and IFRS 7 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. Earlier application is permitted. In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes phase one of its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. Phase two will focus on issues that could affect financial reporting when an existing interest rate benchmark is replaced with a risk-free interest rate (an RFR). The amendments published, deal with issues affecting financial reporting in the period before the replacement of an existing interest rate benchmark with an alternative interest rate and address the implications for specific hedge accounting requirements in IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement, which require forward-looking analysis. The amendments provided temporary reliefs, applicable to all hedging relationships that are directly affected by the interest rate benchmark reform, which enable hedge accounting to continue during the period of uncertainty before the replacement of an existing interest rate benchmark with an alternative nearly risk-free interest rate. There are also amendments to IFRS 7 Financial Instruments: Disclosures regarding additional disclosures around uncertainty arising from the interest rate benchmark reform. Management has assessed that amendments were not applicable for the Company.

IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (Amendments)

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current or non-current. The amendments affect the presentation of liabilities in the statement of financial position and do not change existing requirements around measurement or timing of recognition of any asset, liability, income or expenses, nor the information that entities disclose about those items. Also, the amendments clarify the classification requirements for debt which may be settled by the company issuing own equity instruments. These Amendments have not yet been endorsed by the EU Management has assessed that amendments were not applicable for the Company.

Company applies the temporary exemption from IFRS 9 in accordance with the amendment to MSRP 4 "Applying MSRP 9 Financial Instruments with IFRS 4 Insurance Contracts Financial Instruments

Company applies the temporary exemption from IFRS 9 in accordance with the amendment to IFRS 4 "Applying IFRS 9 Financial Instruments with MSRP IFRS 4 Insurance Contracts Financial Instruments".

Company qualifies for the temporary exemption from the application of IFRS 9.:

	31.12.2015	% of totsl
Liabilities arising from contracts within the scope of IFRS 4	237.230.089	0,94
Relevant Tax liabilities	1.483.857	0,01
Relevant other liabilities including employee benefits	14.580.770	0,06
Total	253.294.716	1

	31.12.2019	% of totsl
Liabilities arising from contracts within the scope of IFRS 4	292.562.657	0,95
Relevant Tax liabilities	1.456.957	0,00
Financial liabilities	13.433.815	0,04
Relevant other liabilities including employee benefits	1.874.693	0,01
Total	309.328.122	1

Please find below, in accordance to the amendment to IFRS 4, the disclosures related to financial instruments at 31 December 2019.

Fair value and change in fair value of financial assets within the scope of MSRP 9 with detail of instruments that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Table include also financial assets that do not generate cash flows.

Financial assets with contractual terms that generate cash flows at a specific date	Fair Value	Fair value change from 31 December 2018
Financial assets managed on fair value basis and held for trading*	73.491.087	0
<i>Equity instruments</i>	745.755	0
<i>Investment fund units</i>	6.330.727	0
<i>Derivatives</i>	0	0
Investments back to policies where the risk is borne by the policyholders and pension funds**	66.414.605	0
<i>Other</i>	23.582	0
Available for sale financial assets (AFS), held to maturity and loans and receivables***	292.510.023	30.414.347
Financial assets give rise on specified dates to cash flows that are solely payments of principal and interest	201.246.784	6.613.256
<i>Quoted bonds</i>	186.705.445	7.128.535
<i>Loans and other debt instruments</i>	178.011	-42.377
<i>Receivables from banks and customers</i>	14.363.328	-472.902
<i>Other</i>	0	0
Financial assets do not give rise on specified dates to cash flows that are solely payments of principal and interest	0	0
<i>Equity instruments</i>	0	0
<i>Bonds</i>	0	0
<i>Investment fund units</i>	0	0
<i>Other</i>	0	0

*, ** fair value change of financial assets measured at fair value through profit or loss is provided in the relative sections in the notes.

*** excluded from scope (policy loans and reinsurance deposits)

**** these assets would be accounted for as FVPL in case MSRP 9 was applied

With reference to credit risk, the carrying amounts in accordance with MRS 39 by risk rating grade of financial assets with contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are provided below.

Carrying amount of instruments by risk rating grade that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Eur	Quoted bonds	Loans and other debt instruments	Receivables from banks and customers	Other
AAA	1.867.945	0	0	0
AA	0	0	0	0
A	133.262.679	0	0	0
BBB	46.512.749	0	0	0
Not investment grade	5.062.072	0	0	0
Not Rated	0	178.011	14.363.328	0
Totale	186.705.445	178.011	14.363.328	0

The following table shows fair value and carrying amount of instruments by risk rating grade that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding that does not have low credit risk. The Group considers "not investment grade" as investments that do not have low credit risk, in accordance with MSRP.

Financial assets that give rise on specified dates to cash flows that are solely payments of principal and interest and that does not have low credit risk

Eur	Fair Value	Valore contabile* (IAS 39)
Quoted bonds	5.062.072	5.062.072
Loans and other debt instruments	0	0
Receivables from banks and customers	0	0
Receivables from banks and customers	0	0
Other		

4.3 FOREIGN CURRENCY TRANSLATION

4.3.1 Functional and presentation currency

Items included in the financial statements are measured in EUR, which is the currency of the primary economic environment in which the Company operates („the functional currency“). The financial statements are presented in EUR, which is the Company's presentation currency.

4.3.2 Transactions, balances and conversion from foreign currencies

Foreign currency transactions are translated into the functional currency using the reference exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement as net gains or losses arising from foreign exchange differences.

If the transaction is recognised directly in equity, exchange differences from the conversion to the functional currency are also recognized directly in equity.

Foreign currency monetary items are translated on the balance sheet date using the reference rate ECB or Bank of Slovenia exchange rates on the last day of the year.

In the context of changes in the fair value of monetary securities denominated in foreign currency classified as available for sale, translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security are accounted for separately. Translation differences related to changes in the amortised cost are recognized in profit or loss, whereas other changes in the carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, measured at fair value through profit or loss, are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets, classified as available for sale, are included in the revaluation reserves, together with the effect of fair value measurement in other comprehensive income.

4.4 Reporting by segment

The management's decision is not to report separately by business segment since neither equity securities nor debt securities issued by the Company are listed on regulated stock exchange. The Company reports business operations on two lines of business (life and non-life insurance) in accordance with Decision on annual report and quarterly financial statements of insurance undertakings.

5 Summary of significant accounting policies

5.1 INTANGIBLE ASSETS

The Company charges amortisation calculated on a straight-line basis. Intangible assets comprise of software and are carried at cost less accumulated amortization and impairment loss.

The annual amortisation rates are determined according to the useful life of an individual intangible asset. Amortization is calculated on a straight-line basis to allocate the cost of the asset over its estimated useful life. All other costs associated with developing or maintaining computer software programs are recognised as an expense as incurred. The amortisation of intangible assets is calculated individually by applying 33,3% depreciation rate. Amortisation rates in 2019 remained unchanged compared to previous years.

Impairment of intangible assets

Intangible assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. When value in use is higher than book value, impairment of intangible assets is not needed.

The Company derecognizes intangible assets when it does not expect to gain any future economic benefits from their use or disposal. The Company recognizes gains or losses arising from derecognition of an intangible assets as a difference between the net disposals and the carrying amount of the assets and are recognized in the income statement as gain/loss on disposal.

5.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment comprise mainly of equipment for insurance operations, with economic life exceeding one year.

Property, plant and equipment are accounted for using the cost model. The cost of an item of property, plant and equipment comprises its purchase price and any other costs directly attributable to bringing the asset to the location and the conditions necessary for it to be capable of operating.

Property, plant and equipment are carried at cost less accumulated depreciation and impairment loss. Costs include all cost directly attributable to bringing the assets into working condition, including import and no reimbursable taxes and duties.

Depreciated or otherwise disposed items of property, plant and equipment are eliminated from the balance sheet, along with the corresponding accumulated depreciation, because no

further benefit is to be expected from them. Any gain or loss resulting from disposal is included in other revenues and other expenses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits will exist. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

DEPRECIATION

Depreciation is consistently recorded by charging the Company's income on a straight-line basis method to depreciate the carrying amount of the fixed assets over their expected useful life. Fixed assets are depreciated on individual base. Depreciation rates in 2019 remained unchanged compared to previous years.

Fixed assets	Annual rate 2019	Useful life in 2019 in years
Investments in fixed assets of third parties	10 % - 20%	10
Furniture and cars	20,0 % - 33,3%	5
Computer and telecommunication equipment	33,3%	3

The assets' residual values and useful lives are reviewed yearly and adjusted if appropriate. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is higher than its estimated recoverable amount. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount. These are included in the income statement in the other income or other expense.

The company concludes ways of assessing whether it is a lease or whether the contract finds a lease. A contract is a lease agreement if includes the right to exclude use.

The right to use the assets is amortized on a straight-line basis over the lease term.

At the date of commencement of the lease, the company recognizes the lease obligation at the present value of all lease payments over the entire lease term that have not yet been paid.

The Company recognized the lease liability in the item of other financial liabilities (see note 8.2.5.1).

In 2019, the Company discloses EUR 1,834,062 of depreciation expense and EUR 37,465 of financial expenses from assets in use. In the event that the Company does not report assets in accordance with IFRS 16, it would report a lease cost of EUR 1,871,527. In 2018, the company disclosed a rental cost of € 1,748,750.

5.3 DEFERRED INCOME TAX

Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets are measured at the tax rates that are expected to be applied in the year when the asset is realised, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognized on temporary differences arising on investments valued at fair value and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax liability is accounted for in relation to unrealized gains on available-for-sale financial assets.

Deferred tax assets and deferred tax liabilities for the reporting year and for previous years are established based on the amount, expected to be paid to tax authorities (to be reimbursed from tax authorities), at instructed tax rates and in accordance with tax legislation, in force on the reporting date. For year 2019 deferred tax rate is 19%.

5.4 FINANCIAL INVESTMENTS

Financial investments are an integral part of the financial instruments of the Company and are financial assets held by the Company for the purpose of using them to cover future liabilities arising from insurance contracts and any losses associated with risk arising from insurance contracts.

Types of financial assets

- Financial assets available for sale,
- Financial assets measured at fair value through profit or loss,
- Loans and receivables.

The Company classifies investments in each category in accordance with the purpose of obtaining assets. The assets are recognized at fair value and checked daily and revalued to fair value.

5.4.1 Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories.

Regular-way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized based on fair value arising from transaction within two contract parties plus transaction cost that are directly attributable to their acquisition. The Company asset are checked daily and revalued to their fair value.

Financial assets are derecognized when the rights to receive cash flows from them have expired or when they have been transferred and the Company has also transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. The unrealized gains and losses on available-for-sale financial assets are recognized in other comprehensive income and are transferred to income statement when they are sold or determined to be impaired as net realized gains/losses on financial assets.

The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income (changes in value due to change in currency exchange rate). Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as net realised gains or losses on financial assets. Gains or losses from fair value valuation on available-for-sale instruments are recognized in other comprehensive income and are included in the income statement when instrument is sold or impaired.

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 values of quoted investments are based on current quoted prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques, such as the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis.

Interest income on available-for-sale securities calculated using the effective interest method is recognised in the income statement. Dividends on available-for-sale equity instruments are recognised in the income statement when the Company's right to receive payments is established.

5.4.2 Financial assets at fair value through income statement

This category consists of financial assets designated as at fair value through profit or loss.

Financial assets carried at fair value through profit or loss are initially recognised at fair value, arising from transaction within two contract parties, transaction costs are expensed in the income statement. Regular-way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset. Financial assets are initially recognized based on fair value arising from transaction within two contract parties plus transaction cost that are directly attributable to their acquisition. The Company asset are checked daily and revalued to their fair value.

Financial assets designated as at fair value through profit or loss at inception are those that are:

- held in internal funds to match insurance and investment contracts liabilities that are linked to the changes in fair value of these assets. The designation of these assets to be at fair value through profit or loss eliminates or significantly reduces measurement or recognition inconsistency (sometimes referred to as ‘an accounting mismatch’) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different valuation basis
- managed and whose performance is evaluated on a fair value basis. Information about these financial assets is provided internally on a fair value basis to the Company’s key management personnel. The Company’s investment strategy is to invest in equity instruments and debt securities, and to evaluate them with reference to liabilities, arising from insurance contracts, linked to these assets. Assets that are part of these portfolios are designated upon initial recognition at fair value through profit or loss.

The investment strategy is determined by the prospectus of each fund, while external management companies are responsible for the definition and execution of the investment strategy. Part of financial assets carried at fair value through profit or loss is of unit linked insurance which value is based on the contract directly linked to the value of unit of the cover fund. These assets are managed in accordance of Prospectus of each cover fund.

Gains or losses arising from changes in the fair value of the „financial assets at fair value through profit or loss“ category are included in the income statement within net fair value gains on financial assets at fair value through profit or loss. .

5.4.3 Investments in subsidiaries

Investment in subsidiary is measured at cost. Investment is recognized in Company’s financial statements as soon as the shares or equity interest has been entered into the Court Register. Increase in the share capital of subsidiaries with in-kind contributions is initially measured at the carrying amount of the contributions in kind.

5.4.4 Loans and receivables

Loans and deposits (excluding receivables) are non-derivative financial assets with fixed or determinable payments not listed in an active market. At initial recognition, they are measured at cost and later at amortised cost using the effective interest method. The impairments of loans are recognised if there is objective evidence that they will not be recovered in accordance with the contractual terms. The impairment policy for assets, carried at amortised cost is provided in Note 5.4.5.1.

5.4.5 Impairment of assetsv

5.4.5.1 Financial assets carried at amortized cost

The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Objective evidence that a financial asset or group of assets is impaired includes observable data that comes to the attention of the Company about the following events:

- significant financial difficulty of the issuer or debtor;
- a breach of contract, such as a default or delayed payment of interest or principal amount,
- becoming probable that the issuer or debtor will enter bankruptcy or other financial reorganization; or
- observable data indicating that there is a measurable decrease in the estimated future cash flows from financial assets or group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets held by the Company and that can be reliably estimated;
 - adverse changes in the payment status of debtor
 - national or local economic conditions that affect the company’s insolvency.

The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment. If there is objective evidence that an impairment loss has incurred on loans and receivables the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under contract. For the purpose of a collective evaluation of impairment, financial assets are grouped on the basis of similar credit risk characteristics. Future cash flows for groups of such

assets are estimated on the basis of contractually agreed cash flows with taking into consideration experience on past losses on assets with similar credit risk characteristics. The Company regularly reviews adequacy of methodology used and estimates, used when determining future cash flows.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as improved credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the income statement.

5.4.5.2 Financial assets carried at fair value

The Company assesses at each balance sheet date whether there is objective evidence that an available-for-sale financial asset is impaired, including in the case of financial investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost. The Company estimates that evidence exists, if significant decrease of fair value below its cost is noticed. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and current fair value, less any impairment loss on the financial asset previously recognised in profit or loss - is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments are not subsequently reversed. The impairment loss of an equity instrument is not reversed through the income statement, but it is recognized in revaluation adjustment in other comprehensive income. The impairment loss of a debt instrument is reversed through the income statement if in a subsequent period the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

5.4.5.3 Impairment of other non-financial assets

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. In case value in use is higher than book value, assets are not impaired.

5.5 RECEIVABLES

The Company classifies in this category short-term receivables arising out of direct insurance and reinsurance operations and other receivables, which are not part of the financial investments.

Insurance receivables are recognised when invoice is issued

and measured at initial recognition at fair value at presumption that they will be paid. The carrying value of insurance receivables is the present value of estimated future cash flows.

The carrying value of insurance receivables is reviewed for impairment whenever events or circumstances indicate that the carrying amount may not be recoverable, with the impairment loss recorded in the income statement.

Insurance receivables are derecognised when the derecognition criteria for financial assets has been met. A receivable is derecognized when:

- the right to receive cash flows from the asset has expired or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement.

Receivables arising from insurance contracts are classified into different classes according to their common credit risk characteristics. For each class the estimate of future cash flows is performed by considering the past experience of collection rate for each of the class of receivables with common credit risk. Thus the Company regularly calculates the collection rate for each of the groups of receivables. Based on the latest collection rates of each class of receivables with common risk, the percentage of bad debt allowance is recognized. The Company regularly reconsiders the appropriateness of the methodology used and estimates used to predict the future cash flows.

Other receivables include all other receivables that do not have an insurance or tax nature. These include amounts due from agents, brokers and others.

5.6 ACCRUED COSTS

Accrued costs are recognized on basis of preview of ordered services and contracts with suppliers by persons, responsible for cost centres, and experiences from previous years. Accrued costs are recognized based on amounts, agreed in contracts. Eventual differences are recorded among expenses of the following year.

5.7 CASH AND CASH EQUIVALENTS

The Company accounts for cash and balances held on the accounts with banks and other financial institutions separately for monetary assets denominated in local currency and separately for monetary assets denominated in foreign currencies, which have to be broken down into monetary assets available immediately and those placed as deposits redeemable at notice (demand deposits). Cash of the Company only consists of cash, while cash equivalents include deposits held as demand deposits serving to ensure short-term, liquidity and short-term deposits placed with maturity up to 3 months.

5.8 SHAREHOLDERS' EQUITY

Shares are classified as equity when there is no obligation to transfer cash or other assets. Incremental costs directly attributable to the issue of equity instruments are shown in equity as a deduction from the proceeds, net of tax. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business are included in the cost of acquisition. The ordinary stock shares are recognised as share capital.

In addition to share capital, the equity consists also of:

Capital reserves, including:

- General equity revaluation adjustment, arising from the periods before IFRS were first adopted

Reserves from profit

Revaluation reserves

- Net change in available for sale financial statements, which refer to gains or losses arising from changes in the fair value of financial assets available for sale.

Retained earnings consist of

- Loss, carried forward from previous years, and
- Profit/loss of the year

5.9 PROVISIONS FOR OTHER RISKS AND EXPENSES

5.9.1 Employee benefits

Employee benefits include jubilee long service benefits, retirement indemnity bonuses and termination benefits. The Company has recognized provisions for employee benefits in compliance with IAS 19. They are calculated by an actuary.

Employee benefits comprise provisions for jubilee and retirement benefits. The calculation of these provisions is made by using the actuarial evaluation method, i.e. the method of the estimated relevance of units or the method including profit proportionally to the work carried out. In line with IAS 19, the calculation is based on the following actuarial assumptions:

- Obligations for retirement benefits and jubilee rewards are determined in compliance with The Collective Agreement for Insurance, obligations for benefits at the end fixed-term employment are in line with Employment Relationships Act.
- Retirement benefits are determined in the amount of two average salaries in Republic of Slovenia or in the amount of two average salaries of the employee if that amount is higher, including contributions to be paid by the employer, namely 16,1% in case the benefit is higher than the one determined by The Decree on the levels of reimbursed work-related expenses and of certain income not to be included in the tax base.
- Jubilee rewards are determined in the amount of the basic salary for the 1st tariff class in Collective Agreement for Insurance (1-multiply for 10 years, 1,5-multiply for 20 years and 2-multiply for 30 years of working period by current employer) and are based on working period by current em-

ployer. There is no allowance for contributions paid by the employer, because it is assumed that benefits will not be in the amount which will trigger employer's contributions.

- Benefits paid upon termination employment are determined as 1/5 of the average salary in last three months in case of employment for less than one year and 1/5 of the average salary in last three months +1/12 of this amount for every further month of employment.
- Provisions are built uniformly during assumed working period by the current employer (from employment by the current employer till retirement or assumed date of eligibility for the jubilee reward).
- Mortality tables used are based on the Slovene population tables from 2002 (published by the Statistical Office of Republic of Slovenia); these rates are further reduced to take into account lower mortality of actively employed population (assumption 70% of basic mortality rates).
- Average salary growth in Republic of Slovenia is determined in line with market anticipation (rise in terms of the inflation of 2.0% and rise in real terms of 2.0%).
- Rise of salaries in the Company is determined by observing trends in the past and Company expectations for the future (rise in terms of inflation of 2.0% and rise in real terms of 2,0%, and additionally, for basic salary and supplement required by law the rise of 0.5% for each year of working period).
- Fluctuation is analysed separately for employees working in sales department (insurance agents) and separately for other employees, for each category different fluctuation rates are applied. Fluctuation for insurance agents is 38% by the age of 20, than it uniformly decreases to 11% at the age of 50, and remains constant from the age of 50 onwards, namely 11%. Fluctuation for other employees is 8.5% by the age of 20, than it uniformly decreases to 1.3% till the age of 50, and remains constant from the age of 50 onwards, namely 1.3%.
- Discount rates used in calculations are based on spot rates (source: ECB, AAA bonds, on the 31st of December 2018, <http://www.ecb.int/stats/money/yc/html/index.en.html>).

The Company believes that assumptions used for determining provisions for employees are adequate. Assumptions compared with the previous year have not changed significantly.

The defined benefit obligation is calculated annually by certified actuary. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality Eurozone bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity that approximate the terms of the related liability.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited in to other comprehensive income over the employee's expected average remaining working lives.

5.9.2 Provisions for legal claims

Provisions for legal claims are recognized when the Company has a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized when an outflow is probable.

5.10 INSURANCE CONTRACTS

5.10.1 Classification

The Company segments the products into homogenous groups according to the characteristics of individual products, namely nonlife insurance, traditional life insurance and unit linked insurance.

Company issues contracts that transfer insurance risk or insurance and financial risk. Insurance contracts are those contracts that transfer significant insurance risk. Such contracts may also transfer financial risk. As a general guideline, Company defines as significant insurance risk in accordance with Group Guideline, which means

- For the new business the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur;
- The significance of the risk must be for at least for one year period.

Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period, unless all rights and obligations are extinguished or expire.

A number of insurance contracts (traditional capital contracts) contain a DPF. This feature entitles the holder to receive, as a supplement to guaranteed benefits, additional benefits or bonuses:

- That are likely to be a significant portion of the total contractual benefits;
- Whose amount or timing is contractually at the discretion of the Company; and
- That are contractually based on:
 - (i) The performance of a specified pool of contracts or a specified type of contract;
 - (ii) Realised and/or unrealised investment returns on a specified pool of assets held by the company;
 Or
 - (iii) The profit or loss of the Company, fund or other entity that issues the contract.

As the amount of bonus to be allocated to policyholders has been irrevocably fixed at the balance sheet date, the amount is presented as a guaranteed liability in the financial statement, i.e. within the life assurance provision.

5.10.2 Recognition and measurement

Insurance contracts are classified into two main categories.

5.10.2.1 Non-life insurance contracts

Majority of these contracts are motor, accident, casualty and property. Contracts may be concluded for a fixed term of one year, for less than one year, for more than one year or on a continuous basis. If the contract is concluded for more than one year or on a continuous bases either party has the option to cancel the contract at 3 months' notice.

Motor third part liability and Casco insurance

The Company's motor portfolio comprises both motor third party liability insurance (MTPL) and motor hull (Casco) insurance. MTPL insurance covers bodily injury claims and property claims in the Slovenia as well as claims caused abroad by insured drivers under the Green Card system. Property damage under MTPL and Casco claims are generally reported and settled within a short period of the accident occurring. Payments relating to bodily injury claims, however, take longer to finalize and are more difficult to estimate. Such claims may be settled in the form of a lump-sum settlement or an annuity (a few cases so far).

Policyholders are entitled to a no-claims-bonus on renewal of their policy where the conditions are fulfilled.

Casco insurance represents standard insurance against damage; claim payment is limited by the sum insured.

Accident insurance

The Company's portfolio comprises group and individual accident insurance. Significant part of individual accident insurance is traditionally sold as add on to the life products offered by the Company.

Large portion of motor portfolio includes accident insurance for the driver and accident insurance for the passengers.

General liability insurance

Casualty insurance contracts protect the customers against the risk of causing harm to third parties as a result of their legitimate activities. Damages covered include both contractual and non-contractual events. The typical protection offered is designed for employers who become legally liable to pay compensation to injured employees (employers liability) and for individual and Legal entities who become liable to pay compensation to a third party for bodily harm or property damage (public liability).

This covers all types of liability and includes commercial liability, directors and officers and professional indemnity as well as personal liability. While the majority of general liability coverages are written on a "claims-made" basis, certain general liability coverages are typically insured on an "occurrence basis" basis.

Property insurance

Property insurance is broadly split into Industrial and Personal lines. For Industrial lines the Company uses Group guidelines and help of the Group regarding risk management techniques to identify risks and analyse losses. Personal property insurance consists of the standard buildings and contents insurance.

Property insurance contracts mainly compensate the customers for damage suffered to their properties or for the value of property lost. Customers who undertake commercial activities on their premises could also receive compensation for the loss of earnings caused by the inability to use the insured properties in their business activities (business interruption cover).

5.10.2.2 Life insurance contracts

DPF – Life insurance with discretionary participation features

All capital-type (endowment, term-fix and children) life insurance contracts include an entitlement to receive a bonus. Single premium contracts and paid-up contracts are also entitled for bonus participation. Bonuses to policyholders are granted at the end of each year. The amounts granted are at the discretion of the Company and are recognized when proposed and approved by the Board of Directors in accordance with the relevant legal requirements, general conditions and technical plan for bonus declaration. There are two types of bonus allocation: immediate (L2A) and with one year delay with terminal bonus (L1A). By L2A type of bonus - once allocated to policyholders, bonuses are guaranteed (in mathematical provisions). By L1A type of bonus - allocation of one year stays in the provisions for bonuses for one year and after one year it is declared to the customer and guaranteed onwards (moved to mathematical provisions); in addition there is also reserve for a terminal bonus in the provisions for bonuses. Policyholder is entitled to payment of the bonus upon maturity. Terminal bonus is not guaranteed.

Term life insurance products

Traditional term life insurance products comprise risks of death and accident death rider. Premium is paid regularly. Policies offer fixed or decreasing sum insured of death. The policies offer protection from one year up to long-term. Death benefits are paid only if the policyholder dies during the term of insurance.

Endowment products

These are traditional capital life insurance products providing benefit in case of death or survival. Policies of duration 10 years are exempted from insurance tax. Premium is paid regularly or as a single premium. Products could include additional riders. Insurance benefits are usually paid in lump-sum. In addition, they have possibility for policyholder to pay extra single premium during the term of insurance. Policyholder can ask to interrupt payment for regular premium, to have a partial surrender, to change term of insurance, sums insured, and premium to add or remove riders.

Term fix insurance products

These are traditional capital life insurance products providing benefit at the end of insurance period in case of death or survival.

These products are not sold any more. Policies of duration 10 years are exempted from insurance tax. Premium is paid regularly. Products could cover also accident death riders. Insurance benefits are paid in lump-sum. In addition, they have possibility for policyholder to pay extra single premium during the term of insurance. Policyholder can ask to interrupt payment for regular premium, to have a partial surrender, to change term of insurance, sums insured and premium to add or remove riders.

Children products (life insurance designed for children)

These are traditional capital life insurance products providing benefit in case of death or survival at the end of insurance period (term-fix) and additional half yearly annuity in case of death. Policies of duration 10 years are exempted from insurance tax. They are paid regularly. Benefits are in the form of a lump-sum at the end of insurance period and half-yearly annuity payment from death of insured till end of the insurance period. Products could include additional riders. In addition, they have possibility for policyholder to pay extra single premium during the term of insurance. Policyholder can ask to interrupt payment for regular premium, to have a partial surrender, to change term of insurance, sums insured and premium to add or remove riders.

Group and individual credit protection products

Life insurance contracts protect the Bank's customers which take loan from the consequences of events (such as death, total permanent disability, waiver of annuity payment in case of temporary total working inability, unemployment, etc.) that would effect on the ability of the customer to repay the loan. Guaranteed benefits paid on death occurrence are decreasing in line with the remaining loan. There are no maturity or surrender benefits. Contract is in case of group insurance concluded with bank, in case of individual insurance with the borrower

Short-term products

Short-duration life insurance contracts protect the Company's customers from the consequences of events (such as death or disability). Guaranteed benefits paid on occurrence of the specified insurance event are fixed, usually are based on multiplication of yearly salary. There are no maturity or surrender benefits. Contracts are usually concluded as group contracts they are mostly 100% reinsured and treated as GEB business (Generali Employee Benefits).

Unit linked life insurance products

Unit linked products are those where the policyholders carry the investment risk. The Company charges entry, management, administration fees, mortality charges and charge for riders. Unit-linked life insurance combines traditional term life insurance with risks of death and accident death riders and possibility to invest premium to some investment funds. The premium is paid regularly or as a single premium. The policyholder defines funds and ratio of premium where payments are invested and can change the funds and ratio during the contract. He can also change sums assured, premium, and choice of insured riders. He can pay an extra single premium or ask for partial surrender.

5.10.3 Insurance technical provisions

The Company shall be obliged according to Insurance Act, with regard to all insurance business performed, to form appropriate insurance technical reserves intended to meet future obligations arising from insurance contracts and cover possible losses on account of risks relating to insurance business performed. Provisions are formed in compliance with the Insurance Act and regulations issued on basis of this act, and with insurance technical principles and standards. The reinsurance share is calculated on basis of reinsurance agreements.

Insurance technical provisions are recognised when contracts are concluded and premiums are charged. For all contracts, premiums are recognised as revenue (earned premiums) proportionally over the period of coverage. The portion of premium received on in-force contracts that relates to unexpired risks at balance sheet date is reported as the unearned premium liability. Benefits are recorded as an expense when they are incurred. Claims provisions are recognized in income statement account based on estimated obligations which will be paid to the policyholders or their beneficiaries in the future. The Company believes that insurance technical provisions are adequate.

The Company believes that insurance contracts with DPF are not exposed to any different risk as other life insurance contract. According to this the Company does not disclose separately financial assets and financial liabilities for insurance contracts which contain a discretionary participation feature.

5.10.3.1 Non-life insurance contracts

Provisions for unearned premiums

Provisions for unearned premium with regard to individual types of insurance shall be formed in the amount of that part of the premium paid which refers to insurance coverage for an insurance period following the conclusion of the accounting period for which provisions are calculated.

Provisions for unearned premium are formed according to the "pro-rata temporis" method. Calculated provisions for unearned premiums are reduced by acquisition costs. The reduction is made using a flat percentage (15%), uniformly for all types of insurance. Calculations of provisions for unearned premiums do not include eventual negative unearned premiums.

Provisions for reported claims and for claims incurred but not reported

A claims outstanding are formed in the amount of the assessed obligations which the Company is obliged to settle on the basis of those insurance contracts where the event insured against occurred by the end of the accounting period, irrespective of whether such an event was reported, including all the fees and charges arising from those contracts and charged to the Company. Claims outstanding must, in addition to assessed obligations involving reported damages which occurred but have not been settled, also include assessed obligations involving damages which occurred but have not been reported.

The provisions for outstanding claims represents the total estimated ultimate cost of settling all claims arising from events which have occurred up to the end of financial year, whether reported or not, less amounts already paid in respect of such claims, including the related internal and external claim settlement expenses as estimated based on historical experience. The provision includes claims reported by policyholders but not settled (RBNS) and claims incurred but not reported (IBNR).

The IBNR provisions for accident, Casco, MTPL, property, GTPL and assistance insurance (lines of business: 01, 03, 08, 09, 10, 13, 16, 18) are calculated applying the chain-ladder method based on amounts of paid claims, namely the IBNR technical provisions are calculated as a difference between the ultimate claim amounts derived from chain-ladder method and sum of already paid claims and provisions for already incurred and reported but not settled claims (RBNS). Big claims and claims caused by big storms, etc. have been excluded from data used for chain-ladder method. IBNR for such claims is estimated on per claim or per event base. Result calculated on base of chain-ladder method on paid claims has been additionally corrected in accordance with anticipated claim ratio for the defined year of claim occurrence. With so modified chain-ladder method the IBNR provisions are higher and may include a margin for adverse deviation. The Company additionally checks amount of IBNR by applying insurance statistical standard 2 (ZSS-2, ratio between timely and subsequently reported claims in the last three years is applied to the portfolio of the current year).

Provisions for claims are increased by estimated costs in resolving claims, i.e. at the level of 4% of formed claim provisions. Discounting method was not used in any case.

Provisions for bonuses, discounts and cancellations

Provisions for bonuses, discounts and cancellations shall be formed up to an amount equalling the payments which insured persons are entitled to receive and which arise from the right to participate in profits arising from their insurance or other rights on the basis of the insurance contract (bonuses), the right to a partial reduction in premiums (discounts), the right to reimbursement of one part of the premium relating to the unused insurance period due to an early termination of insurance (cancellation).

Provisions for bonuses, discounts and cancellations are formed for contracts with partial reimbursement of premiums arising from advantageous claim ratio. Provisions are built for each contract separately and in all insurance classes where such contracts exist. These bonuses are independent of the underlying performance of relevant insurance line of business. Technical provisions are established by reference to terms and clauses included in policies negotiated with individual policyholders and specific agreements concluded in relation to business cooperation. For determining the required level of provisions the written premium, agreed percentage of bonus participation (specified on the contract), base for reimbursement and the claim ratio in the period agreed for bonus participation are taken into account.

From the year 2009 onwards for motor casco policies policyholders have the right to get back some percentage of the premium in case that they have no claims. Therefore appropriate bonus provisions are established on per policy base. If policyholder caused the claim or policy is lapsed the provision for that policy is released. Similarly provisions are released at the end of the policy when the policyholder is given back the agreed amount of the premium.

Within the frame of technical provisions for bonuses, discounts and cancellations, provisions for late included bonuses are formed for the car insurance. The provisions are formed as an addition to the provisions for unearned premiums in cases where policyholder claims the right for more advantageous bonus-malus band which he/she already achieved by previous insurer, while the provisions for unearned premiums are not sufficient for that reimbursement. In current year the provisions are formed for motor insurance (motor accident, Casco and MTPL, lines of business: 01, 03 and 10).

Similarly, technical provisions for cancellations are formed for all non-life insurance classes within the frame of provisions for bonuses, discounts and cancellations. The provisions are formed as an addition to the provisions for unearned premiums in cases where the policyholder cancels the contract after the balance sheet date, while the provisions for unearned premiums are not sufficient for that reimbursement. In current year these provisions are formed for all lines of business where these amounts are significant.

Unexpired risk provisions

Unexpired risk provisions are formed within non-life insurances for insurances of motor Casco, GTPL, fire and natural forces insurances and assistance insurances (insurance lines 03, 13, 08, 18), because unearned premiums are not expected to cover all risks after the balance sheet date. The amounts of the provisions were formed in accordance with underlying performance of such insurance business within the last three years.

5.10.3.2 Life insurance contracts

Provisions for unearned premiums

Provisions for unearned premium with regard to individual types of insurance shall be formed in the amount of that part of the premium paid which refers to insurance coverage for an insurance period following the conclusion of the accounting period for which provisions are calculated.

Provisions for unearned premiums are formed according to the "pro-rata temporis" method. Calculations of provisions for unearned premiums do not include eventual negative unearned premiums. For single payment life insurances unearned premium reserves are not formed, instead of that mathematical provisions are formed.

Mathematical provisions

A liability for contractual benefits, expected to be incurred in the future, are recorded when the premiums are recognized. The liability is determined as the sum of the expected discounted

value of the benefit payments and the future administration expenses that are directly related to the contract, less the expected discounted value of premiums that would be required to meet the benefits and administration expenses based on the valuation assumptions used (the valuation premiums). Mathematical provision is calculated by a prospective valuation method using the same statistical data and interest rates used to calculate premium rates. Mathematical provisions are calculated in compliance with the relevant accounting policies and methods. Policies and methods are in compliance with national legislation, Insurance Act and regulations issued on basis of this act, especially with regulations of the Decision on Detailed Rules and Minimum Standards Related to Calculation of Technical Provisions, and according to mathematical principles set out in the technical business plan, based on separate calculations for each contract. A margin for adverse deviations is included in the assumptions. The adequacy of insurance technical provisions is tested in liability adequacy test (5.10.7.1). The liabilities are recalculated at each balance sheet date using the assumptions used to calculate premium rates.

The Company did not change accounting policies in calculating mathematical reserves for traditional life insurance, no additional prudence in terms of presumptions, while also no changes to accounting policies in terms of abolition of additional prudence in future interest rates was introduced. Technical interest rate for mathematical provisions of traditional life products is 3%, except for insurance contracts, concluded after 01.03.2005 - 2,75% and for insurance contracts, concluded after 01.07.2015 from 1% to 1,75%.

According to IFRS4, BC 116, the Company uses reduction in insurance provisions in terms of Zillmer method. Zillmer method is actuarial method used in traditional life business for deferral of acquisition costs (reduction in mathematical provisions). Negative mathematical provisions are set to 0.

In compliance with insurance conditions and insurance-technical basis for life insurance, capital insurances are participating in Company's profit. The amount to be attributed is calculated in accordance with the Rules on conditions and criteria for participation in the profits of life insurance. For the description of the profit declaration see point 5.10.2.2, paragraph 1.

Company hasn't changed its accounting policy regarding the calculation of mathematical provisions for unit linked business. Mathematical provisions are determined in line with units that policyholder has in his/her account. Insurance premiums are decreased for entry fees; the remaining part of the premiums is recognized as increase in technical provisions. The technical provisions are increased by change of unit prices and are decreased by policy administration fees, mortality, and surrender and rider charges.

Provisions for bonuses and discounts

Provisions for bonuses and discounts shall be formed up to an amount equalling the payments which insured persons are entitled to receive and which arise from the right to participate in profits arising from their insurance or other rights on the basis of the insurance contract (bonuses), the right to a partial reduction

in premiums (discounts), the right to reimbursement of one part of the premium relating to the unused insurance period due to an early termination of insurance (cancellation).

Formation of the provisions for bonuses and discounts is described in the 5.10.3.1.

Provisions for reported claims and for claims incurred but not reported

A claims outstanding shall be formed in the amount of the assessed obligations which the Company is obliged to settle on the basis of those insurance contracts where the event insured against occurred by the end of the accounting period, irrespective of whether such an event was reported, including all the fees and charges arising from those contracts and charged to the Company. Claims outstanding must, in addition to assessed obligations involving reported damages which occurred but have not been settled, also include assessed obligations involving damages which occurred but have not been reported.

The provisions for outstanding claims represent the total estimated ultimate cost of settling all claims arising from events which have occurred up to the end of financial year, whether reported or not, less amounts already paid in respect of such claims, including the related internal and external claim settlement expenses as estimated based on historical experience. The provision includes claims reported by policyholders but not settled (RBNS) and claims incurred but not reported (IBNR).

The IBNR provisions for life insurances are calculated applying the chain-ladder method based on amounts of paid claims, namely the IBNR provisions are calculated as a difference between the ultimate claim amounts derived from chain-ladder method and sum of already paid claims and provisions for already incurred and reported but not settled claims (RBNS). Result calculated on base of chain-ladder method on paid claims has been additionally corrected in accordance with anticipated claim ratio for the defined year of claim occurrence. With so modified chain-ladder method the IBNR provisions are higher and may include a margin for adverse deviation. The Company additionally checks amount of IBNR by applying insurance statistical standard 2 (ZSS-2, ratio between timely and subsequently reported claims in the last three years is applied to the portfolio of the current year).

Provisions for claims are increased by estimated costs in resolving claims, i.e. at the level of 4% of formed claim provisions. Discounting method was not used in any case.

For individual life insurance policies only RBNS provisions are formed. Till now the Company hasn't observed significant number of claims incurred which were reported in the later year as they were incurred. The Company in life portfolio covers mostly death and accidental death risks, the period between occurrences and reporting the claim is therefore quite short.

5.10.3.3 Available for sale revaluation reserve arising from unrealized gains and losses of financial assets backing policies with DPF within insurance contract liabilities

The Company presents separately from the total available for sale reserves, gains or losses arising from revaluation adjustments which related to changes in the fair value of financial assets backing life policies with discretionary participation feature.

