

GENERALI GROUP SLOVENIA
and GENERALI ZAVAROVALNICA D. D.

ANNUAL REPORT 2020

generali.si



**WE'RE
ALL ABOUT YOU**

The Management Bodies as at 31 December 2020

Supervisory Board

Gregor Pilgram (Chairman)

Carlo Schiavetto (Deputy Chairman)

Luciano Cirinà (Member)

Miroslav Singer (Member)

Suzana Meglič (Member)

Matjaž Pavlin (Member)

Management Board

Vanja Hrovat (President)

Mitja Feri (Member)

Katarina Guzej (Member)

Matija Šenk (Member)

Audit Committee of the Supervisory Board

Carlo Schiavetto (Chairman)

Gregor Pilgram (Deputy Chairman)

Renata Eržen Potisek (Member)

GENERALI zavarovalnica d. d.

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1000 Ljubljana, Slovenia
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Letter from the President of the Management Board



Vanja

Hrovat

Dear business partners, policyholders, distinguished co-workers

The year 2020 for the Generali Insurance Company was marked by the merger with the insurance company Adriatic Slovenica and the intensive introduction of the Generali Group 2021 Strategy. Well managed steps taken in the merging process and the implementation of strategic guidelines led to growth and successful business results. We achieved sustainable and profitable business and the growth of market share and total premium.

Our work in 2020 was also marked by the Covid-19 epidemic. In compliance with our commitment to a lifelong partnership, we have ensured uninterrupted remote working with customers and the safe operation and connection of employees as well as their motivation and education. We also established a Crisis Management Group, which prepared and implemented a Business Continuity Strategy during the Covid crisis. We can confirm today that we have responded to changes in the social and business environment rapidly and correctly.

The merger and the implementation of the set strategy led to the growth of market share and premiums collected

The merger of insurance companies and operations under a single brand have significantly strengthened the position of our insurance company on the Slovenian market and increased its market share to 16.8 %. Growth was recorded in both pillars of our business - in insurance and in asset management.

Development aimed at achieving the highest satisfaction of policyholders

We place the satisfaction of our customers first. Our strategic guidelines promote measures which strengthen lifelong partnerships with policyholders and the development of new products and services, bring added value to policyholders, simplify business processes and provide an excellent user experience.

We wish to offer our policyholders simple solutions tailored to their needs, which is why we have renewed and deepened our product portfolio - both for end and business users. We introduced a large number of innovations, especially in the areas of health and life insurance and assistance services, while expanding our offer in the area of asset management through our subsidiary Generali Investments.

In 2020, following the merger, we expanded our own sales network, the network of contractual partners and external sales channels, thus offering our customers even better access to services throughout Slovenia. In pursuing the goal of digital transformation, various new solutions were introduced to equipping our agents with tools for more efficient, more automated and paperless operations and providing them with an advanced and flexible IT environment. Furthermore, additional sales channels were digitised and the possibility of remote viewing and reporting claims was introduced.

Being aware of the everchanging needs of policyholders, we are available to them via all online channels. In line with our multi-channel strategy, we afford them the choice of the way in which they want to stay in contact with the Insurance Company. We also adapt to our customers in the online sale of services, we have two own online stores - G24 and WIZ. Each is focused on its market segment of users and provides them with a customized offer.

An important growth factor is certainly the strong Generali brand. The activities we carried out in the areas of marketing communication, sponsorships and corporate communication significantly contributed to its strengthening. 2020 was also the year when, for the first time in history, the Generali Group launched a global advertising campaign. In the last quarter, we launched it on the market in Slovenia under the slogan *Ker nam pomenite vse (We're all about you)*, with our, Slovenian agents playing a central role thus adding a strong Slovenian note to it.

Employees merged in a collaborative environment that promotes personal and career growth

The merger was an important milestone for the employees of both insurance companies. A series of activities carried out before the formal merger and to an even greater extent after it, paved the way for a company in which employees work in an integrated and merged way.

In pursuance of the Generali Group human resources strategy, we put the strengthening of knowledge for the digital age and the development of managerial skills at the forefront in Slovenia. We reward excellence and creation of sustainable added value and promote an inclusive, open, customer-oriented culture. We provide employees with the best conditions for the development of competencies and continuous personal growth, greater creativity and teamwork and the ability to adapt to market changes. We have been conducting a survey on employee engagement for many years, which gives us an important insight and a tool to plan improvements. We also pay attention to employee satisfaction, implement the measures of the Family-Friendly Company certificate and strive for better reconciliation of professional and private lives.

Strong integration into the local environment and sustainable orientation of the Insurance Company

Cooperation with the local environment has always been one of the Company's important priorities. Even after the merger, we remain an important supporter of sports, cooperating with both national teams and smaller local clubs. We also support culture and contribute to the protection of cultural and natural heritage, while as part of *The Human Safety Net* – a/the global initiative of the Generali Group, we have been working closely with the Association of Friends of Youth Ljubljana Moste - Polje in implementing the Together we Grow programme.

We support the sustainable development of the environment in which we operate, projects aimed at development of entrepreneurial mindsets and education for the development of medium and small enterprises. Greatest attention is paid to prevention projects in the areas of healthy living and traffic safety.

2020 was exceptional in many ways, but I can proudly say that it was also successful. I believe that we have laid a solid foundation on which we will continue to build in the years to come, guided by our mission and our commitment of a lifelong partnership to our customers. Sincere thanks to everyone for your trust and support.

Vanja Hrovat,
President of the Management Board
Generali zavarovalnica d. d.



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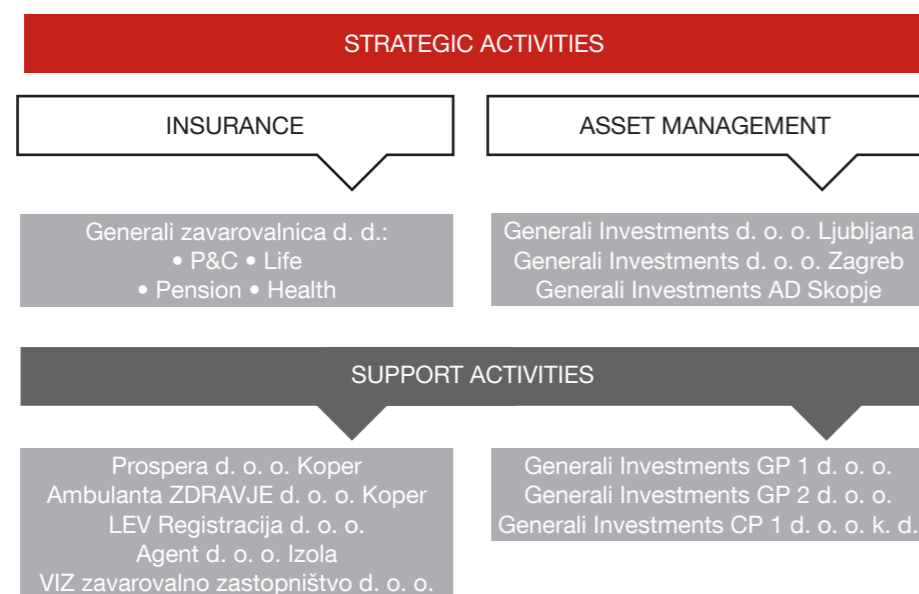
www.generali.com for more information on Generali Group
www.generali.com for more information on Generali Group Slovenia

1. The Generali Group Slovenia and Generali zavarovalnica (Generali Group and Generali)

Generali Group Slovenia (hereinafter referred to as the Generali Group or the Group) and Generali zavarovalnica d. d. (Generali d. d. or Company) operate with a long-term mission of providing a comprehensive range of products

in the fields of insurance and asset management. Two pillars of business are crucial for the Group: insurance and asset management.

Our core business areas:



In **insurance business**, we provide our clients with comprehensive insurance protection and a complete range of non-life, life, pension and health insurance lines.

Asset management or management of investment funds and assets of other investors is performed by the subsidiary Generali Investments d. o. o. (abbreviated: GIS). The GIS also manages the Company's assets, life and non-life insurance investments and pension insurance guarantee funds. Another two management companies operate outside Slovenia - Generali Investments in Croatia and in North Macedonia.

After the merger of Adriatic Slovenica d. d. to Generali zavarovalnica d. d., we wanted to ensure the presence of only one insurance company from the Generali Group on the insurance market in the Republic of Croatia.

Therefore, we merged the operations of the branch in Croatia with the operations of Generali Osiguranje d. d., Zagreb, sister companies from the global Generali Group. On 30 September 2020, the entire portfolio of the Zagreb branch was transferred to Generali Osiguranje d. d. Zagreb, together with all its assets and employees. Following the transfer of the portfolio, the branch was not conducting any business and had no assets or employees. The branch was closed and deleted from the court register on 28 January 2021.

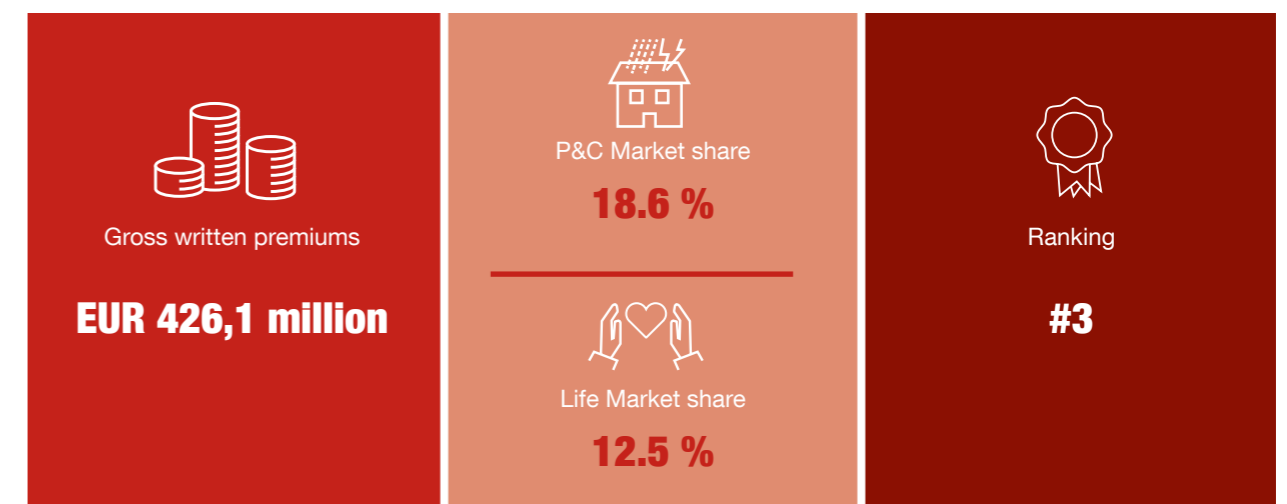
The Generali Group Slovenia also comprises smaller support companies.

Subsidiaries of the Group are presented in more detail in Section 1.3.

1.1 Highlights of the Generali Group Slovenia and Generali d.d. in 2020

Generali d.d.	2020	2019
Gross written premium (in EUR million)	426.1	105.5
Gross claims paid (in EUR million)	240.1	45.1
Market share	16.8%	4.8%
Combined ratio (other insurance)	91.0%	82.1%
Profit before tax (in EUR million)	6.4	4.2
Net profit (in EUR million)	5.7	3.3
	31.12.2020	31.12.2019
Financial investments, cash and cash equivalents (in EUR million)	1,042.8	268.6
Gross liabilities from insurance contracts (in EUR million)	862.7	223.4
Number of employees	1,340	458

Generali Group Slovenia	2020	2019
Net profit (in EUR million)	8.7	3.3
Return on equity	5.6	6.5
Assets under management (in EUR million) - asset management Umbrella Fund	582.7	539.2
Market share (in Slovenia) - asset management	18.1%	17.9%



1.2 Major business events of Generali d.d. and the Generali Group Slovenia in 2020 and early 2021

- On **3 January 2020**, Adriatic Slovenica d. d. merged with Generali zavarovalnica d. d. Generali zavarovalnica, as the transferee company, in accordance with the laws, became the universal successor of the company Adriatic Slovenica and acquired all its rights and obligations. On the same date Adriatic Slovenica ceased to exist and was deleted from the Court Register.
- On **11 February 2020**, the 55th General Meeting of Generali d.d. was held d. d. In this Meeting, Luciano Cirinà, Carlo Schiavetto and Miroslav Singer were appointed members of the Supervisory Board as of 11 February 2020, while Stefano Culos was dismissed as Member of the Supervisory Board on the same day.
- On **2 March 2020**, after obtaining the license from the Insurance Supervision Agency to act as Member of the Management Board, Katarina Guzej became Member of the Management Board of Generali zavarovalnica. The Management Board of the Company thus had three members.
- On **12 March 2020**, Slovenia declared, under Article 7 of the Communicable Diseases Act, the Covid-19 epidemic, which marked the entire 2020 and, in addition to the health crisis, brought hitherto unknown challenges for the operations of the Company and the

Generali Group Slovenia. The Insurance Company immediately adopted the recommended safeguard measures to ensure a safe working environment and protection of the employees, the policyholders and other clients against infection with the new corona virus.

At the same time, the Group operated smoothly by introducing work from home and by redirecting all transactions and interactions with business partners and customers to digital channels via remote access. Epidemiological conditions were changing rapidly in 2020, macroeconomic forecasts and expectations in the business environment were changing from month to month, uncertainty in the economy was high and operations under the influence of such conditions are expected further in 2021. Regardless of the increased risks, it is estimated that the insurance and investment portfolios of the Group are sufficiently resilient to developments in the macro-environment and that the capital position is adequate.

- On **3 April 2020**, the Insurance Company informed investors that it would follow the recommendation of the Insurance Supervision Agency (ISA) of 31 March 2020, calling on insurance companies to withhold dividend payments until 1 October 2020 due to the possible impact of the Covid-19 crisis on the solvency of insurance companies. The Company complied with the recommendation and consequently annulled the resolutions on the use of distributable profit adopted at the 56th General Meeting of Shareholders.
- On **7 September 2020**, after obtaining the license from the Insurance Supervision Agency to act as Member of the Management Board of the Insurance Company, Matija Šenk became Member of the Management Board of Generali zavarovalnica. Since then, the Insurance Company has been managed by a four-member Management Board.

Major events of the Generali Group Slovenia

- On **9 March 2020**, the Generali Growth Equity Fund, a private equity fund established and managed by Generali Investments, concluded the process of acquiring its second investment in the Pomurje agricultural company Panorganix d.o.o. from Ljutomer and its third investment in the high-tech company LIT Tranzit, software solutions, d.o.o. from Trzin (24 March 2020). On 3 November 2020, the Fund acquired its fourth investment in Paradajz d.o.o., an agricultural company providing integrated processing. The investments of the Generali Growth Equity Fund are co-funded by the European Investment Fund and SID Bank.
- 16 June 2020**: At the 10th event organised by the magazine Moje finance (My Finance Magazine), Primož Cencelj, CFA, received the prestigious title of the Best Manager of the Decade (2010 - 2019) for

the best mutual and pension funds and for the Best Asset Manager in Slovenia. David Zorman finished 4th in the same category.). Primož Cencelj was the runner-up in the category The Best Manager of the Five-Year Period (2015 - 2019). The winning mutual funds with the best five-star rating were: for a three-year period, for a five-year period and a ten-year period in the European corporate and aggregate bond category: Generali Bond, bond - EUR, and for a ten-year period in the equity information technology category: Generali Technology, equity.

- 19 June 2020**: The company Generali Investments started the process of signing a contract for the purchase of Ilirika FM AD Skopje through a merger process with Generali Investments AD Skopje. The conditions for the merger were met on 30 December 2020, when the merged company was also entered in the register. The interest of Generali Investments in the subsidiary therefore decreased and as at 31 December 2020 was equal to 72.62%. Generali Investments, as the third largest asset manager, thus consolidated its position in North Macedonia.
- 15 July 2020**: The financial consultancy process of Generali Investments was upgraded with the possibility of personal identification via video identification. This enabled an easier access for new investors to the General Umbrella Fund remotely, without visiting the branch and having any personal contact with the financial consultant.
- 21 July 2020**: The Company offered investors and potential investors a new version of the free mobile application. The application enables everyone, including non-investors, to monitor the list of quotations, the movement of the Generali Umbrella Fund subfunds and the profitability of savings plans, as well as to read the latest notices. By registering, the investors of Generali Investments gain an updated overview of the state of investments, the possibility of arranging additional payments and making transfers between products.
- 23 July 2020**: Supervisory Board of Generali Investments d.o.o. appointed the current manager of the investment sector, Luka Fleret, Member of the Management Board of Generali Investments d.o.o. for a 4-year term.
- 5 August 2020**: Generali Investments, which manages the Generali Growth Equity Fund, a private equity fund, managed to raise EUR 65 million commitments from domestic and international investors in less than a year, bringing the fund to the maximum possible amount.
- 1 September 2020**: Generali Investments launched a series of autumn financial webinars aimed at investors and potential investors.

By the end of the year, the webinars were seen live by over 2,000 participants.

- On **30 September 2020**, the entire portfolio of the Zagreb Branch was transferred to Generali Osiguranje d.d. Zagreb.
- In the **last quarter of 2020**, a decision was made to initiate procedures for the merger of subsidiaries Agent d.o.o. and Viz d.o.o. to the parent company after the date of settlement of the merger on 31 December 2020. By entering the merger in the court register, all assets, rights and obligations of the transferor companies will be transferred to Generali zavarovalnica d. d. as the transferee company.

Major events of the Generali Group Slovenia in early 2021

- 13 January 2021**: At the 59th General Meeting of Generali d.d. consent was given to the conclusion of the merger agreements concluded on 13 January 2021 by Generali d.d. (as the transferee company) and VIZ zavarovalno zastopništvo d.o.o., Koper (as the transferor company) and by Generali d.d. (as the transferee company) and AGENT Zavarovalniško zastopanje d.o.o., Izola (as transferor company).
- 25 January 2021**: Generali Investments purchased 24,074 shares of Generali Investments AD Skopje and thus became 98.34% owner of this company. On the same day, the international agency Morningstar rated the sub-funds of the Generali Umbrella Fund managed by Generali Investments as at 31 December 2020: Generali First Selection and Generali Bond received the best overall rating of 5 Morningstar stars; Generali Vitality received the rating of 4 Morningstar stars.

1.3 General information about Generali Group Slovenia as at 31 december 2020

Generali zavarovalnica d. d.

Abbreviated company name	Generali d. d.
Address	Kržičeva 3, 1000 Ljubljana, Slovenia
Phone	+386 (0)1 47 57 100
Company registration number	5186684000
VAT identification number	SI88725324
Share capital	39,520,347.18 EUR
Equity attributable to the controlling company	100 %
Date of entry into the Companies Register	20 December 1990
Management Board	Vanja Hrovat, President of the Management Board; Mitja Feri, Katarina Guzej, Matija Šenk, Members of the Management Board
Supervisory Board	Gregor Pilgram, Chairman; Carlo Schiavetto, Deputy Chairman; Luciano Cirinà, Miroslav Signer, Suzana Meglič, Matjaž Pavlin, Members
E-mail	info.si@generali.com
Web site	www.generali.si

Share capital and shareholders of the Company as at 31 December 2020:

Shareholder structure	No. of shares	Portion
Generali CEE Holding B. V.	2,364,563	100.00 %
Total	2,364,563	100.00 %

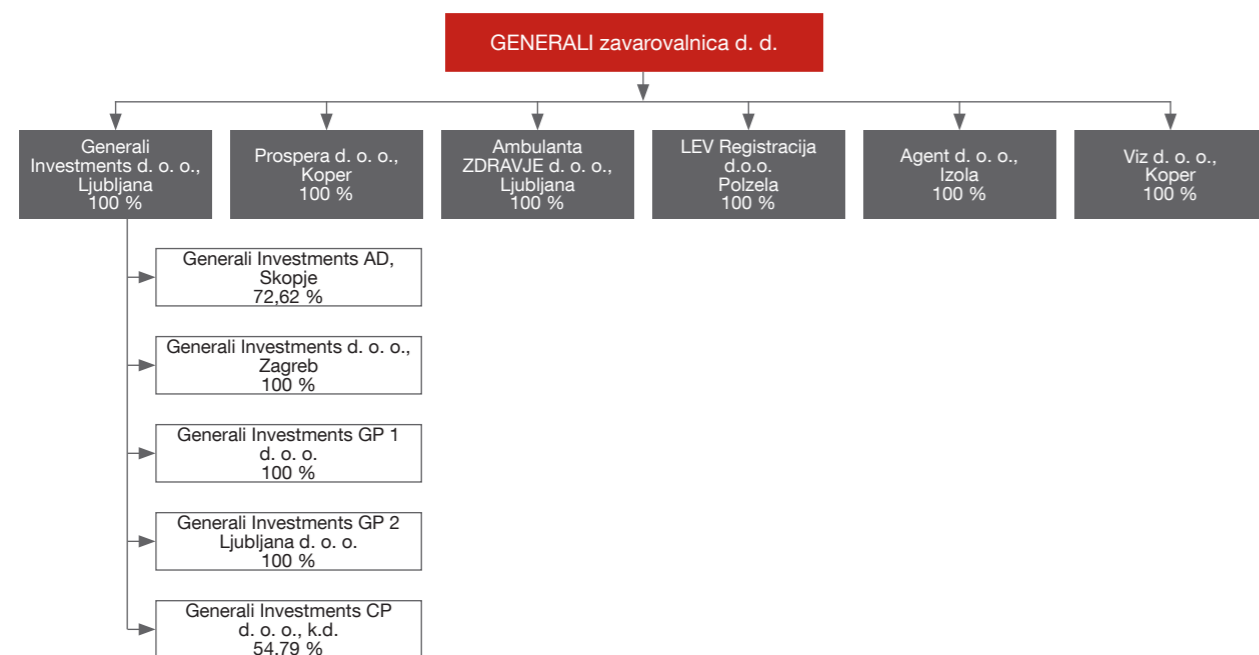
As of 13 February 2019, Generali CEE Holding B. V. is the 100% Shareholder.

As at 31 December 2020, the share capital of Generali zavarovalnica d.d. amounted to EUR 39,520,347.18.

In addition to the controlling company Generali zavarovalnica d. d., the Generali Group Slovenia consists of direct subsidiaries Generali Investments d.o.o., Prospera d.o.o., Ambulanta ZDRAVJE d.o.o., LEV Registracija d.o.o., Agent d.o.o. and Viz d.o.o.

Indirect subsidiaries of Generali Investments d.o.o. are the management company Generali Investments d. o. o., Zagreb, Croatia, the management company Generali Investments, A.D. Skopje, North Macedonia and three other smaller companies performing only support activities, Generali Investments GP 1 d.o.o., Ljubljana, Generali Investments GP 2 d.o.o., Ljubljana and Generali Investments CP d.o.o.k.d., Ljubljana.

Generali Group Slovenia as at 31 December 2020:



Generali Investments

Generali Investments is the oldest and one of the leading asset management companies in Slovenia. It was incorporated on 24 February 1994 as Kmečka družba d.d. During its life, its name was changed numerous times (in 2001 it was first renamed KD Investments, then KD Investments, družba za upravljanje, d.d. and KD Investments, družba za upravljanje, d.o.o.). In 2008, it was named KD Skladi, družba za upravljanje, d.o.o. and in late August its name changed again to Generali Investments.

At 2020 year-end, The Company managed the following sub-funds of Generali Umbrella Fund : Generali Galileo - Mixed Flexible Fund, Generali Rastko Europe - Equity Fund, Generali Bond - EUR, Generali MM, Money Market - EUR, (Generali First Selection - Fund of Equity Funds, Generali Southeast Europe - Equity, Generali New Markets - Equity, Generali Raw Materials and Energy - Equity, Generali Technology - Equity, Generali Vitality - Equity, Generali India - China - Equity, Generali Latin America - Equity, Generali Eastern Europe - Equity, Generali Dividend - Equity, Generali America - Equity and Generali Corporate Bonds - EUR Bond Fund.

Generali Investments, družba za upravljanje, d. o. o., Ljubljana

Address	Dunajska cesta 63, 1000 Ljubljana, Slovenia
Company registration number	5834457
VAT identification number	SI56687036
Activity	- activity of custody funds and other funds and similar financial entities - financial fund management
Share capital	EUR 1,767,668
Equity attributable to the controlling company	100 %
Date of entry into the Companies Register	11 March 1994 under No. Srg 1392/94
Management Board	Luka Podlogar, President of the Management Board; Luka Flere, Member of the Management Board
Supervisory Board	Josef Beneš, Chairman; Aljoša Tomaž, Deputy Chairman; Gregor Pilgram, Katarina Guzej, Members

The principal activity of Generali Investments is the management of investment funds and of assets of other investors. The Company managed the Generali Krovni sklad (Umbrella Fund) with 16 sub-funds and two special investment funds - the Generali Adriatic Value Fund, a special investment fund, and Generali Growth SIS d. o. o. k. d, a private equity fund and assets of other portfolios under the financial instruments management service. As part of the management of assets of other investors, Generali Investments manages assets of Generali zavarovalnica, life and non-life insurance investments as well as investments of pension insurance guarantee funds.

Generali Investments is consolidating its position in Southeast Europe. It has two indirect subsidiaries dedicated to asset management active in the asset management markets, one in Croatia and another one in North Macedonia.

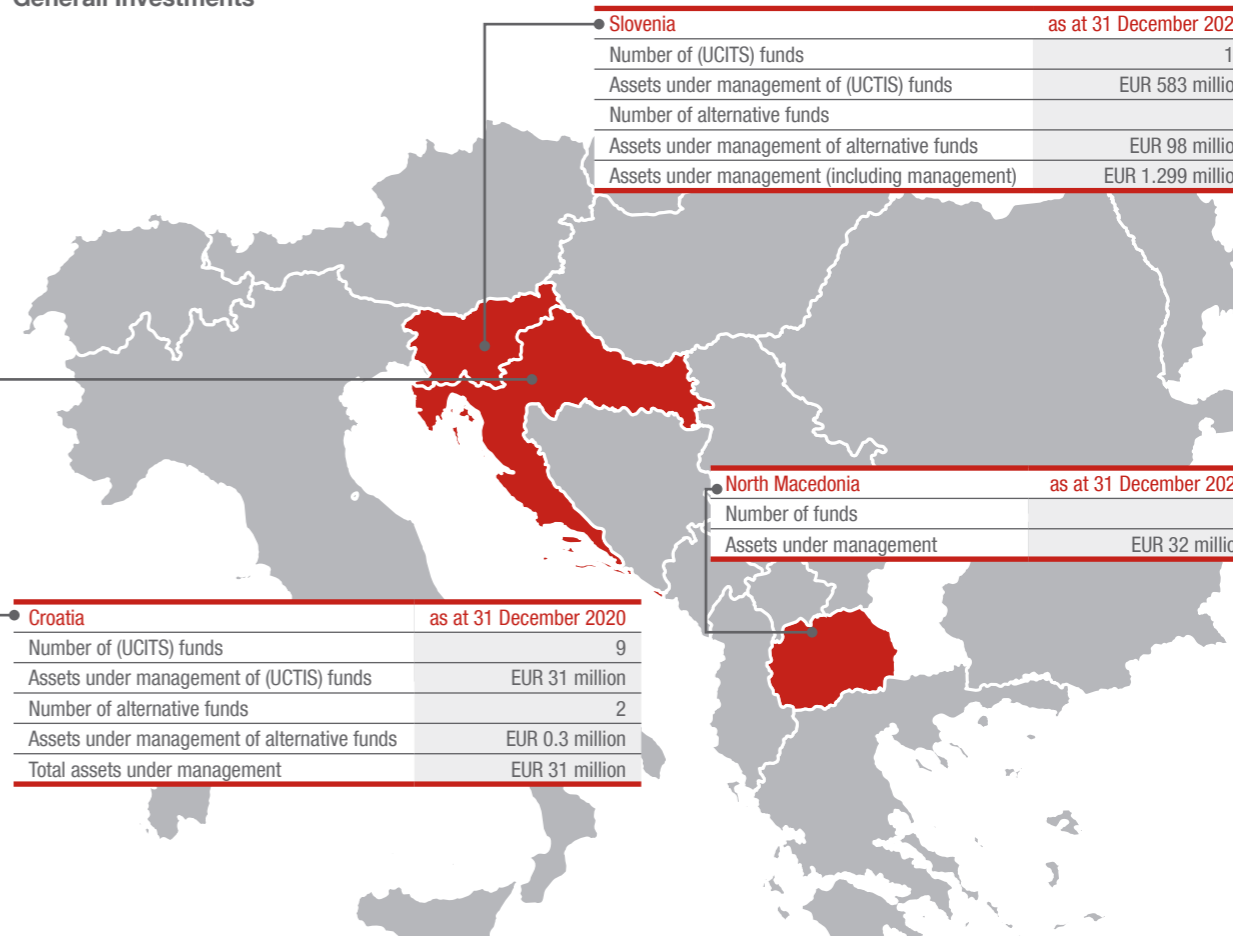
Generali Investments d. o. o., Zagreb

Address	Savska cesta 106, 10000 Zagreb, Croatia
Company registration number	2356279
VAT identification number	61865183767
Activity	- establishment of financial funds - financial fund management
Share capital	HRK 4,148,000
Equity attributable to the controlling company	100 %
Date of entry into the Companies Register	17 April 1997 (incorporation of the company Fondinvest d.o.o.)
Management Board	Zvonimir Marić, President of the Management Board; Petar Brkić, Member of the Management Board
Supervisory Board	Luka Podlogar, Chairman; Mario Carini, Luka Flere, Members

Generali Investments AD Skopje

Address	Ulica Partizanski Odredi 14A, Gate 1, Floor 2/2, Skopje – Centre, North Macedonia
Company registration number	6364578
VAT identification number	4030008031852
Activity	Financial fund management
Share capital	695.000 EUR
Equity attributable to the controlling company	72.62 %
Date of entry into the Companies Register	License no. 07-726/15 of 19. 5. 2008
Management	Laze Kamčev, CEO; Vesna Karkinska, Executive Director
Board of Directors	Luka Podlogar, President of the Board of Directors; Leonardo Meoli, Ivan Pajek, Laze Kamčev, Vesna Karkinska, Members of the Board of Directors

Generali Investments



PROSPERA

PROSPERA družba za izterjavo d. o. o.		
Address	Ljubljanska cesta 3, 6000 Koper, Slovenia	The Prospera company has operated since 2011 specialising in debt recovery, in particular bad debt recovery and recovery under judicial recovery procedures thus helping to implement the parent company's strategy. As a part of the Generali Group Slovenia, it is included in the consolidated financial statements of the controlling company.
Phone	++386 5 66 43 333	
E-mail	info@prospera-kp.si	
Company registration number	6074618000	
VAT identification number	SI 34037616	
Other financial service activities, except insurance and pension funding, n.e.c.	Other financial service activities, except insurance and pension fun-ding, n.e.c.	
Share capital	EUR 100,000	
Equity attributable to the controlling company	100 %	
Date of entry into the Companies Register	16 December 2011	
Management	Bojana Merše, Managing Director	

Ambulanta ZDRAVJE

Ambulanta ZDRAVJE d. o. o.		
Address	Pot k izviri 6, 1000 Ljubljana, Slovenia	The company Ambulanta ZDRAVJE (former Zdravje AS) has been providing specialist outpatient healthcare since 2017 in the fields of orthopaedics, surgery and X-ray diagnostics. The activity is carried out in Ljubljana at Pot k izviri 6 at the premises of the Institute for Occupational Health and Safety. Only self-paying services are provided by the Ambulanta ZDRAVJE clinic, as the outpatient clinic is not part of the public health network. In addition to the health insurers of the Company, the clients of Ambulanta ZDRAVJE are also the policyholders of other commercial insurers and self-payers.
Phone	++386 030 704 429	
E-mail	info@ambulanta-zdravje.si	
Company registration number	6332846000	
VAT identification number	SI 22745866	
Activity	Specialist outpatient health care service	
Share capital	EUR 200,665.69	
Equity attributable to the controlling company	100 %	
Date of entry into the Companies Register	7 March 2013	
Management	Katerina Rihter, Managing Director	

LEV Registracija

LEV Registracija d. o. o.		
Address	Pod lipami 5, 3313 Polzela, Slovenia	The main activity of the company is the performance and marketing of all procedures related to the registration of motor vehicles and trailers and complementary insurance underwriting.
Company registration number	6651887000	
VAT identification number	SI 66862221	
Activity	Vehicle registration	
Share capital	273,076.23 EUR	
Equity attributable to the controlling company	100 %	
Date of entry into the Companies Register	31 July 2014	
Management	Saša Krašovec Terglav, Manging Director	

AGENT

AGENT d. o. o.		
Address	Cankarjev drevored 4, 6310 Izola – Isola, Slovenia	The Company Agent d.o.o. is one of the key sales channels for non-life insurance offered in the area of the Slovenian Littoral, with branch offices in Izola, Koper and Lucija.
Company registration number	5467438000	
VAT identification number	SI 20359187	
Activity	Insurance agency	
Share capital	EUR 45,184.01	
Equity attributable to the controlling company	100 %	
Date of entry into the Companies Register	25 February 1991	
Management	Biljana Cvjetičanin, Manging Director	

VIZ

VIZ zavarovalno zastopništvo d. o. o.		
Address	Ljubljanska cesta 3a, 6000 Koper, Slovenia	Generali Group Slovenia provides its clients with various modern insurance products also online, through its WIZ brand, which is the abbreviation for the following important factors of online sales - Varo, Varčno, Izjemno, Zaupanja vredno (Safe, Economical, Exceptional, Trustworthy). Clients who want to address their insurance needs remotely may make use of the website www.wiz.si and a state-of-the-art Customer Support Centre accessible through various communication channels.
Free toll phone	080 11 24	
E-mail	info.wiz.si@generali.com	
Web page	www.wiz.si	
Company registration number	6161456000	
VAT identification number	SI87410206	
Activity	Activities of insurance agents and brokers	
Share capital	EUR 77,246.65	
Equity attributable to the controlling company	100 %	
Date of entry into the Companies Register	14 May 2012	
Management	Gašper Bračič, Managing Director	

1.4 Strategy, vision, mission and values

STRATEGY

Generali zavarovalnica d. d. is the parent company of the Generali Group Slovenia and part of the global Generali Group, which is one of the world's largest providers of insurance and asset management. With almost 200 years of tradition, we are the leading insurance group in Europe. We employ more than 72,000 employees in 50 countries around the world and cooperate with 65.9 million clients around the world.

The Generali zavarovalnica d.d. has been active in Slovenia since 1996 and is the leading international insurance provider in the Slovenian market. For a number of years, Generali zavarovalnica has been recognised as the top insurance company as measured by client satisfaction. According to the latest research, it is the most recommended insurance company and has the largest share of very satisfied policyholders among all insurance companies in Slovenia (Source: ARAGON, BrandTrack survey, February 2021).

Our mission is to ensure the everyday safety of our clients. As a lifetime partner, we want to stand by their side in all life situations when our clients need us.

We develop for our clients a comprehensive and high-quality range of insurance products and services. We are available at over 300 points of sale with more than 650 insurance agents across Slovenia.

1.4.1 Pillars and Enablers of Our Strategy

A complete set of innovative insurance and financial products and additional services provides for the safety of individuals, families and their assets. We offer tailored insurance, high-quality and modern insurance protection, consultation and quick assistance when resolving claims. Two major advantages of our insurance service are effective claims management and assistance.

1.4.2 Strategic activities

Non-life insurance comprises a comprehensive range of property-related insurance and insurance services (immovable property and movable property, cars...).

Health and accident insurance provides greater social and financial security in the event of illness, longer treatment and serious accidents as well as a faster route to doctors and specialists. We are one of the three providers of complementary health insurance and the largest provider of supplementary health insurance with the longest tradition and our own assistance centre and clinic.

Life and pension insurance includes a variety of standard and investment insurance as well as tailored-made pension insurance allowing our clients to meet the needs of security and savings at all stages of life.

Asset management and financial consulting are provided by Generali Investments.

1.4.3 Vision, Mission and Values

Our Vision, Mission, Values and Code of Conduct set the basic expectations for everyone who works on behalf of the Generali Group.

VISION

Our purpose is to actively protect and enhance people's lives.

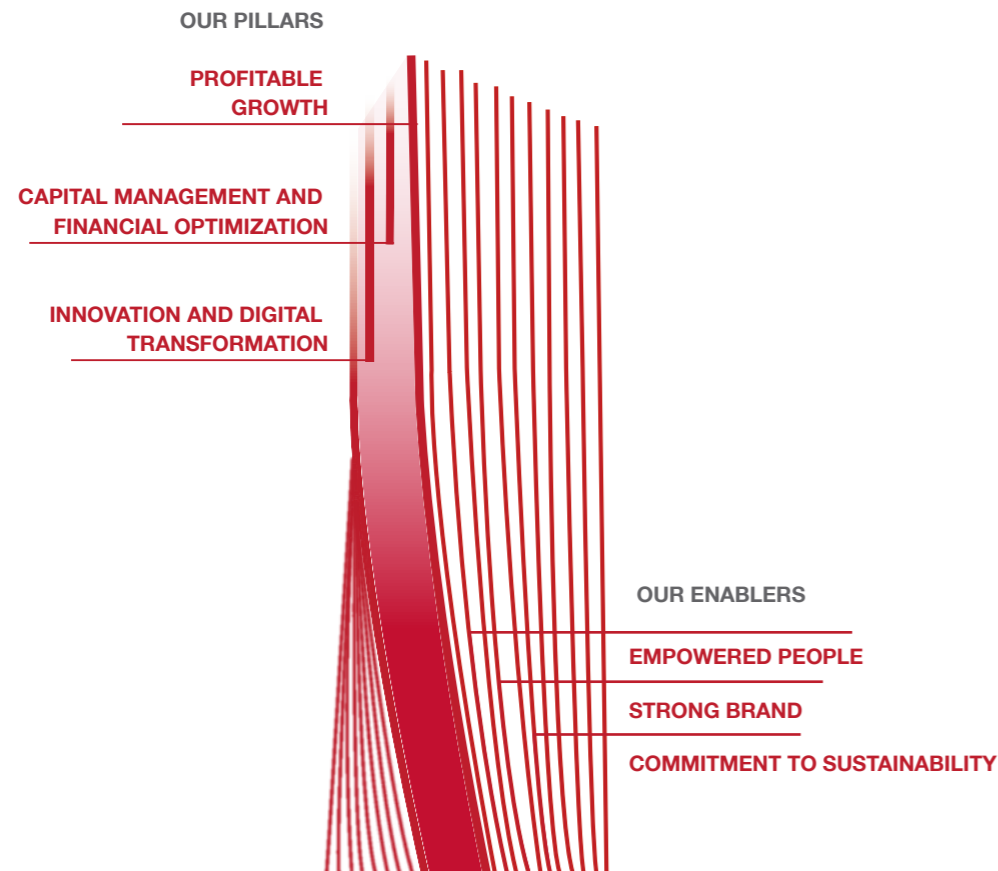
MISSION

The Company's mission is to be the first choice by delivering relevant and accessible insurance solutions.

VALUES

- Deliver on the promise.
- Value our people.
- Live the community.
- Be open for different views and new solutions.

Pillars and Enablers of the Strategy of the Generali Group Slovenia until 2021



CODE OF CONDUCT

The Generali Group Code of Conduct is our guide as it sets out the ethical expectations of anyone working for or acting on behalf of the Generali Group worldwide. The Code sets out common values and clear ethical rules.

1.4.4 Implementation of the Generali d.d. strategy

With the merger of Adriatic Slovenica, Generali zavarovalnica has improved its position and has become the third largest insurance company on the Slovenian insurance market with a 16.8% market share. It significantly expanded the range of insurance products and increased the volume of premiums, especially in the segment of health insurance. Following the successful formal merger, the year 2020 saw the unification of insurance products, sales and work processes and their optimization and digitalisation.

Despite the difficult macroeconomic conditions, the

Company managed to achieve a positive development in both non-life and life insurance. In line with strategic goals, the Company achieved a combined ratio of 91% in the field of non-life insurance. It managed to increase the number of customers and policies and raise the average number of policies per customer. The customer retention index rose above the planned 88 % and customer satisfaction also increased. In mass insurance, it ensured paperless operations with electronic and remote signatures and increased the share of digitally signed insurance policies. The Company strongly focused its development and numerous activities on the digital transformation of the sales network. With proper cost management and despite additional challenges due to the pandemic, the Company managed to reduce costs compared to plans.

1.4.5 Implementation of the Generali Investments strategy in 2020

For Generali Investments, one of the largest and oldest management companies in Southeast Europe, the year marked by the coronavirus epidemic ended beyond

expectations, with many of the planned targets even exceeded.

Assets managed by the Generali Umbrella Fund amounted to EUR 582.7 million at the end of 2020 and increased by 8.1% or EUR 43.5 million compared to the end of 2019. The increase in assets is the result of the growth of capital markets, which, despite a sharp decline in March, ended the year in the green zone of positive net investor flows and the marketing of new products in the Generali Group. In 2020, the Generali Umbrella Fund recorded EUR 5.6 million in net inflows. In addition, the fund received EUR 24.9 million in additional inflows from the transfer of the management of Flegma unit-linked life insurance assets to Generali Investments.

As at the 2020 year-end, the Company also managed the assets of other investors as part of the management of financial instruments worth a total of EUR 618 million; the alternative real estate fund Generali Adriatic Value Fund, a special investment fund; and the newly created special capital fund Generali Growth Equity Fund worth a total of EUR 98 million of assets. Generali Investments d.o.o. is the only management company that manages alternative investment funds (AIF) in accordance with the Alternative Investment Fund Managers Act. The total value of all assets under management at the end of 2020 amounted to EUR 1,299 million.

The results can be attributed to the fact that Generali Investments entered the epidemic-caused closure of the economy digitally prepared, having started the process of 100% digitalization of dealing with investors already in 2019. Investors are provided with the possibility of paperless business via remote access and access to consultations with financial advisors via smartphone, with no need to visit the branch office and with a remote access electronic signature service. In 2020, the digitalisation of the entire financial process was completed with the introduction of electronic identification and remote video financial consultation. All marketing activities were adapted to the new conditions. The Company has remained visible to potential investors and connected to existing customers by means of financial webinars, video chat rooms and various social networks.

Having achieved such sales results, Generali Investments further consolidated its third place among Slovenian UCITS funds management companies, achieving an 18.1% market share with a fund of EUR 582.7 million.

The Company ended 2020 successfully also in terms of operating profitability. Net profit last year amounted to EUR 2.2 million and was 82% higher than in 2019. With such a net result, a high return on equity (ROE) of 19.5% was achieved.

Generali Investments pursues its vision to become one of the largest asset managers in Southeast Europe, which was confirmed in 2020 by launching the acquisition of Ilirika FM AD Skopje (through the merger with Generali Investments AD Skopje), thus consolidating Generali Investments as the third largest asset manager in North Macedonia.

2. Corporate governance statement

Pursuant to the fifth paragraph of Article 70 of the Companies Act (hereinafter referred to as Companies Act) the Management Board and the Supervisory Board of Generali zavarovalnica d.d. (hereinafter referred to as the Company) hereby provide, as a special section of the Annual Report 2020, the following.

• 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 applies to the Company and which the Company voluntarily decided to apply to its operations in 2020 (hereinafter referred to as the 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 undertaken in 2020, the Company was 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 Generali Group Code of Conduct; the text of the Code is publicly available in Slovenian on the website of the Company (<http://www.generali.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 GIZ (<http://www.zav-zdruzenje.si>); and

— the Corporate Governance Policy of Generali zavarovalnica d.d.; the text of the Policy is publicly available in Slovenian on the website of the Company (<http://www.generali.si>).

• Data on the extent of deviations from the Code

The Company respects both the guiding principles and the specific recommendations of the Code in its operations. Individual deviations from the recommendations of the Code are disclosed by individual recommendation elsewhere under this item, stating the reasons for such deviations and presenting potential suitable alternative practices. The reasons for a different practice particularly concern specific 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 the "Group") through a controlling insur-

ance 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 Companies Act. 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 also participates 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 Article 66(2) of the Insurance Act) 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. The Rules of Procedure of the Management Board of the Company and of the Supervisory Board of the Company are planned to be made available in the future on the website of the Company.
- 3.3.3. The need for the presence of a certified auditor of the Company in the General Meeting has not

been recognised to date, 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 are subject to 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 set out by the Companies Act.
- 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 is conducted on the basis of regulations which 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 is provided by means of established procedures for informed reporting on, monitoring, and managing business within the Group.
- 5.6. The starting points for calculating remuneration for the members of the Supervisory Board of the Company are determined in the applicable Remuneration Policy; a competent committee also participates within the management system of the Group in the calculation of re-

muneration (example in Article 66(2) of the Insurance Act).

- 5.7.1. See 2.5.4.
- 5.7.13. The need for such elaboration of the report of the Supervisory Board of the Company has not been recognised to date, since the Company Shareholder is 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. The need for such elaboration of the self-assessment of the Supervisory Board of the Company has not been recognised, since the Company Shareholder is 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 training programme for members of the 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 Shareholder's right to be informed is realised in accordance with the agenda of individual General Meetings of the Company but also outside the General Meeting of the Company through established computerized 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 the Company is regularly adjusted to the development and changes in its organisation. The system complies with the legal requirements for insurance companies defined in the Companies Act and the Insurance Act, as well as in the special implementing regulations issued by the Insurance Supervision Agency concerning establishing and maintaining a suitable internal control and risk management system. The internal control and risk management system are 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 comprises:

- 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 includes the guidelines and procedures established and implemented by the Company at all levels to manage risks, also in relation to financial reporting. The purpose of internal control is to provide for efficient and effective operations, reliable financial reporting and compliance with applicable laws and other external and internal regulations. Accounting control is 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, as well as the completeness and accuracy of data capture and processing. In addition to the aforementioned, the Company has also established an internal control system for other important business processes. Internal control comprises procedures and activities facilitating compliance with legislation and internal rules. All important business processes in the Company are also described by defining supervision points and individual supervisors.

The risk management system of the Company is composed of three lines of defence. The first line of defence consists of senior management, which provides, in its field of operation, suitable procedures for recognising and assessing risks, and defines responses to risks and risk owners and the existence and functioning of the internal control system. The second line of defence consists of the risk management and compliance functions. The risk management function promotes and monitors the introduction of risk management procedures, and reports to the Management Board on the management system. The compliance function carries out its tasks in accordance with the definitions in the applicable Insurance Act and advises owners of processes on realising their responsibilities regarding compliance with applicable legislation. The third line of defence is represented by the internal audit function. The internal audit function is independent, and organised in accordance with the law. It regularly examines the efficiency of the internal control and risk management system, proposes improvements and reports 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 is 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 is verified by experts from this field also within regular annual audits of financial statements.

The Company complies 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 8.1.

Key Functions

The Company established an effective corporate governance system with four key internal control functions: the risk management function, the actuarial function, the compliance function and the internal audit function. They are set up as separate organisational units (teams), which are directly subordinated to the Management Board. The tasks, responsibilities, processes and reporting obligations of every key function are regulated in detail in the respective internal documents.

The actuarial function

The actuarial function is performed separately by two holders of the actuarial key function - for non-life insurance and for life insurance.

The key duties of the actuarial function include:

- coordination of the calculation of insurance technical provisions for the purposes of calculating capital requirements;
- information of the managing and supervisory bodies on the reliability and adequacy of methods, models and assumptions, which were used in the calculation of insurance technical provisions, and on the adequacy of calculated insurance technical provisions;
- control of the calculation of insurance technical provisions when approximations are applied in the calculation;
- verification of the appropriateness of the overall underwriting risk policy; provision of an opinion whether the amount of the premium of individual products is sufficient to cover all the obligations arising from these insurance contracts;
- verification of the adequacy of reinsurance or transfer of risk to a special purpose vehicle;
- participation in the introduction and implementation of the risk management system, particularly in the development, application and monitoring of the appropriateness of capital requirement calculation models and in conducting own risk and solvency assessment.

The actuarial function has access to all information of the Company that is needed to perform the duties of the actuarial function (records, data, documents, reports, correspondence with the Insurance Supervision Agency).

The risk management function

The risk management function forms part of the Risk

Management Sector or the second pillar (line of defence) of an effective risk management system. The primary task of the risk management function is to report on the risks defined as material to both the Management Board and the Supervisory Board. On its own initiative or at the request of the Management Board or the Supervisory Board, the risk management function also reports on other specific areas of risk.

The main risk management objectives are:

- comprehensive coordination and supervision of activities related to risk management in the Company;
- measurement and assessment of the comprehensive risk profile of the Company, including early identification of potential future risks;
- reporting to the Management Board on the risks defined as material.

Moreover, the risk management function coordinates all internal and external reporting procedures related to risks.

Risk management is discussed in greater detail in Section 8.1.

The compliance function

The compliance function is placed within the second pillar (line of defence) of an effective risk management system.

From the organisational point of view, the compliance function holder forms part of the General Counselling Sector, which is also managed by the holder. The function holder has an appropriate independence and has access to the applicable information and the members of the broader management team. The function holder cooperates mainly with the Legal Affairs and Compliance Departments, and where appropriate also with members of other process teams, whereby it has to be ensured that every task is performed by a person who did not participate in planning or carrying out of an activity that is the subject of a task, and it has to be ensured that the conflict of interest is avoided so that it cannot affect the performance of the tasks in the context of compliance monitoring.

The tasks and responsibilities of the compliance function are:

- monitoring and regular assessment of the appropriateness and effectiveness of regular procedures and measures introduced to remedy any deficiencies in the Company's compliance with the applicable regulations and other commitments;
- provision of advice and assistance in ensuring compliance of the Company's operations with the obligations set by the applicable regulations and with any other commitments;
- assessment of potential impacts of changes in the legal environment on the operations of the Company in

terms of compliance with the applicable regulations and other commitments;

- definition and assessment of risks relating to the compliance of the operations of the Company with the applicable regulations and other commitments;
- informing the Management Board and the Supervisory Board on compliance of the operations of the Company with the applicable regulations and other commitments as well as on the assessed compliance risk of the operations of the Company.

Internal Audit

The internal audit is organised as an independent department, which is directly subordinated to the Management Board. It is separated from other organisational units of the Company, both functionally and organisationally. Based on the risk assessment, the internal audit function performs permanent and comprehensive supervision of the operations of the Company in order to verify and assess whether the risk management processes, internal controls and governance of the Company are adequate and operate in the manner ensuring the achievement of the following important objectives:

- effective and efficient operations of the Company, including the achievement of business and financial performance goals, and protection of assets against loss;
- reliable, timely and transparent internal and external financial and non-financial reporting;
- compliance with the law, other applicable regulations and internal rules.

The internal audit helps the Company to achieve the set objectives by promoting well-thought-out and organised assessment methods and by improving the effectiveness of risk management and control processes. Furthermore, it contributes to added value by providing independent and impartial assurances and advisory services. Internal audit function reports on its work to the Management Board, the Audit Committee and the Supervisory Board.

The work of the internal audit function is described in detail in Section 8.2. of the Management Report contained in the Annual Report.

External Audit

The audit of the financial statements is performed by the audit firm Ernst & Young d.o.o., Ljubljana. The Company adheres to the provisions of the Insurance Act on the regular change of the external auditor.

Disclosure of information in line with Article 70(6) of the Companies Act

Data as of 31 December 2020:

1. *Significant direct and indirect ownership of the Company's securities in terms of achieving a qualified holding, as determined by the act governing mergers and acquisitions*

Generali CEE Holding B.V. is the holder of 2,364,563 ordinary, registered, no par value shares, which is 100.00% 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 qualified holding taken into account is Assicurazioni Generali S.p.A. Potential other indirect holders of the qualifying holding taken into account are not known.

2. Holders of securities with special controlling rights

The Company has not issued any securities with special controlling rights.

3. Restrictions on voting rights

There are no restrictions on voting rights.

4. Company's rules on the appointment or replacement of members of the management or supervisory bodies and on amendments to the Articles of Association

The Management Board of the Company comprises 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 is 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 his/her term of office at any time by submitting a written statement to the Chairperson of the Supervisory Board.

The Supervisory Board of the Company comprises two to seven members appointed by the General Meeting of Shareholders, 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 is 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 is 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 require a decision of the General Meeting of the Company. The authorisation to amend the Articles of Association has been transferred to the Supervisory Board of the Company, and may 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 is 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 enters into force upon its entry in the companies' register.

5. Authorisations to the management, particularly authorisations to issue or purchase treasury shares

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

The management bodies of Generali zavarovalnica

The governance system

Generali has a two-tier management system. It is run by the Management Board, whose work is supervised by the Supervisory Board.

The Company pursues a diversity policy in management and supervisory bodies. In the composition of the Management and Supervisory Boards, the following aspects of the diversity policy are taken into account: age, education and professional experience, whereas gender diversity was not taken into consideration in 2020. Nevertheless, gender representation in the company's management is equal.

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 voting right, is the supreme body of the Company.

The competences of the General Meeting of the Company are: 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, the General Meeting may also be convened by the Management Board, the Supervisory Board or shareholders whose total participation amounts to twenty per cent of the initial capital. The General Meeting is convened in certain cases stipulated by law or the Articles of Association and always when it is deemed to be in the interests of the Company. At least thirty days prior to the General Meeting, all shareholders must be able to review the documents pertaining to the General Meeting. All shareholders are entitled to receive copies of all documents pertaining to the General Meeting at their expense. A quorum of the General Meeting is 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 is represented by persons authorised to do so. All shareholders are 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 is not possible.

• The General Meeting of the Company in 2020

The 55th General Meeting of the Company was held on 11 February 2020 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the General Assembly bodies
2. Approval of the agenda
3. Appointment of the members of the Supervisory Board
4. Dismissal of a member of the Supervisory Board

The 56th General Meeting of the Company was held on 31 March 2020 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the General Assembly bodies
2. Approval of the agenda
3. Presentation of annual reports and consolidated annual reports for the financial year 2019 with the auditor's opinions, reports of the Supervisory Board on the results of the verification of the annual report, internal audit reports and information on the remuneration of management and supervisory bodies
4. Proposal of the use of distributable profit
5. Granting of discharge paper
6. Appointment of the auditor

The 57th General Meeting of the Company was held on 24 April 2020 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the General Assembly bodies
2. Approval of the agenda
3. Presentation of the letter received from the Insurance Supervision Agency
4. Repeal of the decision on the use of distributable profit

The 58th General Meeting of the Company was held on 17 November 2020 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the General Assembly bodies
2. Approval of the agenda
3. Presentation of the letter received from the Insurance Supervision Agency
4. Proposal of the use of distributable profit

Data on the composition and operation of the management or supervisory bodies, and their committees

The Company is managed by means of a two-tier system. The operations of the Company are managed by the Management Board, while operations are supervised by the Supervisory Board. The management of the Company is 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 are 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 must be unanimous. If the Management Board of the Company has more than two members, decisions are 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 is fully represented without limitation by two members of the Management Board of the Company jointly or by one member of the Management Board of the Company together with a 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 is 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 man-

agement 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 are 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 2020, the Management Board of the Company were as follows:

- Vanja Hrovat, President
- Mitja Feri, Member
- Katarina Guzej, Member (since 2.3.2020)
- Matija Šenk, Member (since 7.9.2020).

In 2020, the following committee of the Management Board of the Company assisted the Management Board in its work:

the Committee for the preliminary assessment of fitness of key persons of the Company; the Committee assessed the fitness of key persons of the Company from the aspect of the rules on their fitness and properness.



Management Board: Mitja Feri (Member), Katarina Guzej (Member), Vanja Hrovat (President), Matija Šenk (Member)

• Supervisory Board of the Company

The Supervisory Board of the Company supervises the Company's management and must perform tasks according to the law and the Articles of Association. The Supervisory Board of the Company is 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 is authorised to convene General Meetings.

The Supervisory Board of the Company is particularly responsible to supervise 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, the annual report of the Company and the Management Board's business report on related parties.

The Supervisory Board of the Company gives its consent to the Management Board of the Company to determine the annual budget (financial plan) of a medium-term 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; to determine 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 2020, the Supervisory Board of the Company were:

- Gregor Pilgram, Chairman
- Carlo Schiavetto, Deputy Chairman
- Stefano Culos, Member (until 11.2.2020)
- Luciano Cirinà, Member (until 11.2.2020)

- Miroslav Singer, Member (since 11.2.2020)
- Suzana Meglič, Member
- Matjaž Pavlin, Member (since 4.9.2020).

In 2020, the Supervisory Board of the Company met eleven times of which seven times by correspondence.

The Audit Committee, which is consultative body of the Supervisory Board, has operated within the Supervisory Board. The Committee prepares proposals for decisions of the Supervisory Board, is responsible for their implementation, and performs other professional tasks. Committees of the Supervisory Board 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 Audit Committee of the Supervisory Board 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.

Ljubljana, 6 April 2021

Katarina Guzej
Member of the
Management Board

Mitja Feri
Member of the
Management Board

Matija Šenk
Member of the
Management Board

Vanja Hrovat
President of the
Management Board

3. Supervisory Board Report

Supervision of the operation of Generali d. d. and the Generali Group Slovenia

The purpose of the report of the Supervisory Board is to provide the General Meeting with an expert evaluation of the materials for the session when the Shareholders examine the Annual Report and decide on the distribution of distributable profit. The Supervisory Board is responsible for reviewing the Annual Report of the Company and the Consolidated Annual Report of GENERALI zavarovalnica d.d. In its report, the Supervisory Board is required to specify the manner and scope of its supervision of the Company's operation in the course of the business year and provide its opinion of the auditor's report and other statutory reports.

In 2020, the Supervisory Board of the Company were:

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Stefano Culos, Member (until 11 February 2020),
- Luciano Cirinà, Member (since 11 February 2020),
- Miroslav Singer, Member (since 11 February 2020),
- Suzana Meglič, Member,
- Matjaž Pavlin, Member (since 4 September 2020).

The Supervisory Board performed its activities in accordance with the agreed model of supervision over the operation of the Management Board. In 2020, the Supervisory Board held eleven sessions, seven of which by correspondence. In the course of the sessions, the Supervisory Board discussed the quarterly performance reports. The Supervisory Board approved the Annual Report and the Consolidated Annual Report of Generali Zavarovalnica d. d. for 2019 as well as reviewed the report on the relationship with the controlling company in 2019. The Supervisory Board also examined the reports prepared by the actuarial function with regard to non-life and life insurance for 2019 and approved the Supervisory Board functions activity report and compliance report for 2019 all for both companies. Furthermore, the Supervisory Board approved the Solvency and Financial Condition Report (SFCR) for 2019, conducted a regular annual review of the management policies of the Insurance Company and examined the report on the activities of Internal Audit in the first half of 2020. Further to the proposal of the Management Board, the Supervisory Board approved the convening of the session of the General Meeting in which the Sole Shareholder decided on the use of distributable profit and granted discharge to the members of Supervisory Boards and Management Boards for the business year 2020.

In addition to its regular tasks, the Supervisory Board also performed human resources tasks, producing

competency and suitability assessments for the newly appointed members of the Supervisory Board and the Audit Committee. It appointed the President of the Management Board for a new mandate. The Supervisory Board also took note of the resignation of the member of the Audit Committee of the Supervisory Board Barbara Kunc and appointed Renata Eržen Potisek Member of the Audit Committee. The Supervisory Board approved the appointment of the holders of the actuarial key function. From the end of the year until the date of this report, the Supervisory Board reviewed the merger of the subsidiaries Agent d.o.o. and VIZ d.o.o. and considered the report on the performance in the last quarter of 2019 and the Internal Audit report for the second half of the year as well as the Internal Audit Annual Report for 2020.

Review and approval of the Annual Report

In its session held on 9 April 2021, the Supervisory Board examined the Annual Report and Consolidated Annual Report of Generali zavarovalnica for 2020 along with the corresponding reports of the certified auditor Ernst & Young d.o.o., the proposal of the Management Board on the use of distributable profit and the proposal for granting a discharge.

The reports of the certified auditor indicate that the financial statements of the Company are a fair presentation of the Company's and Group's financial positions as at 31 December 2020 as well as of financial results and cash flows in the business year 2020 and are in accordance with IFRS.

The Supervisory Board took note of the report of the Audit Committee giving a positive opinion on the Annual Report and the Consolidated Annual Report. The Supervisory Board had previously taken note of the report on the activities of Internal Audit in the second half of 2020 and the report on the activities in 2020. The Supervisory Board issued a positive opinion on the annual report on the activities of Internal Audit in 2020. On the basis of familiarization with the work of the SB AS and the presented internal audit reports, the Supervisory Board of Generali may therefore assess that no such breaches in the management of risks have been identified which could endanger the safety of the Company's operations. Furthermore, the Supervisory Board took note of the report by the Management Board on the relationship of the Company with the controlling company in 2020 and the Auditor's opinion on this report, issued on the basis of Article 546 of the Companies Act. The Auditor's opinion states that none of the collected data suggested that the factual information provided in the Report on the relationship with the controlling company was inaccurate, or that

the value of the Company's performance with respect to the legal transactions listed in the report was disproportionately high or that there were any circumstances warranting a different assessment of disadvantages than that provided by the Management Board. The Supervisory Board finds that the content of the Annual Report and the Consolidated Annual Report present a true and fair view of the operation of the Company.

Pursuant to the review of the Annual Report and the examination of the Auditor's Reports for 2020, the Supervisory Board:

- approves the Annual Report for 2020;
- approves the Consolidated Annual Report for 2020;
- gives a positive opinion on the reports of the Auditor Ernst & Young d. o. o.;
- proposes to the General Meeting to grant a discharge to the Management Board and Supervisory Board and to use the distributable profit in accordance with the proposal of the Management Board.

The proposal for the use of distributable profit took into account that the dividend was not paid in 2020 due to recommendations issued by the Insurance Supervision Agency (ISA). The Management Board proposes to the Supervisory Board to submit the following resolution proposal for decision of the General Meeting:

- *The General Meeting took note of the letter issued by the ISA dated 5 March 2021 on the temporary suspension of the payment of dividends until 30 September 2021.*
- *The General Meeting shall decide on the use of distributable profit and the possible payment of dividends subsequently, within the limits and requirements of the ISA.*

Ljubljana, 9 April 2021

Gregor Pilgram,
Chairman of the Supervisory Board



4. Report of the Audit Committee of the Supervisory Board

Report of the Audit Committee of the Supervisory Board on its activities in 2020 and on the review of materials for the approval of the Annual Report for 2020

Formal aspect:

The purpose of the report of the Audit Committee is to provide the Supervisory Board with an expert assessment of the materials which are the basis for the examination by the Supervisory Board of the Annual Report and the Consolidated Annual Report along with Auditor's Reports, the Management Board's proposal on the distribution of distributable profit, the Report on the Relationship with Related Companies including the Auditor's opinion and the annual report on the activities of Internal Audit in 2020.

The Audit Committee provides the Supervisory Board with expertise required for the implementation of supervision over the management of the Company.

In 2020, the Audit Committee of the Company were:

- Carlo Schiavetto, Chairman,
- Gregor Pilgram, Deputy Chairman,
- Barbara Kunc, Member (until 1 December 2020),
- Renata Eržen Potisek, Member (since 2 December 2020).

In 2020, the Audit Committee held seven sessions by correspondence. In these sessions, the Audit Committee focused on the following topics:

1. Risk management and efficiency of internal controls;
2. Internal Audit reports (individual reports, reports on the implementation of recommendations, half-yearly reports, annual report) and the annual and long-term work plan of the Internal Audit;
3. Actuarial function reports;
4. Reports and annual work plan of the compliance function;
5. Financial reporting;
6. Audit of financial statements;
7. Annual report, Report on the Relationship with Related Companies along with the Auditor's opinion, Solvency and Financial Condition Report, Own Risk and Solvency Assessment;
8. Auditor selection and independence;
9. Monitoring of the progress of inspections, follow-up on decisions issued by regulators to the Company.

Substantive aspect

Risk management and efficiency of the internal control system

In the reporting period, Audit Committee monitored the efficiency of risk management in the Company by closely following the Company's performance and examining risk reports.

Operating efficiency of Internal Audit

The Audit Committee monitored the functioning of Internal Audit, the adequacy of procedures, the operating efficiency and performance as well as the compliance of operations with the International Standards for the Professional Practice of Internal Auditing. The Audit Committee examined half-yearly and annual reports of the Internal Audit and established that the auditees were successful in implementing the recommendations thus redressing the deficiencies and irregularities. In addition to auditing and monitoring the implementation of the recommendations, Internal Audit also provided advisory services and monitored the Company's operations on an ongoing basis, including risk exposure. Based on the aforementioned, the Audit Committee is of the opinion that the Internal Audit in 2020 was performed successfully and efficiently, using the appropriate auditing procedures.

Financial statements and external audit

In accordance with its competences, the Audit Committee was involved in determining the frame of reference for the relationship with the auditor Ernst & Young d.o.o. The Audit Committee was informed about the progress of the audit and about all the findings and the Auditor's Report after the completion of the audit. Based on the auditor's opinion, the audit was conducted without any difficulties. With regard to the Annual Report and the Consolidated Report of Generali Zavarovalnica for business year 2020 and the corresponding audit reports by Ernst & Young d.o.o., the Audit Committee concludes:

- that the Annual Report was prepared within the statutory time limit and contains all the mandatory elements;
- that the disclosures in the financial statements are complete;

- that the financial statements are prepared in compliance with the generally accepted auditing standards and adequately reflect the applied accounting policies;
- that the insurance company adequately formed its statutory reserves and reserves for own shares;
- that the Auditor Ernst & Young d.o.o. issued an unqualified opinion on the financial statements of the Company and the Group.

Conclusions

In the light of the above, the Audit Committee proposes to the Supervisory Board:

1. to issue a positive opinion on the Report on the activities of the Internal Audit for the second half of 2020 and the Annual Report on the activities of Internal Audit in 2020;
2. to issue a positive opinion on the Auditor's reports and to approve the Annual Report and the Consolidated Annual Report for the business year 2020 in their proposed form.

Ljubljana, 6 April 2021

Carlo Schiavetto
Chairman of the Audit Committee



5. Non-Financial Statement

Generali zavarovalnica and Generali Group Slovenia Business Model

The strategy of the Generali Group is based on the insurance industry and complemented by high-quality asset management services and investment products. In insurance business, the Group provides comprehensive insurance protection through non-life, life, pension and health insurance in Slovenia and to a certain extent in Croatia through its branch. Asset management or investment funds management is performed by the subsidiary Generali Investments in Slovenia and abroad by its subsidiaries Generali Investments Zagreb and Generali Investments Skopje.

The Insurance Company continued implementing the development strategy also in 2020.

Sustainable and profitable operation with a strong cost base: we are developing a flexible organisation that enables us to quickly and effectively adapt to the changing market conditions and legislative environment. We offer quality, modern and at the same time affordable insurance products and services. In that regard, it is important that we operate at optimum cost, while maintaining the technological freshness and the highest quality of services.

Our customers are our partners: we are building long-term partnerships with customers who appreciate a good-quality offer and professional and efficient services. We settle claims fast and effectively communicate new features, which guarantee even greater safety and savings to our customers. We work proactively to respond to the wishes of policyholders and the needs of modern times. We follow technological trends and intertwine new developments innovatively into our services and offers, adapted to companies or individuals alike.

Comprehensive range of insurance products and solutions: our significant competitive advantage is the 'one-stop' comprehensive insurance protection. We take care of safety of an individual and of all their property under one safe roof. Personal safety is ensured with the widest range of health, life and pension insurance products tailored to the needs of every person. In addition, we offer quality assistance services and support that round the circle of safety for our policyholders. Our range is being constantly supplemented with financial solutions that enable profitable savings while ensuring safe autumn years. We identify risks and offer insurance solutions for the widest array of business risks and natural disasters.

In cooperation with the company management, we guarantee superior protection for all key business areas and employees, thereby significantly increasing the company performance and cost effectiveness.

We promote the integration culture: We are creating a working environment that motivates employees and promotes team spirit and cooperation. We radiate energy outward, so that it can be felt by our customers. We connect modern products and expert advice into the full circle of safety - with the customer at the heart of all our efforts. We also connect with the wider environment and, with the support of various social projects and individuals, we enable the development and enrichment of the environment in which we live and create.

Company staff policies

The Company staff policy supports the business objectives and the strategy of the Company and the Group, since only qualified, committed, responsible and, not least, satisfied employees can meet ambitious goals. The Company regularly measures the organizational climate and employee satisfaction, assesses their competencies and performance, and promotes education and training of all employees, with an emphasis on the development of behavioural and sales competencies.

The Company's managerial staff are subject to specific requirements regarding their professional competence and personal suitability due to the managing or supervising responsibilities. The knowledge, skills and experience required from everyone holding a position in the management and supervisory bodies of the Company ensure that these persons make competent decisions in managing the Company on the basis of a good understanding and knowledge of the Company's operations, risks and corporate governance structure as well as knowledge of the legislation. The requirements for competency and suitability are determined separately for the members of the Supervisory Board and the Audit Committee of the Supervisory Board, the members of the Management Board and the holders of key functions in the company.

The Company remuneration policy encourages reliable and efficient risk management without encouraging risk taking which would exceed the limits of risk tolerance. It is based on the foundations of the Company business strategy, vision and objectives, the Company risk management strategy, the Company performance and the company long-term interests. The activities, results and main indicators of the Company staff policy are presented in more detail in Section 6.2. of the Company Annual Report.

Environmental and social policies of the Company and anti-corruption action

Since its establishment, the Insurance Company has been supporting a plethora of projects, initiatives and campaigns of national importance as well as regional and local events contributing to a better quality of life. Through donations and sponsorships, we have been promoting projects related to healthcare, sport, culture, preservation of natural and cultural heritage, education and safety, especially relating to health preservation and a healthy lifestyle. A responsible attitude towards the environment has been a long-standing practice of the Company and its employees. The main activities and indicators of the Company's operations in the field of sustainable development are discussed in more detail in Section 10 of the Company Annual Report. The outsourcing policy defines the principles that constitute a guideline in concluding contracts for the outsourcing of functions or activities and defines the method and procedure for the selection of external providers, enabling continuous monitoring of the performance of external providers and the management of risks arising from the use of external providers. The policy determines the requirements for the selection of service providers, the obligation to conclude a written agreement, the continuous verification of the service providers and other activities that the Company must implement to achieve the purpose defined by the policy.

The employees are obliged to respect the Code of Conduct of the Generali Group. The Code sets out basic rules of conduct relating to fair business conduct, the Group's social responsibility, the working environment, diversity and inclusion, the workplace, the protection of assets and business information, personal data and privacy, conflicts of interest, the prevention of bribery and corruption, customer relations, fair competition and antitrust, supplier selection, financial data, insider dealing and trading, communication with certain external parties,

prevention of money laundering and terrorist financing and international sanctions.

Corruption is not tolerated neither in the Company nor in the entire Group. Because situations may arise which do not constitute corruption by law, but which may raise doubts about the fair conduct of employees, customers or business partners, the Code of Conduct lists rules of conduct that will prevent such doubts. Charitable donations and sponsorships must remain within the legal system and the adopted common policy; we do not provide political donations and donations to political parties (in accordance with the Political Parties Act).

The Company and the Group are fully committed to the international fight against money laundering and terrorist financing and carry out all necessary procedures for identifying clients and informing the competent institutions in accordance with applicable laws and internal regulations. Employees, regardless of their workplace, must not participate in nor tolerate illegal activities. This applies in particular to any infringement of antitrust regulations and tax evasion, including, but not limited to, engaging in tax fraud.

The Company has developed a system for dealing with notices of wrongdoing from the point of view of legality and respect for the company's internal normative regulation (the whistle-blowing system). The purpose of the system of receiving and dealing with notices of wrongdoing is to enable employees to directly inform the Compliance Team about the wrongdoing that has not been recognized and adequately managed within the framework of regular processes and internal regulatory framework of the Company, as well as to ensure proper treatment of notifications and protection of notifiers.

Ljubljana, 31 March 2021

Katarina Guzej
Member of the
Management Board



Mitja Feri
Member of the
Management Board



Matija Šenk
Member of the
Management Board



Vanja Hrovat
President of the
Management Board



6. General information about Generali Group Slovenia and Generali d.d.

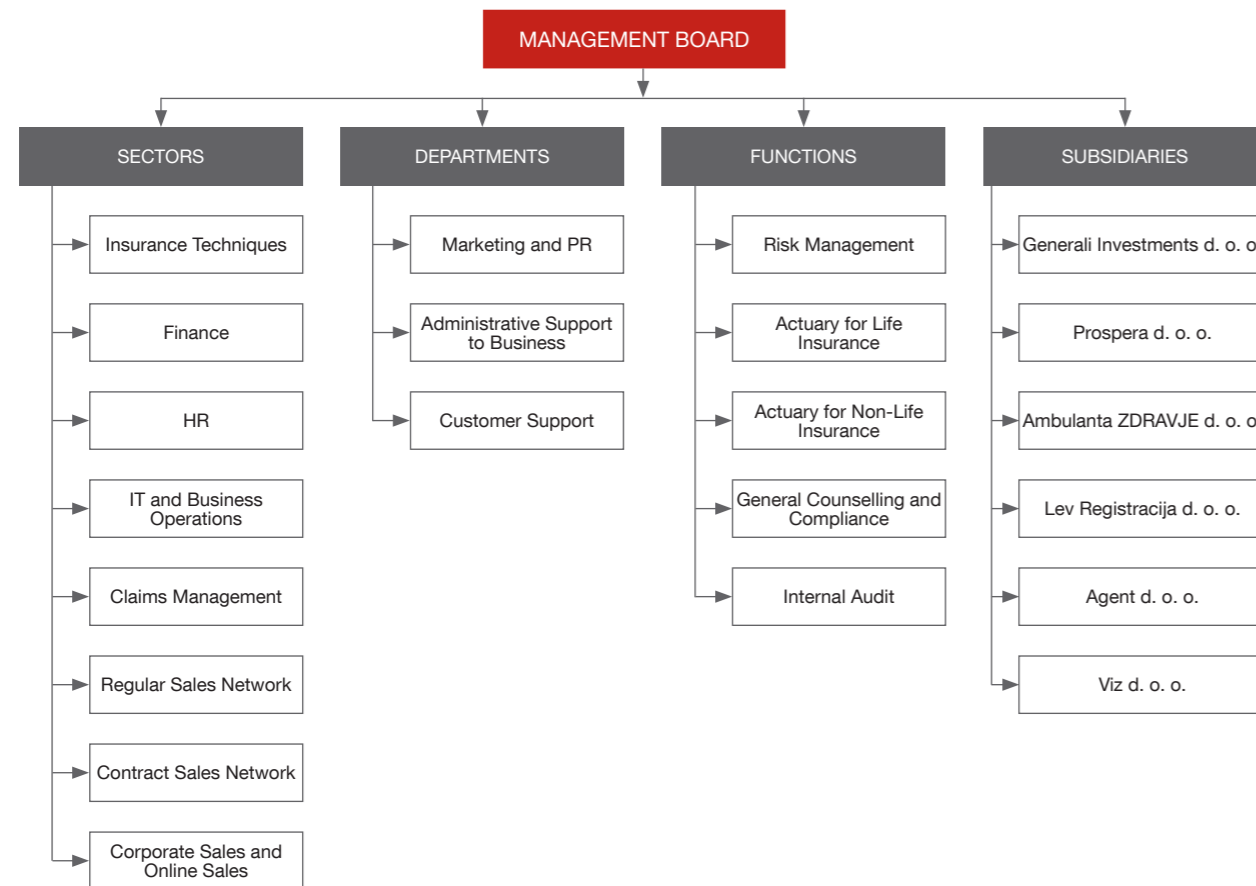
6.1 Organisation and organisational structure of Generali Group Slovenia and Generali d.d.

Generali Group Slovenia and Generali d. d.

In the process of merging, in line with unified work processes, optimization and digitalisation of work processes, we established a new, unified organisational structure and job systematisation on 1 November 2020.

The Company is organized into sectors (segments, departments and functions) and has six subsidiaries.

Organisational scheme of Generali Group Slovenia (as at 31 December 2020):



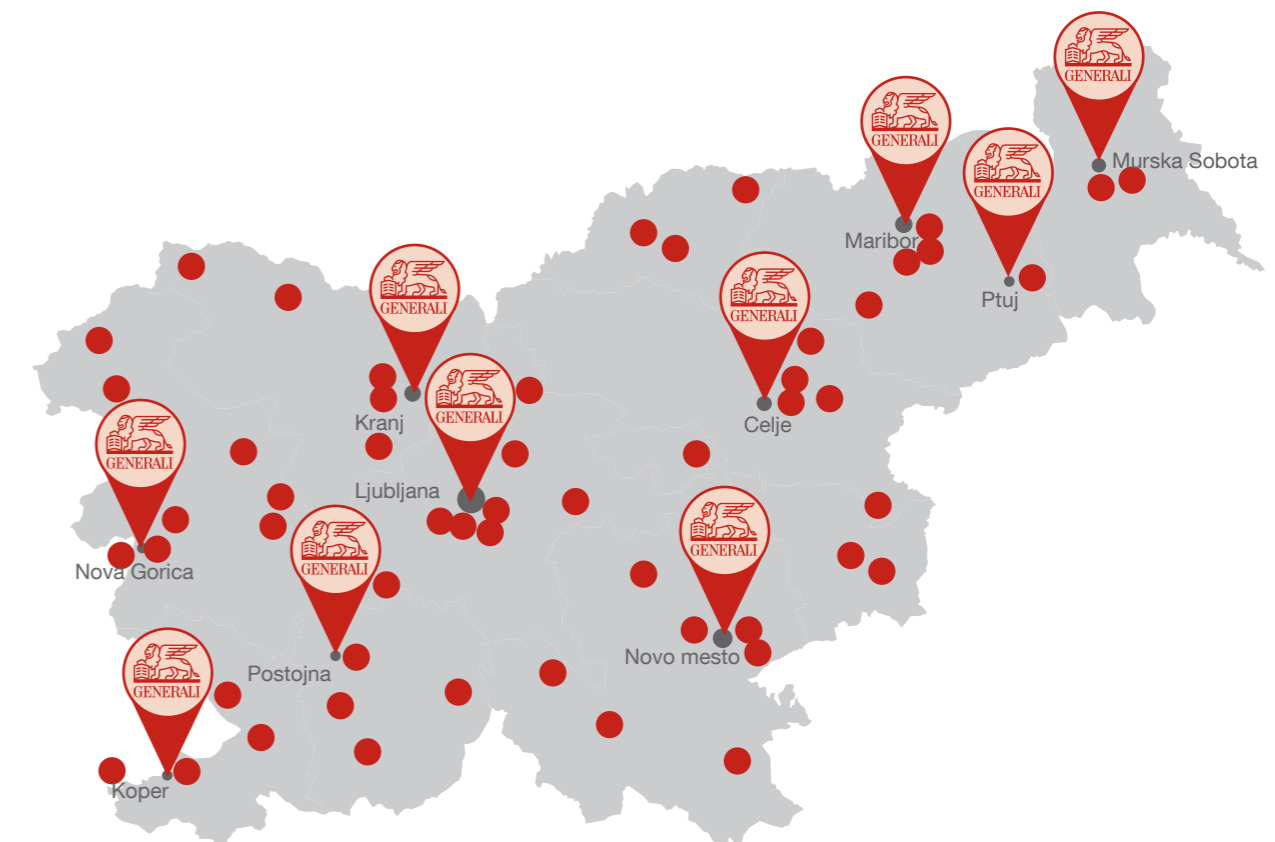
The Company's back-office organizational units - both support and business sectors - are mostly organized at locations in Ljubljana and Koper. The entire sales network and claims centres are organized regionally and cover the entire territory of Slovenia.

Sales is organised in three business sectors, namely Regular Sales Network, Contract Sales Network and Corporate Sales and Online Sales. We offer our clients insurance underwriting and claims assessment in the most widespread network (with the largest units in Koper,

Nova Gorica and Postojna; Ljubljana, Novo mesto and Kranj; Maribor, Celje, Ptuj and Murska Sobota).

In Slovenia, we are available to customers in the widest diversified sales network throughout Slovenia at more than 330 points of sale, of which in 55 own branches (see picture below) with more than 850 insurance agents. We also take out insurance in 147 non-exclusive contractual agencies, through banks and at the points of sale of other business partners such as vehicle control stations, financial companies, leasing companies, car repairers and vehicle dealers, as well as online (G24 and WIZ).

The Company's own sales network:



The Claims Management Sector is also strongly diversified - it deals with the handling of car, property, personal, corporate and international claims.

Product development takes place under the responsibility of the Insurance Techniques Sector.

6.1.1 Employees of Generali zavarovalnica and the Generali Group

The strategic goals we have set ourselves can be achieved by competent, committed and satisfied employees. In 2019, we conducted the third regular 2-year global engagement survey, which has been conducted among employees since 2015 and in 2020 we continued with action plans to build employees engagement. A large portion of human resources activities was dedicated to integration processes, digitalization in the HR Sector, and education and training of employees, with special emp-

phasis on the development of skills for virtual communication and cooperation as well as virtual leadership.

6.1.2 The number and educational structure of employees in Generali zavarovalnica and in the Generali Group

On 31 December 2020, the entire Generali Group had 1,465 employees. Taking into account the employment share, 1,407.9 employees worked in the Generali Group. Considering the employment share, 94% of the employees worked full-time, while 6% of the employees worked part-time.

The number of employees in Generali zavarovalnica and in Generali Group Slovenia:

The parent company and subsidiaries	Number of employees				Difference	
	2020		2019		2020/2019	
	per person	FTE**	per person	FTE	per person	FTE
Generali zavarovalnica d.d.	1,340	1,315.3	458*	441.9	882	873.4
LEV Registracija, registracija vozil, d.o.o.	17	4.1	17	4.1	0	0.0
PROSPERA družba za izterjavo d. o. o.	21	5.25	-	-	21	5.25
VIZ zavarovalno zastopništvo d. o. o.	3	2.125	-	-	3	2.125
Ambulanta ZDRAVJE zdravstvene storitve d. o. o.	2	1.4	-	-	2	1.4
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	51	48.7	-	-	51	48.7
Generali Investments a. d. Skopje	10	10	-	-	10	10
Generali Investments, d.o.o. Zagreb	8	8	-	-	8	8
Generali Investments GP 1, družba za investicije, d.o.o.	-	-	-	-	-	-
Generali Investments GP 2, družba za investicije, d.o.o.	-	-	-	-	-	-
Generali Investments GP 2 d.o.o., kapitalne naložbe, CP k.d.	-	-	-	-	-	-
AGENT Zavarovalniško zastopanje d.o.o.	13	13	-	-	13	13
Total	1,465	1,407.9	475	446.0	990	961.9

* The number of employees in 2019 in the company Generali zavarovalnica d. d. includes 61 employees of the Zagreb Branch.

**FTE - The number of employees in relation to the share of employment in a particular company.

Among the Generali zavarovalnica staff, 64% were women and 36% were men. The average age of employees was 45. The proportion of fixed-term employees was 2.2%. In the Generali's wide sales network in all regions, insurance products were sold by 370 (27.6%) full-time employed insurance agents.

The largest share (as many as 46.8%) of the employees of Generali Group has completed level VII or higher education. Employees with level V technical education account for 36.6% since this level is required for insurance agents.

Level of education	2020	2019
	Share (in %)	Share (in %)
Level I-IV	3.3	3.5
Level V	36.6	43.4
Level VI	13.3	12.0
Level VII	43.7	39.5
Level VIII-IX	3.1	1.6
Total	100.0	100.0

6.1.3 Employee care and Generali's response to covid-19

The year 2020 was marked by changes and activities carried out in response to the epidemic caused by the new coronavirus Sars-Cov-2 and covid-19 disease. We responded quickly also by introducing activities to enable uninterrupted remote work with customers and uninterrupted operation and networking of employees and by taking care of employees' motivation and education. The Crisis Management Group (SUKS) was established to prepare and implement the Business Continuity Strategy during the Covid crisis. Various measures within the back-office services but especially in the sales network and claims centres ensured strict monitoring of security measures. Such response and activities have kept our level of business at the highest level.

Measures for the safety of employees and customers

In March, when the crisis broke out, we literally closed our branches overnight and introduced work from home for almost 90% of our employees. At the same time, we introduced working conditions for all employees whose

work did not allow them to work at home, enabling them to implement key prevention measures and equipping them with clear instructions for work and preventive behaviour as well as safe handling and work with customers in claims centres.

We prepared and implemented

- Instructions for safe work of employees in the Company's facilities. The instructions were adapted to the individual phases of the epidemic and government measures, setting conditions regarding the occupancy of offices to ensure interpersonal distance, organization and restriction of physical meetings, the introduction of online meetings, actions in common areas, the use of protective equipment, the use of official vehicles and the protocol of notifying the employer of suspected infection.
- Instructions for preventive handling of and work with customers in business units and claims centres.
- Pictorial instructions for the use of protective equipment and protective measures in the back-office services, especially for employees who are in daily contact with customers.
- Guide to working from home - we created a guide that helped all employees who worked from home to organize time for work and family. The guide also contains clear instructions on how to set up a home office, communicate with co-workers, plan working hours and the like.
- Information and triage protocol for daily monitoring of reported suspicions of contact with an infected person and actual infections, search for contacts at the workplace and implementation of quarantine measures while working at home for all contacts.
- Rearrangement of premises to ensure social distance and installation of barriers in business units and claims centres.
- Formal arrangement of work at home.
- We published a weekly collection of posts from social media about current events and measures related to covid-19.
- Provision of adequate interpersonal distance (at least 2 meters, 1 person per 12 square meters) in work areas by implementing alternating schedules (work at home and in the office). In this way, we ensured that the average daily attendance of employees at locations ranged from 25% to a maximum of 40%.
- Daily disinfection of key contact areas.
- Conducting of weekly webinars to learn coping skills, health care, remote team management, virtual collaboration and communication.
- Regular informing of employees about all changes and measures.
- At the time of the abolition of public transport, we offered the use of the Company's fleet to those employees whose work process did not allow them to work from home.
- Ensuring uninterrupted business with clients - we have introduced video consultation with doctors for

clients with health insurance, remote underwriting, video identification when underwriting life insurance, online payment, development of insurance with covid-19 coverage, online content acquainting people with prevention, etc.

- We conducted a survey among employees on their sense of security during the epidemic. Based on the results of the survey, we can confirm that the employees were satisfied with the measures:
 - more than 90% of them rated the Company's rapid reaction to the outbreak of the crisis with 5 or 4, and confirmed that the Company had taken all necessary measures;
 - 95% of them confirmed with a rate of 5 or 4 that the Company has created a safe environment for employees and has done everything to increase protection against infection.

Activities for employees

Connecting and socializing of employees helps to connect work teams and has a positive effect on trust in the Company and on the productivity. The Covid crisis has caused many changes - to make it easier to deal with them, the Company organized a number of online seminars, round tables and lectures on various current topics for employees. The result is 4 initiatives:

- **Health at a distance or "Time for Health"**: morning exercise performed by our employees, building community, promoting physical activity and moving in the workplace, e.g. yoga, Pilates, tai-chi... Most of the time, however, was devoted to exercises to counteract prolonged sitting. Furthermore, we prepared a number of online seminars for employees, such as exercise and nutrition during isolation, healthy eating A-Z, Healthy eating habits while working from home... This initiative received the #BeActive Workplace Award of the European Commission.
- **Wellbeing at a distance or "Coffee time"**: webinars: psychology of people during a pandemic, how to become and stay optimistic, education during a pandemic, time management ... Employees attended many round tables, e.g. with a psychologist, other co-workers, we offered them psychotherapy as part of the benefits for employees and content for their families, e.g. Friday entertainment for children.
- **Collaboration at a distance or "Action Time"**: We organized a virtual hackathon: We challenge the challenges of measuring ES19 engagement and as a result we created the Knowledge Base platform for knowledge sharing, full of resources and materials from various workshops and conferences. The platform also includes a list of mentors who organize online seminars and virtual workshops, such as effective use of online meeting tools, online meeting secrets, social networks, meeting clients, trust-based collaboration, effective online learning, agile mind-set...



- **Activities for managers:** To help with the challenges of managing employees at a distance, we have prepared a Guide for Managers with instructions for clear communication and feedback, establishing time frames and routines, using virtual tools and psychological aspects such as motivation, trust and creating a sense of connection. With virtual trainings in the field of communication and meeting management, we enhanced the development of digital leadership skills. We also provided managers with personal internal coaching carried out by our internationally certified associates.

6.1.4 EPSI Award

At the invitation of the Olympic Committee of Slovenia, we were the only Slovenian company to take part in the tender of the non-profit organization EPSI (European Platform for Sports Innovation), which operates under the umbrella of the European Commission and awards projects promoting sports and well-being. Among 95 invitees from 26 different countries, Generali, with its Morning Exercising project, made it into the finals in the »active jobs« category and was one of the three finalists for the #BeActive Workplace Award. The fruit of our success in this tender is, among other things, the invitation of the Olympic Committee of Slovenia to take part in the project aiming at creating a certificate for companies that promote physical activity.

6.1.5 Employee benefits and the quality of life in the Company

Family Friendly Enterprise Certificate

By implementing numerous measures under the Family-Friendly Company Certificate, we have strived to better reconcile the professional and private lives of employees

and have always tried to take into account the suggestions of employees when preparing these measures. Due to the declared epidemic and government measures, some measures took a slightly different form. Among the most exploited and well-received measures were certainly: hours to visit a specialist doctor, an additional day off for a child up to 12 years of age and a visit from Santa Claus for children up to 8 years of age. The latter took place in virtual form for more than 370 children. Given the new challenges of working from home and distance learning, epidemic-related virtual content was also welcome.

Holidaying

Generali offers its employees and their families, retired employees and Slovene war veterans holiday stays in quality and affordable accommodation facilities of the Company, located in Slovenia and Croatia.

Employee insurance

All employees may join the group accident insurance and the health insurance scheme Specialists with Assistance, where both premiums are paid by the Company. Both benefits are being used by 1,337 employees. Moreover, 756 family members are included in the group accident insurance and 1,050 in the health insurance scheme Specialists with Assistance.

In addition, all employees have the option of joining the voluntary supplementary pension insurance in accordance with the Agreement on Accession to the PN LEON 2K Pension Plan - Umbrella Pension Fund LEON 2, co-financed by the Company. Pursuant to the Agreement, the Company pays the statutory minimum premium for all employees. As at 31 December 2020, 48.4% of employees added up to the amount of the premium from their gross or net wages. In the case of health insurance, the Company offers employees favourable conditions for underwriting above-standard insurance "Težke bolezni in operacije"

(Critical illness and surgery insurance). Employees can also insure their pre-school and schoolchildren against accidents under more favourable conditions.

Sports Club

One of the major objectives of the Club is creating a positive atmosphere in the Company, a healthy lifestyle gives us élan, socializing and exercising bring us together. Unfortunately, most of the activities and events were either not possible or took place only in a virtual form due to the declaration of the epidemic and government measures. The most active was the hiking section, which carried out 4 mountain trips attended by about 100 people. At a time when there were no restrictions, various recreational exercises took place within the Sports Club. The Club offers many opportunities for exercising, socializing and spending free time also for family members and retired colleagues. The Club is also open to outside members, family and friends of employees and any other ordinary lover of sport and healthy life.

Promotion of health

A positive climate was promoted through health promotion activities thus providing employees with healthy work in a healthy working environment. In 2020, we continued focusing heavily on acquiring skills for preventative action in the workplace, healthy eating, encouraging physical activity and active living, raising awareness and providing counsel and assistance in coping with negative stress factors and promoting techniques to strengthen good relationships in the workplace. When present in the offices, employees were provided with apples, workshops were organized to teach how to prepare healthy snacks, exercise and nutrition counselling for employees were subsidized, employees were encouraged to take short active breaks at work and to use different approaches to inform and encourage each other. Thus we set up a Viber group to share good practices in healthy living and the Morning Exercising initiative, which moved online in the first wave of the epidemic.

In line with the applicable legislation on safety and health at work, the Company tends to the health and well-being of its employees - 153 employees were referred to preliminary, periodic or targeted check-ups. We are proud that an increasing number of employees are involved in organized forms of health promotion, which can be attributed to the attractiveness of their content and to an increased employee's awareness of the importance of a healthy lifestyle. This has proven to be reflected both in the reduction of injuries, health disorders and diseases of the employee.

6.1.6 Monitoring employee engagement

Employee engagement is closely linked to company success and job performance. As part of the Generali Group, Generali Insurance Company is involved in regular monitoring of employee engagement. The employee en-

agement survey is conducted every two years (for the first time in 2015). We are proud that the response rate of employees to participating in the survey has always exceeded 85% or even 90%, which means that we obtained relevant data, drew relevant conclusions and carried out appropriate action plans.

6.1.7 Employee training and GAS

We provide our employees with the best opportunities for the development of competencies and continuous personal growth, greater creativity and teamwork, the ability to adapt to market changes and easier business decisions making. Education and training of employees take place under the auspices of the General Academy (GAS). We are proud of the internal transfer of knowledge within the Company, provided by internal lecturers who enthusiastically transfer their knowledge.

The year 2020 was marked mainly by topics such as coping with stress, learning virtual communication skills and cooperation and remote management. At the same time, other contents aimed at replacing to a certain extent the usual socialization in the workplace and outside it were very well received. Individual contents of educational programmes were significantly supplemented with trainings in cooperation with external and internal coaches.

6.1.8 Employee development systems

Employee development systems that are implemented in the Company ensure employees potential and environment allowing achieving the set business goals by committed and satisfied employees. The most important are:

- Annual Development Interviews – aimed at verifying and assessing competencies of the employees and to planning and monitoring their career development.
- Management by Objectives – aimed at enhancing the achievement of Company business goals and strategies.
- GAS Activities - various development activities within the Academy offer content for all groups of employees.
- Talent Management - takes place in accordance with the talent management model at the Group level and enables individuals to participate in international projects and educational programs of the Group.
- Digitization of the HR area - in 2020, the new Gecko HR application was introduced, the applications for time and absence management were upgraded and the transition to a unified payroll application was carried out.
- On-Boarding Process – a thorough and intensive on-boarding process ensures efficient transfer of knowledge and good practices and a rapid integration of new employees into the work environment and work processes, which is especially important for employees in the sales network.

6.1.9 Intranet

Intranet portal – the main access point into the working world for employees enabling them to access information and education was made ready for the planned merger and successfully set up as the new joint intranet Generali Kompas.

This was further enhanced with new content and functionalities, the major being the knowledge base, underwriting documentation, Generali GIRS documents, Generali TV multimedia portal, quick links to sets of the most important applications, document sharing via OneDrive, joint news and updated Generali Focus weekly newsletter for all employees, agencies and subsidiaries and a single point where to book meeting rooms. In 2020, access was enabled to the restricted version of Generali Kompas for multi-agencies to get even closer to those who take out insurance on the ground.

Generali Kompas can now be used on mobile devices, where after entering the user name and password, it

is possible to browse news and other posts. A further upgrade, which will further optimize the use of mobile devices, is planned in 2022.

6.1.10 Work-related injuries

In accordance with the regulations and normative acts, the Company continuously works on improving the safety culture, technical and organizational measures, education of employees and effective health promotion. We have successfully implemented the basic principle of a safe working environment - the prevention of work-related injuries.

Employees working in the field tend to be more susceptible to the risk of work-related injuries, especially due to unforeseen circumstances and traffic conditions. We are pleased that in 2020 there were no work-related injuries, which would result in the lost time, supported also by the successful organization of business processes, which enabled most employees to work from home.

Work-related injuries in Generali - The number and share of injuries	2020		2019	
	number	share in %	number	share in %
At work	-	-	-	-
On business trips	-	-	1	100
Total	-	-	1	100

Lost time due to injuries at work	2020	2019
	number	number
	0	21

7. Performance in 2020

7.1 Overview of developments in the economy and the insurance market

Slovenia's macroeconomic environment in 2020

The coronavirus epidemic strongly marked economic activity in 2020, both in the international and Slovenian environment. It is estimated that the decline in Slovenia's GDP in 2020 will amount to 6.6 %, in the euro area even to 7.5%.

The spread of coronavirus and measures to contain it have affected most activities, most notably in-store sales and some service activities related to private consumption. Hospitality and tourism were the most affected. The number of foreign tourists was modest, with activities intensifying slightly in the third quarter due to higher spending by domestic tourists when redeeming tourist vouchers. Due to the closure of non-essential stores, sales in the motor vehicle trade and retail trade in semi-durable and durable goods fell sharply. Household expenditure on personal, entertainment, sports and other services also decreased. The lower traffic by trucks and cars and the lower transit of foreign tourists had a negative impact on retail trade in motor fuels, the sale of food in retail trade while mail orders and sale via the Internet increased. With a sharp reduction in spending, households greatly increased their savings.

Lower demand had a strong impact on the movement of some prices of services and goods. Year-on-year growth in service prices fell sharply to 0.2% at the end of 2020. Growth in food prices also slowed down as a result of higher food supply due to a good harvest, a significantly lower level of catering and hotel services and the complete closure of certain activities (e.g. schools). The last months of 2020 were marked by a pronounced fall in the prices of semi-durable goods because of the fall in the prices of clothing and footwear. The year-on-year decline in oil prices had a strong impact on the lower price level. The total year-on-year deflation thus stood at 1.1%.

The situation in construction and industry was significantly better. Despite the aggravated epidemiological situation, the manufacturing production increased towards the end of the year, contributed significantly by technologically medium-demanding industries. The slowest recovery was seen in motor vehicle production, which remains below the levels of the previous years. Despite the resurgence of the epidemic in the autumn months in Slovenia and the EU, the recovery in trade continued and at the year-end approached the levels before the outbreak of coronavirus.

The situation on the domestic labour market deteriorated again towards the end of the year and in December 2020

the number of unemployed increased by 15.9% year on year. The average gross wage was significantly affected by intervention measures to preserve jobs. Year-on-year growth in the average gross wage was thus almost 5% in October. In the public sector, wage growth was the result of the payment of extraordinary bonuses for danger and special burdens and work in risky conditions.

The government position of the country deteriorated markedly in 2020 due to extensive anti-crisis measures. In the first eleven months of 2020, the consolidated balance deficit amounted to EUR 2.6 billion. In addition to the marked growth in public expenditure, public revenues fell sharply due to lower taxes on corporate income and consumption.

The mood in the economy improved slightly at the end of the year, after deteriorating since the announcement of the second wave of the epidemic at the beginning of the last quarter. GDP growth in 2021 is estimated at 4.3%, supported by monetary and fiscal policy measures and growth in foreign demand. Uncertainty about the course of the epidemic and the availability of the vaccine with the associated release of measures, pose the greatest risk to the materialisation of the forecast

The Slovene insurance market in 2020

20 (re)insurance, pension and other companies having their registered seat in Slovenia operated in the Slovenian insurance market. Of the insurance companies, eight are composite, five life and five non-life insurance companies.

Despite the difficult macroeconomic circumstances due to the outbreak of the coronavirus pandemic, the Company recorded an increase in insurance activity. According to the data collected by the Slovenian Insurance Association, the gross written premium for 2020 amounts to 2.6 billion euros, which is 2.1% more than in 2019.

Written premium from non-life insurance totalled EUR 1,818 million (71%), while written premium from life insurance amounted to EUR 751 million (30%). Growth was recorded in all insurance segments. Within non-life insurance, the highest growth was recorded in fire and natural disaster insurance (5.8%), general liability insurance (3.4%) and land motor insurance (3.2%). In other major insurance segments, slight declines in premiums were recorded.

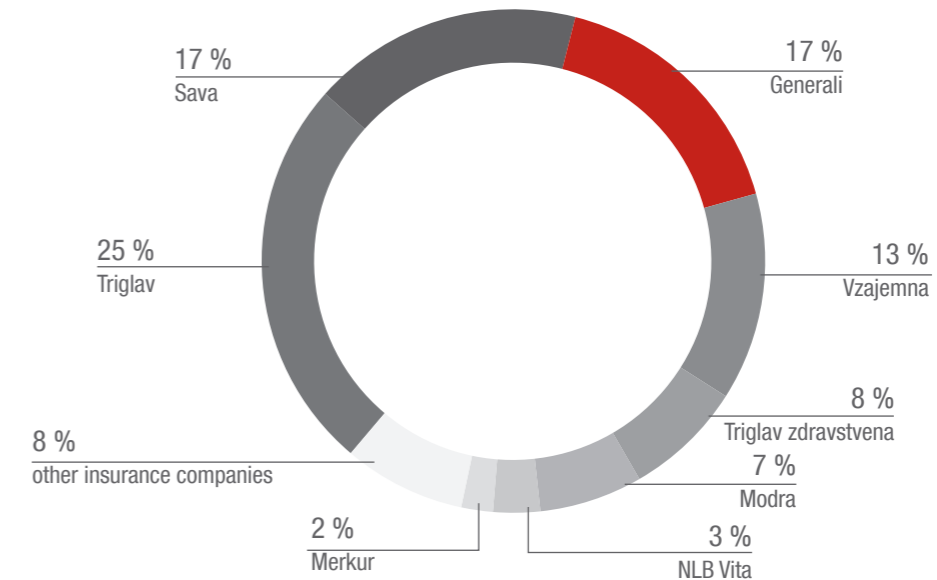
The growth in health insurance was also partly driven by the rise in the prices of complementary health insurance in 2019, which was introduced by all providers on the market (Vzajemna and Triglav in September 2019, Adriatic Slovenica in November 2019). In the area of life and

pension insurance, capital redemption insurance and pension insurance grew the most.

The Slovene insurance market was again last year marked

by a high concentration rate. The five largest insurance companies held an 80% share of the insurance market. Generali zavarovalnica ranked third among the insurance companies on the market by holding a 16.8% market share.

The structure of the Slovene insurance market in 2020



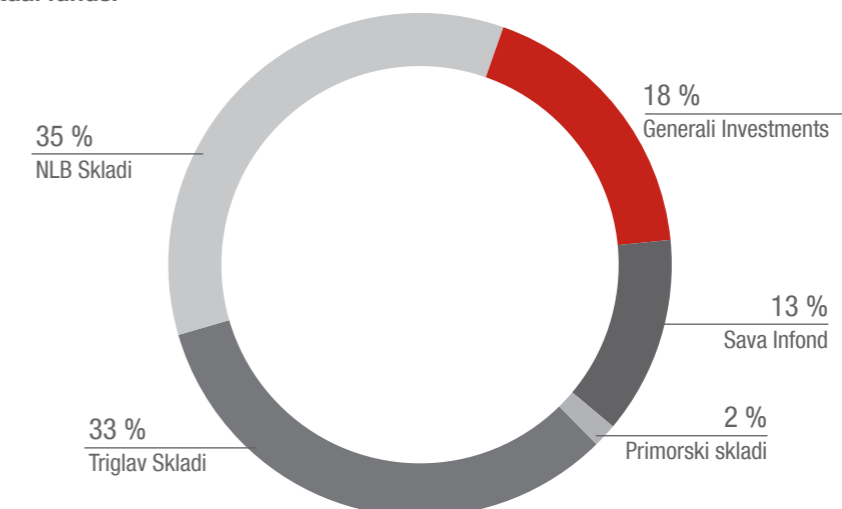
7.2 Capital markets and the industry of mutual funds

million or 7% at the 2020 year-end.

At the 2020 year-end, the Slovene market featured five Slovene management companies managing UCTS funds, which had - according to the data of the Securities Market Agency - assets amounting to EUR 3.235 billion from 466,283 investors. Compared to 2019 year-end, the assets managed within mutual funds grew by EUR 215

With regard to the value of net assets managed within UCTS mutual funds, at the 2020 end-year most assets were managed by NLB Skladi, i.e. EUR 1.125 billion, which represents a market share of 35%. It is followed by Triglav Skladi with EUR 1.06 billion and a market share of 33% and Generali Investments ranking third with EUR 582.7 million from 50,700 investors and a market share of 18.1%.

Market shares of individual management companies as at 31 December 2020, measured by value of net assets managed by mutual funds:



Assets managed by the Generali Krovni sklad (Umbrella Fund) amounted to EUR 582.7 million at the end of 2020 and were up by 8.1 percent or EUR 43.5 million compared to the end of 2019. The increase in assets is due to the growth of capital markets, which, despite a sharp decline in March, ended the year in the green zone with positive net flows from investors and the marketing of new products in the Generali Group. In 2020, payments into the Generali Umbrella Fund totalled EUR 43.1 million while payouts amounted to EUR 37.5 million. This means that the Generali Umbrella Fund recorded net inflows of € 5.6 million in 2020. In addition, there was an additional inflow of EUR 24.9 million from the transfer of management of Flegma assets from the Triglav Skladi to Generali Investments.

At the end of 2020, the Company also managed the assets of other investors within the financial instruments management service in the total value of EUR 618 million and the alternative real estate fund Generali Adriatic Value Fund, a special investment fund, and the newly created special capital fund Generali Growth Equity Fund in the total value of EUR 98 million. Generali Investments d.o.o. is the only management company that manages alternative investment funds (AIF) in accordance with the Alternative Investment Fund Managers Act (ZUAIS).

The total value of all assets under management at the end of 2020 amounted to EUR 1,299 million.