The revaluation reserve from unrealized profit from available for sale financial investments, relating to insurance contracts with discretionary participation features is recorded in other insurance technical provisions.

The effect of increase or decrease of value of available for sale investments and transfer of part of revaluation reserves that belong to policyholders to liabilities is shown in other comprehensive income in net gains or losses from available for sale investments recognised in revaluation reserve. More detailed disclosures are presented in the disclosure presenting all movements of revaluation reserve as part of disclosures to leading financial statements.

The portion of the additional DPF benefits is assessed as significant based on the fact that additional benefits constitute a significant portion of all the contractual payments and revaluation of reserves is significantly higher than the minimum guaranteed revaluation. The DPF element is calculated as 75% of revaluation adjustments which refers to changes in the fair value of available for sale financial assets, which relates to life contracts. Reserve is decreased for deferred tax.

Traditional lifesaving insurance contracts contain a minimum guaranteed interest rate per annum. These contracts contain also DPF component which entitles the policyholder to participate on investment income exceeding the minimal guaranteed interest rate, in form of profit sharing. The decision about participation rate and the profit sharing for the year is up to Company's decision. The management of the Company decides on profit sharing for the current year upon the achieved investment income for the year and the decision is in its full discretion.

5.10.4 Reinsurance contracts held

The Company has some reinsurance contracts, most of them with Group companies.

Reinsurance assets comprise the actual or estimated amounts, which, under contractual reinsurance arrangements, are recoverable from reinsurers in respect of technical provisions.

Reinsurance assets relating to technical provisions are established based on the terms of reinsurance contracts and valued on the same basis as the related reinsured insurance technical provisions.

The Company cedes insurance risk in the normal course of business for all of its businesses. Reinsurance assets represent balances due from reinsurance companies. Recoverable amounts are estimated in a manner consistent with the outstanding claims provision and are in accordance with the reinsurance contracts.

An impairment review is performed at each reporting date or more frequently when an indication of impairment arises during the reporting year. Impairment occurs when objective evidence exists that the Company may not recover outstanding amounts under the terms of the contract and when the impact on the amounts that the Company will receive from the reinsurer can be measured reliably. The impairment loss is recorded in the income statement.

Gains or losses on buying reinsurance are recognised in the income statement immediately at the date of purchase and are not amortized. Ceded reinsurance arrangements do not relieve the Company from its obligations to policyholders.

The Company also assumes reinsurance risk in the normal course of business for life insurance and non-life insurance contracts when applicable. Premiums and claims on assumed reinsurance are recognised as income and expenses in the same manner as they would be if the reinsurance were considered direct business, taking into account the product classification of the reinsured business. Reinsurance liabilities represent balances due to reinsurance companies. Amounts payable are estimated in a manner consistent with the associated reinsurance contract.

Reinsurance assets or liabilities are derecognised when the contractual rights are extinguished or expire or when the contract is transferred to another party.

Reinsurance assets or liabilities are initially recognized at contractually agreed values, assuming they will be paid. Value of reinsurance assets and liabilities is based on value of estimated future cash flows. Company is checking on each balance date value of reinsurance assets and liabilities and whether any objective reasons for impairment of these assets exist.

5.10.5 Deferred acquisition costs

In accordance with IFRS, BC 116, deferred acquisition costs are not prohibited and not required, nor does it impose which costs can be deferred, period which may be deferred or method of depreciation. Also, IFRS does not prescribe whether company should recognized deferred acquisition costs as an asset or as a decrease in liabilities.

Acquisition costs are costs arising from the conclusion of insurance or investment contracts and include direct costs, such as acquisition commissions or the cost of drawing up the insurance document and indirect costs, such as advertising costs or

the administrative expenses connected with the processing of proposals and the issuing of policies.

Accounting policies stay the same as in previous years:

- (1) For short-term non-life insurance contracts the Company uses reduction in unearned premium reserves (UPR),
- (2) For most long-term traditional life insurance contracts the Company uses reduction in mathematical provisions, this means that for a lot of contracts Zillmer adjustment is used.
- (3) For part of long-term unit linked contracts Company uses short term deferral of acquisition costs for these costs, which are paid to contractual partners in advance.

According to point (1) Company deducts unearned provision for 15% of acquisition costs. The percentage is fixed based on historic costs of the Company, since the direct use of the insurance standards in calculating the future acquisition costs would otherwise unjustifiably result in an excessive amount of deductions for provisions for unearned premiums during the starting period of the Company. Since the actual acquisition costs still exceed the lump percentage, the Company uses the same decrease percentage in 2018. Acquisition costs represent incurred acquisition costs of provisions for agents and other acquisition costs, such as marketing.

5.10.6 Offsetting

Reinsurance assets and liabilities and deferred tax assets and liabilities are offset and the net amount reported in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Premiums and claims are presented on a gross basis for both ceded and assumed reinsurance. Commission receivables are offset with premium liabilities arising from the same reinsurance contracts. Company in the financial statements originally recorded separately from the assets and liabilities of internal relationships (between business funds or different sub ledgers). At the end of the accounting period in the general ledger offset the balances, asset or liability in the aggregated balance sheet of a company.

5.10.7 Liability adequacy test

At each balance sheet date, liability adequacy tests are performed to ensure the adequacy of the contract liabilities net of related DAC assets. In performing these tests, current best estimates of future contractual cash flows claims handling and administration expenses, as well as investment income from the assets backing such liabilities, are used. Any deficiency is immediately charged to profit or loss initially by writing off DAC and by subsequently establishing a provision for losses arising from liability adequacy tests (the unexpired risk provision).

The Company segments the products into homogenous groups according to the characteristics of individual products, namely nonlife insurance, traditional life insurance and unit linked insurance.

5.10.7.1 Life insurance

Life insurance provisions are tested 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, expenses.

Assumptions which cannot be reliably derived from market values are based on current estimates calculated by reference to the Company's own experience, on Group embedded value guidelines, on guidance notes issued by the Slovenian Association of Actuaries and publicly available resources.

Due to the levels of uncertainty in the future development of the insurance markets and the Company's portfolio, the Company uses conservative margins for risk and uncertainty within liability adequacy test. Input assumptions are updated annually based on recent experience.

The methodology of testing (LAT test) considers current estimates of all future contractual cash flows.

The principal assumptions used are:

Segmentation

The Company segments the products into homogenous groups according to the characteristics of individual products, namely traditional life and unit linked. Each group is tested separately for liability adequacy. Liability inadequacies of individual groups are not offset against surpluses arising on other groups in determining the additional liability to be established.

The net present value of future cash flows calculated using the assumptions described below is compared with the insurance technical provisions, for each product group separately. If that comparison shows that the carrying amount of the insurance technical provisions is inadequate in the light of the estimated cash flows, the entire deficiency is recognized in profit or loss by establishing an additional provision.

Mortality and morbidity

Mortality and morbidity are usually based on data used for premium calculation or based on Slovenian Statistical Office multiplied with coefficient which is based on rough statistical investigation of the Company's mortality experience. Assumptions for mortality and morbidity are adjusted by margins for risk and uncertainty (10%).

Indexation, lapses, surrenders, etc.

Future contractual premiums are included with an allowance for premium indexation. Estimates for lapses, surrenders and paid ups are estimated based on the Company's past experience (rough estimations) with insurance policies (split by type). The assumptions as derived above are adjusted by a margin for risk and uncertainty (+15%, -15% whatever more save).

Expense

Estimates for future renewal and maintenance expenses included in the liability adequacy test are calculated based on the Group's Embedded Value Methodology Paper, increased by factor of 10%. Cash flows for expenses have been increased by a factor equal to the Company's estimate of annual inflation based on Group's Embedded Value Methodology Paper.

Expected investment return and discount rate

Future investment returns for traditional life business are calculated using ECB EUR yield curve (source: ECB, all bonds, on the 31st of December 2018, <http://www.ecb.int/stats/money/yc/html/index.en.html>) reduced by 0.25%, for unit linked business future investment returns are calculated using ECB EUR yield curve. The same applies for discount rate.

Interest rate guarantee

As noted above, the Company discounts all expected cash flows for traditional life business using ECB EUR yield curve less 0.25%, for UL ECB EUR yield curve.

Profit sharing

Whilst, for most life assurance policies, the amount and timing of the bonus to policyholders is at the discretion of the Company, the assessment of liability adequacy takes into account of future discretionary bonuses. The future amounts for profit participation are calculated according to Company's current business practice and expectations for bonus allocation (between policyholders and shareholders).

5.10.7.2 Non-life insurance

The liability adequacy test for non-life insurance was performed for liabilities arising from insurance contracts. Liabilities arising from claims provisions and provisions for bonuses are calculated based on the current assumptions, so no additional provisioning is done with LAT.

Insurance technical provisions related to incurred and reported claims and incurred but not reported claims are calculated by using current assumptions and therefore present the best estimation of the current liabilities from the insurance contracts.

Liability adequacy test is therefore limited to the unexpired portion of existing contracts. It is performed by comparing the expected value of claims and expenses attributable to the unexpired periods of policies in force at the balance sheet date with the amount of unearned premiums in relation to such policies after. Expected cash flows relating to claims and expenses are estimated by reference to the experience during the expired portion of the contracts, adjusted for significant individual losses which are not expected to recur.

As already in previous years provisions for unexpired risk (URR) are formed within non-life insurances for casco, general liability, fire and natural forces and assistance insurances, because unearned premiums decreased for acquisition costs are not expected to cover all risks and related Company expenses after the balance sheet date. The amounts of the provisions are formed in accordance with underlying performance of such insurance business within the last three years.

5.10.8 Operating liabilities and other liabilities

Operating liabilities and other liabilities are recognised in the statement of financial position based

on the contractual obligation to pay. Operating and other liabilities are measured at cost.

5.11 REVENUES AND EXPENSES

Net premium income is calculated on the basis of gross written premium, gross inward reinsurance and gross inward coinsurance, decreased for gross outward coinsurance and reinsurers' share and adjusted for provisions for unearned premiums. Revenue from insurance services (gross written premiums) are carried at invoiced amounts excluding sales tax levied on insurance services, refunds, discounts and rebates. An exception to this rule are revenues for unit-linked insurance contracts, where income is presented as paid realization. Other revenues are accounted for at net value-added tax.

5.11.1 Premium income

Net income from insurance premiums is calculated from gross premiums written, reduced by the reinsurance and co-insurance share and are adjusted for the change in net provisions for unearned premiums.

The Company monitors the revenues from insurance premiums separately by insurance groups and segments.

5.11.2 Fee and commission income

Other net insurance income includes fee income and income from other insurance business services.

Insurance contract policyholders (for Unit linked insurance product) are charged for policy administration services, management services, surrenders and other contract fees.

The Company charges its customers for management and other related services using the following different approaches as follows.

- Front fees are charged to the customer at the each payment of the premium.
- Surrender fees (end-fees) are collected out of each surrender value at the end of the contract.
- Management fees and additional life insurance riders are charged to the customer monthly by making a deduction from unit of investment fund on customer personal account.

All fees are related to insurance contracts and insurance terms and conditions. Management fee and additional life insurance riders are recognized monthly as reduction units to individual accounts and increasing the units owned by the Company.

5.11.3 Investment income and expenses

The Company recognises as financial revenues and expenses gains and losses from disposals of financial investment, interest income and expenses, dividends, gains and losses from financial investments valued at fair value through profit or loss and losses from impairment of financial assets.

Revenues and expenses for interest are recognised through profit or loss upon their occurrence and are calculated in accordance with the effective interest rate method. In the balance sheet, the interest on all debt financial instruments is posted together with the Company's investments.

Profit (loss) arising from disposal of financial investment, available for sale or at fair value through profit and loss, is recognised in the income statement through investment income and expense.

Gains and losses from exchange difference are calculated for assets denominated in foreign currencies.

Dividend income is recognised when the Company gets the right to receive payment.

5.11.4 Claims

Expenses for claims and benefits are direct costs arising in connection with the performing of the insurance business. The Company records them separately by classes of insurance.

Net expenses for claims are in accordance with IFRS composed of gross calculated losses that include direct claims handling costs and are increased in the income statement by claims for the received co(re) insurance and increased by the change in net claims provisions.

5.11.5 Other expenses and costs

The Company distinguishes in its income statement between expenses and cost depending on the nature of the expense. They are categorised into costs of acquisition of insurance contracts and other operating costs. Other operating costs comprise depreciation of assets required for operations, cost of labour, cost of services rendered by natural persons not involved in commercial activities, and other costs and expenses of business activities.

The Company records direct costs directly by cost centres while the remaining portion of the costs is indirectly spread across the insurance lines according to specific criteria.

Deferred acquisition costs

Acquisition costs are recognised in the income statement when they are incurred. Since these costs refer to the period when contracts are active, they are accrued in the portion that relates to the period after the reporting date.

Costs of operating lease

A lease is a contractual relationship, calling for the lessee to pay the lessor for the right to use an asset for a specified period of time.

A lease in which a significant portion of the risks and rewards of ownership of an item of property or equipment are retained by the lessor are classified as operating leases. Payments made under operating leases are charged as operating expenses for operating lease to the income statement on a straight-line basis over the period of the lease.

Other insurance expenses

The Company carries under other insurance expenses other net insurance expenses such as expenses for preventive activity, contributions for settling claims for damage made by uninsured and unidentified vehicles, other net insurance expenses.

Deferred tax assets and liabilities are measured at tax rates (2019: 19%) enacted or substantively enacted at the end of the reporting period that are expected to apply to the period when the asset is realized or the liability is settled. At each reporting date, the Company reviews the carrying amount of deferred tax assets and assesses future taxable profits against which temporary taxable differences can be utilized.

The Company charges and pays the insurance business tax in compliance with the Insurance Tax Act with the rate of 8.5% of the taxable amount.

For the taxable part of its operations, the Company charges the VAT in compliance with the Law on Value Added Tax and exercises right for deductible VAT. For its principal activity, the Company has the right to 1% deduction (the rate is controlled annually).

5.11.6 Taxes and deferred taxes

Tax expenses include current income tax and deferred income taxes.

Corporate income tax is calculated on taxable profits at the applicable tax rate. The corporate income tax rate for 2019 in Slovenia was 19%.

Deferred income tax is calculated, using the balance sheet liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax assets are recognized if it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred tax related to the fair value re-measurement of available for sale investments is charged or credited directly to other comprehensive income.

6 Critical accounting estimates and judgments

6.1 THE ULTIMATE LIABILITY ARISING FROM CLAIMS MADE UNDER INSURANCE CONTRACTS

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgments are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The ultimate liability arising from claims made under non-life insurance contracts

For non-life lines of business the Company is generally able to re-price the risk by revising the premium at intervals no more than one year. Future insurance claims and estimate of the ultimate liability arising from claims under insurance contracts are the main source of uncertainty which influences the amount and timing of future cash flows.

The ultimate liability arising from claims made under life insurance contracts

The liability for life insurance contracts is based on assumptions established at inception of the contract, reflecting the best estimate at the time, increased by a margin for risk and adverse deviation. All contracts are subject to a liability adequacy test, which reflects management's best current estimate of future cash flows.

The Company believes that the liabilities for claims at year-end are adequate

Estimate of future benefit payments, expenses, investment returns and premiums arising from life insurance contracts

The determination of the liabilities under long-term life insurance contracts is dependent on estimates made by the Company.

Estimates are made as to the expected number of deaths. Estimates are made also for the expected number of accidental deaths and disability (total permanent disability, temporary working inability) occurrences. Recent historical experience of total amounts of claims paid shows that these estimates are sufficient. If there would be significant change in experience rates compared to assumption this could cause uncertainty which will influence the amount and timing of future cash flows.

The Company believes that the change in expected number of deaths or disability cases in future years is insignificant.

Estimates are also made for future investment income arising

from the assets backing long-term insurance contracts. Technical interest rate for mathematical provisions of traditional life products is 3%, except for insurance contracts, concluded after 01.03.2005 - 2,75% and for insurance contracts, concluded after 01.07.2015 from 1% to 1,75%.

Achieving return in sufficient amount hasn't caused problems till now, but it could cause significant risk if the fall of the returns on the market would continue in the future.

The Company's policy in terms of profit participation is that profit participation rate is always below investment return; therefore the influence of future investment returns on profit participation is insignificant.

The Company performed the sensitivity analysis calculating the impact on the profit of the year in case of the change of loss ratio by 1 percentage point. The results of the test are shown in the table below.

2019

Effect on PL in EUR

Increase in Loss ratio by 1%	-918.744
Decrease in Loss ratio by 1%	918.744

2018

Effect on PL in EUR

Increase in Loss ratio by 1%	-887.309
Decrease in Loss ratio by 1%	887.309

6.2 COLLECTABILITY OF INSURANCE RECEIVABLES

Management reviews collectability of insurance receivables for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount of receivables is estimated by using valuation techniques, such as recent arm's length transactions, reference to the current ability to provide sufficient finance to meet future obligations. Estimated future cash flows are influenced by factors such as economic conditions and current collect ability.

Company classifies its clients into 8 different groups according to their common credit risk characteristics. For

each class the estimate of future cash flows is performed by considering the past experience of collection rate for each of the class of receivables with common credit risk. Thus the Company regularly calculates the collection rate for each of the groups of receivables. Based on the latest collection rates of each class of receivables with common risk, the percentage of bad debt allowance is recognized. The Company regularly reconsiders the appropriateness of the methodology used and estimates used to predict the future cash flows.

If the receivables is not settled by the policy holder it gets cancelled after specific period of time.

For sensitivity analysis Company used change in cash flow received by 1 percentage point for calculating the provisions for impairment of receivables. All provisions for receivables were calculated on a portfolio basis for all receivables that are past due at the end of the year.

The Company performed the sensitivity analysis calculating the impact on the profit of the year in case of the change of collectability for insurance contracts by 1 percentage point. The results of the test are shown in the table below:

2019

Effect on PL in EUR

Increase in credit risk by 1 percentage point	-137.117
Decrease in credit risk by 1 percentage point	137.117

2018

Effect on PL in EUR

Increase in credit risk by 1 percentage point	-131.061
Decrease in credit risk by 1 percentage point	131.061

6.3 IMPAIRMENT OF AVAILABLE FOR SALE FINANCIAL ASSETS

Company determines that available for sale equity instruments financial assets are impaired when there has been a significant or prolonged decline in the fair value below its costs. Impairment may be appropriate when there is objective evidence of events after initial recognition of financial investment, effecting future estimated cash flows from financial investment or group of financial investments that can be reliably estimated.

If all of the declines in fair value below cost were considered significant or prolonged, the Company would suffer an additional loss of 111.555 EUR in its 2019 financial statements (for 2018 in amount of 1.484 EUR), being the transfer of the accumulated fair value adjustments recognised in equity on the impaired available-for-sale financial assets to the income statement.

7 Risk management

Risk management is an important part of all processes in the Company. The Company's attitude toward risk is traditional. The Company is besides being exposed to insurance risks, exposed also to other risks, like financial, credit, operating, liquidity, reputational, contagion, emerging, concentration, the risk of external environment and strategic. For identification, valuation and managing these risks, the Company has developed effective risk management framework.

With the risk management framework implementation the Company:

- Identifies, values and manages risks,
- Defines risk tolerance,
- Implements risk management system in accordance with SII directive.

Risk management department and the management board have implemented risk awareness culture in the Company that contributes to adequate risk management. Risk approach is used in all key business areas in the Company.

Key goals of risk management framework are:

- Continuous progress of identification, valuation and monitoring of all risk,
- Concern for solvency, liquidity and profitability,
- Accepting of business and strategic decisions considering risks and their potential impact,
- Implement risk culture in the Company,

Risk management activities are determined in Risk management policy and Risk appetite framework that is reconciled with the Generali Group policy.

Part of successful and effective risk management system are 3 lines of defence:

1. First line of defence:

Risk owners represent first line of defence. They are responsible for business areas, identification of risks and implementation of controls that manage these risks.

2. Second line of defence:

Second line is represented by Risk manager and compliance function.

3. Third line of defence:

Last line is represented by internal audit function. Internal audit ensures independent review of control system in the Company.

The Company has two levels of the Risk committee. The level one of risk committee's responsibility is:

- monitoring of risk management system,
- confirmation of target risk profile, in line with risk profiles determined by Group,

- confirmation of tolerance level and operating limits,
- confirmation of policies and guidelines regarding risk management and approved by Management Board,
- monitoring of implementation of risk management policies, approved by Management board, regarding risk exposure and impact of risk on solvency position of the Company,
- Confirmation of additional strategies with help of identifying containment measures, which prevent crisis,
- Monitoring analysis of the effects caused by the events which have a significant impact on the risk profile of the Company.

The level two of risk committee's responsibility is:

- deciding regarding risk appetite,
- deciding regarding internal limit proposals in line with risk appetite or risk tolerance
- deciding making regarding strategy, policies and other internal acts, that need to be approved by the Management Board and also monitoring suitability and implementation of them,
- deciding regarding additional activities, which prevent crisis situations and monitoring of their implementation,
- identify, evaluate, address appropriate measures to mitigate significant risks and monitor performance,
- monitor the relevance of major policies, processes, procedures, limits and controls to mitigate risks,
- to check and evaluate the results of risk assessments and to monitor whether the risk profile (the so-called sum of potential and actual exposures) is maintained within internal limits, deals with a breach of limits reported by the CRO and potential non-compliance with approved policies and strategies
- monitoring of capital adequacy and liquidity,
- monitoring of operational risk management,
- monitoring of financial investments,
- monitoring of stress test results, potential additional measures.

Risk committee has two members one is CEO of the company, the other is a board member competent for Risk management.

Detailed description of risks and managing of risk is presented in the notes below.

7.1 INSURANCE RISK

The risk under each insurance contract is a possibility that the insured event occurs and the uncertainty of the event results in a claim. By the very nature of an insurance contract, this risk is random and therefore unpredictable.

In liability portfolio of insurance contracts where the theory of probability is applied to pricing, the principal risk that the Company faces under its insurance contracts is that the actual claims exceed the carrying amount of the insurance technical provisions. This can occur because the frequency or severities of claims are greater than estimated. Insurance events are random and the actual number and amount of claims will vary from year to year from the level established using statistical techniques.

Although the liability portfolio isn't a large one by any standards, a steady growth allows a selection and monitoring of risks and presents a relative guarantee to keep the Company on a safe side. Experience shows that the larger the portfolio of similar insurance contracts, the smaller the relative variability about the expected outcome will be. In addition, a more diversified portfolio is less likely to be affected by a change in any subset of the portfolio.

The Company has developed its insurance underwriting strategy to diversify the type of insurance risks accepted and within each of these categories to achieve a sufficiently large population of risks to reduce the variability of the expected outcome. The main aspects of our underwriting strategy, e.g. writing of new risks (including coinsurance) and renewal of contracts, are:

- Clear guidelines and underwriting limits (tariffs), specially for sales department;
- Focus on corporate risks, mainly on small and medium enterprises with high quality standards, low exposure and favourable claims ratio;
- Insurance with other property risks, e.g. on stand-alone basis;
- No exemptions to reinsurance treaties.

Factors that aggravate insurance risk include lack of risk diversification in terms of type and amount of risk, geographical situation and type of industry covered.

7.1.1 Non-life insurance contracts

7.1.1.1 Motor insurance

Issues that are taken into consideration regarding risk management:

- Risks are managed according to obligatory reinsurance program;
- Claims ratio within business lines is monitored on monthly basis;
- Active cooperation between underwriting and claims department in order to manage risks arising from insurance contracts;
- Controls of underwriting process are established;
- Risk profiles are designed to control concentration of certain perils.

Motor insurance include the following business lines:

- Two major business lines:
 - MTPL (compulsory motor insurance);

- Motor Casco (full and partial coverage car insurance);

— Additional lines:

- Accident insurance for drivers;
- Accident insurance for passengers;
- Legal help;
- Vehicle/road assistance.

Risks in motor casco insurance are managed with clear underwriting rules and regulation, together with appropriate risk premium calculation and loss prevention activities.

Sums insured (especially in motor casco insurance):

- Duration is no longer than twelve months, which allows to define appropriate sums insured on renewal basis;
- Monitoring sums insured on the regular basis.

7.1.1.2 Property insurance contract

Property casualty insurance is broadly split into Industrial and Personal lines. For Industrial lines the Company uses Generali Group guidelines and help of the Generali Group regarding risk management techniques to identify risks and analyse losses and hazards.

Insurance contracts include the following business lines: fire and extended perils, all risk, business interruption, engineering and transport. In respect of climate changes special provisions have been taken for elementary risks i.e. flood, storm, hail, earthquake, landslide, etc. The Company limits its frequency and severity exposure of those risk with underwriting rules and regulation, implementing of geographical risk zones, appropriate risk premium calculation, loss prevention activities and proactive claim settlement.

7.1.1.3 Liability insurance risks

(a) Frequency and severity of claims

The frequency and severity of claims can be affected by several factors. The most significant are the increasing level of claims and compensations for the damage suffered and the increase in the number of cases coming to court that have been inactive or latent for a long period of time (up to 5 years from the loss incurred). Another significant factor due to the long period typically required to settle such cases can also prove to be the estimated inflation.

The Company manages these risks through its underwriting strategy, adequate reinsurance arrangements and proactive claims handling.

Underwriting limits and a list of undesired types of risk are in place to enforce appropriate risk selection criteria. The Company uses deductibles at 99% of risks. The Company is excluding the coverage for all indirect claimants, specifically at employers' liability insurance. The reason being that the Republic of Slovenia started to enact its legally assured right to refund the Health insurance institute of Slovenia from the employers who by fault cause a damage to an employee. The Company has a right not

to renew individual policies.

In terms of claims handling the Company has the right to reject the payment of a fraudulent claim. The Company is closely monitoring claims development of individual clients and advises the clients on risk improvements, reject future payment of certain losses etc.

The reinsurance arrangements include excess of loss ("XL") cover per risk and event. The effect of such reinsurance arrangements is that the Company should not suffer total net insurance losses in any year. In addition to the overall reinsurance program, individual risks are also reinsured on a facultative basis.

The concentration of liability risks policies by the maximum sum insured per loss event insured in the terms of the policy is as follows:

Sum insured per loss event (EUR)	Share of policies (%) per year	
	2019	2018
< 100.000	80%	79,82%
< 100.001 < 180.000	7%	6,78%
> 180.000	13%	13,40%

(b) Sources of uncertainty in the estimation of future claim payments

Claims on liability contracts are payable on a loss occurrence basis (e.g. with main liability products, such as public, employers' and product liability), whereas indemnity for claims arising out of professional liability (such as medical malpractice, D&O, etc.) are subject to a combination of occurrence and a claim report made.

The Company is liable for all insured events that occurred during the term of the contract, even if the loss is discovered after the end of the contract term. As a result, liability claims are settled over a long period of time and a larger part of the claims provision relates to incurred but not reported claims ("IBNR").

The estimate of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already reported to the Company, where information about the claim event is available. IBNR claims may not be reported until many years after the claim event rise to the claims. For liability insurance contracts, the IBNR proportion of the total liability is high and will typically display greater variations between initial estimates and final outcomes because of the greater degree of difficulty of estimating these liabilities.

There are several variables that affect the amount and timing of cash flows from these contracts. These mainly relate to the inherent risks of the business activities carried out by individual contract holders and the risk management procedures they adopted. The compensation paid on these contracts is the monetary compensation granted for bodily injury suffered by employees (for employer's liability coverage) or members of the public (for public liability coverage).

The Company takes all necessary steps to ensure that it has appropriate information regarding its claims exposures. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established. The liabilities for these contracts comprise a provision for IBNR, a provision for reported claims not yet paid (RBNS) and a provision for unexpired risks at the balance sheet date.

In calculating the estimated cost of unpaid claims (both reported and not), the estimation techniques are a combination of loss-ratio-based estimates (where the loss ratio is defined as the ratio between the ultimate cost of insurance claims and insurance premiums earned in a particular financial year in relation to such claims) and chain-ladder method based on paid claims.

7.1.1.4 Accident insurance contract

Accident insurance contracts include individual and group business.

Regarding risk management several steps are defined: controls of underwriting process are established for medical, occupational and sports risk; claims department informs underwriting department about risks, arising out of insurance claims, to control and restrict risks arising from insurance event. On sale are mostly packages covering invalidity from 21%, insurance sum for invalidity is limited and daily allowance is strictly meant just for employed. In order to have better control over the risks the duration of contracts is just one year with possibility of yearly prolongation.

7.1.1.5 Insurance concentration risk

The following tables disclose the concentration of insurance technical provisions by the nonlife insurance lines by the maximum insured loss limit included.

Nonlife insurance		2019		2018	
Insurance type	Sum Insured	Reinsurance part of Sum Insured	Sum Insured	Reinsurance part of Sum Insured	
01 Accident	7.998.944.846,08	373.818.060,85	8.276.310.470	393.988.096	
02 Health	2.400	0	2.400	0	
03 Land motor vehicles casco	1.161.527.169,09	190.317,99	1.124.195.173	155.770	
05 Aircraft casco	600,00	600,00	0	0	
06 Ships (sea, lake and river vessels) casco	303.524,00	0,00	386.621	270.635	
07 Goods in transit	12.321.032,00	8.569.282,40	17.891.599	12.524.119	
08 Fire	12.197.608.643	1.142.054.174	11.335.611.568	928.419.113	
08 Natural forces	9.973.864.453	4.849.145.436	9.456.831.623	4.714.640.590	
09 Other damage to property	5.400.525.125,85	1.518.658.461,88	5.250.085.858	1.493.070.500	
10 Motor vehicles liability	710.062.460.000,00	0,00	693.670.206.000		
11 Aircraft liability	300.000,00	300.000,00	0		
12 Liability for ships (sea, lake and river vessels)	72.509.305,00	0,00	69.603.603	48.722.522	
13 Other liability (general, etc.)	6.227.609.633,00	968.405.002,20	5.404.870.186	800.935.274	
16 Credit	707.726.080,00	481.960.449,54	739.131.826	505.475.632	
17 Suretyship	60.547.200,00	0,00	67.071.900	0	
18 Miscellaneous financial loss	901.228.400,00	19.584.000,00	867.770.800	16.032.000	
TOTAL	754.777.478.411	9.362.685.785	736.279.969.628	8.914.234.251	

Generali Group performs the majority of the Company's reinsurance activity

7.1.1.6 Sensitivity analysis

Calculation of claim provisions is performed without discounting; therefore there is no sensitivity to discount rate.

For most lines of business claim provisions IBNR for some accident years are not based on chain-ladder method, instead for some accident years (especially for the last accident year) claim provisions are based on anticipated ultimate claim ratio. The sensitivity analysis is based on reasonable possible changes in anticipated ultimate claim ratio (only for last accident year) and is performed only on those lines of business where claim provisions are based on anticipated ultimate claim ratio (in the year 2018 and 2018 for insurance lines 01, 03, 08, 09, 10, 13, 16,18). The reasonable possible changes represent neither expected changes in assumptions nor best or worst case scenarios

Sensitivity 2019	RBNS	IBNR	LAE	Total	Impact on profit or loss	Impact on profit or loss with reinsurance
Claims provisions	42.289.295	12.898.831	2.188.536	57.376.662		
anticipated ultimate claim result for accident year 2016: +5%	42.289.295	16.773.317	2.343.331	61.405.943	-4.029.280	-3.707.738
anticipated ultimate claim result for accident year 2016: -5%	42.289.295	9.843.110	2.066.448	54.198.853	3.177.809	2.920.861

Sensitivity 2018	RBNS	IBNR	LAE	Total	Impact on profit or loss	Impact on profit or loss with reinsurance
Claims provisions	41.600.162	12.994.936	2.162.826	56.757.924		
anticipated ultimate claim result for accident year 2016: +5%	41.600.162	16.673.758	2.309.724	60.583.644	-3.825.720	-3.472.822
anticipated ultimate claim result for accident year 2016: -5%	41.600.162	10.251.688	2.053.319	53.905.169	2.852.755	2.582.099

The analysis above also presents reinsurance part of changes in the key assumptions used for sensitivity analysis above.

*RBNS- reported but not settled claims

**IBNR- incurred but not reported claims

***LAE - loss adjustment expenses claims

7.1.2 Life insurance contracts

7.1.2.1 Frequency and severity of claims

The determination of the liabilities under long-term life insurance contracts is dependent on presumptions made by the Company. Estimates are made as to the expected number of deaths. The Company bases these estimates on Austrian or adjusted national mortality tables. Estimates are made also for the expected number of accidental deaths and disability (total permanent disability, temporary working inability) occurrences.

The estimated number of deaths determines the value of the benefit payments. The main source of uncertainty is that epidemics such as AIDS, SARS and wide-ranging lifestyle changes, such as in eating, smoking and exercise habits, could result in future mortality being significantly worse than in the past for the age groups in which the Company has significant exposure to mortality risk. However, undesired concentration by amounts could have an impact on the severity of benefit payments on a portfolio basis.

Experience of disability occurrence could also be different as assumed by policy issuing, especially for temporary working inability, unemployment, etc. This could be due to different sick-leave occurrence or anti-selection. The Company does not have a large portfolio of those risks thus they do not represent a significant risk yet. For temporary working inability risk the Company also has the right to change the premium rate if it observes

different incidence rates for sick-leave.

The underwriting strategy is intended to ensure that the risks underwritten are well diversified in terms of type of risk and the level of insured benefits. Medical selection is also included in the Company's underwriting procedures with premiums varied to reflect the health condition and family medical history of the applicants. The Company has a retention limit on the sum at risk base. Sum at risk per individual life is determined from all life policies that individual has (traditional life and unit linked) and based on start of insurance coverage. The Company reinsures the excess of the sum at risk over 35.000 EUR for standard risks (from a medical point of view) under two surplus reinsurance arrangement (each 35.000 EUR), first reinsurance agreement for policies with insurance begin till 31.12.2012 and second for policies with insurance begin from 1.1.2013 onwards. Group and individual credit protection products are not included in surplus reinsurance agreement. For increased risks (as seen from the health point of view) retention limits are at lower levels. The Company does not have in place any reinsurance for contracts that insure survival risk. In addition there is also 50% quota share reinsurance

7.1.2.2 Sensitivity analysis

Sensitivity analysis is based on LAT test cash-flows. (LAT - Liability Adequacy Test)

Income statement and insurance technical provisions are mainly sensitive to changes in mortality, expense amounts and discount rates which are estimated for calculating adequate value of insurance liabilities during the LAT.

The Company has estimated the impact on profit and on change of provisions (calculated from LAT cash-flows) at the end of the year caused by changes in selected variables.

Changes in variables represent reasonable possible changes in mentioned variables which could have occurred and would have led to significant changes in insurance technical provisions

at the balance sheet date. The reasonable possible changes represent neither expected changes in variables nor best or worst case scenarios.

The analysis has been prepared for a change in one variable with all other assumptions remaining constant and ignores changes in values of the related assets.

Sensitivity was calculated for more and less beneficial direction of movement, therefore the sensitivity to changes in mortality was calculated for increase of mortality 10%, sensitivity to changes in expense amounts was calculated for increase by 10%, and sensitivity to changes in discounts rates was calculated for decrease by 1%.

Profit or loss and insurance technical provisions are mostly influenced by changes in the discount rate and changes of expenses.

SENSITIVITY ANALYSIS FROM LAT TEST			in EUR
31.12.2019	Discount rate	Base expenses	Mortality
Change in assumption	-0,5%	+10,0%	+10,0%
Change in insurance technical provisions (from LAT test)	-1.800.253	-2.239.330	-404.810
Change in assumption	+0,5%	-10,0%	-10,0%
Change in gross provisions (from LAT test)	1.482.873	2.239.330	407.452

Sensitivity analysis for life insurance is calculated on the basis of LAT test. Provisions calculated based on LAT test at changed assumptions is lower than provisions in the balance sheet. Therefore it has no influence on profit or loss.

SENSITIVITY ANALYSIS FROM LAT TEST			in EUR
31.12.2018	Discount rate	Base expenses	Mortality
Change in assumption	-1%	10%	10%
Change in insurance technical provisions (from LAT test)	-5.595.020	-2.135.431	-395.820
Change in assumption	+1,0%	-10,0%	-10,0%
Change in gross provisions (from LAT test)	4.686.905	2.135.431	398.291

7.1.3 Capital management

The Company's objective when managing capital is to comply with the insurance capital requirements required by the regulators of the insurance market in Slovenia. Management considers safeguarding the Company's ability to continue as a going concern so that it can continue to provide benefits for shareholders. The Company prepares at least once yearly solvency position calculation, while also capital management plans are prepared. The Company has effective risk management system, which identifies and evaluates the effect of business decisions on risk profile, capital and financial position of the Company.

Solvency position of Generali Zavarovalnica d.d., Slovenia is

based on the Solvency 2 ratio, i.e. the ratio between the Eligible Own Funds and the Solvency Capital Requirement (SCR) using standard formula approach.

Details on solvency positions of Generali Zavarovalnica d.d. will be disclosed in Solvency and financial condition report.

The Company and its management is controlling and monitoring on a monthly basis cash flows, growth of premium, conditions on financial markets and potential big claims. Also on a regular basis calculations of potential changes in minimal capital according to law are prepared. The Company has an investment policy to reduce all risk related to financial market.

7.2 FINANCIAL RISK MANAGEMENT

The Company is exposed to a range of financial risks through its financial assets, financial liabilities, reinsurance assets and insurance technical provisions. The key financial risk is that in the long run its investment proceeds are not sufficient to fund the obligations arising from its insurance contracts.

The most important types of these financial risks are market risk (interest rate risk, equity price risk, foreign currency risk), credit risk and liquidity risk.

The Company's risk governance is in line with the Generali Group risk policy which represents a framework for all the local risk managements. Risk management is a core element of the Generali Group's business, fully integrated into decisions, thus enhancing Group risk-adjusted performance. Risk management processes include the identification and valuation of risks, along with definition of risk-adjusted goals. Corrective actions are then identified, evaluated and finally implemented.

The economic impact of changes in interest rates and equity instruments prices has an impact not only on the assets value but also on present value of the Company's liabilities. This effect is particularly significant in the life business because of the minimum guaranteed rates of return and profit sharing arrangements in certain insurance contracts.

The Company uses various instruments to lower its risk exposure: monthly cash flow forecasts, quarter solvency analysis and other short term plans. The Company as investor follows a very conservative policy, with the aim of decreasing its risk exposure connected to capital and financial markets.

Due to the financial crisis in the past years, the Company has adopted guidelines to limit the market risk of the investments by preferring to purchase bonds with credit rating of the Republic of Slovenia and encourage the optimal diversification of the portfolio. These assets are being invested to meet the obligations towards both life and non-life policyholders and to earn a return on equity for the shareholder.

Given the characteristics of its insurance technical provisions, the Company has registers of assets that are managed separately. These are:

- Life insurance fund (KSŽZ)
- Pension annuity fund (KSPR)
- Pension annuity fund (KSPN)
- Nonlife fund (KP)
- Health insurance fund (KSZD)
- Assets for unit-linked insurance contracts (KSNT)

In addition to these portfolios the Company also manages a portfolio of life insurance own funds and the portfolio of nonlife insurance own funds.

In the following table, the portfolios are grouped to nonlife insurance (including nonlife fund and health insurance fund), life insurance (including life insurance fund and pension annuity fund) and own funds (includes both life and non-life own funds).

31.12.2019	Total	Nonlife insurance	Life insurance	Investments in favour of unit-linked insurance underwriters	Own funds
ASSETS					
Financial assets	358.924.628	120.601.159	154.300.058	67.121.826	16.901.586
Shares in companies in the group	298.022	0	0	0	298.022
Financial assets available for sale	194.033.927	96.630.108	84.399.384	0	13.004.435
Debt securities	186.705.445	93.222.420	80.730.590	0	12.752.435
Equity securities	997.755	506.625	239.130	0	252.000
Investment fund units	6.330.727	2.901.064	3.429.664	0	0
Financial assets at fair value through profit or loss	66.446.852	0	0	66.418.148	28.705
Investment fund units	66.446.852	0	0	66.418.148	28.705
Loans and receivables	13.824.584	8.306.132	5.518.452	0	0
Deposits	0	0	0	0	0
Policy loans	178.011	0	178.011	0	0
Receivables	13.646.573	8.306.132	5.340.441	0	0
Cash and cash equivalents	7.634.928	2.565.608	510.920	707.221	3.851.180
Other financial assets	76.254.133	12.382.651	63.871.482	0	0
Non-financial assets	4.108.667	3.432.512	676.155	0	0
TOTAL ASSETS	362.601.113	123.317.011	154.976.393	67.150.534	17.157.176
EQUITY AND LIABILITIES					
EQUITY	53.272.989	40.384.817	12.888.172	0	0
Insurance technical provisions	221.244.027	84.867.544	136.376.483	0	0
Provisions for unearned premiums	24.210.657	21.269.521	2.941.136	0	0
Mathematical provisions	55.263.716	0	55.263.716	0	0
Claims provisions	58.747.978	57.376.688	1.371.290	0	0
Other insurance provisions	16.710.322	6.221.335	10.488.987	0	0
Insurance technical provisions for unit-linked insurance contracts	66.311.354	0	66.311.354	0	0
Financial liabilities	83.558.839	11.499.338	72.059.501	0	0
Other financial liabilities	83.558.839	11.499.338	72.059.501	0	0
Non-financial liabilities	4.525.256	3.432.512	1.092.744	0	0
Other non-financial liabilities	4.525.256	3.432.512	1.092.744	0	0
TOTAL EQUITY AND LIABILITIES	362.601.111	140.184.211	222.416.900	0	0

31.12.2018	Total	Nonlife insurance	Life insurance	Investments in favour of unit-linked insurance underwriters	Own funds
ASSETS					
Financial assets	326.882.756	113.882.471	142.590.142	52.670.938	17.739.206
Shares in companies in the group	298.022	0	0	0	298.022
Financial assets available for sale	185.514.244	92.740.029	80.213.306	0	12.560.910
Debt securities	179.576.910	89.789.249	77.226.751	0	12.560.910
Equity securities	610.642	405.250	205.392	0	0
Investment fund units	5.326.692	2.545.529	2.781.163	0	0
Financial assets at fair value through profit or loss	51.990.242	0	578	51.966.082	23.582
Investment fund units	51.990.242	0	578	51.966.082	23.582
Loans and receivables	15.056.618	9.448.434	5.608.184	0	0
Deposits	0	0	0	0	0
Policy loans	220.388	20.091	200.297	0	0
Receivables	14.836.230	9.428.343	5.407.887	0	0
Cash and cash equivalents	6.561.482	219.429	780.505	704.856	4.856.692
Other financial assets	67.462.148	11.474.579	55.987.569	0	0
Nonfinancial assets	2.332.900	1.656.745	676.155	0	0
TOTAL ASSETS	329.215.656	115.539.216	143.266.297	52.670.938	17.739.206
EQUITY AND LIABILITIES					
EQUITY	48.503.183	35.987.433	12.515.750	0	0
Insurance technical provisions	202.688.089	83.437.646	119.250.443	0	0
Provisions for unearned premiums	23.469.829	20.877.885	2.591.944	0	0
Mathematical provisions	54.096.179	0	54.096.179	0	0
Claims provisions	58.129.314	56.757.934	1.371.380	0	0
Other insurance provisions	15.052.424	5.801.827	9.250.597	0	0
Insurance technical provisions for unit-linked insurance contracts	51.940.343	0	51.940.343	0	0
Financial liabilities	75.370.347	11.165.679	64.204.668	0	0
Other financial liabilities	75.370.347	11.165.679	64.204.668	0	0
Non-financial liabilities	2.654.038	1.728.356	925.682	0	0
Other non-financial liabilities	2.654.038	1.728.356	925.682	0	0
TOTAL EQUITY AND LIABILITIES	329.215.657	132.319.114	196.896.543	0	0

7.2.1 Fair value of financial assets

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 values of quoted investments are based on current closing prices. If the market for a financial asset is not active, the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Receivables are presented at amortised costs which is approximate of their fair value which arises from contractual basis decreased by impairment provision. Fair value of financial assets represents realisable value.

At 31.12.2019 the Company had no investments classified as held to maturity therefore no disclosures of comparison of fair value and amortized cost value is needed.

Fair value hierarchy

Fair Value measurements are classified using a fair value hierarchy that reflects the quality of the inputs used in making the measurements.

Level 1: inputs are unadjusted quoted prices in active markets for identical assets or liabilities. Bonds valued at CBBT are also classified in level 1. Level 1 is also used for investment funds, where fair value is equal to market value of its investments (within the fund).

Level 2: inputs are not quoted prices on active market but other inputs that are observable for the asset or liability, either directly or indirectly. In this Level we allocated debt securities valued at BVAL (Bloomberg valuation) mode, which is obtained using comparison with the pricing of comparable bonds with similar maturities and credit ratings and those assets trading on a stock exchange with low irregular trading (e.g. Ljubljana Stock Exchange).

Level 3: inputs for the asset or liability that are not based on observable market data.

7.2.1.1 Assets, measured at fair value

a. Financial assets available for sale

Financial assets available for sale per 31.12.2019	1. level	2. level	3. level	Total fair value
Debt securities	175.709.972	7.807.693	3.187.780	186.705.445
Equity securities	745.755	0	0	745.755
Investment fund units	6.330.727	0	0	6.330.727
Total	182.786.454	7.807.693	3.187.780	193.781.927

Financial assets available for sale per 31.12.2018	1. level	2. level	3. level	Total fair value
Debt securities	171.536.170	7.886.443	154.297	179.576.910
Equity securities	610.642	0	0	610.642
Investment fund units	5.326.692	0	0	5.326.692
Total	177.473.504	7.886.443	154.297	185.514.244

b. Financial assets at fair value through profit or loss

31.12.2019	1. level	2. level	3. level	Total fair value
Investment fund units	31.228	0	1.016	32.244
Total	31.228	0	1.016	32.244

31.12.2018	1. level	2. level	3. level	Total fair value
Investment fund units	24.160	0	0	24.160
Total	24.160	0	0	24.160

c. Investments for unit linked insurance contracts

31.12.2019	1. level	2. level	3. level	Total fair value
Investments for unit linked insurance contracts	65.314.899	0	1.099.706	66.414.605
Total	65.314.899	0	1.099.706	66.414.605

31.12.2018	1. level	2. level	3. level	Total fair value
Investments for unit linked insurance contracts	51.966.082	0	0	51.966.082
Total	51.966.082	0	0	51.966.082

7.2.1.2 Assets not measured at fair value but for which fair value is disclosed

31.12.2019	1. level	2. level	3. level	Total fair value	Book value
Deposits	0	0	0	0	0
Policy loans	0	0	178.011	178.011	178.011
Total	0	0	178.011	178.011	178.011

31.12.2017	1. level	2. level	3. level	Total fair value	Book value
Deposits	0	0	0	0	0
Policy loans	0	0	200.297	200.297	200.297
Total	0	0	0	200.297	200.297

The fair values in level 2 of fair value hierarchy were estimated using the discounted cash flows valuation technique. The fair value of floating rate instruments that are not quoted in an active market was estimated to be equal to their carrying amount. The fair value of unquoted fixed interest rate instruments was estimated based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity.

The description of each of the financial risks together with procedures established by the Company used in the management of these, separately for each investment portfolio, is presented in the notes below

7.2.2 CREDIT RISK

Credit risk is the risk that a counterparty will not be able to pay amounts in full when due. The Company has developed a system, which regulates precisely how much risk the Company is ready to accept and defines conditions of investing in financial investments, carrying credit risk.

The Company adopted the guidelines that regulate credit risk of the investments and define limits on exposure to a single counterparty, or groups of counterparty regarding credit rating of issuer. The rating grades from S&P Rating Agency are used primarily. If there is no S&P rating available than Moody and Fitch Rating Agency ratings are used and linked to S&P ratings for better presentation to manage and monitor credit quality of financial assets. The second best rating grade is used.

The following tables represent all financial assets of the Company that are exposed to credit risk.

ASSETS	31.12.2019	31.12.2018
Financial assets		
Financial assets available for sale	186.705.445	179.576.910
Debt securities	186.705.445	179.576.910
Loans and receivables	13.646.573	15.354.640
Deposits	0	0
Policy loans	0	518.410
Receivables	13.646.573	14.836.230
Cash and cash equivalents	7.634.928	6.561.482
TOTAL ASSETS	207.986.946	201.493.032

31.12.2019	Total	AAA	AA	A	BBB	BB and lower	Non rated
ASSETS							
Financial assets	284.957.508	1.867.945	0	133.262.679	46.512.749	5.062.072	98.252.063
Financial assets available for sale	186.705.445	1.867.945	0	133.262.679	46.512.749	5.062.072	0
Debt securities	186.705.445	1.867.945	0	133.262.679	46.512.749	5.062.072	0
Loans and receivables	13.646.573	0	0	0	0	0	13.646.573
Deposits	0	0	0	0	0	0	0
Policy loans	0	0	0	0	0	0	0
Receivables	13.646.573	0	0	0	0	0	13.646.573
Cash and cash equivalents	7.634.928	0	0	0	0	0	7.634.928
Other financial assets	76.254.133	0	0	0	0	0	76.254.133
Nonfinancial assets	4.108.667	0	0	0	0	0	4.108.667
TOTAL ASSETS	288.349.746	1.867.945	0	133.262.679	46.512.749	5.062.072	101.644.301

31.12.2018	Total	AAA	AA	A	BBB	BB and lower	Non rated
ASSETS							
Financial assets	268.436.770	1.883.230	0	127.920.638	48.473.710	1.299.332	88.859.860
Financial assets available for sale	179.576.910	1.883.230	0	127.920.638	48.473.710	1.299.332	0
Debt securities	179.576.910	1.883.230	0	127.920.638	48.473.710	1.299.332	0
Loans and receivables	15.354.640	0	0	0	0	0	15.354.640
Deposits	0	0	0	0	0	0	0
Policy loans	518.410	0	0	0	0	0	518.410
Receivables	14.836.230	0	0	0	0	0	14.836.230
Cash and cash equivalents	6.561.482	0	0	0	0	0	6.561.482
Other financial assets	67.462.148	0	0	0	0	0	67.462.148
Nonfinancial assets	2.332.900	0	0	0	0	0	2.332.900
TOTAL ASSETS	271.288.080	1.883.230	0	127.920.638	48.473.710	1.299.332	91.711.170

71,2% of investments, subject to credit risk (without Other financial assets), are concentrated within issuers with A credit rating, that include also Slovenian government bonds.

Exposures to homogenous groups of policyholders are collected within the ongoing monitoring process of controls associated with regulatory solvency. Where there is a significant exposure to individual policyholders or homogenous groups of policyholders, a financial analysis of their financial strength is performed.

Receivables				
As at 31.12.2019	Neither past due nor impaired	Past due but not impaired	Collectively impaired	Total
	Non rated	Non rated	Non rated	
LIFE				
Receivables	0	0	1.979.761	1.979.761
less bad debt allowance	0	0	-1.744.733	-1.744.733
Other receivables	5.327.532			5.327.532
Total	5.327.532	0	235.028	5.562.560
NONLIFE				
Receivables	3.887.618	2.572.580	5.271.782	11.731.980
less bad debt allowance	0	0	-4.013.497	-4.013.497
Other receivables	1.745.803	2.374.859,00	490.147	4.610.809
less bad debt allowance			-240.109	-240.109
Total	5.633.421	4.947.439	1.508.324	12.089.184
Total Life and Nonlife	10.960.953	4.947.439	1.743.352	17.651.744

The tables above does not include decrease for payments in late received bank statements for receivables in amount of 221.372,67 EUR in life insurance and in amount of 2.037.249,74 EUR in nonlife insurance.

As at 31.12.2018	Neither past due nor impaired	Past due but not impaired	Collectively impaired	Total
	Non rated	Non rated	Non rated	
LIFE				
Receivables	0	0	1.914.067	1.914.067
less bad debt allowance	0	0	-1.664.455	-1.664.455
Other receivables	5.322.016			5.322.016
Total	5.322.016	0	249.612	5.571.628
NONLIFE				
Receivables	4.010.637	2.040.603	5.140.798	11.192.037
less bad debt allowance	0	0	-3.957.059	-3.957.059
Other receivables	1.029.047	3.808.470,00	388.271	5.225.788
less bad debt allowance			-130.662	-130.662
Total	5.039.684	5.849.072	1.441.348	12.330.104
Total Life and Nonlife	10.361.700	5.849.072	1.690.960	17.901.732

Company did not make any individual impairment on receivables, only collective impairment on receivables according to the methodology

7.2.3 Liquidity risk

Liquidity risk is the risk of insufficiency of available assets for covering the liabilities in certain moment. It includes the risk of being unable to liquidate an asset, allocated as available for sale, in required time for covering the obligations as they arise in this period of time.

The Company strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. In addition the Company holds a portfolio of liquid assets as part of its liquidity risk management strategy. Special attention is paid to the liquidity of non-life insurance business where the potential obligations are higher.

To ensure liquid assets, besides the use of instruments with different maturities (from 1 to 30 years) and interest rates, the Company also uses the money market instruments with maturities up to 1 year.

An indicator of the Company's ability to meet short-term debt obligations is liquidity ratio. The higher the ratio, the more liquid the Company. Liquidity ratio is calculated as total liquid assets (liquid assets mainly represents balance assets on accounts,

deposits, bond coupons, Republic of Slovenia securities, etc.) divided by total overdue or non-overdue liabilities (overdue liabilities mainly represents operating liabilities). Liquidity ratio should be at least equal to 1. Due to the fact that the majority of the Company's financial assets are available for sale, the Company's liquidity ratio is very high and assets are more than sufficient to cover all liabilities with a range of all maturities.

The following tables represent all assets and liabilities of the Company by residual maturity based on undiscounted cash flows, except for the insurance technical provisions.

The Company provides for insurance contracts where the insurer bears the investment risk (Unit linked contracts) adequacy on value of investments and mathematical provisions by each individual investment fund (compares the value of investment of each investment fund with the value of mathematical provisions). The Company monitors value of investments of each investment fund and mathematical provisions for each fund. The insurance Company based on premium payments and redemptions and other movements within the mathematical provision provides the same movements on the investment side through increases or decreases in individual investments in investment funds.

in EUR.

31.12.31.12.2019	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y	no maturity
ASSETS								
Financial assets	292.045.594	118.507.031	82.514.038	80.891.021	210.246	2.296.755	0	7.626.504
Shares in companies in the group	298.022	0	0	0	0	0	0	298.022
Financial assets available for sale	194.033.927	20.793.386	82.514.038	80.891.021	210.246	2.296.755	0	7.328.482
Debt securities	186.705.445	20.793.386	82.514.038	80.891.021	210.246	2.296.755	0	0
Equity securities	997.755	0	0	0	0	0	0	997.755
Investment fund units	6.330.727	0	0	0	0	0	0	6.330.727
Financial assets at fair value through profit or loss								
Investment fund units	66.446.852	0	0	0	0	0	0	66.446.852
Loans and receivables	13.824.584	13.824.584	0	0	0	0	0	0
Deposits	0	0	0	0	0	0	0	0
Policy loans	178.011	178.011	0	0	0	0	0	0
Receivables	13.646.573	13.646.573	0	0	0	0	0	0
Cash and cash equivalents	7.634.928	7.634.928	0	0	0	0	0	0
Other financial assets	76.254.133	76.254.133	0	0	0	0	0	0
Nonfinancial assets	4.108.667	4.108.667						
TOTAL ASSETS	362.601.113	122.615.698	82.514.038	80.891.021	210.246	2.296.755	0	73.775.335

LIABILITIES								
Financial liabilities and insurance technical provisions	215.903.304	108.894.417	43.317.972	47.303.114	9.596.273	4.403.820	2.387.708	0
Insurance technical provisions	131.627.710	63.320.070	32.497.732	19.422.107	9.596.273	4.403.820	2.387.708	0
Other financial liabilities	84.275.594	45.574.347	10.820.240	27.881.007	0	0	0	0
Nonfinancial liabilities	4.525.256	4.525.256	0	0	0	0	0	0
TOTAL LIABILITIES	220.428.560	113.419.673	43.317.972	47.303.114	9.596.273	4.403.820	2.387.708	0

31.12.2018	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y	no maturity
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ASSETS								
Financial assets								
Shares in companies in the group	298.022	0	0	0	0	0	0	298.022
Financial assets available for sale	185.514.244	15.812.982	77.232.091	84.825.611	680.709	1.025.517	0	5.937.334
Debt securities	179.576.910	15.812.982	77.232.091	84.825.611	680.709	1.025.517	0	0
Equity securities	610.642	0	0	0	0	0	0	610.642
Investment fund units	5.326.692	0	0	0	0	0	0	5.326.692
Financial assets at fair value through profit or loss								
Investment fund units	51.990.242	0	0	0	0	0	0	51.990.242
Loans and receivables	15.056.618	15.056.618	0	0	0	0	0	0
Deposits	0	0	0	0	0	0	0	0
Policy loans	220.388	220.388	0	0	0	0	0	0
Receivables	14.836.230	14.836.230	0	0	0	0	0	0
Cash and cash equivalents	6.561.482	6.561.482	0	0	0	0	0	0
Other financial assets	67.462.148	67.462.148	0	0	0	0	0	0
Nonfinancial assets	2.332.900	2.332.900						
TOTAL ASSETS	329.215.656	107.226.130	77.232.091	84.825.611	680.709	1.025.517	0	58.225.598

LIABILITIES								
Financial liabilities and insurance technical provisions	197.140.623	91.181.230	41.998.379	45.267.058	9.429.235	5.890.175	3.374.546	0
Insurance technical provisions	121.698.665	54.440.519	31.178.139	17.386.051	9.429.235	5.890.175	3.374.546	0
Other financial liabilities	75.441.958	36.740.711	10.820.240	27.881.007	0	0	0	0
Nonfinancial liabilities	2.582.427	2.582.427	0	0	0	0	0	0
TOTAL LIABILITIES	199.723.050	93.763.657	41.998.379	45.267.058	9.429.235	5.890.175	3.374.546	0

7.2.4 Market risk

Market risk represents the potential loss from unfavourable changes at open positions of different market parameters (interest rate, equity price, foreign currency). The following part of the annual report describes the management of market risk for different portfolios and sensitivity analysis for changes in interest rate, currency and market price of equity securities that is recognized in financial statement.

Market risk is presented only for the two largest portfolios of the Company, cover fund of life insurance and cover fund of nonlife insurance.

7.2.4.1 Interest rate risk

The sensitivity analysis for interest rate risk illustrates how changes in the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates at the reporting date.

The Company monitors interest rate risk also by calculating average duration and modified duration of the investment portfolio and future liabilities. The duration is an indicator of the sensitivity of the assets and liabilities to changes in the current interest rates. The Company minimizes the gap between duration of assets and liabilities by buying and selling securities of different durations.

The Company manages interest rate risk and reinvestment risk in the cover fund of life insurance by harmonizing the average duration of assets and liabilities arising from insurance contracts and reconciling cash flows from assets and liabilities arising from insurance contracts. The discounted value of the future cash flows of fixed-income investments and liabilities is sensitive to the interest rate with which these flows are discounted. The average duration is a measure of the sensitivity of fixed income investments and liabilities to changes in market interest rates. The difference in the average duration of assets and liabilities can fluctuate within internally defined borders. Harmonisation of the average duration of assets and liabilities is carried with the allocation of funds between different maturities and different characteristics.

The tables below show on one hand the carrying value of investments by maturity, which cover future liabilities and, on the other hand, the structure of future liabilities to policyholders. In the event that the value of investments does not match with future liabilities, investments will be at their maturity invested in new investments with a maturity that will meet future liabilities. The Company will thus make sure that they cover all future liabilities to policyholders.

LIFE INSURANCE FUND

The following table represents consistency of discounted value of future cash flows from financial assets and contractual liabilities from insurance contracts for the cover fund of life insurance and consistency of average duration for both as per 31.12.2019.

As per 31.12.2019 the average duration of debt securities was 4,98 years, and average duration of liabilities was 7,7 years.

31.12. 2019		Discounted value of future cash flows					
Carrying value and cash flows arising from:	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y
Debt securities	79.946.119	4.729.206	27.569.198	45.557.609	144.891	1.945.215	0
Deposits	0	0	0	0	0	0	0
Loans	178.011	178.011	0	0	0	0	0
Receivables	5.340.441	5.340.441	0	0	0	0	0
Cash and cash equivalents	510.740	510.740	0	0	0	0	0
Total	85.975.311	10.758.398	27.569.198	45.557.609	144.891	1.945.215	0

31.12.2019		Discounted value of future cash flows					
Zavarovalno tehnične rezervacije	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y
Mathematical provisions	54.096.179	4.647.057	16.147.900	16.828.467	9.047.085	4.869.043	2.556.627
Provisions for unearned premiums	2.591.944	2.591.944	0	0	0	0	0
Claims provisions	1.371.380	1.371.380	0	0	0	0	0
Other insurance technical provisions	117.818	10.862	28.553	37.930	22.783	11.069	6.620
Total	58.177.321	8.621.243	16.176.454	16.866.397	9.069.869	4.880.112	2.563.246

Average duration of assets	4,98
Average duration of liabilities	7,7

31.12.2018	Discounted value of future cash flows						
Carrying value and cash flows arising from:	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y
Debt securities	75.064.844	7.731.215	22.228.557	43.706.027	527.599	871.446	0
Deposits	0	0	0	0	0	0	0
Policy loans	200.297	200.297	0	0	0	0	0
Receivables	5.407.887	5.407.887	0	0	0	0	0
Cash and cash equivalents	780.505	780.505	0	0	0	0	0
Total	81.453.533	14.119.904	22.228.557	43.706.027	527.599	871.446	0

31.12.2018	Discounted value of future cash flows						
Zavarovalno tehnične rezervacije	Skupaj	do 1 leta	od 1 - 5 let	od 5 - 10 let	od 10 - 15 let	od 15 - 20 let	nad 20 let
Mathematical provisions	54.096.179	4.647.057	16.147.900	16.828.467	9.047.085	4.869.043	2.556.627
Provisions for unearned premiums	2.591.944	2.591.944	0	0	0	0	0
Claims provisions	1.371.380	1.371.380	0	0	0	0	0
Other insurance technical provisions	117.818	10.862	28.553	37.930	22.783	11.069	6.620
Total	58.177.321	8.621.243	16.176.454	16.866.397	9.069.869	4.880.112	2.563.246
Average duration of assets	4,89						
Average duration of liabilities	8,7						

The Company uses BPV to monitor the sensitivity to changes in market interest rates for debt instruments with known maturities.

BPV (Basis Point Value) is a measure of the sensitivity of the value of financial instruments to changes in market interest rates. Based on this method the Company estimates the change in value of investments, if market interest rates change by 100 basis points.

Increase in market interest rates for 100 basis points would result in negative change in other comprehensive income of 4.073.393 EUR (4.054.871 EUR in 2018). Decrease in market interest rates for 100 basis points would result in positive change in other comprehensive income of 3.625.320 EUR (3.608.835 EUR in 2018). Sensitivity analysis refers to whole value of financial investments of the Company as the sum of sensitivity of single investments on interest rate changes.

Since most of the debt investments have fixed coupons, changes in the market interest rates would not have a significant impact on interest income.

NONLIFE FUND

The following table represents consistency of discounted value of future cash flows from financial assets and contractual liabilities from insurance contracts for the nonlife insurance fund and consistency of average duration for both as per 31.12.2019.

As per 31.12.2019 the average duration of debt securities was 3,23 years, and average duration of liabilities was 1,7 years.

31.12.2019		Discounted value of future cash flows					
Carrying value and cash flows arising from:	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y
Debt securities	96.780.764	12.318.302	57.729.238	26.733.223	0	0	0
Deposits	0	0	0	0	0	0	0
Policy loans	0	0	0	0	0	0	0
Receivables	10.051.934	10.051.934	0	0	0	0	0
Cash and cash equivalents	2.565.513	2.565.513	0	0	0	0	0
Total	109.398.306	24.935.845	57.729.238	26.733.223	0	0	0

31.12.2019		Discounted value of future cash flows					
Zavarovalno tehnične rezervacije	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y
Provisions for unearned premiums	20.629.940	20.629.940	0	0	0	0	0
Claims provisions (RBNS)	33.972.859	19.249.609	13.224.125	1.448.054	49.980	1.091	0
Claims provisions (IBNR)	12.170.955	7.729.634	3.986.859	440.982	12.947	533	0
Provisions for unexpired risks	2.091.171	2.091.171	0	0	0	0	0
Provisions for bonuses, discounts and cancellations	3.027.167	3.027.167	0	0	0	0	0
Total	71.892.093	52.727.522	17.210.984	1.889.036	62.927	1.624	0

Average duration of assets	3,23
Average duration of liabilities	1,7

31.12.2018		Discounted value of future cash flows					
Carrying value and cash flows arising from:	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y
Debt securities	88.877.070	11.263.725	56.182.741	21.430.604	0	0	0
Deposits	0	0			0	0	0
Policy loans	0	0			0	0	0
Receivables	9.428.343	9.428.343			0	0	0
Cash and cash equivalents	219.429	219.429			0	0	0
Total	98.524.842	20.911.497	56.182.741	21.430.604	0	0	0

31.12.2018		Discounted value of future cash flows					
Zavarovalno tehnične rezervacije	Total	to 1 year	1 - 5 y	5 - 10 y	10 - 15 y	15 - 20 y	over 20 y
Provisions for unearned premiums	20.629.940	20.629.940	0	0	0	0	0
Claims provisions (RBNS)	33.972.859	19.249.609	13.224.125	1.448.054	49.980	1.091	0
Claims provisions (IBNR)	12.170.955	7.729.634	3.986.859	440.982	12.947	533	0
Provisions for unexpired risks	2.091.171	2.091.171	0	0	0	0	0
Provisions for bonuses, discounts and cancellations	3.027.167	3.027.167	0	0	0	0	0
Total	71.892.093	52.727.522	17.210.984	1.889.036	62.927	1.624	0

Average duration of assets	3,04
Average duration of liabilities	1,9

Increase in market interest rates for 100 basis points would result in negative change in other comprehensive income of 3.388.472 EUR (3.292.517 EUR in 2018). Decrease in market interest rates for 100 basis points would result in positive change in other comprehensive income of 3.015.740 EUR (2.930.340 EUR in 2018). Sensitivity analysis refers to whole value of financial investments of the Company as the sum of sensitivity of single investments on interest rate changes.

Since most of the debt investments have fixed coupons, change in market interest rates would not have a significant impact on interest income.

7.2.4.2 Equity price risk

The total carrying value of equity investments per 31.12.2018 is 5.937.912 EUR (6.564.288 EUR in 2017).

The sensitivity analysis for equity price risk illustrates how changes in the fair value of equity securities will fluctuate because of changes in market prices, whether those changes are caused by factors specific to the individual equity issuer or factors affecting all similar equity securities traded in the market.

The scenario that would have the most negative impact on Company's financial result is decrease in market prices of equity securities. This decrease would impact directly the equity securities' fair value. The impact is measurable only through changes in other comprehensive income while the impact on the income statement is not recognized until the financial assets are sold.

Management monitors movements of equity prices on a monthly basis.

An impact of a 10 percent increase/decrease in the equity market prices is shown below.

LIFE INSURANCE FUND

31.12.2019

Financial assets	Total	10% price change
Financial assets available for sale		
Equity securities	239.130	23.913
Investment fund units	3.429.664	342.966
Financial assets at fair value through profit or loss		
Investment fund units	0	0
Total	3.668.794	366.879

31.12.2018

Financial assets	Total	10% price change
Financial assets available for sale		
Equity securities	205.392	20.539
Investment fund units	2.781.163	278.116
Financial assets at fair value through profit or loss		
Investment fund units	578	58
Total	2.987.133	298.713

In case of 10% decrease of equity market prices the total market value of equity portfolio would decrease for 366.879 EUR (298.713 EUR v 2018, with the impact of 366.879 EUR (298.713 EUR in 2018) recorded through other comprehensive income/equity.

NONLIFE FUND E

31.12.2019

Financial assets	Total	10% price change
Financial assets available for sale		
Equity securities	506.625	50.663
Investment fund units	2.901.064	290.106
Skupaj	3.407.689	340.769

31.12.2018

Financial assets	Total	10% price change
Financial assets available for sale		
Equity securities	405.250	40.525
Investment fund units	2.545.529	254.553
Skupaj	2.950.779	295.078

In case of 10% decrease of equity market prices the total market value of equity portfolio would decrease for 340.769 EUR (295.078 EUR in 2018), with the impact recorded through other comprehensive income of 340.769 EUR.

INVESTMENTS FOR UNIT-LINKED INSURANCE CONTRACTS

31.12.2019

Financial assets	Total	10% price change
Financial assets at fair value through profit or loss		
Investment fund units	66.414.605	6.641.461
Total	66.414.605	6.641.461

31.12.2018

Financial assets	Total	10% price change
Financial assets at fair value through profit or loss		
Investment fund units	51.990.242	5.199.024
Total	51.990.242	5.199.024

In case of 10% decrease of equity market prices the total market value of equity portfolio would decrease for 6.641.461 EUR (5.199.024 EUR in 2018), with the impact recorded through income statement.

OWN FUNDS

31.12.2019

Financial assets	Total	10% price change
Financial assets at fair value through profit or loss		
Investment fund units	0	0
Total	0	0

31.12.2018

Financial assets	Total	10% price change
Financial assets at fair value through profit or loss		
Investment fund units	23.582	2.358
Total	23.582	2.358

In the case of 10% decrease of equity market prices the total market value of equity portfolio would decrease for 0 EUR (2.358 EUR in 2018).

7.3 Currency risk

Currency risk is risk that arises from the change of the price of one currency against another and can influence the profit / loss of the Company. Therefore special attention has to be paid to all the securities and other financial instruments with the nominal value in foreign currency.

All financial assets of the Company as of 31.12.2019 are denominated in EUR thus the Company is not exposed to currency risk.

7.4 Concentration risk

Concentration risk

Issuer	31.12.2019 in EUR	31.12.2019 v %
REPUBLIKA SLOVENIJA	109.185.547	54,40%
BANK GOSPODARSTWA KRAJOWEGO	6.732.784	3,35%
REPUBLIKA POLJSKA	5.540.150	2,76%
SKB BANKA D.D.	5.097.940	2,54%
Other	75.620.711	36,95%
Total	202.177.133	100,00%

Concentration risk

Issuer	31.12.2018 in EUR	31.12.2018 v %
REPUBLIKA SLOVENIJA	110.221.924	57,60%
BANK GOSPODARSTWA KRAJOWEGO	6.273.965	3,28%
REPUBLIKA POLJSKA	5.546.954	2,90%
SKB BANKA D.D.	4.162.422	2,18%
Other	65.165.606	34,05%
Total	191.370.870	100,00%

The concentration risk is managed and regulated through diversification of financial assets. As shown in the table per 31.12.2019, the exposure to single issuer is bigger than 10% only at Republic of Slovenia government bonds. Other issuers do not exceed the 10% limit.

8 Notes to the Statement of Financial Position

8.1 ASSETS

8.1.1 Intangible assets

Year 2019

	LIFE	NONLIFE	NONLIFE	NONLIFE	Total
	Software purchased	Software purchased	Software purchased not activated yet	long-term deferred costs	
Purchase value					
1.1.2019	179.700	2.955.902	0	66.666	3.202.268
Additions	0	404.147	12.178	0	416.325
Disposals	0	25.831	0,00		17.501
Transfers		0	0		
31.12.2019	179.700	3.342.548	12.178	66.666	3.601.092
Accumulated depreciation	0	0	0	0	0
1.1.2019	179.700	2.340.201	0	4.444	2.524.345
Depreciation charge	0	380.264	0	13.333	393.597
Amortization of disposals	0	19.556	0		19.556
Transfers					
31.12.2019	179.700	2.700.909	0	17.777	2.898.385
Net book amount	0	0	0	0	
1.1.2019	0	615.701	0	62.222	677.923
31.12.2019	0	641.640	12.178,00	48.889	702.707

Year 2018

	LIFE	NONLIFE	NONLIFE	NONLIFE	Total
	Software purchased	Software purchased	Software purchased not activated yet	long-term deferred costs	
Purchase value	0	0	0	0	
1.1.2018	179.700	2.730.170	0	0	2.909.870
Additions	0	229.897	34.673	62.222	264.570
Disposals	0	4.165	34.673	0	38.838
Transfers	0	0	0	0	0
31.12.2018	179.700	2.964.232	69.346	62.222	3.213.278
Accumulated depreciation	0	0	0	0	0
1.1.2018	179.700	2.046.702	0	0	2.226.402
Depreciation charge	0	278.836	0	0	278.836
Amortization of disposals	0	4.165	0	0	4.165
Transfers		18.828	0	0	0
31.12.2018	179.700	2.340.201	0	0	2.519.901
Net book amount	0	0	0	0	
1.1.2018	0	683.468	0	0	683.468
31.12.2018	0	615.701	0	62.222	677.923

Intangible assets relate to computer software. The increase of intangible assets in 2019 in amount of 280.641 EUR refers to purchase of computer software. Intangible assets also comprise long-term acquisition costs of 249.954 eur. Total amount of intangible assets is 952.661 EUR .The Company did not pledge any of its Intangible assets.

8.1.2 FIXED ASSETS

Fixed assets include computer equipment, furniture, office equipment and fixtures. All fixed assets are included in non-life balance sheet.

Year 2019

	Furniture, fittings and equipment	Other equipment	Investments in fixed assets of third parties	Right-of-use asset	Total
Purchase value					
1.1.2019	2.961.770	77.361	1.140.927	0	4.180.058
Additions	361.356	16.609	4.175	3.693.571	4.075.514
Disposals	98.583	1.759	150.864		251.206
Transfers	0	0	0		0
Disposal of leases				377.804	377.804
31.12.2019	3.224.543	92.211	994.238	3.315.767	7.626.759
Accumulated depreciation					
1.1.2019	2.440.678	67.404	630.933		3.139.015
Depreciation charge	309.429	8.686	98.405	1.456.259	1.872.779
Amortization of disposals	97.297	1.753	64.059		163.725
Transfers	0	0	0		0
31.12.2019	2.652.194	74.337	665.279	1.456.259	4.848.069
Net book amount					
1.1.2019	521.093	9.957	509.994		1.041.045
31.12.2019	572.349	17.874	328.959	1.859.508	2.778.693

Year 2018

	Furniture, fittings and equipment	Other equipment	Investments in fixed assets of third parties	Total
Purchase value				
1.1.2018	2.657.509	76.479	1.133.136	3.867.124
Additions	417.590	5.793	71.258	494.640
Disposals	-113.328	-4.911	-63.466	-181.705
Transfers	0	0	0	0
31.12.2018	2.961.770	77.361	1.140.927	4.180.059
Accumulated depreciation				
1.1.2018	2.303.941	65.436	593.247	2.962.624
Depreciation charge	247.069	6.877	101.105	355.051
Amortization of disposals	-110.333	-4.910	-63.419	-178.661
Transfers	0	0	0	0
31.12.2018	2.440.678	67.404	630.933	3.139.014
Net book amount				
1.1.2018	353.568	11.043	539.889	904.500
31.12.2018	521.093	9.957	509.994	1.041.045

The Company did not pledge any of its fixed assets.

8.1.3 Reinsurance and co-insurance assets

The table below presents the reinsurance's share of insurance technical provisions for life and non-life business and co-insurance share of liabilities. Total reinsurance and co-insurance technical provisions amount to 75.719.980 EUR at the end of 2019 and to 66.890.262 EUR at the end of 2018.

	31.12.2019	31.12.2018
Life insurance	63.902.859	56.006.322
Non-life insurance	11.817.121	10.883.940
Total	75.719.980	66.890.262

Reinsurance share of insurance technical provisions:

	31.12.2019	31.12.2018
LIFE INSURANCE		
Reinsurances' share of insurance technical provisions		
From unearned premium	2.320.066	2.226.952
From mathematical reserves	27.631.858	27.048.089
From mathematical reserves for unit-linked insurance contracts	33.171.829	25.986.323
From claims reported and loss adjustment expenses	779.106	744.958
Total LIFE	63.902.859	56.006.322
NONLIFE INSURANCE		
Reinsurances' share of insurance technical provisions		
From unearned premium	168.378	180.704
From claims reported and loss adjustment expenses	11.101.940	10.089.664
From provisions for profit sharing and premium refund	21.887	21.887
Total NONLIFE	11.292.205	10.292.255
TOTAL	75.195.064	66.298.577

Co-insurance share of insurance technical provisions:

	31.12.2019	31.12.2018
NONLIFE INSURANCE		
Co-insurances' share of insurance technical provisions		
From unearned premium	50.200	67.241
From claims reported and loss adjustment expenses	474.716	524.444
Total NONLIFE	524.916	591.685
TOTAL	524.916	591.685

8.1.4 Financial investments

Financial investments at 31.12.2019 are shown in the table below.

Financial assets	31.12.2019	31.12.2018
Financial assets available for sale	85.490.142	81.304.277
Financial assets held to maturity	0	0
Financial assets at fair value through profit or loss	32.244	24.160
Loans and deposits	178.011	200.297
Life insurance	85.700.397	81.528.734
Financial assets available for sale	108.543.786	104.209.968
Financial assets held to maturity	0	0
Shares in companies in the group	298.022	298.022
Financial assets at fair value through profit or loss	0	0
Loans and deposits	0	20.091
Nonlife insurance	108.841.808	104.528.081
Financial assets available for sale	194.033.928	185.514.245
Financial assets held to maturity	0	0
Shares in companies in the group	298.022	298.022
Financial assets at fair value through profit or loss	32.244	24.160
Loans and deposits	178.011	220.388
Total financial assets	194.542.205	186.056.815
	31.12.2019	31.12.2018
Maturity up to 1 year	6.436.053	8.764.136
Maturity over 1 year	79.264.344	72.764.598
Life insurance	85.700.397	81.528.734
Maturity up to 1 year	9.413.755	13.203.672
Maturity over 1 year	99.428.053	91.324.409
Nonlife insurance	108.841.808	104.528.081
Maturity up to 1 year	15.849.808	21.967.808
Maturity over 1 year	178.692.397	164.089.007
Total financial assets	194.542.205	186.056.815

The total value of investments in life insurance without cash and cash equivalents and without receivables in 2019 amounts to 85.490.142 EUR and in nonlife insurance to 108.291.786 EUR. The total value of financial assets at fair value through profit or loss account amounts to 32.244 EUR

8.1.4.1 Financial assets available for sale

Financial assets available for sale	31.12.2019	31.12.2018
Debt securities	81.821.348	78.317.722
Equity securities	239.130	205.392
Investment fund units	3.429.664	2.781.163
Life insurance	85.490.142	81.304.277
Debt securities	104.884.097	101.259.188
Equity securities	758.625	405.250
Investment fund units	2.901.064	2.545.529
Nonlife insurance	108.543.786	104.209.968
Debt securities	186.705.445	179.576.910
Equity securities	997.755	610.642
Investment fund units	6.330.727	5.326.692
Total financial assets available for sale	194.033.927	185.514.244

Movement of financial assets available for sale	2019	2018
At the beginning of year	185.514.244	181.856.022
Purchases	30.776.924	23.344.701
Sales and redemptions	-24.306.858	-13.343.015
Realised gains	0	-479.220
Realised losses	-19.641	0
Impairment	0	0
Revaluation reserves	2.069.258	-5.864.244
At end of year	194.033.927	185.514.244

Financial investments available-for-sale are in majority marketable investments. At the balance sheet date, there has not been a financial investments available for sale, which matured and were not paid. The Company does not have subordinated debt securities in its portfolios

8.1.4.2 Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss	31.12.2019	31.12.2018
Investment fund units	32.244	24.160
Total financial assets at fair value through profit or loss	32.244	24.160

Movement of financial assets at fair value through profit or loss	2019	2018
At the beginning of year	24.160	34.009
Purchases	574.070	647.865
Sales and redemptions	-566.382	-653.418
Realised gains	9.260	2.343
Realised losses	-8.689	-6.595
Revaluation reserves	-175	-45
At end of year	32.244	24.160

8.1.4.3 Loans and deposits

Loans and deposits	31.12.2019	31.12.2018
Short term deposits	0	0
Short term loans	178.011	200.297
Life insurance	178.011	200.297
Short term deposits	0	0
Short term loans	0	20.091
Long term loans	0	0
Nonlife insurance	0	20.091
Short term deposits	0	0
Short term loans	178.011	220.388
Long term loans	0	0
Loans and deposits	178.011	220.388

Movement of loans and deposits	2019	2018
At the beginning of year	220.388	191.926
Acquisition	0	10.500.000
Redemption	-42.377	-10.471.538
At end of year	178.011	220.388

8.1.5 Investments for unit-linked insurance contracts

Investments for unit-linked insurance contracts contain investment funds that are classified as financial assets at fair value through profit or loss. All investments are marketable. Investments for unit-linked insurance refers to the points of funds, which are denominated in Euros and are stated at fair value.