Capital markets in 2020

Global stock markets grew by more than 5% in 2020, as measured by the MSCI index. The year began decidedly optimistically and new record highs were seen in January and February, but the beginnings of the pandemic began to shatter investor confidence in mid-February. The rapid spread of the pandemic, the cessation of economies and public life, and the fear of the unknown scale of the pandemic and its impact on the economy, brought about a rapid and sharp fall in stock prices exceeding 30% from the peak just weeks before. The quick reaction of the authorities and central banks allowed confidence to recover, liquidity was very good most of the time, and investors quickly returned to the markets. With a record high share of bonds yielding negative returns and a flood of liquidity, stock markets also recovered rapidly. With the fastest correction in history, the fastest rebound and return to pre-correction levels in history could be seen. In autumn, optimism about the upcoming vaccine began to grow, while the continued substantial liquidity supports and better knowledge of the virus boosted investor confidence. Thus, at the end of the year, new record figures were seen in global markets. All over the world, the winners of 2020 and the pandemic were shares of technology companies, companies that support e-commerce, work from home, healthcare, basic consumption and new, clean forms of energy. The biggest losers were the energy sector, mainly oil and gas, but also part of consumer goods such

as tourism, catering, aviation and other services related to personal contact and a larger number of people.

Developed markets

Despite strong correction in March and early April, stock prices in the US recovered the fastest and quickly returned to pre-crisis levels due to the high weight of technology stocks. The annual return of the MSCI US index thus amounted to a good 9% and was the most profitable among the large developed markets. Within the US market, technology stocks, represented also by the Nasdaq Composite Index, which gained almost 32%, were clearly in the lead in terms of profitability. Most of the growth was at the expense of the growth of companies in the FAANG group, while at the end of the year acceleration and some very profitable primary releases of slightly smaller innovative companies were seen. The U.S. administration has successfully tackled the challenges of the pandemic from a stock market perspective. They lowered interest rates to 0.25% soon after the crisis began, and prevented stock market crashes with ample liquidity measured in trillions of dollars. Investors quickly came to terms with the 2020 recession, expectantly looking forward to a strong growth in 2021 and 2022. The largest companies, especially technology companies like Amazon or Apple, took advantage of the crisis to accelerate their growth, and investors rewarded this with strong stock exchange prices due to the abundance of cheap money. The event of the year was the US election in early November, which brought a new, this time democratic administration. Expectations are high, but despite the initial fear of higher taxes, investors ultimately assessed the change of government as benign or even as a positive outcome for the market, mainly due to the expectations of a new, even greater stimulus which will bring money into households but also into infrastructure projects, investments in cleaner energy sources, etc.

European markets, in contrast to the US ones, brought negative returns in 2020, as the European stock index MSCI Europe fell by more than 5%. Despite the rapid reaction of European authorities and the shift of interest rates even deeper into negative territory, in the face of the continuing Brexit saga, difficulties in negotiating and sharing money within the EU, lack of propulsive technology companies compared to the US and consequent greater pandemic impact on the European economy, European markets failed to keep up with the US and Japan. The German market was one of the few in Europe that ended the year in green. Although the second wave of the pandemic again brought a strong economic downturn, which partially halted market growth in the autumn and winter of 2020, the positive Brexit deal at the end of the year, accelerated population vaccination and a more than EUR 2 trillion large aid package promise a better 2021. Europe's problem remains deflation, which stood at 0.3% in 2020, mainly due to falling energy prices. The bright spot of the European economy remains the industry, which has recovered quickly after the initial blow and has been growing practically all the time, in contrast to services,

where strong contractions are experienced, especially due to anti-corona measures. The end result is a rather deep recession in Europe, which will be »cured« with the expected growth even in 2022. Among the large markets, Japan is worth mentioning, where the index recorded a positive growth of 2.5%, and the impact of the epidemic was relatively small as Japan successfully tackled the first wave and prevented the economy from closing.

Emerging markets

Stock markets in the major economies of developing countries as a group achieved a positive return of more than 6% in 2020. However, within the group, huge differences in returns could be seen. The very different tackling of the challenges brought about by the coronavirus and different economic and political situations dictated a very different growth rate of individual markets. China stood out strongly in terms of profitability, where the MSCI China index achieved a return of almost 17%. After a strong initial blow and the outbreak of the Wuhan pandemic, Chinese authorities brought the pandemic under control by introducing strict measures, and almost completely released the measures as early as in the summer, which brought about economic growth. Again, companies which managed to turn the crisis to their advantage and whose nature is linked to technology or consumption growth were at the forefront. The Indian market has also managed to stay in the green. In contrast, Russia and Brazil experienced a sharp decline, in both cases by more than 25%. A common reason for the sharp decline is the severe impact of the pandemic and the attachment to raw materials and fossil fuels as an important source of economic growth. Russia continues to be embroiled in constant conflicts with the West, while Brazil is being eroded by internal political disputes, mainly related to the governing methods of the current president. Turkey, which is closer to us, and is an important economic partner of the European Union, has seen a sharp fall in the value of the Turkish lira due to misguided economic policies and political interference in every economic decision. Foreign capital began to avoid Turkey due to uncertainty and the market fell by 17%. A common feature of most emerging markets, with the exception of China, has been less stringent pandemic measures. As a result, these countries also recorded smaller declines in economic activity than the countries of Western Europe. Economic frictions between the U.S. and China continued, although they lost momentum somewhat in the second half of the year and transferred into the financial realm, with threats to withdraw quotations from Chinese companies on U.S. stock exchanges. Russia continues to face limited sanctions, but is successfully cooperating with the Gulf states and major oil exporters in regulating exports and thus

oil prices, which experienced a virtually free fall at the outbreak of the pandemic in March and April 2020 - for a while these countries were even paying buyers to store excess oil because transport restrictions have greatly reduced energy consumption. Brazil, along with the rest of Latin America, managed to make a turnaround at the end of the year. Material prices have risen sharply, repairing holes in the balance sheets of companies and countries. However, Asian economies continue to be in the best economic position. They have been least affected by the pandemic, and at the same time they are more technology-oriented (both services and production). As one of the major suppliers to both the largest U.S. companies as well as direct customers in developed markets, they ended 2020 largely with record sales and growth.

Slovenia and the Balkans

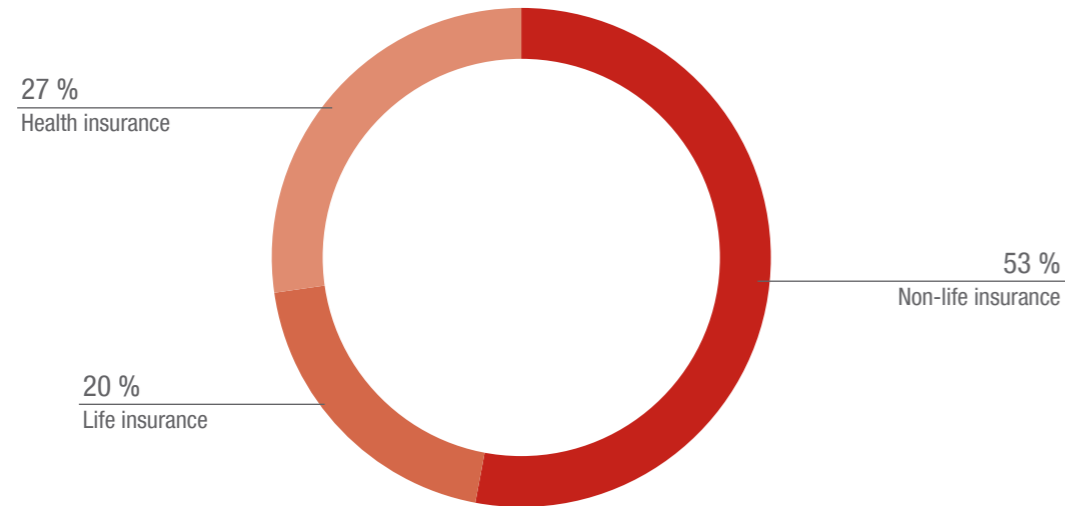
Local, regional markets have somehow shared the fate of the rest of Europe. Measures to combat the pandemic were similar to those in other European countries, but ultimately less effective. The pandemic affected the Balkans slightly more than the rest of Europe, thus the recession is even deeper than in the developed countries of Western Europe. This is especially evident in the Croatian tourism-dependent economy, which experienced a decline in 2020. This is especially evident on the stock CRO Index, which fell by almost 15%, as tourist companies make a significant weight. The best of the regional markets was Slovenia. SBITOP fell by just over 2%, with Krka as the main driver of growth. Romania's BET experienced a slightly larger decline, falling by more than 3%. The reasons for this can be found in the greater weight of financial companies in the index, which were also more affected by the crisis.

7.3 Analysis of operations of Generali Group Slovenia and Generali d. d.

7.3.1 Gross written premiums from insurance, co-insurance and reinsurance contracts

The merger of Generali and Adriatic Slovenica has led to a significant increase in the volume of premiums. The written premium of the merged Insurance Company thus totalled EUR 426.1 million. Premium from the non-life insurance segment accounted for the bulk of total written premium with a 52.9% structural share, followed by health insurance with a 27.3% share and life insurance with a 19.8% share.

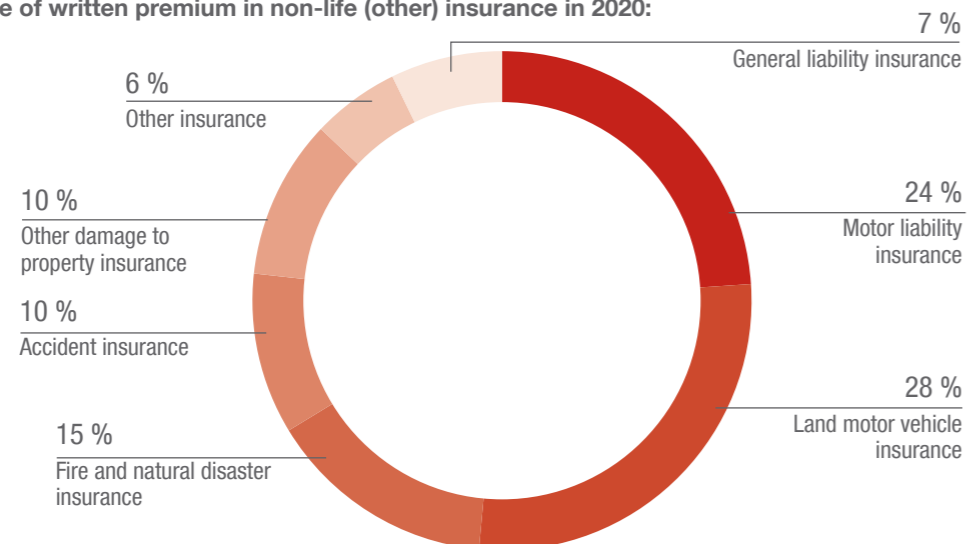
The structure of written premium by insurance class in 2020:



Gross written premiums from insurance, co-insurance and reinsurance contracts by insurance class:

in EUR	1-12 2020	1-12 2019	Structure 2020 (in %)	Structure 2019 (in %)
Accident insurance	23,569,361	6,804,102	5.5	6.4
Land motor vehicle insurance	62,166,232	19,718,469	14.6	18.7
Fire and natural disaster insurance	33,310,787	14,095,964	7.8	13.4
Other damage to property insurance	23,331,148	9,111,574	5.5	8.6
Motor third party liability insurance	54,029,109	18,236,127	12.7	17.3
General liability insurance	16,253,480	5,615,766	3.8	5.3
Other insurance	12,820,514	3,608,192	3.0	3.4
Total non-life (other) insurance	225,480,631	77,190,194	52.9	73.2
Mixed and term life insurance	39,389,463	14,683,211	9.2	13.9
Unit-linked life insurance	44,984,129	13,628,089	10.6	12.9
Total life insurance	84,373,592	28,311,300	19.8	26.8
Health insurance	116,219,070	394	27.3	0.0
TOTAL	426,073,293	105,501,888	100.0	100.0

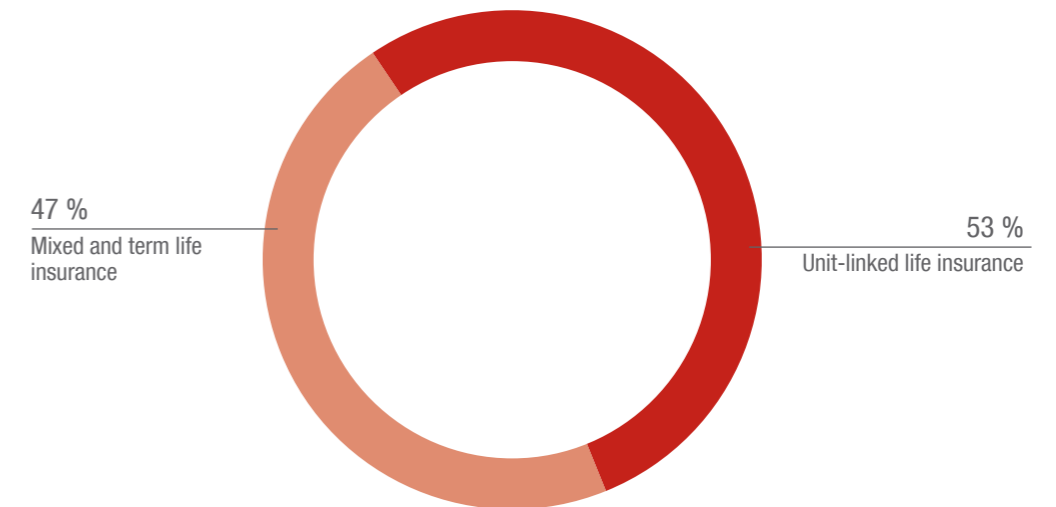
The structure of written premium in non-life (other) insurance in 2020:



The written premium of non-life insurance amounted to EUR 225.5 million. More than half of all premiums arise from car insurance, namely 24% from motor vehicle liability insurance and 28% from land motor vehicle in-

urance. These are followed by fire and natural disaster insurance, accident insurance, other damage to property insurance, general liability insurance and, to a lesser extent, other insurance classes.

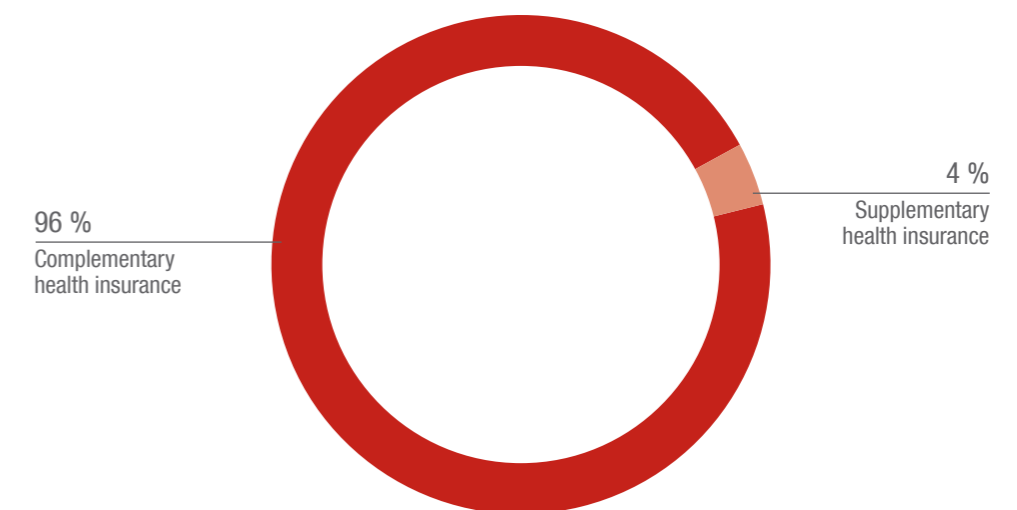
The structure of written premium in life insurance in 2020:



The life insurance premium amounted to EUR 84.4 million in 2020. A large share is represented by unit-linked life insurance with a structural share of 53%, while the rest

is mixed and risk life insurance. The economic crisis and the restriction of social contacts due to the pandemic also affected the sale of life insurance.

The structure of written premium in health insurance in 2020:



Health insurance premium amounted to EUR 116.2 million in 2020, with a significant share being complementary health insurance. The increase in the complementary

health insurance premium is due to the price increase at the end of 2019 as well as growth in the number of policyholders.

7.3.2 Gross claims paid

Gross claims paid totalled EUR 240.1 million throughout 2020. The largest share of EUR 106.7 million is due to the claims in the non-life insurance. This is followed by

claims paid in the health insurance amounting to EUR 85.5 million and in life insurance with EUR 47.9 million claims paid.

Gross claims paid by insurance class:

in EUR	1-12 2020	1-12 2019	Structure 2020 (in %)	Structure 2019 (in %)
Accident insurance	8,070,944	1,647,682	3.4	3.7
Land motor vehicle insurance	37,017,181	13,130,240	15.4	29.1
Fire and natural disaster insurance	17,132,742	5,607,327	7.1	12.4
Other damage to property insurance	9,527,430	2,343,088	4.0	5.2
Motor third party liability insurance	25,786,190	8,721,457	10.7	19.3
General liability insurance	3,955,277	867,720	1.6	1.9
Other insurance	5,238,142	1,404,412	2.2	3.1
Total non-life (other) insurance	106,727,906	33,721,926	44.5	74.7
Mixed and term life insurance	18,435,626	6,258,362	7.7	13.9
Unit-linked life insurance	29,417,975	5,154,905	12.3	11.4
Total life and pension insurance	47,853,601	11,413,267	19.9	25.3
Health insurance	85,496,829	236	35.6	0.0
TOTAL	240,078,336	45,135,429	100.0	100.0

7.3.3 Analysis of operations of Generali Group and Generali d. d. - Financial result and position

Financial result

The Company Generali zavarovalnica d. d. ended 2020 with a net profit of EUR 5.7 million, which is less than planned.

Non-life insurance premiums were as planned, while the plan in life insurance was exceeded. The negative effect of the coronavirus pandemic was also reflected in the area of non-life insurance with assistance, as travel was stopped due to epidemic-related restrictive measures. The claims ratio of non-life insurance is within the plan,

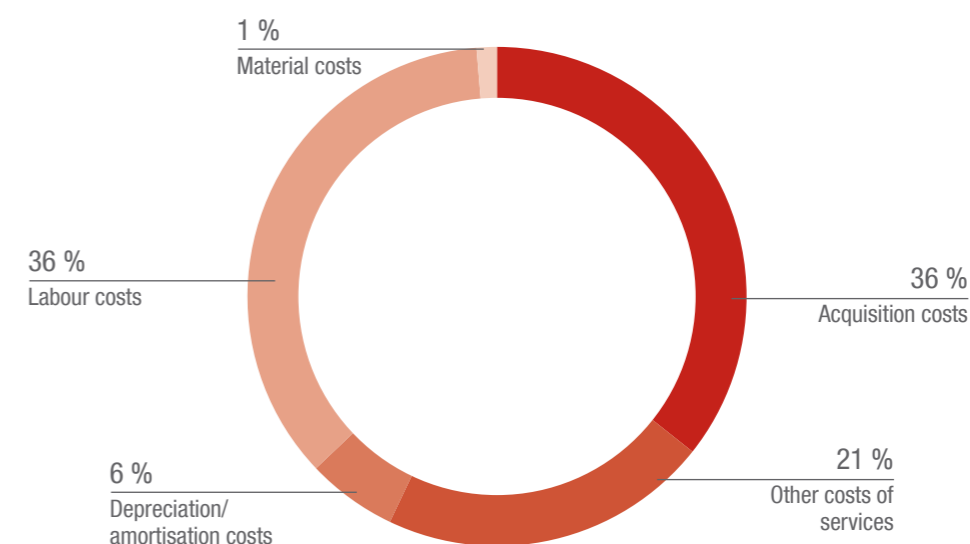
despite some major loss events due to hailstorms. The deterioration of the technical result of life insurance was influenced by the purchase of a part of the portfolio secured by a quota contract. In addition, the creation of provisions for unexpired risks in health insurance also had a negative impact on the result.

Operating costs were lower than planned due to lower marketing, maintenance, travel and training costs, partly as a result of coronavirus containment measures. The change in the methodology for forming unearned premium provisions had a negative effect in the context of deferred acquisition costs. In addition, impairments of equity securities, units of investment funds and real estate had a negative impact on the Company's result.

Income statement:

in EUR	Generali d.d.			Group		
	2020	2019	Index	2020	2019	Index
REVENUES	412,389,217	96,632,266	426.8	424,222,477	96,632,266	439.0
Net premium revenue	385,962,089	78,595,746	491.1	385,962,089	78,595,746	491.1
Gross written premium	426,073,293	105,502,065	403.9	426,073,293	105,502,065	403.9
Ceded written premium	-39,697,472	-26,155,885	151.8	-39,697,472	-26,155,885	151.8
Change in unearned premium	-413,732	-750,435	55.1	-413,732	-750,435	55.1
Investment revenue	16,151,194	13,514,414	119.5	15,874,392	13,514,414	117.5
Other revenues from insurance operations	4,282,152	2,715,835	157.7	4,282,152	2,715,835	157.7
<i>of which: Commissions receivable</i>	4,282,152	2,715,835	157.7	4,282,152	2,715,835	157.7
Other revenue	5,993,782	1,732,919	345.9	18,103,845	1,732,919	1,044.7
EXPENSES	-405,947,223	-92,470,421	439.0	-414,174,266	-92,470,421	447.9
Net claims incurred	-253,564,616	-37,445,372	677.2	-253,564,616	-37,445,372	677.2
Gross claims paid	-251,844,979	-44,729,411	563.0	-251,844,979	-44,729,411	563.0
Reinsurers' and co-insurers' share	12,281,028	6,906,005	177.8	12,281,028	6,906,005	177.8
Changes in claims provisions	-14,000,665	378,034	-3,703.5	-14,000,665	378,034	-3,703.5
Change in insurance technical provisions for unit-linked insurance	-2,434,939	-7,185,506	33.9	-2,434,939	-7,185,506	33.9
Change in other insurance technical provisions and liabilities	-10,622,926	-458,596	2,316.4	-10,622,926	-458,596	2,316.4
Expenses for bonuses and discounts	-145,678	-319,505	45.6	-145,678	-319,505	45.6
Operating expenses	-109,473,821	-42,050,770	260.3	-117,765,403	-42,050,770	280.1
<i>of which: Acquisition costs</i>	-39,058,920	-13,766,935	283.7	-37,481,781	-13,766,935	272.3
Investments expenses	-2,848,931	-20	13,944,839.6	-1,783,837	-20	8,731,458.0
Other expenses from insurance operations	-14,805,768	-3,433,707	431.2	-14,805,768	-3,433,707	431.2
Other expenses	-12,050,544	-1,503,592	801.5	-13,051,100	-1,503,592	868.0
PROFIT BEFORE TAX	6,441,994	4,161,845	154.8	10,048,211	4,161,845	241.4
TAX	-781,341	-835,561	93.5	-1,336,161	-835,561	159.9
NET PROFIT/LOSS	5,660,652	3,326,284	170.2	8,712,050	3,326,284	261.9

The structure of operating expenses of the Company in 2020 (in %)



Operating expenses of the Company amounted to EUR 109.5 million. The largest share is represented by labour costs, which amounted to EUR 39.2 million, and acquisition costs in the amount of EUR 39.1 million. These are followed by other costs of services and, to a lesser extent, depreciation/amortisation costs in the amount of EUR 6.4 million. The Group also operated successfully in 2020 and ended the financial year with a net profit of EUR 8.7 million. The Group generated EUR 11.8 million more revenue in relation to the individual operations of the Insurance Company, while the Group's expenses increased by EUR 8.2 million.

The structure of assets

in EUR	Generali d.d.				Group			
	31.12.2020	in %	31.12.2019	in %	31.12.2020	in %	31.12.2019	in %
ASSETS	1,170,303,926	100.0	366,366,135	100.0	1,178,011,688	100.0	366,366,135	100.0
Intangible assets	7,072,882	0.6	702,707	0.2	33,668,987	2.9	702,707	0.2
Property, plant and equipment	31,434,688	2.7	2,778,694	0.8	34,245,482	2.9	2,778,694	0.8
Deferred tax assets	2,562,695	0.2	-	-	3,291,378	0.3	-	-
Investment property	10,885,982	0.9	-	-	8,704,033	0.7	-	-
Financial assets and financial investments in subsidiaries and associated companies	45,172,441	3.9	298,022	0.1	12,302,057	1.0	298,022	0.1
Financial investments	576,375,156	49.3	194,247,887	53.0	584,147,276	49.6	194,247,887	53.0
- loans and deposits	5,925,099	0.5	181,716	0.0	6,026,673	0.5	181,716	0.0
- held to maturity	10,848,153	0.9	-	-	10,848,153	0.9	-	-
- available for sale	555,874,901	47.5	194,033,927	53.0	563,061,120	47.8	194,033,927	53.0
- recognised at fair value through profit and loss	3,727,003	0.3	32,244	0.0	4,211,331	0.4	32,244	0.0
Unit-linked insurance assets	377,152,599	32.2	66,414,605	18.1	377,152,599	32.0	66,414,605	18.1
Reinsurers' and co-insurers' share of insurance technical provisions	38,375,253	3.3	75,719,980	20.7	38,375,252	3.3	75,719,980	20.7
Assets from financial contracts	22,723,309	1.9	-	-	22,723,309	1.9	-	-
Receivables	39,383,873	3.4	13,665,439	3.7	41,491,900	3.5	13,665,439	3.7
- receivables from direct insurance operations	30,070,675	2.6	5,787,308	1.6	30,943,831	2.6	5,787,308	1.6
- receivables from reinsurance and co-insurance operations	4,993,898	0.4	6,518,178	1.8	4,993,896	0.4	6,518,178	1.8
- current tax receivables	224,982	0.0	159,373	0.0	308,733	0.0	159,373	0.0
- other receivables	4,094,318	0.3	1,200,578	0.3	5,245,440	0.4	1,200,578	0.3
Other assets	8,687,807	0.7	4,903,874	1.3	9,318,165	0.8	4,903,874	1.3
Cash and cash equivalents	10,477,241	0.9	7,634,928	2.1	12,591,248	1.1	7,634,928	2.1

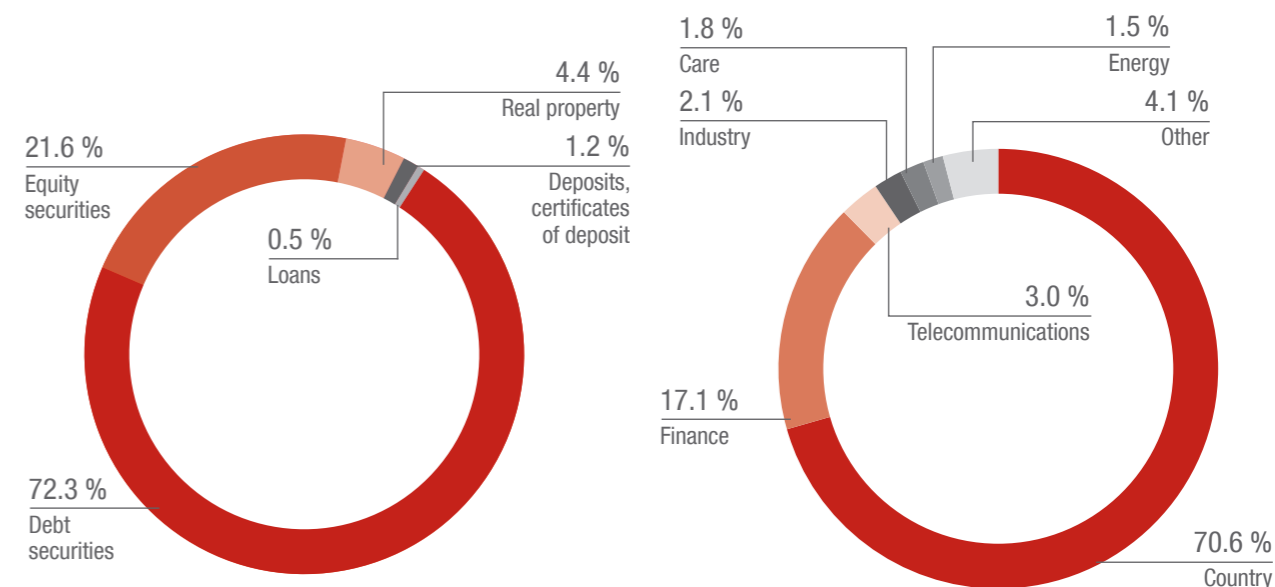
Total investments accounted for EUR 1,042.8 million or 89.1% of total assets. As at the 2020 year-end, EUR 377.2 million was accounted for by unit-linked insurance assets, EUR 576.4 million by other financial investments, EUR 45.2 million by financial investments in Group mem-

Financial position

As at 31 December 2020, total assets of the Company stood at EUR 1,170 million, and increased compared to the previous year due to the merger of insurance companies. The bulk of assets at 2020 year-end was accounted for by life insurance assets (60.7%), 38.1% by non-life insurance assets and the rest was intended for the implementation of health insurance activities.

bers, EUR 10.9 million by investment property, EUR 22.7 million by assets from financial contracts (pension insurance) and EUR 10.5 million by cash and cash equivalents.

The structure of Company assets by type as at 31 December 2020 (excluding unit-linked insurance assets):



As at 31 December 2020, the value of property, plant and equipment and long-term intangible assets totalled EUR 38.5 million. The former accounted for 2.7% and long-term intangible assets for 0.6% of total assets. The

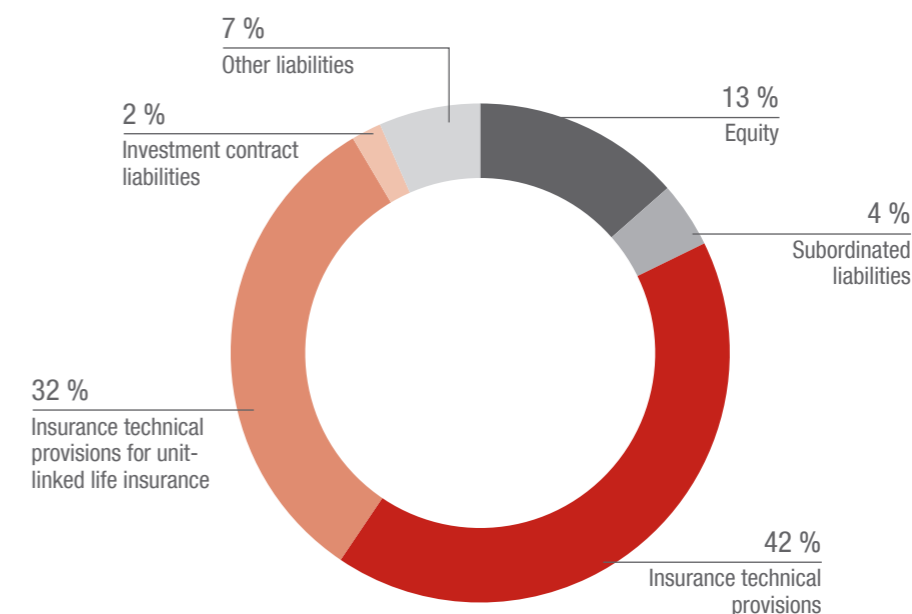
amount of insurance-technical provisions ceded to reinsurance/coinsurance amounted to EUR 38.4 million. The total assets of the Group was higher by EUR 7.7 million and amounted to EUR 1,178 million.

The structure of liabilities:

in EUR	Generali d.d.				Group			
	31.12.2020	in %	31.12.2019	in %	31.12.2020	in %	31.12.2019	in %
LIABILITIES	1,170,303,926	100.0	366,366,135	100.0	1,178,011,688	100.0	366,366,135	100.0
CAPITAL	157,621,895	13.5	53,272,989	14.5	161,609,225	13.7	53,272,989	14.5
Capital and reserves attributable to majority shareholders of the Company	-	-	-	-	161,593,774	13.7	53,272,989	14.5
Called-up capital	39,520,347	3.4	39,520,347	10.8	39,520,347	3.4	39,520,347	10.8
Share premium	50,940,548	4.4	3,729,236	1.0	50,940,549	4.3	3,729,236	1.0
Reserves from profit	9,480,332	0.8	225,107	0.1	9,480,332	0.8	225,107	0.1
Translation reserves	-	-	-	-	-1,775	0.0	-	-
Fair value revaluation reserve	13,011,847	1.1	6,260,229	1.7	13,556,479	1.2	6,260,229	1.7
Net profit brought forward	40,089,291	3.4	211,784	0.1	40,482,508	3.4	211,784	0.1
Net profit or loss for the period	4,579,529	0.4	3,326,286	0.9	7,615,334	0.6	3,326,286	0.9
Minority interest	-	-	-	-	15,451	0.0	-	-
Subordinated issued bonds	49,779,308	4.3	-	-	49,779,308	4.2	-	-
Insurance technical provisions	487,858,351	41.7	157,118,304	42.9	487,858,352	41.4	157,118,304	42.9
Unearned premium	77,576,931	6.6	27,953,113	7.6	77,576,931	6.6	27,953,113	7.6
Insurance technical provisions for life insurance	173,006,698	14.8	55,263,715	15.1	173,006,698	14.7	55,263,715	15.1
Claims provisions	204,001,697	17.4	58,747,978	16.0	204,001,699	17.3	58,747,978	16.0
Other insurance technical provisions	33,273,025	2.8	15,153,497	4.1	33,273,024	2.8	15,153,497	4.1
Insurance technical provisions for unit-linked life insurance	374,826,788	32.0	66,311,354	18.1	374,826,788	31.8	66,311,354	18.1
Other provisions	5,978,256	0.5	1,556,824	0.4	6,106,708	0.5	1,556,824	0.4
Deferred tax liabilities	2,120,141	0.2	1,456,957	0.4	2,160,767	0.2	1,456,957	0.4
Investment contract liabilities	22,723,309	1.9	-	-	22,723,309	1.9	-	-
Other financial liabilities	4,194,793	0.4	1,876,475	0.5	5,968,275	0.5	1,876,475	0.5
Operating liabilities	38,027,910	3.2	74,692,388	20.4	38,366,275	3.3	74,692,388	20.4
Other liabilities	27,173,176	2.3	10,080,843	2.8	28,612,680	2.4	10,080,843	2.8

As at the end of the 2020 reporting period, total equity of the Company amounted to EUR 157.6 million. The portion of equity in total assets stood at 13.5% as at 31 December 2020.

The structure of liabilities of the Company as at 31 December 2020:



On the liabilities side, the insurance-technical provisions totalled EUR 862.7 million as at 2020 with their total share in total assets of 73.7%. Within the insurance-technical provisions, the insurance technical provisions for unit-linked insurance was EUR 374.8 million, whereas other insurance technical provisions amounted EUR 487.9 million. Based on the issuance of the subordinate debt in the first half of 2016, the financial liabilities of the Company stood at EUR 49.8 million.

As at 31 December 2020, operating liabilities stood at EUR 38 million, while the liabilities from financial contracts were recognized in the amount of EUR 22.7 million. Based on accrued expenses, other liabilities stood at EUR 27.2 million.

8. Risk management and internal audit

8.1 Risk management

In April 2020, Generali published its 2019 Report on Solvency and Financial Condition of the Company, which, together with the extended annual set of quantitative reporting templates (QRT) and the Regular report to the supervisor, presents the disclosure requirements in accordance with the third pillar of Solvency II. The Report, reviewed by an independent external auditor, shows that at the 2019 year-end the Company showed a surplus of eligible own funds above the required capital. In 2020, the risk profile of the Company changed significantly as the Company merged with Adriatic Slovenica d. d. The 2020 capital adequacy ratio will be disclosed in the audited 2020 Solvency and Financial Condition, which will be published on the Company's corporate website.

In March 2020, the Insurance Supervision Agency called on the Slovenian insurance sector to assess the impact of short-term effects due to the covid-19 epidemic, including an assessment of the impact on own funds, the solvency position and the Company's liquidity. In the amended call, the Agency also ordered insurance companies to report regularly on possible risks and problems in operations due to the consequences of the epidemic.

For the purpose of providing an extended impact assessment of the impact of covid-19, the Company prepared and implemented additional unfavourable scenarios of consequences on the Company's capital adequacy ratio due to the unfavourable situation on financial markets, and included the scenario and findings both in the response to the Insurance Supervision Agency and in the regular report Own Risk and Solvency Assessment.

In the third quarter of 2020, based on the assessment of operations for 2020 and projections until 2023, a capital adequacy projection for this period was carried out. The projection showed that the insurance company would demonstrate excess capital adequacy and excess risk appetite throughout the business-planning period.

8.1.1 Risk management system

Risk management is the first line of defence against risk in the Company and as a way to avoid the occurrence of a situation which would negatively affect the Company's operations or even endanger its existence.

The risk management system of the Company is managed and supervised by the Management Board and

designed not only to identify potential events that may have a negative impact on the operations of the Company, but also to manage risks in the Company based on the framework definition of risk acceptance (risk appetite) by giving reasonable assurances on the achievement of business goals of the Company. The risk management system is proportional to the nature, scope and complexity of the Company's operations.

In accordance with the three lines of defence system, the risk management process is implemented throughout the entire Company. The first line of defence, which includes all business processes in the Company (or their owners) and the Investment Committee, is responsible for regular operational management of risks arising from the process or being a result of these processes. Risk managers therefore assume risks and are responsible for ongoing identification, assessment, measurement and reporting (to the Risk Management Sector) as well as for the initial management or risks arising from their processes.

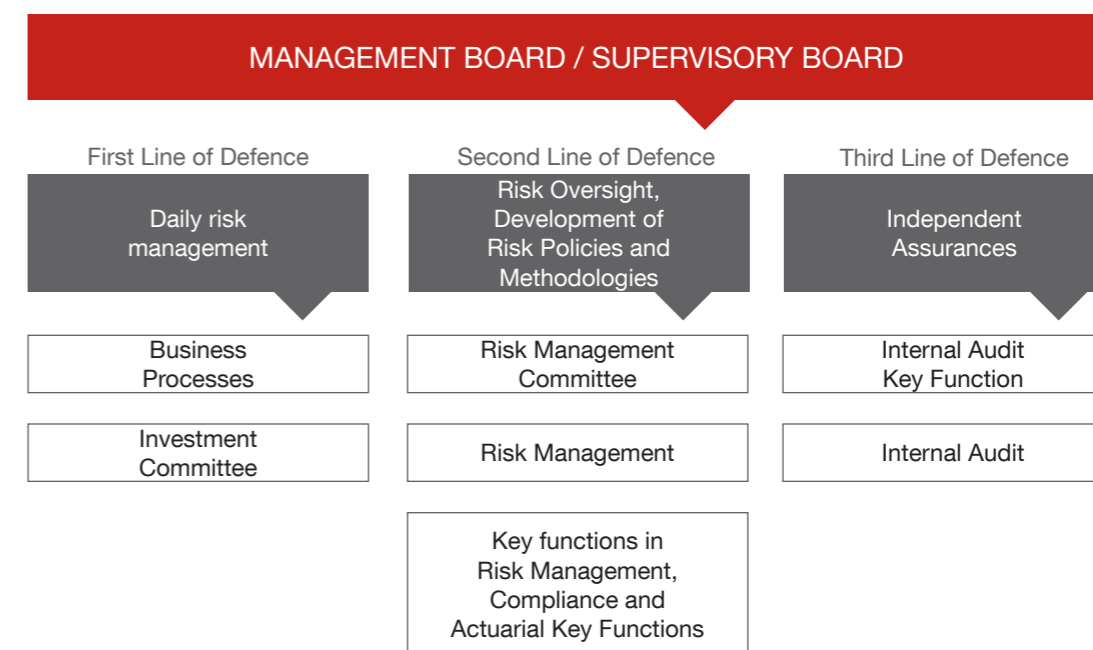
The Risk Management Committee, the Risk Management Sector and the Risk Management Key Function, including the actuarial and compliance key functions, form the second line of defence, which is responsible for reviewing and coordinating the first line of defence, developing policies and strategies, setting risk tolerances and limits, as well as preparing reports and presenting them to the management and supervisory bodies of the Company. The third line of defence, which includes the internal and other assurance providers, is responsible not only for an independent assessment of the effectiveness of the risk management process and practices but also for providing timely and objective recommendations and assurances regarding risk management.

8.1.2 Risk Management Process

Risk management means the identification, measurement or assessment, control and monitoring of risks at all levels, including reporting on the risks to which the Company is or may be exposed in its operations.

In the context of the policies defining the risk management system, the Company developed specific risk management action plans, which include internal risk management procedures, risk management measures and internal procedures for their implementation, internal procedures for monitoring the implementation of risk management measures.

The three lines of defence against risk:



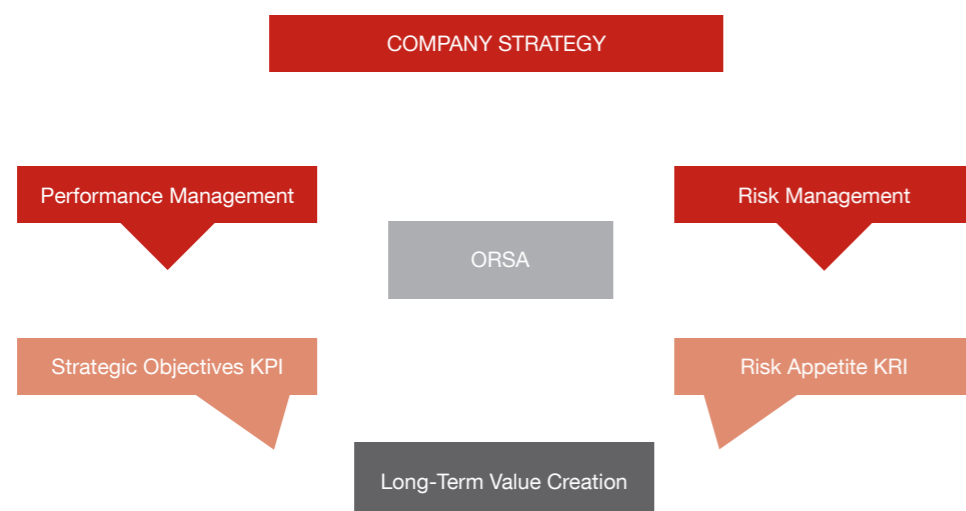
The risk management process comprises the following key steps:

- risk identification, which involves a comprehensive and timely identification of risks to which the Company is or may be exposed and an analysis of the causes of their occurrence;
- risk measurement or assessment, which includes the preparation of quantitative and/or qualitative assessments for measurable and/or unmeasurable risks identified in the risk identification process;
- risk management, which encompasses the process of selection and introduction of risk reduction measures;
- risk monitoring, which comprises the rules on risk liability, frequency and monitoring;
- risk reporting, which includes regular and extraordinary reports and the frequency of reporting.

8.1.3 Definition of Risk Categories

The risk management system includes at least the following key areas of risks:

- **Underwriting risk** is the risk of loss or of unfavourable change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions taken into account in the calculation of insurance technical provisions.
- **Market risk** is the risk of loss or of adverse changes in the financial situation of an insurance undertaking, resulting from fluctuations in the level and in the volatility of market prices of assets, liabilities and financial instruments.
- **Credit risk** is the risk of loss or of adverse changes in the financial situation of an insurance undertaking, resulting from fluctuations in the credit position of securities issuers, counterparties and potential debtors, to which an insurance undertaking is exposed in the form of counterparty default risk, credit spread risk and concentration risk.
- **Operational risk** is the risk of loss resulting from inadequate or failed implementation of internal processes, human behaviour or the operation of systems or from external events.
- **Liquidity risk** is the risk that the Company is unable to realise its investments and other assets in order to settle its financial obligations when they fall due.
- **Concentration risk** means exposure to risk with the possibility of loss, which is high enough to be a threat to the solvency or financial position of the Company.
- **Other risks**, which include strategic risk, risks in making management and strategic decisions, risks in the supervision of insurance companies and the risk of loss of reputation.
- The material risk of the Company in which, directly or indirectly, all the other mentioned types of risk are reflected, is the risk of **ensuring appropriate capital adequacy**, i.e. the risk that the capital of the Company is insufficient to cover all the risks assumed. Capital risk relates to inappropriate capital structure and level in relation to the volume and manner of operati-

The integration of the Company's business strategy and the risk management system:

on or to the problems which the Company would face in acquiring fresh capital, particularly if it needed to increase its capital rapidly or in unfavourable conditions. An adequate capital base provides a safety reserve for various risks to which the Company is exposed in its operations. The Company manages this risk primarily by maintaining an appropriate surplus capital (eligible own funds) above its solvency needs, calculated in accordance with the standard formula. Risk management types are discussed in greater detail in Section 6 of the financial part of the Report.

8.1.4 The integration of the risk management system and the Company's business strategy

Risk management begins with the Company strategy, as is the case with all the other activities related to the operations of the Company. After the strategy is created, the supervisory mechanisms are set up enabling the strategy to be carried out within all Company processes by optimally implementing the key value factors and by effectively managing the risks arising from these factors.

The basic concept of the risk management strategy is to determine the appropriate risk appetite (framework definition of preparedness to accept risk), including tolerance to the most material risks, on the basis of the business and capital management strategy.

The Company's framework definition of preparedness to accept risk represents, at the Company level, the total amount of risk which the Company is prepared to accept in the pursuit of its mission and vision, business and strategic goals. The framework definition of preparedness to accept risk is limited with the risk capacity which the Company is able to assume based on its eligible own funds. The framework definition of prepared-

ness to accept risk is clearly defined and appropriately presented throughout the whole organisation at all levels and is included in the business planning process of future operations. The framework definition of preparedness to accept risk is expressed in the form of statements and metrics.

Risk tolerance represents the maximum risk which the Company is willing to accept with respect to each risk category in order to achieve its business and strategic objectives, by cumulatively operating within the framework of the defined risk appetite. The operational limits relate to day-to-day business decisions:

8.1.5 Own Risk and Solvency Assessment

As one of the integral parts of its business strategy, the Company specifically plans its capital requirements or the available capital so as to reflect all material risks to which the Company is exposed. This is performed in the context of Own Risk and Solvency Assessment (ORSA). The primary ORSA objectives are to ensure sound and prudent risk management within the Company through a better understanding of comprehensive capital requirements and capital allocation (own assessment), as well as through the understanding of the interconnection between risks and capital management in the planning of future operations of the Company.

Furthermore, the aim of the ORSA is to provide another view of the capital adequacy assessment of the Company by comparing its own risk profile assessment with the assumptions used to calculate the regulatory capital requirements so as to verify whether the regulatory SCR calculation method (the standard formula) correctly takes into account the entire risk profile of the Company. The Company can manage its risks either through capital requirements and by ensuring regulatory capital or with other risk mitigation techniques, taking into consideration the busi-

ness strategy, the risk profile, and the accepted risk limits and tolerances. By identifying its comprehensive capital requirements, the Company decides whether to assume or transfer certain risks, sets optimal capital allocation and assesses other performance parameters, which are reflected in the strategic decisions of the Company.

On the other hand, the ORSA has to reflect the business strategy of the Company and business plans deriving from it. When performing the ORSA, it is therefore necessary to take into consideration the strategic decisions, reflected in the business plan and projections, affecting the risk profile of the Company, the capital requirements and the eligible own funds of the Company. The management and supervisory bodies of the Company should be aware of and clearly understand the implications of the strategic decisions on the abovementioned capital aspects of the Company. Furthermore, they should take into account whether such implications are desired, feasible and whether the Company could even afford them, considering the scope and the quality of its own funds.

8.1.6 IT-related safety risk management

In 2020, the Generali Group launched the CSTP 2.0 Cyber Security Transformation Program Project. Within its framework, various activities have been carried out to improve the management of security risks in the field of IT. Among other things, a tool for the cyber risk management process has been introduced and a threat notification service has been set up (e.g. reporting »phishing«). We are in the final phase of integrating the information system with the Group's Central Event Collection System (SIEM), which is the basis for establishing the operation of the Security Operations Centre (SOC). The implementation of a comprehensive network access control (NAC) solution, which will provide an additional level of wired and wireless network protection, is underway.

In order to improve the quality, safety and reliability of the IT systems, several internal safety tests were carried out to identify vulnerability which poses a safety risk to the Company and clients. Tests were carried out on some key web applications, as a rule, before the transition of upgraded information solutions accessible to external stakeholders into production. The implementation of the recommendations arising from a major security overview carried out by the Group in late 2019 was completed. The implementation of these recommendations implies a significant increase in the security level from the point of view of the vulnerability of the internal network.

8.2 Internal auditing

The internal audit is organised as an independent function, directly subordinated to the Management Board. It is separated from other units of the Company, both functionally and organisationally. It is headed by a director who directly

reports to the Management Board on the performed tasks and operations, which guarantees the independence of its functioning.

In accordance with the legal requirements and based on the risk assessment, the Internal Audit performed supervision of the operations of the Company in order to verify and assess whether the risk management processes, internal controls and governance of the Company were adequate and operated in the manner ensuring the achievement of Company objectives.

Internal auditing was carried out in accordance with the requirements of the Insurance Act (ZZavar-1) and other applicable regulations, the professional internal auditing rules issued by the Slovenian Institute of Auditors and the internal documents of the Generali Group.

External assessment of the quality of the internal audit has been carried out on several occasions. The last audit was carried out in 2018, when the external evaluators assessed that internal auditing was carried out in accordance with all the International Internal Auditing Standards, the Code of Ethics for Internal Auditors and the Code of Internal Auditing Principles.

The Internal Audit carried out internal audit activities based on the annual work plan for 2020, which was adopted by the Management Board of the Company after receiving the approval of the Supervisory Board. An important part of auditing was devoted to carrying out audits, monitoring the implementation of recommendations, day-to-day supervision and cooperating with key functions in the Company. In 2020, internal audit services were launched in one subsidiary in Slovenia, and activities aimed at launching these services in 2021 in subsidiaries abroad started.

In performing internal audits, the focus was on auditing the areas that represent higher potential risks for the Company and consequently a greater potential damage (loss) or major lost opportunities; assessing the risk management system and the established internal control system; verification whether operations are in compliance with internal rules and external regulations; identification of risk arising from occurrence of fraud and the transfer of good business practices.

After each internal audit, a draft report was initially issued by the Internal Audit and submitted to the auditee for comment. The final report was examined by the Management Board, which set a deadline for the auditee to take corrective action or to implement the recommendations issued by the Internal Audit.

As a result of active monitoring of the corrective measures of the auditees by the Internal Audit, the non-compliances were rectified within the agreed deadlines.

Two half-yearly and an annual report were produced by the Internal Audit and examined by the competent bodies of the Company.

9. Customer at the centre of products and services of the Generali Group Slovenia

Policyholders contact the Company in many ways, and every contact is important for us, as we want to be a lifelong partner to our clients, and to provide our new clients with access to our offer as easily and as quickly as possible. In 2020, we continued adjusting our offer of insurance products and services to the needs of clients, provided them with special club benefits and continued implementing the programme aimed at raising awareness about a healthier lifestyle and the importance of insurance protection.

9.1.1 My Generali

The Moj GENERALI (My GENERALI) Portal enables the customers to independently view their insurance policies, check and make payments, report claims and monitor claim settlement progress and monitor their investment in life and pension insurance on their computers, tablets or mobile phones. At the same time, registered clients can now receive via the Portal all non-commercial notifications (insurance expiration, payment orders, investment value notices, reminders) sent to the policyholders by the Company.

9.1.2 Health insurance assistance

The Health Insurance Assistance provides quick and quality assistance to customers using services covered by the supplementary insurance schemes *Specialisti z asistenco* (Specialists with assistance) and transitional care insurance.

We dealt with a total of 8,649 specialist services, mostly in orthopaedics, dermatology and surgery. In addition to the basic and control examinations, we also authorized the corresponding diagnostic examinations, namely 356 endoscopic examinations, 1470 MR examinations, 349 X-rays examinations, 1,179 ultrasound examinations and 169 CT examinations. There were also 141 authorizations for surgery and 895 authorizations for physiotherapy. We provided 60 policyholders with insurance services for transitional care (transportation to control check-ups and assistance at home). 74 clients were provided with a second opinion of specialists from abroad via Advance Medical.

The toll free number 080 81 10, intended for the complementary health insurance policyholders, recorded 15,245 calls, or 67.5% more than the year before. We provided information to clients via email in 755 cases. The increased number of calls can be attributed to the increased number of supplementary health insurance contracts and to the increased awareness of policyholders about the possibility of using health services.

9.1.3 Customer care

Regardless of which way customers contact the Company, we strive to live up to their expectations. Direct contact with them, monitoring of their satisfaction and sales support are implemented via a series of channels, the central toll-free number 080 11 10, email address info.si@generalis.com, My Generali Portal, Facebook, Chat and personal contact at the Customer Care Department.