Investments for unit-linked insurance contracts	31.12.2019	31.12.2018
Investment funds	66.414.605	51.966.082
Total	66.414.605	51.966.082

Movement in Investments for unit-linked insurance contracts	2019	2018
At the beginning of the year	51.966.082	54.337.214
Additions	15.350.039	38.266.508
Sales and disposals	-9.480.344	-35.101.382
Realised gains	48.540	282.171
Realised losses	0	-811.829
Revaluation to fair value	8.530.289	-5.006.601
At the end of the year	66.414.605	51.966.082

8.1.6 Receivables

	31.12.2019	31.12.2018
LIFE INSURANCE		
1. Insurance receivables	99.347	279.150
Due from contract holders	12.909	85.871
Due from insurance agents	12.909	193.279
Other insurance receivables		0
2. Receivables from co-insurance and reinsurance	5.047.153	4.962.962
- Receivables from reinsurance	3.365.595	2.592.623
- Other receivables from co-insurance and reinsurance	1.681.558	2.370.339
3. Other receivables	52.935	75.310
4. Short term receivables from financing	5	632
5. Long term receivables	49.800	89.833
6. Current income tax receivables	91.202	0
Total life insurance	5.340.441	5.407.887
NON-LIFE INSURANCE		
1. Insurance receivables	5.681.234	5.362.264
Due from contract holders	5.681.234	5.338.361
Other receivables from other direct insurance	0	23.903
Due from insurance agents	0	0
2. Receivables from co-insurance and reinsurance	1.471.026	3.030.358
Receivables from co (re) – insurance	250.038	257.609
Receivables for reinsurance share of claims	448.975	1.881.996
Receivables for co-insurance share of claims	32.941	56.083
Other receivables from co-insurance and reinsurance	739.071	834.670
3. Other receivables	2.832.081	2.064.768
Other short term insurance receivables	264.365	267.257
Other short term insurance receivables to related parties	237.483	236.798
Other short term insurance receivables	26.882	30.459
Other short term receivables	2.567.716	1.797.511
4. Current income tax receivables	67.595	0
5. Deferred tax assets	0	0
Total Nonlife insurance	10.051.936	10.457.390
TOTAL	15.392.377	15.865.278
Reconciliation between LIFE and NONLIFE	-1.745.803	-1.029.047
TOTAL	13.646.574	14.836.231

In life insurance major part of receivables represent other receivables. The most important part of receivables in nonlife represent insurance receivables for premium in amount of 5.681.234 EUR.

Co-insurance and reinsurance receivables mostly refer to companies in Generali group. Receivables arising from reinsurance contracts were not impaired in 2019. Receivables arising from co-insurance and reinsurance contracts at 31.12.2019 in amount of 892.793,73 EUR have maturity less than 12 months; the rest of receivables arising from reinsurance contracts in amount of 295.252,51 EUR have maturity more than 12 months.

Other short term insurance receivables to related parties from insurance business in non-life are receivables for foreign claims handling. The Company has no pledged or secured receivables at year end. Receivables are carried at amortized costs less impairment and are shown by overdue status in tables below.

Reconciliation of receivables and payables between non-life insurance and life insurance relates to settlement of transactions, executed on a single transaction bank account (current bank account), regardless of the cost allocation of paid expenses.

8.1.6.1 Receivables due from contract holders

Domestic debtors	LIFE INSURANCE						
						2019	2018
	I. 0-30 days	II. 31-60 days	III. 61-90 days	IV. 91-180 days	V Over 181 days	Total Total	Total Total
Due from corporate entities	63.800	121.989	905	60.119	121.564	368.377	319.253
less bad debt allowance	-13.443	-48.796	-543	-60.119	-121.564	-244.465	-165.857
Total	50.357	73.193	362	0	0	123.912	153.396
Due from individuals	95.522	52.819	7.296	43.316	1.412.431	1.611.384	1.594.815
less bad debt allowance	-19.016	-21.128	-4.377	-43.316	-1.412.431	-1.500.268	-1.498.599
Total	76.506	31.691	2.919	0	0	111.116	96.216
Total domestic debtors	126.863	104.884	3.281	0	0	235.028	249.612
Total Receivables	159.322	174.808	8.200	103.435	1.533.996	1.979.761	1.914.067
Total Impairment	-32.459	-69.923	-4.920	-103.435	-1.533.996	-1.744.733	-1.664.455
Total	126.863	104.885	3.280	0	0	235.028	249.612

Terjatve za zavarovalno premijo v državi:	NONLIFE INSURANCE						
						2019	2018
	I. 0-30 days	II. 31-60 days	III. 61-90 days	IV. 91-180 days	V Over 181 days	Total Total	Total Total
Due from corporate entities	1.643.136	374.590	250.567	252.128	1.600.585	4.121.006	3.253.257
less bad debt allowance	0	-37.391	-25.057	-77.875	-1.510.060	-1.650.383	-1.544.893
Total	1.643.136	337.199	225.510	174.253	90.525	2.470.623	1.708.364
Due from individuals	4.817.062	255.504	117.064	114.875	2.306.471	7.610.976	7.938.780
less bad debt allowance	0	-25.550	-11.706	-35.611	-2.290.247	-2.363.114	-2.412.165
Total	4.817.062	229.954	105.358	79.264	16.224	5.247.862	5.526.615
Total domestic debtors	6.460.198	567.153	330.868	253.517	106.749	7.718.485	7.234.979
Total Receivables	6.460.198	630.094	367.631	367.002	3.907.055	11.731.980	11.192.037
Total Impairment	0	-62.941	-36.763	-113.486	-3.800.306	-4.013.497	-3.957.059
Total	6.460.198	567.153	330.868	253.516	106.749	7.718.483	7.234.979

The bucket from 0-30 days includes also receivables which were not past due as at 31 Dec 2019 of 3.887.618 EUR (31 Dec 2018 4.010.637 EUR). Increase in receivables due from contract holders relates to increase in insurance contracts and consequently increase in receivables. Receivables are recognized at fair value and carried at amortized costs less impairment.

The Company represents receivables within 5 groups. First group represent receivables with lowest credit risk, and the fifth group represents the group with the highest level of credit risk. Receivables are classified into different groups according to their credit risk.

The tables above does not include decrease for payments in late received bank statements for receivables in amount of 221.372,67 EUR in life insurance and in amount of 2.037.249,74 EUR in nonlife insurance.

Impairment of receivables

Movement in provisions for receivables arising from insurance contracts:

LIFE	31.12.2018	Chg. in provision	31.12.2019
Provisions for receivables arising from insurance contracts:	1.664.455	80.278	1.744.733
NONLIFE	31.12.2018	Chg. in provision	31.12.2019
Provisions for receivables arising from insurance contracts:	3.957.059	56.438	4.013.497

Changes in the income statement, related to provisions for receivables arising from insurance contracts

NONLIFE	2019	2018
Reversal of impairment	56.437	-52.569
Write off receivables	1.457	76.676
Total	7.894	24.107
LIFE		
Reversal of impairment	80.284	-1.626
Write off receivables	44	166
Total	80.328	-1.459

8.1.7 Cash and cash equivalents

CASH AND CASH EQUIVALENTS	LIFE		NON-LIFE		TOTAL	
	2019	2018	2019	2018	2019	2018
Cash at bank and in hand	2.159.622	2.359.163	5.080.879	2.507.450	7.240.500	4.866.613
Short-term bank deposits	0	0	394.428	1.694.869	394.428	1.694.869
Total	2.159.622	2.359.163	5.475.307	4.202.319	7.634.928	6.561.482

8.1.8 Other assets

LIFE INSURANCE	31.12.2019	31.12.2018
Prepaid expenses	121.000	104.340
Deferred acquisition cost	223.848	488.225
Other accrued income and deferred cost	1.088	2.615
TOTAL LIFE INSURANCE	345.935	595.180

NON-LIFE INSURANCE	31.12.2019	31.12.2018
Other accrued income and deferred cost	565.530	590.639
TOTAL NONLIFE INSURANCE	565.530	590.639
Total	911.465	1.185.819

Accrued income refers mostly to income from rent and income from interest. Deferred costs of non-life insurance refer mostly to deferred costs of advertising, sponsorship and other costs, while deferred costs of life insurance refer mostly to short-term deferred acquisition costs.

LIFE INSURANCE	31.12.2019	31.12.2018
Deferred acquisition cost		
At beginning of year	488.225	730.335
Increase in the period	-48.135	71.402
Release in the period	-216.242	-313.512
At end of year	223.848	488.225

8.1.9 Financial investments in companies in the group and in associated companies

Financial investment in companies in the group and in associated companies represent investment in the company Lev Registracija, registracija vozil, d.o.o. in amount of 298.021,64EUR.

8.2 EQUITY AND LIABILITIES

8.2.1 Equity

	31.12.2019	31.12.2018
Share capital	39.520.347	39.520.347
Capital reserves	3.731.544	3.729.236
RESERVES FROM PROFIT	222.799	222.799
Revaluation reserves	6.260.229	4.819.017
Retained earnings	322.807	0
Result of the year	3.215.263	211.784
Total equity	53.272.989	48.503.183

8.2.1.1 Share capital

Share capital consists of 2.364.563 stock shares, all paid in and held by ultimate parent company Generali CEE Holding, of 39.520.347 EUR.

The data on share capital is registered in the Book on Share Capital of the Company, situated in the Legal Department of the Company in the head office of the Company. All shares of the Company are of the same class, without priority (no preferred shares), without restrictions, and were fully paid in. Apart from share capital, the Company has not issued any other documents on profit-sharing rights, convertible bonds or similar securities.

SHARE CAPITAL	31.12.2019	31.12.2019
	Number of shares	Total value in EUR
Generali CEE Holding	2.364.563	39.520.347
Non nominal capital	0	0
Total share capital	2.364.563	39.520.347

SHARE CAPITAL	31.12.2018	31.12.2018
	Number of shares	Total value in EUR
Generali CEE Holding	2.364.563	39.468.585
Non nominal capital	3.101	51.762
Total share capital	2.367.664	39.520.347

In 2019 there were no changes in share capital. At the end of 2018 number of shares stays the same as at 31.12.2018, 2.364.563. Owner of the Company is Generali CEE Holding B.V.

8.2.1.2 Capital reserves

Reserves in the equity of the Company amount to 3.731.544 EUR and consist of capital paid-in surplus of 8 EUR, general equity revaluation adjustment from previous years as new accounting standards were introduced in amount of 3.729.228.

Capital reserves are not generally available to be paid out to the owners. Their possibilities for use are regulated by the Slovenian Companies Act and the decrees, issued by the Slovenian Insurance Supervisory Agency.

8.2.1.3 Retained earnings

Retained earnings movements in the year 2019:

	Accumulated loss
At beginning of year	211.784
Profit of the year (Nonlife insurance 2018)	3215263
Profit of the year (Life insurance 2018)	111.023
RESERVES FROM PROFIT - Statutory reserves	
At end of year	3.538.070

Movements within equity items include retained earnings and profit for the year

Retained earnings movements in the year 2018:

	Accumulated loss
At beginning of year	-4.231.473
Profit of the year (Nonlife insurance 2018)	4.029.929
Profit of the year (Life insurance 2018)	636.127
RESERVES FROM PROFIT - Statutory reserves	-222.799
At end of year	211.784

Change in retained earnings includes accumulated loss brought forward and current year profit

8.2.1.4 Revaluation reserves

Revaluation reserves	31.12.2019	31.12.2018
Revaluation reserves of assets available for sale	3.306.099	2.967.475
Revaluation reserves for deferred tax	-628.159	-563.880
Revaluation of provisions for termination benefits - actuarial gains/losses	-75.240	-16.955
Revaluation surplus for deferred tax	16.451	4.163
Life insurance	2.619.151	2.390.803
Revaluation reserves of assets available for sale	4.526.857	3.033.876
Revaluation reserves for deferred tax	-860.103	-576.436
Revaluation of provisions for termination benefits - actuarial gains/losses	-32.863	-29.287
Revaluation surplus for deferred tax	7.186	0
Nonlife insurance	3.641.077	2.428.214
Revaluation reserves of assets available for sale	7.832.956	6.001.351
Revaluation reserves for deferred tax	-1.488.262	-1.140.256
Revaluation of provisions for termination benefits - actuarial gains/losses	-108.103	-46.242
Revaluation surplus for deferred tax	23.637	4.163
Total revaluation reserves	6.260.228	4.819.016

Movement of revaluation reserves	2019	2018
At the beginning of the period	4.818.955	7.611.277
Revaluation of available for sale investments	393.753	-5.389.542
Revaluation reserve transfer to PL	-19.641	-479.220
Impairments	0	0
Revaluation of provisions for termination benefits - actuarial gains/losses	-108.040	-46.242
Revaluation reserve transfer to classic life insurance (note 8.2.2.)	1.503.734	2.477.299
Change of deferred tax	-328.533	645.444
At the end of the period	6.260.228	4.819.016

Revaluation reserve in equity relates to financial assets available for sale and refers to change in fair value of available for sale financial assets. Realized gains and losses refer to available for sale financial assets at their disposal and are disclosed within the note 9.1.2.5.

Movement of revaluation reserve in equity, which relates to financial assets available for sale is presented in tables above.

8.2.2 Insurance technical provisions and reinsurance assets

LIFE INSURANCE	31.12.2019	31.12.2018
INSURANCE TECHNICAL PROVISIONS		
Provisions for unearned premiums	2.941.136	2.591.944
Mathematical provisions	55.263.716	54.096.179
Claims provisions	1.371.290	1.371.380
Provisions for profit sharing and premium refund	574.954	431.968
Other insurance technical provisions	6.031	-2.471.112
Deferred policyholder reserves	9.436.231	10.939.966
Total life insurance	69.593.358	66.960.325
Life insurance contracts with fixed terms linked to investment funds	0	0
Insurance technical provisions for policies where the investment risk is borne by the policyholders	66.311.354	51.940.343
Total life insurance	135.904.712	118.900.668
NON-LIFE INSURANCE		
INSURANCE TECHNICAL PROVISIONS		
Provisions for unearned premium	21.269.521	20.877.885
Claims provisions	57.376.688	56.757.934
Provisions for profit sharing and premium refund	3.176.314	3.049.055
Other insurance technical provisions	1.965.998	2.091.171
Total Nonlife insurance	83.788.521	82.776.045
Total technical provisions	153.381.879	149.736.370
Total	219.693.233	201.676.713

The Company applies for calculation of mathematical reserves for group life insurance of creditors with single payments of premium (tariff LRKF and LRKF2) estimation, based on unearned premiums reserve calculation.

Share of available for sale financial assets' revaluation reserve that belongs to classic life DPF insurance contract policyholders

Movements in share of available for sale revaluation reserve that belongs to classic life DPF insurance contract policyholders for years 2019 and 2018

	2019	2018
At beginning of year	8.462.667	10.939.966
Change of corresponding share of fair value of financial assets available for sale	973.565	-2.477.299
At end of year	9.436.231	8.462.667

Share of available for sale revaluation reserve that belongs to classic life DPF insurance contract policyholders relates to unrealized gains and losses of financial assets available for sale. This item represents 75% of unrealized gains on financial assets available for sale and is included in other insurance technical provisions.

At the end of 2019 the decrease due to negative movement in value of available for sale investment in cover fund of classic life insurance. Negative revaluation from available for sale investments was recognized through other comprehensive income in equity, as it is disclosed in 8.2.1.4.

This item is accounting category and is not written to the individual contract of classic life insurance and thus not included in mathematical provisions by individual policies until the profits or losses from these available for sale investments are actually realized through income statement. Company maintains sufficient coverage of technical provisions from classic life insurance with appropriate investments without including this item at 2019 year end.

Development claim tables for non-life insurance

In addition to scenario testing, the development of insurance technical provisions provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of each table below illustrates how the Company's estimate of total claims for each accident year has changed at successive year-ends. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet. An accident-year basis is considered to be most appropriate for the business written by the Company.

2019

Years after Accident Year	2004	2005	2006	2007	2008	2009
0	8.154.770	10.695.930	17.840.716	23.510.555	32.050.528	30.822.579
1	9.859.643	9.571.274	16.261.898	22.249.362	31.400.375	30.432.135
2	9.372.213	8.973.534	16.105.590	21.321.841	31.257.367	29.815.358
3	9.439.535	8.898.708	16.061.750	20.846.777	31.160.650	30.271.930
4	8.953.149	8.289.046	15.688.207	20.534.052	29.661.265	29.292.505
5	8.613.333	8.196.515	15.379.018	20.328.755	28.506.998	28.916.765
6	8.517.343	8.133.729	15.060.841	20.128.417	28.310.382	28.460.141
7	8.425.721	8.034.942	14.817.128	19.737.908	27.871.788	27.237.302
8	8.384.551	7.995.963	14.634.076	19.209.567	27.609.857	25.584.516
9	8.326.671	7.783.002	14.470.969	19.086.488	27.407.127	25.424.766
10	8.304.971	7.770.769	14.414.780	18.893.538	27.344.982	25.114.286
11	8.052.858	7.618.113	14.182.984	18.028.106	26.893.078	
12	7.979.507	7.579.096	14.086.747	17.999.741		
13	7.979.507	7.572.089	14.077.759			
14	7.972.630	7.571.264				
15	7.700.211					
Total	7.700.211	7.571.264	14.077.759	17.999.741	26.893.078	25.114.286

Accident Year	until 2004	2005	2006	2007	2008	2009
Total Payments	32.699.107	7.260.004	13.817.393	17.889.514	26.804.851	25.024.220
RBNS	270.019	311.261	260.365	110.227	88.227	90.066
IBNR	0	0	0	0	0	0
CHC*	10.801	12.450	10.415	4.409	3.529	3.603
Total Liabilities	280.820	323.711	270.780	114.636	91.756	93.669

*Claims Handling Costs

2018

Years after Accident Year	2003	2004	2005	2006	2007	2008
0	7.028.282	8.154.770	10.695.930	17.840.716	23.510.555	32.050.528
1	8.481.165	9.859.643	9.571.274	16.261.898	22.249.362	31.400.375
2	7.989.168	9.372.213	8.973.534	16.105.590	21.321.841	31.257.367
3	7.911.145	9.439.535	8.898.708	16.061.750	20.846.777	31.160.650
4	7.849.604	8.953.149	8.289.046	15.688.207	20.534.052	29.661.265
5	7.449.632	8.613.333	8.196.515	15.379.018	20.328.755	28.506.998
6	7.128.395	8.517.343	8.133.729	15.060.841	20.128.417	28.310.382
7	7.101.458	8.425.721	8.034.942	14.817.128	19.737.908	27.871.788
8	6.991.468	8.384.551	7.995.963	14.634.076	19.209.567	27.609.857
9	6.916.152	8.326.671	7.783.002	14.470.969	19.086.488	27.407.127
10	6.900.833	8.304.971	7.770.769	14.414.780	18.893.538	27.344.982
11	6.810.187	8.052.858	7.618.113	14.182.984	18.028.106	
12	6.748.754	7.979.507	7.579.096	14.086.747		
13	6.743.329	7.979.507	7.572.089			
14	6.483.419	7.972.630				
15	6.338.770					
Total	6.338.770	7.972.630	7.572.089	14.086.747	18.028.106	27.344.982

Accident Year	until 2003	2004	2005	2006	2007	2008
Total Payments	25.160.242	7.529.713	7.258.804	13.817.393	17.885.099	26.784.151
RBNS	117.330	442.917	313.286	269.354	143.007	365.210
IBNR	0	0	0	0	0	195.622
CHC*	4.693	17.717	12.531	10.774	5.720	21.313
Total Liabilities	122.024	460.634	325.817	280.128	148.727	582.145

*Claims Handling Costs

8.2.2.1 Provisions for unearned premium

Provisions for unearned premium	31.12.2019			31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Nonlife	21.269.521	-218.577	21.050.944	20.877.886	-247.945	20.629.940
Life	2.941.136	-2.320.066	621.070	2.591.944	-2.226.952	364.992
Total	24.210.657	-2.538.643	21.672.014	23.469.830	-2.474.897	20.994.933

NON-LIFE INSURANCE						
Provisions for unearned premium	31.12.2019			31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At beginning of year	20.877.886	-247.945	20.629.940	20.652.178	-268.192	20.383.986
Increase in the period	21.269.521	-218.577	21.050.944	20.877.886	-247.945	20.629.940
Release in the period	-20.877.886	247.945	-20.629.940	-20.652.178	268.192	-20.383.986
At end of year	21.269.521	-218.577	21.050.944	20.877.886	-247.945	20.629.940

Increase in unearned provision relates to increase in insurance contracts made in year 2019. The deduction of acquisition costs from unearned premiums of non-life insurance represents 15% for all insurance types. There is no such deduction of acquisition costs in life insurance.

NON-LIFE INSURANCE		
	2019	2018
Provisions for unearned premium	25.022.966	24.562.218
Decrease in acquisition costs	-3.753.445	-3.684.333
Decreased Provisions for acquisition costs	21.269.521	20.877.885

	Movement of Provisions for unearned premium	Movement of acquisition costs
	2019	2019
At beginning of year	24.562.218	3.684.333
Increase in the period	25.022.966	3.753.445
Release in the period	-24.562.218	-3.684.333
At end of year	25.022.966	3.753.445

In non-life insurance, provisions for unearned premium are reduced by acquisition costs using a lump percentage. The percentage is fixed based on historic costs of the Company. Since the actual acquisition costs still exceed the lump percentage Company uses the same decrease percentage in 2018.

LIFE INSURANCE		31.12.2019			31.12.2018		
Provisions for unearned premium	Gross	Reinsurance	Net	Gross	Reinsurance	Net	
At beginning of year	2.591.944	-2.226.952	364.992	2.076.140	-1.667.500	408.640	
Increase in the period	349.192	-93.114	256.078	515.804	-559.452	-43.648	
At end of year	2.941.136	-2.320.066	621.070	2.591.944	-2.226.952	364.992	

8.2.2.2 Mathematical provisions

		31.12.2019			31.12.2018		
Mathematical provisions	Gross	Reinsurance	Net	Gross	Reinsurance	Net	
At beginning of year	54.096.178	-27.048.089	27.048.089	53.098.431	-26.549.215	26.549.216	
Liabilities released for payments on death, surrender and other terminations in the year	-5.279.960	531.197	-4.748.763	-5.473.683	508.166	-4.965.517	
Change in the year (change in liabilities)	6.447.497	-1.114.965	5.332.532	6.471.431	-1.007.040	5.464.391	
At end of year	55.263.715	-27.631.858	27.631.858	54.096.178	-27.048.089	27.048.089	

Increase of mathematical provision refers to insurance premium payments and interest attribution.

8.2.2.3 Claims provisions

LIFE INSURANCE		31.12.2019			31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net	
Notified claims	845.194	-481.865	363.330	848.214	-471.902	376.312	
Incurred but not reported	526.186	-263.093	263.093	582.888	-291.444	291.444	
Total at the beginning of year	1.371.380	-744.958	626.423	1.431.102	-763.346	667.756	
Cash paid for claims, surrenders and maturities settled in year	6.218.294	-5.769.679	448.615	6.273.593	-6.670.856	-397.263	
Change in liabilities (PL effect)	-91	-34.149	-34.240	-59.722	18.389	-41.333	
Change in liabilities	6.218.294	-5.769.679	448.615	6.273.593	-6.670.856	-397.263	
Total at the end of year	1.371.289	-779.107	592.182	1.371.380	-744.957	626.423	
Notified claims	854.243	-520.583	333.660	845.194	-481.865	363.330	
Incurred but not reported	517.047	-258.523	258.523	526.186	-263.093	263.093	
Total at the end of year	1.371.290	-779.106	592.183	1.371.380	-744.958	626.423	

NON-LIFE INSURANCE	31.12.2019						31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net	Gross	Reinsurance	Net
Notified claims	43.246.219	-9.348.802	33.897.417	50.389.060	-16.061.395	34.327.664			
Incurred but not reported	13.511.715	-1.265.306	12.246.410	14.280.574	-1.843.791	12.436.784			
Total at the beginning of year	56.757.934	-10.614.107	46.143.827	64.669.634	-17.905.186	46.764.448			
Cash paid for claims, surrenders and maturities settled in year	34.034.507	-1.862.107	32.172.400	42.106.087	-8.603.159	33.502.928			
Arising from current year claims (PL effect)	740.818	-603.808	137.011	-7.905.037	5.275.886	-2.629.151			
Arising from prior year claims (PL effect)	-122.064	-358.741	-480.805	-6.663	2.015.193	2.008.529			
Change in liabilities	-34.034.507	1.862.107	-32.172.400	-42.106.087	8.603.159	-33.502.928			
Total at the end of year	57.376.688	-11.576.656	45.800.032	56.757.934	-10.614.107	46.143.827			
Notified claims	43.963.796	-10.743.345	33.220.451	43.246.219	-9.348.802	33.897.417			
Incurred but not reported	13.412.892	-833.312	12.579.581	13.511.715	-1.265.306	12.246.410			
Total at the end of year	57.376.688	-11.576.657	45.800.031	56.757.934	-10.614.108	46.143.826			
Total at the end of year life and nonlife insurance	58.747.978	-12.355.764	46.392.214	58.129.314	-11.359.066	46.770.249			

Movement of claims reserves of co-insurance accepted and reinsurance accepted is included in gross part, while movement of claims reserves, relating to co-insurance given is included in reinsurance part.

8.2.2.4 Other insurance technical provisions

	31.12.2019	31.12.2018
Deferred policyholder liabilities	9.436.231	8.462.667
Unexpired risk provision	1.965.998	2.091.171
Provisions for profit sharing and premium refund	3.751.268	3.481.023
Provisions for unpaid commissions	6.031	6.187
Total other provisions	15.159.528	14.041.048

— Unexpired risk provision

NON-LIFE INSURANCE	31.12.2019			31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of year	2.091.171	0	2.091.171	2.520.859	0	2.520.859
Change in the period (PL effect)	-125.173	0	-125.173	-429.688	0	-429.688
At the end of year	1.965.998	0	1.965.998	2.091.171	0	2.091.171

According to the terms of the reinsurance contract, the Company does not show the reinsurance part of unexpired risk provisions.

— Deferred policyholder liabilities

	2019	2018
At the beginning of the year	8.462.667	10.939.966
Change of deferred policyholder liabilities	973.564	-2.477.299
At the end of year	9.436.231	8.462.667

8.2.2.5 Provisions for profit sharing and premium refund

NON-LIFE INSURANCE	31.12.2019			31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of year	3.049.055	-21.887	3.027.167	2.753.259	-15.020	2.738.240
Increase in the period (PL effect)	176.520	49.261	225.780	338.776	36.113	374.889
Payments in the period	-49.261	-49.261	-98.521	-42.981	-42.981	-85.961
At the end of year	3.176.314	-21.887	3.154.426	3.049.055	-21.887	3.027.167

LIFE INSURANCE	31.12.2019			31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of year	431.968	0	431.968	417.891	0	417.891
Change in period	142.986	0	142.986	14.077	0	14.077
At the end of year	574.954	0	574.954	431.968	0	431.968

8.2.2.6 Insurance technical provisions for unit-linked insurance contracts

— Insurance technical provisions for unit-linked insurance contracts

LIFE INSURANCE	31.12.2019			31.12.2018		
	Gross	Reinsurance	Net	Gross	Reinsurance	Net
At the beginning of year	51.940.343	-25.986.323	25.954.020	54.298.797	-27.165.550	27.133.248
Increase	19.525.917	-9.762.958	9.762.958	4.437.788	-2.218.894	2.218.894
Decrease	-5.154.905	2.577.453	-2.577.453	-6.796.242	3.398.121	-3.398.121
Change in the period	14.371.011	-7.185.506	7.185.506	-2.358.454	1.179.227	-1.179.227
At the end of year	66.311.354	-33.171.829	33.139.526	51.940.343	-25.986.323	25.954.020

8.2.3 Other provisions

LIFE INSURANCE	31.12.2019	31.12.2018
Retirement benefit obligation and jubilee rewards	332.014	288.628
Other provisions	139.757	61.147
Total LIFE	471.771	349.775
NONLIFE INSURANCE		
Retirement benefit obligation and jubilee rewards	760.138	660.806
Other provisions	318.885	795
Total NONLIFE INSURANCE	1.079.023	661.601
Total	1.550.794	1.011.376

Other provisions for nonlife insurances relate to retained payments of salaries.

Other provisions for life insurances have been formed for unattained guaranteed return of the manager of the mutual pension fund.

Post-employment retirement benefits were recognized in the amount of two average salaries in Republic of Slovenia (RS) or in the amount of two average salaries of the employee if that amount higher, including contributions to be paid by the employer, namely 16,1% in case the benefit is higher than determined by

The Decree on the levels of reimbursed work-related expenses and of certain income not to be included in the tax base.

Jubilee rewards were recognized in the amount of the basic salary for the 1st tariff class in Collective Agreement for Insurance (1-multiply for 10 years, 1, 5-multiply for 20 years and 2-multiply for 30 years of working period by current employer) and are based on working period by current employer.

Provisions for benefits at the end of fixed-term employment were recognized on the basis of benefit amount, which is 1/5 of the average salary in last three months in case of employment for less than a year and 1/5 of the average salary in last three months +1/12 of this amount for every further month of employment.

Retirement benefit obligation and jubilee rewards	2019	2018
At beginning of year	949.434	794.115
Current service cost	124.600	116.129
Interests cost	-7.111	-5.860
Benefits paid	-33.334	-32.650
Actuarial gains/losses (balancing figure)	58.563	77.700
At end of year	1.092.152	949.434

Year 2019	Provisions for unpaid salaries	Provisions for lawsuit	Provisions for pension fund – Leon	Other provision	Total
At beginning of year	795	0	61.147		61.941
Change in the year	0	0	-60.326	457.026	396.700
At end of year	795	0	821	457.026	458.642

Year 2018	Provisions for unpaid salaries	Provisions for lawsuit	Provisions for pension fund – Leon	Total
At beginning of year	782	0	309	1.091
Change in the year	12	0	60.839	60.851
At end of year	795	0	61.148	61.942

Expected timing of discounted outflows for provisions for retirement and jubilee rewards:

2019	Up to 1 year	From 1 to 5 years	More than 5 years
Long-term provisions for retirement and jubilee rewards	40.470	113.392	938.290
2018	Up to 1 year	From 1 to 5 years	More than 5 years
Long-term provisions for retirement and jubilee rewards	35.181	98.575	815.678

8.2.4 Deferred tax liabilities

OFF-SETTING OF DEFERRED TAXES	31.12.2019	31.12.2018
Deferred tax assets	32.963	21.422
Deferred tax liabilities	1.489.921	1.140.317
Total tax liabilities	1.456.957	1.118.895

The Company offsets deferred tax assets and deferred tax liabilities under IAS 12 rules as they relates to the same tax authorities.

8.2.4.1 Deferred tax assets

DEFERRED TAX ASSETS	31.12.2019	31.12.2018
LIFE INSURANCE		
Tax loss carry forward	0	0
Other	8.845	4.163
Impairment of financial assets	0	0
Total LIFE insurance	8.845	4.163
NONLIFE INSURANCE		
Tax loss carry forward	0	0
Other	16.451	9.591
Impairment of financial assets	7.667	7.667
Total NONLIFE insurance	24.119	17.258
Total	32.963	21.422

The Company establishes deferred tax assets resulting from revaluation and impairment of available for sale assets at a 19% rate (2018: 19%).

Movement of the year

DEFERRED TAX ASSETS	2019	2018
At beginning of year	21.422	7.667
Net change	11.541	13.755
At end of the year	32.963	21.422

8.2.4.2 Deferred tax liabilities

DEFERRED TAX LIABILITIES	31.12.2019	31.12.2018
LIFE INSURANCE		
Revaluation of financial assets available for sale	629.818	563.880
Total LIFE insurance	629.818	563.880
NONLIFE INSURANCE		
Revaluation of financial assets available for sale	860.103	576.436
Total NONLIFE insurance	860.103	576.436
Total	1.489.921	1.140.316

Movement of the year

DEFERRED TAX LIABILITIES	2019	2018
At beginning of year	1.140.317	1.781.537
Change due to financial assets available for sale revaluation	349.604	-641.220
At end of the year	1.489.921	1.140.317

As a result of the positive movement of the reserves from investments, available for sale, in 2019 the Company had deferred tax liabilities from the revaluation of investments.

8.2.5 Liabilities

	31.12.2019	31.12.2018
Payables arising out of insurance operations	4.056.308	3.661.215
Payables arising out of reinsurance operations	71.318.630	64.040.877
Liabilities for corporate income tax	0	523.767
TOTAL PAYABLES	75.374.938	68.225.859

Liabilities arising out of insurance operations and other payables have maturity within twelve months. For maturity of payables arising out of re-insurance operations see disclosure at point at point 8.2.5.2

8.2.5.1 Financial liabilities

Other financial liabilities relate to leases liabilities. Short term of financial liabilities present 1.351.047 EUR. Total amount of financial liabilities is 1.874.693.

8.2.5.2 Liabilities arising out of insurance and reinsurance operations

LIFE INSURANCE	31.12.2019	31.12.2018
1.Liabilities for investment of reinsurers from reinsurance contracts	63.902.859	55.990.171
Liabilities for investment of reinsurers from reinsurance contracts	30.731.030	30.019.999
Liabilities for investment of reinsurers from reinsurance contracts, where risk is born by policyholder	33.171.829	25.970.172
2.Premium liabilities re – insurance	4.498.811	4.530.808
Total liabilities from reinsurance	68.401.670	60.520.979
Payables arising out of insurance operations	1.743.005	
1.Payables client	979.672	717.215
Other client payables	443.677	271.840
Other client payables, where risk is born by policyholder	535.995	445.375
2.Payables brokers	716.147	981.872
3.Other payables arising out of insurance operations	47.186	35.170
Total liabilities from insurance operations	1.743.005	1.734.257
Total liabilities LIFE	70.144.675	62.255.236
NONLIFE INSURANCE	31.12.2019	31.12.2018
1.Liabilities for investment of reinsurers from reinsurance contracts	52.107	54.987
2.Premium liabilities arising out of re - insurance operations	2.864.853	3.464.911
Premium liabilities co – insurance	91.028	53.458
Premium liabilities re – insurance	2.650.678	3.331.092
Other premium liabilities arising out of co - insurance and re insurance operations	123.147	80.361
Total liabilities from reinsurance	2.916.960	3.519.898
1.Payables arising out of insurance operations	2.313.303	1.926.958
Payables client	1.659.625	1.356.123
Payables brokers	56	0
Other payables arising out of insurance operations	653.622	570.630
Total liabilities from insurance operations	2.313.303	1.926.958
Total liabilities NONLIFE	5.230.263	5.446.856
Total liabilities from reinsurance	71.318.630	64.040.877
Total liabilities from insurance operations	4.056.308	3.661.215

The majority of reinsurance operations refers to reinsurers within the Generali Group. Liabilities for investment of reinsurers from reinsurance contracts have duration less than 1 year in amount of 5.185.727EUR (2018: 4.543.612EUR), duration between 1 and 5 years in amount 11.547.142 EUR (2018: 10.117.333 EUR) and duration more than 5 years in amount of 29.754.052 EUR (2018: 26.069.795 EUR).

8.2.5.2 Deposit reinsurance liabilities

LIFE INSURANCE	31.12.2019	31.12.2018	NON-LIFE INSURANCE	31.12.2019	31.12.2018
Deposits from reinsurance			Deposits from reinsurance		
At beginning of year	55.990.171	56.129.460	At beginning of year	54.987	153.638
Increase in the period	7.912.688	-139.290	Increase in the period	-2.880	-98.651
Release in the period	0	0	Release in the period	0	0
At end of year	63.902.859	55.990.171	At end of year	52.107	54.987

Deposits from reinsurance relate to forming liabilities to reinsurer according to reinsurance contracts.

Liabilities for investment of reinsurers from reinsurance contracts (re-insurance deposit) are due at the end of next business year. For life insurance there is no interest rate agreed (reinsurer participates in investment income), while for non-life insurance it amounts to 1,5% per year.

8.2.5.3 Liabilities for corporate income tax

8.2.5.3.1 Income tax expense

	2019	2018
Profit before income tax	4.161.847	5.750.811
Income tax rate	19%	19%
Tax calculated at domestic tax rate	790.751	1.092.654
Effects of:		
Income not subject to tax	0	0
Other expenses not allowable for tax purposes	179.941	121.534
Income added for tax purposes	-135.130	-129.436
Tax loss carried forward	0	0
TOTAL TAX EXPENSE	835.563	1.084.755
Effective tax rate	20,08%	18,86%
INCOME TAX EXPENSE	835.563	1.084.755
Deferred tax income / expense	0	0
Total tax expense	835.563	1.084.755

Corporate income tax calculation is based on income and expenses from the income statement. This basis is increased for tax-non-deductible expenses, such as 50% of formed reserves for jubilee and retirement payments (decreased for utilisation of these reserves), impairment of receivables, and impairment of financial assets, 50% of representation cost, donations and other tax non-deductible expenses. The considered tax reliefs are: the relief for disabled employees, the relief for voluntary additional pension insurance and the relief for donations.

8.2.6 Other liabilities

	31.12.2019	31.12.2018
NONLIFE INSURANCE		
Other payables	2.647.063	2.488.581
Accrued costs	4.343.847	3.891.843
Deferred income	0	0
Total nonlife insurance	6.990.910	6.380.424
LIFE INSURANCE		
Other payables	1.918.318	1.184.654
Total accrued costs and deferred income	2.214.081	
Accrued costs	2.209.487	2.149.934
Deferred income	4.594	6.451
Total LIFE insurance	4.132.399	3.341.039
TOTAL	11.123.309	9.721.463
Reconciliation between LIFE and NONLIFE	-1.745.803	-1.029.047
TOTAL	9.377.506	8.692.416

Other payables in nonlife insurance in the amount of 1.112.805 EUR relate to payables to employees. Other liabilities in majority relate to accrued costs for suppliers for various services.

Reconciliation of receivables and payables between property insurances and life insurances mostly appears from settlement of due current payables, being performed from one bank account (current bank account) regardless of cost allocation of expenses being paid.

8.2.6.1 Accrued costs and deferred income

	2019	2018
LIFE INSURANCE		
Accrued acquisition costs	2.102.822	2.052.316
Other accrued costs	106.664	97.618
Deferred income	4.594	6.451
TOTAL LIFE INSURANCE	2.214.080	2.156.385
NON-LIFE INSURANCE		
Accrued acquisition costs	1.645.023	1.484.727
Accrued operating costs	2.434.438	2.183.551
Other accrued costs	264.386	223.565
TOTAL NONLIFE INSURANCE	4.343.847	3.891.843
TOTAL	6.557.928	6.048.228

Accrued acquisition costs refer to those commissions for which the premiums were invoiced in 2019, yet the commissions related to these premiums were not included in 2019.

Accrued operating costs for both, life and non-life insurance, mainly comprise of accrued operating expenses for December 2019, for which the Company has not yet received the invoices (accrued labour costs and costs of other services, as well as other operating expenses). Other accrued costs mainly refer to provisions for unused leave.

9 Notes to the Income statement

9.1 INCOME

9.1.1 Net income from insurance premium

	2019	2018
NET INCOME FROM INSURANCE PREMIUM		
Nonlife insurance	77.190.777	75.434.443
Health insurance	394	471
Life insurance	28.311.288	26.817.039
Fixed and guaranteed insurance contracts	8.387.931	6.930.052
Insurance contracts with DPF	6.295.268	6.365.938
Unit-linked insurance contracts	13.628.089	13.521.048
Total income from insurance premium	105.502.065	102.251.482
Change in unearned premium:		
Non-life insurances	-421.004	-245.954
Health insurance	0	0
Life insurances	-256.078	43.648
Fixed and guaranteed insurance contracts	-256.875	44.812
Insurance contracts with DPF	797	-1.164
Change in unearned premium total	-677.082	-202.306
Gross insurance premium written	104.824.983	102.049.176
SHORT-TERM REINSURANCE CONTRACTS		
Premium revenue ceded to reinsures and coinsurance on insurance contracts issued - non-life insurance	-11.341.983	-11.598.403
Premium revenue ceded to reinsures and coinsurance on insurance contracts issued - life insurance	-14.813.902	-14.407.133
Premium revenue ceded to reinsures and coinsurance on insurance contracts issued total	-26.155.885	-26.005.536
Net insurance premium revenue	78.669.098	76.043.640

9.1.2 Investment income

NONL INSURANCE	2019	2018
Investment income	1.819.835	1.801.243
Income from shares	58.982	52.801
Investment income other	1.750.439	1.748.442
Fair value net gains	0	0
Realized gains	10.414	0
Total NONL insurance	1.819.835	1.801.243

LIFE insurance	2019	2018
Investment income	3.132.552	3.374.163
Income from shares	61.862	56.176
Investment income other	2.358.269	2.554.253
Fair value net gains	0	0
Realized gains	712.421	763.734
Gains from LIFE unit-linked insurance	34.508.150	27.900.901
Total LIFE insurance	37.640.702	31.275.064

9.1.2.1 Investment income and expenses

LIFE	2019	2018
Available for sale financial assets		
Income in P&L	2.407.827	3.058.985
Expenses in P&L	-11.428	-216
Financial assets at fair value through profit or loss		
Income in P&L	9.279.566	148
Expenses in P&L	0	-5.540.555
Other investments		
Interest income	11.853	12.528
TOTAL INCOME LIFE	11.699.246	3.071.661
TOTAL EXPENSES LIFE	-11.428	-5.540.771
NONLIFE		
Available for sale		
Income in P&L	1.819.480	1.800.793
Expenses in P&L	-26.095	-88
Other investments		
Interest income	218	345
TOTAL INCOME NONLIFE	1.819.698	1.801.138
TOTAL EXPENSES NONLIFE	-26.095	-88
TOTAL INCOME	13.518.944	4.872.799
TOTAL EXPENSES	-37.523	-5.540.859

Net income from financial assets

	Note	2019	2018
Income from assets of NONLIFE insurance	9.1.2	1.819.835	1.801.243
Income from assets of LIFE insurance	9.1.2	37.640.702	31.275.064
Expense from assets of NONLIFE insurance	9.2.1	-26.234	-193
Expense from assets of LIFE insurance	9.2.1	-25.952.884	-33.744.176
Total net income from financial assets		13.481.419	-668.062

9.1.2.2 Investment income on available for sale

	2019	2018	2019	2018	2019	2018
Available for sale:	LIFE		NON-LIFE		TOTAL	
Dividend income	61.841	56.029	58.982	52.801	120.823	108.830
Interest income	2.336.759	2.523.736	1.750.084	1.747.991	4.086.843	4.271.727
Net realised gains (Note 9.1.2.5)	9.227	479.220	10.414	0	19.641	479.220
Other	397	288	138	105	535	393
Total	2.408.224	3.059.273	1.828.869	1.800.897	4.227.842	4.860.170

9.1.2.3 Investment income on Loans and receivables

	2019	2018	2019	2018	2019	2018
Loans and receivables	LIFE		NON-LIFE		TOTAL	
Interest income	11.853	12.527	74	255	11.927	12.782
Total	11.853	12.527	74	255	11.927	12.782

9.1.2.4 Investment income on Cash and cash equivalents interest Income

	2019	2018	2019	2018	2019	2018
Cash and cash equivalents	LIFE		NON-LIFE		TOTAL	
Interest income	0	1	739	774	739	775
Total	0	1	739	774	739	775

9.1.2.5 Realised gains and losses on financial assets available for sale

	2019	2018	2019	2018	2019	2018
	LIFE		NON-LIFE		TOTAL	
Realized gains on financial assets – available for sale						
Equity securities	0	0	0	0	0	0
Debt securities	9.227	479.220	10.414	0	19.641	479.220
Total realized gains	9.227	479.220	10.414	0	19.641	479.220
Realized losses on financial assets – available for sale:						
Equity securities	0	0	0	0	0	0
Debt securities	0	0	0	0	0	0
Total realized losses	0	0	0	0	0	0
Total	9.227	479.220	10.414	0	19.641	479.220

9.1.2.6 Net gains on financial assets at fair value through profit or loss

	2019	2018
Net gains on financial assets at fair value through profit or loss	9.279.566	-5.540.408
Total	9.279.566	-5.540.408

9.1.3 Other insurance income

Life insurance	2019	2018
Front and enrolment fees for unit-linked insurance	2.267.479	2.749.339
Other fees for unit-linked insurance	1.207.928	1.185.835
Total fees	3.475.408	3.935.175
Other income for unit-linked insurance	28.938	27.637
Total life insurance	3.504.346	3.962.812

Non-life insurance	2019	2018
Income from foreign claims handling	337.146	338.066
Income from co-insurance commission	70.754	91.294
Other income	50.360	0
Total nonlife insurance	458.260	429.360
Total	3.962.606	4.392.171

Other insurance income in life insurance refer mostly to fees for unit linked insurance. Other insurance income in nonlife insurance refer to income from foreign claims handling and income from co-insurance commission.

9.1.4 Other income

Other insurance income	2019	2018
Other insurance income, nonlife insurance	527.473	599.663
Other insurance income, life insurance	1.161.941	1.348.964
Income from management of mutual pension funds	464.477	424.998
Other income	697.464	923.966
Total other insurance income	1.689.414	1.948.627

9.2 EXPENSES

9.2.1 Investment expenses

NONLIFE INSURANCE	2019	2018
Interest expenses and other financial expenses	-26.075	
Available for sale financial expenses	-159	-193
Realized losses	0	0
Total NONLIFE insurance	-26.234	-193
LIFE INSURANCE	2019	2018
Interest expenses, administration and other financial expenses	-23.563	-836.674
<i>Interest expenses and other financial expenses</i>	-11.389	
<i>Available for sale financial expenses</i>	-9.301	-18.250
<i>Realized losses</i>	-2.873	-818.424
Losses from LIFE unit-linked insurance	-25.929.321	-32.907.502
Total LIFE insurance	-25.952.884	-33.744.176

9.2.2 Insurance benefits and claims

9.2.2.1 Insurance benefits and claims for life insurance contracts

Insurance benefits and claims without reinsurance	2019	2018
Life insurance contracts with fixed and guaranteed terms:	873.651	729.310
Claims paid	802.523	782.129
Increase in the provisions	71.128	-52.819
Life insurance contracts with DPF:	5.408.835	5.542.170
Claims paid	5.480.054	5.549.073
Increase in the provisions	-71.219	-6.903
Life insurance contracts linked to investment funds	5.154.905	6.796.242
Claims paid	5.154.905	6.796.242
Total life without reinsurance	11.437.391	13.067.723
Reinsurance part		
Life insurance contracts with fixed and guaranteed terms:	-538.755	-484.129
Claims paid recovered from reinsurers	-468.996	-499.067
Increase in the provisions recovered from reinsurers	-69.758	14.938
Life insurance contracts with DPF:	-2.704.417	-2.771.085
Claims paid recovered from reinsurers	-2.740.027	-2.774.537
Increase in the provisions recovered from reinsurers	35.609	3.451
Life insurance contracts linked to investment funds	-2.577.453	-3.398.121
Claims paid recovered from reinsurers	-2.577.453	-3.398.121
Total life reinsurance part	-5.820.625	-6.653.335
Total life net	5.616.766	6.414.387

9.2.2.2 Insurance benefits and claims for nonlife insurance contracts

Insurance benefits and claims without reinsurance	2019	2018
Current year claims and loss adjustment expenses	25.796.364	19.359.978
Additional cost for prior year claims and loss adjustment expenses	7.989.184	14.945.229
Incurred but not reported	-98.823	-768.859
Total nonlife without reinsurance	33.686.725	33.536.348
Reinsurance part		
Current year claims and loss adjustment expenses - recovered from reinsurers	-1.269.943	4.407.160
Additional cost for prior year claims and loss adjustment expenses - recovered from reinsurers	-1.048.330	-5.676.478
Incurred but not reported - recovered from reinsurers	460.153	615.277
Total nonlife reinsurance part	-1.858.119	-654.040
Total nonlife net	31.828.606	32.882.308

9.2.2.3 Insurance benefits and claims reconciliation

The reconciliation of items, disclosed under 9.2.2.1. and 9.2.2.2., with the income statement is shown in the table below.

	2019	2018
Total life - insurance claims and loss adjustment expenses	11.437.391	13.067.723
Total nonlife - insurance claims and loss adjustment expenses	33.686.725	33.536.348
Total insurance claims and loss adjustment expenses	45.124.116	46.604.071
Total life - insurance claims and loss adjustment expenses recovered from reinsurers	-5.820.625	-6.653.335
Total nonlife - insurance claims and loss adjustment expenses recovered from reinsurers	-1.858.119	-654.040
Total insurance claims and loss adjustment expenses recovered from reinsurers	-7.678.744	-7.307.375
Total life and nonlife	37.445.372	39.296.695

Insurance benefits and claims without reinsurance	2019	2018
Claims paid	33.291.930	41.084.235
Increase in provisions	422.954	-7.520.954
Reinsurance part		
Claims paid	-1.119.529	-7.581.305
Increase in provisions	-766.749	6.900.332
Total	31.828.606	32.882.308

9.2.3 Expenses

LIFE INSURANCE	2019	2018
NET OPERATING EXPENSES	12.101.533	4.455.510
Acquisition costs	4.210.940	4.860.441
Changes in deferred acquisition costs (+/-)	14.423	242.110
Other operating expenses	8.924.225	7.665.759
Depreciation of operating assets	765.512	194.592
Labour costs	4.584.676	4.202.069
<i>Salaries</i>	3.497.689	3.247.528
<i>Costs of social insurance</i>	252.378	235.818
<i>Costs of pension insurance</i>	308.076	287.861
<i>Other labour costs</i>	526.533	430.862
Costs of services, performed by physical entities, who do not render activities (costs of contractual work, authorial work, and related to other legal relations), including tributes	6.518	19.386
Other operational expenses	3.567.519	3.249.712
Income from re-insurance commissions	-1.048.055	-8.312.800
NONLIFE INSURANCE		
NET OPERATING EXPENSES	28.442.777	25.191.818
Acquisition costs	9.614.925	9.282.066
Other operating expenses	20.431.778	17.550.552
Depreciation of operating assets	1.752.619	445.513
Labour costs	10.496.498	9.620.526
<i>Salaries</i>	8.007.868	7.435.129
<i>Costs of social insurance</i>	577.814	539.900
<i>Costs of pension insurance</i>	705.332	659.051
<i>Other labour costs</i>	1.205.484	986.446
Costs of services, performed by physical entities, who do not render activities (costs of contractual work, authorial work, and related to other legal relations), including tributes	14.922	44.384
Other operational expenses	8.167.739	7.440.129
Income from re-insurance commissions	-1.603.926	-1.640.800
Total	40.544.310	29.647.328

9.2.3.1 Acquisition costs

Life insurance	2019	2018
Commissions to agencies	805.129	1.360.341
Commissions to agents	61.688	38.554
Special commissions	0	0
Commissions to banks	3.244.163	3.359.853
Commissions to entrepreneurs	99.960	101.694
Total commissions	4.210.940	4.860.441
Change in deferred acquisition costs – agencies	264.377	242.110
Change in deferred acquisition costs – others	-249.954	0
Total change in deferred acquisition costs	14.423	242.110
Total	4.225.363	5.102.551
Non-life insurance		
Commissions to agencies	3.473.552	3.386.196
Commissions to agents	973.865	803.839
Special commissions	70	0
Commissions to banks	1.061.919	1.212.171
Commissions to entrepreneurs	3.462.302	3.254.367
Commissions to others	643.216	625.493
Total	9.614.924	9.282.066
TOTAL	13.840.287	14.384.617

9.2.3.2 Expenses by nature

Life insurance	2019	2018
Rent	167.764	719.374
Intellectual and personal services	382.002	319.723
Other costs of material and services	582.455	576.854
Advertising, promotion and entertainment	1.403.327	853.076
Traffic and communication services	212.338	202.822
Work related costs	112.229	118.981
Office materials and forms	12.503	17.670
Payment system and bank services	189.535	189.488
Insurance premiums	25.821	37.373
Energy costs	79.726	73.508
Software costs	229.938	219.558
Repair and maintenance costs	9.284	12.398
Total	3.406.922	3.340.825
Non-life insurance		
Rent	384.091	1.646.988
Intellectual and personal services	874.584	731.996
Other costs of material and services	1.333.515	1.320.691
Advertising, promotion and entertainment	3.212.879	1.953.095
Traffic and communication services	486.142	464.356
Work related costs	256.945	272.405
Office materials and forms	28.626	40.455
Payment system and bank services	433.936	433.827
Insurance premiums	59.117	85.564
Energy costs	182.530	168.296
Software costs	526.436	502.672
Repair and maintenance costs	21.255	28.384
Total	7.800.056	7.648.729
TOTAL	11.206.978	10.989.554

9.2.3.3 Employee expense

Employee expense	31.12.2019	31.12.2018
Wages and salaries	11.505.557	10.682.656
Social security costs	830.192	775.718
Pension security costs	1.013.407	946.911
Other personnel expenses	1.732.017	1.417.309
Provisions for dismissals and jubilees	90.388	83.243
Total employee benefit expenses	15.171.561	13.905.837

Employees per 31.12. by level of education

Level of education	Number of employees	
	2019	2018
PhD	1	0
Master of science	10	9
University	77	81
High professional school	87	95
High school	48	48
Grammar school	208	209
Grammar school	16	16
Elementary school	0	0
Total	447	458

Average number of employees by level of education

Level of education	Number of employees	
	2018	2017
PhD	1	1
Master of science	10	14
University	76	82
High professional school	86	88
High school	48	49
Grammar school	207	201
Grammar school	16	16
Elementary school	0	0
Total	444	452

9.2.3.3.1 Employees under individual employment contracts

Members of the management board, supervisory board, audit committee and other employees of the Company that have individual contract, for which collectively contract tariff is not relevant, have no advances or loans approved by the Company, neither has Company issued any guarantees for their obligations.

Payments to other employees of the Company that have individual employment contracts, for which collectively contract tariff is not relevant, amounts to 1.002.507EU in 2019 and 962.314 EUR in 2018.

9.2.3.4 Other insurance expenses

NONLIFE INSURANCE	2019	2018
Prevention activities expenses	70.000	0
Other operating expenses	0	0
Other insurance expenses	3.004.581	2.975.906
Agreement on the Compensation of Health Insurance Institute	1.543.804	1.521.577
Fire tax	651.062	620.649
Other insurance expenses	809.715	833.681
Total NONLIFE insurance	3.074.581	2.975.906
LIFE INSURANCE		
Other insurance expenses	3.586.651	4.014.047
Total LIFE insurance	3.586.651	4.014.047
Total	6.661.232	6.989.953

The amount of other insurance expenses relates mainly to fire tax and lump sum compensation for claims of Health Insurance Institute of Slovenia due to death or injuries of insured persons in car accidents, settled in accordance with Compulsory Motor Third-Party Liability Act.

9.2.3.5 Other expenses

NONLIFE INSURANCE	2019	2018
Co-insurance fee expenses	453.709	444.686
Revaluation expenses	227.254	-70.293
Write off of receivables	83.943	101.827
Indemnities (non-technical)	11.399	676
Other expenses	25.544	22.575
Total NONLIFE insurance	801.849	499.471
LIFE INSURANCE		
Management of pension fund expenses	-48.825	72.182
Expenses for unit-linked	19.693	7.194
Revaluation expenses	107.089	9.340
Write off of receivables	114	178
Indemnities (non-technical)	4.979	295
Other expenses	141.269	206.985
Total LIFE insurance	224.319	296.174
TOTAL	1.026.168	795.645

Other operating expenses include also Interest expense on investments of reinsurers from reinsurance contracts relating to liabilities for investment of reinsurer from reinsurance contracts (re-insurance deposit) for non-life insurance. Reinsurer calculated interest 1,5% per year. For re-insurance deposit which relates to Life insurance no interest rate is agreed.

9.2.3.6 Amounts spend on auditors

The audit of the financial statements was performed by the auditing company Ernst & Young, Revizija, poslovno svetovanje d.o.o., Ljubljana. The amounts, paid for auditing services are shown below:.

	2019	2018
Auditing of the Annual Report	53.457	47.580
Other auditing services	4.011	4.011
Other assurance services	43.310	21.960
Other non-auditing services	0	0
Total	100.778	73.551

10 Other information

10.1 DIVIDENDS PER SHARE

Profit for the year of the Company is used to cover the losses from previous years and no dividends shall be paid to the shareholders.

10.2 RELATED PARTY TRANSACTIONS

All related party transactions are done with companies in the Generali Group, which are included in the consolidated accounts of the Generali Group.

Operations with related parties present transactions with the ultimate parent company Assicurazioni Generali S.p.A, with the parent company Generali Group CEE Holding B.V. and transactions with others companies in the Generali Group.

GP Reinsurance EAD and Assicurazioni Generali S.p.a. provides major part of the Company's reinsurance operations. Generali-Providencia Biztosito Zrt provides part of IT services.

All balance sheet items as well as all income statement line items in the following table refer to companies in the Generali Group.

Generali Zavarovalnica d.d. received in all business with parent company in year 2019 adequate payments and was not deprived on this basis.

Generali Zavarovalnica d.d. is showing on the basis of transactions with related natural persons together with their immediate family members in profit and loss account premiums in amount of 8.133,39 EUR.

10.3 TRANSACTIONS WITH THE PARENT COMPANY

Operating expenses	2019	2018
Generali CEE Holding B.V.	15.449	43.277
Other short-term liabilities	2019	2018
Generali CEE Holding B.V.	0	0

10.4 TRANSACTIONS WITH OTHER COMPANIES IN GENERALI GROUP

LIFE INSURANCE	2019	2018
BALANCE SHEET ITEMS:		
Receivables from reinsurance	886.627	309.064
Liabilities for investment of reinsurers from reinsurance contracts	62.161.534	55.990.171
Liabilities from reinsurance - premium	408.133	214.154
Other liabilities from reinsurance - premium	0	0
Other short-term liabilities	150.000	120.000
INCOME STATEMENT ITEMS:		
Reinsurance premiums	14.087.072	12.914.219
Claims paid - reinsurance share	5.684.532	6.563.174
Reinsurance commission and other income	666.914	7.502.334
Other income	45	1.308
Operating expenses	530.287	398.775
NON-LIFE INSURANCE		
BALANCE SHEET ITEMS:		
Receivables from reinsurance	1.427.184	2.957.406
Receivables from coinsurance	384.612	313.404
Other receivables	237.483	236.798
Financial assets	550.022	298.022
Loans	0	0
Liabilities from coinsurance	24.087	20.487
Liabilities for investment of reinsurers from reinsurance contracts	52.107	54.987
Liabilities from reinsurance - premium	2.114.665	2.556.635
Other liabilities from reinsurance	12.596	11.520
Other short-term liabilities	1.070.370	808.264
INCOME STATEMENT ITEMS:		
Reinsurance premiums	9.597.024	9.578.957
Accepted reinsurance premiums	818.646	805.082
Claims paid - reinsurance share	1.714.107	5.995.784
Accepted reinsurance claims	75.332	449.883
Reinsurance commission and other income	1.437.428	1.453.130
Accepted reinsurance commission expenses	74.354	65.543
Interest on deposits of reinsurers	3.024	4.087
Other insurance income	319.399	278.441
Other income	104	3.064
Operating expenses	904.702	550.964
Other insurance expenses	14.893	467.228

11 Events after balance sheet date

On 3 January 2020, Adriatic Slovenica d. d. merged with Generali Zavarovalnica d. d. In accordance with the law, Generali Zavarovalnica, as a acquiring company, became the universal legal successor of Adriatic Slovenica d.d. and the acquirer of all its rights and obligations. On the same day, Adriatic Slovenica was deleted from the register.

On 12 March 2020, Slovenia declared an epidemic under Article 7 of the Communicable Diseases Act due to an increase in the number of cases of Coronavirus infection and Covid-19 disease in the country. At the same time, in accordance with the recommendations issued by the National Institute of Public Health (NIJZ) and the Government of the Republic of Slovenia, the Insurance Company adopted the recommended safeguard measures to ensure a safe working environment, safety of the employees, the policyholders and other clients. The basis for the declaration of the epidemic was the expert opinion of the National Institute of Public Health (NIJZ). By declaring the epidemic, Slovenia followed the declaration of a pandemic by the World Health Organization, declared the day before. The negative effects of the epidemic on the business of the Insurance Company cannot yet be assessed.

12 Independent auditor's report



This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Generali zavarovalnica d.d. Ljubljana

Opinion

We have audited the financial statements of Generali zavarovalnica d.d. Ljubljana (the Company), which comprise the statement of financial position as at 31 December 2019, the income statement, the statement of other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA) 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 ("Regulation (EU) No. 537/2014 of the European Parliament and the Council"). Our responsibilities under those rules are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.



Estimates used in calculation of insurance liabilities and Liability Adequacy Test (LAT)

The measurement of insurance contract liabilities involves judgement over uncertain future outcomes, mainly the ultimate total settlement value of long-term liabilities, including any guarantees provided to policyholders. Various economic and non-economic assumptions, like inflation, interest rate, mortality, lapse and longevity, are being used to estimate these long-term liabilities, both in the insurance contract liabilities as reported in the statement of financial position and in the LAT. We determined this to be a significant item for our audit and a key auditing matter.

We used actuarial specialists to assist us in performing our audit procedures. In particular, our audit focused on the models considered material and more complex or requiring significant judgement in the setting of assumptions, particularly LAT cash flows in life products. We assessed the design and verified the operating effectiveness of internal controls over the actuarial process including claim reserves calculation, process of setting economic and actuarial assumptions as well as cash flow derivation approach. We assessed the Company's modelling approach in the areas considered higher risk as a result of complexity or magnitude. We also assessed the Company's approach and methodology for the actuarial analyses including estimated versus actual results and experience studies. We assessed the experience analyses performed by the Company in their assumption setting processes. We evaluated economic and actuarial assumptions considering management's rationale for the actuarial judgments applied, along with comparison to applicable industry experiences considering the appropriateness of actuarial judgments used in the models, which may vary depending on the product and the specifications of the product. We also assessed compliance of the models with International Financial Reporting Standards as adopted by the European Union. Furthermore, we performed audit procedures to determine the models and systems were calculating the insurance contracts liabilities accurately and completely, including sample recalculations of the results produced by the models. We tested the validity of management's LAT which is a test performed to check that the liabilities are adequate as compared to the expected future contractual obligations. Our work on the LAT included assessing the reasonableness of the projected cash flows and assessment of the assumptions adopted in the context of both the Company and industry experience and specific product features.

We assessed the adequacy of the disclosures included in notes 8.2.2 Insurance technical provisions and reinsurance assets and 5.10.3 Insurance technical provisions of the financial statements and their compliance with International Financial Reporting Standards as adopted by the European Union.



Information technology (IT) systems and controls over financial reporting

A significant part of the Company's financial reporting process and revenue recognition is heavily reliant on IT systems with automated processes and controls over the capture, storage and extraction of information. A fundamental component of these processes and controls is ensuring appropriate user access and change management protocols exist and are being adhered to.

These protocols are important because they ensure that access and changes to IT systems and related data are made and authorized in an appropriate manner.

As our audit sought to place a high level of reliance on IT systems and application controls related to financial reporting, a high proportion of the overall audit effort was in this area. Furthermore the complexity of IT systems and nature of application controls requires special expertise to be involved in the audit. We therefore consider this as a key audit matter

We focused our audit on those IT systems and controls that are significant for the Company's financial reporting. As audit procedures over the IT systems and application controls require specific expertise, we involved IT audit specialists in our audit procedures.

We understood and assessed the overall IT control environment and the controls in place which included controls over access to systems and data, as well as system changes. We adjusted our audit approach based on the financial significance of the system and whether there were automated procedures supported by that system.

As part of our audit procedures we tested the operating effectiveness of controls over appropriate access rights to assess whether only appropriate users had the ability to create, modify or delete user accounts for the relevant in-scope applications. We also tested the operating effectiveness of controls around system development and program changes to establish that changes to the system were appropriately authorized, developed and implemented. Additionally, we assessed and tested the design and operating effectiveness of the application controls embedded in the processes relevant to our audit.

Other information

Other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law or regulation, in particular, whether the other information complies with law or regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law or regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Company obtained in the audit, on whether the other information contains any material misstatement. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement.



Responsibilities of management, audit committee and the supervisory board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 to cease operations, or has no realistic alternative but to do so.

The audit committee and the supervisory board are responsible for overseeing the Company's financial reporting process. The supervisory board is responsible to approve the audited annual report.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA 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 financial statements.

As part of an audit in accordance with audit rules, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the 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 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 ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We communicate with the audit committee and the supervisory board 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 the audit committee and the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



From the matters communicated with the audit committee and the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Other requirements on content of auditor's report in compliance with Regulation (EU) No. 537/2014 of the European Parliament and of the Council

Appointment and Approval of Auditor

We were appointed as auditors of the Company at the general meeting of shareholders on 18 April 2019, the president of the supervisory board has signed the audit agreement on 4 November 2019. The agreement was signed for the period of three years. Total uninterrupted engagement period, including previous renewals (extension of the period for which we were originally appointed) and reappointments for the statutory auditor, has lasted for five years. Janez Uranič and Simon Podvinski are certified auditors, responsible for the audit in the name of Ernst & Young d.o.o..

Consistence with Additional Report to Audit Committee

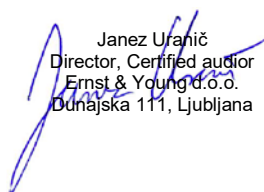
Our audit opinion on the financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on the same date as the issue date of this report.

Non-audit Services

No prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 of the European Parliament and of the Council were provided by us to the Company and we remain independent from the Company in conducting the audit.

In addition to statutory audit services and services disclosed in the Annual Report and in the financial statements, no other services which were provided by us to the Company and its controlled undertakings.

Ljubljana, March 23, 2020


Janez Uranič
Director, Certified auditor
Ernst & Young d.o.o.
Dunajska 111, Ljubljana


Simon Podvinski
Certified auditor

ERNST & YOUNG
Revizija, poslovno
svetovanje d.o.o., Ljubljana 1

13 BUSINESS REPORT

13.1 CORPORATE GOVERNANCE STATEMENT

Pursuant to the fifth paragraph of Article 70 of the Companies Act (Official Gazette of the Republic of Slovenia, No. 65/09-UPB3, 33/2011, 91/2011, 32/2012, 57/2012, 44/2013 – Constitutional Court Decision, 82/2013, 55/2015, 15/17 and 22/19 - ZPosS ; hereinafter referred to as “ZGD-1”), the Management Board and the Supervisory Board of GENERALI zavarovalnica d.d. (hereinafter referred to as “Company”) hereby provide, as a special section of the Annual Report 2019, the following

CORPORATE GOVERNANCE STATEMENT

• Referring to the Code and other similar acts

The Corporate Governance Code for Unlisted Companies: the Chamber of Commerce and Industry of Slovenia, the Ministry of Economic Development and Technology, the Association of Supervisory Board Members of Slovenia, May 2016, is the corporate governance code that shall apply to the Company, which the Company voluntarily decided to apply to its operations in 2019 (hereinafter referred to as “Code”). The text of the Code is available in Slovenian and English on the website of the Ministry of Economic Development and Technology (<http://www.mgrt.gov.si>).

In its operations, the Company has also been obliged to comply with the provisions:

- of the Declaration on Fair Business, to which the Company acceded on 14 November 2012; the text of the Declaration is publicly available in Slovenian on the website of the Slovenian chapter of the UN Global Compact (<http://www.ungc-slovenia.si>);
- the Code of Conduct of 14 December 2012 (valid until 19.12.2019) and Generali Group Code of Conduct (valid from 20.12.2019 on); the text of the Code is publicly available in Slovenian on the website of the Company (<http://www.generalisi.si>);
- the Insurance Code of 1 June 2013; the text of the Code is publicly available in Slovenian on the website of the Slovenian Insurance Association, GlZ (<http://www.zav-zdruzenje.si>);
- the Corporate Governance Policy of GENERALI zavarovalnica d.d. Ljubljana of 27 December 2016; the text of the Policy is publicly available in Slovenian on the website of the Company (<http://www.generalisi.si>).

• Data on the extent of deviations from the Code

In its operations, the Company shall observe the guiding principles and specific recommendations of the Code. Individual deviations from the recommendations of the Code with reasons, and the presentation of potential suitable alternative practice shall be disclosed elsewhere under this item by individual recommendations. Reasons for a different practice particularly concern special features related to the ownership structure and related inclusion of the Company in the management system of the Generali insurance group (hereinafter referred to as “Group”) through a controlling insurance holding company and/or the end parent undertaking, industry or the activity of the Company, and the complexity of its operations.

Recommendation Explanation

- | | |
|--------|--|
| 2.1.1 | The Articles of Association of the Company do not explicitly state the purpose and key objectives of the Company in the light of Article 183 of the ZGD-1. In terms of content, the statutory provision on the stable and effective management of the entire Group is currently supplemented by the provision of the Corporate Governance Policy of the Company on the objective of the Company, which is to provide a complete range of life insurance and other types of insurance on the Slovenian market, and in the long term, to facilitate the stable growth of business results. |
| 2.2.2 | The starting points for calculating remuneration for members of the Management Board of the Company are determined in the applicable Remuneration Policy; a competent committee shall also participate within the management system of the Group in the calculation of remuneration. |
| 2.5.4. | Depending on changes in the applicable legislative guidelines and good business practice in this field, the need to amend the patterns of annual statements of members of the Management Board and the Supervisory Board of the Company from the aspect of (uniform realisation of) elements of independence (example in the second paragraph of Article 66 of the Insurance Act (Official Gazette of the Republic of Slovenia, no. 93/2015, 9/2019; hereinafter referred to as ZZavar-1) should be considered. |
| 2.7 | See 2.1.1 |
| 2.8.4 | The need to formalise the annual activities of the Supervisory Board of the Company at the level of the Company has so far not been recognised, since it is implemented by the Group from the aspect of the comprehensive and systematic organisation of supervision at the Group level. |
| 2.9 | It is planned the Rules of Procedure of the Management Board of the Company and of the Supervisory Board of the |

- Company will be in the future available on the website of the Company.
- 3.3.3 Thus far, the need for the presence of a certified auditor of the Company on the General Meeting has not been recognised, since annual financial statements are discussed in detail by the Supervisory Board of the Company, including a comprehensive report for the General Meeting of the Company.
- 3.4.1 The Articles of Association of the Company determine that any transfer of share ownership for any lawful purpose shall require the approval of the General Meeting of the Company. The General Meeting of the Company may refuse to issue an approval for valid reasons as per the ZGD-1.
- 3.6 See 2.2.2
- 4.3.2 When recruiting members of the Supervisory Board of the Company, the fulfilment of conditions on expertise, experience, skills, and personality traits which facilitate responsible supervision by a member, the Supervisory Board of the Company as a collective authority, and the comprehensive and systematic organisation of supervision at the level of the Group shall be primarily pursued. Depending on the changes in the applicable legislative guidelines and good business practice in this field, the aspect of independent supervisory assessment shall be provided by appointing an audit committee (appointment of an external member of this committee) with suitable management of work, and the competences of the Audit Committee and the Supervisory Board of the Company (example 2.5.4.).
- 4.6 See 4.3.2
- 4.7 The procedure for selecting candidates, and assessing candidates' suitability for membership of the Supervisory Board of the Company shall be conducted on the basis of regulations that regulate the fitness and suitability to provide the fitness and properness of a member, the Supervisory Board of the Company as a collective authority, and the comprehensive and systematic organisation of supervision at the level of the Group.
- 5.3.5 Such notifications shall be provided by the established procedure for informed reporting on, monitoring, and managing business within the Group.
- 5.6 The starting points for calculating remuneration for members of the Supervisory Board of the Company are determined in the applicable Remuneration Policy; a competent committee shall also participate within the management system of the Group in the calculation of remuneration.
- 5.7.1 See 2.5.4
- 5.7.13 Thus far, the need for such elaboration of the report of the Supervisory Board of the Company has not been recognised, since Company shareholders are regularly and thoroughly notified of individual aspects of the recommendation through established procedures for reporting on, monitoring, and managing business within the Group.
- 5.8 Thus far, the need for such elaboration of the report of the Supervisory Board of the Company has not been recognised, since Company shareholders are regularly and thoroughly notified of individual aspects of the recommendation through established procedures for reporting on, monitoring, and managing business within the Group.
- 5.11 See 5.6
- 8.1 See 2.2.2
- 9.2 The need to formalise the annual activities of the Supervisory Board of the Company at the level of the Company has so far not been recognised, since it is implemented by the Group from the aspect of the comprehensive and systematic organisation of supervision at the Group level.
- 10.2 The shareholders' right to be informed shall be realised in accordance with the agenda of individual general meetings of the Company, and outside the General Meeting of the Company through established procedures for reporting on, monitoring, and managing business within the Group.

• **Description of the main characteristics of internal control and risk management systems of the Company in relation to the financial reporting procedure**

An efficient and integrated internal control and risk management system in GENERALI zavarovalnica d.d. shall be regularly adjusted to the development and changes in organisation. The system shall comply with the legal requirements for insurance companies defined in the Companies Act and the Insurance Act, and with the special implementing regulations of the Insurance Supervision Agency on establishing and maintaining a suitable internal control and risk management system. The internal control and risk management system shall be upgraded and harmonised with the quantitative, qualitative, and reporting requirements of the Solvency 2 Directive.

At all levels, and in all units and processes, it shall comprise:

- a clear organisational structure with a precisely defined and transparent system of competences and authorisations;
- efficient procedures for regular supervision, the prevention of errors, and the recognition, assessment, management, and monitoring of risks to which insurance companies are, or could be, exposed in their operations;
- a suitable internal control system, which includes suitable administrative and accounting procedures (reporting, operating procedures, limits to limit risk exposure, and physical control);
- a system to provide compliance with legal requirements.

Internal control shall include the guidelines and procedures established and implemented by GENERALI zavarovalnica d.d. at all levels to manage risks that are also related to financial reporting. The purpose of internal control shall be to provide for efficient and effective operations, reliable financial reporting, and compliance with applicable laws, and other external and internal regulations. Accounting control shall be closely related to control in the field of information technology, which provides inter alia the restrictions on, and supervision of, access to the network, data, and applications, and the completeness and accuracy of data capture and processing. In addition to the aforementioned, GENERALI zavarovalnica d.d. has also established an internal control system for other important business processes. Internal control shall comprise procedures and activities facilitating compliance with legislation and internal rules. All important business processes in GENERALI zavarovalnica d.d. shall also be described by defining supervision points and individual supervisors.

The risk management system of GENERALI zavarovalnica d.d. shall be composed of three lines of defence. The first line of defence shall consist of senior management, which shall provide, in its field of operation, suitable procedures for recognising and assessing risks, and define responses to risks and risk owners, and the existence and functioning of the internal control system. The second line of defence shall consist of the risk management and compliance functions. The risk management function shall promote and monitor the introduction of risk management procedures, and report to the Management Board on the management system. The compliance function shall carry out its tasks in accordance with the definitions in the applicable Insurance Act and advice to owners of processes on realising their responsibilities regarding compliance with applicable legislation. The third line of defence shall be represented by the internal audit function. The internal audit function shall be independent, and organised in accordance with law. It shall regularly examine the efficiency of the internal control and risk management system, propose improvements, and report to the Management Board, the Audit Committee, and the Supervisory Board of the Company. External and independent control of the functioning of the internal control system shall be carried out by external audit within regular annual audits of financial statements. The suitability of the functioning and establishment of suitable control within information systems shall be verified by experts from this field also within regular annual audits of financial statements.

GENERALI zavarovalnica d.d. shall comply with the regulations and rules on the suitable management of confidential and internal information, the admissibility of investments, and the prohibition of insider trading.

The characteristics and functioning of the risk management system are presented in more detail in Chapter 7

- **Data from items 3, 4, 6, 8 and 9 of the sixth paragraph of Article 70 of the ZGD-1**

Data as of 31 December 2019:

- **Important direct and indirect ownership of securities of the Company in terms of achieving a qualifying holding as stipulated by the law governing takeovers**

Generali CEE Holding B.V. is the holder of 2,364,563 ordinary, registered, no par value shares, which is 100,00 per cent of the initial capital of the Company. The transfer of share ownership requires the consent of the Company's Supervisory Board.

The indirect holder of the qualifying holding taken into account is Assicurazioni Generali S.p.A.

Potential other indirect holders of the qualifying holding taken into account are not known.

- **Holders of securities which provide special rights to control**

The Company has not issued any securities which would provide special rights to control.

- **Restrictions to the right to vote**

Omejitev glasovalnih pravic ni.

- **Company rules on the appointment and replacement of members of the management or supervisory bodies, and on amendments to the Articles of Association**

The Management Board of the Company shall comprise at least two members appointed by the Supervisory Board of the Company for a maximum of five years. Only persons whose appointment is approved by the Insurance Supervision Agency, which has also issued an authorisation to perform the function of a member of the Management Board, and who also meet other statutory conditions to take office may be appointed members of the Management Board. One of the members of the Management Board may be appointed president of the Management Board by the Supervisory Board of the Company. The Supervisory Board of the Company may recall an individual member or the president of the Management Board on statutory grounds. Each member of the Management Board may postpone their term of office at any time by submitting a written statement to the chairperson of the Supervisory Board.