In 2020, 790,812 communications with clients via all communications channels were recorded. Particular care is dedicated to individual consulting in the area of life and pension insurance where advice is provided on insurance management and asset management. We retained a total of EUR 39,739,602 of surrender value. We assist our clients when purchasing insurance, carry out recovery of unpaid premiums and conduct user experience satisfaction surveys.

9.1.4 Program Migimigi

Migimigi is a community and a programme that lives through "omnichannel communication" on social media, www.migimigi.si website, through Migimigi ambassadors, influencers and at sporting events. It represents a new look and attitude of the Company with its customers, as it encourages continuous interaction and nurturing of relationships with policyholders and builds a more lasting relationship and trust. The Programme offers a diverse set of exciting and easy-to-use challenges, by constantly raising awareness of, informing of, educating about and encouraging the members of the Migimigi community to implement healthy habits to improve the quality of life and well-being and to reduce stress. It also highlights the dangers we cannot avoid and offers the best solutions to effectively protect from unforeseen life events. The Migimigi community has been operating for three seasons now. In the meantime, as many as 16 challenges have successfully taken up, the website was visited by 542,596 visitors, and more than 74,000 Slovenes were attracted to get active. With more than 40 trainers and ambassadors we organised the Third September Migimigi Days at the Arboretum (in 2020 mostly online), which attracted a total of 9 thousand fans. Almost 24,000 participants joined the 2020 challenges. Most of them learned about uninhabited mountain trails and the principles of safe mountaineering in the Gremo v planine (Let's go to the mountains) challenge, while the challenges *Kako dobro pa ti spiš* (How well you sleep), *Kako dobro poznaš kolesarski žargon* (How well you know cycling jargon) and the *Migaj s kužkom* (Move with your puppy) challenges also attracted attention.



As many as 99.41 % of the policyholders are satisfied with the Health Centre.

We assisted policyholders who, in accordance with the terms, could not be issued authorisations for health services, in booking appointments in the public health system. During the complete closure of private medical institutions due to the epidemic, we enabled policyholders to consult a specialist via video call.

In our internal customer satisfaction survey concerning the assistance services provided by Health Insurance Assistance, customers rated our services and staff at the centre with the highest ratings. The average satisfaction rating was 4.96 out of 5. (The Net Promoter Score is 43%).

10. Sustainable development

The three pillars of our strategy are in line with the promises set out in the Charter of Sustainability Commitments. In our day-to-day operations, we implement sustainable business processes and achieve our goals in the field of sales of environmentally and socially friendly products and green and sustainable investments. Being a life-long partner of our customers, moving from products to customer needs, filling gaps in the SMEs insurance area, working with the community and empowering employees with new skills are just some examples of the Group's sustainable approach.

We are committed to creating a healthy, connected and sustainable society where people can develop and realize their potential. We believe that, as a successful company, we need to give back to the environment in which we create and help people in need. Through long-term projects and partnerships, we are fulfilling our commitment to support charity, sports, the arts, education and prevention.

We strive to create value not only in economic terms, but also in social and environmental terms - our commitment is to ensure long-term financial performance and change the society in which we operate for the better. We want to improve people's lives with high-quality products and services that meet our customers' security needs. Because we feel a sense of belonging to the community in which we operate, we support various projects that can help it. We believe that our success is based primarily on the excellence of our employees, thus we want to improve social dialogue, which contributes to raising employee awareness of business development.

In 1997, the Generali Group set up a platform at European level, in line with a specific European directive, to improve social dialogue with the European Works Council. In addition, we adopted the European Social Charter in 2006 in order to implement certain principles and objectives to reconcile and promote mutual trust between management, employees and a positive work environment based on workers' rights.

Our corporate responsibility strategy is based on the Group's business priorities and the principles set out in the Code of Conduct. The strategy also takes into account the needs and expectations of our key stakeholders, who play an important role in the Group's lasting success. Our strategy is defined in the Charter of Sustainability Commitments, which is essential in the management of key social, environmental and governance activities. It also identifies areas of activity that we want to focus on in the coming years in order to achieve business goals and create higher value for our stakeholders.

In order to determine the priorities within the corporate responsibility strategy and to define the content of the sustainable development report, we performed a formal materiality analysis in accordance with the GRI-G4 reporting guidelines.

As we are committed to corporate responsibility, we are signatories to the following United Nations initiatives: the Global Compact, the Principles of Responsible Investment (PRI) and the Principles of Sustainable Insurance (PSI).

We support projects for the sustainable development of the environment; in 2020 we thus supported numerous projects throughout Slovenia. We supported entrepreneurial and education projects for the development of medium and small enterprises, prevention projects in road traffic, sports and healthy lifestyle projects, projects related culture, tourism, and the protection of cultural and natural heritage.

We continued and strengthened our participation in the Generali Group's global initiative **The Human Safety Net** (THSN), a network of volunteers that strives to create a healthy and sustainable society that enables people to develop and realize their potential. THSN programmes focus on key social issues which affect the environments in which we live and work - in Slovenia the focus is especially put on creating equal life opportunities for children from socially disadvantaged backgrounds, in cooperation with the Association of Friends of Youth Moste - Polje. We support **Slovenian sport** in various branches and at various levels. At the same time, we develop and adapt insurance products to athletes. We care for top athletes as the official insurance company of the Slovenian Olympic Teams (Team Slovenia). The Company supports the alpine skiing national team of the Ski Association of Slovenia, the men's national team of the Handball and Basketball Association of Slovenia. We also support the activities of the Cycling and Sailing Association of Slovenia. We are a sponsor of many sports clubs, societies and organizations, teams and individuals at both national and local levels. We are proud that Slovenian athletes achieve success also with our support.

We support projects that make an important contribution to preventive behaviour in road traffic for greater safety of all road users, especially young people. In this way we try to lead to the reduction of the number of victims of traffic accidents. For the fourth year in a row, we supported the Heroes Drive in Pyjamas of the VOZIM Institute, which aims at raising awareness among young people for less driving under the influence of alcohol. We also show long-term support to the Zavod Varna pot

(Safe Road Institute), the Vision NOTHING Programme for safer mobility and the Clean Zero, Clean Conscience campaign aiming at achieving as many days as possible without traffic accidents and reducing the number of mostly young drivers driving under the influence of alcohol. It is encouraging that in the last five years, the number of fatal road accidents caused by young people under the influence of alcohol has decreased by as much as 60%.

We continue our long-term cooperation with the **Alpine Association of Slovenia**, which has more than 55,000 members. We have been offering them more favourable insurance for years, and they are also involved in the Migimigi Project. In 2020, we continued our cooperation in the project which provides for the installation of marking panels for a safer Slovenian Mountain Bike Route.

Generali Gallery is the extensive art collection, as well as the space where exhibitions of the pieces of art of the collection and exhibitions by other contemporary artists take place. The activities in the Gallery have been attracting more and more art lovers and have also had an increasingly high media coverage. In 2020, due to the epidemic, we adapted the Gallery's activity and also invited visitors to virtual tours of the exhibitions. We presented exhibitions of photographs by Fulvio Grisoni and the young photographer and costume designer Claudio Sovret, as well as the works of art by the academic painter Boštjan Jurečič.

In culture and preservation of natural and cultural heritage, the Company has been a long-lasting supporter supporting the Volčji Potok Arboretum and the Lipica Stud Farm, while Slovenian National Theatre Drama, Ljubljana National Gallery, Koper Theatre and Portorož Auditorium have also been operating under the auspices of the Company. In 2020, the Company supported the Tartini Year Project celebrating the 250th anniversary of the death of composer Giuseppe Tartini.

With respect to **healthcare**, in 2020 the Company supported the »Moj zdravnik« (My Doctor) Project as the main sponsor. The Project is organised by Viva Magazine and rewards the most respected Slovene doctors.

Responsible attitude towards the environment has been a long-standing practice of the Company and its employees and is also reflected in the reduction of the carbon footprint. From the start of the pandemic to the end of 2020, an average of 60-70 percent of employees worked from home, reducing operating costs and energy consumption. We estimate that in the future, regardless of the situation, a high share of employees could still work from home. Older and ecologically less suitable cars were sold and more ecologically suitable cars were rented. In 2020, an energy audit for branches at Kržičeva ulica 3 and Celovška cesta 252 in Ljubljana, Ptujška cesta 116 in Maribor, Mlekarska ulica 13 in Kranj and Ciril-Methodova ulica 34 in Murska Sobota were carried out

and a proposal for a programme of measures to improve energy efficiency was prepared.

The company is aiming for increasingly paperless operations while waste separation has been a constant in the Company for many years. In this context, in June 2020 we started cooperating with a company specialised in improving proper waste separation, and for several years we have been cooperating with a company that takes care of the recycling of waste electronics and similar waste. The type and quantities of the most frequently collected waste are shown in the table below.

Types of separated waste – quantity in kg	2020	2019
Electronic waste	2,940	680
Toners	75	403
Battery packs	45	56
Paper	20,200	12,820

Generali Investments is also aware of its mission as a responsible financial intermediary: to be present, to be an active stakeholder in the local environment and to contribute to a positive circle that contributes to higher economic efficiency, higher competitiveness and, last but not least, higher prosperity. Therefore, for the third year in a row, the Generali Investments supported the Delo Entrepreneurial Star of the Year Project. Entrepreneurial stars are the companies of the future, those that grow, employ, invest in development, export, innovate and are socially responsible.

In 2020, **Generali Investments' Generali Growth Equity Fund** gained commitments from a diverse structure of domestic and international investors who recognized the opportunity to invest in ambitious and fast-growing SMEs. In less than a year, the Fund has successfully raised EUR 65 million commitments. The Fund's investment portfolio currently includes four companies, characterised by the same high technological development, exceptional potential for growth and sustainable orientation. This fund makes Generali Investments a positive contributor not only to the return on investors, but also to the increasing Slovenia's economic growth.

10.1 Insurance and services development

We develop our offer of insurance and services as well as asset management in accordance with the strategic orientation of a lifelong partnership to our customers, the digital transformation of sales and sales network and the business model.

10.1.1 Non-Life Insurance Products

In 2020, the greatest emphasis was placed on the unification of insurance products and sales and back-office processes, in accordance with the policies and rules of Generali zavarovalnica. In early 2020, a new product for

home insurance was presented - PaketDom. It combines the best features of the existing home insurance products of the merged insurance companies. The immediate automatic data transfer between the underwriting and back-office applications was successfully introduced.

In the car insurance segment, the key achievement was the introduction of a new, integrated car insurance product, together with support processes ensuring the provision of services to our customers without interruption.

The beginning of the year saw the unification of general liability, manufacturer's liability and all professional liabilities insurance. In doing so, we followed the updated Generali guidelines for insurance of individuals, small and medium-sized enterprises (hereinafter SMEs) and corporate insurance (hereinafter GC&C).

The product Tujina (health insurance abroad with assistance) was successfully introduced throughout the entire sales network of the merged insurance company. With the onset of the covid-19 epidemic, the Company was faced with a major challenge, as the impact on tourism insurance is greatest during the epidemic. Considering the market situation, we designed on a monthly basis various discounts for our customers for the renewal and underwriting of annual or permanent policies of the Tujina product. In the last quarter of 2020, we started renovating the product TUJINA -this will come to life in the first half of 2021. We also successfully coordinated all work processes with our assistance company Europ Assistance.

We completed the development of the unification of underwriting insurance for SMEs and defined and tested the technology of concluding insurance policies. The renewed business insurance products, to be launched in early 2021, will offer companies comprehensive protection and additional professional advisory, as we managed to provide comprehensive education for underwriters of such insurance, despite the difficult situation due to the epidemic.

In corporate insurance, we unified the risk-taking process and defined the roles of individuals within the risk-taking process. In the field of education, we conducted many online seminars and workshops. "Re-underwriting" or re-assumption of risk was performed for a part of the corporate insurance portfolio in accordance with the risk appetites and policies of the Generali Group. At the end of the year, we started developing cyber insurance products.

In 2020, we performed a number of post-merger tasks in the process of unifying system solutions for product development, adjusting and coordinating insurance bases, unifying sales support processes, reinsurance, unifying and regulating back-office processes, adapting reporting systems, unifying provisioning systems and preparing common information solutions.

10.1.2 Life and Pension Insurance Products

At the beginning of 2020, we started marketing harmonized and renewed life insurance products, which cover the needs for insurance and savings protection and are intended for both the active and the elderly population.

In March 2020, due to the epidemic and restrictions on personal contacts, there was a need to adjust the underwriting process. In early April we thus simplified the underwriting of insurance policies by introducing remote electronic signing of underwriting documents. We also introduced personalized identification via video link provided by our call centre, thus enabling remote life insurance to be taken out for new customers as well. A new video identification for taking out life insurance provided by an external contractor was introduced in June.

As early as March, our existing life insurance customers were provided with an additional benefit - an increase in coverage in the event of death free of charge and the addition of hospital compensation in the event of hospitalization due to coronavirus infection. In July 2020, we started offering our customers underwriting Moj življenjski kasko product (My fully comprehensive life insurance) a free benefit - an individual version of the COVID-19 insurance.

In September, we offered a renewed product to borrowers of housing loans from NKBM Bank, and in October we adjusted products for borrowers of housing and consumer loans from Intesa Sanpaolo Bank.

In the area of pension insurance, , we have been managing the PN-A01 Guaranteed Return Guarantee Fund and the Life Cycle Guarantee Fund Group in addition to the existing LEON 2 Life Cycle Pension Fund since the beginning of the year.

We continued with marketing activities regardless of the epidemiological situation, however the latter brought to a reduced number of contracts with new companies (employers) and consequently members/policyholders under pension insurance. Therefore, in the second half of the year, we focused even more on existing members/policyholders and employers and on finding common benefits after the merger and on the unification of the support processes related to these policies.

Members/policyholders were regularly informed about the performance of their pension funds and the importance and benefits of saving for a safe old age in the second pension pillar. We have provided all business partners with secure communication and sharing of files with confidential business contents via the B2B web portal and via the Moj pokojninski račun (My Pension Account) portal for employers.

By the end of 2020, we had adjusted all four pension plans and the three management rules to legal requirements (including simplifications of processes and minor changes in investment policy, including the unification of all three management rules).

With regard to the supplementary pension annuity, as a merged insurance company we continued only with the AS Supplementary Pension Scheme, because it includes the so-called »accelerated« annuity, which is very popular with members/policyholders in terms of tax optimization. In addition to the renaming to the Supplementary Pension Scheme, we made changes in the pension scheme to adapt it to the living situations of the members, tax optimization and the requirements expressed by members/policyholders, naturally, within legal limits.

In 2021, as the manager of all three pension funds, the Company will continue to unify the two forms of pension insurance in the direction of uniform marketing of one pension insurance in order to achieve additional benefits for the members from business optimization and benefit available within the Group.

10.1.3 Health and Accident Insurance

The Company provides individuals and companies with the possibility of underwriting modern insurance policies, as we are aware of the importance of constantly monitoring the needs and wishes of our policyholders during development of insurance products. At the beginning of the year, we quickly adapted to the changes created by the merger of insurance companies. We have continued implementing activities which ensure comprehensive healthcare to policyholders and have strived to preserve the leading position among insurance companies in the development of innovative health products and health-related assistance services.

When the epidemic was declared in March 2020, we immediately responded to the needs of our customers and the sales network and sought solutions for them during the closure of branches and the inability to provide face-to-face health services. We offered a new service to policyholders who have Assisted Specialists policy - a video consultation with specialist doctors of various professions. We have continued allowing this service to date. At the same time, customers were enabled them to take out and arrange health and accident insurance remotely.

As early as in April, we established a special fund to thank and support exposed professional groups: medical staff, pharmacists, employees of nursing homes and Civil Protection professional staff. The fund is intended for the payment of direct financial assistance if workers become ill with Covid-19 and are treated in hospital for it.

We also offered the COVID-19 collective insurance valid until the end of the year, including the possibility of con-

tinuing the insurance. The insurance includes hospital benefit in the case of in-hospital treatment for Covid-19 disease, compensation for recovery after discharge from intensive care and death benefit. We also prepared an individual version of the COVID-19 insurance; this was offered until 10 December 2020 as a free benefit to all those who had concluded Specialists with assistance or Moj življenjski kasko (My fully comprehensive life insurance) life insurance.

Covid-19 disease has further hampered access to health services and extended waiting times in the public health system. Taking out Specialists with Assistance Insurance is therefore becoming increasingly important. A timely diagnosis is crucial for the start and course of treatment and significantly affects the quality of health of a policyholder and the speed of recovery. In November 2020, we successfully enabled underwriting of Specialists with assistance also via the WIZ and G24 websites.

In cooperation with certain insurance agencies, we developed new health insurance products for them - »Generali for Health« and »My Health«. In addition to health and assistance services, the product, Specialists with Assistance also offers innovative coverage, such as DNA analysis and preventive health services. The policyholder can personally build the packages according to his or her needs and abilities.

October saw the launching of pilot project providing remote medical care for a limited number of clients. It is a telemedicine service that provides immediate medical assistance by a family medicine specialist, the issuance of a report and referrals for further treatment. The service can also be used by the partner, children and parents of the policyholder. Based on the results of the pilot project, we will introduce appropriate virtual healthcare (telecare), which will be available to Specialists with Assistance policyholders as a new coverage.

A project to provide assistance services is also underway, aimed at developing the digitalisation of health services as part of supplementary health insurance. It includes the integration of several information systems within the Company and various information systems of our contracted healthcare providers. In 2021, we plan to further upgrade solutions to facilitate access to remote health services. We build business relationships with renowned professionals and select only the providers featuring highest quality and professional training.

10.1.4 Claims Management

In the process of claims management, we offer our customers comprehensive solutions, from reporting to repairs, provided in cooperation with external partners. With the network of contract servicemen MOJ SERVIS (My Service) and the free roadside assistance service POMOČ NA CESTI, we are strengthening our lifelong partnership

with the customers. The Company is focusing on smart, connected services and various new tools such as mobile applications and other technology solutions in this area. Customer-friendly digital communication has also been at the forefront by developing an e-claims project that offers customers easy claim reporting on a digital platform. We also made it possible to view the damage remotely via video call. Customer satisfaction with our services and the level of customer recommendations according to the Net Promoter Score methodology in the field of claims are continuously assessed through the Medalia system and is our central guide for future activities.

10.1.5 Information Technology

In early 2020, we provided all the adjustments to the information systems required upon the merger of insurance companies. Among other things, we merged the internet sales brands WIZ and G24 on the target IT platform and enabled customers to use both existing self-service portals, which will be merged into one in 2021. We continued the activities of gradual transition to the target architecture of the information systems of the merged insurance company.

At the beginning of February, we thus put into production use a new version of the eZP underwriting platform, which, among other things, also supports new mass products provided within motor vehicle and housing insurance and is integrated with the target back-office information systems. We followed the consolidation of business processes by making appropriate adjustments to target information solutions in the field of information technology. A part of the HR processes was adjusted in the BusinessConnect information system and the activities of unification of commission and reinsurance calculations in the Provis information solution were carried out. We unified the administration of insurance policies through a paperless process based on the Ultimus-based solution. We consolidated the management of insurance claims in non-life insurance in the INIS information system and unified the e-signature solution.

We provided support to both existing and new insurance products in the target back-office information systems and underwriting platforms, and commenced the gradual transfer of the insurance portfolio from the information solutions to be phased out to the target information systems.

With the outbreak of Covid-19, it was necessary to ensure the remote operation of the Company from various aspects. This is still being upgraded as part of the LionPower regional program of the Generali Group. By providing appropriate computer equipment, information solutions, such as e.g. Skype for businesses, and tools for remote access to the Company's network, we enabled our employees to work efficiently and smoothly from home.

Following the reorganization of the Company, which came to life in November 2020, we carried out all the necessary settings and adjustments of information systems and introduced the new Gecko HR system into the existing information systems architecture.

Given that the Company is switching to the new SAP S/4HANA general ledger on 1 January 2021, we have prepared a solution where all business events are collected. These are then consolidated via the SAP S/4HANA customized interface and transferred to the new general ledger. All back-office systems where business events which are recorded in the general ledger occur were upgraded in accordance with the new requirements for recording business events and appropriate interfaces for data transfer to the general ledger were provided.

Information support was provided to companies owned by Generali zavarovalnica and provided roaming in the Company's private cloud.

In the area of infrastructure, we consolidated Oracle databases into Oracle Exadata. Due to the need for increased volume and quality of data, we upgraded the infrastructure of the Company's data warehouse. We have completed the transition to the merged Microsoft domain/active directory and migrated the Lotus Notes email system to Microsoft Exchange. We also selected the new Commvault data storage system, the introduction of which will take place in early 2021.

Furthermore, we continued consolidating data generated by the merged insurance companies into data warehouses and business intelligence solutions. QlikView/QlikSense applications, reports accessible via the ISGE solution and other reports to the Generali Group were upgraded to take into account the acquired data of the merged insurance company.

As we want to use IT in the preparation of comprehensive and efficient business solutions intended for achieving the strategic goals of the Company and strategic orientations and programmes of the Generali Group, we have continued developing competencies related to digitalization and digital transformation and new business models such as entering the world of API economics. We further focused our activities on increasing the maturity of IT management and upgrading the competencies of insurance and information technologists (business analysts) and project management.

We enabled remote sales and video identification to the Company's sales network and our customers, and introduced a remote viewing solution in the process of claims management. We thus responded in the shortest possible time to the new needs of customers caused by the epidemic.

We also follow digitalization trends at Generali Investments while taking care of the environment. As part of the process of 100% digitalization of operations with investors, we started introducing paperless business with remote access as early as in 2019, we enabled consultation with a financial advisor via smartphone (no visit to the branch), and remote e-signing. In 2020, the introduction of electronic identification and remote video financial consultation marked the completion of the digitization of the entire financial process. This means that the customer can become an investor whereby the process from the first contact until the accession declaration is carried out remotely.

10.1.6 Business Intelligence

The Business Intelligence and Data Analytics Department is located in the IT and Business Operations Segment and is divided into 3 sections: Data Warehouses, Business Intelligence and Data Analytics. The Department works closely with the Data Governance Officer.

In 2020, we focused our activities on providing the necessary data and reports from the systems of the insurance companies merged at the beginning of the year. We provided data, in line with the new sales structure, which are crucial for reporting by sales channels and for the proper monitoring of sales results.

Various reports for the Group were prepared with regard to the merged insurance company from a common source (e.g. NFI reporting - non-financial performance indicators; data resulting from the testing of compliance/readiness of information solutions for IFRS17).

In the field of artificial intelligence, we upgraded the rules for controlling the accounts of health care providers. We also supplemented the Mlinček system for the next best offer with the products of the merged insurance company and thus prepared a model to be applied in various business processes, where the GDPR allows it.

10.1.7 Process Development

Process management is the basis for streamlining costs and one of the key factors for increasing productivity. It allows the Company to meet the needs of internal and external customers by investing the lowest consumption of resources and by a continuous optimization and automation of steps in the business process, variability and flexibility. It focuses on improving the business performance of the company as a whole.

Further to the developed methodology for the management, inventory and visualization of business processes, we prepared a list of business processes that are actually implemented. The methodology used is in line with the Group's guidelines. In the following period we will carry out a unified inventory of all the Company's processes

for easier management and documentation. The inventory prepared in this way is the basis for both automation and computerization of business processes.

We also harmonized the process of administration and processing of insurance policies. The paperless process, computerized with the BPM tool Ultimus, supports the import and processing of policies from five back-office systems, requests for changes, automatic recording of documentation, implementation of complaints and a unified process of surrenders and advances.

We carried out the unification of general business processes, such as the liquidation of invoices, the process of preparation and confirmation of contracts, incoming and outgoing mail, the complaints process and the personnel process of confirming absences and travel orders. These processes were computerised by upgrading the BusinessConnect information system. Using the unified MS Dynamics platform, we unified the call centre processes thus ensuring a unified call centre user experience.

10.1.8 Marketing and Sales Activities

The marketing sector in 2020 was marked by three important events - the merger of insurance companies, the Covid-19 epidemic and the first global advertising campaign »We're All About You«.

The merger was carried out in early 2020, announcing the start of operations under the Generali brand and a single voice on the market. It was accompanied by extensive marketing and communication activities aimed at informing customers about the merger, presenting the advantages of the merged insurance company and strengthening of the Generali brand. At the time of the merger, we prepared a new sponsorship strategy, which continues to provide strong support to sports, cultural and humanitarian organizations, as had been the practice in both insurance companies in the past.

Later in the year, with the outbreak of the Covid-19 epidemic, it was necessary to provide extensive communication support for the Company's business shifts to digital channels and to adjust the planned marketing activities allowing them to be carried out digitally and remotely. These included sponsorship activities (e.g. Sports between 4 walls, etc.), preventive content and educational activities (e.g. #NZJTR - initiative Best insurance is your behaviour and Migimigi) and socially responsible projects (THSN in cooperation with Botrstvo (Godparents), Generali Gallery ...). All of these and many internal projects were moved to digital channels in a short time and efficiently, thus enabling users to make use of them even during the epidemic.

Before the summer, we also successfully completed the planned marketing and communication campaign for all our key insurance products and services and carried out

activities that encourage contacts between users and the Company.

The last quarter saw the launching of a new global advertising campaign in Slovenia "Ker nam pomenite vse" (We're All About You"). The extensive campaign highlighted Generali's lifelong partnership, our DNA, which is reflected on a daily basis through our work, our commitment and our relationship with customers. For the first time in a campaign, we also presented our agents and thus added a strong Slovenian note to the campaign. In addition to agents, the campaign also presented our insurance products and services (for end users as well as for SMEs), and an even stronger emphasis than in the past was placed on building relationships and contacts with users.

Despite the epidemic, well-planned activities were reflected in positive customer responses and good market survey results, plus we received recognition for our work at the Slovenian Advertising Festival (SOF) for the advertising campaign marking the merger, and in January 2021 won the public vote for the Best 2020 Campaign organised by the marketing industry magazine Marketing for the campaign "Ker nam pomenite vse" (We're All About You"). Our campaign won hands down over 10 campaigns shortlisted out of 196 advertising campaigns published in 2020 in the section Month's Best on the website of Marketing magazine.

11. Generali Group Slovenia and Generali d. d. performance indicators

Performance indicators below show performance by category in the form of segment presentations of the Generali Group Slovenia and Generali zavarovalnica d.d. operations. Apart from the indicators shown below, the performance indicators are also prepared for Generali zavarovalnica d.d. in line with the Decision on Annual Reports and Quarterly Financial Statements of Insurance Companies (Official Gazette of the RS no. 1/16). These

indicators are developed with regard to the prescribed accounting data prepared by the Company for the purpose of reporting to the Insurance Supervision Agency and they differ from the indicators under the IFRS. For this reason, the indicators to be submitted to the Insurance Supervision Agency are presented in the appendix to the Annual Report.

	Generali d.d.		Group	
	2020	2019	2020	2019
Growth of gross written premium (Growth index - ratio between gross written insurance premiums for the current and the previous year)				
Total insurance contracts	403.9	35.1	403.9	35.1
Non-life insurance contracts	292.1	54.4	292.1	54.4
Life insurance contracts	298.0	48.0	298.0	48.0
Health insurance contracts	-	-	-	-
Loss ratio (net claims incurred as a % of net premium income)				
Total insurance contracts	65.7	47.6	65.7	47.6
Non-life insurance contracts	58.3	48.7	58.3	48.7
Life insurance contracts	67.8	42.4	67.8	42.4
Health insurance contracts	77.4	60.0	77.4	60.0
Operating costs as a % of gross written insurance premium				
Total insurance contracts	25.7	39.9	27.6	39.9
Non-life insurance contracts	32.8	37.9	33.1	37.9
Life insurance contracts	29.9	45.3	29.9	45.3
Health insurance contracts	8.8	2.3	9.1	2.3
Gross profit/loss for the year as a % of net premium income				
Total insurance contracts	1.7	5.3	2.6	5.3
Non-life insurance contracts	3.2	6.1	3.3	6.1
Life insurance contracts	-	1.2	-	1.2
Health insurance contracts	5.4	37.4	7.9	37.4
Gross profit/loss for the year as a % of average total assets				
Total	0.6	1.2	0.9	1.2
Total insurance contracts	1.5	2.9	1.6	2.9
Non-life insurance contracts	-	0.1	-	0.1
Life insurance contracts	15.8	0.6	15.2	0.6
Asset management	-	-	16.9	-
Return on equity (net profit/loss for the year as a % of average total equity)				
Total	3.7	6.5	5.6	6.5

GENERALI GROUP SLOVENIA
and GENERALI ZAVAROVALNICA D. D.

FINANCIAL STATEMENTS

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134	5.26	Measurement of financial assets and liabilities at fair value			



1. Statement of Management Responsibility

The Management Board of GENERALI d. d insurance company confirms the financial statements of GENERALI d.d. and the GENERALI Group Slovenia for the year ended on 31 December 2020 and the applied accounting policies and notes to the financial statements.

The Management Board is responsible for the preparation of the Insurance Company's Annual Report in accordance with the International Financial Reporting Standards as adopted by the EU and with the requirements of the Companies Act and the Insurance Act, so that it presents a true and fair view of the financial position and performance results of the Insurance Company for the year ended on 31 December 2020

The Management Board confirms that the appropriate accounting policies were consistently applied and that the accounting estimates are based on the principle of prudence and good management. The Management Board also confirms that the financial statements of the Insurance Company and the Group, and the notes thereto, were prepared on a going concern basis and in compliance with the applicable legislation and with the International Financial Reporting Standards as adopted by the EU.

The Management Board is also responsible for proper management of accounting, for taking appropriate measures to protect the assets and for preventing and detecting fraud and other irregularities or illegal acts.

The tax authorities may, at any time within five years of the date on which the tax was due, inspect the Company's operations, which may result in additional tax liabilities, default interest and penalties arising from corporate tax or other taxes and duties. The Management Board is not aware of any circumstances which may give rise to any material liability arising from these taxes.

Ljubljana, 6. April 2021

Management Board of the Company:

Katarina Guzej
Member of the
Management Board



Mitja Feri
Member of the
Management Board



Matija Šenk
Member of the
Management Board



Vanja Hrovat
President of the
Management Board



2. Auditor's opinion



This is a translation of the original report in Slovene language

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Generali zavarovalnica d.d.,

Opinion

We have audited the separate financial statements of Generali zavarovalnica d.d. Ljubljana ("the Company") and the consolidated financial statements of the Group Generali Slovenia ("the Group"), which comprise the statement of financial position and consolidated statement of financial position as at 31 December 2020, the income statement and consolidated income statement, the statement of other comprehensive income and consolidated statement of other comprehensive income, the statement of changes in equity and consolidated statement of changes in equity, the statement of cash flows and consolidated 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 separate financial statements and consolidated financial statements present fairly, in all material respects, the financial position of the Company and the Group as at 31 December 2020 and its separate and consolidated financial performance and its separate and consolidated 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 separate and the consolidated financial statements* section of our report. We are independent of the Company and Group in accordance with the International Ethics Standards Board of Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in Slovenia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate and the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the separate and the consolidated 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 separate and the consolidated 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 separate and the consolidated 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 separate and consolidated 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 Company's and the Group's statement of financial position and in the liability

We used actuarial specialists to assist us in performing our audit procedures. Our audit focused on the models considered material and more complex or requiring significant judgement in the setting of assumptions, particularly long-tail business in non-life operations and 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 modelling



adequacy test. We determined this to be a significant item for our audit and a key auditing matter.

approach in the areas considered higher risk because of complexity or magnitude. We also assessed the Company's and the Group'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 and the Group in their assumption setting processes. Our assessments included evaluation, as necessary, of specified economic and actuarial assumptions considering management's rationale for the actuarial judgments applied. We compared applicable industry information considering the appropriateness of actuarial judgements used in the models, which may vary depending on the product and the specifications of the product, and the compliance of the models with International Financial Reporting Standards as adopted by the European Union. Furthermore, we performed audit procedures to evaluate if 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 assessment of the projected cash flows and of the assumptions adopted in the context of both the Company and the Group and industry experience and specific product features.

We assessed the adequacy of the disclosures included in notes 5.16 Insurance technical provisions, 5.25.4 Estimates of technical provisions, 5.25.5 Estimates of future payments under life insurance contracts and 7.14 Insurance technical provisions of the separate and the consolidated financial statements in accordance 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 and Group'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 and the Group'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 separate and the consolidated financial statements and auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and the consolidated 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 separate and the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate and the consolidated 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 separate and the consolidated financial statements is, in all material respects, consistent with the separate and the consolidated 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 and the Group 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 separate and the consolidated financial statements

Management is responsible for the preparation and fair presentation of the separate and the consolidated 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 the separate and the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and the consolidated financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or 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 and the Group's financial reporting process. The supervisory board is responsible to approve the audited annual report.

Auditor's responsibilities for the audit of the separate and the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the separate and the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 separate financial statements.



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

- identify and assess the risks of material misstatement of the separate and the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate and the consolidated financial statements, including the disclosures, and whether the separate and the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with 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, actions taken to eliminate threats or safeguards applied.

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 separate and the consolidated 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 and the Group 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 six 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

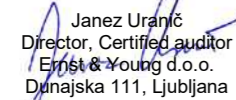
Our audit opinion on the separate and the consolidated financial statements expressed herein is consistent with the additional report to the audit committee of the Company, which we issued on 6 April 2021.

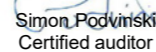
Non-audit Services

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 its controlled undertakings and we remain independent from the Company and its controlled undertakings in conducting the audit.

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

Ljubljana, 6 April 2021


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


Simon Podvirski
Certified auditor

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

3. Financial Statements

3.1 Statement of financial position

(in EUR)	Note	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Assets		1,178,011,688	366,366,134	1,170,303,926	366,366,134
Intangible assets	7.1	33,668,987	702,707	7,072,882	702,707
Property, plant and equipment	7.2	34,245,482	2,778,694	31,434,688	2,778,694
Deferred tax assets	7.28	3,291,378	-	2,562,695	-
Investment properties	7.3	8,704,033	-	10,885,982	-
Financial investments in subsidiaries	7.4	-	298,022	33,216,942	298,022
Financial investments in associates	7.4	12,302,057	-	11,955,499	-
Financial investments	7.5	584,147,276	194,247,887	576,375,156	194,247,887
In loans and deposits		6,026,673	181,716	5,925,099	181,716
In held-to-maturity financial assets		10,848,153	-	10,848,153	-
In available-for-sale financial assets		563,061,120	194,033,927	555,874,901	194,033,927
In financial assets measured at fair value		4,211,331	32,244	3,727,003	32,244
Unit-linked investments of policyholders	7.6	377,152,599	66,414,605	377,152,599	66,414,605
Amounts of technical provisions ceded to reinsurers	7.7	38,375,252	75,719,980	38,375,253	75,719,980
Assets from investment contracts	7.8	22,723,309	-	22,723,309	-
Receivables	7.9	41,491,900	13,665,439	39,383,873	13,665,439
Receivables from direct insurance business		30,943,831	5,787,308	30,070,675	5,787,308
Receivables from reinsurance and coinsurance		4,993,896	6,518,178	4,993,898	6,518,178
Income tax receivables		308,733	159,373	224,982	159,373
Other receivables		5,245,440	1,200,578	4,094,318	1,200,578
Other assets	7.10	9,318,165	4,903,874	8,687,807	4,903,874
Cash and cash equivalents	7.11	12,591,248	7,634,928	10,477,241	7,634,928
Equity and liabilities		1,178,011,688	366,366,134	1,170,303,926	366,366,135
Equity	7.12	161,609,225	53,272,989	157,621,895	53,272,989
Majority equity interest		161,593,774	53,272,989	-	-
Share capital		39,520,347	39,520,347	39,520,347	39,520,347
Capital reserves		50,940,549	3,729,236	50,940,548	3,729,236
Reserve from profit		9,480,332	225,107	9,480,332	225,107
Translation differences		(1,775)	-	-	-
Reserve due to fair value measurement (Revaluation surplus)		13,556,479	6,260,229	13,011,847	6,260,229
Retained net earnings		40,482,508	211,784	40,089,291	211,784
Net profit or loss for the financial year		7,615,334	3,326,286	4,579,529	3,326,286
Minority equity interest		15,451	-	-	-
Subordinated liabilities	7.13	49,779,308	-	49,779,308	-
Technical provisions	7.14	487,858,352	157,118,304	487,858,351	157,118,304
Unearned premiums		77,576,931	27,953,113	77,576,931	27,953,113
Mathematical provisions		173,006,698	55,263,715	173,006,698	55,263,715
Outstanding claims provisions		204,001,699	58,747,978	204,001,697	58,747,978
Other technical provisions		33,273,024	15,153,497	33,273,025	15,153,497
Insurance technical provisions for unit-linked insurance	7.15	374,826,788	66,311,354	374,826,788	66,311,354
Other provisions	7.17	6,106,708	1,556,824	5,978,256	1,556,824
Deferred tax liabilities	7.28	2,160,767	1,456,957	2,120,141	1,456,957
Liabilities from investment contracts	7.16	22,723,309	-	22,723,309	-
Other financial liabilities	7.18	5,968,275	1,876,475	4,194,793	1,876,475
Operating liabilities	7.19	38,366,275	74,692,388	38,027,910	74,692,388
Liabilities from direct insurance contracts		16,365,222	3,373,757	16,365,664	3,373,757
Liabilities from reinsurance and coinsurance contracts		21,662,247	71,318,631	21,662,246	71,318,631
Income tax liabilities		338,806	-	-	-
Other liabilities	7.20	28,612,680	10,080,843	27,173,176	10,080,843

The accounting policies and notes set out on pages from 88 to 217 form an integral part of the financial statements.

3.2 Income statement

Income statement for the period from 1 January 2020 to 31 December 2020

(in EUR)	Note	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
NET PREMIUM INCOME	7.21	385,962,089	78,595,746	385,962,089	78,595,746
Gross written premiums		426,073,293	105,502,065	426,073,293	105,502,065
Premiums ceded to reinsurers and coinsurers		(39,697,472)	(26,155,885)	(39,697,472)	(26,155,885)
Change in unearned premiums		(413,732)	(750,435)	(413,732)	(750,435)
REVENUES FROM INVESTMENTS IN ASSOCIATES, of which	7.21	22,135	-	70,000	-
- profit from capital investments from associates and joint ventures, calculated using the equity method		22,135	-	-	-
INCOME FROM INVESTMENTS	7.21	15,852,257	13,514,414	16,081,194	13,514,414
OTHER INCOME FROM INSURANCE OPERATIONS, of which	7.21	4,282,152	2,715,835	4,282,152	2,715,835
- fee and commission income		4,282,152	2,715,835	4,282,152	2,715,835
OTHER INCOME	7.21	18,103,845	1,732,919	5,993,782	1,732,919
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	7.22	(253,564,616)	(37,445,372)	(253,564,616)	(37,445,372)
Gross amounts of claims and benefits paid		(251,844,979)	(44,729,411)	(251,844,979)	(44,729,411)
Reinsurers'/coinsurers' shares		12,281,028	6,906,005	12,281,028	6,906,005
Change in claims provisions		(14,000,665)	378,034	(14,000,665)	378,034
CHANGE IN OTHER TECHNICAL PROVISIONS	7.14	(10,622,926)	(458,596)	(10,622,926)	(458,596)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	7.15	(2,434,939)	(7,185,506)	(2,434,939)	(7,185,506)
EXPENSES FOR BONUSES AND DISCOUNTS		(145,678)	(319,505)	(145,678)	(319,505)
OPERATING EXPENSES, of which	7.23	(117,765,403)	(42,050,770)	(109,473,821)	(42,050,770)
- acquisition costs		(37,481,781)	(13,766,935)	(39,058,920)	(13,766,935)
EXPENSES FROM INVESTMENTS IN ASSOCIATES, of which	7.21	(119,169)	-	(1,184,302)	-
- loss from capital investments in associates and joint ventures, calculated using the equity method		(119,169)	-	-	-
EXPENSES INVESTMENTS, of which	7.21	(1,664,668)	(20)	(1,664,629)	(20)
- impairment losses of financial assets not measured at fair value through profit or loss		(1,051,943)	-	(1,051,943)	-
OTHER INSURANCE EXPENSES	7.24	(14,805,768)	(3,433,707)	(14,805,768)	(3,433,707)
OTHER EXPENSES	7.25	(13,051,100)	(1,503,592)	(12,050,544)	(1,503,592)
PROFIT/(LOSS) BEFORE TAX		10,048,211	4,161,845	6,441,994	4,161,845
CORPORATE INCOME TAX	7.27	(1,336,161)	(835,561)	(781,341)	(835,561)
NET PROFIT FOR THE REPORTING PERIOD		8,712,050	3,326,284	5,660,652	3,326,284
MINORITY INTEREST		6,860	-	-	-
INTEREST OF PARENT COMPANY		8,705,190	-	-	-

(in EUR)	Note	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Basic net earnings/loss per share	7.30	3.68	1.41	2.39	1.41
Diluted net earnings/loss per share		3.68	1.41	2.39	1.41

The accounting policies and notes set out on pages from 88 to 217 form an integral part of the financial statements.

3.3 Statement of other comprehensive income

Statement of other comprehensive income for the period from 1 January 2020 to 31 December

(in EUR)	Note	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		8,712,050	3,326,286	5,660,652	3,326,286
OTHER COMPREHENSIVE INCOME AFTER TAXATION	7.12	145,794	1,441,211	75,469	1,441,211
Items not to be allocated to profit or loss in subsequent periods		(1,325,264)	(42,386)	(1,328,020)	(42,386)
Actuarial net gain/loss for pension programmes		(1,325,264)	(52,328)	(1,328,020)	(52,328)
Tax on items not to be allocated to profit or loss		-	9,942	-	9,942
Items that may be allocated to profit or loss in subsequent periods	7.12	1,471,058	1,483,597	1,403,488	1,483,597
Net gain/loss from re-measurement of available-for-sale financial assets		1,807,541	1,831,602	1,732,326	1,831,602
Gain/loss, recognised in revaluation surplus		(323,225)	2,551,564	(398,441)	2,551,564
Transfer of gain/loss from revaluation surplus to income statement		2,130,766	(719,962)	2,130,766	(719,962)
Tax on items that may be allocated to profit or loss in subsequent periods		(336,483)	(348,005)	(328,837)	(348,005)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION		8,857,843	4,767,497	5,736,121	4,767,497
- ATTRIBUTABLE TO MINORITY INTEREST		6,896	-	-	-
- ATTRIBUTABLE TO CONTROLLING COMPANY		8,850,948	-	-	-

The accounting policies and notes set out on pages from 88 to 217 form an integral part of the financial statements.

3.4 Statement of changes in equity

Statement of changes in equity for the period from 1 January 2020 to 31 December, 2020 for the GENERALI Group Slovenia

in EUR	Note	I. Share capital	II. Capital reserve	III. Reserves from profit		IV. Revaluation surplus	V. Retained earnings	VI. Net profit/loss	VIII. Revaluation surplus	IX. Total equity attributable to the controlling company	X. Minority equity interest	TOTAL EQUITY
				Legal and statutory	Other reserves							
Total amount at the end of previous financial year		39,520,347	3,731,544	222,799	-	6,260,229	211,784	3,326,285	-	53,272,989	-	53,272,989
Adjustments for previous financial year		-	(2,308)	-	2,308	-	-	-	-	-	-	-
OPENING BALANCE IN THE FINANCIAL PERIOD		39,520,347	3,729,236	222,799	2,308	6,260,229	211,784	3,326,285	-	53,272,989	-	53,272,989
Increases due to acquisition of companies		-	47,211,312	1,519,600	7,704,336	5,825,192	30,437,850	6,998,709	10,884	99,707,884	49,742	99,757,626
Comprehensive income net of tax	7.12	-	-	-	-	1,471,058	(1,326,867)	8,705,190	1,567	8,850,948	6,896	8,857,843
Net profit/loss for the year		-	-	-	-	-	-	8,705,190	-	8,705,190	6,860	8,712,050
Other comprehensive income	7.12	-	-	-	-	1,471,058	(1,326,867)	-	1,567	145,758	36	145,794
Allocation of net profit/loss for the preceeding year to retained profit/loss		-	-	-	-	-	10,220,959	(10,220,959)	-	-	-	-
Settlement of loss incurred in preceding years	7.12	-	-	-	-	-	1,081,079	(1,081,079)	-	-	-	-
Spremebe deležev v lastniškem kapitalu odvisnih podjetij		-	-	-	-	-	(69,186)	-	-	(69,186)	-	(69,186)
Other		-	-	-	31,290	-	(73,112)	(112,812)	(14,226)	(168,860)	(41,187)	(210,050)
CLOSING BALANCE AS AT 31 DECEMBER		39,520,347	50,940,548	1,742,399	7,737,933	13,556,479	40,482,508	7,615,334	(1,775)	161,593,774	15,451	161,609,224

Accounting policies and notes set out on page 188 form an integral part of the statement of changes in equity.

Statement of changes in equity for the period from 1 January 2019 to 31 December, 2019 for the GENERALI Group Slovenia

in EUR	Note	I. Share capital	II. Capital reserve	III. Reserves from profit		IV. Revaluation surplus	V. Retained earnings	VI. Net profit/loss	TOTAL EQUITY
				Legal and statutory	Other reserves				
Total amount at the end of previous financial year		39,520,347	3,729,236	222,799	-	4,819,017	-	211,784	48,503,183
OPENING BALANCE IN THE FINANCIAL PERIOD		39,520,347	3,729,236	222,799	-	4,819,017	-	211,784	48,503,183
Comprehensive income net of tax	7.12	-	-	-	-	1,441,212	-	3,326,286	4,767,498
a. Net profit/loss for the year		-	-	-	-	-	-	3,326,286	3,326,286
b Other comprehensive income	7.12	-	-	-	-	1,441,212	-	-	1,441,212
Allocation of net profit to reserves from profit	7.12	-	-	-	-	-	211,784	(211,784)	-
Other		-	2,308	-	-	-	-	-	2,308
CLOSING BALANCE AS AT 31 DECEMBER		39,520,347	3,731,544	222,799	-	6,260,229	211,784	3,326,286	53,272,989

Accounting policies and notes set out on page 188 form an integral part of the statement of changes in equity.

The Company records separately net profit or loss carried forward and net profit or loss for its life, non-life and health insurance businesses. In accordance with the provisions laid down in the Companies Act, the Company uses the current profit to cover attributable loss carried forward separately for its life, non-life and health insurance businesses

Statement of changes in equity for the period from 1 January 2020 to 31 December, 2020 for GENERALI d.d.

in EUR	Note	I. Share capital	II. Capital reserve	III. Reserves from profit		IV. Revaluation surplus	V. Retained earnings	VI. Net profit/loss	TOTAL EQUITY
				Legal and statutory	Other reserves				
Total amount at the end of previous financial year		39,520,347	3,731,544	222,799	-	6,260,229	211,784	3,326,286	53,272,989
Adjustments for previous financial year		-	(2,308)	-	2,308	-	-	-	-
OPENING BALANCE IN THE FINANCIAL PERIOD		39,520,347	3,729,236	222,799	2,308	6,260,229	211,784	3,326,286	53,272,989
Increase at acquisition of subsidiary		-	47,211,312	1,519,600	7,704,336	5,348,130	36,973,931	-	98,757,309
Comprehensive income net of tax	7.12	-	-	-	-	1,403,488	(1,326,842)	5,660,609	5,737,255
a. Net profit/loss for the year		-	-	-	-	-	-	5,660,609	5,660,609
b Other comprehensive income	7.12	-	-	-	-	1,403,488	(1,326,842)	-	76,647
Allocation of net profit/loss for the preceeding year to retained profit/loss		-	-	-	-	-	3,326,286	(3,326,286)	-
Settlement of loss incurred in preceding years	7.12	-	-	-	-	-	1,081,079	(1,081,079)	-
Other		-	-	-	31,289	-	(176,947)	-	(145,658)
CLOSING BALANCE AS AT 31 DECEMBER		39,520,347	50,940,548	1,742,399	7,737,933	13,011,848	40,089,291	4,579,529	157,621,895

Accounting policies and notes set out on page 188 form an integral part of the statement of changes in equity.

Statement of changes in equity for the period from 1 January 2019 to 31 December, 2019 for GENERALI d.d.

in EUR	Note	I. Share capital	II. Capital reserve	III. Reserves from profit		IV. Revaluation surplus	V. Retained earnings	VI. Net profit/loss	TOTAL EQUITY
				Legal and statutory	Other reserves				
Total amount at the end of previous financial year		39,520,347	3,729,236	222,799	-	4,819,017	-	211,784	48,503,183
OPENING BALANCE IN THE FINANCIAL PERIOD		39,520,347	3,729,236	222,799	-	4,819,017	-	211,784	48,503,183
Comprehensive income net of tax	7.12	-	-	-	-	1,441,212	-	3,326,286	4,767,498
a. Net profit/loss for the year		-	-	-	-	-	-	3,326,286	3,326,286
b Other comprehensive income	7.12	-	-	-	-	1,441,212	-	-	1,441,212
Allocation of net profit to reserves from profit	7.12	-	-	-	-	-	211,784	(211,784)	-
Other		-	2,308	-	-	-	-	-	2,308
CLOSING BALANCE AS AT 31 DECEMBER		39,520,347	3,731,544	222,799	-	6,260,229	211,784	3,326,286	53,272,989

Accounting policies and notes set out on page 188 form an integral part of the statement of changes in equity.

3.5 Statement of cash flows

Statement of cash flows for the period from 1 January 2020 to 31 December 2020

(in EUR)	Note	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2019	GENERALI d.d. 2019
Cash flows from operating activities		82,715,246	13,377,199	78,405,993	13,377,199
Income statement items		53,694,391	(2,766,693)	51,033,554	(2,766,693)
Net premiums written in the period		390,271,924	79,346,181	390,271,924	79,346,181
Revenues from investments (other than financial revenues)		17,785,594	-	18,565,773	-
Other operating revenues (other than revaluation and excluding the decrease in provisions) and financial revenues from operating receivables		20,628,396	5,614,496	8,534,725	5,614,496
Net claims paid for the period		(230,287,794)	(37,823,709)	(230,287,794)	(37,823,709)
Costs of bonuses and discounts		-	(319,505)	-	(319,505)
Net operating expenses excluding depreciation costs and change in deferred acquisition costs		(111,711,936)	(40,378,629)	(111,884,890)	(40,378,629)
Investment expenses (excluding depreciation and financial expenses)		(6,142,382)	-	(6,142,382)	-
Other operating expenses excluding depreciation (other than revaluation and excluding the increase in provisions)		(26,294,592)	(7,687,402)	(18,023,803)	(7,687,402)
Income tax and other taxes excluded from operating expenses		(554,820)	(1,518,125)	-	(1,518,125)
Changes in net operating assets (receivables for insurance, other receivables, other assets and deferred tax assets and liabilities) of balance sheet items		29,020,855	16,143,892	27,372,439	16,143,892
Opening less closing operating receivables from direct insurance operations		(1,088,437)	(139,167)	(1,370,356)	(139,167)
Opening less closing receivables from reinsurance		3,028,587	1,475,144	3,028,587	1,475,144
Opening less closing other receivables from (re)insurance contracts		(766,830)	6,265,595	(1,560,798)	6,265,595
Opening less closing other receivables and assets		(2,044,767)	286,831	(2,093,827)	286,831
Opening less closing deferred tax assets		(194,622)	-	(214,966)	-
Opening less closing inventories		(2,627)	-	-	-
Closing less opening liabilities from direct insurance operations		1,565,667	395,093	1,600,300	395,093
Closing less opening liabilities from reinsurance		15,463,251	(632,055)	15,463,251	(632,055)
Closing less opening other operating liabilities		3,061,217	1,666,910	2,402,942	1,666,910
Closing less opening other liabilities (other than unearned premium)		9,999,413	5,832,506	10,117,304	5,832,506
Closing less opening deferred tax liabilities		-	993,035	-	993,035
Net cash from/(used in) operating activities		82,715,246	13,377,199	78,405,993	13,377,199
Cash flows from investing activities		(95,226,862)	-	(91,329,412)	-
Cash inflows from investing activities		310,184,785	99,384,046	308,438,875	99,384,046
Cash inflows from interest received from investing activities		7,561,429	4,086,986	7,560,960	4,086,986
Cash inflows from dividends and participations in profit of others		1,044,127	140,464	1,031,588	140,464
Cash inflows from disposal of property, plant and equipment		(9,881)	-	(9,881)	-
Cash inflows from disposal of financial investments		301,589,109	95,156,596	299,856,207	95,156,596
Cash outflows from investing activities		(405,411,647)	(111,687,799)	(399,768,286)	(111,687,799)
Cash outflows to acquire intangible assets		(6,370,932)	(432,309)	(6,164,816)	(432,309)
Cash outflows to acquire property, plant and equipment		(2,900,982)	(2,005,506)	(2,729,971)	(2,005,506)
Cash outflows to acquire financial investments		(396,139,732)	(109,249,984)	(390,873,499)	(109,249,984)
Net cash from/(used in) investing activities		(95,226,862)	(12,303,753)	(91,329,412)	(12,303,753)
Cash flows from financing activities		(4,111,793)	-	(3,954,000)	-
Cash inflows from financing activities		132,626	-	102,626	-
Cash inflows from long-term loans and issued bonds		132,626	-	102,626	-
Cash outflows from financing activities		(4,244,419)	-	(4,056,626)	-
Cash outflows for interest paid		(4,056,626)	-	(4,056,626)	-
Cash outflows for payments of long-term financial liabilities		(187,793)	-	-	-
Net cash from/(used in) financing activities		(4,111,793)	-	(3,954,000)	-
Closing balance of cash and cash equivalents	7.11	12,591,248	7,634,928	10,477,241	7,634,928
Cash flows for the period		(16,623,409)	1,073,446	(16,877,419)	1,073,446
Effects of exchange rate changes +		(5,381)	-	-	-
Increases due to acquisition of companies		21,585,110	-	19,719,732	-
Opening balance of cash and cash equivalents	7.11	7,634,928	6,561,482	7,634,928	6,561,482

The accounting policies and notes set out on pages from 88 to 217 form an integral part of the financial statements.

3.6 Statement of accumulated profit

Statement of accumulated profit for 2020

(in EUR)	Note	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2019	GENERALI d.d. 2019
Net profit/(loss) for the financial year		8,712,050	3,326,286	5,660,609	3,326,286
Net profit carried forward (+) / net loss carried forward (-)	7.12	40,482,508	211,784	39,008,211	211,784
- result for the current year under effective standards		40,551,694	211,784	39,008,211	211,784
-decrease for the acquisition of the subsidiary		(69,186)	-	-	-
Balance-sheet profit allocated by the Annual General Meeting as follows:		49,194,558	3,538,070	44,668,820	3,538,070
- for other purposes		-	3,538,070	-	3,538,070

The accounting policies and notes set out on pages from 88 to 217 form an integral part of the financial statements.

4. General information

4.1 Basic information concerning Generali zavarovalnica and the Group

GENERALI zavarovalnica d.d. (hereinafter the Insurance Company, GENERALI or the Company) is a joint stock company with the registered office in Ljubljana, Kržičeva ulica 3, Slovenia. The Company has been entered in the Companies Register kept by the Court Register of the Ljubljana District Court, entry number 1/9815/00.

GENERALI zavarovalnica d.d. (the controlling company), together with the subsidiaries PROSPERA d.o.o., VIZ d.o.o., Ambulanta ZDRAVJE AS d.o.o., Agent d.o.o., LEV Registracija d.o.o., Generali Investments Ljubljana and two indirect subsidiaries Generali Investments, d.o.o., Zagreb, Croatia and Generali investments, a.d., Skopje, forms the GENERALI Group Slovenia (hereinafter the Group) for which, in addition to separate financial statements, it also prepares the consolidated financial statements.

Access to consolidated annual reports and financial statements for the year ended on 31 December 2020

GENERALI is part of the Generali CEE Holding B. V. Group and is included in the consolidated financial statements of the parent company Generali CEE Holding B. V. having its registered office in Amsterdam, the Netherlands, De Entree 91, 11014 BH Amsterdam, where the consolidated financial statements and consolidated report are available for inspection. The ultimate parent company that compiles the consolidated annual report for the widest range of companies in the Group is Assicurazioni Generali S. p. A., having its registered office in Trieste, Piazza Duca degli Abruzzi 2, where the consolidated report for the entire Generali Group (hereinafter the Generali Group (Italy)) can be obtained. Assicurazioni Generali S. p. A. controls the company Generali CEE Holding B.V.

4.2 Management and governance bodies

Management Board of GENERALI zavarovalnica d.d. Ljubljana

Vanja Hrovat - President of the Management Board
Katarina Guzej - Member of the Management Board (since 2 March 2020)
Mitja Feri - Member of the Management Board
Matija Šenk - Member of the Management Board (since 7 September 2020)

Supervisory Board of GENERALI zavarovalnica d.d. Ljubljana

Gregor Pilgram - Chairman of the Supervisory Board
Carlo Schiavetto - Member
Luciano Cirinà - Member (since 11 February 2020)
Miroslav Singer - Member (since 11 February 2020)
Stefano Culos - Member (until 11 February 2020)
Suzana Meglič - Member
Matjaž Pavlin - Member (since 4 September 2020)

Audit Committee of GENERALI zavarovalnica d.d. Ljubljana

Carlo Schiavetto - Chairman
Gregor Pilgram - Member
Barbara Kunc - Member (until 1 December 2020)
Renata Eržen Potisek - Member (since 2 December 2020)

Shareholder as at 31 December 2020

Generali CEE Holding B.V.	100%
TOTAL	100%

4.3 Number of employees

Data on employees by number and level of education in 2020 for GENERALI Group Slovenia

Number of employees as at	Qualification level					Total
	I-IV	V	VI	VII	VII.-IX	
1 Jan 2020	54	592	212	676	50	1,584
31 Dec 2020	48	538	196	639	44	1,465
2020 average	50.0	560.5	207.7	663.75	47.0	1,528.91

Note: The number of employees as at the end of the reporting year and the number of employees as at the first day of the next year are not equal since some employees are employed in the Group until 31 December and some are employed starting as of 1 January. The number of employees in the table above is given according to the proportion of employment in an individual company in order to avoid duplication of persons in counting employees for the entire Group.

Some employees of the parent company GENERALI d.d. are partially employed at Prospera d.o.o. subsidiary, therefore, the number of employees of the Group is calcu-

lated considering the proportion of employment in individual companies. As at the 2020 year-end, the number of employees in GENERALI d.d., taking into consideration these proportion, is 1,315.3 and is different from the number of employees per person, which was 1,340 employees as at the 2020 year-end. In the same way, due to the different method of counting, the number of employees in Prospera d.o.o. is also different, namely according to the proportion of employment in an individual company the number is equal to 6.3, while the number per person as at 31 December 2020 is equal to 28.

Data on employees by number and level of education in 2020 for GENERALI zavarovalnica d.d.

Number of employees as at	Qualification level					Total
	I-IV	V	VI	VII	VII.-IX	
1 Jan 2020	45	529	179	595	38	1,386
31 Dec 2020	44	509	176	583	28	1,340
1 Jan 2019 Subsidiary	3	30	11	17	-	61
31 Dec 2019 Subsidiary	-	-	-	-	-	-
2020 average	45.7	530.3	186.8	603.2	33.0	1,399.0

Legend: "GENERALI" - the number of employees in GENERALI zavarovalnica d.d.

"Zagreb Branch" - the number of employees in GENERALI zavarovalnica d.d., Zagreb Branch.

As at 2020 year-end, there were no more employees in the Branch, due to the transfer of the portfolio to Generali Osiguranje d.d., Zagreb.

Data on employees by number and level of education in 2020 for Group Subsidiaries

Number of employees as at	Qualification level					Total
	I-IV	V	VI	VII	VII.-IX	
1 Jan 2020	6	33	22	64	12	137
31 Dec 2020	4	29	20	56	16	125
2020 average	4.3	30.2	20.8	60.6	14.0	129.9

4.4 Statement on compliance

Financial Statements and the Annual Report for the GENERALI Group Slovenia and GENERALI zavarovalnica d.d. for 2020 have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS), as adopted by the International Accounting Standards Board (IASB) and the interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Union Regulation. The financial statements and annual report have also been prepared in accordance with the provisions

of local legislation, the Companies Act (ZGD-1) and its amendments, the Insurance Act (ZZavar-1) and in accordance with by-laws, the Decision on annual reports and quarterly financial statements of insurance companies issued by the ISA - Insurance Supervision Agency (Official Gazette of the Republic of Slovenia, No. 82/2020). The Annual Report is approved by the Management Board and confirmed by the Supervisory Board. The Management Board approved the annual report on 6 April 2021. The Annual Report is available at the headquarters of GENERALI zavarovalnica d.d.

4.5 Basis for the preparation of financial statements

The financial statements are prepared under the going concern assumption. The reporting periods of the Group and of the Company are equal to the calendar year.

The Management takes into account the requirements of comprehensibility, adequacy, reliability and comparability when selecting accounting policies and deciding on their application and when preparing financial statements. In the current financial year, the same accounting policies were observed as in the preparation of financial statements for the previous financial year. A special feature that marked the year 2020 is the merger of the former insurance company Adriatic Slovenica d.d. to the insurance company GENERALI d.d. in early 2020. In the process of unified presentation of financial statements, the Company reclassified individual items in the financial statements, therefore it also presents the balance sheet as at the first day of 2020 (further discussed in Section 4.8.1).

The financial statements have been prepared on a historical cost basis, except for financial assets measured at fair value through profit or loss and available-for-sale financial assets measured at fair value (further discussed in Section 5.5). Assets of policyholders who bear investment risk are also valued at fair value.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that may have a material effect on the value of reported assets and liabilities at the reporting date and on the amount of revenues and expenses in the reporting period. Estimates and assumptions are reviewed and determined based on past experience and other factors, including expectations of future events. (further discussed in Section 5.25.)

4.6 Basis for the consolidation

The consolidated financial statements of the Group consist of the financial statements of all subsidiaries and indirect subsidiaries controlled by GENERALI zavarovalnica d. d. In accordance with IFRS 10 "Consolidated Financial Statements", GENERALI d. d. is the controlling company if all three control conditions are met:

- it has power over the company in which it has an interest,
- it is exposed, or has rights, to variable returns from its involvement with the company in which it has an interest, and
- it has the ability to use its power over the company in which it has an interest to affect the amount of its returns.

Subsidiaries included in the consolidated financial statements are fully consolidated from the date when control is acquired and are excluded from full consolidation as soon as the Group no longer controls them.

If the Group loses control of a subsidiary, the Group

- derecognises the assets (including any goodwill) and liabilities of the subsidiary,

- derecognises the carrying amount of any non-controlling interests,
- derecognises the cumulative exchange differences which were recognized in equity,
- recognises the fair value of the consideration received,
- recognises the fair value of the retained investments,
- recognises any surplus or deficit in the profit or loss statement,
- reclassifies the parent's interest shown in items previously recognized in other comprehensive income to the profit or loss statement or retained earnings.

The accounting policies of subsidiaries are consistent with the Group's policies, but where they are not, appropriate adjustments are made in the financial statements to the accounting policies of the parent company. In full consolidation procedures, all transactions, balances and unrealized gains and losses resulting from internal transactions within the Group and dividends between related companies are eliminated.

In full consolidation procedures, the carrying amount of the parent company's investment in an individual subsidiary and the parent's interest in the equity of each subsidiary are eliminated. Mutual assets and liabilities and revenue and expenses, unrealized gains and losses resulting from intra-group internal transactions and dividends between associates are also eliminated in full.

Non-controlling (minority) interests are presented in the consolidated statement of financial position within equity separately from the parent company's capital. In the consolidated income statement, the profit or loss for the period under review, which relates to the minority interest, is shown separately from the parent company's profit or loss. Moreover, in the consolidated statement of comprehensive income, the data on the comprehensive income for the financial year, which refers to the minority interest, is shown separately from the comprehensive income of the parent company. Disclosures of equity of minority shareholders are also presented separately in the consolidated statement of changes in equity. All companies have the same balance sheet date.

The reporting periods of the Group and all Group Companies are equal to the calendar year.

Associates

Associates in which the Group has significant control but not control over their financial and operating policies are included in the consolidated financial statements using the equity method (see Chapters 5.4 and 7.4).

4.7 Translation from foreign currencies

4.7.1 Functional and presentation currency

The financial statements are presented in euros, which is the functional and presentation currency of GENERALI. All financial statement disclosures are also pre-

sented in euros. Due to rounding of amounts, minimal differences may arise from summing up certain items (EUR + (-) 1).

4.7.2 Foreign currency transactions and accounts of foreign entities

In the financial statements of individual companies, all transactions and thus the translation of items of assets and liabilities in foreign currency are translated into the functional currency at the exchange rate on the day of the individual business event. Foreign exchange gains and losses arising on the settlement of such transactions and on the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement. If the transaction is recognized directly in equity, exchange differences arising directly from revaluation are also recognized in equity.

All capital items, except for the net profit for the current period, are stated in the consolidated balance sheet at the values at which they were recognized at the first consolidation or subsequent recognitions in equity. The difference between the capital shown in this way and the capital at the final exchange rate is recognized in a special item of capital: translation adjustment of capital or consolidation capital adjustment.

Monetary items denominated in foreign currencies are translated at the reference exchange rates of the European Central Bank - ECB (for currencies for which the ECB does not publish reference exchange rates, the reference exchange rates of the Bank of Slovenia are applied) on the last day of the year.

Non-monetary items that are measured at purchase price in a foreign currency are translated using the exchange rate applicable at the date of transaction, while non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate applicable at the date when the fair value was determined.

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

Subsidiaries

The financial statements of subsidiaries, none of which are present in a hyperinflationary business environment and whose functional currency is different from the presentation currency used by the Group, are translated into the latter currency as follows:

- assets and liabilities are translated at the reference exchange rate of the European Central Bank or the exchange rate of the Bank of Slovenia on the consolidated balance sheet date,
- revenues and expenses are translated at the average annual reference exchange rate or the exchange rate of the Bank of Slovenia,
- all resulting exchange differences are recognized as a separate component of equity (translation differences).

In the consolidated financial statements, exchange differences arising on investments in subsidiaries abroad are recognized directly through other comprehensive income. Upon disposal of such an investment, the relating exchange differences are recognized in the income statement together with the gains or losses on sales.

4.8 Changes in the structure of operations and composition of the Group

4.8.1 Changes in the structure of OPERATIONS OF GENERALI zavarovalnica d.d.

On 3 January 2020, Adriatic Slovenica d.d. (hereinafter AS) merged with GENERALI zavarovalnica d.d. GENERALI d.d., as the acquiring company, in accordance with the laws, became the universal successor of the company AS d.d. and acquired all its rights and obligations. On the same date the company AS d.d. ceased to exist and was deleted from the Court Register.

The core business of the insurance company AS d.d. was insurance offering services in the field of non-life, life and health insurance, thus the acquiring company allocated all acquired assets and liabilities separately in segments by insurance classes, where individual class of insurance comprised related insurance types.

The acquiring company GENERALI d.d. assumed legal transactions instead of the acquired company AS d.d. following the entry of the merger in the Court Register.

The merger was carried out through the legal merger procedure (i.e. under the acquisition method), according to which the acquiring company (GENERALI d.d.) acquired the 100% of the shares of the acquired company (AS d.d.).

Pursuant to the merger of AS d.d., the company GENERALI d.d. became the direct owner of subsidiaries PROSPERA d.o.o., VIZ d.o.o., Ambulanta ZDRAVJE d.o.o., Agent d.o.o., Generali Investments d.o.o. Ljubljana and five indirect subsidiaries Generali Investments

d.o.o. Zagreb, Croatia, Generali Investments, a. d. Skopje, Generali Investments GP 1, Generali Investments GP 2 and Generali Investments CP d.o.o. k. d.

Prior to the commencement of the merger process, both insurance companies, GENERALI zavarovalnica d.d. and AS d.d., were 100% owned by the parent company Generali CEE Holding B. V. based in Amsterdam, the Netherlands.

GENERALI zavarovalnica d.d., having its registered office in Ljubljana, Kržičeva ulica 3, Slovenia, as the acquiring company, recognized on 1 January 2020 in its accounts the acquired assets and assumed liabilities of the acquired insurance company, whereby, due to the harmonization of accounting policies and the unified presentation of balance sheet categories, some assets and liabilities were reclassified. The impact of the change in accounting policies and the adjustment of the comparative year as at 31 December 2020 is detailed in Section 5.24.

— Deferred acquisition costs (DAC) of EUR 249,954 were reclassified to other assets under short-term and long-term deferred acquisition costs

- Receivables from the sale of units of securities of EUR 3,705 were reclassified from other receivables to financial receivables under financial assets.
- Due to the unification of the netting methodology, part of the receivable of EUR 18,863 was not offset. Together with financial receivables, EUR 22,567 of receivables was not offset, which increased the balance-sheet value.
- Following the merger, the share capital of ex AS d.d. in the amount of EUR 42,999,530 was reclassified as capital reserve. Long-term reserves of the long-term Employee Stock Own Plan (ESOP) in the amount of EUR 2,308 were reclassified from capital reserves to other profit reserves.
- Due to the unification of content, other liabilities from insurance contracts were also reclassified (such as the liability for compensation of damages under the ZZS (Health Insurance Institute of Slovenia) agreement (and liabilities for insurance premium tax) in the amount of EUR 682,550. These were reclassified as other liabilities.

Acquired assets and assumed liabilities on the day of acquisition 1 January 2020

v EUR	GENERALI d.d.	GENERALI d.d.	GENERALI d.d.	GENERALI d.d.	Acquired assets and liabilities from Adriatic Slovenica d.d.		GENERALI d.d.
	31.12.2019	31.12.2019 Reclassification	31.12.2019 Reclassification	31.12.2019 Reclassification	1.1.2020 Merger	Transfer of capital	1.1.2020 after merger
Assets	362,601,111	366,343,567	22,567	366,366,134	807,176,359	-	1,173,542,492
Intangible assets	952,661	952,661	(249,954)	702,707	6,168,610	-	6,871,317
Property, plant and equipment	2,778,694	2,778,694	-	2,778,694	28,371,144	-	31,149,838
Deferred tax assets	-	-	-	-	2,422,669	-	2,422,669
Investment properties	-	-	-	-	11,692,309	-	11,692,309
Financial investments in subsidiaries and associates	298,022	298,022	-	298,022	46,167,660	-	46,465,682
In loans and deposits	194,244,183	194,244,183	3,704	194,247,887	312,719,754	-	506,967,640
In held-to-maturity financial assets	178,011	178,011	3,705	181,716	9,091,153	-	9,272,869
In available-for-sale financial assets	-	-	-	-	11,809,059	-	11,809,059
In financial assets measured at fair value	194,033,928	194,033,928	-	194,033,928	286,322,970	-	480,356,898
Unit-linked investments of policyholders	32,244	32,244	-	32,244	5,496,572	-	5,528,816
Amounts of technical provisions ceded to reinsurers	66,414,605	66,414,605	-	66,414,605	311,499,120	-	377,913,725
Assets from investment contracts	75,719,980	75,719,980	-	75,719,980	17,047,870	-	92,767,850
Receivables	-	-	-	-	18,686,486	-	18,686,486
Receivables from direct insurance business	13,646,573	13,646,573	18,863	13,665,436	26,908,559	-	40,573,996
Receivables from reinsurance and coinsurance	5,780,581	5,780,581	6,727	5,787,308	23,001,589	-	28,788,897
Income tax receivables	6,518,176	6,518,176	-	6,518,176	1,647,108	-	8,165,284
Other receivables	158,797	158,797	576	159,373	139,905	-	299,279
Other assets	1,189,019	1,189,019	11,559	1,200,578	2,119,957	-	3,320,536
Cash and cash equivalents	911,465	4,653,921	249,954	4,903,875	5,772,445	-	10,676,320
Off-balance sheet items	7,634,928	7,634,928	-	7,634,928	19,719,732	-	27,354,660
Equity and liabilities	362,601,111	366,343,567	22,567	366,366,134	807,176,359	-	1,173,542,492
Equity	53,272,989	53,272,989	-	53,272,989	98,757,309	-	152,030,298
Share capital	39,520,347	39,520,347	-	39,520,347	42,999,530	(42,999,530)	39,520,347
Capital reserves	3,731,544	3,731,544	(2,308)	3,729,236	4,211,782	42,999,530	50,940,548
Reserve from profit	222,799	222,799	2,308	225,107	9,223,936	-	9,449,043
Revaluation surplus	6,260,229	6,260,229	-	6,260,229	5,348,130	-	11,608,359
Retained net earnings	211,784	211,784	-	211,784	30,043,325	-	30,255,109
Net profit or loss for the financial year	3,326,286	3,326,286	-	3,326,286	6,930,606	-	10,256,892
Subordinated liabilities	-	-	-	-	49,676,681	-	49,676,681
Technical provisions	153,381,879	157,124,335	(6,031)	157,118,304	297,220,851	-	454,339,155
Unearned premiums	24,210,657	27,953,113	-	27,953,113	51,460,933	-	79,414,046
Mathematical provisions	55,263,716	55,263,716	-	55,263,716	114,757,300	-	170,021,016
Outstanding claims provisions	58,747,978	58,747,978	-	58,747,978	124,095,203	-	182,843,181
Other technical provisions	15,159,528	15,159,528	(6,031)	15,153,497	6,907,415	-	22,060,912
Insurance technical provisions for unit-linked insurance	66,311,354	66,311,354	-	66,311,354	310,690,347	-	377,001,701
Other provisions	1,550,794	1,550,794	6,031	1,556,825	5,617,264	-	7,174,089
Deferred tax liabilities	1,456,957	1,456,957	-	1,456,957	402,178	-	1,859,135
Liabilities from investment contracts	-	-	-	-	18,686,486	-	18,686,486
Other financial liabilities	1,874,693	1,874,693	1,782	1,876,475	1,256,746	-	3,133,221
Operating liabilities	75,374,938	75,374,938	(682,550)	74,692,388	11,090,238	-	85,782,626
Liabilities from direct insurance contracts	4,056,308	4,056,308	(682,550)	3,373,758	9,303,830	-	12,677,588
Liabilities from reinsurance and coinsurance contracts	71,318,630	71,318,630	-	71,318,630	1,786,408	-	73,105,038
Other liabilities	9,377,507	9,377,507	703,336	10,080,843	13,778,258	-	23,859,101

Impact on 2019 income statement items

in EUR	GENERALI d.d. 2019	Reclassification of items	GENERALI d.d. 2019 Reclassification
NET PREMIUM INCOME	78,595,746	-	78,595,746
Gross written premiums	105,502,065	-	105,502,065
Premiums ceded to reinsurers and coinsurers	(26,155,885)	-	(26,155,885)
Change in unearned premiums	(750,435)	-	(750,435)
INCOME FROM INVESTMENTS	13,518,943	(4,529)	13,514,414
OTHER INCOME FROM INSURANCE OPERATIONS, of which	3,962,606	(1,246,771)	2,715,835
- fee and commission income	3,475,408	(759,573)	2,715,835
OTHER INCOME	1,689,414	43,505	1,732,919
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(37,445,372)	-	(37,445,372)
Gross amounts of claims and benefits paid	(45,471,987)	742,576	(44,729,411)
Reinsurers'/coinsurers' shares	7,648,583	(742,578)	6,906,005
Change in claims provisions	378,034	-	378,034
CHANGE IN OTHER TECHNICAL PROVISIONS	(458,596)	-	(458,596)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	(7,185,506)	-	(7,185,506)
EXPENSES FOR BONUSES AND DISCOUNTS	(319,505)	-	(319,505)
OPERATING EXPENSES, of which	(40,470,958)	(1,579,812)	(42,050,770)
- acquisition costs	(13,766,935)	-	(13,766,935)
EXPENSES INVESTMENTS, of which	(37,524)	37,504	(20)
OTHER INSURANCE EXPENSES	(6,661,234)	3,227,527	(3,433,707)
OTHER EXPENSES	(1,026,168)	(477,424)	(1,503,592)
PROFIT/(LOSS) BEFORE TAX	4,161,845	-	4,161,845
CORPORATE INCOME TAX	(835,561)	-	(835,561)
NET PROFIT FOR THE REPORTING PERIOD	3,326,284	-	3,326,284

Due to the unified management of financial statements, some items in the income statement were reclassified. The following is an explanation of material reclassifications in the 2019 income statement after the merger.

- Other income from insurance operations (the total effect of the change being EUR 1,246,771) and the fee and commission income arising from it changed, mainly due to the reclassification of reinsurance commission income in the amount of EUR 2,198,272 (this income was offset by fee and commission expenses amounting to EUR 453,709). Reinsurance fee and commission income had previously reduced operating expenses (see explanation in the indents below). In addition to the above, other insurance income and other insurance expenses included netting of management entry fees and commissions for unit-linked life insurance, in the amount of EUR 3,400,438.

- Gross claims paid (the total effect of the change being EUR 742,576) decreased due to the reclassification of the accepted co-insurance indemnity in the amount of EUR 742,576 to the reinsurers'/coinsurers' shares item.

- Operating expenses (the total effect of the change being EUR 1,579,812) increased by EUR 2,651,981 due to the reclassification of reinsurance fees and commissions to other income and decreased by EUR 1,072,170 due to the reclassification of other costs (such as costs for humanitarian and other purposes, membership fees to associations, etc.) to other expenses.

- The total effect of the change in the amount of EUR 3,227,527 in other insurance expenses item arises mainly from the netting of management entry fees and commissions for unit-linked life insurance, in the amount of EUR 3,400,438 against other insurance income.

- Other expenses (total effect of the change being EUR 477,424) decreased due to the netting of fee and commission expenses against fee and commission income of EUR 453,709; they decreased due to the reclassification of other expenses to other insurance expenses by EUR 141,037. On the other hand, they increased by EUR 1,072,170 due to the reclassification of other costs (such as costs for humanitarian and other purposes, membership fees to associations, etc.) to other expenses.

The change due to reclassification did not have an impact on the profit or loss for 2019.

Transfer of the Croatian Branch portfolio to Generali Zagreb in 2020

Following the merger of AS d.d. to GENERALI zavarovalnica d.d. and in order to ensure the presence of only one insurance company from the GENERALI Group on the Croatian insurance market, a decision was made to combine the operations of the Croatian branch with the operations of Generali Osiguranje d.d., Zagreb, a sister company from the Generali Group.

On 30 September 2020, the entire portfolio of the Zagreb Branch was transferred to Generali Osiguranje d.d., Zagreb, comprising the transfer of all assets and the takeover of all employees at the Branch. Following the transfer

of the portfolio, the Branch did not perform any operations and had no assets or employees. The decision was thus made to close its operations and delete the Zagreb Branch from the competent companies register.

4.8.2 Composition and presentation of the GENERALI Group Slovenia

The parent company of the GENERALI Group Slovenia is GENERALI zavarovalnica d.d., whose sole shareholder is Generali CEE Holding B. V. based in Amsterdam

Subsidiaries and indirect subsidiaries of the GENERALI Group Slovenia

COMPANY NAME	ADDRESS	Equity interest	Tax rate	VAT ID No.	Activity	Reporting Period
Direct subsidiaries						
SLOVENIA						
PROSPERA družba za izterjavo d.o.o.	Ljubljanska cesta 3, 6000 Koper	100%	19%	SI34037616	Other financial service activities, except insurance and pension funding, n.e.c.	Calendar year
VIZ zavarovalno zastopništvo d.o.o.	Ljubljanska cesta 3 a, 6000 Koper	100%	19%	SI87410206	Activities of insurance agents and brokers	Calendar year
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	Dunajska cesta 63, 1000 Ljubljana	100%	19%	SI22745866	Specialist outpatient health care service	Calendar year
Generali Investments, družba za upravljanje, d.o.o. Slovenia	Dunajska cesta 63, 1000 Ljubljana	100%	19%	SI56687036	Trusts, funds and similar financial entities	Calendar year
AGENT Zavarovalniško zastopanje d.o.o.	Cankarjev drevored 4, 6310 Izola - Isola	100%	19%	20359187	Activities of insurance agents and brokers	Calendar year
LEV Registracija, registracija vozil, d.o.o.	Pod lipami 005, 3313 Polzela	100%	19%	SI 66862221	General public administration activities	Calendar year
Indirect subsidiaries						
SLOVENIA						
Generali Investments GP 1, družba za investicije, d.o.o.	Dunajska cesta 63, 1000 Ljubljana	100%	19%	32924925	Financial services: Business management	Calendar year
Generali Investments GP 2, družba za investicije, d.o.o.	Dunajska cesta 63, 1000 Ljubljana	100%	19%	86585614	Financial services: Business management	Calendar year
Generali Investments GP 2 d.o.o., kapitalske naložbe, CP k.d.	Dunajska cesta 63, 1000 Ljubljana	54.79%	19%	44629338	Activities of holding companies	Calendar year
CROATIA						
Generali Investments, d.o.o. Zagreb	Savska cesta 106, 10000 Zagreb	100%	18%	61865183767	Investment fund management	Calendar year
NORTH MACEDONIA						
Generali Investments a. d. Skopje	Ul. Makedonija 13b (bul. Partizanski odredi br. 14A/1-2), 1000 Skopje	72.62%	10%	40300080318520	Investment fund management	Calendar year

In line with the full consolidation method, the consolidated financial statements include all subsidiaries listed in the table, except for the three indirect subsidiaries Generali investments GP1 and GP2 and Generali Investments GP 2 d.o.o., CP k.d., because they are not significant for the Group.

In early 2020, after the merger of the insurance company AS, GENERALI d.d. acquired assets and assumed liabilities of all its subsidiaries and established the GENERALI Group Slovenia. The company LEV Registracija d.o.o., purchased by GENERALI zavarovalnica d.d. in 2017, became part of the Group on 1 January 2020. Upon the merger, the subsidiary Generali Investments d.o.o., Ljubljana, owned a 96.72% interest in the subsidiary Generali Inve-

stments d.o.o. Zagreb and a 94.6% interest in the subsidiary Generali Investments a. d. Skopje, so that GENERALI Group Slovenia became an indirect controlling company of both these subsidiaries. Furthermore, indirect subsidiaries Generali investments GP1, Generali investments GP2 and Generali Investments GP 2 d.o.o. CP k. d. were not included in the group because they are not relevant to the Group.

The main activities of the subsidiaries are asset management services, insurance services, specialized medical services and vehicle registration services.

Upon the merger, the Group also acquired the goodwill of subsidiaries and indirect subsidiaries in the amount of EUR 22,607,251. Goodwill arises from investments in the following companies

- Generali Investments, družba za upravljanje, d.o.o. Ljubljana in the amount of EUR 20,943,342,
- Generali Investments, d.o.o. Zagreb, in the amount of EUR 943,508,
- Generali Investments a. d. Skopje, in the amount of EUR 322,243,
- AGENT Zavarovalniško zastopanje d.o.o., in the amount of EUR 398,158.

The Group also has a portion of goodwill of EUR 99,940 from the subsidiary Generali Investments Zagreb d.o.o., which relates to the client list obtained upon acquisition of the ICF Balance Fund in 2010. The Group thus had goodwill in the amount of EUR 22,707,191 upon the merger on 1 January 2020.

Business combinations in the Group in 2020

On 18 June 2020, the subsidiary Generali Investments Slovenia signed the Agreement for the purchase of shares in Ilirika AD Skopje through merger procedure with Generali Investments AD Skopje.

The conditions for the purchase and merger were met on 30 December 2020, when the merged company was entered in the register. The portfolio was transferred in 2020

Presentation of equity interests in subsidiaries with the parent company GENERALI d.d. as at 1 January 2020

Subsidiary	Equity interest (%)		Holding of voting rights (%)		Carrying amount of the equity interest (in EUR)	
	31.12.2020	1.1.2020	31.12.2020	1.1.2020	31.12.2020	1.1.2020
PROSPERA družba za izterjavo d.o.o.	100	100	100	100	2,620,934	2,920,934
VIZ zavarovalno zastopništvo d.o.o.	100	100	100	100	155,000	560,000
Ambulanta ZDRAVJE zdravstvene storitve d. o. o.	100	100	100	100	720,000	720,000
Generali Investments, družba za upravljanje, d.o.o.	100	100	100	100	29,326,008	29,326,008
AGENT Zavarovalniško zastopanje d. o. o.	100	100	100	100	97,000	635,000
LEV Registracija d. o. o.	100	100	100	100	298,000	298,022
Posredno odvisna družba						
Generali Investments, d.o.o. Zagreb	100	96.72	100	96.72	1,930,000	2,142,000
Generali Investments AD, Skopje	72.62	94.60	72.62	94.60	495,480	450,000

and as at 31 December 2020 GENERALI Group Slovenia incurred a liability to pay the purchase price in the amount of EUR 1,380,918. As at 31 December 2020, the Group temporarily recognized goodwill in the amount of EUR 1,073,430 obtained from the purchase of shares in Ilirika AD Skopje through merger procedure.

The actual payment of the purchase price for 24,074 shares of Generali Investments AD Skopje was made on 25 January 2021, in the amount of EUR 1,380,918 (including related costs). By purchasing the shares, Generali Investments Slovenia took 98.34% ownership of Generali Investments AD Skopje. The minority share in the consolidated financial statements thus decreased to 1.66%. The statement of financial position of the company on the day when Generali Investments Slovenia acquired control is shown in the table below.

Izkaz finančnega položaja družbe na dan, ko je družba Generali Investments Slovenija pridobila vpliv, je prikazan v spodnji tabeli:

in EUR	Ilirika AD Skopje
ASSETS	326,046
- intangible assets	11,124
- tangible assets	464
- financial assets	195,471
- other receivables	27,779
- cash and cash equivalents	91,208
LIABILITIES	18,558
- other liabilities	18,558
NET value of acquisition assets	307,488
Purchase price liability	1,380,918
GOODWILL	1,073,430

The value of acquired assets and liabilities was estimated on 31 December 2020 and at the time of purchase the carrying amount and fair value were the same. As at 31 December 2020, the recognized goodwill was provisionally allocated.

Presentation of the carrying amount of the equity interest

Company Name	Carrying amount of the equity interest (in EUR)	
	2020	2019
Subsidiary		
PROSPERA družba za izterjavo d.o.o., Slovenia	2,620,934	-
VIZ zavarovalno zastopništvo d.o.o., Slovenia	155,000	-
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	720,000	-
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	29,326,008	-
AGENT d.o.o.	97,000	-
LEV Registracija d.o.o.	298,000	298,022
Total subsidiaries	33,216,942	298,022
Indirect subsidiary		
Generali Investments a. d. Zagreb	1,930,000	-
Generali Investments d.o.o. Skopje	495,480	-
Total indirect subsidiaries	2,425,480	-
Associates		
Nama trgovsko podjetje d.d., Slovenia	11,705,901	-
MEDIFIT d.o.o., Slovenia	249,597	-
IDORU inteligentni analitični sistemi d.o.o.	-	-
Total associates	11,955,499	-

Changes in interests in subsidiaries, indirect subsidiaries and associates

Direct subsidiary	Equity interest (%)	Equity interest (%)	Change (in%)	Note
	31.12.2020	31.12.2019		
PROSPERA družba za izterjavo d.o.o.	100	-	100	Merger
VIZ zavarovalno zastopništvo d.o.o.	100	-	100	Merger
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	100	-	100	Merger
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	100	-	100	Merger
AGENT Zavarovalniško zastopanje d.o.o.	100	-	100	Merger
LEV Registracija d.o.o.	100	100	-	Merger
Indirect subsidiary **				
Generali Investments a. d. Zagreb	100	-	100	Merger
Generali Investments d.o.o. Skopje	72.62	-	72.62	Merger
Associate***				
NAMA trgovsko podjetje d.d., Slovenia	48.51	-	48.51	-
MEDIFIT d.o.o., Slovenia	24.99	-	24.99	-
IDORU inteligentni analitični sistemi d.o.o.	25.00	-	25.00	-

* The share of voting rights is equal to equity interest.

** With regard to indirect subsidiaries, the interest of Generali Investments, d.o.o. Ljubljana in indirect subsidiaries is shown

*** Associates are accounted for in the consolidated financial statements using the equity method and are presented in detail in the related parties section 7.4.

4.9 Business segments

The GENERALI Group Slovenia monitors its operations by segment in relation to business segments and geographical segments. Business segments and geographical segments are individual parts of the Group's operations that are exposed to different rates of profitability, opportunities for growth, future prospects and risks. The Management periodically reviews the business results by these groups in order to not only take decisions on the basis thereof regarding the resources to be allocated to a particular segment but also to assess the performance of individual segments and the entire Group.

Business segments

Področni odsek je prepoznaven sestavni del Skupine, ki se ukvarja s skupino sorodnih storitev ter je predmet tveganj in donosov, drugačnih od tistih v drugih področnih odsekih.

A business segment is a distinguishable component of the Group that is engaged in providing a group of related services and that is subject to risks and returns that are different from those of the other business segments. The Group's core activity is insurance business, which provides services in the life, non-life and health insurance segments. These business segments are further divided into insurance segments by insurance groups where similar insurance products are grouped as well as the corresponding support activities, such as insurance agency business, other activities auxiliary to insurance and pension funding and the activities of insurance agents. In addition to insurance business, the Group also provides asset management services.

The business segments of the Group include:

- non-life insurance,
- life insurance,
- health insurance,
- asset management.

The non-life insurance business segment includes:

- motor liability insurance,
- land motor vehicle insurance,
- accident insurance,
- fire and natural forces insurance,
- other damage to property insurance,
- general liability insurance,
- credit and suretyship insurance,
- travel medical insurance with emergency assistance abroad (ZZTA),
- other non-life insurance.

The life insurance business segment includes traditional life insurance, annuity life insurance, unit-linked life insurance and voluntary pension insurance (voluntary supplemental pension insurance under the previous PN-A01 pension scheme and the new pension schemes

which entered into force in 2016, as well as Pokojninsko varčevanje AS (AS Pension Saving)).

The health insurance business segment includes complementary health insurance and other supplementary health insurance. In addition to taking out insurance, this segment includes specialist outpatient health services in connection with supplementary (above-standard) health insurance.

The asset management business segment includes the activity of trust and other funds and similar financial entities which manage investment funds and provide management services for financial instruments. As at 31 December 2019, the following three management companies in the GENERALI Group Slovenia provided asset management services: Generali investments, d. o. o, which is one of the leading management companies in Slovenia, and its subsidiaries – Generali Investments a.d. Skopje and Generali Investments d.o.o. Zagreb.

Assets and liabilities by segment comprise assets and liabilities of the Group that can be directly attributed to an individual business segment, as well as those that can be indirectly allocated to a business segment.

Income and expenses of a business segment arise from the operations of a particular business segment and can be directly attributed to the business segment, while the appropriate part of income and expenses can be reasonably allocated to the business segment.

Geographical segments

A geographical segment is a distinguishable component of the Group that is engaged in providing services within a particular economic environment and is subject to risks and returns that are different from those of the segments operating in other economic environments.

The Group operates in three main geographical segments: in Slovenia, EU Member States and other countries of South-East Europe. The main geographical segment of the Group is Slovenia.

As at 31 December 2020, the Group operated in Slovenia and the following countries: Croatia and North Macedonia

Sales revenue

(in EUR)	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019
Sales revenue*		
Slovenia	431,310,970	106,770,070
EU	11,246,313	26,926,632
Other countries	455,622	-
Total	443,012,905	133,696,702

Total assets

(in EUR)	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019
Total assets		
Slovenia	759,607,107	362,880,207
EU	380,471,594	3,485,928
Other countries	37,932,987	-
Total	1,178,011,688	366,366,135

Associates

EU	12,302,057	-
Total	12,302,057	-

Investment

(in EUR)	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019
Capital expenditure analysis		
Slovenia	8,995,540	1,379,200
EU	181,475	-
Other countries	1,073,430	-
Total	10,250,445	1,379,200

Business Segments

The statement of financial position and income statement are presented below by business segments.

Statement of financial position of the GENERALI Group Slovenia as at 31 December 2020

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
Assets	706,009,818	446,086,900	47,986,270	37,219,650	(59,290,949)	1,178,011,688
Intangible assets	35,556	7,058,761	9,232	26,565,438	-	33,668,987
Property, plant and equipment	-	33,503,540	445,630	296,312	-	34,245,482
Deferred tax assets	253,837	3,324,451	613,622	61,108	(961,640)	3,291,378
Investment properties	1,346,424	7,357,609	-	-	-	8,704,033
Financial investments in subsidiaries and associates	512,906	8,495,135	3,294,016	-	-	12,302,057
Financial investments	240,928,001	305,269,019	30,034,327	7,915,930	-	584,147,276
In loans and deposits	4,815,656	965,635	-	245,382	-	6,026,673
In held-to-maturity financial assets	10,848,153	-	-	-	-	10,848,153
In available-for-sale financial assets	221,537,189	304,303,384	30,034,327	7,186,220	-	563,061,120
In financial assets measured at fair value	3,727,003	-	-	484,328	-	4,211,331
Unit-linked investments of policyholders	377,152,599	-	-	-	-	377,152,599
Amounts of technical provisions ceded to reinsurers	2,173,544	36,201,708	-	-	-	38,375,252
Assets from investment contracts	22,723,309	-	-	-	-	22,723,309
Receivables	54,231,156	32,909,042	12,328,521	352,491	(58,329,310)	41,491,900
Receivables from direct insurance business	784,718	18,037,018	12,122,096	-	-	30,943,831
Receivables from reinsurance and coinsurance	2,712,988	2,280,908	-	-	-	4,993,896
Income tax receivables	2,410,411	1,238,191	-	59,117	(3,398,986)	308,733
Other receivables	48,323,040	11,352,924	206,426	293,374	(54,930,324)	5,245,440
Other assets	1,409,485	7,102,977	207,660	598,043	-	9,318,165
Cash and cash equivalents	5,243,000	4,864,658	1,053,262	1,430,327	-	12,591,248
Equity and liabilities	706,009,818	446,086,900	47,986,270	37,219,650	(59,290,949)	1,178,011,688
Equity	25,617,655	112,733,645	14,612,745	8,645,179	-	161,609,225
Majority equity interest	25,617,655	112,733,645	14,612,745	8,629,728	-	161,593,774
Share capital	17,690,167	21,830,180	-	-	-	39,520,347
Capital reserves	15,357,729	35,582,820	-	-	-	50,940,549
Reserve from profit	-	4,604,451	4,875,881	-	-	9,480,332
Translation differences	-	-	-	(1,775)	-	(1,775)
Reserve due to fair value measurement (Revaluation surplus)	5,302,893	7,597,646	463,524	192,416	-	13,556,479
Retained net earnings	(5,444,544)	35,616,856	4,512,756	5,797,439	-	40,482,508
Net profit or loss for the financial year	(7,288,590)	7,501,692	4,760,585	2,641,648	-	7,615,334
Minority equity interest	-	-	-	15,451	-	15,451
Subordinated liabilities	26,880,826	22,898,482	-	-	-	49,779,308
Technical provisions	208,036,389	256,418,847	23,403,117	-	-	487,858,352
Unearned premiums	3,138,423	67,883,204	6,555,304	-	-	77,576,931
Mathematical provisions	173,006,698	-	-	-	-	173,006,698
Outstanding claims provisions	12,027,156	184,359,313	7,615,230	-	-	204,001,699
Other technical provisions	19,864,112	4,176,329	9,232,583	-	-	33,273,024
Insurance technical provisions for unit-linked insurance	374,826,788	-	-	-	-	374,826,788
Other provisions	602	6,014,503	-	91,602	-	6,106,708
Deferred tax liabilities	1,247,453	1,720,701	103,450	50,802	(961,640)	2,160,767
Liabilities from investment contracts	22,723,309	(0)	-	-	-	22,723,309
Other financial liabilities	106	4,078,756	325,870	1,563,542	-	5,968,275
Operating liabilities	18,631,063	15,834,722	6,967,947	331,528	(3,398,986)	38,366,275
Liabilities from direct insurance contracts	1,973,930	8,684,663	5,706,630	-	-	16,365,222
Liabilities from reinsurance and coinsurance contracts	15,362,949	6,299,298	-	-	-	21,662,247
Income tax liabilities	1,294,185	850,761	1,261,317	331,528	(3,398,986)	338,806
Other liabilities	28,045,625	26,387,244	2,573,139	26,536,996	(54,930,324)	28,612,680

Statement of financial position of the GENERALI Group Slovenia as at 31 December 2019

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
Assets	224,200,371	143,955,275	46,630	-	-	366,366,134
Intangible assets	48,889	653,818	-	-	-	702,707
Property, plant and equipment	-	2,778,694	-	-	-	2,778,694
Financial investments in subsidiaries and associates	-	298,022	-	-	-	298,022
Financial investments	85,704,101	108,543,786	-	-	-	194,247,887
In loans and deposits	181,716	-	-	-	-	181,716
In available-for-sale financial assets	85,490,142	108,543,786	-	-	-	194,033,927
In financial assets measured at fair value	32,244	-	-	-	-	32,244
Unit-linked investments of policyholders	66,414,605	-	-	-	-	66,414,605
Amounts of technical provisions ceded to reinsurers	63,902,859	11,817,121	-	-	-	75,719,980
Receivables	5,398,525	10,075,835	27,221	-	-	13,665,439
Receivables from direct insurance business	99,378	5,687,922	8	-	-	5,787,308
Receivables from reinsurance and coinsurance	5,047,153	1,471,026	-	-	-	6,518,178
Income tax receivables	91,202	68,171	-	-	-	159,373
Other receivables	160,792	2,848,715	27,212	-	-	1,200,578
Other assets	595,888	4,307,986	-	-	-	4,903,874
Cash and cash equivalents	2,159,622	5,455,897	19,410	-	-	7,634,928
Equity and liabilities	224,200,371	143,955,275	46,630	-	-	366,366,134
Equity	12,888,174	40,387,808	(2,992)	-	-	53,272,989
Majority equity interest	12,888,174	40,387,808	(2,992)	-	-	53,272,989
Share capital	17,690,167	21,830,180	-	-	-	39,520,347
Capital reserves	1,686,435	2,042,801	-	-	-	3,729,236
Reserve from profit	-	225,107	-	-	-	225,107
Reserve due to fair value measurement (Revaluation surplus)	2,652,263	3,607,966	-	-	-	6,260,229
Retained net earnings	(9,251,714)	9,466,521	(3,023)	-	-	211,784
Net profit or loss for the financial year	111,023	3,215,231	32	-	-	3,326,286
Technical provisions	69,587,326	87,530,977	-	-	-	157,118,304
Unearned premiums	2,941,136	25,011,977	-	-	-	27,953,113
Mathematical provisions	55,263,715	-	-	-	-	55,263,715
Outstanding claims provisions	1,371,290	57,376,688	-	-	-	58,747,978
Other technical provisions	10,011,185	5,142,312	-	-	-	15,153,497
Insurance technical provisions for unit-linked insurance	66,311,354	-	-	-	-	66,311,354
Other provisions	477,802	1,079,022	-	-	-	1,556,824
Deferred tax liabilities	596,854	860,103	-	-	-	1,456,957
Other financial liabilities	-	1,876,475	-	-	-	1,876,475
Operating liabilities	70,104,115	4,588,273	-	-	-	74,692,388
Liabilities from direct insurance contracts	1,702,445	1,671,312	-	-	-	3,373,757
Liabilities from reinsurance and coinsurance contracts	68,401,670	2,916,961	-	-	-	71,318,631
Other liabilities	4,234,745	7,632,618	49,622	-	-	10,080,843

Income statement of the GENERALI Group Slovenia for the period from 1 January 2020 to 31 December 2020

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
NET PREMIUM INCOME	67,682,897	202,060,664	116,218,528	-	-	385,962,089
Gross written premiums	84,373,592	225,480,631	116,219,070	-	-	426,073,293
Premiums ceded to reinsurers and coinsurers	(16,590,000)	(23,107,471)	-	-	-	(39,697,472)
Change in unearned premiums	(100,695)	(312,496)	(542)	-	-	(413,732)
REVENUES FROM INVESTMENTS IN ASSOCIATES, of which	-	-	22,135	-	-	22,135
- profit from capital investments in associates and joint ventures, calculated using the equity method	-	-	22,135	-	-	22,135
INCOME FROM INVESTMENTS	10,984,928	5,390,241	243,972	20,986	(787,870)	15,852,257
OTHER INCOME FROM INSURANCE OPERATIONS, of which	977,949	3,304,203	-	-	-	4,282,152
- fee and commission income	977,949	3,304,203	-	-	-	4,282,152
OTHER INCOME	2,371,813	4,095,573	323,279	12,323,231	(1,010,051)	18,103,845
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(45,895,855)	(117,742,185)	(89,926,575)	-	-	(253,564,616)
Gross amounts of claims and benefits paid	(48,967,726)	(113,393,184)	(89,484,070)	-	-	(251,844,979)
Reinsurers'/coinsurers' shares	6,035,596	6,245,433	-	-	-	12,281,028
Change in claims provisions	(2,963,725)	(10,594,434)	(442,506)	-	-	(14,000,665)
CHANGE IN OTHER TECHNICAL PROVISIONS	(3,356,510)	1,965,998	(9,232,415)	-	-	(10,622,926)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	(2,434,939)	-	-	-	-	(2,434,939)
EXPENSES FOR BONUSES AND DISCOUNTS	98,675	(244,396)	43	-	-	(145,678)
OPERATING EXPENSES, of which	(25,251,697)	(74,581,219)	(10,558,604)	(9,111,773)	1,737,891	(117,765,403)
- acquisition costs	(9,209,654)	(26,773,407)	(1,498,751)	-	30	(37,481,781)
EXPENSES FROM INVESTMENTS IN ASSOCIATES, of which	(3,357)	(95,124)	(20,689)	-	-	(119,169)
- loss from capital investments in associates and joint ventures, calculated using the equity method	(3,357)	(95,124)	(20,689)	-	-	(119,169)
EXPENSES INVESTMENTS, of which	(442,025)	(1,221,217)	(1,387)	(39)	-	(1,664,668)
- impairment losses of financial assets not measured at fair value through profit or loss	(164,586)	(887,357)	-	-	-	(1,051,943)
OTHER INSURANCE EXPENSES	(6,617,765)	(7,945,138)	(242,865)	-	-	(14,805,768)
OTHER EXPENSES	(3,837,990)	(8,313,635)	(814,358)	(94,694)	9,577	(13,051,100)
PROFIT/(LOSS) BEFORE TAX	(5,723,875)	6,673,764	6,011,064	3,137,711	(50,454)	10,048,211
CORPORATE INCOME TAX	1,151,877	(749,904)	(1,200,063)	(538,071)	-	(1,336,161)
NET PROFIT FOR THE REPORTING PERIOD	(4,571,998)	5,923,860	4,811,002	2,599,639	(50,454)	8,712,050
MINORITY INTEREST	-	-	-	6,860	-	6,860
INTEREST OF PARENT COMPANY	(4,571,998)	5,923,860	4,811,002	2,592,780	(50,454)	8,705,190

Statement of other comprehensive income of the GENERALI Group Slovenia for the period from 1 January 2020 to 31 December 2020

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	(4,571,998)	5,923,860	4,811,002	2,599,639	(50,454)	8,712,050
OTHER COMPREHENSIVE INCOME AFTER TAXATION	893,005	(1,026,355)	246,542	32,602	-	145,794
Items not to be allocated to profit or loss in subsequent periods	37	(1,325,301)	-	-	-	(1,325,264)
Actuarial net gain/loss for pension programmes	37	(1,325,301)	-	-	-	(1,325,264)
Items that may be allocated to profit or loss in subsequent periods	892,968	298,946	246,542	32,602	-	1,471,058
Net gain/loss from re-measurement of available-for-sale financial assets	1,101,954	363,195	302,144	40,248	-	1,807,541
Gain/loss, recognised in revaluation surplus	402,022	(1,091,973)	326,477	40,248	-	(323,225)
Transfer of gain/loss from revaluation surplus to income statement	699,932	1,455,168	(24,333)	-	-	2,130,766
Tax on items that may be allocated to profit or loss in subsequent periods	(208,986)	(64,249)	(55,602)	(7,646)	-	(336,483)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION	(3,678,993)	4,897,505	5,057,543	2,632,241	(50,454)	8,857,843
- ATTRIBUTABLE TO MINORITY INTEREST	-	-	-	6,896	-	6,896
- ATTRIBUTABLE TO CONTROLLING COMPANY	(3,678,993)	4,897,505	5,057,543	2,625,346	(50,454)	8,850,948

Income statement of the GENERALI Group Slovenia for the period from 1 January 2019 to 31 December 2019

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
NET PREMIUM INCOME	13,241,307	65,354,044	394	-	-	78,595,746
Gross written premiums	28,311,288	77,190,383	394	-	-	105,502,065
Premiums ceded to reinsurers and coinsurers	-14,813,902	-11,341,982	-	-	-	-26,155,885
Change in unearned premiums	-256,078	-494,357	-	-	-	-750,435
INCOME FROM INVESTMENTS	11,697,663	1,816,749	2	-	-	13,514,414
OTHER INCOME FROM INSURANCE OPERATIONS, of which	1,565,618	1,150,217	-	-	-	2,715,835
- fee and commission income	1,565,618	1,150,217	-	-	-	2,715,835
OTHER INCOME	748,132	984,787	-	-	-	1,732,919
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	-5,616,766	-31,828,369	-236	-	-	-37,445,372
Gross amounts of claims and benefits paid	-11,437,481	-33,291,693	-236	-	-	-44,729,411
Reinsurers'/coinsurers' shares	5,786,476	1,119,529	-	-	-	6,906,005
Change in claims provisions	34,240	343,795	-	-	-	378,034
CHANGE IN OTHER TECHNICAL PROVISIONS	-583,769	125,173	-	-	-	-458,596
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	-7,185,506	-	-	-	-	-7,185,506
EXPENSES FOR BONUSES AND DISCOUNTS	-142,986	-176,520	-	-	-	-319,505
OPERATING EXPENSES, of which	-12,818,073	-29,232,688	-9	-	-	-42,050,770
- acquisition costs	-4,225,363	-9,541,563	-9	-	-	-13,766,935
EXPENSES INVESTMENTS, of which	-	-20	-	-	-	-20
OTHER INSURANCE EXPENSES	-270,932	-3,162,773	-2	-	-	-3,433,707
OTHER EXPENSES	-480,805	-1,022,786	-1	-	-	-1,503,592
PROFIT/(LOSS) BEFORE TAX	153,883	4,007,815	147	-	-	4,161,845
CORPORATE INCOME TAX	-42,860	-792,701	-	-	-	-835,561
NET PROFIT FOR THE REPORTING PERIOD	111,023	3,215,114	147	-	-	3,326,284
MINORITY INTEREST	-	-	-	-	-	-
INTEREST OF PARENT COMPANY	-	-	-	-	-	-

Statement of other comprehensive income of the GENERALI Group Slovenia for the period from 1 January 2019 to 31 December

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	111,023	3,215,263	-	-	-	3,326,286
OTHER COMPREHENSIVE INCOME AFTER TAXATION	261,399	1,179,812	-	-	-	1,441,211
Items not to be allocated to profit or loss in subsequent periods	(12,885)	(29,501)	-	-	-	(42,386)
Actuarial net gain/loss for pension programmes	(15,907)	(36,421)	-	-	-	(52,328)
Tax on items not to be allocated to profit or loss	3,022	6,920	-	-	-	9,942
Items that may be allocated to profit or loss in subsequent periods	274,284	1,209,313	-	-	-	1,483,597
Net gain/loss from re-measurement of available-for-sale financial assets	338,622	1,492,980	-	-	-	1,831,602
Gain/loss, recognised in revaluation surplus	1,048,170	1,503,394	-	-	-	2,551,564
Transfer of gain/loss from revaluation surplus to income statement	(709,548)	(10,414)	-	-	-	(719,962)
Tax on items that may be allocated to profit or loss in subsequent periods	(64,338)	(283,667)	-	-	-	(348,005)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION	372,422	4,395,075	-	-	-	4,767,497

Business segments of GENERALI zavarovalnica d.d.