The Supervisory Board of the Company shall be comprised of two to seven members appointed by the General Meeting, and a

suitable number of members appointed by the works council pursuant to the Worker Participation in Management Act. The precise number of members of the Supervisory Board shall be determined by the General Meeting of the Company. Only natural persons who meet the conditions stipulated by the Insurance Act and the Companies Act may be appointed members of the Supervisory Board of the Company. The term of office of members of the Supervisory Board elected by the General Meeting may be up to four years. Re-election shall also be possible. If the time or date of termination of the term of office of a member of the Supervisory Board is not precisely determined by a decision of the General Meeting, the term of the Supervisory Board shall be terminated at the General Meeting of the Company convened to approve the third annual report after the Supervisory Board's election. The General Meeting of the Company may recall a member of the Supervisory Board at any time prior to the termination of the member's term of office. Any member of the Supervisory Board may terminate their term of office, without stating the reason, by registered letter addressed to the chairperson or deputy chairperson of the Supervisory Board.

All amendments to the Articles of Association shall require a decision of the General Meeting of the Company. The authorisation to amend the Articles of Association shall be transferred to the Supervisory Board of the Company, which shall refer only to the harmonisation of the text of the Articles of Association with valid decisions taken. In decisions made by the represented initial capital, a three-quarters majority of all the votes cast shall be required for a decision to be adopted by the General Meeting. The Management Board of the Company must report any amendment to the Articles of Association for entry in the companies' register. An amendment to the Articles of Association shall enter into force upon its entry in the companies' register.

- **Authorisations of members of the management, particularly authorisations to issue or purchase treasury shares**

Authorisations of members of the Management Board are defined below in the Statement, but they do not include authorisations regarding the issue or purchase of treasury shares.

- **Data on the operation of the General Meeting of the Company and its key competences, and a description of the rights of shareholders and the manner of their realisation**

- **General**

The General Meeting of the Company, consisting of shareholders with the right to vote, shall be the supreme body of the Company.

The competences of the General Meeting of the Company shall be: to approve revised annual reports (if the Supervisory Board adopts a suitable decision pursuant to the law governing companies); to approve annual internal audit reports; to decide on the use of distributable profit at the proposal of the Management Board and the Supervisory Board; to decide how to cover losses at the proposal of the Management Board and the Supervisory Board; to decide on the appointment and recall of members of the Supervisory Board, and on the discharge of members of the Supervisory Board and the Management Board; to decide on amendments to the Articles of Association; to decide on measures to increase and reduce capital; to decide on the winding up the Company and amendments to the Articles of Association; to appoint auditors; to consent to the transfer of shares; to decide on other matters determined in the Articles of Association, and the laws governing companies or insurance; to decide on remuneration for members of the Supervisory Board; to decide on the Rules of Procedure of the General Meeting; to decide on proposals of the Management Board to conduct business for which the Supervisory Board has denied consent.

By announcing an agenda, a general meeting may also be convened by the Management Board, the Supervisory Board or shareholders whose total participation amounts to 20 (twenty) per cent of the initial capital. The General Meeting shall be convened in certain cases stipulated by law or these Articles of Association and always when it is deemed to be in the interests of the Company. At least 30 (thirty) days prior to the General Meeting, all shareholders must be able to review the documents pertaining to the General Meeting. All shareholders shall be entitled to receive copies of all documents pertaining to the General Meeting at their expense. A quorum of the General Meeting shall be reached if at least fifty per cent of the initial capital of the Company with the right to vote is represented. If the total initial capital with the right to vote is represented at the General Meeting, the General Meeting may decide on all matters within its competence, even if the convocation or the agenda of the General Meeting were not published in due time or in the correct manner. The decisions of the General Meeting require a majority of votes cast (simple majority) in order for them to be binding, unless the law or the Articles of Association stipulate a higher majority or additional conditions.

The General Meeting of the Company may be attended only by those shareholders who are entered in the share register on the day the General Meeting is held; if a shareholder is a legal person, it shall be represented by persons authorised to do so. All shareholders shall be entitled to be represented at the General Meeting on the basis of a written authorisation for each General Meeting. The permanent transfer of the right to attend the General Meeting or the right to vote at the General Meeting without the transfer of the ownership of shares shall not be possible.

• The General Meeting of the Company in 2019

The 51st th General Meeting of the Company was held on 18 April 2019 with the following agenda:

- the election of the chairperson of the General Meeting, and the appointment of a notary;
- the approval of the agenda of the General Meeting;
- the approval of decisions of the 50th th General Meeting;
- Decisions of Supervisory Board of GENERALI zavarovalnica d.d. Ljubljana of 28th of March 2019 for Assembly and confirmation of the audited Annual report 2018 of Generali zavarovalnica d.d. Ljubljana and internal audit Annual report confirmation for the year 2018 and the reports 2018 of the Supervisory Board and the Management Board
- Proposal of the balance profit use and
 - a.) Granting of discharge paper to the members of the Management Board
 - b.) Granting of discharge paper to the members of the Supervisory Board
- Proposal for the appointment of the auditor for the year 2019

The 52nd General Meeting of the Company was held on 30 May 2019 with the following agenda:

- the opening of the General Meeting, the determination of the quorum and the election of the General Assembly bodies,
- consent to the acquisition,
- Shareholder declaration regarding the acquisition.

The 53rd General Meeting of the Company was held on 9 July 2019 with the following agenda:

- Election of the president of the Assembly and appointment of the notary
- Confirmation of the agenda for the Assembly
- Confirmation of the decisions of the 52. Assembly Meeting
- Cancellation of ordinary no-par value shares of the company
- Change of the statute of company

The 54th General Meeting of the Company was held on 6th December 2019 with the following agenda:

- Election of the president of the Assembly and appointment of the notary
- Confirmation of the agenda for the Assembly
- Change of the firm of the company
- Change of the statute of company

• DATA ON THE COMPOSITION AND OPERATION OF THE MANAGEMENT OR SUPERVISORY BODIES, AND THEIR COMMITTEES

The Company shall be managed by means of a two-tier system. The operations of the Company shall be managed by the Management Board, while operations shall be supervised by the Supervisory Board. The management of the Company shall be based on the provisions of legislation, the Code, the Articles of Association of the Company, internal acts of the Company, acts of the Group, and on established and generally accepted good business practice.

• Management Board of the Company

• The operations of the Company shall be managed by the Management Board with full responsibility and due diligence in accordance with the applicable legislation, the Articles of Association of the Company, and the Rules of Procedure of the Management Board, decisions of the General Meeting and the Supervisory Board of the Company in the exclusive interest, and to the advantage of, the Company, taking into account the interests of shareholders and employees. Decisions of the Management Board of the Company shall be unanimous. If the Management Board of the Company has more than two members, decisions shall be taken by a majority of votes cast. In the event of a tied vote, the president of the Management Board has the casting vote.

The Company shall be fully represented without limitation by two members of the Management Board of the Company or one member of the Management Board of the Company together with the procurator. No member of the Management Board of the Company or the procurator may be authorised to represent the Company independently in any transactions.

The Management Board of the Company shall also be responsible for establishing and implementing a solid and reliable management system for the Company, particularly through a transparent organisational structure, with precisely defined, transparent, and consistent internal relationships regarding responsibility; an efficient system of information transfer; efficient and key management functions integrated in the organisational structure and decision-making processes of the Company; risk management strategy, written rules, processes and procedures; and for measures to ensure regular and permanent operations which comply with the systems, resources and procedures of the Company. The rules of the management system of the Company shall be subject to regular, at least annual, review, and be approved by the Management Board of the Company with the consent of the Supervisory Board of the Company.

In accordance with the law, the following key functions of the Company have been established within the management system: the risk management function, the compliance function, the internal audit function, and the actuarial function. The holders of the key functions shall be persons authorised by the Management Board of the Company with the consent of the Supervisory Board of the Company as persons responsible for one or several key functions of the Company.

• In 2018, the Management Board of the Company were as follows:

- Vanja Hrovat, President
- Mitja Feri, Member.

• In 2018, the following committees of the Management Board of the Company provided assistance to the Management Board in its work:

- the Committee for the preliminary assessment of fitness of key persons of the insurance company, which assessed the fitness of key persons of the Company from the aspect of the rules on their fitness and properness.

• **Supervisory Board of the Company**

• The Supervisory Board of the Company shall supervise the Company's management, and must perform tasks according to the law and the Articles of Association. The Supervisory Board of the Company shall be particularly entitled to review the books and documents of the Company, or to order a certified auditor to do so, and request the Management Board to report to it at any time. The Supervisory Board of the Company shall be authorised to convene general meetings.

The Supervisory Board of the Company shall be particularly responsible for supervising the accuracy of procedures and the efficiency of internal audit operations; to address the findings of the Insurance Supervision Agency, tax inspectors, and other supervisory authorities engaged in supervisory procedures of the Company; to verify annual and other financial reports of the Company, and prepare a written report for the General Meeting; to explain to the General Meeting of Shareholders its opinion of the annual internal audit report and the annual report of the Company, and the Management Board's business report on related parties.

The Supervisory Board of the Company shall give its consent to the Management Board of the Company to determine the annual budget (financial plan) of a medium-term 3–5 year business plan of the Company by determining the business policy of the Company and its amendments; to determine the organisation of the internal control system and the Rules of Procedure of the internal audit department; the framework annual programme for the work of the internal audit department; to determine the operation of the actuarial function and the Rules of Procedure of the actuarial function which shall define the tasks of the actuarial function, the competences of the holder of the actuarial function, the procedure to authorise the holder of the actuarial function, and the knowledge of the holder of the actuarial function; written rules on the management system pursuant to the Insurance Act; to appoint and dismiss persons as holders of key functions pursuant to the Insurance Act; to determine the income of persons as holders of key functions, which must be in accordance with the Remuneration Policy of Generali CEE Holding B.V.; and to other matters stipulated by the Insurance Act and the law governing companies.

• In 2018, the Supervisory Board of the Company were:

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Member and Deputy Chairman,
- Stefano Culos, Member,
- Suzana Meglič, Member.

In 2019, the Supervisory Board of the Company met four three times and eight times correspondent.

• Committees which are consultative bodies of the Supervisory Board operated within the Supervisory Board. Committees prepare proposals for decisions of the Supervisory Board, are responsible for their realisation, and perform other professional tasks. Committees cannot decide on issues that are within the competences of the Supervisory Board, but they may prepare proposals and materials for the Supervisory Board, and provide advice to members of the Supervisory Board.

The following committee of the Supervisory Board of the Company operated in 2019:

a) the Audit Committee,

which monitors the procedure of financial reporting, and prepares reports and proposals to foster integrity; monitors the efficiency and effectiveness of internal control in the Company, internal audit, and risk management systems; monitors mandatory audits of annual and consolidated annual financial statements, particularly the effectiveness of the mandatory audit, by taking into account all findings and conclusions of the competent authority; reviews and monitors the independence of the auditor of the Company's annual report, particularly regarding the provision of additional non-auditing services; is responsible for the selection procedure of an auditor, and proposes the appointment of a candidate for the auditor of the Company's annual report to the Supervisory Board; supervises the integrity of financial information provided by the Company; assesses the drafting of annual reports, and prepares draft proposals for the Supervisory Board; participate in determining important areas of auditing; participates in preparing a contract between the auditor and the Company; reports to the Supervisory Board on the result of mandatory audits, including an explanation of how the mandatory audit contributed to the integrity of financial reporting, and of the role the Audit Committee in this procedure; carries out other tasks determined in the Articles of Association or by decisions of the Supervisory Board; cooperates with the auditor on auditing the Company's annual report, particularly through the reciprocal provision of information on the main subjects of the audit; and cooperates with the internal auditor, particularly through the reciprocal provision of information on the main subjects of internal auditing.

13.2 GENERAL ECONOMIC AND INSURANCE ENVIRONMENT

General economic environment

In year 2019 increase of economic growth by 2,8% is expected. The favorable economic trends continued in 2019. As a result of improving conditions in the labor market, consumer confidence and increase household resources, driven by growth in disposable income and credits, private consumption visibly contributed to economic growth. There is also an increase in residential real estate turnover, especially for second-hand flats and family houses in Ljubljana. The export sector saw lower growth, as a result of slow growth in the euro area, which is expected to continue in the beginning of 2020.

The expected ILO unemployment rate for 2019 is 4,3%. The shortage of skilled workers and ageing population are seen as the largest limiting factors for faster employment growth in the future. Employment will continue to rise across most segments, but at a slower pace than in previous year.

Inflation in 2019 amounted to 1,8%. The most evident growth of prices is the rise in prices of food and services. Further increase in inflation is expected in the coming year. This will be due in particular to a sharp increase in price of services and non-energy goods.

According to forecasts, the general government deficit in 2019 will increase to 0,8% of gross domestic product (GDP) and government debt to 66,3% GDP, to which also favorable economic conditions contributed.

Slovene blue-chip index (SBI TOP) after last year's decrease finished year 2019 15,03% higher than the previous

Main macro economic indexes for year 2019:

	2019	2018
Growth of GDP (y/y)	4,10%	2,8%*
Inflation (1-12)	1,40%	1,80%
Growth of average salary (y/y)	1,6%	2,8%*
Registered unemployment (ILO)	5,10%	4,3%*
State budget deficit (in % GDP)	0,8%	0,8%*

*prediction for year 2019
Source: IMAD, SURS, MF

Insurance market

Life segment experienced a average growth as gross written premium increased by 3,4% in comparison to previous year. Insurance companies marketed non-life insurance products more successfully than the previous year, as the market experienced 8,6% growth. The majority of insurance sector is still owned by the state, and state selling procedures are still to be determined.

Market shares conventional insurance companies - Total	1-12/2018		1-12/2019		Chg.
	Premium	Market share	Premium	Market share	
in mio EUR					
Triglav	633,0	29,1%	659,2	28,2%	4,1%
Sava	392,3	18,0%	428,3	18,3%	9,2%
Adriatic Slovenica	303,3	13,9%	313,8	13,4%	3,5%
Vzajemna	304,3	14,0%	330,8	14,2%	8,7%
Triglav zdravstvena	144,7	6,6%	177,4	7,6%	22,6%
Generali	103,9	4,8%	107,6	4,6%	3,5%
NLB Vita	76,9	3,5%	84,6	3,6%	9,9%
Merkur	47,1	2,2%	48,3	2,1%	2,5%
Grawe	43,3	2,0%	46,7	2,0%	7,9%
Prva osebna	38,3	1,8%	42,2	1,8%	9,9%
Wiener Stadtische	31,1	1,4%	33,8	1,4%	8,7%
Skupna	32,6	1,5%	33,1	1,4%	1,4%
ERGO	13,1	0,6%	9,7	0,4%	-26,0%
Allianz	11,7	0,5%	17,0	0,7%	45,0%
Arag	2,7	0,1%	2,6	0,1%	-3,7%
Croatia	0,0	0,0%	0,8	0,0%	100%
Conventional insurance	2.087,7	100,0%	2.204,5	100,0%	5,6%

Table 1: Market shares of conventional insurance companies in 2018

Source: Slovenian insurance association

13.3 BUSINESS GUIDANCE

13.3.1 Long term business goals and planned activities for achieving the goals

14 GENERALI zavarovalnica d.d. Ljubljana long term vision is to ensure the entire offer of life and non-life insurance on the Slovene market. Long term goal of the company is a stable growth of operating results. In accordance with the strategy of Generali group the biggest premium increase is planned in segment of household and small or medium size companies with whole package of insurances offered (life and non-life). Own sales network together with exclusive agencies remains the most important part of distribution channel strategy. Company is also increasing share of other distribution channels in productions, mainly through banks, external agencies, financial intermediaries, leasing companies and other partners, but also direct sales via internet and call center.

13.3.2 Risk management and monitoring

15 GENERALI zavarovalnica d.d. Ljubljana is meeting several risks in its business operations. We estimate that the main risks in non-life sector are: decrease of demand for insurance products as consequence of general economic environment, strong price competition especially in motor lines of insurance, claims results in some lines of insurance on Slovene market (for example general liability, casco insurance) and natural catastrophes effect. In life insurance GENERALI zavarovalnica d.d. Ljubljana estimates as main market risk decrease of demand for insurance products as consequence of general economic environment and continuing of the trend of increasing commissions from agencies, which might decrease the profitability of this insurance in future, which will result in higher demand of ahead

financing to maintain the increase in insurance premium. Market and product risks are monitored with constant checking of profitability of products and accepting consecutive measures in sales and insurance techniques. Exposure to credit risks, especially in case of installment insurance premium payments is, due to use of debt collection tools, not recognized as high. Liquidity risk in finance investments and in reinsurance contracts is recognized as low. Standards of Generali group additionally limit investments – investments in securities of highest rating and signing reinsurance contract with listed insurance companies only are allowed. As one of the main financial risk of the company risk of low interest rates can be identified. Other operating risks are recognized as relatively low.

17 GENERALI zavarovalnica d.d. Ljubljana must, in accordance with standards of Generali group, stick to strict requirements regarding analysis and monthly reporting about risks to board of managers as well as to owners. Priority of insurance company is also to fulfill organizational and procedural (including system of internal controls) standards of Generali group in accordance with Slovene legislation.

13.3.3 Realization of plans in year 2019

Premiums were achieved in the life and non-life segment compared to planned numbers. Compared with the insurance market, the company achieved higher premium growth in other liability and other non-life segments. Gross loss ratio was 3,9 p.p. above planned level. Nonetheless Life insurance segment despite some positive trends continues negatively.

The company is in next few years planning increase of insurance premium in area of non-life insurance (especially on insurance packages for small, medium companies and for natural persons), as well as in life and pension insurance area. The company is fulfilling legal requirement considering capital adequacy.

13.4 OPERATION REVIEW

13.4.1 Written premium by insurance type

13.4.1 Written premium by insurance type	1-12/2019				1-12/2018
	Premium	Market Share	Premium	Market Share	Chg.
Values in Tsd EUR					
Accident	7.099,5	7,0%	6.804,1	6,5%	-4,2%
Health	0,5	0,0%	0,4	0,0%	-16,3%
Land motor vehicles casco	19.575,9	19,2%	19.718,5	18,8%	0,7%
Aircraft casco	0,1	0,0%	0,1	0,0%	0,0%
Ships (sea, lake and river vessels) casco	7,8	0,0%	5,4	0,0%	-30,6%
Goods in transit	116,3	0,1%	144,8	0,1%	24,5%
Fire and natural forces	13.297,9	13,1%	13.799,4	13,1%	3,8%
Other damage to property	8.735,7	8,6%	8.993,6	8,6%	3,0%
Motor vehicles liability	17.958,5	17,7%	18.236,1	17,4%	1,5%
Aircraft liability	0,3	0,0%	0,3	0,0%	0,0%
Liability for ships (sea, lake and river vessels)	12,9	0,0%	13,2	0,0%	1,8%
Other liability (general, ...)	4.990,0	4,9%	5.510,4	5,3%	10,4%
Miscellaneous financial loss	796,2	0,8%	924,3	0,9%	16,1%
Legal expenses	262,6	0,3%	237,1	0,2%	-9,7%
Tourist assistance	2.063,2	2,0%	2.242,1	2,1%	8,7%
Total Non-life	74.917,4	73,6%	76.630,0	73,0%	2,3%
Life assurance	13.296,0	13,1%	14.683,2	14,0%	10,4%
Life assurance related to investment funds units	13.521,1	13,3%	13.628,1	13,0%	0,8%
Total Life	26.817,0	26,4%	28.311,3	27,0%	5,6%
out of which single premium	768,5	0,8%	884,1	0,8%	15,0%
Total	101.734,5	100,0%	104.941,3	100,0%	3,2%

Table 2: written premium by insurance type (included also written premiums of co-insurance)

Gross written premium in 2019 increased in comparison with the prior year. The biggest increase was in accordance with strategy and by optimal using of market conditions, it was achieved in the desired insurance classes.

Share of classic life insurance is showing an increase of 10,4% in comparison to previous year, while share of insurance, linked to investment funds improved to 0,8%. Share of life insurance contracts with single payments in year 2019 amounts to 0,8%.

13.4.2 Premium written according to distributors

Premium written	1-12/2019				1-12/2018
	Premium	Share	Premium	Share	Chg.
Values in Tsd EUR					
Own sales force	38.831,4	38,2%	40.159,8	38,3%	3,4%
Agencies	12.943,4	12,7%	12.824,8	12,2%	-0,9%
Industrial sales channel	12.077,1	11,9%	12.610,1	12,0%	4,4%
Call center&internet	1.413,2	1,4%	1.381,5	1,3%	-2,2%
Sales channels Generali	65.265,0	64,2%	66.976,2	63,8%	2,6%
Bank sales	13.675,3	13,4%	15.548,2	14,8%	13,7%
Other sales channels	22.794,1	22,4%	22.416,9	21,4%	-1,7%
Total	101.734,5	100,0%	104.941,3	100,0%	3,2%

Table 3: Premium written according to distribution channels

Own distribution network with biggest volume of insurance premium, remains the main distribution channel of the company, followed by agencies and industrial sales. Other channels (structural sales, leasing partners) register decrease by -1,7% in sales, while bank sales register an increase of 13,7%.

13.4.3 Claim results according to insurance lines of business

Gross claims results in non-life insurance in 2019 show an improvement in comparison to year 2018 as a result of positive development in casco segment and fire and natural forces. Positive development of gross claim results in fire and natural

forces segment was also due to low number of large natural catastrophe claim events.

GENERALI zavarovalnica d.d. Ljubljana will, in accordance with group strategy, maintain politics of improvements of technical results of non-life insurances in all areas. Special focus will be on rates of mass insurance contracts and selective acceptance of industrial risks.

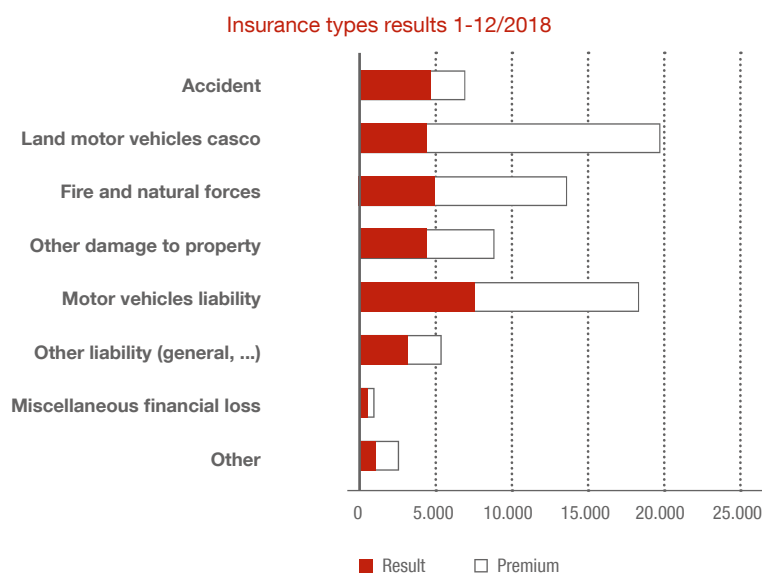
Claim results of life insurance remain in expected limits except relatively high share of surrenders of insurance contracts older than 3 years.

Claim results are calculated as a ratio between claims payments and change of claim provisions (exclusively inventory of claims) and earned premium.

Claims result after run-off	1-12/2018		1-12/2019		change in p.p.
	Values in Tsd EUR	Claims result after run-off	in % of earned premium	Claims result after run-off	
Accident	-1.460,9	20,3%	-1.468,3	21,4%	1,1%
Health	-0,3	61,9%	-0,2	60,0%	-1,9%
Land motor vehicles casco	-13.914,2	72,0%	-13.033,6	65,9%	-6,1%
Railway rolling stock casco	0,0	0,0%	0,0	0,0%	0,0%
Aircraft casco	0,0	0,0%	0,0	0,0%	0,0%
Ships (sea, lake and river vessels) casco	-3,7	48,3%	-3,5	57,8%	9,5%
Goods in transit	-41,5	34,4%	-4,0	2,8%	-31,6%
Fire and natural forces	-6.678,8	50,4%	-6.304,7	46,3%	-4,0%
Other damage to property	-2.466,0	29,2%	-2.624,6	29,9%	0,7%
Motor vehicles liability	-8.792,1	48,2%	-8.855,9	48,2%	0,1%
Aircraft liability	0,0	0,0%	0,0	0,0%	0,0%
Liability for ships (sea, lake and river vessels)	2,7	-21,0%	0,0	0,0%	21,0%
Other liability (general, ...)	-823,6	16,9%	-1.428,7	26,7%	9,8%
Credit	0,0	0,0%	0,0	0,0%	0,0%
Suretyship	0,0	0,0%	0,0	0,0%	0,0%
Miscellaneous financial loss	-232,2	27,5%	-164,9	17,9%	-9,6%
Legal expenses	-0,7	0,3%	-3,9	-1,6%	-1,8%
Tourist assistance	-1.305,5	64,5%	-1.298,6	59,6%	-4,9%
Total Non-life	-35.716,7	47,9%	-35.191,0	46,2%	-1,7%

Table 4: Claims ratios after run-off

13.4.4 Insurance types results



Picture 1: Results according to insurance type = earned premium – claims – direct costs of type of insurance

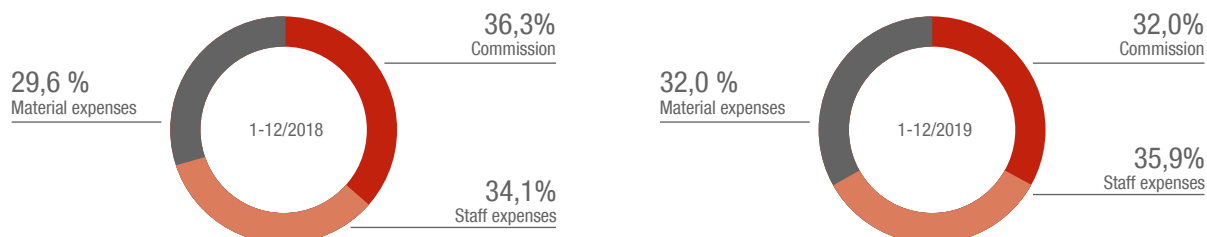
The Company registers strong positive results, especially in motor vehicles liabilities, accident and other damage to property.

13.4.5 Expenses analysis

Expenses	1-12/2018		1-12/2019		Increase
	Expenses	Share	Expenses	Share	
Commission	14.384,6	36,3%	13.840,3	32,0%	-3,8%
Staff expenses – sales	5.750,8	14,5%	6.376,1	14,8%	10,9%
Material expenses – sales	4.789,8	12,1%	6.505,6	15,1%	35,8%
Total expenses – sales	24.925,2	62,9%	26.722,0	61,9%	7,2%
Staff expenses – administration	7.733,4	19,5%	9.149,7	21,2%	18,3%
Material expenses – administration	6.942,4	17,5%	7.324,6	17,0%	5,5%
Total expenses – administration	14.675,8	37,1%	16.474,3	38,1%	12,3%
Total expenses	39.600,9	100,0%	43.196,3	100,0%	9,1%
Expense ratio Premium Written	38,9%		41,2%		2,2%

Table 5: Expenses analysis

Expences in comparison with year 2018



Picture 2: Expences in comparison with year 2018

Costs of the company increased by 9,1% in comparison to year 2018, mainly due to increase in material expenses in sales and staff expenses (administration).

13.4.6 Analysis of financial income and financial expenses

Finance income mainly refers on income from investments which are being funded with insurance – technical provisions and investments funded from company's sources. Structure of investments remained mainly unchanged and it follows conservative investment politics, which envisages safe investments with highest possible profit. Expenses refer on interest paid and other financial expenses.

13.5 FINANCE RESULT AND FINANCE POSITION

Structure of balance sheet remains mostly unchanged, the biggest part of assets represent financial investments. Investments are adequate to cover legal reserves in liabilities.

13.6 OPERATIVNO TVEGANJE

Operating risk is defined as potential loss due to:

- operational, organizational errors,
- incorrect activity of employees
- improper system activity
- external activities

Risk owners are responsible for business units. Their responsibility is to ensure undisturbed process course, identification of operating risks and controls to manage identified risks and implementation of additional plans, in case needed.

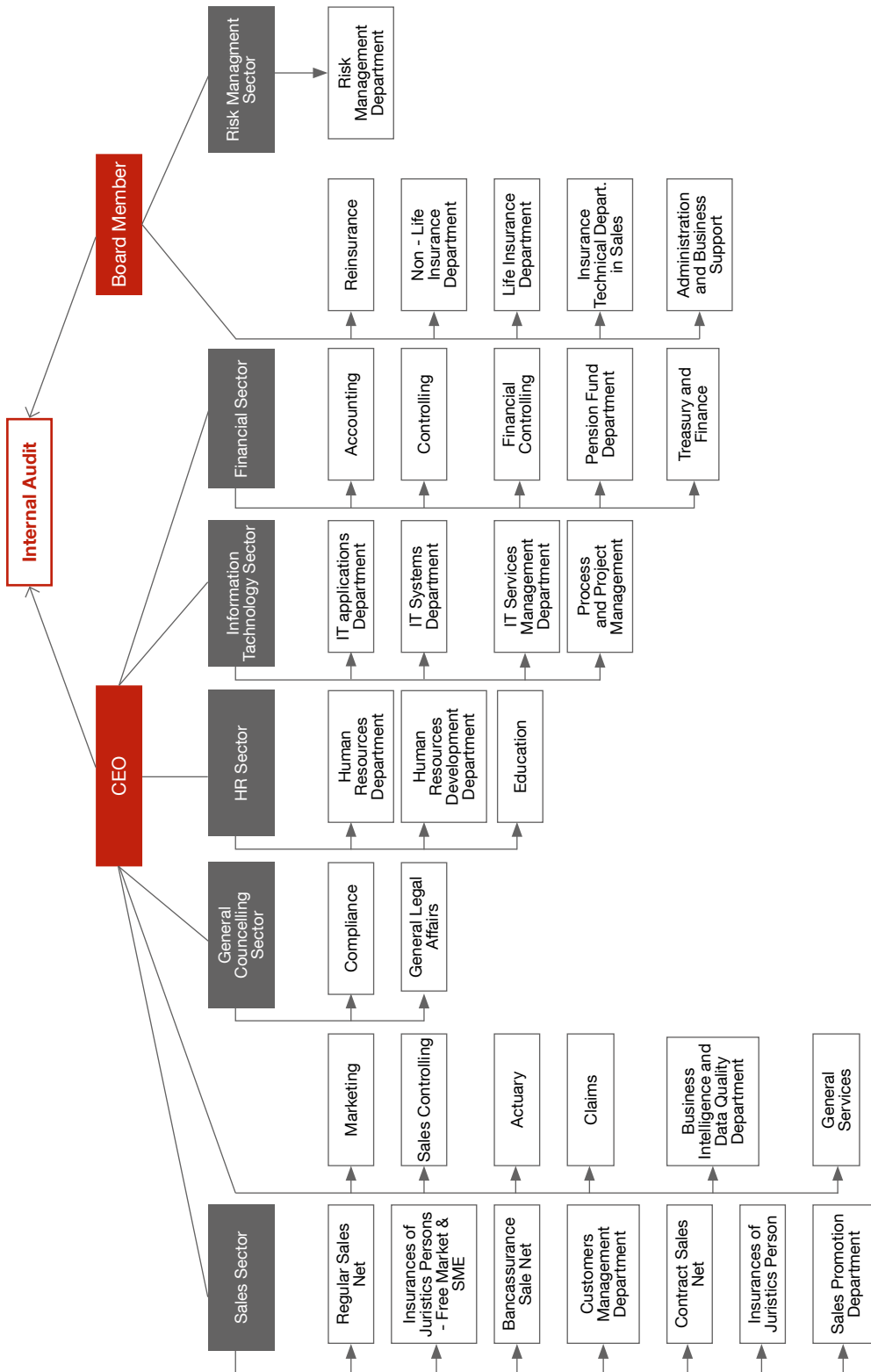
Group risk management department ensures implementation of qualitative and quantitative methodologies for operating risks.

For operating risks Group compliance department issued Operational risk management policy and Group operational risk methodological guidelines.

13.7 DEVELOPMENT DESCRIPTION

13.7.1 Organization scheme

Picture 3: Organization scheme of GENERALI zavarovalnica d.d.



13.7.2 Structure of employees

	Number of employees	
	2018	2019
January	451	457
February	449	455
March	447	456
April	443	457
May	442	458
June	438	452
July	437	451
August	437	449
September	439	449
October	449	456
November	449	458
December	447	458
Average number of employees	444	455

Table 6: Number of employees per month

Level of education	Number of employees	
	2018	2019
PhD	1	0
Master of science	10	9
University	77	81
High professional school	87	95
High school	48	48
Grammar school	208	209
Grammar school	16	16
Elementary school	0	0
Total	447	458

Table 7: Educational structure of employees

Level of education	Number of employees	
	2018	2019
PhD	1	0
Master of science	10	9
University	77	80
High professional school	87	94
High school	48	48
Grammar school	208	207
Grammar school	16	16
Elementary school	0	0
Total	447	455

Table 8: Educational structure of employees – average number

Table 8: Educational structure of employees – average number

Picture 4: Business network Generali Zavarovalnice d.d.

13.7.3 Business network, branch offices, scheme of business network of company

Business network of the company consists of regional offices with main purpose being making assurance contracts and also claims evaluation. Offices are in Maribor, Celje, Koper, Kranj, Ptuj, Murska Sobota and in Novo mesto. Head office with few selling departments is in Ljubljana. Company has nine claim centers for evaluating claims regarding mostly motor vehicle insurance. These centers are in Ljubljana, Maribor, Kranj, Celje, Murska Sobota, Koper, Novo Mesto, Ptuj and Nova Gorica.

13.7.4 Investment, research and developments activities

Most of the company investments refer to the business network development in Slovenia and investments in automation of computer system (software and also technical support – laptops) with objective of improving services for clients.

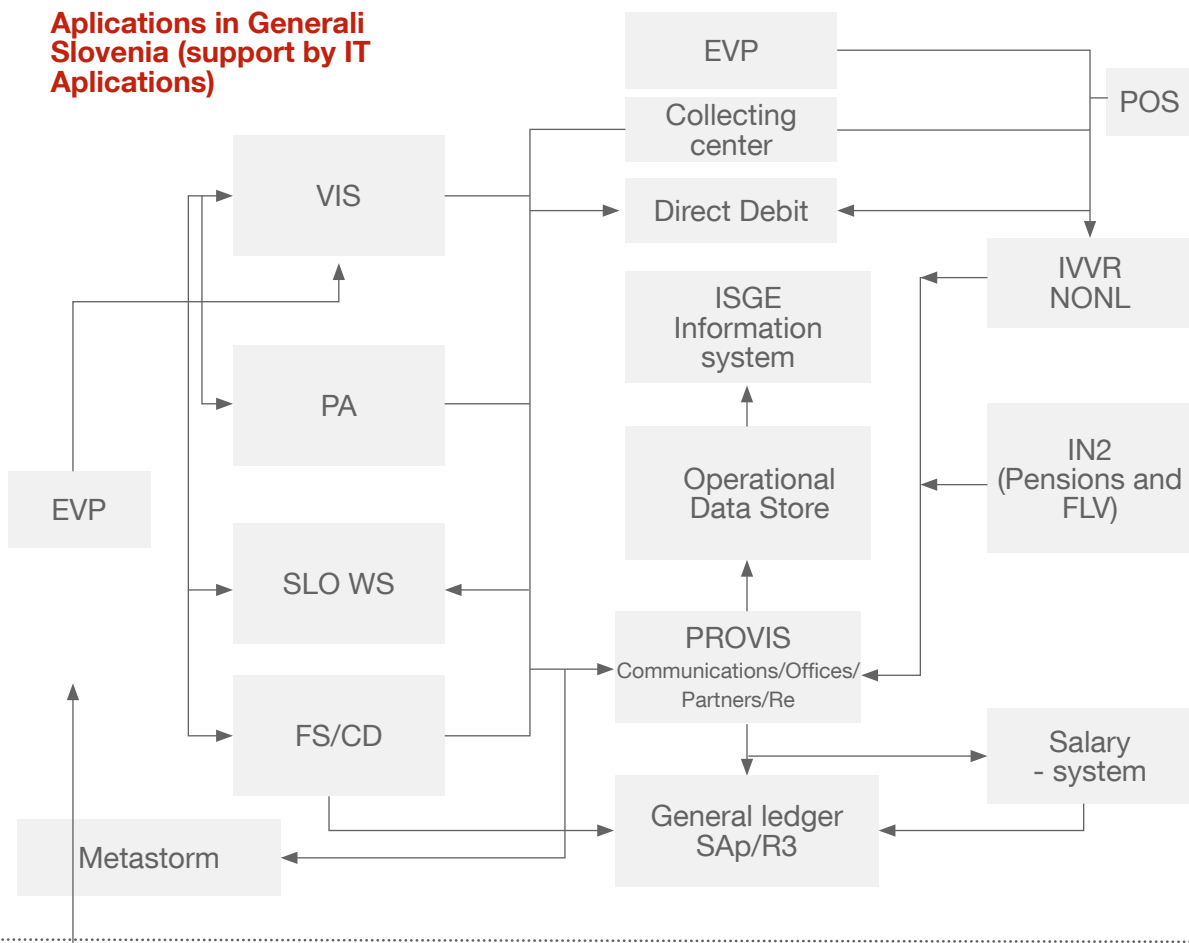
GENERALI zavarovalnica d.d. Ljubljana is incorporated in many development projects, together with Generali CEE Holding and also as a part of Generali group.

13.7.5 System supporti

System supports processes in company and it contributes to achieving business goals. System support covers non insurance processes (payroll, SAP) as well as insurance related processes (IVVR, IN2). System also supports business management related processes (MIS, ISGE). Information system is in accordance with Generali group as well as in accordance with Slovene insurance market requirements. In 2012 company introduced

a system of electronic signature ePero, which allows the policyholder and insurance agent signing document in electronic form instead of printing on paper and handwritten signatures. In next few years company will implement systems for internal process optimization, document management and additional consolidation of standard components already in use and also some additional components for internet business.

Applications in Generali Slovenia (support by IT Applications)



Slika 4: Shema informacijskih sistemov GENERALI zavarovalnica d.d. Ljubljana

13.8 BRANCH OFFICE ACTIVITIES IN FOREIGN COUNTRIES

GENERALI zavarovalnica d.d. Ljubljana does not have any branch offices abroad. They are also not planned in near future.

13.9 AFFILIATE COMPANIES

GENERALI zavarovalnica d.d. Ljubljana does not have any shares in other insurance companies.

On 21.11.2017 GENERALI zavarovalnica d.d. Ljubljana acquired 100% share in Lev Registracija, registracija vozil, d.o.o., register number 6651887000. The company is registered as O84.110 - General public administration activity. As of 31.12.2019 the company's total assets amounted to 74.383 EUR, which represented less than 1% or 0,02% of total assets of GENERALI zavarovalnica d.d. Ljubljana.

Due to negligible significance for determining the financial position of the insurance company, GENERALI insurance company d.d. Ljubljana does not consolidate the company and prepare consolidated financial statements

13.10 MEMBERS OF THE MANAGEMENT BOARD AND SUPERVISORY BOARD

	Management Board
Wages and salaries	300.956
Other income	2.400
Benefits	14.739
Bonuses	221.459
Work related costs	1.914
Insurance premiums	787
Total	542.255

Chairman of the Supervisory Board, Deputy Chairman of the Supervisory Board and Supervisory Board members do not receive remuneration. Chairman of the Supervisory Board had benefits paid in kind in amount of 7.029 EUR. In 2019 one member of the audit committee received 6.622 EUR, other members do not receive remuneration. Provisions for severance pay and long-service awards for the Management board amounted to 45.427 EUR.

14 Appendix

- 14.1 Financial statements
- 14.2 Performance indicators

14.1 BALANCE SHEET

BALANCE SHEET AS PER 31.12.2019

Values in EUR

Items	LIFE		
	31.12.2019	31.12.2018	Chg
ASSETS	224.162.702	197.925.590	113
A. INTANGIBLE LONG TERM ASSETS AND DEFERRALS	298.843	62.222	480
B. TANGIBLE FIXED ASSETS	0	0	
C. INTANGIBLE ASSETS AVAILABLE FOR SALE			
D. DEFERRED RECEIVABLES FOR TAX	0	0	
E. INVESTMENT REAL ESTATE			
F. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0	0	
G. Financial investments	85.700.397	81.528.734	105
a) loans and deposits	178.011	200.297	89
b) held to maturity			
c) available for sale	85.490.142	81.304.277	105
d) at fair value	32.244	24.160	133
H. INVESTMENTS IN FAVOUR OF UNIT-LINKED INSURANCE UNDERWRITERS	66.414.605	51.966.082	128
I. INSURANCE-TECHNICAL PROVISIONS, TRANSFERRED TO REINSURANCE COMPANIES AND COINSURANCE	63.902.859	56.006.322	114
J. ASSETS FROM FINANCIAL CONTRACTS	0	0	
K. RECEIVABLES	5.340.441	5.407.887	99
I. RECEIVABLES FROM DIRECT INSURANCE BUSINESS	99.347	279.150	36
II. RECEIVABLES FROM CO-INSURANCE AND RE-INSURANCE	5.047.152	4.962.962	102
III. DEFERRED TAX LIABILITIES	91.202	0	
IV. OTHER RECEIVABLES	102.740	165.775	62
L. OTHER ASSETS	345.935	595.180	58
M. CASH	2.159.622	2.359.163	92
H. OFF-BALANCE SHEET	0	0	

			NON-LIFE			TOTAL
	31.12.2019	31.12.2018	Chg	31.12.2019	31.12.2018	Chg
	140.184.211	132.319.114	106	362.601.111	329.215.657	110
	653.818	615.701	106	952.661	677.923	141
	2.778.694	1.041.044	267	2.778.694	1.041.044	267
	0	0		0	0	
	298.022	298.022	100	298.022	298.022	100
	108.543.786	104.230.059	104	194.244.183	185.758.793	105
	0	20.091	0	178.011	220.388	81
	108.543.786	104.209.968	104	194.033.928	185.514.245	105
	0	0		32.244	24.160	133
	0	0		66.414.605	51.966.082	128
	11.817.121	10.883.940	109	75.719.980	66.890.262	113
	0	0		0	0	
	10.051.934	10.457.390	96	13.646.573	14.836.230	92
	5.681.234	5.362.264	106	5.780.581	5.641.414	102
	1.471.024	3.030.358	49	6.518.176	7.993.320	82
	67.595	0		158.797	0	
	2.832.081	2.064.768	137	1.189.019	1.201.496	99
	565.530	590.639	96	911.465	1.185.819	77
	5.475.306	4.202.319	130	7.634.928	6.561.482	116
	4.174.721	4.487.638	93	4.174.721	4.487.638	93

Values in EUR

Items			LIFE
	31.12.2019	31.12.2018	Chg
LIABILITES	224.162.702	197.925.590	113
A. CAPITAL	12.888.172	12.515.750	103
I. BASIC EQUITY CAPITAL	17.690.167	17.690.167	100
II. CAPITAL RESERVES	1.686.435	1.686.435	100
III. RESERVES FROM PROFIT	0	0	
IV. REVALUATION SURPLUS	2.652.263	2.390.864	111
V. PROFIT OR LOSS CARRIED FORWARD			
VI. PROFIT OR LOSS OF THE YEAR	-9.140.693	-9.251.716	99
B. SUBORDINATED LIABILITIES	0	0	
C. INSURANCE PROVISIONS AND DEFERRED PREMIUM INCOME	0	0	
I. Gross provisions for unearned premiums	69.593.358	66.960.325	104
II. Gross mathematical provisions	2.941.136	2.591.944	113
III. Gross provisions for outstanding claims	55.263.716	54.096.179	102
IV. Other gross insurance provisions	1.371.290	1.371.380	100
D. INSURANCE PROVISIONS IN FAVOUR OF UNIT-LINKED INSURANCE UNDERWRITERS	10.017.216	8.900.822	113
E. PROVISIONS FOR OTHER RISKS AND EXPENSES	66.311.354	51.940.343	128
F. LIABILITIES LINKED TO INTANGIBLE ASSETS AVAILABLE FOR SALE	471.771	349.775	135
G. DEFERRED TAX LIABILITIES			
H. LIABILITIES FROM FINANCIAL CONTRACTS	620.973	559.657	111
I. OTHER FINANCIAL LIABILITIES	0	0	
J. OTHER OPERATING LIABILITIES	0	0	
I. Liabilities from direct insurance	70.144.675	62.271.486	113
II. Liabilities from co-insurance and re-insurance	1.743.005	1.734.257	101
3. Liabilities for corporate income tax	68.401.670	60.520.979	113
K. OTHER LIABILITIES	0	16.250	0
J. OFF-BALANCE SHEET	4.132.399	3.328.254	124

	NON-LIFE			TOTAL		
	31.12.2019	31.12.2018	Chg	31.12.2019	31.12.2018	Chg
	140.184.211	132.319.114	106	362.601.111	329.215.657	110
	40.384.817	35.987.433	112	53.272.989	48.503.183	110
	21.830.180	21.830.180	100	39.520.347	39.520.347	100
	2.045.109	2.042.801	100	3.731.544	3.729.236	100
	222.799	222.799	100	222.799	222.799	100
	3.607.966	2.428.153	149	6.260.229	4.819.017	130
	9.463.500	5.656.370	167	211.784	0	
	3.215.263	3.807.130	84	3.326.286	211.784	1.571
	83.788.521	82.776.045	101	153.381.879	149.736.370	102
	21.269.521	20.877.885	102	24.210.657	23.469.829	103
	0	0		55.263.716	54.096.179	102
	57.376.688	56.757.934	101	58.747.978	58.129.314	101
	5.142.312	5.140.226	100	15.159.528	14.041.048	108
	0	0		66.311.354	51.940.343	128
	1.079.023	661.601	163	1.550.794	1.011.376	153
	835.984	559.238	149	1.456.957	1.118.895	130
	0	0		0	0	
	1.874.693	0		1.874.693	0	
	5.230.263	5.954.373	88	75.374.938	68.225.859	110
	2.313.303	1.926.958	120	4.056.308	3.661.215	111
	2.916.960	3.519.898	83	71.318.630	64.040.877	111
	0	507.517	0	0	523.767	0
	6.990.910	6.380.424	110	9.377.507	8.679.631	108
	4.174.721	4.487.638	93	4.174.721	4.487.638	93

PROFIT AND LOSS STATEMENT FOR THE PERIOD OF 01.01. - 31.12. 2019

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12. 2018	growth index
A. PROFIT AND LOSS NONLIFE INSURANCE, EXCLUDING HEALTH INSURANCE			
I. NET INCOME FROM INSURANCE PREMIUM	65.427.790	63.590.086	103
1. Gross insurance premium written	74.268.850	72.521.288	102
2. Premium written accepted co-insurance (+)	2.921.927	2.913.155	100
3. Premium written co-insured (-)	-560.637	-516.980	108
4. Premium written re-insured (-)	-10.781.346	-11.081.423	97
5. Change of gross unearned premium (+/-)	-415.663	-274.922	151
6. Change of unearned premium for re-insured and co-insured part (+/-)	-5.341	28.968	-18
II. INVESTMENT RETURN, ALLOCATED FROM NET PROFIT AND LOSS OF THE INSURANCE COMPANY (D VIII.)	1.657.815	1.678.465	99
III. OTHER NET INSURANCE INCOME	458.260	429.360	107
IV. NET CLAIMS	-31.828.605	-32.882.308	97
1. Gross claims paid	-34.118.864	-42.023.012	81
2. Income from asserted gross recourses (-)	826.935	928.918	89
3. Co-insurance claims paid (+/-)	-673.802	341.132	-198
4. Re-insurance claims paid (-)	1.793.332	7.250.033	25
5. Change of provisions for gross outstanding claims (+/-)	-394.795	7.557.746	-5
6. Change of provisions for gross outstanding claims co-insurance and re-insurance (+/-)	738.589	-6.937.125	-11
V. CHANGE IN OTHER NET INSURANCE PROVISIONS (+/-)	125.173	429.688	29
VI. NET BONUS AND DISCOUNT	-176.519	-331.908	53
VII. NET OPERATING EXPENSES	-28.442.777	-25.191.818	113
1. Acquisition costs	-9.614.925	-9.282.066	104
3. Other operating expenses	-20.431.778	-17.550.552	116
3.1. Depreciation of operating assets	-1.752.619	-445.513	393
3.2. Labour costs	-9.927.592	-9.138.067	109
3.3. Costs of services, performed by physical entities, who do not render activities (costs of contractual work, authorial work, and related to other legal relations), including tributes	-14.922	-44.384	34
3.4. Other operational expenses	-8.736.645	-7.922.588	110
4. Income from re-insurance commissions and from profit in technical profit and loss from individual insurance contracts (-)	1.603.926	1.640.800	98
VIII. OTHER NET INSURANCE EXPENSES	-3.074.583	-2.975.908	103
1. Expenses for prevention activities	-70.000	0	
2. Contribution for covering loss from uninsured and unknown vehicles	0	0	
3. Other other net insurance expenses	-3.004.583	-2.975.908	101
X. PROFIT AND LOSS NONLIFE INSURANCE, EXCLUDING HEALTH INSURANCE (I + II + III - IV + V - VI - VII - VIII)	4.146.554	4.745.657	87

Values in EUR

Items

	01.01.- 31.12. 2019	01.01.- 31.12. 2018	growth index
B. PROFIT AND LOSS LIFE INSURANCE			
I. NET INCOME FROM PREMIUM	13.241.307	12.453.555	106
1. Gross insurance premium written	28.311.288	26.817.039	106
4. Premium written re-insured (-)	-14.813.903	-14.407.132	103
5. Change of gross unearned premium (+/-)	-349.192	-515.804	68
6. Change of unearned premium for re-insured and co-insured part (+/-)	93.114	559.452	17
II. INVESTMENT INCOME	3.132.552	3.374.163	93
1. Income from shares in companies	61.862	56.176	110
1.3. Income from shares in other companies	61.862	56.176	110
2. Income from other investments	2.358.269	2.554.253	92
2.2. Interest income	2.348.612	2.536.264	93
2.3. Other investment income	9.657	17.989	54
2.3.1. Revaluation financial income	9.657	17.989	54
4. Income from disposal of financial investements	712.421	763.734	93
III. UNREALIZED CAPITAL GAIN FROM UNIT-LINKED INSURANCE	34.508.150	27.900.901	124
IV. OTHER NET INSURANCE INCOME	3.504.346	3.962.812	88
V. NET CLAIMS	-5.616.766	-6.414.388	88
1. Gross claims paid	-11.437.481	-13.127.445	87
3. Re-insurance claims paid (-)	5.786.476	6.671.724	87
4. Change of provisions for gross outstanding claims (+/-)	90	59.722	0
5. Change of provisions for gross outstanding claims re-insurance (+/-)	34.149	-18.389	-186
VI. CHANGE IN OTHER NET INSURANCE PROVISIONS (+/-)	-7.769.274	680.354	-1.142
1. Change of mathematical provisions	-7.769.274	680.354	-1.142
1.1. Change of gross mathematical provisions	-15.538.548	1.360.707	-1.142
1.2. Change of re-insured mathematical provisions (+/-)	7.769.274	-680.353	-1.142
VII. NET BONUS AND DISCOUNT	-142.986	-14.077	1.016
VIII. NET OPERATING EXPENSES	-12.101.533	-4.455.510	272
1. Acquisition costs	-4.210.940	-4.860.441	87
2. Changes in deferred acquisition costs (+/-)	-14.423	-242.110	6
3. Other operating expenses	-8.924.225	-7.665.759	116
3.1. Depreciation of operating assets	-765.512	-194.592	393
3.2. Labour costs	-4.336.189	-3.991.340	109
3.3. Costs of services, performed by physical entities, who do not render activities (costs of contractual work, authorial work, and related to other legal relations), including tributes	-6.518	-19.386	34
3.4. Other operational expenses	-3.816.006	-3.460.441	110
4. Income from re-insurance commissions and from profit in technical profit and loss from individual insurance contracts (-)	1.048.055	8.312.800	13

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12. 2018	growth index
IX. INVESTMENT EXPENSES	-23.563	-836.674	3
2. Expenses for asset management, interest expenses and other financial expenses	-11.389	0	
3. Revaluation financial expenses	-9.301	-18.250	51
4. Loss from disposal of financial assets	-2.873	-818.424	0
X. UNREALIZED CAPITAL LOSS, UNIT-LINKED INSURANCE	-25.929.321	-32.907.502	79
XI. OTHER NET INSURANCE EXPENSES	-3.586.651	-4.014.047	89
2. Other other net insurance expenses	-3.586.651	-4.014.047	89
XII. INVESTMENT RETURN, CARRIED INTO PROFIT AND LOSS OF OPERATIONAL BUSINESS (-)	-28.702	-24.844	116
XIII. PROFIT AND LOSS LIFE INSURANCE (I + II + III + IV - V + VI - VII - VIII - IX - X - XI - XII)	-812.441	-295.257	275
C. PROFIT AND LOSS HEALTH INSURANCE			
I. Technical profit and loss of nonlife insurance	4.146.554	4.745.657	87
II. Technical profit and loss of life insurance	-812.441	-295.257	275
IV. INVESTMENT INCOME	1.819.835	1.801.243	101
1. Income from shares in companies	58.982	52.801	112
1.1. Income from shares in companies in the group	0	0	
1.2. Income from shares in associated companies	0	0	
1.3. Income from shares in other companies	58.982	52.801	112
2. Income from other investments	1.750.439	1.748.442	100
2.2. Interest income	1.750.301	1.748.337	100
2.3. Other investment income	138	105	131
2.3.1. Revaluation financial income	138	105	131
4. Income from disposal of financial investments	10.414	0	
V. INVESTMENT RETURN, ALLOCATED FROM TECHNICAL PROFIT AND LOSS OF LIFE INSURANCE (B.XIII.)	28.702	24.844	116
VII. INVESTMENT EXPENSES	-26.234	-193	13.593
1. Depreciation of investment assets, not necessary for operating business	0	0	
2. Interest expenses and other financial expenses	-26.075	0	
3. Revaluation financial expenses	-159	-193	
4. Loss from disposal of financial assets	0	0	
VIII. INVESTMENT RETURN, CARRIED INTO PROFIT AND LOSS FROM NONLIFE INSURANCE (A.II.)	-1.657.815	-1.678.465	99
IX. Other insurance income	1.689.414	1.948.627	87
1. Other insurance income, nonlife insurance	527.473	599.663	88
2. Other insurance income, life insurance	1.161.941	1.348.964	86
X. Other insurance expenses	-1.026.168	-795.645	129
1. Other insurance expenses, nonlife insurance	-801.849	-499.471	161
2. Other insurance expenses, life insurance	-224.319	-296.174	76

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12. 2018	growth index
XIII. RESULT BEFORE TAX	4.161.847	5.750.811	72
1. nonlife insurance	4.007.964	4.968.434	81
2. life insurance	153.883	782.377	20
XIV. CORPORATE INCOME TAX	-835.561	-1.084.755	77
XV. DEFERRED TAXES	0	0	
XVI. NET PROFIT AND LOSS OF THE YEAR (XIII - XIV + XV)	3.326.286	4.666.056	71
E. STATEMENT OF COMPREHENSIVE INCOME			
I. NET PROFIT / LOSS OF THE YEAR	3.326.286	4.666.056	71
II. OTHER COMPREHENSIVE INCOME AFTER TAX (a + b)	1.441.211	-2.792.261	-52
a) Items that will not be reclassified to profit or loss in subsequent periods (1+2+3+4+5+6)	-42.386	-58.382	
3. Actuarial net income/loss from pension fund	-52.328	-72.076	73
6. Tax from comprehensive income that will not be reclassified to profit or loss in subsequent periods	9.942	13.694	73
b) Items that may be reclassified to profit or loss in subsequent periods (1+2+3+4+5)	1.483.597	-2.733.879	
1. Net income/loss from revaluation of financial assets available for sale	1.831.602	-3.375.159	-54
4. Other net income/loss that may be reclassified to profit or loss in subsequent periods	0	0	
5. Tax from comprehensive income that may be reclassified to profit or loss in subsequent periods	-348.005	641.280	-54
III. NET COMPREHENSIVE INCOME (I + II)	4.767.497	1.873.795	254

INCOME STATEMENT PENSION FUND FOR ANNUITIES UNDER PENSION PLAN

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12.2018
I. CASH FUNDS CARRIED FROM SUPPLEMENTARY PENSION INSURANCE PLAN	49.834	23.127
1. of the reported legal entry	49.834	23.127
2. of third insurance company	0	0
3. of third pension company	0	0
4. of mutual pension fund	0	0
II. INVESTMENT INCOME	3.140	373
1. Income from shares in companies	0	0
1.1. Income from shares in companies in the group	0	0
1.2. Income from shares in associated companies	0	0
1.3. Income from shares in other companies	0	0
2. Income from other investments	3.140	373
2.1. Income from land and buildings	0	0
2.2. Interest income	3.140	373
2.3. Other investment income	0	0
2.3.1. <i>Revaluation financial income</i>	0	0
2.3.2. <i>Other financial income</i>	0	0
3. Income from correction of value of investments	0	0
4. Income from disposal of financial investements	0	0
III. CLAIMS	-10.955	-8.266
1. Claims paid	-10.955	-8.266
2. Change of provisions for outstanding claims	0	0
V. CHANGE IN OTHER INSURANCE PROVISIONS (+/-)	-38.773	-15.153
1. Change of mathematical provisions (+/-)	-38.773	-15.153
2. Change in other insurance provisions (+/-)	0	0
V. OPERATING EXPENSES, CALCULATED PER POLICIES	-3.527	-2.082
1. Implementing costs	-1.993	-925
2. Inkasso and management costs	-1.534	-1.157
3. Conclusion costs, namely costs of payments	0	0
V.a. NET OPERATING EXPENSES	-1.815	-353
1. Acquisition costs	0	0
2. Changes in deferred acquisition costs (+/-)	0	0
3. Other operating expenses	-490	-333
3.1. Depreciation of operating assets	0	0
3.2. Labour costs	0	0

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12.2018
3.2.1. Salaries	0	0
3.2.2. Costs of social and pension insurance	0	0
3.2.3. Other labour costs	0	0
3.3. Costs of services, performed by physical entities, who do not render activities (costs of contractual work, authorial work, and related to other legal relations), including tributes	0	0
3.4. Other operational expenses	-490	-333
4. Income from re-insurance commissions and from profit in technical profit and loss from individual insurance contracts(-)	-1.325	-20
VI. INVESTMENT EXPENSES	-3.527	-7.782
1. Depreciation of investment assets, not necessary for operating business	0	0
2. Expenses for asset management, interest expenses and other financial expenses	-3.527	-7.782
3. Revaluation financial expenses	0	0
4. Loss from disposal of financial assets	0	0
VII. PROFIT AND LOSS OF FUNDS COVERING MATHEMATICAL PROVISIONS(I + II - III + IV - V - VI)	-3.808	-9.783
VII.a PROFIT AND LOSS OF FUNDS COVERING MATHEMATICAL PROVISIONS(I + II - III + IV - V.a - VI)	-2.096	-8.054

INCOME STATEMENT FOR SUPPLEMENTARY PENSION INSURANCE FUND AT THE TIME OF ANNUITY PAYMENTS (ADDITIONAL AND OPTIONAL EARLY RETIREMENT PENSION)

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12.2018
I. CASH FUNDS CARRIED FROM SUPPLEMENTARY PENSION INSURANCE PLAN	0	0
1. of the reported legal entry	0	0
2. of third insurance company	0	0
3. of third pension company	0	0
4. of mutual pension fund	0	0
II. INVESTMENT INCOME	8.852	9.124
1. Income from shares in companies	0	0
1.1. Income from shares in companies in the group	0	0
1.2. Income from shares in associated companies	0	0
1.3. Income from shares in other companies	0	0
2. Income from other investments	8.852	9.124
2.1. Income from land and buildings	0	0
2.2. Interest income	8.852	9.124
2.3. Other investment income	0	0
2.3.1. Revaluation financial income	0	0
2.3.2. Other financial income	0	0
3. Income from correction of value of investments	0	0
4. Income from disposal of financial investments	0	0
III. CLAIMS	-12.488	-12.436
1. Claims paid	-12.488	-12.436
2. Change of provisions for outstanding claims	0	0
V. CHANGE IN OTHER INSURANCE PROVISIONS (+/-)	12.133	5.805
1. Change of mathematical provisions (+/-)	12.133	5.805
2. Change in other insurance provisions (+/-)	0	0
V. OPERATING EXPENSES, CALCULATED PER POLICIES	0	0
1. Implementing costs	0	0
2. Inkasso and management costs	0	0
3. Conclusion costs, namely costs of payments	0	0
V.a. NET OPERATING EXPENSES	-4.733	-4.869
1. Acquisition costs	0	0
2. Changes in deferred acquisition costs (+/-)	0	0
3. Other operating expenses	-614	-614
3.1. Depreciation of operating assets	0	0
3.2. Labour costs	0	0

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12.2018
3.2.1. Salaries	0	0
3.2.2. Costs of social and pension insurance	0	0
3.2.3. Other labour costs	0	0
3.3. Costs of services, performed by physical entities, who do not render activities (costs of contractual work, authorial work, and related to other legal relations), including tributes	0	0
3.4. Other operational expenses	-614	-614
4. Income from re-insurance commissions and from profit in technical profit and loss from individual insurance contracts(-)	-4.119	-4.255
VI. INVESTMENT EXPENSES	0	0
1. Depreciation of investment assets, not necessary for operating business	0	0
2. Expenses for asset management, interest expenses and other financial expenses	0	0
3. Revaluation financial expenses	0	0
4. Loss from disposal of financial assets	0	0
VII. PROFIT AND LOSS OF FUNDS COVERING MATHEMATICAL PROVISIONS(I + II - III + IV - V - VI)	8.497	2.493
VII.a PROFIT AND LOSS OF FUNDS COVERING MATHEMATICAL PROVISIONS(I + II - III + IV - V.a - VI)	3.764	-2.376

INCOME STATEMENT OF LIFE INSURANCE FUND

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12.2018
I. INCOME FROM PREMIUM	6.377.429	5.669.904
1. Insurance premium written	6.633.507	5.626.256
2. Change of unearned premium	-256.078	43.648
II. INVESTMENT INCOME	2.388.842	3.044.046
1. Income from shares in companies	61.852	56.092
1.1. Income from shares in companies in the group	0	0
1.2. Income from shares in associated companies	0	0
1.3. Income from shares in other companies	61.852	56.092
2. Income from other investments	2.314.520	2.507.600
2.1. Income from land and buildings	0	0
2.2. Interest income	2.309.935	2.499.675
2.3. Other investment income	4.585	7.925
2.3.1. Revaluation financial income	4.585	7.925
2.3.2. Other financial income	0	0
3. Income from correction of value of investments	0	0
4. Income from disposal of financial investments	12.470	480.354
III. OTHER INSURANCE INCOME	243.313	1.960.109
IV. CLAIMS	-3.015.871	-2.995.565
1. Claims paid	-3.050.110	-3.036.898
2. Change of provisions for outstanding claims	34.239	41.333
V. CHANGE IN OTHER INSURANCE PROVISIONS	-557.129	-489.525
1. Change of mathematical provisions	-557.129	-489.525
1.1. Change of gross mathematical provisions not including profit(+/-)	-535.898	-475.854
1.2. Change of gross mathematical provisions from profit(+/-)	-21.231	-13.671
2. Change in other insurance provisions(+/-)	0	0
VI. BONUS AND DISCOUNT	-142.986	-14.077
VII. OPERATING EXPENSES, CALCULATED PER POLICIES	-5.014.492	-4.051.724
1. Implementing costs	-2.953.709	-2.180.022
2. Inkasso and management costs	-2.060.783	-1.871.702
3. Conclusion costs, namely costs of payments	0	0

Values in EUR

Items	01.01.- 31.12. 2019	01.01.- 31.12.2018
VII.a. NET OPERATING EXPENSES	-9.145.804	-8.992.165
1. Acquisition costs	-4.210.940	-4.860.441
2. Changes in deferred acquisition costs(+/-)	-14.423	-242.110
3. Other operating expenses	-8.923.121	-7.664.812
3.1. Depreciation of operating assets	-765.512	-194.592
3.2. Labour costs	-4.336.189	-3.991.340
3.2.1. Salaries	-3.497.689	-3.247.528
3.2.2. Costs of social and pension insurance	-560.454	-523.679
3.2.3. Other labour costs	-278.046	-220.133
3.3. Costs of services, performed by physical entities, who do not render activities (costs of contractual work, authorial work, and related to other legal relations), including tributes	-6.518	-19.386
3.4. Other operational expenses	-3.814.902	-3.459.494
4. Income from re-insurance commissions and from profit in technical profit and loss from individual insurance contracts(-)	4.002.680	3.775.198
VIII. INVESTMENT EXPENSES	-13.641	-3.458
1. Depreciation of investment assets, not necessary for operating business	0	0
2. Expenses for asset management, interest expenses and other financial expenses	-7.862	7.782
3. Revaluation financial expenses	-4.460	-8.164
4. Loss from disposal of financial assets	-1.319	-3.076
IX. OTHER NET INSURANCE EXPENSES	3.090.440	838.138
X. PROFIT AND LOSS OF FUNDS COVERING MATHEMATICAL PROVISIONS(I + II + III + IV - V + VI - VII - VIII - IX - X - XI - XII)	3.355.905	3.957.848
X.a. PROFIT AND LOSS FUNDS COVERING MATHEMATICAL PROVISIONS(I + II + III + IV - V + VI - VII.a - VIII - IX - X - XI - XII)	-775.407	-982.593

STATEMENT OF ASSETS AND LIABILITIES OF THE PENSION FUND FOR ANNUITIES UNDER PENSION PLAN AS AT 31.12.2019

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	558.691,00	385.438,00
A. INVESTMENTS IN REAL ESTATE AND FINANCIAL INVESTMENTS	422.061,00	343.643,00
I. INVESTMENT REAL ESTATE	0,00	0,00
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0,00	0,00
1. Shares in companies in the group	0,00	0,00
2. Shares in associated companies	0,00	0,00
III. Other financial investments	255.871,00	216.225,00
1. Shares and other securities with variable yield and investment fund coupons	0,00	0,00
2. Debt securities with fixed yield	255.871,00	216.225,00
3. Capital interest in investment fund	0,00	0,00
4. Given mortgage loans	0,00	0,00
5. Other given loans	0,00	0,00
6. Deposits with banks	0,00	0,00
7. Other financial investments	0,00	0,00
IV. INSURANCE-TECHNICAL PROVISION, TRANSFERRET TO REINSURANCE COMPANIES AND COINSURANCE	166.190,00	127.418,00
a) from unearned premium	0,00	0,00
b) from mathematical reserves	166.190,00	127.418,00
c) from claim reserves	0,00	0,00
d) from unearned premium	0,00	0,00
e) from mathematical reserves of unit-linked insurers		0,00
B. RECEIVABLES	18.383,00	332,00
I. RECEIVABLES FROM DIRECT INSURANCE BUSINESS	19.419,00	0,00
1. Receivables towards insurance underwriters	19.419,00	0,00
2. Receivables towards insurance agents	0,00	0,00
3. Other receivables from direct insurance	0,00	0,00
II. RECEIVABLES FROM RE-INSURANCE	-1.431,00	272,00
III. OTHER RECEIVABLES	395,00	60,00
C. OTHER ASSETS	118.247,00	41.463,00
I. CASH	118.247,00	41.463,00
II. OTHER ASSETS	0,00	0,00
D. SHORT TERM DEFERRALS	0,00	0,00
1. Accrued interest and rent	0,00	0,00
2. Short term deferred acquisition costs	0,00	0,00
3. Other short term deferrals	0,00	0,00

Values in EUR

Items	31.12.2019	31.12.2018
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	552.058,00	392.109,00
A. REVALUATION SURPLUS	4.117,00	-41,00
B. GROSS INSURANCE PROVISIONS AND DEFERRED PREMIUM INCOME	332.381,00	254.836,00
I. Gross provisions for unearned premiums	0,00	0,00
II. Gross mathematical provisions	332.381,00	254.836,00
III. Gross provisions for outstanding claims	0,00	0,00
IV. Gross provisions for bonus and discount	0,00	0,00
C. GROSS INSURANCE PROVISIONS IN FAVOUR OF UNIT-LINKED INSURANCE UNDERWRITERS	0,00	0,00
D. LIABILITIES FOR FINANCIAL INVESTMENTS FROM RE-INSURANCE	166.190,00	127.418,00
E. OTHER LIABILITIES	49.443,00	9.927,00
I. Liabilities from direct insurance	38.564,00	0,00
1. Liabilities towards insurers	38.564,00	0,00
2. Liabilities towards insurance agents	0,00	0,00
3. Other liabilities from direct insurance	0,00	0,00
II. Liabilities from co-insurance and re-insurance	0,00	0,00
III. Other liabilities	10.879,00	9.927,00
F. ACCRUALS	-73,00	-31,00

STATEMENT OF ASSETS AND LIABILITIES OF THE COVER FUND FOR PENSION ANNUITIES

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	655.524,00	678.177,00
A. INVESTMENTS IN REAL ESTATE AND FINANCIAL INVESTMENTS	621.950,00	650.580,00
I. INVESTMENT REAL ESTATE	0,00	0,00
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0,00	0,00
1. Shares in companies in the group	0,00	0,00
2. Shares in associated companies	0,00	0,00
III. Other financial investments	441.673,00	458.170,00
1. Shares and other securities with variable yield and investment fund coupons	0,00	0,00
2. Debt securities with fixed yield	441.673,00	458.170,00
3. Capital interest in investment fund	0,00	0,00
4. Given mortgage loans	0,00	0,00
5. Other given loans	0,00	0,00
6. Deposits with banks	0,00	0,00
7. Other financial investments	0,00	0,00
IV. INSURANCE-TECHNICAL PROVISION, TRANSFERRET TO REINSURANCE COMPANIES AND COINSURANCE	180.277,00	192.410,00
a) from unearned premium	0,00	0,00
b) from mathematical reserves	180.277,00	192.410,00
c) from claim reserves	0,00	0,00
d) from unearned premium	0,00	0,00
e) from mathematical reserves of unit-linked insurers		0,00
B. RECEIVABLES	28.693,00	27.382,00
I. RECEIVABLES FROM DIRECT INSURANCE BUSINESS	0,00	0,00
1. Receivables towards insurance underwriters	0,00	0,00
2. Receivables towards insurance agents	0,00	0,00
3. Other receivables from direct insurance	0,00	0,00
II. RECEIVABLES FROM RE-INSURANCE	-3.764,00	2.752,00
III. OTHER RECEIVABLES	32.457,00	24.630,00
C. OTHER ASSETS	4.881,00	215,00
I. CASH	4.881,00	215,00
II. OTHER ASSETS	0,00	0,00
D. SHORT TERM DEFERRALS	0,00	0,00
1. Accrued interest and rent	0,00	0,00
2. Short term deferred acquisition costs	0,00	0,00
3. Other short term deferrals	0,00	0,00

Values in EUR

Items	31.12.2018	31.12.2017
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	631.868,00	662.057,00
A. REVALUATION SURPLUS	5.670,00	4.652,00
B. GROSS INSURANCE PROVISIONS AND DEFERRED PREMIUM INCOME	360.555,00	384.821,00
I. Gross provisions for unearned premiums	0,00	0,00
II. Gross mathematical provisions	360.555,00	384.821,00
III. Gross provisions for outstanding claims	0,00	0,00
IV. Gross provisions for bonus and discount	0,00	0,00
1. Gross provisions for bonus and discount	0,00	0,00
C. GROSS INSURANCE PROVISIONS IN FAVOUR OF UNIT-LINKED INSURANCE UNDERWRITERS	0,00	0,00
D. LIABILITIES FOR FINANCIAL INVESTMENTS FROM RE-INSURANCE	180.278,00	192.410,00
E. OTHER LIABILITIES	85.413,00	80.174,00
I. Liabilities from direct insurance	0,00	0,00
1. Liabilities towards insurers	0,00	0,00
2. Liabilities towards insurance agents	0,00	0,00
3. Other liabilities from direct insurance	0,00	0,00
II. Liabilities from co-insurance and re-insurance	0,00	0,00
III. Other liabilities	85.413,00	80.174,00
F. ACCRUALS	-48,00	0,00

STATEMENT OF ASSETS AND LIABILITIES OF THE LIFE COVER FUND AS AT 31. 12. 2019

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	119.290.605,00	114.321.841,00
A. INVESTMENTS IN REAL ESTATE AND FINANCIAL INVESTMENTS	114.267.953,00	109.439.958,00
I. INVESTMENT REAL ESTATE	0,00	0,00
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0,00	0,00
1. Shares in companies in the group	0,00	0,00
2. Shares in associated companies	0,00	0,00
III. Other financial investments	83.883.390,00	79.739.787,00
1. Shares and other securities with variable yield and investment fund coupons	239.130,00	205.392,00
2. Debt securities with fixed yield	80.033.046,00	76.552.356,00
3. Capital interest in investment fund	3.433.203,00	2.781.742,00
4. Given mortgage loans	0,00	0,00
5. Other given loans	178.011,00	200.297,00
6. Deposits with banks	0,00	0,00
7. Other financial investments	0,00	0,00
IV. INSURANCE-TECHNICAL PROVISION, TRANSFERRET TO REINSURANCE COMPANIES AND COINSURANCE	30.384.563,00	29.700.171,00
a) from unearned premium	2.320.066,00	2.226.952,00
b) from mathematical reserves	27.285.391,00	26.728.261,00
c) from claim reserves	779.106,00	744.958,00
d) from unearned premium	0,00	0,00
e) from other technical provisions		0,00
B. RECEIVABLES	3.469.532,00	2.781.029,00
I. RECEIVABLES FROM DIRECT INSURANCE BUSINESS	79.928,00	279.150,00
1. Receivables towards insurance underwriters	-6.510,00	85.871,00
2. Receivables towards insurance agents	86.438,00	193.279,00
3. Other receivables from direct insurance	0,00	0,00
II. RECEIVABLES FROM RE-INSURANCE	5.052.615,00	4.959.691,00
III. OTHER RECEIVABLES	-1.663.011,00	-2.457.812,00
C. OTHER ASSETS	1.329.273,00	1.612.629,00
I. CASH	1.329.273,00	1.612.629,00
II. OTHER ASSETS	0,00	0,00
D. SHORT TERM DEFERRALS	223.847,00	488.225,00
1. Accrued interest and rent	0,00	0,00
2. Short term deferred acquisition costs	223.847,00	488.225,00
3. Other short term deferrals	0,00	0,00

Values in EUR

Items	31.12.2019	31.12.2018
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	94.430.340,00	91.297.271,00
A. REVALUATION SURPLUS	2.508.201,00	2.267.559,00
B. GROSS INSURANCE PROVISIONS AND DEFERRED PREMIUM INCOME	59.458.160,00	57.851.814,00
I. Gross provisions for unearned premiums	2.941.136,00	2.591.944,00
II. Gross mathematical provisions	54.570.780,00	53.456.522,00
III. Gross provisions for outstanding claims	1.371.290,00	1.371.380,00
IV. Gross provisions for bonus and discount	574.954,00	431.968,00
C. GROSS INSURANCE PROVISIONS IN FAVOUR OF UNIT-LINKED INSURANCE UNDERWRITERS	0,00	0,00
D. LIABILITIES FOR FINANCIAL INVESTMENTS FROM RE-INSURANCE	30.384.562,00	29.700.171,00
E. OTHER LIABILITIES	2.079.296,00	1.477.696,00
I. Liabilities from direct insurance	1.158.622,00	1.282.600,00
1. Liabilities towards insurers	405.114,00	271.840,00
2. Liabilities towards insurance agents	716.147,00	981.872,00
3. Other liabilities from direct insurance	37.361,00	28.888,00
II. Liabilities from co-insurance and re-insurance	4.498.811,00	4.530.808,00
III. Other liabilities	-3.578.137,00	-4.335.712,00
F. ACCRUALS	121,00	31,00

STATEMENT OF ASSETS AND LIABILITIES OF THE FUNDS OTHER THAN INTERNAL FUNDS AS AT 31. 12. 2019 - INVESTMENT FUND

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	40.736.719	38.325.164
A. INVESTMENTS IN REAL ESTATE AND FINANCIAL INVESTMENTS	40.429.577	37.984.147
I. INVESTMENT REAL ESTATE	0	0
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0	0
1. Shares in companies in the group	0	0
2. Shares in associated companies	0	0
III. Other financial investments	26.980.162	25.320.373
1. Shares and other securities with variable yield	0	0
2. Debt securities with fixed yield	0	0
3. Capital interest in investment fund	26.980.162	25.320.373
4. Given mortgage loans	0	0
5. Other given loans	0	0
6. Deposits with banks	0	0
7. Other financial investments	0	0
VI. INSURANCE-TECHNICAL PROVISIONS - PART OF RE-INSURER	13.449.415	12.663.774
a) unearned premiums	0	0
b) mathematical provisions	0	0
c) provisions for outstanding claims	0	0
č) provisions for bonus and discount	0	0
d) insurance provisions in favour of unit-linked insurance underwriters	13.449.415	12.663.774
B. RECEIVABLES	4.990	26.577
I. RECEIVABLES FROM DIRECT INSURANCE BUSINESS	31	31
1. Receivables towards insurance underwriters	31	31
2. Receivables towards insurance agents	0	0
3. Other receivables from direct insurance	0	0
II. RECEIVABLES FROM RE-INSURANCE	-267	249
III. OTHER RECEIVABLES	5.226	26.297
C. OTHER ASSETS	302.152	314.440
I. CASH	302.152	314.440
II. OTHER ASSETS	0	0
D. SHORT TERM DEFERRALS	0	0
1. Accrued interest and rent	0	0
2. Short term deferred acquisition costs	0	0
3. Other short term deferrals	0	0

Values in EUR

Items	31.12.2018	31.12.2017
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	41.029.554	38.601.419
A. REVALUATION SURPLUS	0	0
B. NET INSURANCE PROVISIONS	0	0
I. Net provisions for unearned premiums	0	0
II. Net mathematical provisions	0	0
III. Net provisions for outstanding claims	0	0
IV. Net provisions for bonus and discount	0	0
C. NET INSURANCE PROVISIONS IN FAVOUR OF UNIT-LINKED INSURANCE UNDERWRITERS	26.866.526	25.295.245
D. LIABILITIES FOR FINANCIAL INVESTMENTS FROM RE-INSURANCE	13.449.415	12.647.622
E. OTHER LIABILITIES	713.613	658.552
I. Liabilities from direct insurance	400.042	341.344
1. Liabilities towards insurers	397.792	339.766
2. Liabilities towards insurance agents	0	0
3. Other liabilities from direct insurance	2.250	1.578
II. Liabilities from co-insurance and re-insurance	0	0
III. Other liabilities	313.571	317.208
F. ACCRUALS	0	0