In a separate financial report of the parent insurance company, the insurance company reports by business segment in accordance with the requirements of the ISA and the byelaw »Decision on annual reports and quarterly financial statements of insurance undertakings« (Official Gazette of the Republic of Slovenia No. 1/16). In accordance with IFRS 8, business segments are presented in the consolidated financial statements. GENERALI d.d., whose core business is insurance, offers

services in the field of non-life, life and health insurance, and therefore separates business segments by insurance groups, where related types of insurance are grouped into an individual group. These groups are exposed to different levels of profitability, growth opportunities, future expectations and risks. Management regularly monitors business results achieved by these groups and makes decisions on the resources to be allocated to a particular segment and assesses the performance of individual segments and the entire insurance company.

Statement of financial position of GENERALI d.d. as at 31 December 2020 by insurance group in accordance with the Decision on the Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
Assets	709,882,664	445,688,480	43,981,083	3,617,338	1,170,303,926
Intangible assets	35,556	7,037,326	-	-	7,072,882
Property, plant and equipment	-	31,434,688	-	-	31,434,688
Deferred tax assets	253,837	2,646,700	587,286	26,336	2,562,695
Investment properties	1,346,424	9,539,558	-	-	10,885,982
Financial investments in subsidiaries and associates	30,716,980	11,025,602	3,429,859	-	45,172,441
Financial investments	241,011,613	305,329,216	27,149,990	2,884,337	576,375,156
In loans and deposits	4,899,268	1,025,832	0	-	5,925,099
In held-to-maturity financial assets	10,848,153	-	-	-	10,848,153
In available-for-sale financial assets	221,537,189	304,303,384	27,149,990	2,884,337	555,874,901
In financial assets measured at fair value	3,727,003	-	-	-	3,727,003
Unit-linked investments of policyholders	377,152,599	-	-	-	377,152,599
Amounts of technical provisions ceded to reinsurers	2,173,544	36,201,709	-	-	38,375,253
Assets from investment contracts	22,723,309	-	-	-	22,723,309
Receivables	27,816,317	31,164,265	11,816,253	501,214	39,383,873
Receivables from direct insurance business	784,684	17,163,875	11,786,885	335,231	30,070,675
Receivables from reinsurance and coinsurance	2,712,988	2,280,910	-	-	4,993,898
Income tax receivables	2,410,411	1,213,557	-	-	224,982
Other receivables	21,908,234	10,505,922	29,368	165,982	4,094,318
Other assets	1,409,485	7,071,919	203,670	2,732	8,687,807
Cash and cash equivalents	5,243,000	4,237,496	794,025	202,719	10,477,241
Equity and liabilities	709,882,664	445,688,480	43,981,083	3,617,338	1,170,303,926
Equity	29,366,669	112,754,899	13,388,780	2,111,548	157,621,895
Share capital	17,690,167	21,830,180	-	-	39,520,347
Capital reserves	15,357,729	35,582,820	-	-	50,940,548
Reserve from profit	-	4,604,451	4,782,443	93,438	9,480,332
Reserve due to fair value measurement (Revaluation surplus)	5,292,875	7,277,949	413,903	27,121	13,011,847
Retained net earnings	(2,625,914)	37,560,572	4,339,205	815,428	40,089,291
Net profit or loss for the financial year	(6,348,187)	5,898,926	3,853,229	1,175,561	4,579,529
Subordinated liabilities	26,880,826	22,898,482	-	-	49,779,308
Technical provisions	208,036,389	256,418,845	22,630,532	772,585	487,858,351
Unearned premiums	3,138,423	67,883,204	6,330,443	224,861	77,576,931
Mathematical provisions	173,006,698	-	-	-	173,006,698
Outstanding claims provisions	12,027,156	184,359,311	7,067,512	547,718	204,001,697
Other technical provisions	19,864,112	4,176,330	9,232,578	6	33,273,025
Insurance technical provisions for unit-linked insurance	374,826,788	-	-	-	374,826,788
Other provisions	602	5,977,653	-	-	5,978,256
Deferred tax liabilities	1,247,453	1,720,701	97,088	6,362	2,120,141
Liabilities from investment contracts	22,723,309	-	-	-	22,723,309
Other financial liabilities	106	4,194,687	-	-	4,194,793
Operating liabilities	18,631,063	15,827,936	6,608,203	359,694	38,027,910
Liabilities from direct insurance contracts	1,973,930	8,685,155	5,631,124	75,456	16,365,664
Liabilities from reinsurance and coinsurance contracts	15,362,949	6,299,297	-	-	21,662,246
Income tax liabilities	1,294,185	843,484	977,080	284,238	0
Other liabilities	28,169,458	25,895,278	1,256,479	367,150	27,173,176

The balance of assets and liabilities as per column is not equal to the sum of individual amounts by insurance segment because final offsets in the amount of EUR 32,865,639 were made on the level of balance sums in the categories of receivables (in the subcategory of other receivables), other assets and other liabilities.

Statement of financial position of GENERALI d.d. as at 31 December 2019 by insurance group in accordance with the Decision on the Annual Reports of Insurance Undertakings – Reclassification

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
Assets	224,200,371	143,955,275	-	46,630	366,366,134
Intangible assets	48,889	653,818	-	-	702,707
Property, plant and equipment	-	2,778,694	-	-	2,778,694
Financial investments in subsidiaries and associates	-	298,022	-	-	298,022
Financial investments	85,704,101	108,543,786	-	-	194,247,887
In loans and deposits	181,716	-	-	-	181,716
In available-for-sale financial assets	85,490,142	108,543,786	-	-	194,033,927
In financial assets measured at fair value	32,244	-	-	-	32,244
Unit-linked investments of policyholders	66,414,605	-	-	-	66,414,605
Amounts of technical provisions ceded to reinsurers	63,902,859	11,817,121	-	-	75,719,980
Receivables	5,398,525	10,075,835	-	27,221	13,665,439
Receivables from direct insurance business	99,378	5,687,922	-	8	5,787,308
Receivables from reinsurance and coinsurance	5,047,153	1,471,026	-	-	6,518,178
Income tax receivables	91,202	68,171	-	-	159,373
Other receivables	160,792	2,848,715	-	27,212	1,200,578
Other assets	595,888	4,307,986	-	-	4,903,874
Cash and cash equivalents	2,159,622	5,455,897	-	19,410	7,634,928
Equity and liabilities	224,200,371	143,955,275	-	46,630	366,366,135
Equity	12,888,175	40,387,808	-	(2,992)	53,272,989
Share capital	17,690,167	21,830,180	-	-	39,520,347
Capital reserves	1,686,435	2,042,801	-	-	3,729,236
Reserve from profit	-	225,107	-	-	225,107
Reserve due to fair value measurement (Revaluation surplus)	2,652,263	3,607,966	-	-	6,260,229
Retained net earnings	(9,251,714)	9,466,521	-	(3,023)	211,784
Net profit or loss for the financial year	111,024	3,215,231	-	32	3,326,286
Technical provisions	69,587,326	87,530,977	-	-	157,118,304
Unearned premiums	2,941,136	25,011,977	-	-	27,953,113
Mathematical provisions	55,263,715	-	-	-	55,263,715
Outstanding claims provisions	1,371,290	57,376,688	-	-	58,747,978
Other technical provisions	10,011,185	5,142,312	-	-	15,153,497
Insurance technical provisions for unit-linked insurance	66,311,354	-	-	-	66,311,354
Other provisions	477,802	1,079,022	-	-	1,556,824
Deferred tax liabilities	596,854	860,103	-	-	1,456,957
Other financial liabilities	-	1,876,475	-	-	1,876,475
Operating liabilities	70,104,115	4,588,273	-	-	74,692,388
Liabilities from direct insurance contracts	1,702,445	1,671,312	-	-	3,373,757
Liabilities from reinsurance and coinsurance contracts	68,401,670	2,916,961	-	-	71,318,631
Other liabilities	4,234,745	7,632,618	-	49,622	10,080,843

The balance of assets and liabilities as per column is not equal to the sum of individual amounts by insurance segment because final offsets in the amount of EUR 18,353,462 were made on the level of balance sums in the categories of receivables (in the subcategory of other receivables), other assets and other liabilities.

Income statement for GENERALI d.d. for the period from 1 January 2020 to 31 December 2020 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
NET PREMIUM INCOME	67,682,897	202,060,664	111,441,844	4,776,685	385,962,089
Gross written premiums	84,373,592	225,480,631	111,476,189	4,742,881	426,073,293
Premiums ceded to reinsurers and coinsurers	(16,590,000)	(23,107,471)	-	-	(39,697,472)
Change in unearned premiums	(100,695)	(312,496)	(34,346)	33,804	(413,732)
REVENUES FROM INVESTMENTS IN ASSOCIATES, of which	70,000	-	-	-	70,000
INCOME FROM INVESTMENTS	10,984,928	4,852,297	230,261	13,708	16,081,194
OTHER INCOME FROM INSURANCE OPERATIONS, of which	977,949	3,304,203	-	-	4,282,152
- fee and commission income	977,949	3,304,203	-	-	4,282,152
OTHER INCOME	2,371,813	3,432,109	172,009	17,851	5,993,782
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(45,895,855)	(117,742,185)	(87,962,207)	(1,964,368)	(253,564,616)
Gross amounts of claims and benefits paid	(48,967,726)	(113,393,184)	(87,572,406)	(1,911,664)	(251,844,979)
Reinsurers'/coinsurers' shares	6,035,596	6,245,433	-	-	12,281,028
Change in claims provisions	(2,963,725)	(10,594,434)	(389,801)	(52,705)	(14,000,665)
CHANGE IN OTHER TECHNICAL PROVISIONS	(3,356,510)	1,965,998	(9,232,415)	-	(10,622,926)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	(2,434,939)	-	-	-	(2,434,939)
EXPENSES FOR BONUSES AND DISCOUNTS	98,675	(244,396)	41	2	(145,678)
OPERATING EXPENSES, of which	(25,251,697)	(73,955,463)	(8,977,697)	(1,288,964)	(109,473,821)
- acquisition costs	(9,209,654)	(28,350,516)	(1,294,200)	(204,550)	(39,058,920)
EXPENSES FROM INVESTMENTS IN ASSOCIATES, of which	(565,079)	(619,223)	-	-	(1,184,302)
EXPENSES INVESTMENTS, of which	(442,025)	(1,221,217)	(1,368)	(18)	(1,664,629)
- impairment losses of financial assets not measured at fair value through profit or loss	(164,586)	(887,357)	-	-	(1,051,943)
OTHER INSURANCE EXPENSES	(6,617,765)	(7,945,138)	(182,835)	(60,031)	(14,805,768)
OTHER EXPENSES	(3,837,990)	(7,454,891)	(713,940)	(43,723)	(12,050,544)
PROFIT/(LOSS) BEFORE TAX	(6,215,597)	6,432,757	4,773,694	1,451,140	6,441,994
CORPORATE INCOME TAX	1,151,877	(733,156)	(920,465)	(279,598)	(781,341)
NET PROFIT FOR THE REPORTING PERIOD	(5,063,720)	5,699,602	3,853,229	1,171,542	5,660,652

Statement of other comprehensive income for GENERALI d.d. for the period from 1 January 2020 to 31 December 2020 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	(5,063,720)	5,699,602	3,853,229	1,171,542	5,660,652
OTHER COMPREHENSIVE INCOME AFTER TAXATION	891,427	(1,053,000)	222,118	14,924	75,469
Items not to be allocated to profit or loss in subsequent periods	-	(1,328,020)	-	-	(1,328,020)
Actuarial net gain/loss for pension programmes	-	(1,328,020)	-	-	(1,328,020)
Items that may be allocated to profit or loss in subsequent periods	891,427	275,020	222,118	14,924	1,403,488
Net gain/loss from re-measurement of available-for-sale financial assets	1,100,413	339,269	274,219	18,425	1,732,326
Gain/loss, recognised in revaluation surplus	400,481	(1,115,899)	295,332	21,646	(398,441)
Transfer of gain/loss from revaluation surplus to income statement	699,932	1,455,168	(21,112)	(3,221)	2,130,766
Tax on items that may be allocated to profit or loss in subsequent periods	(208,986)	(64,249)	(52,102)	(3,501)	(328,837)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION	(4,172,293)	4,646,602	4,075,346	1,186,466	5,736,121

Income statement for GENERALI d.d. for the period from 1 January 2019 to 31 December 2019 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings – Reclassification

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
NET PREMIUM INCOME	13,241,307	65,354,044	-	394	78,595,746
Gross written premiums	28,311,288	77,190,383	-	394	105,502,065
Premiums ceded to reinsurers and coinsurers	(14,813,902)	(11,341,982)	-	-	(26,155,885)
Change in unearned premiums	(256,078)	(494,357)	-	-	(750,435)
INCOME FROM INVESTMENTS	11,697,663	1,816,749	-	2	13,514,414
OTHER INCOME FROM INSURANCE OPERATIONS, of which	1,565,618	1,150,217	-	-	2,715,835
- fee and commission income	1,565,618	1,150,217	-	-	2,715,835
OTHER INCOME	748,132	984,787	-	-	1,732,919
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(5,616,766)	(31,828,369)	-	(236)	(37,445,372)
Gross amounts of claims and benefits paid	(11,437,481)	(33,291,693)	-	(236)	(44,729,411)
Reinsurers'/coinsurers' shares	5,786,476	1,119,529	-	-	6,906,005
Change in claims provisions	34,240	343,795	-	-	378,034
CHANGE IN OTHER TECHNICAL PROVISIONS	(583,769)	125,173	-	-	(458,596)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	(7,185,506)	-	-	-	(7,185,506)
EXPENSES FOR BONUSES AND DISCOUNTS	(142,986)	(176,520)	-	-	(319,505)
OPERATING EXPENSES, of which	(12,818,073)	(29,232,688)	-	(9)	(42,050,770)
- acquisition costs	(4,225,363)	(9,541,563)	-	(9)	(13,766,935)
EXPENSES INVESTMENTS, of which	-	(20)	-	-	(20)
OTHER INSURANCE EXPENSES	(270,932)	(3,162,773)	-	(2)	(3,433,707)
OTHER EXPENSES	(480,805)	(1,022,786)	-	(1)	(1,503,592)
PROFIT/(LOSS) BEFORE TAX	153,883	4,007,815	-	147	4,161,845
CORPORATE INCOME TAX	(42,860)	(792,701)	-	-	(835,561)
NET PROFIT FOR THE REPORTING PERIOD	111,023	3,215,114	-	147	3,326,284

Statement of other comprehensive income for GENERALI d.d. for the period from 1 January 2019 to 31 December 2019 by insurance group, in accordance with the Decision on Annual Reports of Insurance Undertakings

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR AFTER TAXATION	111,023	3,215,263	-	-	3,326,286
OTHER COMPREHENSIVE INCOME AFTER TAXATION	261,399	1,179,812	-	-	1,441,211
Items not to be allocated to profit or loss in subsequent periods	(12,885)	(29,501)	-	-	(42,386)
Actuarial net gain/loss for pension programmes	(15,907)	(36,421)	-	-	(52,328)
Tax on items not to be allocated to profit or loss	3,022	6,920	-	-	9,942
Items that may be allocated to profit or loss in subsequent periods	274,284	1,209,313	-	-	1,483,597
Net gain/loss from re-measurement of available-for-sale financial assets	338,622	1,492,980	-	-	1,831,602
Gain/loss, recognised in revaluation surplus	1,048,170	1,503,394	-	-	2,551,564
Transfer of gain/loss from revaluation surplus to income statement	(709,548)	(10,414)	-	-	(719,962)
Tax on items that may be allocated to profit or loss in subsequent periods	(64,338)	(283,667)	-	-	(348,005)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION	372,422	4,395,075	-	-	4,767,497

**Income statement for the period from 1 January 2020 to 30 September 2020 for GENERALI – Zagreb-Branch
- Insurance**

in EUR	GENERALI d.d. 31. 12. 2020	2019
NET PREMIUM INCOME	4,636,479	-
Gross written premiums	5,025,004	-
Premiums ceded to reinsurers and coinsurers	(76,753)	-
Change in unearned premiums	(311,773)	-
INCOME FROM INVESTMENTS	(1,450,153)	-
OTHER INCOME FROM INSURANCE OPERATIONS, of which	610,018	-
- fee and commission income	610,018	-
OTHER INCOME	114,543	-
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(2,275,356)	-
Gross amounts of claims and benefits paid	(1,684,690)	-
Change in claims provisions	(590,666)	-
CHANGE IN OTHER TECHNICAL PROVISIONS	(13,014)	-
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	746,882	-
EXPENSES FOR BONUSES AND DISCOUNTS	(1,066)	-
OPERATING EXPENSES, of which	(2,150,279)	-
- acquisition costs	(1,159,882)	-
INVESTMENT EXPENSES	-	-
OTHER INSURANCE EXPENSES	(742,787)	-
OTHER EXPENSES	(60,793)	-
PROFIT/(LOSS) BEFORE TAX	(585,526)	-
CORPORATE INCOME TAX	-	-
NET PROFIT FOR THE REPORTING PERIOD	(585,526)	-

5. Summary of significant accounting policies

The significant accounting policies used for the preparation of the financial statements are presented in the text below. These accounting policies have been followed consistently in the preparation of the financial statements for the financial year 2020.

The accounting policies used for the preparation of the consolidated and separate financial statements of the companies in the Group are the same as those used for the preparation of the separate financial statements of GENERALI zavarovalnica d.d. for the financial year ended 31 December 2020.

5.1 Intangible assets

Intangible assets are valued at the cost value, that is, intangible assets are carried at cost less amortisation and any accumulated impairment losses.

The annual amortisation rates are determined according to the useful life of an individual intangible asset. The straight-line depreciation method was used. The amortisation of intangible assets is calculated individually by applying the following amortisation rates:

Amortisation rates and useful lives of intangible assets:

Name of intangible asset by amortisation groups	Annual rate of amortisation 2020	Useful life in 2020 in years
Investments in third party intangible assets	20%	5
Other material rights	10%	10
Computer software	20%	5
Other intangible assets	10- 33.3%	3 - 10

The expected useful lives of intangible assets is the period in which it is possible to expect economic benefits from the asset. The useful lives are determined according to the duration of contractual or other rights. Based on this, the useful life cannot be longer from the period in which the Company may use the asset; however, it may be shorter. Intangible assets may have a non-defined useful life if, based on an analysis of all relevant factors, it is determined that there is no foreseeable limit to the period in which it is expected that the asset will generate net cash inflows for the Group.

The impairment test is performed for all significant intangible assets, for which carrying amount exceeds their recoverable amount. An impairment test is performed for all assets whose individual purchase price exceeds EUR

50,000. The determined impairment loss (the asset's carrying amount that exceeds its recoverable amount) is recognised in the income statement as loss due to impairment.

Other intangible assets also include assets with a non-defined useful life, namely the list of investors. At the date of preparation of the financial statements, the Management checks whether the asset is impaired by comparing its carrying amount with its recoverable amount.

The Group/Company derecognises recognised intangible assets upon disposal when it does not expect to gain any future economic benefits from their use or disposal. Gains or losses arising from derecognition of an intangible asset are recognised as a difference between the net disposal proceeds and the carrying amount of the assets and are recognised in the income statement as revaluation income or revaluation expense.

Goodwill

Goodwill can be generated from acquisition of a subsidiary. Upon the acquisition of the investment in the subsidiary, the difference between the fair value of the associated net assets and the fair value of consideration or payment paid by the acquirer is identified. In the event that the given consideration exceeds the fair value of the associated net assets of the subsidiary, goodwill is generated. Goodwill is therefore the calculated surplus of payment made by the acquirer expecting future benefits from assets that cannot be defined or recognised separately.

The goodwill that arises from the acquisition of subsidiaries is recognised as an intangible asset and purchase price less the potential losses due to impairment. However, goodwill that is generated from acquisition of associates is recognised in the value of investments in associates.

Goodwill is measured in the currency of the acquired entity that is as at the day of the acquisition translated into the reporting currency of the acquirer.

Impairment test of goodwill is performed annually and potential impairments are recognised in the income statement. Derecognition of goodwill impairment is not permitted. Gains or losses from the disposal of subsidiaries also include the amount of goodwill related to the disposed of subsidiary.

5.2 Property, plant and equipment

Property, plant and equipment are classified according to

their nature as property (property held for own use) and equipment, which are further divided in subcategories based on their purpose. They are recognised at the time of its acquisition and valued at initial recognition at cost, less accumulated depreciation and accumulated impairment losses. The cost of an item includes its purchase price and all costs directly attributable to bringing the asset to use. An asset is recognized as part of property, plant and equipment once it is ready for use. The value also includes the costs incurred to replace parts of property, plant and equipment that help prolong the useful life of the asset are accounted for as well as the costs which increase future economic benefits from its use (modernisation costs, enhancement costs, costs increasing the capability of the fixed asset).

In the event of changed circumstances, which affect the estimated useful life of an item of property, plant and equipment, the effects of such changes in the useful life are recognised in the income statement.

The annual depreciation rates are determined according to the useful life of an individual item of property, plant and equipment. The useful life of an asset is determined by the expected useful life for the Company. The assessment of the useful life of an asset is a matter of judgment based on the experience of the Company with similar assets. The depreciation method used by the Company is straight-line depreciation. Assets are depreciated when they are available for use, on the first day of the following month.

Depreciation rates and useful lives of property, plant and equipment

Property, plant and equipment by depreciation groups	Annual rate of depreciation 2020	Useful life in 2020 in years
Buildings	1,3 -1,8 %	56-77
Motor vehicles	12.5-15.5 %	6-8
Computer equipment	20.0 %-50%	2-5
Office equipment	10 -25 %	4-10
Other equipment (furniture, fittings & fixtures)	10 -33.3 %	3-10

Property (buildings) held by the Company for own use are part of a whole – of the cash-generating unit, i.e. the Company, which generates cash inflows by performing its principal activities. The Company has defined three cash-generating units - non-life insurance, health insurance and life insurance. The recoverable amount is generally the amount that is larger than the value in use or fair value decreased by costs of sale.

The management believes that in normal (expected) business conditions, the carrying amount of property held for own use is at least equal to the recoverable amount of property. Operating conditions deviate from normal if in the past three years the cash-generating unit has reached a negative profit, which in each case exceeds the amount of the insurance company's significance and

there are no prospects for improving its business in the coming years.

The management assesses the values of these properties in the case the business circumstances significantly change or deviate from normal (expected) business conditions (an individual cash-generating unit has been operating for the last three years) or when the properties intended for own use are reclassified into investment properties.

In such cases, recoverable amount is determined based on property appraisals by external certified appraisers. The appraisals are prepared using the same methodology as used by the Insurance Company for measurement of recoverable amounts of investment property. If the recoverable amount of properties is lower than their carrying amount, such properties are impaired and the Group recognizes this difference in the income statement as an impairment loss and is considered an operating expense. The management derecognises an item of property, plant and equipment when it is disposed of or when it is determined that no economic benefits are expected from its use, at least annually.... Gains or losses arising from the derecognition of an item of property, plant and equipment, as the difference between any net disposal proceeds and the carrying amount of the asset and disposal costs, are recognized in profit or loss as revaluation income or expenses.

Right to use lease assets

Leases of property, plant and equipment are classified in accordance with the contract and the provisions of IFRS 16 Leases. At the time of concluding the contract, the companies in the group assess whether it is a lease contract or whether the contract contains a lease. A contract is a lease or contains a lease if it transfers the right to control the use of an identified asset for a specified period in exchange for compensation.

Upon initial recognition of a lease, the lessee recognizes an asset that represents a right to use and a lease liability. At the date of commencement of the lease, the lessee measures the asset that represents the right to use at cost. The lessee, at the commencement date of the lease, measures the lease liability at the present value of the leases not yet paid at that date. Rents are discounted using a discount rate equal to the current market interest rate applicable to the Company's lending on the date of the lease.

The highest annual depreciation rate corresponding to the actual depreciation period of the asset is used for the depreciation of the right to use the lease asset. Lease liabilities are measured according to the estimated duration of the lease. The Company determines the duration of the lease as the period during which the lease cannot be cancelled. The lease period is the same as the contractual lease term. In cases where it is fairly certain that the lessee will exercise the option to extend the lease, the lease is considered to be long-term.

Rents related to short-term leases (lease duration up to 1

year) and leases where the leased asset is of small value (up to USD 5,000) are recognized as lease costs within operating costs.

5.3 Investment properties

Investment properties (land and buildings) are assets held by the Company with the purpose to earn cash flow from rent, increase in value or both. If a property is classified as an investment property, the management takes into account the purpose of the property.

Investment properties (land and buildings) are measured initially at their cost and recognised at cost comprised of transaction costs and any expenditure directly attributable to purchase. Subsequently, they are measured at cost less any accumulated depreciation and any accumulated impairment losses. The straight-line method is used to calculate depreciation.

Depreciation rates and useful lives of investment properties

Investment properties	Annual rate of depreciation 2020	Useful life in 2020 in years
Buildings	1.3 -1.8 %	56-77

At least once per year, the Management performs an impairment test of investment properties, using accredited independent appraisers qualified to perform valuation of property. For new property, its purchase price is considered as fair value.

The Management performs an impairment test for investment properties, for which the carrying amount exceeds 5% of the materiality in terms of financial statements as a whole. The Group defines the materiality in terms of financial statements as a whole at 3% of the equity, as recorded in the balance sheet.

In the performance of the impairment test for investment properties, the return of each property and market profitability is taken into account. If the actual return of an individual property exceeds the required return of property, the property does not show signs of impairment. Otherwise, the recoverable amount is determined for the property, using the following property valuation methods (also defined in valuation methods in the section on fair value):

- the income approach: this approach is based on the principle of present value of future returns – rent and similar revenues arising from the management of the property (value in use),
- the market approach: this approach determines the indicator value of the real property based on transactions for the same or very similar property. This approach is especially useful for real properties that are sold in large numbers on the secondary market (fair value).

Impairment of an investment property to the value of recoverable amount is performed if the recoverable amount

of the property is lower than the carrying amount, under the same conditions that apply for properties classified as property, plant and equipment.

Property, which the management intends to sell in near future and whose carrying amount will be settled mainly through sale rather than further use, are classified under non-current assets held for sale.

Gains or losses arising from derecognition or disposal of investment property are recognised in the income statement through financial income or expenses.

Lease income from investment property is charged on the basis of issued contracts. Lease income, which refers to the investment property, is stated in the financial statements among other revenues.

5.4 Financial investments in group companies and associates

Subsidiaries are companies in which the Insurance Company, as the controlling company, directly or indirectly holds more than 50% of the voting rights. Irrespective of the nature of its participation in the company, the Insurance Company in particular assesses whether it controls the company and determines whether the company is a controlling company or a subsidiary.

Investments in a subsidiary are valued in separate financial statements using the cost method, which means that they are shown at cost less impairment. Any impairment needs are determined at the end of the financial year or during the year if there are indications of impairment. The assessment of recoverable amount is performed by external appraisers based on external valuations of companies.

The following valuation procedures are used to recognize impairment losses for subsidiaries

- subsidiaries in bankruptcy, financial reorganization (compulsory settlement) or liquidation are impaired to the amount of recoverable amount,
- subsidiaries whose operating results deteriorate and operating losses increase are impaired in the amount of the loss in proportion to the share of ownership when that the value of the company's capital, in proportion to the share of ownership, is lower than the cost of the investment,
- valuation based on discounted cash flows,
- net asset value method.

Impairment losses are measured as the difference between the carrying amount of the investment in the subsidiary and its recoverable amount or amount of the estimated future cash flows, discounted at current market returns for similar assets. The difference in value is recognized as a revaluation financial expense in profit or loss

Associates

The Company considers an investment to be an investment in an associate if it has a significant but not controlling influence. The investments are usually accompanied by direct or indirect ownership of between 20% and 50% of the capital.

After initial recognition, the Company values the investment in the associate at cost. Any impairment needs are determined at the end of the financial year or during the year if there are indications of impairment. The assessment of possible impairments is performed by external appraisers on the basis of external valuations of companies or using internal models. The same procedures are used for the recognition of impairment losses as for subsidiaries, and the difference in value is also recognized as a revaluation financial expense in profit or loss.

In the consolidated financial statements, investments in associates are accounted for by applying the equity method, according to which, they are first recognised at purchase price and then increased or decreased by the associated part of profit or loss of the associate. The acquired dividends lower the purchase price of the financial investment in the associate. The interest of the Group in the profit or loss of the associates is recognised in the income statement of the Group and its share in the revaluation surplus is recognised in other comprehensive income.

5.5 Financial investments

Financial investments are an integral part of the financial instruments of the Company and they are financial assets held for the purpose of using the return generated by them to cover future liabilities arising from insurance and financial contracts and any losses associated with risk arising from insurance contracts. Financial investments are recognised at transaction date. The same applies to the accounting for the regular sale of a financial asset.

Types of financial assets

After initial recognition depending on the purpose for which the investment was acquired, financial assets as classified as:

- loans, deposits and receivables,
- held-to-maturity financial assets,
- available-for-sale financial assets,
- financial assets measured at fair value through profit or loss

Loans, deposits and financial receivables

Loans, deposits and financial receivables are financial assets with fixed or determinable payment amounts and dates that are not quoted in an active market. Loans and receivables are carried at amortised cost using the effective interest rate method. Interest calculated using the effective interest rate method is recognised in the income statement.

Held-to-maturity financial assets

Held-to-maturity financial assets are non-derivative financial assets with fixed or determinable payments and fixed maturities, which the Company has the positive intention and ability to hold until maturity.

After initial recognition, held-to-maturity financial assets are measured at amortised cost, using the effective interest rate method.

The fair value of the long-term securities from this group may be temporarily lower than their carrying amount without resulting in an impairment loss on the investment, except in the case there is a risk of change in the financial position of the issuer.

The interest calculated using the effective interest rate method is recognised in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either classified as available-for-sale (AFS) and are not classified in any of the other categories.

Financial assets are initially recognised at fair value or at cost, for which fair value cannot be measured, namely by performing an impairment test (if a security is not quoted), including all transaction costs. The interest on debt securities related to the available-for-sale financial assets is calculated using the effective interest rate method and recognised through profit or loss. Financial assets designated as available-for-sale are recognised on the transaction date.

Changes in the fair value of securities classified as available-for-sale are recognised in relation to the contents of the occurrence of changes in fair value. The exchange differences on debt securities are recognized in the income statement, and other changes (e.g. change in market rate) are recognized directly in other comprehensive income. For equity securities, all changes in fair value are recognized in other comprehensive income. In the sale or impairment of available for-sale securities, the cumulative adjustment in other comprehensive income is removed and the effects are reported in the income statement.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are divided into two subcategories: the "held for trading" (TRA) subcategory and the "upon initial recognition" (FVD) subcategory:

- the "held for trading" subcategory thus comprises all (short-term) financial assets that were acquired for trading or for which there is evidence of recent short-term profit and all derivatives that are not financial guarantee contracts. This subcategory also includes derivatives used to hedge against risks since companies do not use special rules for accounting treatment of hedging;
- in the "upon initial recognition" subcategory, the Company classifies financial assets tied to long-term unit-linked insurance contracts and financial assets

for the purpose of eliminating or significantly reducing inconsistencies in measurement or recognition (“accounting mismatch”), which would otherwise arise from the measurement of assets or liabilities or from the recognition of gains and losses on various bases.

Financial assets classified as assets measured at fair value through profit or loss upon initial recognition also include financial investments in mutual funds and open investment firms with variable share capital, related to long-term insurance contracts bound to units of investment funds. The group of financial assets at fair value through profit or loss also comprises the policy loans from unit-linked insurance, represented by financial instruments recorded as units and valued using the value of units of funds of related policies.

Financial assets classified at fair value through profit or loss are recognised initially at fair value, and costs of acquisition are recognised in the income statement. Gains or losses arising from changes in the fair value of these financial assets are included in the income statement during the period in which they occur.

Fair Value

Financial assets measured at fair value through profit or loss at initial recognition and available-for-sale financial assets are carried at fair value. Loans, deposits, receivables and held-to-maturity financial assets are stated at amortised cost using the method of future cash flow value discounting using effective interest rates, reduced by impairments.

Fair value is reported if it is reliably measurable. It depends on available market data, which enable the Company to evaluate fair value. The fair value of listed financial asset instruments (equity and debt securities) which have a price on an active securities market is determined as the product of the units of financial assets and the quoted market price or the final rate as at the date of the balance sheet. An appropriate rate is selected depending on the type of financial investment and depending on the organised securities market, on which the financial investment is quoted.

In fair value assessment of equity securities, the Management continuously assesses the market activity, where the final rate of the last day of trading with the security must not be older than one month and the exchange rate used must be based on adequate liquidity, or the turnover on the trading date (regular transactions without batches) must amount to at least 20% of total value of the security position (market value of the last valuation), or at least EUR 50,000 in absolute terms. The smallest of the values is taken into account as a criterion.

In the assessment of fair value of debt securities traded on the regulated securities market, the Management sets an exchange rate based on the closing price published on the stock exchange on the balance sheet date. If there is no information about the closing price on the balance sheet date for an individual debt security, the closing

price from the last day, on which the debt security was traded, will be used, but this closing price may not be older than 14 days. The market price used is based on the use of closing prices of publicly published sources in the following order. Non-market or Unlisted securities and securities whose the price is older than 14 days, meet the definition of a non-active market and are valued under the internal model.

With regard to debt securities traded on a regulated securities market, their fair value for valuation at the balance sheet date is determined on the basis of the below criteria, with the priority of determining the exchange rate being the following:

- Bloomberg CBBT Close BID,
- Bloomberg BVAL Close BID,
- Close buying price of a participant in the Bloomberg system, offering the most liquid and most reliable quotation (BID) of a financial instrument
- Based on the internal model for calculating the fair value of a debt security i.e. the price determined by valuation techniques.

The bid price represents the fair value in accordance with IFRS 13. The mid price is used in the case of an unbiased fair value during the transaction on the part of the buyer and the seller.

Fair value is determined on a monthly basis using internal models. The fair value of corporate debt securities is determined based on the internal model for calculating the fair value of corporate debt securities while for government debt securities based on the internal model for calculating the fair value of government debt securities. Valuation methods and important parameters for individual financial assets are presented in the table below, where the use of different types of methods is also classified according to the fair value hierarchy.

Allocation in the fair value hierarchy

In order to improve compliance and comparability of fair value measurement and related disclosures, financial assets are allocated into three levels of fair value hierarchy. The allocation to a particular level is based on inputs to valuation methods used for fair value measurement. In the fair value hierarchy, the types with highest priority are unadjusted, quoted prices in active markets for identical assets or liabilities (Level 1 inputs), and the ones with the lowest priority are unobservable inputs (Level 3 inputs). The Group follows the following inputs in value estimation techniques:

- Level 1: determined by inputs that present the quoted prices (unadjusted) in an active market for identical assets or liabilities, to which the Company has access on the date of the measurement. They ensure the most reliable proof of fair value and must be used without adjustments for fair value measurement.
- Level 2: determined by inputs that are not quoted prices from Level 1, but could be indirectly or directly observed for an asset or liability. If an asset or liability has a determined (contractual) maturity, the input

must be observable during the whole validity period of the asset or liability. Level 2 inputs include: quoted prices for identical or similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs that are not quoted prices observable for an asset or liability, and inputs, approved on the market.

- Level 3: determined by unobservable inputs that include an insignificant market component, if it exists at all, for the asset or liability on the day of measurement. The goal of fair value measurement remains the same, namely the output price on the day

of measurement from the viewpoint of a participant in the market who owns an asset or has a liability. Therefore, unobservable inputs must reflect the assumptions that would be used by the participants in the market for the estimation of the value of an asset or liability, including the risk assumptions.

Financial assets, for which there is no active market and the fair value of which cannot be measured reliably, are valued at cost and the need for impairment is determined individually. These financial assets are allocated into Level 3 in the fair value hierarchy.

Techniques of value estimation and inputs for allocation to Level 2 and Level 3 of the fair value hierarchy

Type of financial investment	Method of estimation	Important parameters	Applied parameter value	Fair value hierarchy
INTERNAL / EXTERNAL APPRAISERS				
Debt securities	Internal model			
Debt securities - state	Calculation of required profitability	Weighted average of profitability of two liquid state securities of the same country, with shorter and longer maturity		Level 2
		Weight 1: number of days between maturity date of observed security maturity date of the securities for which fair value note		
Debt securities – companies and financial institutions	Calculation of sum of required profitability for	State bonds of comparable maturity	from -0.49% to -0.231%	Level 2
		Credit risk for risky industries (CDS), considering the comparable maturity and investment class rate	from 0.58% to 4.50%	
		illiquidity	from 0.10 to 0.15 %	
Equity securities	Internal model			
	Method of comparable companies on stock exchange	Market indexes: P/E, P/B, P/S, P/EBITDA, F/FCF, based on stock quotations and / or prices of comparable companies and selected financial categories of the company under assessment		Level 3
Investment properties	Authorised external appraisers			Level 3
	Market method	Analysis of actual real estate market transactions	from 65 % to 112 %	
	Revenue method (direct capitalisation method)	Present value of future expected gains		
		Capitalisation rate (gains and repayment)	from 7.72 % to 8.32 %	
		Discount rate	1.05%	
		Allowance for lack of marketability (illiquidity)		

Type of financial investment	Method of estimation	Important parameters	Fair value hierarchy
Capital investments in associates	Authorised external appraisers		
	Net asset value method	Change in prices of real estate	Level 3
	Discounting of cash flows	g (growth rate in period of constant growth)	
		net margin (constant growth period)	
discount rate		14.9%	
	discount for lack of marketability		
EXTERNAL APPRAISERS (market organiser)			
Debt securities - compound	stochastic model, network model HW1f and HW2f	curve of EUR SWAP interest rates, credit adjustments of the issuer, credit adjustments of comparable issuers, volatility of interest rates, correlation matrix, share index volatility	Level 3
Equity securities - compound	stochastic model	curve of EUR SWAP interest rates, credit adjustments of the issuer, credit adjustments of comparable issuers, share index volatility	Level 3
BLOOMBERG BVAL			
Debt securities			
Debt securities - state	Cash flow discounting	EUR interest rate SWAP curve, credit spread by issuer, credit spread by comparable issuers, brokered trades, actual quotes, indicative quotes, BID CBBT price	Level 1
		EUR interest rate SWAP curve, credit spread by issuer, credit spread by comparable issuers, indicative quotes, price valuation BVAL 6-10	Level 2
		EUR interest rate SWAP curve, credit spread by issuer, credit spread by comparable issuers, indicative quotes, price valuation BVAL 1-5	Level 3
Debt securities – companies and financial institutions	Cash flow discounting	EUR interest rate SWAP curve, credit spread by issuer, credit spread by comparable issuers, brokered trades, actual quotes, indicative quotes, BID CBBT price	Level 1
		EUR interest rate SWAP curve, credit spread by issuer, credit spread by comparable issuers, indicative quotes, price valuation BVAL 6-10	Level 2
		EUR interest rate SWAP curve, credit spread by issuer, credit spread by comparable issuers, indicative quotes, price valuation BVAL 1-5	Level 3

Impairment of financial assets

Assets carried at amortised cost

At each balance sheet date, it is assessed whether there is any objective evidence that financial assets are impaired. Impairment losses are recognised and assets are revalued only if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of financial assets, and which have an impact on the estimated future cash flows of the financial asset or group of financial assets. Objective evidence that a financial asset or group of financial assets is overvalued includes observable data on the operations of external companies and relate to the following events:

- significant financial difficulty of the issuer or borrower,
- a breach of contract, such as a default on the payment of interest or principal,
- loan rescheduling under more favourable conditions due to the inability to service the debt,
- bankruptcy of the debtor or financial reorganisation;
- disappearance of an active market for such financial assets due to financial difficulties.

If there is objective evidence that an impairment loss has been incurred on loans and receivables or held-to-maturity financial assets carried at amortised cost, the amount of the loss incurred 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 not been incurred), discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is recognised in the income statement as revaluation financial expense. If a loan or held-to-maturity investment has a variable interest rate, the current effective interest rate determined in the contract is used for discounting cash flows and measuring any impairment loss. Impairment need may also be measured on the basis of an instrument's fair value using an observable market price.

To the extent that a loan is uncollectible, it is written off against the related provisions for loan impairment. Loans are considered uncollectible once all necessary collection procedures have been carried out and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the expenses for loan impairment, recognised in the income statement. Where at later periods impairment losses for debt securities are decreased and the decrease can be related objectively to an event occurring after the impairment was recognised in the income statement (e.g. improved credit rating of the borrower), such impairment losses are reversed by adjusting the income statement items where the amount of the reversal is recognised.

Assets measured at fair value

The Management checks at each balance sheet date for any objective evidence of impairment of financial investments or groups of financial investments classified as available-for-sale, for which it is assessed whether

the decline in fair value is significant or prolonged and, consequently, whether the assets are overvalued. In the assessment of a long-lasting decrease in fair value below the original cost of equity securities, the period taken into account is no more than 12 months from the day when the fair value of capital instruments fell below the original cost for the first time and remained below it for the entire period of 12 months, whereas for the assessment of a significant decrease in fair value the insurance company's management considers at least a 30% decrease in fair value compared to the acquired value. An impairment of debt securities is made in case of financial difficulties of the issuer, in case of contract breach and failure to fulfil payment obligation, debt reprogramming or possibility of bankruptcy.

If there are signs of impairment in held-for-sale financial assets, the cumulative loss measured on the basis of the difference between the estimated costs and the current fair value, less impairment losses of the asset previously recognised in the income statement, are recognised, and the expense is also recognised in the income statement.

Reversal of impairment

If in a subsequent period, the amount of an impairment loss decreases and provided that the decrease can be related objectively to an event occurring after the impairment was recognised, the entity reverses the previously recognised impairment loss by stating a new amount in the value adjustment account. The reversal does not result in a carrying amount of the financial asset exceeding what the amortised cost would have been. The amount of the reversal of impairment for losses is recognised in the income statement, provided it refers to debt securities. For equity securities carried as available-for-sale financial assets, the reversal of impairment through the income statement is not allowed. In such cases, reversal of impairment is done through other comprehensive income.

5.6 Unit-linked insurance contract investments

Unit-linked life insurance assets are disclosed separately, measured at fair value and classified as financial assets at fair value through profit or loss upon initial recognition. Additionally, policy-based loans backed by unit-linked insurance contracts are classified as financial assets at fair value through profit or loss. The latter are treated as financial instruments, accounted for as units and measured at net asset value per unit of insurance policy funds used to back the loans.

The value of the units of financial instruments used as investments of the fund backing unit-linked insurance is calculated as at the balance sheet date by multiplying the number of units of individual financial instruments with their active market price as at that day. Financial investments for unit-linked insurance contracts are revalued on a monthly basis.

5.7 Assets from financial contracts

Assets from financial contracts are recorded separately, because the Company uses the returns arising from such assets to cover obligations from financial contracts and losses due to financial risks, but not losses arising from insurance risk from insurance operations. Financial investments and cash assets are recorded under assets from financial contracts. The Company recognizes and values financial investments of assets from financial contracts in the same way as other financial investments (see Section 5.5).

5.8 Reinsurers' share of insurance technical provisions

The benefits to which the Company is entitled under its reinsurance contracts are recognised as reinsurance assets. These assets consist of short-term balances due from reinsurers, as well as long-term receivables that are dependent on the expected claims and benefits arising under the related reinsurance contracts.

The amounts of these reinsurance assets are determined based on estimated losses or reinsurance loss reserves under the reinsurance contracts, taking into account the shares in unearned premiums.

Reinsurance assets are derecognised when the rights from reinsurance contracts expire or are transferred to a third party.

5.9 Receivables

Recognition of receivables

At initial recognition, receivables are recognised at historical cost on the basis of the issued insurance policy or when policyholders are charged insurance premiums. Reinsurance/co-insurance receivables and other receivables are recognised based on an invoice or other authentic document (e.g. reinsurance settlement). Upon initial recognition, these receivables are recognised at initial value, which is later on reduced for impairment due to adjustments of receivables.

The Company can recourse against a policyholder, i.e. debtor in the amount of the indemnity payment in accordance with the provisions of insurance contracts, when the indemnification, i.e. benefit is calculated, for which it has obtained adequate legal basis for the first payment. In case the indemnity amount in an individual case exceeds EUR 50,000, the subrogation receivable toward the policyholder or debtor is recognised in the balance sheet in the amount not exceeding the estimated indemnity amount. The subrogation receivable is in such cases estimated individually, taking into account individual adjustments of subrogation receivables. In forming subrogation receivables for car insurance, the Company can (based on Article 7 of ZOZP and Article 3 of the

General terms) exercise the right of refund of indemnity paid, including late payment interest and expenses in the maximum amount of EUR 12,000, except if the damage is done intentionally and the Group claims the refund of the total amount.

Before the subrogation receivable is exercised, the unexercised subrogation claims are kept as off-balance sheet items and no impairment is formed. The only exception is subrogation claims under credit insurance that become exercised immediately after inception. Paid subrogation claims are recognised as decrease of claims paid.

Impairment of receivables

At each reporting date (at least on a quarterly basis), the Company reviews whether the estimate of a receivable's fair value or recoverable value is adequate, or it prepares an estimate of the recoverable amount on the basis of the actual realised cash flows over the last observed time period for an individual class of receivables. Where it is not to be expected that claims will be fully settled, the Company has set up indicators for impairment (uncollectibility) of receivables, which trigger the calculation of the impairment charge decreasing the financial result of the Company.

Based on the estimated fair value, i.e. recoverable (collectible) amount of a receivable, adequate adjustments of receivables are made on an individual or collective basis. The fair value, i.e. the recoverable (collectible) amount of receivables is assessed and adequate impairment of an individual receivable is formed if the aggregate carrying amount of all past-due premium payments of a particular insured person, i.e. policyholder, on the valuation date amounts to EUR 50,000 or more.

Any other receivable may be impaired on individual basis that would otherwise be subject to revaluation in the framework of collective value adjustment.

Receivables for which impairment is not assessed individually are classified in groups having similar characteristics of credit risk. These groups are divided into receivables from individuals and legal entities, where in receivables from individuals, the groups differ based on type of payment.

For each group, the value adjustment for individual receivable is determined depending on its maturity and actual (un)realised percentage of payments in the past period for a particular group.

In the case of receivables due from policyholders in the life insurance group, the Company abides by the provisions laid down in the Code of Obligations and general terms and conditions of life insurance contracts. When a policyholder defaults under the contractually determined payment schedule for three instalments, the need to write-down the past-due instalments is recognised. The past-due amounts are impaired in the whole amount (100%), since the probability that payments will never be made or that such insurance coverage will be capitalised is high. Accordingly, adjustments of receivables are reversed.

As regards receivables for unit-linked life insurance contracts, no impairment is recognised since revenues are recognised when premiums are paid.

Value adjustments of subrogation receivables are made collectively. The impairment represent a proportion of actual non-payments in the preceding financial period. Due to a higher default risk, impairments are made individually per subrogation claim above EUR 50,000. After the end of the financial year, the percentage of value adjustment per receivable may be reassessed only if their average recovery rate is substantially changed. The accrued and unpaid interest from transactions with recourse, disclosed in accounts receivable, are impaired at the same percentage as the subrogation receivables. Receivables from the subrogation procedure costs more than 30 days overdue are impaired at the same percentage as the subrogation receivables. For assessment and impairment purposes, factoring claims are treated as subrogation receivables

5.10 Other assets

Other assets comprise inventories, deferred acquisition costs and short-term deferred costs (expenses) and accrued revenues for the cases where the payment of the rendered services refers to a later period.

Deferred acquisition costs

Unearned premiums in the entire amount are recognised in amounts as they arise from the maturity structure of the insurance contracts as at the balance sheet date. The portion of already realised expenses under acquisition costs in relation to the calculated amounts that relate to reporting periods after the balance sheet date are recognised in the full amount as a special item of deferred expenses under the asset items in the balance sheet. Deferred acquisition costs are presented on the basis of the calculated share of gross costs for underwriting fees and commissions in gross insurance premiums and gross unearned insurance premiums for every individual insurance class.

5.11 Cash and cash equivalents

Cash and balances held on the accounts with banks and other financial institutions are treated 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 consists solely of cash, while cash equivalents include demand deposits serving to ensure short-term liquidity and short-term deposits placed with maturity up to 3 months.

Revaluation of monetary assets is performed only for the monetary assets denominated in foreign currencies, if af-

ter initial recognition the exchange rate of the foreign currency against the euro is changed. The foreign exchange difference is recognised as an ordinary financial expense or financial revenue.

5.12 Offsetting financial assets and financial liabilities

Assets and liabilities are offset in the balance sheet when there is a legally enforceable right to set off the recognised amounts on a net basis, namely to realise the asset and settle the liability simultaneously.

Receivables and liabilities arising from internal relationships (between individual funds or general ledgers) are separately presented in financial statements. At the end of the reporting period, the receivables and liabilities among individual funds are offset and the balance is presented as receivables or liabilities, which are offset, i.e. balanced, in the cumulative balance sheet.

5.13 Equity

The Company, as a composite insurance company, discloses the share capital and other capital components separately by insurance groups. The baseline split ratio is established to ensure capital adequacy separately for the non-life insurance segment and separately for the life insurance segment.

Share capital

Share capital is defined with the amounts invested by the owners and with amounts that have been generated through operations and that belong to the owners. Share capital is the nominal value of the fully paid ordinary no-par value shares denominated in euros.

Capital reserves

Capital reserves carry the paid up surplus capital and the amount generated by the elimination of the general capital revaluation adjustment. Capital reserves can be used in accordance with the Companies Act, which strictly defines the terms of capital reserves usage for covering net loss of the period, net loss carried forward or increase of equity using assets of the Company.

Reserves from profit

Reserves from profit are divided to contingency reserves, legal and statutory reserves, treasury shares reserve and other reserves from profit. The reserves from profit are formed pursuant to provisions of the Slovenian Companies Act (ZGD-1), legislation governing insurance for establishing reserves and on the basis of the decision adopted by the Management Board and endorsed by the Supervisory Board according to the needs for achieving

and preserving the adequate level of capital adequacy (other reserves from retained earnings).

Revaluation surplus

The revaluation surplus is recognised in a particular accounting period on the basis of the revaluation of assets performed during the year. The revaluation surplus includes a revaluation adjustment in connection with the changes in and valuation of available-for-sale financial assets at fair value. The amounts of the revaluation surplus shown in the balance sheet are adjusted by the amounts of deferred tax.