STATEMENT OF ASSETS AND LIABILITIES OF THE INTERNAL FUND AS AT 31. 12. 2019 - EQUITY FUND

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	18.055.874	12.772.486
A. INVESTMENTS IN REAL ESTATE AND FINANCIAL INVESTMENTS	0	0
I. INVESTMENT REAL ESTATE	0	0
III. Other financial investments	17.840.454	12.531.044
3. Capital interest in investment fund	17.840.454	12.531.044
1. Shares and other securities with variable yield	0	0
2. Debt securities with fixed yield	0	0
4. Given mortgage loans	0	0
6. Deposits with banks	0	0
5. Other given loans	0	0
B. RECEIVABLES	8.978	5.806
1. Receivables towards insurance underwriters	0	0
3. Other receivables from direct insurance	0	0
II. RECEIVABLES FROM RE-INSURANCE	0	0
III. OTHER RECEIVABLES	8.978	5.806
I. CASH	206.442	235.636
II. OTHER ASSETS	0	0
	18.055.874	12.772.486
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	16.902.862	16.711.731
I. Trade and other payables	206.527	242.936
1. Liabilities arising from the purchase of securities and other financial instruments	0	0
2. Liabilities from purchase of investment property and other property rights	0	0
3. Liabilities to fund manager	328	228
4. Other trade liabilities	206.199	242.708
II. Financial liabilities	0	0
III. Liabilities to policyholders arising from insurance contracts	14.861.441	14.371.190
1. The nominal value of premiums paid	12.978.879	11.130.212
2. Revaluation surplus	2.041.421	2.340.541
3. Gain / Loss carried forward	-158.859	900.437
IV. Unallocated result of the period	2.987.904	-1.841.642
V. TOTAL LIABILITIES (I to IV)	18.055.872	12.772.484
NET ASSET VALUE = ASSETS - TRADE PAYABLES - FINANCIAL LIABILITIES	17.849.347	12.529.550

STATEMENT OF ASSETS AND LIABILITIES OF THE INTERNAL FUND AS AT 31. 12. 2019 - MOSTLY EQUITY

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	10.750.291	7.329.143
I. INVESTMENT REAL ESTATE	0	0
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0	0
III. Other financial investments	10.645.341	7.257.478
3. Capital interest in investment fund	10.645.341	7.257.478
1. Shares and other securities with variable yield	0	0
2. Debt securities with fixed yield	0	0
4. Given mortgage loans	0	0
6. Deposits with banks	0	0
5. Other given loans	0	0
B. RECEIVABLES	8.019	1.785
1. Receivables towards insurance underwriters	0	0
3. Other receivables from direct insurance	0	0
II. RECEIVABLES FROM RE-INSURANCE	0	0
III. OTHER RECEIVABLES	8.019	1.785
I. CASH	96.931	69.880
II. OTHER ASSETS	0	0
VII. SKUPAJ SREDSTVA (od I do VI)	10.750.291	7.329.143
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	11.023.828	9.540.192
I. Trade and other payables	103.244	70.994
1. Liabilities arising from the purchase of securities and other financial instruments	0	0
2. Liabilities from purchase of investment property and other property rights	0	0
3. Liabilities to fund manager	197	133
4. Other trade liabilities	103.047	70.861
II. Financial liabilities	0	0
III. Liabilities to policyholders arising from insurance contracts	9.113.693	7.858.195
1. The nominal value of premiums paid	7.138.849	5.810.705
2. Revaluation surplus	1.910.135	1.681.997
3. Gain / Loss carried forward	64.709	365.493
IV. Unallocated result of the period	1.533.355	-600.045
V. TOTAL LIABILITIES (I to IV)	10.750.292	7.329.144
NET ASSET VALUE = ASSETS - TRADE PAYABLES - FINANCIAL LIABILITIES	10.647.047	7.258.149

STATEMENT OF ASSETS AND LIABILITIES OF THE INTERNAL FUND AS AT 31. 12. 2019 - BALANCED FUNDD

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	6.203.480	3.609.847
A. INVESTMENTS IN REAL ESTATE AND FINANCIAL INVESTMENTS	0	0
I. INVESTMENT REAL ESTATE	0	0
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	6.143.686	3.565.858
III. Other financial investments	6.143.686	3.565.858
1. Shares and other securities with variable yield	0	0
2. Debt securities with fixed yield	0	0
4. Given mortgage loans	0	0
6. Deposits with banks	0	0
5. Other given loans	0	0
B. RECEIVABLES	12.812	3.213
1. Receivables towards insurance underwriters	80	80
3. Other receivables from direct insurance	0	0
II. RECEIVABLES FROM RE-INSURANCE	0	0
III. OTHER RECEIVABLES	12.732	3.133
I. CASH	46.982	40.776
II. OTHER ASSETS	0	0
VII. SKUPAJ SREDSTVA (od I do VI)	6.203.480	3.609.847
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	6.873.711	4.530.229
I. Trade and other payables	58.412	43.153
1. Liabilities arising from the purchase of securities and other financial instruments	0	0
2. Liabilities from purchase of investment property and other property rights	0	0
3. Liabilities to fund manager	113	65
4. Other trade liabilities	58.299	43.088
II. Financial liabilities	0	0
III. Liabilities to policyholders arising from insurance contracts	5.440.287	3.668.180
1. The nominal value of premiums paid	3.872.044	2.640.218
2. Revaluation surplus	1.433.424	862.049
3. Gain / Loss carried forward	134.819	165.913
IV. Unallocated result of the period	704.780	-101.486
V. TOTAL LIABILITIES (I to IV)	6.203.479	3.609.847
NET ASSET VALUE = ASSETS - TRADE PAYABLES - FINANCIAL LIABILITIES	6.145.068	3.566.694

STATEMENT OF ASSETS AND LIABILITIES OF THE INTERNAL FUND AS AT 31. 12. 2019 - MOSTLY DEBT

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	1.658.689	1.052.090
I. INVESTMENT REAL ESTATE	0	0
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0	0
III. Other financial investments	1.650.984	1.042.147
3. Capital interest in investment fund	1.650.984	1.042.147
1. Shares and other securities with variable yield	0	0
2. Debt securities with fixed yield	0	0
4. Given mortgage loans	0	0
6. Deposits with banks	0	0
5. Other given loans	0	0
B. RECEIVABLES	229	248
1. Receivables towards insurance underwriters	0	0
3. Other receivables from direct insurance	0	0
II. RECEIVABLES FROM RE-INSURANCE	0	0
III. OTHER RECEIVABLES	229	248
I. CASH	7.476	9.695
II. OTHER ASSETS	0	0
VII. SKUPAJ SREDSTVA (od I do VI)	1.658.689	1.052.090
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	1.866.599	1.316.999
I. Trade and other payables	8.614	10.514
1. Liabilities arising from the purchase of securities and other financial instruments	0	0
2. Liabilities from purchase of investment property and other property rights	0	0
3. Liabilities to fund manager	30	19
4. Other trade liabilities	8.584	10.495
II. Financial liabilities	0	0
III. Liabilities to policyholders arising from insurance contracts	1.490.537	1.067.120
1. The nominal value of premiums paid	1.100.876	790.034
2. Revaluation surplus	376.062	249.879
3. Gain / Loss carried forward	13.599	27.207
IV. Unallocated result of the period	159.537	-25.545
V. TOTAL LIABILITIES (I to IV)	1.658.688	1.052.089
NET ASSET VALUE = ASSETS - TRADE PAYABLES - FINANCIAL LIABILITIES	1.650.075	1.041.576

STATEMENT OF ASSETS AND LIABILITIES OF THE INTERNAL FUND AS AT 31. 12. 2019 - DEBT FUND

Values in EUR

Items	31.12.2019	31.12.2018
ASSETS in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	3.201.446	2.284.700
I. INVESTMENT REAL ESTATE	0	0
II. FINANCIAL INVESTMENTS IN COMPANIES IN THE GROUP AND IN ASSOCIATED COMPANIES	0	0
III. Other financial investments	3.153.978	2.249.183
3. Capital interest in investment fund	3.153.978	2.249.183
1. Shares and other securities with variable yield	0	0
2. Debt securities with fixed yield	0	0
4. Given mortgage loans	0	0
6. Deposits with banks	0	0
5. Other given loans	0	0
B. RECEIVABLES	229	1.089
1. Receivables towards insurance underwriters	0	0
3. Other receivables from direct insurance	0	0
II. RECEIVABLES FROM RE-INSURANCE	0	0
III. OTHER RECEIVABLES	229	1.089
I. CASH	47.239	34.428
II. OTHER ASSETS	0	0
VII. SKUPAJ SREDSTVA (od I do VI)	3.201.446	2.284.700
LIABILITIES in the Statement of Assets and Liabilities of the Fund Covering Mathematical provisions	3.158.530	2.442.118
I. Trade and other payables	48.148	35.564
1. Liabilities arising from the purchase of securities and other financial instruments	0	0
2. Liabilities from purchase of investment property and other property rights	0	0
3. Liabilities to fund manager	58	41
4. Other trade liabilities	48.090	35.523
II. Financial liabilities	0	0
III. Liabilities to policyholders arising from insurance contracts	3.077.064	2.357.793
1. The nominal value of premiums paid	3.066.554	2.260.851
2. Revaluation surplus	81.466	84.325
3. Gain / Loss carried forward	-70.956	12.617
IV. Unallocated result of the period	76.233	-108.659
V. TOTAL LIABILITIES (I to IV)	3.201.445	2.284.698
NET ASSET VALUE = ASSETS - TRADE PAYABLES - FINANCIAL LIABILITIES	3.153.298	2.249.136

STATEMENT OF COMPREHENSIVE INCOME FOR INTERNAL FUND

A. Income statement for internal fund	2.987.904	-1.841.641
I. Financial income	11.851.014	9.686.664
1. Revenues from dividends and shares	0	0
2. Interest income	0	0
3. Net realized gains from financial investments	221.028	18.673
4. Net income arising from changes in fair value of financial assets at fair value through profit or loss	11.629.986	9.667.991
5. Other financial income	0	0
II. Revenues from investment property	0	0
1. Rental revenue from investment property	0	0
2. Realized gains on disposal of investment property	0	0
3. Net income arising from changes in fair value of investment property, recognized through profit or loss	0	0
III. Other incomes	0	0
IV. Financial expenses	-8.859.604	-11.525.467
1. Interest expense	0	0
2. Losses on disposal of investments	0	-491.390
3. Net expenses arising from changes in fair value of financial assets at fair value through profit or loss	-8.859.604	-11.034.077
4. Other financial expenses	0	0
V. Expenses from investment property	0	0
1. Expenses in connection with the management and leasing of investment property	0	0
2. Net realized losses on the disposal of investment property	0	0
3. Net expenses arising from changes in fair value of investment property at fair value through profit or loss	0	0
VI. Management of the fund and operating expenses	-3.506	-2.838
1. Expenses of fund manager	-3.506	-2.838
2. Other expenses related to fund management	0	0
VII. Net profit for the period (I+ II - III - IV - V - VI)	2.987.904	-1.841.641
B. Other comprehensive income for internal fund		
1. Gains or losses recognized in the revaluation surplus in respect of available for sale financial assets	0	0
2. Gains or losses recognized in the revaluation surplus in respect of non-current assets held for sale	0	0
3. Gains or losses recognized in revaluation surplus of cash flow	0	0
4. Other net gains or losses	0	0
I. Total other comprehensive income (1.+2.+3.+4.)	0	0
II. Total comprehensive income after tax (A. + B.)	2.987.904	-1.841.641
Statement of changes in internal fund net available assets (unit value)		
1. Net available assets (unit value) at beginning of year	12.529.546	11.698.375
2. Inflow of assets (units paid in)	4.983.656	4.890.794
3. Disbursements of assets (units paid out)	-2.651.766	-2.217.981
4. Net profit for the period of internal fund	2.987.904	-1.841.642
5. Other comprehensive income of internal fund	0	0
6. Net available assets (unit value) at year end	17.849.340	12.529.546
Statement of changes in internal fund net available assets (unit value)		
1. Number of units at beginning of year	11.130.213	8.981.858
2. Number of units paid in	3.922.899	3.919.903
3. Number of units paid out	-2.074.236	-1.771.548
4. Number of units at year end	12.978.876	11.130.213

STATEMENT OF COMPREHENSIVE INCOME FOR INTERNAL FUND - MOSTLY EQUITY FUND

A. Income statement for internal fund	1.533.355	-600.045
I. Financial income	5.872.891	4.084.949
1. Revenues from dividends and shares	0	0
2. Interest income	0	0
3. Net realized gains from financial investments	86.230	11.882
4. Net income arising from changes in fair value of financial assets at fair value through profit or loss	5.786.661	4.073.067
5. Other financial income	0	0
II. Revenues from investment property	0	0
1. Rental revenue from investment property	0	0
2. Realized gains on disposal of investment property	0	0
3. Net income arising from changes in fair value of investment property, recognized through profit or loss	0	0
III. Other incomes	0	0
IV. Financial expenses	-4.337.527	-4.683.550
1. Interest expense	0	0
2. Losses on disposal of investments	0	-122.826
3. Net expenses arising from changes in fair value of financial assets at fair value through profit or loss	-4.337.527	-4.560.724
4. Other financial expenses	0	0
V. Expenses from investment property	0	0
1. Expenses in connection with the management and leasing of investment property	0	0
2. Net realized losses on the disposal of investment property	0	0
3. Net expenses arising from changes in fair value of investment property at fair value through profit or loss	0	0
VI. Management of the fund and operating expenses	-2.009	-1.444
1. Expenses of fund manager	-2.009	-1.444
2. Other expenses related to fund management	0	0
VII. Net profit for the period (I+ II - III - IV - V - VI)	1.533.355	-600.045
B. Other comprehensive income for internal fund		
1. Gains or losses recognized in the revaluation surplus in respect of available for sale financial assets	0	0
2. Gains or losses recognized in the revaluation surplus in respect of non-current assets held for sale	0	0
3. Gains or losses recognized in revaluation surplus of cash flow	0	0
4. Other net gains or losses	0	0
I. Total other comprehensive income (1.+2.+3.+4.)	0	0
II. Total comprehensive income after tax (A. + B.)	1.533.355	-600.045

Statement of changes in internal fund net available assets (unit value) Statement of changes in internal fund net available assets (unit value)

1. Net available assets (unit value) at beginning of year	7.258.145	5.726.061
2. Inflow of assets (units paid in)	2.149.948	1.852.094
3. Disbursements of assets (units paid out)	-294.404	280.035
4. Net profit for the period of internal fund	1.533.355	-600.045
5. Other comprehensive income of internal fund	0	0
6. Net available assets (unit value) at year end	10.647.044	7.258.145

Statement of changes in internal fund net available assets (unit value)

1. Number of units at beginning of year	5.810.704	4.219.641
2. Number of units paid in	1.540.594	1.389.125
3. Number of units paid out	-212.450	201.938
4. Number of units at year end	7.138.848	5.810.704

STATEMENT OF COMPREHENSIVE INCOME FOR INTERNAL FUND - BALANCED FUND

A. Income statement for internal fund	704.780	-101.485
I. Financial income	2.275.160	1.401.249
1. Revenues from dividends and shares	0	0
2. Interest income	0	0
3. Net realized gains from financial investments	45.721	99.548
4. Net income arising from changes in fair value of financial assets at fair value through profit or loss	2.229.439	1.301.701
5. Other financial income	0	0
II. Revenues from investment property	0	0
1. Rental revenue from investment property	0	0
2. Realized gains on disposal of investment property	0	0
3. Net income arising from changes in fair value of investment property, recognized through profit or loss	0	0
III. Other incomes	0	0
IV. Financial expenses	-1.569.332	-1.502.056
1. Interest expense	0	0
2. Losses on disposal of investments	0	-66.254
3. Net expenses arising from changes in fair value of financial assets at fair value through profit or loss	-1.569.332	-1.435.802
4. Other financial expenses	0	0
V. Expenses from investment property	0	0
1. Expenses in connection with the management and leasing of investment property	0	0
2. Net realized losses on the disposal of investment property	0	0
3. Net expenses arising from changes in fair value of investment property at fair value through profit or loss	0	0
VI. Management of the fund and operating expenses	-1.048	-678
1. Expenses of fund manager	-1.048	-678
2. Other expenses related to fund management	0	0
VII. Net profit for the period (I+ II - III - IV - V - VI)	704.780	-101.485
B. Other comprehensive income for internal fund		
1. Gains or losses recognized in the revaluation surplus in respect of available for sale financial assets	0	0
2. Gains or losses recognized in the revaluation surplus in respect of non-current assets held for sale	0	0
3. Gains or losses recognized in revaluation surplus of cash flow	0	0
4. Other net gains or losses	0	0
I. Total other comprehensive income (1.+2.+3.+4.)	0	0
II. Total comprehensive income after tax (A. + B.)	704.780	-101.485
Statement of changes in internal fund net available assets (unit value)		
1. Net available assets (unit value) at beginning of year	3.566.693	2.527.251
2. Inflow of assets (units paid in)	1.251.969	948.079
3. Disbursements of assets (units paid out)	621.623	192.849
4. Net profit for the period of internal fund	704.780	-101.486
5. Other comprehensive income of internal fund	0	0
6. Net available assets (unit value) at year end	6.145.065	3.566.693
Statement of changes in the number of units of the internal fund		
1. Number of units at beginning of year	2.640.217	1.836.195
2. Number of units paid in	830.965	674.647
3. Number of units paid out	400.862	129.375
4. Number of units at year end	3.872.044	2.640.217

STATEMENT OF COMPREHENSIVE INCOME FOR INTERNAL FUND - MOSTLY DEBT FUND

A. Income statement for internal fund	159.536	-25.544
I. Financial income	518.001	278.133
1. Revenues from dividends and shares	0	0
2. Interest income	0	0
3. Net realized gains from financial investments	12.787	16.661
4. Net income arising from changes in fair value of financial assets at fair value through profit or loss	505.214	261.472
5. Other financial income	0	0
II. Revenues from investment property	0	0
1. Rental revenue from investment property	0	0
2. Realized gains on disposal of investment property	0	0
3. Net income arising from changes in fair value of investment property, recognized through profit or loss	0	0
III. Other incomes	0	0
IV. Financial expenses	-358.165	-303.499
1. Interest expense	0	0
2. Losses on disposal of investments	0	-11.181
3. Net expenses arising from changes in fair value of financial assets at fair value through profit or loss	-358.165	-292.318
4. Other financial expenses	0	0
V. Expenses from investment property	0	0
1. Expenses in connection with the management and leasing of investment property	0	0
2. Net realized losses on the disposal of investment property	0	0
3. Net expenses arising from changes in fair value of investment property at fair value through profit or loss	0	0
VI. Management of the fund and operating expenses	-300	-178
1. Expenses of fund manager	-300	-178
2. Other expenses related to fund management	0	0
VII. Net profit for the period (I+ II - III - IV - V - VI)	159.536	-25.544
B. Other comprehensive income for internal fund		
1. Gains or losses recognized in the revaluation surplus in respect of available for sale financial assets	0	0
2. Gains or losses recognized in the revaluation surplus in respect of non-current assets held for sale	0	0
3. Gains or losses recognized in revaluation surplus of cash flow	0	0
4. Other net gains or losses	0	0
I. Total other comprehensive income (1.+2.+3.+4.)	0	0
II. Total comprehensive income after tax (A. + B.)	159.536	-25.544

Statement of changes in internal fund net available assets (unit value)

1. Net available assets (unit value) at beginning of year	1.041.575	642.395
2. Inflow of assets (units paid in)	355.635	246.188
3. Disbursements of assets (units paid out)	93.327	178.537
4. Net profit for the period of internal fund	159.537	-25.545
5. Other comprehensive income of internal fund	0	0
6. Net available assets (unit value) at year end	1.650.074	1.041.575

Statement of changes in the number of units of the internal fund

1. Number of units at beginning of year	790.035	479.726
2. Number of units paid in	247.802	181.785
3. Number of units paid out	63.039	128.524
4. Number of units at year end	1.100.876	790.035

STATEMENT OF COMPREHENSIVE INCOME FOR INTERNAL FUND - GUARANTEED FUND

A. Income statement for internal fund	76.232	-108.659
I. Financial income	190.454	187.082
1. Revenues from dividends and shares	0	0
2. Interest income	0	0
3. Net realized gains from financial investments	40.849	13.786
4. Net income arising from changes in fair value of financial assets at fair value through profit or loss	149.605	173.296
5. Other financial income	0	0
II. Revenues from investment property	0	0
1. Rental revenue from investment property	0	0
2. Realized gains on disposal of investment property	0	0
3. Net income arising from changes in fair value of investment property, recognized through profit or loss	0	0
III. Other incomes	0	0
IV. Financial expenses	-113.627	-295.290
1. Interest expense	0	0
2. Losses on disposal of investments	0	0
3. Net expenses arising from changes in fair value of financial assets at fair value through profit or loss	-113.627	-295.290
4. Other financial expenses	0	0
V. Expenses from investment property	0	0
1. Expenses in connection with the management and leasing of investment property	0	0
2. Net realized losses on the disposal of investment property	0	0
3. Net expenses arising from changes in fair value of investment property at fair value through profit or loss	0	0
VI. Management of the fund and operating expenses	-595	-451
1. Expenses of fund manager	-595	-451
2. Other expenses related to fund management	0	0
VII. Net profit for the period (I+ II - III - IV - V - VI)	76.232	-108.659
B. Other comprehensive income for internal fund		
1. Gains or losses recognized in the revaluation surplus in respect of available for sale financial assets	0	0
2. Gains or losses recognized in the revaluation surplus in respect of non-current assets held for sale	0	0
3. Gains or losses recognized in revaluation surplus of cash flow	0	0
4. Other net gains or losses	0	0
I. Total other comprehensive income (1.+2.+3.+4.)	0	0
II. Total comprehensive income after tax (A. + B.)	76.232	-108.659
Statement of changes in internal fund net available assets (unit value)		
1. Net available assets (unit value) at beginning of year	2.249.137	1.846.746
2. Inflow of assets (units paid in)	844.545	761.582
3. Disbursements of assets (units paid out)	-16.616	-250.532
4. Net profit for the period of internal fund	76.233	-108.659
5. Other comprehensive income of internal fund	0	0
6. Net available assets (unit value) at year end	3.153.299	2.249.137
Statement of changes in the number of units of the internal fund		
1. Number of units at beginning of year	2.260.851	1.761.383
2. Number of units paid in	824.359	742.264
3. Number of units paid out	-18.657	-242.796
4. Number of units at year end	3.066.553	2.260.851

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF 01.01. - 31.12. 2019

	I. Share capital		II. Capital reserves			
	1.	2.	III.1. Security reserves	III.2. Statutory reserves	III.3. Reserves for own shares	III.4. Reserves for financing risks
Final balance of the previous period	39.520.347,00	3.729.236,00	0,00	222.799,00	0,00	0,00
Recalculations of previous periods	0,00	0,00				
Adjustments of previous periods	0,00	0,00				
STARTING BALANCE OF THE PERIOD	39.520.347,00	3.729.236,00	0,00	222.799,00	0,00	0,00
Net comprehensive income	0,00	0,00	0,00	0,00	0,00	0,00
Net profit / loss of the year	0,00	0,00	0,00	0,00	0,00	0,00
Other comprehensive income	0,00	0,00	0,00	0,00	0,00	0,00
Capital increase from shareholders payments	0,00	0,00	0,00	0,00	0,00	0,00
Repayment of capital	0,00	0,00	0,00	0,00	0,00	0,00
Net purchase / sale of own shares	0,00	0,00	0,00	0,00	0,00	0,00
Payment of dividends / profit sharing as shares	0,00	0,00	0,00	0,00	0,00	0,00
Payment of dividends / profit sharing	0,00	0,00	0,00	0,00	0,00	0,00
Allocation of net income into reserves	0,00	0,00	0,00	0,00	0,00	0,00
Allocation of net income into withheld business result	0,00	0,00	0,00	0,00	0,00	0,00
Covering loss from previous years	0,00	0,00	0,00	0,00	0,00	0,00
Net change of reserves for credit risks an catastrophies	0,00	0,00	0,00	0,00	0,00	0,00
Other	0,00	2.308,00	0,00	0,00	0,00	0,00
FINAL BALANCE OF THE PERIOD (4+5+6+7+8+9+10+11+12+13+14+15)	39.520.347,00	3.731.544,00	0,00	222.799,00	0,00	0,00

III. Reserves from income		IV. Revaluation reserve	V. Net retained earnings from previous years	VI. Net result of the year	VII. Own share	TOTAL EQUITY
III.5. Reserves for catastrophies	III.7. Other reserves from profit			Net income / loss of the year	(deducted)	(sum 1 to 11)
7.	8.	9.	10.	11.	12.	13.
0,00	0,00	4.819.017,00	0,00	211.784,00	0,00	48.503.183,00
		0,00	0,00			0,00
		0,00	0,00			0,00
0,00	0,00	4.819.017,00	0,00	211.784,00	0,00	48.503.183,00
0,00	0,00	1.441.212,00	0,00	3.326.286,00	0,00	4.767.498,00
0,00	0,00	0,00	0,00	3.326.286,00	0,00	3.326.286,00
0,00	0,00	1.441.212,00	0,00	0,00	0,00	1.441.212,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	211.784,00	-211.784,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	2.308,00
0,00	0,00	6.260.229,00	211.784,00	3.326.286,00	0,00	53.272.989,00

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD OF 01.01. - 31.12. 2018

	I. Share capital		II. Capital reserves			
	1.	2.	III.1. Security reserves	III.2. Statutory reserves	III.3. Reserves for own shares	III.4. Reserves for financing risks
Final balance of the previous period	39.520.347,00	4.048.419,00	0,00	0,00	0,00	0,00
Recalculations of previous periods	0,00	0,00				
Adjustments of previous periods	0,00	0,00				
STARTING BALANCE OF THE PERIOD	39.520.347,00	4.048.419,00	0,00	0,00	0,00	0,00
Net comprehensive income	0,00	0,00	0,00	0,00	0,00	0,00
Net profit / loss of the year	0,00	0,00	0,00	0,00	0,00	0,00
Other comprehensive income	0,00	0,00	0,00	0,00	0,00	0,00
Capital increase from shareholders payments	0,00	0,00	0,00	0,00	0,00	0,00
Repayment of capital	0,00	0,00	0,00	0,00	0,00	0,00
Net purchase / sale of own shares	0,00	0,00	0,00	0,00	0,00	0,00
Payment of dividends / profit sharing as shares	0,00	0,00	0,00	0,00	0,00	0,00
Payment of dividends / profit sharing	0,00	0,00	0,00	0,00	0,00	0,00
Allocation of net income into reserves	0,00	0,00	0,00	222.799,00	0,00	0,00
Allocation of net income into withheld business result	0,00	0,00	0,00	0,00	0,00	0,00
Covering loss from previous years	0,00	0,00	0,00	0,00	0,00	0,00
Net change of reserves for credit risks and catastrophes	0,00	0,00	0,00	0,00	0,00	0,00
Other	0,00	-319.183,00	0,00	0,00	0,00	0,00
FINAL BALANCE OF THE PERIOD (4+5+6+7+8+9+10+11+12+13+14+15)	39.520.347,00	3.729.236,00	0,00	222.799,00	0,00	0,00

III. Reserves from income		IV. Revaluation reserve	V. Net retained earnings from previous years	VI. Net result of the year	VII. Own share	TOTAL EQUITY
III.5. Reserves for catastrophies	III.7. Other reserves from profit			Net income / loss of the year	(deducted)	(sum 1 to 11)
7.	8.	9.	10.	11.	12.	13.
0,00	0,00	7.611.278,00	-4.231.473,00	0,00	0,00	46.948.571,00
		0,00	0,00			0,00
		0,00	0,00			0,00
0,00	0,00	7.611.278,00	-4.231.473,00	0,00	0,00	46.948.571,00
0,00	0,00	-2.792.261,00	0,00	4.666.056,00	0,00	1.873.795,00
0,00	0,00	0,00	0,00	4.666.056,00	0,00	4.666.056,00
0,00	0,00	-2.792.261,00	0,00	0,00	0,00	-2.792.261,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	-222.799,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	4.231.473,00	-4.231.473,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	0,00
0,00	0,00	0,00	0,00	0,00	0,00	-319.183,00
0,00	0,00	4.819.017,00	0,00	211.784,00	0,00	48.503.183,00

14.2 PERFORMANCE INDICATORS

Performance indicators for 2019

1	Growth of gross written premium (index)	Gross written premium of the period * 100	
		Gross written premium of previous period	
2	Net insurance premium in % of gross written premium	Net insurance premium * 100	
		Gross written premium	
3	Movement of gross claims paid (index)	Gross claims paid of the period * 100	
		Gross claims paid of previous period	
4	Claim result	Gross claims paid	
		Gross written premium	
5	Operating expenses in percentage from gross written premium	Operating expenses * 100	
		Gross written premium	
6	Acquisition costs in percentage from gross written premium	Acquisition costs * 100	
		Gross written premium	
7	Net claim index	Net claims + change of claim provisions	
		Net premium income	
8	Compound claim index	(Net claims + change of claim provisions + operating expenses) * 100	
		Net premium income	
9	Cost index	Operating expenses of LIFE insurances * 100	
		Net premium income of LIFE expenses	
10	Net claim ratio	(Paid LIFE claim + change of insurance technical provisions) * 100	
		Net premium income of LIFE expenses	
11	Investment yield in % of average investment balance (from starting balance and ending balance)	Investment yield * 100	
		(starting investment balance + ending investment balance)/2	
12	Net claim provisions in percentage from net income from insurance premium	Net claim provisions * 100	
		Net income from insurance premium	
13	Gross income / loss of the period in percentage from net premium	Gross income / loss of the period * 100	
		Net premium	
14	Gross income / loss of the period in percentage from average capital	Gross income / loss of the period * 100	
		(Capital at start of year + capital at end of year)/2	

NONLIFE INSURANCE, EXCEPT FROM HEALTH INSURANCE		LIFE INSURANCE		TOTAL	
76.630.139,78	102,29%	28.311.287,83	105,57%	104.941.427,61	103,15%
74.917.462,44		26.817.039,76		101.734.502,20	
65.848.794,28	85,93%	13.497.385,57	47,67%	79.346.179,85	75,61%
76.630.139,78		28.311.287,83		104.941.427,61	
-33.965.732,03	85,47%	-11.437.481,48	87,13%	-45.403.213,51	85,88%
-39.740.966,67		-13.127.445,00		-52.868.411,67	
-33.965.732,03	-0,44	-11.437.481,48	-0,40	-45.403.213,51	-0,43
76.630.139,78		28.311.287,83		104.941.427,61	
-30.046.702,63	-39,21%	-13.149.587,82	-46,45%	-43.196.290,45	-41,16%
76.630.139,78		28.311.287,83		104.941.427,61	
-9.614.924,97	-12,55%	-4.210.939,50	-14,87%	-13.825.864,47	-13,17%
76.630.139,78		28.311.287,83		104.941.427,61	
-31.828.369,36	-48,65%	-5.616.766,01	-42,42%	-37.445.135,37	-47,60%
65.427.396,12		13.241.307,36		78.668.703,48	
-62.129.140,44	-94,96%				
65.427.396,12					
		-12.101.532,96			
		13.241.307,36	-91,39%		
		-27.468.117,05			
		28.311.287,83	-97,02%		
1.793.601,40	#REF!	11.687.817,84	#REF!	13.481.419,24	#REF!
45.800.032,04	70,00%	592.183,14	4,47%	46.392.215,18	58,97%
65.427.790,33		13.241.307,36		78.669.097,69	
4.007.964,00	6,09%	153.883,00	1,14%	4.161.847,00	5,25%
65.848.794,28		13.497.385,57		79.346.179,85	
4.007.964,00	10,50%	153.883,00	1,21%	4.161.847,00	8,18%
38.186.124,64		12.701.963,25		50.888.087,88	

15	Gross income / loss of the period in percentage from average assets	Gross income / loss of the period * 100	
		$(\text{Assets at start of year} + \text{assets at end of year})/2$	
16	Gross income / loss of the period per share	Gross income / loss of the period * 100	
		Number of shares	
17	Receivables from reinsurance and reinsurers' part of insurance-technical provisions over capital	Receivables from reinsurance and reinsurers' part of insurance-technical provisions * 100	
		Capital	
18	Net insurance premium per average capital and average balance of net technical provisions	Net insurance premium * 100	
		Average capital + average balance of net technical provisions	
19	Average balance of net technical provisions per net income from insurance premium	Average net insurance technical provisions * 100	
		Net income from insurance premium	
20	Capital per total liabilities	Capital * 100	
		Total liabilities	
21	Net technical provisions per total liabilities	Net insurance technical provisions * 100	
		Total liabilities	
22	Net insurance technical provisions for LIFE insurances over na net insurance technical provisions	Net insurance technical provisions for LIFE insurances	
		Net technical provisions	
23	Gross written premium per employee	Gross written premium	
		Number of employees	

NONLIFE INSURANCE, EXCEPT FROM HEALTH INSURANCE		LIFE INSURANCE		TOTAL	
4.007.964,00	2,94%	153.883,00	0,07%	4.161.847,00	1,20%
136.251.662,75		211.044.146,95		345.908.384,65	
4.007.964,00	303,35%	153.883,00	14,71%	4.161.847,00	175,78%
1.321.241		1.046.423		2.367.664	
13.005.167,19	32,20%	68.950.011,70	534,99%	81.955.178,89	153,84%
40.384.816,54		12.888.174,57		53.272.991,11	
65.848.794,28	59,80%	13.497.385,57	16,84%	79.346.179,85	41,70%
110.117.877,58		80.150.061,96		190.267.939,53	
71.931.752,94	109,94%	67.448.098,71	509,38%	139.379.851,65	177,17%
65.427.790,33		13.241.307,36		78.669.097,69	
40.384.816,54	28,81%	12.888.174,57	5,75%	53.272.991,11	14,62%
140.184.211,26		224.162.702,24		364.346.913,50	
71.971.400,64	51,34%	72.001.852,08	32,12%	143.973.252,72	39,52%
140.184.211,26		224.162.702,24		364.346.913,50	
		60.771.382,52	84,40%	60.771.382,52	42,21%
		72.001.852,08		143.973.252,72	
76.630.139,78	168.418	28.311.287,83		104.941.427,61	230.641
455,00		0,00		455,00	

Performance indicators for 2018

1	Growth of gross written premium (index)	Gross written premium of the period * 100	
		Gross written premium of previous period	
2	Net insurance premium in % of gross written premium	Net insurance premium * 100	
		Gross written premium	
3	Movement of gross claims paid (index)	Gross claims paid of the period * 100	
		Gross claims paid of previous period	
4	Claim result	Gross claims paid	
		Gross written premium	
5	Operating expenses in percentage from gross written premium	Operating expenses * 100	
		Gross written premium	
6	Acquisition costs in percentage from gross written premium	Acquisition costs * 100	
		Gross written premium	
7	Net claim index	Net claims + change of claim provisions	
		Net premium income	
8	Compound claim index	(Net claims + change of claim provisions + operating expenses) * 100	
		Net premium income	
9	Cost index	Operating expenses of LIFE insurances * 100	
		Net premium income of LIFE expenses	
10	Net claim ratio	(Paid LIFE claim + change of insurance technical provisions) * 100	
		Net premium income of LIFE expenses	
11	Investment yield in % of average investment balance (from starting balance and ending balance)	Investment yield * 100	
		(starting investment balance + ending investment balance)/2	
12	Net claim provisions in percentage from net income from insurance premium	Net claim provisions * 100	
		Net income from insurance premium	
13	Gross income / loss of the period in percentage from net premium	Gross income / loss of the period * 100	
		Net premium	
14	Gross income / loss of the period in percentage from average capital	Gross income / loss of the period * 100	
		(Capital at start of year + capital at end of year)/2	

NONLIFE INSURANCE, EXCEPT FROM HEALTH INSURANCE		LIFE INSURANCE		TOTAL
74.917.462,44		26.817.039,76		101.734.502,20
	103,63%		103,28%	103,54%
72.290.750,22		25.966.485,03		98.257.235,25
63.836.039,58		12.409.907,04		76.245.946,62
	85,21%		46,28%	74,95%
74.917.462,44		26.817.039,76		101.734.502,20
-40.752.960,72		-13.127.445,00		-53.880.405,72
	118,06%		110,70%	116,18%
-34.518.805,40		-11.858.561,33		-46.377.366,73
-40.752.960,72		-13.127.445,00		-53.880.405,72
	-0,54		-0,49	-0,53
74.917.462,44		26.817.039,76		101.734.502,20
-26.832.618,30		-12.768.309,96		-39.600.928,26
	-35,82%		-47,61%	-38,93%
74.917.462,44		26.817.039,76		101.734.502,20
-9.282.065,37		-4.860.441,40		-14.142.506,77
	-12,39%		-18,12%	-13,90%
74.917.462,44		26.817.039,76		101.734.502,20
-32.882.015,31		-6.414.387,29		-39.296.402,60
	-51,71%		-51,51%	-51,68%
63.589.614,58		12.453.555,09		76.043.169,67
-58.727.749,15				
	-92,35%			
63.589.614,58				
		-4.455.510,20		
			-35,78%	
		12.453.555,09		
		-12.236.897,55		
			-45,63%	
		26.817.039,76		
1.801.049,81		-2.469.110,67		-668.060,86
	1,76%		-1,83%	-0,28%
102.496.231,06		134.858.778,58		237.355.009,64
46.143.826,54		626.422,66		46.770.249,20
	72,56%		5,03%	61,50%
63.590.085,65		12.453.555,09		76.043.640,74
4.968.434,00		782.377,00		5.750.811,00
	7,78%		6,30%	7,54%
63.836.039,58		12.409.907,04		76.245.946,62
4.968.434,00		782.377,00		5.750.811,00
	14,14%		6,21%	12,05%
35.127.703,22		12.598.175,14		47.725.878,36

15	Gross income / loss of the period in percentage from average assets	Gross income / loss of the period * 100	
		(Assets at start of year + assets at end of year)/2	
16	Gross income / loss of the period per share	Gross income / loss of the period * 100	
		Number of shares	
17	Receivables from reinsurance and reinsurers' part of insurance-technical provisions over capital	Receivables from reinsurance and reinsurers' part of insurance-technical provisions * 100	
		Capital	
18	Net insurance premium per average capital and average balance of net technical provisions	Net insurance premium * 100	
		Average capital + average balance of net technical provisions	
19	Average balance of net technical provisions per net income from insurance premium	Average net insurance technical provisions * 100	
		Net income from insurance premium	
20	Capital per total liabilities	Capital * 100	
		Total liabilities	
21	Net technical provisions per total liabilities	Net insurance technical provisions * 100	
		Total liabilities	
22	Net insurance technical provisions for LIFE insurances over na net insurance technical provisions	Net insurance technical provisions for LIFE insurances	
		Net technical provisions	
23	Gross written premium per employee	Gross written premium	
		Number of employees	

NONLIFE INSURANCE, EXCEPT FROM HEALTH INSURANCE		LIFE INSURANCE		TOTAL
4.968.434,00		782.377,00		5.750.811,00
	3,68%		0,39%	1,73%
135.126.432,36		198.860.103,58		332.810.234,02
4.968.434,00		782.377,00		5.750.811,00
1.321.241	376,04%	1.046.423	74,77%	242,89%
13.600.607,10		60.969.284,41		74.569.891,51
35.987.432,73	37,79%	12.515.751,93	487,14%	153,74%
63.836.039,58		12.409.907,04		76.245.946,62
107.277.522,40	59,51%	77.106.552,08	16,09%	41,35%
72.149.819,18		64.508.376,94		136.658.196,12
63.590.085,65	113,46%	12.453.555,09	517,99%	179,71%
35.987.432,73		12.515.751,93		48.503.184,66
132.319.114,23	27,20%	197.925.591,57	6,32%	14,69%
71.892.105,24		62.894.345,33		134.786.450,57
132.319.114,23	54,33%	197.925.591,57	31,78%	40,81%
		53.002.108,49		53.002.108,49
		62.894.345,33	84,27%	134.786.450,57
74.917.462,44		26.817.039,76		101.734.502,20
444,00	168,733			444,00
				229,132