Accumulated profit or loss and net profit for the financial year

Accumulated profit or loss consists of retained earnings from previous years, while net profit for the financial year consists of net profit determined in the current year. The net profit of an individual financial year is recognized as retained earnings when a decision on the distribution of the profit of an individual financial year is made and the amounts for settling past losses, amounts for reserves and shares of owners of capital are excluded from it.

5.14 Subordinated liabilities

Under subordinate liabilities, the Company discloses liabilities arising from the issuance of subordinated bonds. Subordinated bonds are debt securities where in the event of insolvency or capital inadequacy of the issuer, the holder is entitled to payment contained in this security only after all liabilities of the issuer against unsecured creditors are settled. In financial statements, subordinated debt is measured at amortized cost

5.15 Classification of insurance and financial contracts

The Group concludes contracts, under which it accepts insurance or financial risk or both types of risk from the policyholder, which is why it classifies its products under insurance and financial contracts.

Insurance contracts

Insurance contracts comprise contracts containing a considerable part of the insurance risk, however they may also contain financial risk, while financial contracts do not contain insurance risk.

A material underwriting risk is defined as the possibility of having to pay significant additional benefits on the occurrence of a loss event. A significant additional benefit is defined as the difference between the benefits payable on the occurrence of a loss event and the benefits payable if the loss event did not occur. The significance of additional benefits is assessed by comparing the maximum difference between the economic value of the payment

in the case of occurrence of loss event and the payment in the remaining cases. As a general guideline, the Company defines 10% as the benchmark for assessment of significance of insurance risk. Insurance risk is material if the additional benefit payable in the event of a loss event is at least 10% of the benefits payable in other events and in the case of long-term insurance, the material significance of the risk lasts at least one year.

Part of insurance contracts held by the Company as at 31 December 2020 in its portfolio includes the option of discretionary participation in the positive result (hereinafter: DPF). Participation in the positive result is defined in the general terms and conditions for life insurance and in specific Rules. Obligations arising from DPF are fully recognised within mathematical provisions.

According to IFRS 4, the discretionary participation is a contractual right to additional benefits supplementary to guaranteed benefits, namely:

- benefits which are likely to represent a significant share of the total contract benefits;
- benefits whose amount or time frame is specified by the insurer; and
- benefits which are contractually based on:
 - the success of a given category of contracts or certain types of contracts;
 - realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
 - the profit of the company, guarantee fund or other entity that issues the contract.

The insurance contracts issued by the Company can be classified according to their characteristics into four main groups:

- non-life insurance contracts,
- health insurance contracts,
- life insurance contracts and
- unit-linked life insurance contracts where investment risk is assumed by the policyholders.

Reinsurance contracts

The contracts concluded between the Company and the reinsurers that entitle the Company to reimbursement of damages arising from one or more insurance contracts issued by the Group, and meeting the criteria of definition of insurance contracts, are classified as reinsurance contracts.

Financial contracts

Financial contracts are contracts that carry financial risk without a material insurance risk and a guarantee.

Financial contracts comprise voluntary supplementary pension insurance concluded under the Pokojninsko varčevanje AS – individualno (Pension savings AS – individual) and Pokojninsko varčevanje AS – kolektivno (pension savings AS – collective) pension schemes.

The Company is managing assets from voluntary supplementary pension insurance in the separate funds Pokojninsko varčevanje AS in accordance with the lifecycle

investment policy. The funds Pokojninsko varčevanje AS, which were formed based on the legislation of the Republic of Slovenia regulating additional pension insurance (SVPI), provides significant financial optimization of saving for supplementary pension as well as tax benefits to both employees and employers.

The Pokojninsko varčevanje AS (Pension savings) guarantee funds consists of:

- the Pokojninsko varčevanje AS Drzni up to 50 fund,
- the Pokojninsko varčevanje AS Umirjeni between 50 and 60 fund,
- the Pokojninsko varčevanje AS Zajamčeni above 60 fund.

The investment policy of each fund is designed specifically for the target age group of policyholders and in accordance with the investment goals for the age group, at which individual funds are aimed. In the Pokojninsko varčevanje AS Zajamčeni above 60, the fund manager assures a return of 60% of average annual interest rate on government securities, which is taking into account the legal basis prescribed by the finance minister for calculation of the minimum return.

5.16 Insurance technical provisions

The Company must establish appropriate insurance technical provisions for liabilities arising from its business. The purpose of technical provisions is to cover future liabilities arising under insurance and any losses arising from risks, which arise out of insurance contracts. Insurance technical provisions are established in accordance with the Insurance Act (ZZavar), the Decision on detailed rules and minimum standards to be applied in the calculation of insurance technical provisions, and the Rules on the formation of insurance technical provisions. The Company recognises as liabilities gross technical provisions and insurance technical provisions for the received co-insurance. The liabilities reinsured and co-insured are reported under the assets of the Company.

Unearned premiums

Unearned premiums are formed in the amount of the portion of the written premiums, which refers to the insurance cover for the insurance period after the end of the reporting period for which the provision is calculated. Unearned premiums are calculated for each individual insurance policy, which had valid coverage at the end of the reporting period. They are also calculated for policies, which become valid after the date of the transfer if a premium was charged before the date of the transfer. In the deferral of charged premium, three different procedures are followed depending on whether the sum insured is equally distributed across the term of the policy or if it is increasing or decreasing:

- equally distributed sum insured - majority of insurance classes;
- increasing sum insured - for building and construction insurance (other damage to property insurance);
- decreasing sum insured - credit insurance.

Mathematical provisions

Life insurance contracts

Mathematical provisions are established in the amount of the present value of estimated future obligations of the Company arising from issued insurance contracts, less the estimated present value of future premiums to be paid on the basis of those insurance contracts. As a rule, the prospective net Zillmer method is used. The Zillmer amount for an individual contract does not exceed 3.5% of the sum insured. Liabilities for every contract are greater than or equal to zero. The Company also establishes a mathematical provision for long-term products, to which probability tables and calculations as for life insurance are applied.

For mixed life insurance contracts and life insurance contracts against the risk of death, the future liabilities reflect the payment of agreed sum insured with allocated surpluses in the event of maturity or payment of agreed sum insured with added surpluses in the event of death. Mathematical provisions for annuity contracts for a limited time are calculated using a prospective net Zillmer method. They are recognised in the amount of the current value of estimated future payments of agreed annuities (with allocated surpluses), including expenses for annuity payment less the estimated present value of future premiums to be paid on the basis of those insurance contracts.

Mathematical provisions for pension insurance of the ring-fenced fund of collective additional pension insurance for PN-A01 are calculated as a product of the value per unit of the long-term business fund and the number of units held as at the day of calculation. The guaranteed liability to policyholders is therefore covered. An additional provision is formed for surplus returns over the guaranteed return (for the allocation of regular and final bonuses). Revaluation reserve of available-for-sale financial assets of long-term business fund of supplementary pension insurance is also recognised in mathematical provisions. Provisions arising from guaranteed premium factors for the calculation of additional old-age pension are formed in the amount of current value of future benefits, which the policyholders can decide to accept upon exercising the right to receive additional old-age pension. These provisions are recognised within the framework of mathematical provision for life insurance guarantee business fund.

In annuity insurance (whole life annuity, whole life annuity with guaranteed payments until the insured person is 78 years old, or guaranteed payment for the period of 10 years) future liabilities of the Company are payments of the agreed annuities, including attributed surpluses and annuity payment costs.

Future liabilities of the policyholder are future premiums agreed in the contract.

Once a year (at the end of the year), the amount of profit attributable to the holders of participating policies (the DPF portion) is determined. Mathematical provisions are increased by the amount attributed to eligible policyholders.

The surplus attributed to an individual mixed life insurance policy is considered to represent a one-off premium for the remaining insurance period and it is calculated in an additional sum insured (additional annuity in annuity insurance), which is guaranteed. An additional sum insured is paid out in the event of death or endowment. For some insurance products, prompt payment of allocated surplus is possible, while for some insurance products the surplus is allocated to the policy as additional assets in the policyholder's account.

Unit-linked life insurance contracts

Mathematical provision for unit-linked life insurance represents the value of assets held on the insured person's policy. The total value of mathematical provisions is the sum of units of an individual fund multiplied by the asset value per unit of the fund. With some insurance products, the aggregate provision is increased by the amount of the paid premium, which has not been converted into a unit (there is a time delay between the payment of the premium and purchase order and the actual transfer of the purchased units to the insured's personal account). Depending on the insurance product, provisions are increased by any advance payments

Claims provisions

Claims provisions are established in the amount of the estimated liabilities which the Company is obliged to pay on the basis of insurance contracts, where an insurance event occurs before the end of the reporting period, and regardless whether the insurance event has already been reported, including all costs incurred to the Group on the basis of these contracts.

No discounting of the claims provisions is applied, except for claims and benefits paid from liability insurance, which are paid out as annuities.

Provisions for incurred and reported claims are formed on the basis of an estimate of the value of expected payments, separately for each claim.

The provisions for IBNR claims are calculated by applying the triangle method (combines features of the Chain-Ladder method and the Bornhuetter-Ferguson technique).

The triangle method is based on calculated or recognized claims with annual (or monthly) development factors, depending on the characteristics of the claims event and the claims settlement procedures in each insurance class. The basis for the calculation is the pattern of claims settlement in previous years, taking into account expected trends in the future. For this purpose, multi-annual time series of claims settlement are used. The triangle method is based on the best estimate of the total amount of the provision for claims, increased by the level of security. The IBNR is calculated as the difference between the final claims of an individual claim year and the recognized claims of that year. Any negative amounts of IBNR per individual year of damage are set to 0.

The method of calculating the IBNR claims provision for claims that are settled in the form of an annuity is based on an estimate of the number and amount of subsequently reported annuity claims as well as on an assessment of the increased liability for already reported annuity cases. The claim provision is decreased by estimated expected subrogations.

The provisions for appraisal costs and claim settlement costs are included in the gross provisions for claims

Other insurance technical provisions

Provisions for bonuses, discounts and cancellations

Provisions for bonuses are formed in the amount of the estimated amount of the expected bonus for those policies, where the policyholder is entitled to bonus reimbursements. Liabilities are calculated on the basis of the bonus reimbursement rule, which is specified in the insurance contract.

The provision for cancellation is formed in the amount of estimated reimbursement to policyholders in the event of premature cancellation of a contract/policy, taking into account unearned premium reserves of individual contracts.

Other insurance technical provisions

The Company presents provisions for unexpired risk among other insurance technical provisions.

Provisions for unexpired risk are established to cover claims and expenses associated with active insurance contracts, which will incur after the accounting period and are not covered under unearned premium provision. Provisions for unexpired risks are calculated at the level of line of business. The criterion for their formation is the negative result from existing contracts expected in the next year on the basis of an LAT. The provisions for unexpired risk are also formed in other special cases when the Company is aware of the accepted liabilities for which there are no unearned premiums formed.

5.17 Liabilities from financial contracts

Liabilities from financial contracts comprise obligations of the Pokojninsko varčevanje AS funds. These are formed for voluntary supplemental pension insurance concluded using the Pokojninsko varčevanje AS – individualno and Pokojninsko varčevanje AS – kolektivno pension schemes. They are calculated based on the collected net premium from policyholders by savings account and fund by multiplying the number of asset units in the fund with the value of an asset unit in the fund on the valuation date. Net premium of policyholders (savers) is gross written premium less entry costs.

In relation to the liabilities from financial contracts in the fund with a guaranteed return (Pokojninsko varčevanje AS guaranteed above 60), the guaranteed asset value is also calculated – the number of guaranteed asset units multiplied with the value of the guaranteed asset

unit on the valuation date. The guaranteed return under the adopted pension scheme for the Pokojninsko varčevanje AS guaranteed above 60 provides guaranteed return of 60% of the average annual interest rate on government securities, taking into account the legal basis prescribed by the finance minister to calculate the minimum guaranteed return and is verified on the valuation date.

If asset value in an individual savings account is lower than the guaranteed asset value, the Company will form liabilities (or reservations) due to the lack of guaranteed return, which may not, however, exceed 20% of the capital of the Company. Liabilities to savers for failing to achieve guaranteed return are formed within the Company's own life insurance funds, namely among other long-term liabilities under Pension and Disability Insurance Act (ZPIZ 2). Within the Pension Savings Fund - AS Guaranteed from 60, these liabilities are kept as contingent liabilities to savers among off-balance sheet items, which are, upon payment (surrender), paid in the value calculated on the day of surrender.

5.18 Other provisions

Other provisions are formed for present obligations arising from past events to be settled for the period that has not been determined with certainty and whose value cannot be reliably assessed.

Employee benefits

Employee benefits include provisions for the unused part of annual leave, provisions for long-service benefits and provisions for termination benefits at retirement and are presented as a separate item under other provisions and accruals.

Post-employment and other long-term employee benefits

The items referring to post-employment and other long-term employee benefits include:

- retirement allowances and
- long-service benefits

for which provisions for long service benefits and retirement allowances are formed. Provisions are calculated in accordance with the Projected Unit Credit Method in accordance with the IAS 19 (the method for calculating benefits in proportion to the work performed), and the calculation takes into account mortality, employee retention, future increase in salaries, expected inflation rate and expected return on investments. In the balance sheet, liabilities are recognised as net present value of all post-employment liabilities. The future cash flows are discounted by applying the market rate for investment-grade bonds on the balance-sheet date. The discount rate assumption is based on the ECB curve (including all EU countries), by taking into account the average rate according to the expected duration of liabilities arising from termination

benefits at retirement and long service benefits. The adequacy of the applied actuarial assumptions is reviewed periodically.

For the purpose of forming provisions for long-service benefits, the amount of one to two average gross salaries (depends on the long service) in the Company is taken into account. Long service benefit liability upon reaching the threshold of 10, 20 or 30 years of service of an employee is recognised pro rata with the years of service with the employer.

As a basis for establishing retirement allowances, the amount of three or two (set out in an individual employment contract/collective agreement) gross salaries (of the employee or the average salary in the Republic of Slovenia in case it is higher) is taken into account. The liability for retirement allowances is recognised through the entire period of service of the employee.

The liabilities for provisions for retirement allowances and long service benefits are recognised on the basis of obligations, which arise from the concluded employment contracts and effective labour legislation, also include taxes and contributions of the employer.

Retirement allowances and long service benefits are recognised as operating costs (labour costs) in the income statement when they are paid. The same goes for the recognition of changes in these provisions due to repayments or new formations. Revaluation of provisions for retirement allowances, arising from an increase or decrease of the present value of liabilities due to changes in actuarial assumptions and adjustments arising from experience are recognised as actuarial gains or losses within other comprehensive income.

5.19 Operating liabilities

Operating liabilities are initially carried at historical cost that arises from appropriate documents. Later on, they are increased in accordance with the documents and decreased on the same basis or based on the payments made.

Liabilities arising from direct insurance contracts, reinsurance and co-insurance coverage liabilities, and current tax liabilities are recognised amongst operating liabilities. The liabilities for the payment of premiums on the basis of reinsurance contracts are recognised as reinsurance liabilities.

5.20 Other liabilities

Other liabilities include the determined short-term accrued and deferred items that comprise short-term employee benefits, short-term accrued expenses and short-term deferred revenues, liabilities for the payout of dividends and other operating liabilities, such as current liabilities to employees, bonds/securities, liabilities for consumer loans, received advances and other similar items.

Short-term employee benefits

Liabilities for short-term employee benefits are accounted for in nominal value and presented as labour costs in the income statement. Short-term employee benefits represent salaries, holiday pay, etc.

Short-term accrued expenses

Short-term accrued expenses are set up with the intention to spread disbursements over the income statement, even though these expenses have not been incurred. Considering past developments in operations, the management can estimate the expenses that will incur for the period concerned, even though they did not yet receive appropriate documents. Based on this estimate, the amount is taken into account in the financial statement. When the business event occurs, accrued expenses are decreased and the difference between accrued and actual expenses is recognised through profit or loss. Apart from that, expenses for unused annual leave are carried under short-term accrued expenses.

5.21 Revenues and expenses

Revenues include fair value of received compensation or receivables for the sale of services under the normal operating conditions of the Company. All categories of revenues and expenses for non-life, health and life insurance are presented separately. Revenues from insurance services (gross written premiums) are carried at invoiced amounts excluding tax on insurance contracts (DPZP), refunds, discounts and rebates. An exception to this is revenues from unit-linked insurance services that are accounted as paid realisation. Other revenues are accounted for a net value excluding value-added tax.

Revenues from insurance premiums

Net revenues from insurance premiums are calculated as gross written premium increased by the premium received under co-insurance and decreased by the premium ceded to co-insurance and reinsurance and decreased by the change in net unearned premium reserves. The basis for recognising gross insurance premiums is invoiced premiums, with the exception of unit-linked guarantee funds and life insurance where the basis is the paid premium.

When non-life and health insurance contracts are terminated, the calculated revenues from premiums are decreased by the proportional part of the unexpired period for which the insurance premium has been calculated. In the accounting books, gross insurance premiums and reinsurance and/or co-insurance share are recorded separately.

Revenues from insurance premiums are monitored separately by insurance group and lines of business.

Revenues and expenses from investments

Revenues and expenses from investments include revenues arising from interest, realised gains/losses from the disposal of investments, dividends, gains and losses from foreign exchange differences, and revenues and expenses from the reversal of impairment or impairment of financial assets.

Revenues and expenses for interest on investments are recognised through profit or loss upon their occurrence and are calculated in accordance with the effective interest rate method, except for financial assets measured at fair value through profit or loss, in which case, they are calculated using the nominal interest method. In the balance sheet, the interest on all debt securities is posted together with financial investments.

Profit (loss) arising from disposal of investments is recognised in the income statement among realised financial revenues and expenses. As regards available-for-sale financial assets, recognised at amortised cost, profit or loss is recognised in the income statement when it is realised, when such assets are revalued due to impairments or when previously recognised impairment for these assets is reversed.

Gains and losses from exchange difference calculated for assets in foreign currencies. They are translated at the balance sheet date by applying the reference exchange rate of the European Central Bank published by the Bank of Slovenia. Relevant exchange rates published by the Bank of Slovenia on a monthly basis for business entities can also be used for foreign currency translation.

Dividend income on a capital instrument is recognised in the income statement when the right to receive payment is established.

Impairments and reversal of impairment of financial investments

Fee and commission revenue for insurance and financial contract management are recognised as other insurance revenues.

Revenue from **fees and commissions from insurance contracts** is mostly revenue from reinsurance fees and commissions.

Revenue from **fees and commissions from financial contracts** is mostly revenue from entry/exit fees (for entry and exit costs) and fees for management of financial contracts. In accordance with the pension scheme of the voluntary pension insurance, the Group or the parent company as the fund manager is entitled to the charged entry fee, which means that the gross written premium is reduced by the entry costs. For asset management within the funds, net premium is therefore used. The Group calculates the net asset value of individual funds on a monthly basis and charges a management fee, which belongs to the fund manager and reduces the asset value of the fund. Upon termination of saving account or exit (surrender), the Group is entitled to the surrender fee, reducing the surrender value of the saver by the exit fee.

Other revenues

Under other revenues, other net insurance revenues and revaluation operating revenues are carried. Furthermore, other revenues include revenues from rentals of investment properties charged on the basis of the concluded lease contracts and other operating revenues such as the recovered amount of previously written-off debt, received fines and damages, and other similar items.

Net claims incurred

Net claims incurred are direct expenses arising from the insurance business. They are carried separately by line of business.

Net claims incurred are composed of gross claims paid that include direct and indirect claims handling costs and are increased in the income statement by claims from received co-insurance and decreased by the claims ceded to co-insurance and reinsurance and increased by the change in net claims provisions.

Net claims incurred arising from health insurance contracts also include revenues or expenses from equalisation schemes.

Operating expenses

Gross operating expenses are recognised as historical costs by natural and functional groups in the income statement. Claims handling costs are an integral part of expenses for claims paid, while acquisition costs and other operating costs are presented separately. In the disclosures, total operating expenses are presented by natural and functional groups.

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. The Group defers expenses for the acquisition of non-life insurance contracts.

Under life insurance contracts with discretionary participation feature (DPF) and financial contracts with DPF, acquisition costs are deferred on the basis of the Zillmer adjustment method when mathematical provisions are calculated.

Other insurance expenses

Other insurance expenses include expenses such as expenses for preventive activity, contributions for settling claims for damage made by uninsured and unidentified vehicles, and other net insurance expenses.

Other expenses

Expenses from investment properties, revaluation op-

erating expenses, and other operating and financial expenses not arising from investments are carried under other expenses.

5.22 Taxes and deferred taxes

Tax expense includes current tax and deferred tax. The tax expense is recognised either in the income statement or in the statement of other comprehensive income, when the taxes refer to revenues or expenses which are recognised in the statement of other comprehensive income (in equity), i.e. when tax liabilities are recognised as tax assets from prior periods.

Tax assessment

The Company calculates and pays tax on insurance transactions in accordance with the Insurance Premium Tax Act at the rate of 8.5% of the taxable amount.

The Company charges VAT for the taxable part of its activities in accordance with the Value Added Tax Act and exercises the right to deductible VAT. For its basic activity the Company is entitled to a 1% deduction of VAT (the rate is checked annually). The Company exercises the right to a 100% deduction of VAT for the activity of property lease.

Current tax or corporate income tax is calculated in accordance with the Corporate Income Tax Act, whereby the tax rate is equal to the legally valid rate on the date of the balance sheet. For all companies in the Group based in the Republic of Slovenia, the tax rate for 2020 was 19%.

The Company had a subsidiary in the Republic of Croatia, generating an operating result abroad, until 30 September 2020. Slovenia and Croatia signed an international bilateral agreement on avoiding double taxation, based on which the taxation of profit generated by the subsidiary is made in the country where the head office of the company is situated. The taxable profit generated by the Company abroad, is first subject to taxation in the country of the subsidiary, that is the Republic of Croatia, using the effective tax rate (18% in 2020), and then reported in the tax report of the parent company in Slovenia, where the previously paid tax abroad is deducted, but only up to the level of tax rate effective in Slovenia (19% in 2020). After the transfer of the portfolio of the Zagreb Branch, the Company ceased to operate in the territory of the Republic of Croatia after 1 October 2020.

In the countries outside the Republic of Slovenia, tax is calculated using tax rates determined by local legislation. In North Macedonia, the income tax in 2020 was calculated using 10% tax rate, and in Croatia, it was calculated using 18% tax rate applicable in 2020.

Tax expenses consist of current taxes and deferred taxes. These are recognized in the income statement or in the statement of other comprehensive income when taxes relate to revenue or expenses recognized through the statement of other comprehensive income (in equity) or if

tax liabilities are recognized for tax assets from previous periods.

Deferred taxes

Deferred taxes are effects of the differences between the carrying amount of the posted items in the balance sheet and their tax value, calculated in accordance with the liability method under the balance sheet for all temporary differences. Deferred taxes are accounted for as deferred tax assets or as deferred tax liabilities.

Deferred tax assets and deferred tax liabilities have been established for the financial year under review and for the past financial years to the extent that it is probable that future taxable profit will be available and tax will be paid to the tax authorities (recovered from the tax authorities), by applying the tax rates (and tax regulations) effective as at the balance sheet date. Any deductible temporary differences are recognised if it is to be expected that disposable taxable income will be posted against which the temporary differences can be utilised. Any deductible temporary differences are recognised by the prescribed tax rate for the year when disposable taxable profit is expected.

Deductible temporary differences are expenses not recognised for tax purposes that arise primarily from provisions set up for employee benefits, calculated depreciation that exceeds the amount of the calculated depreciation at the rates recognised for tax purposes, and revaluation adjustments as a consequence of temporary impairment of receivables and financial investments in the statement of other comprehensive income.

5.23 New and amended standards with interpretations, which are not yet effective

In the current financial year, in the preparation of consolidated and separate financial statements, the Group Companies observed all new and amended standards and interpretations issued by the International Accounting Standards Board - IASB and its competent committee (International Financial Reporting Interpretations Committee - IFRIC of the IASB) effective for the periods ending 31 December 2019, as adopted by the European Union (hereinafter: the EU). Exceptions are newly adopted or amended standards and interpretations which are effective for annual periods beginning on or after 1 January 2020 and are presented below.

The abbreviations used in the text have the following meaning:

IFRS – International Financial Reporting Standards,
IAS – International Accounting Standards,
IFRIC – Interpretations to the International Financial Reporting Standards issued by the competent committee of the Board for IFRS, and
SIC - standards interpretations issued by the Standards Interpretations Committee.

New standards, interpretations and amendments to existing standards, as adopted by the EU

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. Management has assessed that the amendments, when initially applied, will not have a material impact on the financial statements of the Group Companies and 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 the amendments, when initially applied, will not have a material impact on the financial statements of the Group Companies and the Company.

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

In September 2019, the IASB issued amendments to IFRS 9, IAS 39 and IFRS 7, which concludes its work to respond to the effects of Interbank Offered Rates (IBOR) reform on financial reporting. 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. The amendments are effective for annual periods beginning on or after 1 January 2020 and must be applied retrospectively. 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). Management has assessed that the amendments, when initially applied, will not have a material impact on the financial statements of the Group Companies or the Company.

B) Standards which are not yet effective and have not been adopted early by the Group Companies or the Company

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. In March 2020, the IASB decided to postpone the effectiveness of the standard until 2023. 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 has assessed the effect of the standard on the financial statements of the Company and expects that the new Standard, when initially applied, will have a material impact on the financial statements of the Company. This effect however cannot be estimated reliably at this time.

IFRS 17: Insurance Contracts (Amendments), IFRS 4: Insurance Contracts (Amendments)

The amendments to IFRS 17 are effective, retrospectively, for annual periods beginning on or after 1 January 2023, with earlier application permitted. The amendments aim at helping companies implement the Standard IFRS 17. In particular, the amendments are designed to reduce costs by simplifying some requirements in the Standard, make financial performance easier to explain and ease transition by deferring the effective date of the Standard to 2023 and by providing additional relief to reduce the effort required when applying IFRS 17 for the first time.

The amendments to IFRS 4 change the fixed expiry date for the temporary exemption in IFRS 4 Insurance Contracts from applying IFRS 9 Financial Instruments, so that entities would be required to apply IFRS 9 for annual periods beginning on or after 1 January 2023. The Amendments to IFRS 17 have not yet been endorsed by the EU. Management of the Group Companies and of the Company is still assessing the effect of the amendments, with the possibility to temporary exempt from applying IFRS 9 and the continuation in applying IAS 39 until 1 January 2023.

The management of the Group Companies and the Company decided to temporarily exempt from the application of IFRS 9, because the main activity of the Group is related to insurance. The Company assessed whether it meets the conditions for temporary exemption as at 31 December 2015 and found that the liabilities arising from insurance contracts under IFRS 4 represent 94.00%. In the years from 31 December 2015 to the reporting date of 31 December 2020, there were no changes in the Group's activities that would affect the possibility of temporary exemption from the application of IFRS 9.

Overview of liabilities arising from insurance contracts under IFRS 4

Liability type	Value as at 31.12.2015	% of total liabilities
Insurance-technical provisions and other liabilities arising from direct insurance transactions	237,230,089	94.00%
Deferred tax liabilities	1,483,857	1.00%
Operating liabilities	14,580,770	6.00%
Total	253,294,716	100.00%

Below are disclosures that enable users of the Group's and Companies' financial statements to compare with companies which apply IFRS 9.

The table below shows the analysis of the fair value of financial assets at the end of the reporting period and changes in fair value during the reporting period. Financial assets are divided into assets whose contractual cash flows represent only repayments of principal and interest on the outstanding amount of principal, excluding financial assets held for trading and all other financial assets.

Overview of the fair value and its changes in 2020 for the Group

in EUR	SPPI financial assets			Other financial assets		
	Fair value as on 1.1.2020	Fair value as on 31.12.2020	Fair value change	Fair value as on 1.1.2020	Fair value as on 31.12.2020	Fair value change
Debt securities	189,028,517	528,218,679	339,190,162	-	3,727,003	3,727,003
Equity securities	8,567,265	49,728,912	41,161,647	343,081	484,328	141,247
Loans and deposits	227,672	4,192,140	3,964,468	-	-	-
Financial receivables	14,363,328	2,102,075	(12,261,253)	-	-	-
Cash and cash equivalents	9,373,210	12,459,127	3,102,233	-	-	-
Total	221,559,992	596,700,933	375,157,257	343,081	4,211,331	3,868,250

Overview of the fair value and its changes in 2020 for the Company

in EUR	SPPI financial assets			Other financial assets		
	Fair value as on 1.1.2020	Fair value as on 31.12.2020	Fair value change	Fair value as on 1.1.2020	Fair value as on 31.12.2020	Fair value change
Debt securities	186,705,445	522,486,298	335,780,853	-	3,727,003	3,727,003
Equity securities	7,076,482	48,275,072	41,198,590	-	-	-
Loans and deposits	178,011	3,946,756	3,768,745	-	-	-
Financial receivables	14,363,328	1,978,343	(12,384,985)	-	-	-
Cash and cash equivalents	7,634,602	10,477,241	2,842,639	-	-	-
Total	215,957,868	587,163,710	371,205,842	-	3,727,003	3,727,003

The table below shows the carrying amount of assets whose contractual cash flows represent exclusively repayment of principal and interest on the outstanding principal amount, based on credit risk ratings. The carrying amount is measured in accordance with IAS 39 before adjusting the value of assets measured at amortized cost.

Exposure to credit risk of the SPPI assets for the Group

Carrying amount	AAA	AA/A	BBB	BB/B	Unrated	Total 31.12.2020
Debt securities	14,401,152	332,654,470	139,876,583	29,219,405	5,988,651	522,140,261
Loans and deposits	-	-	-	1,240	3,995,174	3,996,415
Financial receivables	-	-	-	-	1,978,343	1,978,343
Cash and cash equivalents	-	-	319,458	3,580,412	7,527,471	11,427,341
Total	14,401,152	332,654,470	140,196,040	32,801,058	19,489,639	539,542,360

Exposure to credit risk of the SPPI assets for the Company

Carrying amount	AAA	AA/A	BBB	BB/B	Unrated	Total 31.12.2020
Debt securities	14,401,152	332,654,470	139,876,583	29,219,405	5,988,651	522,140,261
Loans and deposits	-	-	-	1,240	3,945,515	3,946,756
Financial receivables	-	-	-	-	1,978,343	1,978,343
Cash and cash equivalents	-	-	319,458	3,580,412	6,577,371	10,477,241
Total	14,401,152	332,654,470	140,196,040	32,801,058	18,489,880	538,542,601

The table below shows the fair value and carrying amount of assets whose contractual cash flows represent exclusively repayments of principal and interest on the outstanding principal amount, which the Group has determined do not have low credit risk. The carrying amount is measured in accordance with IAS 39 before adjusting the value of assets measured at amortized cost.

Financial assets which do not have a low credit risk as on 31.12.2020 for the Group

in EUR	Fair value as on 31.12.2020	Carrying amount as on 31.12.2020
Debt securities	35,208,056	35,208,056
Loans and deposits	4,030,554	3,995,174
Financial receivables	2,016,364	2,016,364
Cash and cash equivalents	11,107,883	11,107,883
Total	52,362,858	52,327,478

Financial assets which do not have a low credit risk as on 31.12.2020 for the Company

in EUR	Fair value as on 31.12.2020	Carrying amount as on 31.12.2020
Debt securities	35,208,056	35,208,056
Loans and deposits	3,980,895	3,945,515
Financial receivables	1,978,343	1,978,343
Cash and cash equivalents	10,157,783	10,157,783
Total	51,325,078	51,289,698

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 the amendments, when initially applied, will not have a material impact on the financial statements of the Group Companies or 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. However, in response to the covid-19 pandemic, the Board has deferred the effective date by one year, i.e. 1 January 2023, to provide companies with more time to implement any classification changes resulting from the amendments. 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 is assessing the impact of amendments on financial statements.

IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020 (Amendments)

The amendments are effective for annual periods beginning on or after 1 January 2022 with earlier application permitted. The IASB has issued narrow-scope amendments to the IFRS Standards as follows:

- IFRS 3 Business Combinations (Amendments) update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.
- IAS 16 Property, Plant and Equipment (Amendments) prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.
- IAS 37 Provisions, Contingent Liabilities and Contingent Assets (Amendments) specify which costs a company includes in determining the cost of fulfilling a contract for the purpose of assessing whether a contract is onerous.
- Annual Improvements 2018-2020 make minor amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases

The amendments have not yet been endorsed by the EU. Management has assessed that the amendments will not have a material impact on the financial statements of the Group Companies or the Company.

IFRS 16 Leases-Covid 19 Related Rent Concessions (Amendment)

The amendment applies, retrospectively, to annual reporting periods beginning on or after 1 June 2020. IASB amended the standard to provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic.

The amendment provides a practical expedient for the lessee to account for any change in lease payments resulting from the covid-19 related rent concession the same way it would account for the change under IFRS 16, if the change was not a lease modification, only if all of the following conditions are met:

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021.
- There is no substantive change to other terms and conditions of the lease.

Management has assessed that the consequences of the Covid-19 pandemic in 2020 did not have a material impact on the calculation of lease payments in the financial statements of the Group Companies and the Company.

Interest Rate Benchmark Reform – Phase 2 – IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (Amendments)

In August 2020, the IASB published Interest Rate Benchmark Reform – Phase 2, Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, completing its work in response to IBOR reform. The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR). In particular, the amendments provide for a practical expedient when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, to require the effective interest rate to be adjusted, equivalent to a movement in a market rate of interest. Also, the amendments introduce reliefs from discontinuing hedge relationships including a temporary relief from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component. Furthermore, the amendments to IFRS 4 are designed to allow insurers who are still applying IAS 39 to obtain the same reliefs as those provided by the amendments made to IFRS 9. There are also amendments to IFRS 7 Financial Instruments: Disclosures to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy. The amendments are effective for annual periods beginning on or after 1 January 2021 with earlier application permitted. While application is retrospective, an entity is not required to restate prior periods. Management has assessed that the amendments, when initially applied, will not have a material impact on the financial statements of the Group Companies or the Company.

5.24 Changes in accounting policies in 2020

Change in accounting policies regarding the formation of unearned premium

In 2020, due to the harmonization of the policies of the two insurance companies after the merger, the Company changed the policy related to the formation of unearned premium for non-life insurance. In 2019, unearned premium was formed in the way that acquisition costs reduced the calculated unearned premium by a flat rate. Following the change of the policy, the assessment of deferred acquisition costs reduces acquisition costs within operating costs. As they relate to the duration of the contract, they are delimited in the part relating to the period after the accounting date. Deferred acquisition costs are recognized

as an expense in the income statement when they are incurred.

In the statement of financial position, deferred acquisition

costs are recorded among other assets. In the income statement, the change in deferred acquisition costs was reclassified to non-life insurance acquisition costs

The impact of the change in accounting policy on the items of the statement of financial position

v EUR	GENERALI d.d. 31.12.2019	GENERALI d.d. Reclassification of items	GENERALI d.d. 31.12.2019 (Reclassification)	GENERALI d.d. 1.1.2019 (Reclassification)
Assets	362,601,111	3,742,456	366,343,567	329,215,657
Intangible assets	952,661		952,661	677,923
Property, plant and equipment	2,778,694		2,778,694	1,041,044
Financial investments in subsidiaries and associates	298,022		298,022	298,022
In loans and deposits	194,244,183		194,244,183	185,758,793
In held-to-maturity financial assets	178,011		178,011	220,388
In financial assets measured at fair value	194,033,928		194,033,928	185,514,245
Unit-linked investments of policyholders	32,244		32,244	24,160
Amounts of technical provisions ceded to reinsurers	66,414,605		66,414,605	51,966,082
Assets from investment contracts	75,719,980		75,719,980	66,890,262
Receivables from direct insurance business	13,646,573		13,646,573	14,836,230
Receivables from reinsurance and coinsurance	5,780,581		5,780,581	5,641,414
Income tax receivables	6,518,176		6,518,176	7,993,320
Other receivables	158,797		158,797	-
Other assets	1,189,019		1,189,019	1,201,496
Cash and cash equivalents	911,465	3,742,456	4,653,921	1,185,819
Off-balance sheet items	7,634,928		7,634,928	6,561,482
Equity and liabilities	362,601,111	3,742,456	366,343,567	329,215,657
Equity	53,272,989		53,272,989	48,503,183
Share capital	39,520,347		39,520,347	39,520,347
Capital reserves	3,731,544		3,731,544	3,729,236
Reserve from profit	222,799		222,799	222,799
Reserve due to fair value measurement (Revaluation surplus)	6,260,229		6,260,229	4,819,017
Retained net earnings	211,784		211,784	-
Net profit or loss for the financial year	3,326,286		3,326,286	211,784
Technical provisions	153,381,879	3,742,456	157,124,335	149,736,370
Unearned premiums	24,210,657	3,742,456	27,953,113	23,469,829
Mathematical provisions	55,263,716		55,263,716	54,096,179
Outstanding claims provisions	58,747,978		58,747,978	58,129,314
Other technical provisions	15,159,528		15,159,528	14,041,048
Insurance technical provisions for unit-linked insurance	66,311,354		66,311,354	51,940,343
Other provisions	1,550,794		1,550,794	1,011,376
Deferred tax liabilities	1,456,957		1,456,957	1,118,895
Other financial liabilities	1,874,693		1,874,693	-
Operating liabilities	75,374,938		75,374,938	68,225,859
Liabilities from direct insurance contracts	4,056,308		4,056,308	3,661,215
Liabilities from reinsurance and coinsurance contracts	71,318,630		71,318,630	64,040,877
Income tax liabilities	-		-	523,767
Other liabilities	9,377,507		9,377,507	8,679,631

The impact of the change in accounting policy on the items of the income statement

in EUR	GENERALI d.d. 2019	Reclassification	GENERALI d.d. 2019 Reclassification
NET PREMIUM INCOME	78,669,098	(73,353)	78,595,746
Gross written premiums	105,502,065		105,502,065
Premiums ceded to reinsurers and coinsurers	(26,155,885)		(26,155,885)
Change in unearned premiums	(677,082)	(73,353)	(750,435)
INCOME FROM INVESTMENTS	13,518,943		13,518,943
OTHER INCOME FROM INSURANCE OPERATIONS, of which	3,962,606		3,962,606
- fee and commission income	3,475,408		3,475,408
OTHER INCOME	1,689,414		1,689,414
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(37,445,372)		(37,445,372)
Gross amounts of claims and benefits paid	(45,471,987)		(45,471,987)
Reinsurers'/coinsurers' shares	7,648,583		7,648,583
Change in claims provisions	378,034		378,034
CHANGE IN OTHER TECHNICAL PROVISIONS	(458,596)		(458,596)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	(7,185,506)		(7,185,506)
EXPENSES FOR BONUSES AND DISCOUNTS	(319,505)		(319,505)
OPERATING EXPENSES, of which	(40,544,310)	73,353	(40,470,958)
- acquisition costs	(13,840,288)	73,353	(13,766,935)
EXPENSES INVESTMENTS, of which	(37,524)		(37,524)
OTHER INSURANCE EXPENSES	(6,661,234)		(6,661,234)
OTHER EXPENSES	(1,026,168)		(1,026,168)
PROFIT/(LOSS) BEFORE TAX	4,161,845		4,161,845
CORPORATE INCOME TAX	(835,561)		(835,561)
NET PROFIT FOR THE REPORTING PERIOD	3,326,284		3,326,284

The change of the policy did not have an impact on the 2019 income statement.

5.25 Significant accounting estimates and judgements

5.25.1 Impairments of available-for-sale financial assets

In Group Companies, available-for-sale financial assets are impaired when Management determines that there has been a significant or prolonged decline in the fair value of the assets below their cost. Determining what is important or longer-lasting requires judgment. In making this judgement, the Company examines, inter alia, the following: normal share price volatility and the duration of falling prices, the issuer's financial condition, industry and sector performance, changes in technology and cash flows from operations and financing, and changes in the active market for such financial asset due to possible financial difficulties of the issuer. In its accounting policies, the Company defined the criterion of importance, which affects the recognition of this part of impairment in the case of equity securities in the income statement, to be a significant decrease in fair value below cost by more than 30% or long-term decrease over 12 months.

5.25.2 Impairment losses on receivables and loans

In determining whether losses from impairment of receivables and loans should be recognised in the profit and loss statement, the Management decides whether there are indications of any decrease of future cash flows of a group of loans or receivables. Such indicators can involve changes in the repayment of receivables or economic circumstances which can be linked to a potential halt in the repayment of loans or receivables in the Company. The Management uses estimates based on past losses. In 2020, the Company applied the same methodology for assessment of appropriateness estimates of recoverability of receivables (see Section 5.9.) and calculates impairment adjustments of receivables as in previous years. The review of loans gave no indications that an impairment would be required.

5.25.3 Measurement of investment property recoverable value

Due to potential impairments, the fair value of investment properties is checked at least once a year by independent certified appraisers qualified to perform property valuation.

5.25.4 Estimations of insurance technical provisions

Non-life and health insurance contracts

Claims reported but not settled

Provisions for reported claims are based on the estimated ultimate cost of reported claims, separately for each claim. The material damages are assessed by claim adjusters employed in the Company, while the nonmaterial damages and claims incurred in court proceedings are assessed by lawyers (attorney-at-law) of the Company. The assessments are made based on experience by taking into account the expected future trends (inflation, service price inflation, changes in court practice ...). Within the item claim provisions, the provisions for claims arising from liability insurance contracts were also formed; they are paid out as annuities, namely in the amount of the capitalised value of the annuity by taking into account a 1.75% interest rate.

Claims incurred but not reported (hereinafter: IBNR)

The provisions for IBNR liabilities are calculated by applying the triangle method. It combines features of the chain-ladder method on paid or recognized losses and the Bornhueter-Ferguson technique.

The claims are arranged in a triangle where the rows represent the year of loss event occurrence, while the columns represent the number of years lapsed between the year in which the loss event occurred and the year in which claims are paid or recognised. Triangles for ordinary claims, triangles for large claims and triangles for claims from mass events (flood, storm, hail) are prepared and treated separately for each line of business (with the exception of transport insurance, which is combined into a common triangle). The prediction of ultimate claims is based on the chosen method of annual development factors.

Estimations of individual claims are regularly reviewed and adjusted if needed due to new information. IBNR provisions are determined by the Company based on analysis of past loss events, using different mathematical and statistical methods. The Company assumes that claims development in the future will be realised similarly as in the past, and takes into account the perceived trends and variances. Within the calculations of provisions for claims, also assessments of success of future subrogation and level of future claims settlement costs are made. The adequacy of applied assumptions and assessments is periodically reviewed and new conclusions are used in the future valuations.

Due to an increase in the portfolio of life insurance in the event of death, the Group started forming IBNR for the risk in the event of death.

Life insurance contracts

Liabilities arising from standard life insurance contracts with DPF are calculated on the basis of the technical bases used in the calculation of the product premium or tak-

ing into account the safer assumptions arising from legal requirements or the Company's assessment.

The main assumptions used by the Company are the following:

- future mortality (a set of statistical tables is used to estimate mortality: tables issued by statistical authorities, Slovenian mortality tables from the year 1992 and 2007, modified Austrian mortality tables for 1980), tables defined by reinsurers, tables for annuity insurance (e.g. German tables from the year 1987 and 1994), etc.)

- interest rate (in the 0% to 4% bracket),
- the acquisition costs up to the legal limit.

The Company performs a test of the adequacy of formed liabilities for life insurance contracts. The assumptions used for the purpose of determining the adequacy of the provisions formed for life insurance contracts and the findings are described in more detail in the section on the liability adequacy test (Section 6.2.1).

In 2020, the Company did not modify the assumptions used for the calculation of liabilities arising from life insurance contracts.

Other technical provisions

In 2020, the Company formed additional provisions for complementary health insurance on the basis of the Act Determining Temporary Measures to Mitigate and Remedy the Consequences of COVID-19 (ZZUOOP) and the Fifth package of measures to mitigate the effects of the epidemic (PKP5), which impose on companies providing complementary insurance the obligation to pay claims arising from the national tender in the amount of the excess between the estimated and actual expenditures for surcharges on health services, which excess is the result of measures during the declared epidemic.

These provisions have been formed within other technical provisions under provisions for unexpired risks.

5.25.5 Estimates of future payments under life insurance contracts

The principal estimates and assumptions used for the calculation of liabilities arising from the issued life insurance contracts refer to expected mortality, subrogations and cancellations, return on investment, administrative expenses and future premiums. These assumptions are determined when concluding a contract and are used to calculate liabilities in the course of the insurance period. New assessments are prepared at each reporting period for the purpose of establishing whether previously determined liabilities are adequate. If it is decided that the liabilities are adequate, the assumptions are not changed. If liabilities are not adequate, the assumptions are modified so as to reflect expectations in accordance with the best estimate. A more detailed description of assumptions and the way in which they are determined can be found in the section about the liability adequacy test and in the section on insurance risk.

5.25.6 Employee benefits

Employee benefits are recognised in the financial statements on the basis of estimates of future liabilities that will derive from

- payments of long-service benefits to the employees who will fulfil the statutory/legal conditions in the future;
- retirement allowances for the employees who will fulfil the conditions for retirement in the future and who will be employed in the Company on that day.

With regard to liabilities arising from long-term employee benefits, the Company formed provisions for long-service benefits and retirement allowances on the basis of the International Accounting Standard 19. Provisions are calculated on the basis of the actuarial valuation method, i.e. projected unit credit method or the method of accounting for benefits in proportion to the period of service. In accordance with IAS 19, provisions are calculated as the discounted value of future cash flows, taking into account certain assumptions

Main assumptions included in the calculation of provisions for retirement allowances and long-service benefits:

- discount rate,

- growth of the average monthly gross wages in the Republic of Slovenia,
- expected salary growth in the Company,
- expected mortality expressed based on Slovenian tables,
- employee turnover, analysed separately for sales employees (agents) and other employees.

5.26 Measurement of financial assets and liabilities at fair value

Fair value of financial assets and liabilities is the amount by which an asset can be exchanged or a debt can be repaid between knowledgeable and willing parties in an orderly transaction. The fair value assessment of financial investments depends on the availability of market data serving as a basis for fair value assessment by the Group Companies. The Group uses the valuation techniques presented in Section 5.5. to measure financial assets at fair value and classify them into hierarchy.

Assets, operating receivables and operating liabilities which are of short-term nature are not included in the display of assets and liabilities at fair value because it has been confirmed that their carrying value is a very good approximation of fair value.

Financial assets categorised in the fair value hierarchy in 2020 for GENERALI Group Slovenia

in EUR as at 31 Dec 2020	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss, held for sale	484,328	484,328	-	-	-
Equity securities	484,328	484,328	-	-	-
Financial assets measured at fair value through profit or loss, at initial recognition	3,727,003	3,727,003	1,162,081	-	2,564,922
Debt securities	3,727,003	3,727,003	1,162,081	-	2,564,922
Available-for-sale financial assets	547,062,706	547,062,706	490,553,079	37,361,655	11,961,752
Equity securities	5,479,391	5,479,391	4,025,550	-	-
Debt securities	513,297,637	513,297,637	458,241,851	37,361,655	11,961,752
Investment coupons of mutual funds	28,285,678	28,285,678	28,285,678	-	-
Unit-linked investments of policyholders	361,641,512	361,641,512	297,135,500	-	64,506,012
Assets from investment contracts	21,588,703	21,588,703	20,886,706	293,822	408,175
Total financial assets measured at fair value	934,504,252	934,504,252	809,737,366	37,655,477	79,440,861
Held-to-maturity financial assets	10,848,153	14,921,193	14,901,097	20,097	-
Debt financial instruments	10,848,153	14,921,193	14,901,097	20,097	-
Available-for-sale financial assets	15,998,415	15,998,415	-	-	15,998,415
Equity securities	15,998,415	15,998,415	-	-	15,998,415
Assets from investment contracts	1,134,606	1,134,606	-	-	1,134,606
Loans and deposits	4,132,138	4,132,138	-	-	4,132,138
Unit-linked investments of policyholders	15,511,087	15,511,087	-	-	15,511,087
Investments in associates	12,302,057	12,302,057	-	-	12,302,057
Total financial assets for which the fair value is disclosed	59,926,455	63,999,495	14,901,097	20,097	49,078,302
TOTAL ASSETS	994,430,707	998,503,747	824,638,462	37,675,574	128,519,163
Bonds issued (Subordinated liabilities)	49,779,308	49,779,308	-	49,779,308	-
Total liabilities for which the fair value is disclosed	49,779,308	49,779,308	-	49,779,308	-
TOTAL LIABILITIES	49,779,308	49,779,308	-	49,779,308	-

Financial assets categorised in the fair value hierarchy in 2019 for GENERALI Group Slovenia

in EUR as at 31 Dec 2020	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss, at initial recognition	32,244	32,244	31,228	-	1,016
Investment coupons of mutual funds	32,244	32,244	31,228	-	1,016
Available-for-sale financial assets	194,033,927	193,781,927	182,786,454	7,807,693	3,187,780
Equity securities	997,755	745,755	745,755	-	-
Debt securities	186,705,445	186,705,445	175,709,972	7,807,693	3,187,780
Investment coupons of mutual funds	6,330,727	6,330,727	6,330,727	-	-
Unit-linked investments of policyholders	66,414,605	66,414,605	65,314,899	-	1,099,706
Total financial assets measured at fair value	260,480,776	260,228,776	248,132,581	7,807,693	4,288,502
Loans and deposits	178,011	178,011	-	-	178,011
Investments in subsidiaries and associates	298,022	298,022	-	-	298,022
Total financial assets for which the fair value is disclosed	476,033	476,033	-	-	476,033
TOTAL ASSETS	260,956,809	260,704,809	248,132,581	7,807,693	4,764,535

Level 3 assets and liabilities

Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2020 for GENERALI Group Slovenia

(in EUR)	1. 1. 2020	Total profit/loss in profit or loss	Total profit/loss in comprehensive income	Purchase	Sale	Transfers (to) from Level 3	Exchange rate differences	GENERALI d.d. 31.12.2020
Assets measured at fair value								
Financial assets measured at fair value through profit or loss, at initial recognition	1,016	(2,107)	-	307,939	(1,016)	2,259,090	-	2,564,922
Debt securities	-	(2,107)	-	307,939	-	2,259,090	-	2,564,922
Investment coupons of mutual funds	1,016	-	-	-	(1,016)	-	-	-
Available-for-sale financial assets	3,187,780	27,850	-	16,130,401	(7,094,956)	(289,324)	-	11,961,751
Debt securities	3,187,780	27,850	-	16,130,401	(7,094,956)	(289,324)	-	11,961,751
Unit-linked investments of policyholders	1,099,706	(21,362)	-	-	-	63,427,668	-	64,506,012
Assets from investment contracts	-	(1,312)	-	409,487	-	-	-	408,175
Total assets	4,288,502	3,069	-	16,847,827	(7,095,972)	65,397,434	-	79,440,861

Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2019 for GENERALI Group Slovenia

(in EUR)	1 Jan 2019	Total profit/loss in profit or loss	Total profit/loss in comprehensive income	Purchase	Sale	Transfers (to) from Level 3	Exchange rate differences	GENERALI d.d. 31.12.2019
Assets measured at fair value								
Financial assets measured at fair value through profit or loss, at initial recognition	-	-	-	1,016	-	-	-	1,016
Investment coupons of mutual funds	-	-	-	1,016	-	-	-	1,016
Available-for-sale financial assets	154,297	-	-	3,033,483	-	-	-	3,187,780
Debt securities	154,297	-	-	3,033,483	-	-	-	3,187,780
Unit-linked investments of policyholders	-	-	-	1,099,706	-	-	-	1,099,706
Total assets	154,297	-	-	4,134,205	-	-	-	4,288,502

Among level 3 movements, only financial assets measured at fair value are shown. The movements and reclassifications into level 3 are not shown for the financial assets whose fair value is measured at cost. Among the

Group Companies, only the Insurance Company has level 3 financial assets and the explanations are added in the section below, showing the level 3 movements for the Insurance Company.

Financial assets categorised in the fair value hierarchy – Level 3 movement in 2020 for GENERALI d.d.

in EUR as at 31 Dec 2020	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss, at initial recognition	3,727,003	3,727,003	1,162,081	-	2,564,922
Debt securities	3,727,003	3,727,003	1,162,081	-	2,564,922
Available-for-sale financial assets	539,876,486	539,876,486	490,553,079	37,361,655	11,961,752
Equity securities	4,025,550	4,025,550	4,025,550	-	-
Debt securities	507,565,258	507,565,258	458,241,851	37,361,655	11,961,752
Investment coupons of mutual funds	28,285,678	28,285,678	28,285,678	-	-
Unit-linked investments of policyholders	361,641,512	361,641,512	297,135,500	-	64,506,012
Assets from investment contracts	21,588,703	21,588,703	20,886,706	293,822	408,175
Total financial assets measured at fair value	926,833,704	926,833,704	809,737,366	37,655,477	79,440,861
Held-to-maturity financial assets	10,848,153	14,921,193	14,901,097	20,097	-
Debt financial instruments	10,848,153	14,921,193	14,901,097	20,097	-
Available-for-sale financial assets	15,998,415	15,998,415	-	-	15,998,415
Equity securities	15,998,415	15,998,415	-	-	15,998,415
Assets from investment contracts	1,134,606	1,134,606	-	-	1,134,606
Loans and deposits	3,946,756	3,946,756	-	-	3,946,756
Unit-linked investments of policyholders	15,511,087	15,511,087	-	-	15,511,087
Investments in subsidiaries and associates	45,172,441	45,172,441	-	-	45,172,441
Total financial assets for which the fair value is disclosed	92,611,458	96,684,498	14,901,097	20,097	81,763,305
TOTAL ASSETS	1,019,445,162	1,023,518,202	824,638,462	37,675,574	161,204,166
Total financial liabilities measured at fair value					
Bonds issued (Subordinated liabilities)	49,779,308	49,779,308	-	49,779,308	-
Total liabilities for which the fair value is disclosed	49,779,308	49,779,308	-	49,779,308	-
TOTAL LIABILITIES	49,779,308	49,779,308	-	49,779,308	-

Financial assets categorised in the fair value hierarchy – Level 3 movement in 2019 za GENERALI d.d. Reclassified

in EUR as at 31 Dec 2020	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss, at initial recognition	32,244	32,244	31,228	-	1,016
Investment coupons of mutual funds	32,244	32,244	31,228	-	1,016
Available-for-sale financial assets	194,033,927	193,781,927	182,786,454	7,807,693	3,187,780
Equity securities	997,755	745,755	745,755	-	-
Debt securities	186,705,445	186,705,445	175,709,972	7,807,693	3,187,780
Investment coupons of mutual funds	6,330,727	6,330,727	6,330,727	-	-
Unit-linked investments of policyholders	66,414,605	66,414,605	65,314,899	-	1,099,706
Total financial assets measured at fair value	260,480,776	260,228,776	248,132,581	7,807,693	4,288,502
Loans and deposits	178,011	178,011	-	-	178,011
Investments in subsidiaries and associates	298,022	298,022	-	-	298,022
Total financial assets for which the fair value is disclosed	476,033	476,033	-	-	476,033
TOTAL ASSETS	260,956,809	260,704,809	248,132,581	7,807,693	4,764,535

Level 3 assets and liabilities
Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2020 for GENERALI d.d.

v EUR	1. 1. 2020	Total profit/loss in profit or loss	Total profit/loss in comprehensive income	Purchase	Sale	Transfers (to) from Level 3	GENERALI d.d. 31.12.2020
Assets measured at fair value							
Financial assets measured at fair value through profit or loss, at initial recognition	1,016	(2,107)	-	307,939	(1,016)	2,259,090	2,564,922
Debt securities	-	(2,107)	-	307,939	-	2,259,090	2,564,922
Investment coupons of mutual funds	1,016	-	-	-	(1,016)	-	-
Available-for-sale financial assets	3,187,780	27,850	-	16,130,401	(7,094,956)	(289,324)	11,961,751
Debt securities	3,187,780	27,850	-	16,130,401	(7,094,956)	(289,324)	11,961,751
Unit-linked investments of policyholders	1,099,706	(21,362)	-	-	-	63,427,668	64,506,012
Assets from investment contracts	-	(1,312)	-	409,487	-	-	408,175
Total assets	4,288,502	3,069	-	16,847,827	(7,095,972)	65,397,434	79,440,861

In 2020, following the merger of AS d.d., the Company acquired EUR 9,766,601 of debt securities which belong to Level 3. Of these, EUR 307,939 in the group of financial assets measured at fair value, EUR 9,049,175 available-for-sale financial assets and EUR 409,487 assets from financial contracts.

In addition, in 2020, the Company purchased EUR 7,081,226 worth debt securities in the group of available-for-sale financial assets.

The Company reclassified EUR 68,715,533 financial assets from Level 2 to Level 3, of these:

- EUR 3,028,774 available for sale assets,
- EUR 2,259,090 assets measured at fair value through profit or loss
- EUR 63,427,669 assets from unit-linked investments of policyholders

The Company reclassified EUR 2,132,040 financial assets from Level 3 to Level 2, of these

- EUR 2,112,835 available for sale assets
- EUR 19,205 held-to-maturity assets.

Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2019 for GENERALI d.d.

(in EUR)	1 Jan 2019	Total profit/loss in profit or loss	Total profit/loss in comprehensive income	Purchase	Sale	Transfers (to) from Level 3	Exchange rate differences	GENERALI d.d. 31.12.2019
Assets measured at fair value								
Financial assets measured at fair value through profit or loss, at initial recognition	-	-	-	1,016	-	-	-	1,016
Investment coupons of mutual funds	-	-	-	1,016	-	-	-	1,016
Available-for-sale financial assets	154,297	-	-	3,033,483	-	-	-	3,187,780
Debt securities	154,297	-	-	3,033,483	-	-	-	3,187,780
Unit-linked investments of policyholders	-	-	-	1,099,706	-	-	-	1,099,706
Total assets	154,297	-	-	4,134,205	-	-	-	4,288,502

Sensitivity analysis of financial assets classified to Level 3 is shown below

Sensitivity analysis of non-listed securities

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Value of investments classified to Level 3	12,675,759	-	12,675,759	-
Estimated value deviation	(245,861)	-	(245,861)	-
Capital investments in associates	-	-	-	-
Estimated value deviation	-	-	-	-

Level 3 financial assets valuation methods

Valuation of equity is carried out by application of internal valuation models, while the valuation of debt securities is carried out on the basis of the BID rate from the BVAL source (score from 1 to 5).

Assumption/Parameter	Change
Interest rate change	0,5

Reclassification of financial assets between levels

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Reclassification from Level 1 to Level 2	-	451,316	-	451,316
Reclassification from Level 2 to Level 1	317,619,161	-	317,619,161	-

Until 31 December 2020, the Company did not reclassify financial asset between groups due to the change in their intended use nor due to the change in capital market conditions. The Company reclassified debt securities from Level 2 to Level 1 because they met the conditions for classification at Level 1 (sufficient liquidity on the stock exchange).

6. Risk management

The assets of the parent company GENERALI zavarovalnica d.d. are a significant part of the property of the Group.

As the only insurance company in the Group, the parent company is already exposed to insurance risks by the nature of its business, as its activity is underwriting insurance contracts with which it accepts risk from its policyholders. As all other financial organizations and companies in the Group, it is also exposed to various financial risks, such as liquidity, credit and market risks (interest

rate, currency and price risks). In addition to exposure to insurance and financial risks, the Group Companies are also exposed to operational risks and other risks, including strategic risk and reputational risk.

The purpose of risk management is to ensure stable and long-term operations and decrease exposure to individual risks. Risk management is a continuous cyclical process that can be broken down into three stages. In the first stage, potential risks are identified. In the second stage, individual risks are modelled and measured.

Risk profile of the Group and of the Company in 2020

Risks	Explanation
Risk of capital inadequacy	The capital adequacy of the Company remains in the target area of the set risk appetite in capital adequacy, which ensures a sufficient excess of own funds over capital requirements. The Company uses a standard formula to determine these. The Company manages the risk primarily by maintaining adequate excess capital over its solvency needs.
Insurance risks	With a view of its portfolio, the Company identifies non-life insurance risks, health insurance risks and life insurance risks among insurance risks. The Company maintains premium growth, the combined ratio is within the strategically defined area. The profitability of pension and life insurance is hampered by the difficult situation on the financial markets, especially by low interest rates. Together, insurance risks represent the largest share in the Company's capital requirements.
Credit risks	In order to manage credit risk, the Group Companies regularly monitor and manage individual exposures within the risk and ensure a good diversification of the portfolio. Credit risks, as well as operational ones, do not represent a significant share of the Company's total capital requirements.
Market risks	Despite the demanding conditions on the financial markets and the prolonged low interest rates, the Group Companies manage market risks, maintain a conservative investment policy and will increasingly take into account sustainability criteria when investing. Market risks represent the largest individual module of capital requirements according to the standard formula.
Operational risks	The Group Companies regularly monitor operational risks and take measures to manage them. In 2020, the identified key risks comprised risks in the field of information technology, thus these were analysed in more detail and key measures were identified to reduce them. In the same year, the Company had to face the outbreak of the Covid-19 pandemic. The preventive measures turned out to be well set, as the Company started operating smoothly almost immediately.

Based on the identification and measurement of risks in the Company, the Management Board takes appropriate measures to reduce or manage these risks (third line of defence). In addition to the above, a continuous system of monitoring the effectiveness of implemented measures, monitoring of residual risks and early detection of potential new risks has been established. The risk management leverages of the Company can be various, depending on the level of exposure and the type of risk. In order for the risk management system to be effective, it follows the risk management strategy and policy adopted by the Company's management. The goal of effective risk management is not to avoid risks at any cost, but to consciously take appropriate risks and take appropriate measures to prevent their materialisation or to prevent that their eventual materialisation causes excessive economic damage. Management accepts risks with the awareness that, in principle, riskier transactions bring higher returns and that the optimisation of the risk-return ratio is crucial for ensuring adequate security for policyholders while at the same time increasing the Company's value.

In addition to setting guidelines regarding the balance between risks, returns and capital, guidelines for the implementation of business policies and strategies for individual segments in the Company, Management also promotes transparent and unambiguous decisions and processes which represent a very important building block of risk awareness in the Company. By constantly upgrading the risk management function of the Group Companies, the latter remain prepared for all the risks that await them in future operations. A general presentation of the risk management system and processes is presented in the management part of the annual report in Section 8.1.

6.1 Capital adequacy requirements and capital management

One of the most important missions of GENERALI zavarovalnica, which is also required by law, is ensuring an adequate capital level (capital adequacy) in line with the volume and types of insurance business and the risks it

is exposed to in the course of its operations.

In the framework of its capital management policy, the Company pursues the goal of maintaining a certain surplus of available capital above the required level (pursuant to applicable legislation), which not only ensures protection against unpredictable adverse events but also guarantees continued operation and coverage for potential losses from current operations, while maintaining adequate return on capital. Ensuring a suitable surplus of capital above the required level represents, apart from profitability of operations and liquidity, one of the two most significant accepted risk appetites.

Disclosure of capital adequacy in accordance with the Solvency II Directive and the new Insurance Act (ZZavar-1) became binding for the Company as of the beginning of 2016. The Company has recorded a surplus of available capital above the required level (SCR) since Day 1 when the new regime came into effect. The capital under the Solvency II regime differs from the carrying amount as it is calculated as the difference between the fair value of assets and liabilities, while all balance sheet items, which have not been measured in this way so far, need to be revalued at fair value for the purposes of Solvency II. A major difference is seen especially in technical provisions, which are considered as the best estimate increased by risk margin in accordance with the Solvency II principles. In April 2020, the Company published the Solvency and Financial Condition Report for 2019. The report was also reviewed by an independent external auditor, and it is evident from the report that at the 2019 year-end the Company had a surplus of own assets above the required capital. The Company confirms that as at 30 September 2020, the day of the last assessment and report to the regulator on capital adequacy in line with Solvency II, it achieved capital adequacy showing capital surplus above the required SCR level and the accepted risk appetite.

The Company performs the own risk and solvency assessment (ORSA) as an additional verification of capital surplus adequacy, bringing a new perspective on the assessment of the Company's capital adequacy by comparing the own assessment of the Company's risk profile with the assumptions used in the calculation of regulatory capital requirements to check if the regulatory SCR calculation method (standard formula) covers the entire risk profile of the Company correctly. As part of the own assessment, the impact of planned activities in terms of their effect on the Company's capital adequacy in its future operations was also tested.

The management and supervisory bodies of the Company need to be aware of and clearly understand the implications of strategic decisions for the above-mentioned capital aspects of the Company, as well as consider whether these implications are desired, feasible or if the Company can even afford them, considering the amount and quality of own funds. Therefore, in line with the applicable policies, all major strategic decisions that could affect the capital requirements and the company's available capital are examined in terms of their impact on the Company's capital adequacy.

According to the results of the own risk and solvency assessment, the capital adequacy of the Company exceeds risk appetite, also in comparison with the own assessment of capital requirements over the entire business planning period. Furthermore, according to the own risk and solvency assessment, the tested negative shocks and scenarios would not jeopardize the capital adequacy.

6.2 Types of risks

6.2.1 Insurance risks

Insurance risks are all possible risks which the Group faces during its principal activity - acceptance of risk from a policyholder. The GENERALI Group Slovenia has only one insurance company - the parent company GENERALI zavarovalnica d.d. The section concerning insurance and reinsurance risks provides purely insurance-related content and is thus specific only to the parent company GENERALI. In this case, the interpretations and disclosures of the parent company GENERALI are the same for the Group. Given the nature of insurance contracts, insurance risk is random and unpredictable. It can be materialised at any stage of the Company's principal activity, be it the formation of insurance product (the product is improperly designed), the formation of price (price risk that the amount of premium is insufficient to cover contractual obligations and compensation of losses) or underwriting risk (wrong decision about risk acceptance, non-compliance with the price list and terms of insurance, signing insurance contracts based on false data, improper reinsurance for particular risks, improper assessment of probable maximum loss (PML), insurance for concentrated risks (e.g. geographic concentration), insufficient employee qualifications for risk assessment). When accepting risks for insurance, the following risks can occur as well: the risk of insufficient technical provisions, claim risk (the risk that the reported number or amount of claims will exceed the expected values and that the retention will be too high due to improper reinsurance security, especially in case of catastrophic events), the risk of change in policyholder behaviour (which reflects especially in the number of insurance fraud attempts) and, last but not least, the risk of changes in the economic environment, which can lead to a lower number of policies signed due to a lower purchasing capacity and a higher number of contract surrenders and of claims enforced.

The Company manages insurance risks primarily through effective implementation of internal controls, internal auditing, through forming adequate technical provisions to cover future liabilities from already issued insurance contracts and through appropriate reinsurance. Much attention is devoted to the development of new products to ensure that the relevant statistics are carefully observed already in the process of product development, confirming the appropriateness of the considered assumptions. After the implementation of a product, the Company constantly monitors the underwriting results by line of business, analyses any deterioration and corrects premium rates or

terms of insurance, if necessary. The other area, critical for the materialisation of insurance risks, is the underwriting process. The Company controls this risk by means of instructions on the underwriting process, stricter criteria and procedures for risk acceptance, especially for high sums insured and coverage. Specialised departments in charge of high risks (in the field of non-life insurance) monitor the development of particular insurance contracts and may deny renewal of contracts or re-assess the underwritten risk. Reinsurance is an important means of insurance risk management and will be described in further detail in the following text.

Concentration of insurance risk

Concentration of insurance risk is the exposure of the insurance portfolio to loss events over a certain territory, which may result in mass damage of insured buildings as part of the same event.

The concentration of insurance risk is managed by means of various types of reinsurance per risk, per event and in annual aggregate, where all these types are complementary.

Non-life insurance contracts

As regards non-life insurance, the Company is exposed to various types of risk associated with the sectors of the economy in which policyholders engage in business activities.

Aggregate underwritten sum insured under all contracts

(in EUR)	Net of reinsurance 2020	With reinsurance 2020	Net of reinsurance 2019	With reinsurance 2019
0–9,999 euros	371,128,555	350,884,802	181,307,501	82,482,917
10,000–29,999 euros	1,043,167,927	948,000,090	483,787,602	212,028,274
30,000–59,999 euros	950,471,190	618,349,604	268,800,578	89,590,618
60,000–99,999 euros	768,051,516	277,551,451	197,197,730	34,394,745
Over 100,000 euros	689,234,124	143,949,108	310,059,110	30,908,487
Total	3,822,053,313	2,338,735,055	1,441,152,522	449,405,042

Note: The disclosure shown in the table is the same for the insurance company GENERALI as for the Group. An explanation is given in the first paragraph of Section 6.2.1.

For annuity insurance risk, concentration is presented

Structure of annually paid annuities

in EUR	TOTAL ANNUAL ANNUITY PAYMENTS IN 2020		TOTAL ANNUAL ANNUITY PAYMENTS IN 2019	
	amount	%	amount	%
Annual annuity payments to the insured person				
EUR 0–999	340.547	11,62%	31.107	43,72%
EUR 1,000–1,999	791.126	26,99%	23.054	32,40%
EUR 2,000–2,999	556.567	18,98%	6.806	9,56%
EUR 3,000–3,999	407.641	13,91%	3.582	5,03%
Over EUR 4,000	835.735	28,51%	6.609	9,29%
Total	2.931.616	100%	71.159	100%

Note: The disclosure shown in the table is the same for the insurance company GENERALI as for the Group. An explanation is given in the first paragraph of Section 6.2.1ku poglavja 6.2.1

The concentration of individual risks is determined by analysing the insurance portfolio. For this purpose, a detailed examination of the exposure to the following risks by number, area and amount of insurance is produced;

- earthquake,
- storm,
- flood

The analyses show that, according to its structure, the portfolio of Adriatic Slovenica is most exposed to the above risks. These are managed by proportional reinsurance protection above the maximum own shares in the form of reinsurance of individual events, as well as a greater number of such events in the form of reinsurance coverage of annual claims aggregate.

In order to ensure an adequate level of reinsurance coverage, the results of internationally recognized modelling of the exceptional events offered by the reinsurance broker are used.

The level and form of the reinsurance programme has so far proved to be adequate. Over the past two years, reinsurance protection was activated in case of a major event and in case of coverage of the annual aggregate of claims.

Life insurance

The table below shows the concentration of insurance risk arising from life insurance contracts, and specifically the aggregate underwritten sum insured slotted into five categories according to the amount of the sum insured under a separate insurance contract.

with total annual annuities classified into five categories, depending on the amount of the annual annuity per individual policyholder. Annual annuity is considered to be the amount which the policyholder would receive if the payments under the contract were due.

The structure of the concentration of insurance risk with respect to the annuity business changed after the merger of AS d.d. in early 2020, therefore the end of 2020 is not fully comparable with the previous year. Concentration of insurance risk in the reporting period was again the highest in the over EUR 4,000 annuity payment bracket.

Liability adequacy test for insurance contracts

The Company carries out a liability adequacy test (LAT-test) with the aim to determine whether its provisions set up at the balance sheet date are sufficient to cover its liabilities. The test is carried out by calculating the best estimate of provisions such as the current value of all cash flows arising from the in-force insurance contracts. The calculation for the test is made by using the current estimates of future cash flows. At the balance sheet date, this calculation is compared with the technical provisions formed.

If the liability adequacy test shows a deficiency, the Company recognises such deficiency as increased liability in the income statement.

The liability adequacy test is carried out separately for the life and non-life business.

Life Insurance

The Company determines the adequacy of provisions for life insurance for all types of life insurance together.

The expected cash flows are generated under:

- premiums (life insurance and additional accident cover);
- claims paid (death, endowment, annuities, surrender, accident claims);
- expenses (other payments of fees and commissions, administrative costs, claim handling costs);
- any other expected cash flows arising from insurance contracts:
 - costs of external fund managers (if material),
 - partial reimbursement by external fund managers,
 - reinsurance result.

With regard to individual cash flows, the following assumptions have been taken into account:

- provisions in individual insurance policies (amount of the premium, the schedule of premium payments, the sum insured for death and maturity, amount of annuities);
- technical bases of the relevant products (mortality/morbidity tables, interest rate, costs of front-end fees, other administrative expenses),
- assumptions (mortality rates, lapse rates, future inflation, claims paid under accident policies).

The cash flows for individual years are discounted on the last day of the accounting period.

Economic and operating assumptions

Risk discount rate

For the purpose of calculating the present value of the expected future cash flows based on the risk-free interest rate, the yield curve calculated using the all euro area central government bonds dataset (i.e. not only the AAA-rated bonds) published by the ECB on 30 December 2020 is used.

Inflation

In line with the Generali Group's (Italy) approach, fixed cost inflation is taken into account from the beginning of the duration of the insurance. The inflation assumption, which consists of a combination of the harmonised index of consumer prices and the index of labour costs, taking into account the share of labour costs in total costs of the company, is provided by the Generali Group (Italy).

Costs/expenses

The derived cost assumption is assessed applying the same approach as for the valuation of technical provisions under the Solvency 2 Directive. The estimated future costs are divided into fixed costs that increase depending on the forecasted inflation, and variable costs. Specific features of individual insurance products are taken into consideration when dividing the costs.

Mortality rates

The estimations of mortality rates are based on analyses of the insurance company's own life insurance portfolio. In accordance with the methodology applied by the Generali Group (Italy), the assumption of mortality takes into account the localized mortality rate forecast under the Lee-Carter method.

Lapse rates

The relevant lapse rates are based on the analysis of surrenders and other early cancellations of own portfolio in the past years, divided according to insurance categories and insurance duration. The assumptions are revised and adjusted annually.

Claims arising from additional (extra) accident coverage

These claims are estimated on the basis of historical claims ratio from such insurance contracts in the portfolio in the past years

Results of the life insurance liability adequacy test for the financial year 2020

The liability adequacy test (LAT) results of 31 December 2020 showed no deficiencies in the group of life insurance.

Sensitivity analysis

The sensitivity analysis is based on the LAT - testing of the adequacy of formed liabilities for life insurance. By performing the sensitivity analysis, the Company verifies the impact of changes in the parameters listed below on profit and on change of Company's liabilities (calculated from LAT cash-flows) at the end of the year.

Changes in variables represent possible changes which could have occurred and would have led to significant changes in the Company's liabilities. The possible changes represent neither expected changes in variables nor best or worst case scenarios.

Sensitivity test – parameters

Sensitivity factor	Description of sensitivity factor applied
Discount rate	Impact of a change in discount rate (from LAT) by $\pm 0,5\%$
Costs/Expenses	Impact on increase/reduction in all expenses (from LAT) by $\pm 10\%$
Mortality – life insurance	Impact of an increase in mortality rates (from LAT) by $\pm 10\%$

Individual calculations presented in the tables below have been made so as to take into account the change of a particular sensitivity factor, while other assumptions are left unchanged

Impact on the change in gross technical provisions (based on the LAT) and income statement

(in EUR)	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Factor	-	-
Discount rate + 0.50%	8,600,835	1,482,873
Discount rate - 0.50%	(9,496,822)	(1,800,253)
Costs/expenses +5 %	(10,743,430)	(2,239,330)
Costs/expenses -5 %	10,743,430	2,239,330
Assurance mortality + 10 %	(2,332,898)	(404,810)
Assurance mortality - 10 %	2,373,424	407,452

Note: The disclosure shown in the table is the same for the insurance company GENERALI as for the Group. An explanation is given in the first paragraph of Section 6.2.1.

Non-life insurance and health insurance

The Company has tested the adequacy of the provisioning for unearned premiums for non-life insurance and health insurance contracts. The provisions for losses and provisions for bonuses, discounts and cancellations are calculated on the basis of current estimates; hence, it is deemed that the provisions for these liabilities have been made in the adequate amount.

The liability adequacy test is thus limited to the unexpired portion of active (unexpired) contracts. It is performed by examining the difference between the expected amount of claims for losses and the expenses attributable to the unexpired portion of policies still in force at the balance sheet date and the amount of the formed provision for unearned premiums.

In 2020, the Company predicted the expected claims on the basis of the claims ratio of final claims incurred in 2020 (excluding natural disasters and the impact of Covid19).

Expected costs included future underwriting commission costs from future premiums, DAC and administrative costs based on cost ratios in 2020. In the case of insurance classes where an insufficient amount of unearned premium is determined, in relation to the expected loss event, the Company forms additional provisions for unexpired risks and recognizes them in the statements as liabilities under the other technical provisions item. As at 31 December 2020, the Company formed provisions for

unexpired health insurance risks as a result of COVID 19. Provisions are formed for claims arising from complementary health insurance on the basis of the Act Determining Temporary Measures to Mitigate and Remedy the Consequences of COVID-19 (i.e. the Fifth package of measures to mitigate the effects of the pandemic (PKP5)), which imposes on insurance undertakings providing complementary insurance the obligation to pay claims arising from the national tender in the amount of the surplus between the estimated and actual expenditures for supplements to health services, which is the result of measures during the declared epidemic.

Results of the non-life insurance liability adequacy test for the financial year 2020

The LAT as of 31 December 2020 showed no deficits on any of non-life insurance classes.

The LAT test showed the adequacy of unearned premiums together with the formed provisions for unexpired risks also in health insurance.

Sensitivity analysis

By analysing the sensitivity of non-life insurance (including health insurance), the Company verifies the impact of changes in the parameters listed below on its profit or loss on the last day of the accounting year.

Sensitivity test – parameters

Sensitivity factor	Description of sensitivity factor applied
Costs/Expenses	Impact on increase/reduction in all expenses, other than acquisition expenses by $\pm 5\%$
Loss ratio in relation to premium	Impact of an increase in loss ratios by 5%

Individual calculations presented in the tables below have been made so as to take into account the modification to a particular sensitivity factor while other assumptions are left unchanged.

Impact on net profit before tax

in EUR	31. 12. 2020	31. 12. 2019
Factor		
Costs/expenses +5 %	(4.211.106)	(1.461.635)
Costs/expenses -5 %	4.211.106	1.461.635
Loss ratio +5 %	(15.913.960)	(3.267.722)
Loss ratio -5 %	15.913.960	3.267.722

Note: The disclosure shown in the table is the same for the insurance company GENERALI as for the Group. An explanation is given in the first paragraph of Section 6.2.1.

The Company is prudent in its risk management operations. The role of reinsurance is important in the process as an additional risk-hedging tool that contributes to a more secure insurance risk management policy.

6.2.2 Insurance risk management through reinsurance protection**Purpose and objectives of reinsurance protection**

Insurance risks are managed through reinsurance protection programme, ensuring solvency and liquidity of operations, stability of operating results and financial soundness. The reinsurance programme is prepared centrally for the entire ACEER Region, however taking into account local needs. Most reinsurance contracts are concluded with reinsurers of the Generali Group (Italy). The Company plans the amount of maximum own shares based on the portfolio structure, risk appetite, available capital and Group's guidelines and policy. The Company focuses on providing optimal reinsurance protection, both against individual large claims and against the concentration of the insurance portfolio's exposure to natural forces, such as hail, storms, floods and earthquakes, which are the most common in our country. Catastrophe reinsurance contracts are determined on the basis of a conservative analysis of several loss scenarios resulting from the processing of exposure data using advanced stochastic models, taking into account various levels of

risk capital absorption. Such characteristics are identified for other risks through a comprehensive exposure analysis and portfolio loss history.

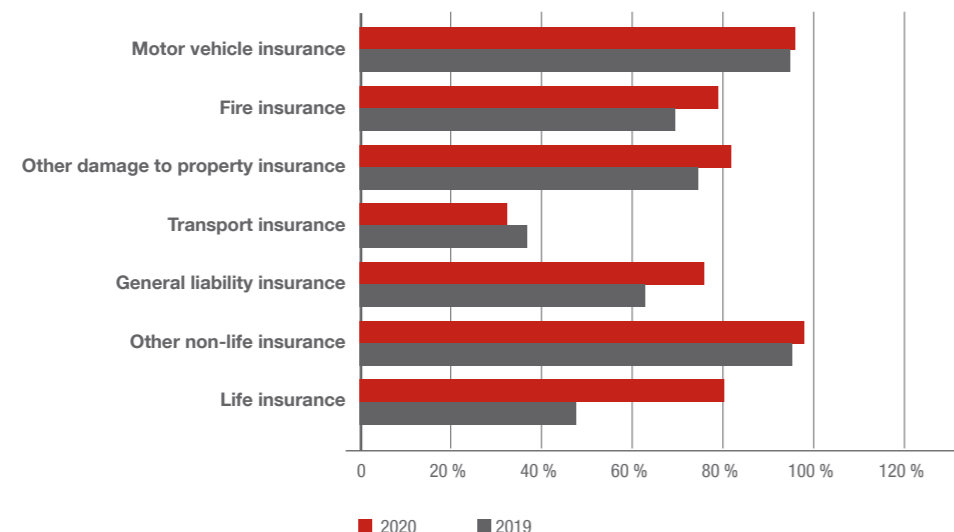
Reinsurance contracts provide the Company with automatic reinsurance coverage for the majority of the risks assumed up to the agreed limit and under the agreed conditions.

For exceptional risks, which exceed the limits of contractual reinsurance protection, the Company ensures facultative reinsurance protection. The programme of the planned reinsurance is composed of traditional proportional and non-proportional forms of facultative reinsurance protection.

Within the operational risk management, the Company integrated the control mechanisms in the information system that prevent concluding insurance contract with sum insured that exceed reinsurance contract limits without prior approval of the Reinsurance Department, that the facultative reinsurance treaty has been provided or that the facultative reinsurance treaty is not needed.

Analysis of the Company's portfolio from the aspect of reinsurance risk

Earthquake risk presents the highest concentration of the Company's insurance risk. Reinsurance protection for catastrophic risks is established for the entire region on the basis of the results of modelling individual portfolios and their exposure to catastrophic risks. Portfolio modelling is performed by experts hired by reinsurance intermediaries. The earthquake exposure is managed by the Company through excess of loss reinsurance for catastrophic risks.

Share of net premium in relation to gross premium**Share of reinsurance/coinsurance in gross premium**

Lines of business	Gross written premium in EUR	Net written premium in EUR	Net written premium share in gross written premium (in %)	Difference	Re(co)insurance share in %
31 December 2020					
Motor insurance	116,195,440	111,488,688	95.9	4,706,752	4.1
Fire insurance	33,310,787	26,264,792	78.8	7,045,995	21.2
Other damage to property insurance	24,749,944	20,261,185	81.9	4,488,758	18.1
Transport insurance	3,022,667	980,959	32.5	2,041,708	67.5
General liability insurance	16,253,477	12,348,458	76.0	3,905,018	24.0
Other non-life insurance	31,948,316	31,029,077	97.9	919,239	2.1
Life insurance	84,373,592	67,783,591	80.3	16,590,000	19.7
Total without health insurance	309,854,222	270,156,751	87.2	39,697,471	12.8
31 December 2019					
Motor insurance	37,954,596	36,073,230	95.0	1,881,366	5.0
Fire insurance	14,095,964	9,800,472	69.5	4,295,492	30.5
Other damage to property insurance	10,076,682	7,515,893	74.6	2,560,789	25.4
Transport insurance	163,398	60,341	36.9	103,057	63.1
General liability insurance	5,615,766	3,537,358	63.0	2,078,408	37.0
Other non-life insurance	9,284,371	8,861,500	95.4	422,870	4.6
Life insurance	28,311,288	13,497,386	47.7	14,813,902	52.3
Total without health insurance	105,502,065	79,346,180	75.2	26,155,884	24.8

Note: The disclosure shown in the table is the same for the insurance company GENERALI as for the Group. An explanation is given in the first paragraph of Section 6.2.1.

In 2020, the Company unified the reinsurance programme for the consolidated portfolio, with the Company concluding several reinsurance contracts, mostly within the Generali Group.

The disclosure for 2019 refers to the pre-merger portfolio and is therefore incomparable with 2020. In 2020, the reinsurance programme consisted of proportional and non-proportional contracts, while some old contracts ex-

pired. Fire insurance has the largest reinsurance share in the premium, which is influenced by the quota share agreement and the agreement for protection against catastrophic risks. The portfolio of other damage to property insurance is also protected by these two agreements. A high share of reinsurance covers liability insurance, which is protected by a proportional contract. Motor vehicle insurance arising from motor liability insurance is protected

by an excess of loss contract, which protects the Company from the greatest risks, while the premium does not directly depend on the volume of insurance premium but on the structure of the portfolio and claims history. Motor fully comprehensive insurance is protected by an excess of loss contract as protection against catastrophic risks, which did not increase significantly in 2020. There was a change in reinsurance contracts in life insurance, mainly with the aim of greater retention of risks that the Company can manage.

6.2.3 Financial risks

The Group companies, and the Company in particular, are exposed to financial risks through its asset and liability management, reinsurance assets and liabilities arising from its insurance and financial contracts. The key financial risks is that the future changes in market and other financial conditions will affect the value of the Company's financial assets, meaning that the financial liabilities of counterparties will not be covered. This could potentially lead to a situation when the inflows from financial investments will not be sufficient to cover the outflows, arising from insurance and financial contracts.

In line with analyses of situations in financial markets, risk assessment and stress testing with regard to the changed circumstances in the financial market as well as by taking into consideration the general investment strategy of the Company, the Risk Management Department proposes limits for risk measures, exposures to individual investment grades, issuers and their rating as well as individual markets. They are addressed by the Risk Management Committee and then approved by the Investment Committee.

Strategic and tactical implementation of the investment activity is performed by the Investment Committee. Its competences and responsibilities as well as all other provisions relating to its operation are laid down in the Rules on the Performance of Investment Activity. The Treasury

Department is responsible for operational implementation of the investment activity.

When designing individual investment policies, the Company takes into consideration the characteristics of liabilities and the assumed risk appetite. The Company actively manages and controls all risks to which it is exposed with its assets and liabilities by constantly monitoring cash flows and ensuring that it always has enough liquid assets at its disposal to settle its liabilities, by investing its assets in a manner which ensures long-term returns high enough to exceed the amount of returns on insurance liabilities, by matching the terms of financial assets against financial liabilities, and by ensuring adequacy of financial assets.

The most important components of financial risks, including market risks, are:

- liquidity risk,
- credit risk,
- risk of change in prices of equity securities,
- interest risk,
- currency risk.

The following tables show how the Group manages and controls financial risks. All the risks are monitored at the level of individual fund, while the analysis of assets and liabilities (ALM – asset liability management) for financial risk management is presented at the insurance contract level.

The first table presents the balance of all assets and liabilities by individual item and how the amount of particular financial assets and all assets aggregated by individual insurance and financial contract matches the amount of liabilities. The tables containing the results of the asset and liability analysis for financial risk management for 2020 and 2019 show that the sum of assets and liabilities is not equal to the sum of individual amounts by insurance class, since in the category “loans, other operating receivables, other assets and liabilities” assets and liabilities were offset also at the aggregate level.

Analysis of assets and liabilities for financial risk management as at 31 December 2020 for GENERALI Group Slovenia

(in EUR)	Non-life insurance contracts, excluding health insurance	Health insurance contracts	Life insurance contracts	Investment contracts pension saving	Unit-linked life insurance contracts	Other assets and liabilities	Total
Non-current assets							
Debt securities	277,842,089	29,363,630	214,186,814	4,868,248	63,427,669	-	589,688,449
At fair value through profit or loss	-	-	2,979,274	4,868,248	63,427,669	-	71,275,190
Available for sale	277,842,089	29,363,630	200,359,386	-	-	-	507,565,105
Held to maturity	-	-	10,848,153	-	-	-	10,848,153
Equity securities	26,461,295	670,697	21,177,803	13,842,104	298,238,300	-	360,390,198
At fair value through profit or loss	-	-	-	13,842,104	298,238,300	-	312,080,403
Available for sale	26,461,295	670,697	21,177,803	-	-	-	48,309,795
Investments in subsidiary and associates	8,495,135	3,294,016	512,906	-	-	-	12,302,057
Loans, deposits and financial receivables	578,559	-	723,724	-	15,486,631	245,382	17,034,296
Total financial investments	313,377,077	33,328,343	236,601,247	18,710,351	377,152,599	245,382	979,414,999
Amount (technical provisions), transferred to reinsurers	(1)	-	-	-	-	-	(1)
Receivables from insurance business and other receivables	74,780	-	-	-	-	-	74,780
Other nonfinancial assets	47,919,911	454,862	1,722,298	-	-	26,975,800	77,072,871
Total long-term assets	361,371,768	33,783,204	238,323,545	18,710,351	377,152,599	27,221,182	1,056,562,650
Current assets							
Debt securities	-	-	747,729	2,878,352	-	5,732,379	9,358,459
At fair value through profit or loss	-	-	747,729	2,878,352	-	-	3,626,080
Available for sale	-	-	-	-	-	5,732,379	5,732,379
Equity securities	-	-	-	-	-	1,938,168	1,938,169
At fair value through profit or loss	-	-	-	-	-	484,328	484,328
Available for sale	-	-	-	-	-	1,453,840	1,453,840
Loans, deposits and financial receivables	387,076	-	2,605,730	6,320	1,486,202	-	4,485,328
Total financial investments	387,076	-	3,353,458	2,884,672	1,486,202	7,670,548	15,781,956
Amount (technical provisions), transferred to reinsurers	36,201,709	-	2,173,544	-	-	-	38,375,253
Receivables from insurance business and other operating receivables	32,834,261	12,328,521	52,012,228	-	2,218,928	352,491	41,417,120
Cash and cash equivalents	4,864,658	1,053,262	995,099	744,083	4,247,901	1,430,327	13,335,330
Other nonfinancial assets	10,427,428	821,282	1,117,996	384,203	205,007	545,101	12,539,378
Total current assets	84,715,132	14,203,065	59,652,326	4,012,958	8,158,039	9,998,467	121,449,038
Total assets	446,086,900	47,986,270	297,975,871	22,723,309	385,310,638	37,219,650	1,178,011,688
LIABILITIES							
Liabilities from insurance contracts	256,418,845	23,403,117	204,793,819	-	378,069,355	-	862,685,138
- non-current liabilities	93,284,251	3,899,422	187,629,111	-	363,369,749	-	648,182,533
- current liabilities	163,134,594	19,503,695	17,164,708	-	14,699,606	-	214,502,605
Liabilities from investment contracts	-	-	-	22,723,309	-	-	22,723,309
- non-current liabilities	-	-	-	22,641,671	-	-	22,723,309
Equity capital	112,733,645	14,612,745	25,397,833	18	219,822	8,645,179	161,609,225
Bonds issued (Subordinated liabilities)	22,898,482	-	26,880,826	-	-	-	49,779,308
Other liabilities	54,035,928	9,970,407	40,862,571	40,819	7,021,461	28,574,471	81,214,708
- non-current liabilities	11,812,251	337,067	1,248,077	-	-	232,788	12,668,542
- current liabilities	42,223,677	9,633,341	39,614,494	40,819	7,021,461	28,341,682	68,546,166
Total liabilities	446,086,900	47,986,270	297,935,050	22,764,146	385,310,638	37,219,650	1,178,011,688

Analysis of assets and liabilities for financial risk management as at 31 December 2019 for GENERALI Group Slovenia Reclassified

(in EUR)	Non-life insurance contracts, excluding health insurance	Health insurance contracts	Life insurance contracts	Investment contracts pension saving	Unit-linked life insurance contracts	Other assets and liabilities	Total
Non-current assets							
Debt securities	104,884,097	-	81,821,348	-	-	-	186,705,445
Available for sale	104,884,097	-	81,821,348	-	-	-	186,705,445
Equity securities	3,659,689	-	3,701,037	-	66,414,605	-	73,775,331
At fair value through profit or loss	-	-	32,244	-	66,414,605	-	66,446,849
Available for sale	3,659,689	-	3,668,794	-	-	-	7,328,482
Investments in subsidiary and associates	298,022	-	-	-	-	-	298,022
Loans, deposits and financial receivables	-	-	178,011	-	-	-	178,011
Total financial investments	108,841,807	-	85,700,397	-	66,414,605	-	260,956,809
Amount (technical provisions), transferred to reinsurers	-	-	33,171,829	-	-	-	33,171,829
Receivables from insurance business and other receivables	17,864	-	49,800	-	-	-	67,664
Other nonfinancial assets	3,432,511	-	298,843	-	-	-	3,731,354
Total long-term assets	112,292,183	-	119,220,868	-	66,414,605	-	297,927,656
Current assets							
Loans, deposits and financial receivables	-	-	3,704	-	-	-	3,704
Total financial investments	-	-	3,704	-	-	-	3,704
Amount (technical provisions), transferred to reinsurers	11,817,121	-	30,731,030	-	-	-	42,548,151
Receivables from insurance business and other operating receivables	10,057,971	27,221	5,348,725	-	-	-	13,597,775
Cash and cash equivalents	5,455,897	19,410	1,452,401	-	707,221	-	7,634,928
Other nonfinancial assets	4,332,104	-	321,817	-	-	-	4,653,921
Total current assets	31,663,093	46,630	37,857,677	-	707,221	-	68,438,479
Total assets	143,955,275	46,630	157,078,546	-	67,121,826	-	366,366,135
LIABILITIES							
Liabilities from insurance contracts	82,388,665	-	59,576,141	-	66,311,354	-	208,276,160
- non-current liabilities	-	-	55,263,715	-	66,311,354	-	121,575,069
- current liabilities	82,388,665	-	4,312,426	-	-	-	86,701,091
Equity capital	40,387,808	(2,992)	12,888,174	-	-	-	53,272,991
Other liabilities	21,178,802	49,622	85,424,702	-	-	-	104,816,984
- non-current liabilities	3,813,818	-	10,510,888	-	-	-	14,324,706
- current liabilities	17,364,983	49,622	74,913,814	-	-	-	90,492,277
Total liabilities	143,955,275	46,630	157,889,017	-	66,311,354	-	366,366,135

Analysis of assets and liabilities for financial risk management as at 31 December 2020 for GENERALI d.d.

(in EUR)	Non-life insurance contracts, excluding health insurance	Health insurance contracts	Life insurance contracts	Investment contracts pension saving	Unit-linked life insurance contracts	Total
Non-current assets						
Debt securities	277,842,089	29,363,630	214,186,814	4,868,248	63,427,669	589,688,448
At fair value through profit or loss	-	-	2,979,274	4,868,248	63,427,669	71,275,190
Available for sale	277,842,089	29,363,630	200,359,386	-	-	507,565,105
Held to maturity	-	-	10,848,153	-	-	10,848,153
Equity securities	26,461,296	670,697	21,177,803	13,842,104	298,238,300	360,390,199
At fair value through profit or loss	-	-	-	13,842,104	298,238,300	312,080,403
Available for sale	26,461,296	670,697	21,177,803	-	-	48,309,796
Investments in subsidiaries and associates	11,025,602	3,429,859	30,716,980	-	-	45,172,441
Loans, deposits and financial receivables	578,560	-	723,724	-	15,486,631	16,788,915
Total financial investments	315,907,546	33,464,186	266,805,321	18,710,351	377,152,599	1,012,040,003
Receivables from insurance business and other receivables	74,780	-	-	-	-	74,780
Other nonfinancial assets	48,011,573	-	1,722,298	-	-	49,733,871
Total long-term assets	363,993,899	33,464,186	268,527,619	18,710,351	377,152,599	1,061,848,654
Current assets						
Debt securities	-	-	747,729	2,878,352	-	3,626,081
At fair value through profit or loss	-	-	747,729	2,878,352	-	3,626,081
Loans, deposits and financial receivables	447,272	-	2,689,342	6,320	1,486,202	4,629,135
Total financial investments	447,272	-	3,437,070	2,884,672	1,486,202	8,255,216
Amount (technical provisions), transferred to reinsurers	36,201,709	-	2,173,544	-	-	38,375,253
Receivables from insurance business and other operating receivables	31,089,484	12,317,467	25,597,388	-	2,218,928	39,309,093
Cash and cash equivalents	4,237,496	996,745	995,099	744,083	4,247,901	11,221,323
Other nonfinancial assets	9,718,619	820,024	1,117,996	384,203	205,007	11,294,387
Total current assets	81,694,580	14,134,235	33,321,098	4,012,958	8,158,039	108,455,272
Total assets	445,688,480	47,598,421	301,848,717	22,723,309	385,310,638	1,170,303,926
LIABILITIES						
Liabilities from insurance contracts	256,418,845	23,403,117	204,793,819	-	378,069,355	862,685,138
- non-current liabilities	93,284,251	3,899,422	187,629,111	-	363,369,749	648,182,533
- current liabilities	163,134,594	19,503,695	17,164,708	-	14,699,606	214,502,605
Liabilities from investment contracts	-	-	-	22,723,309	-	22,723,309
- non-current liabilities	-	-	-	22,641,671	-	22,723,309
Equity capital	112,754,899	15,500,328	29,146,847	18	219,822	157,621,895
Bonds issued (Subordinated liabilities)	22,898,482	-	26,880,826	-	-	49,779,308
Other liabilities	53,616,255	8,694,976	40,986,405	40,819	7,021,461	77,494,276
- non-current liabilities	11,836,380	103,450	1,248,077	-	0	12,236,444
- current liabilities	41,779,875	8,591,526	39,738,328	40,819	7,021,461	65,257,833
Total liabilities	445,688,480	47,598,421	301,807,897	22,764,146	385,310,638	1,170,303,926

Analysis of assets and liabilities for financial risk management as at 31 December 2019 for GENERALI d.d. - Reclassified

(in EUR)	Non-life insurance contracts, excluding health insurance	Health insurance contracts	Life insurance contracts	Investment contracts pension saving	Unit-linked life insurance contracts	Total
Non-current assets						
Debt securities	104,884,097	-	81,821,348	-	-	186,705,445
Available for sale	104,884,097	-	81,821,348	-	-	186,705,445
Equity securities	3,659,689	-	3,701,037	-	66,414,605	73,775,331
At fair value through profit or loss	-	-	32,244	-	66,414,605	66,446,849
Available for sale	3,659,689	-	3,668,794	-	-	7,328,482
Investments in subsidiaries and associates	298,022	-	-	-	-	298,022
Loans, deposits and financial receivables	-	-	178,011	-	-	178,011
Total financial investments	108,841,807	-	85,700,397	-	66,414,605	260,956,809
Amount (technical provisions), transferred to reinsurers	-	-	33,171,829	-	-	33,171,829
Receivables from insurance business and other receivables	17,864	-	49,800	-	-	67,664
Other nonfinancial assets	3,432,511	-	298,843	-	-	3,731,354
Total long-term assets	112,292,183	-	119,220,868	-	66,414,605	297,927,656
Current assets						
Loans, deposits and financial receivables	-	-	3,704	-	-	3,704
Total financial investments	-	-	3,704	-	-	3,704
Amount (technical provisions), transferred to reinsurers	11,817,121	-	30,731,030	-	-	42,548,151
Receivables from insurance business and other operating receivables	10,057,971	27,221	5,348,725	-	-	13,597,775
Cash and cash equivalents	5,455,897	19,410	1,452,401	-	707,221	7,634,928
Other nonfinancial assets	4,332,104	-	321,817	-	-	4,653,921
Total current assets	31,663,093	46,630	37,857,677	-	707,221	68,438,479
Total assets	143,955,275	46,630	157,078,546	-	67,121,826	366,366,135
LIABILITIES						
Liabilities from insurance contracts	82,388,665	-	59,576,141	-	66,311,354	208,276,160
- non-current liabilities	-	-	55,263,715	-	66,311,354	121,575,069
- current liabilities	82,388,665	-	4,312,426	-	-	86,701,091
Equity capital	40,387,808	(2,992)	12,888,174	-	-	53,272,991
Other liabilities	21,178,802	49,622	85,424,702	-	-	104,816,984
- non-current liabilities	3,813,818	-	10,510,888	-	-	14,324,706
- current liabilities	17,364,983	49,622	74,913,814	-	-	90,492,277
Total liabilities	143,955,275	46,630	157,889,017	-	66,311,354	366,366,135

Structure of long-term and short-term financial assets exposed to risk for GENERALI Group Slovenia

(in EUR)	GENERALI Group, Slovenia 2020	Structure in %	GENERALI Group, Slovenia 2019	Structure in %	Absolute difference 2020-2019	Structural change 2020/2019
Non-current assets						
Debt securities	589,688,449	60.2%	186,705,445	63.5%	402,983,003	(3.3)%
At fair value through profit or loss	71,275,190	6.5%	-	0.0%	71,275,190	6.5%
Available for sale	507,565,105	46.6%	186,705,445	52.2%	320,859,660	(5.5)%
Held to maturity	10,848,153	1.0%	-	0.0%	10,848,153	1.0%
Equity securities	360,390,198	33.1%	73,775,331	20.6%	286,614,867	12.5%
At fair value through profit or loss	312,080,403	28.7%	66,446,849	18.6%	245,633,555	10.1%
Available for sale	48,309,795	4.4%	7,328,482	2.0%	40,981,312	2.4%
Investments in subsidiary and associates	12,302,057	1.1%	298,022	0.1%	12,004,035	1.0%
Loans, deposits and financial receivables	17,034,296	1.6%	178,011	0.0%	16,856,285	1.5%
Total financial investments	979,414,999	90.0%	260,956,809	72.9%	718,458,190	17.1%
Amount (technical provisions), transferred to reinsurers	(1)	(0.0)%	33,171,829	9.3%	(33,171,830)	(9.3)%
Receivables from insurance business and other receivables	74,780	0.0%	67,664	0.0%	7,116	(0.0)%
Total non-current assets	979,489,779	90.0%	294,196,302	82.2%	685,293,477	7.8%
Current assets						
Debt securities	9,358,459	0.9%	-	0.0%	9,358,459	0.9%
At fair value through profit or loss	3,626,080	0.3%	-	0.0%	3,626,080	0.3%
Available for sale	5,732,379	0.5%	-	0.0%	-	0.0%
Equity securities	1,938,169	0.2%	-	0.0%	1,938,169	0.2%
At fair value through profit or loss	484,328	0.0%	-	0.0%	484,328	0.0%
Available for sale	1,453,840	0.1%	-	0.0%	-	0.0%
Loans, deposits and financial receivables	4,485,328	0.4%	3,704	0.0%	4,481,624	0.4%
Total financial investments	15,781,956	1.5%	3,704	0.0%	15,778,252	1.4%
Amount (technical provisions), transferred to reinsurers	38,375,253	3.5%	42,548,151	11.9%	(4,172,898)	(8.4)%
Receivables from insurance business and other operating receivables	41,417,120	3.8%	13,597,775	3.8%	27,819,345	0.0%
Cash and cash equivalents	13,335,330	1.2%	7,634,928	2.1%	5,700,402	(0.9)%
Total current assets	108,909,660	10.0%	63,784,558	17.8%	45,125,102	(7.8)%
Total assets	1,088,399,438	100.0%	357,980,860	100.0%	730,418,578	

Structure of long-term and short-term financial assets exposed to risk for GENERALI d.d.

(in EUR)	GENERALI d.d. 2020	Structure in %	GENERALI d.d. 2019	Structure in %	Absolute difference 2020-2019	Structural change 2020/2019
Non-current assets						
Debt securities	589,688,448	53.2%	186,705,445	52.2%	402,983,003	1.0%
At fair value through profit or loss	71,275,190	6.4%	-	0.0%	71,275,190	6.4%
Available for sale	507,565,105	45.8%	186,705,445	52.2%	320,859,660	(6.4)%
Held to maturity	10,848,153	1.0%	-	0.0%	10,848,153	1.0%
Equity securities	360,390,199	32.5%	73,775,331	20.6%	286,614,868	11.9%
At fair value through profit or loss	312,080,403	28.1%	66,446,849	18.6%	245,633,555	9.6%
Available for sale	48,309,796	4.4%	7,328,482	2.0%	40,981,313	2.3%
Investments in subsidiaries and associates	45,172,441	4.1%	298,022	0.1%	44,874,419	4.0%
Loans, deposits and financial receivables	16,788,915	1.5%	178,011	0.0%	16,610,904	1.5%
Total financial investments	1,012,040,003	91.2%	260,956,809	72.9%	751,083,194	18.3%
Amount (technical provisions), transferred to reinsurers	-	0.0%	33,171,829	9.3%	(33,171,829)	(9.3)%
Receivables from insurance business and other receivables	74,780	0.0%	67,664	0.0%	7,116	(0.0)%
Total non-current assets	1,012,114,783	91.2%	294,196,302	82.2%	717,918,481	9.1%
Current assets						
Debt securities	3,626,081	0.3%	-	0.0%	3,626,081	0.3%
At fair value through profit or loss	3,626,081	0.3%	-	0.0%	3,626,081	0.3%
Loans, deposits and financial receivables	4,629,135	0.4%	3,704	0.0%	4,625,431	0.4%
Total financial investments	8,255,216	0.7%	3,704	0.0%	8,251,512	0.7%
Amount (technical provisions), transferred to reinsurers	38,375,253	3.5%	42,548,151	11.9%	(4,172,898)	(8.4)%
Receivables from insurance business and other operating receivables	39,309,093	3.5%	13,597,775	3.8%	25,711,318	(0.3)%
Cash and cash equivalents	11,221,323	1.0%	7,634,928	2.1%	3,586,395	(1.1)%
Total current assets	97,160,885	8.8%	63,784,558	17.8%	33,376,327	(9.1)%
Total assets	1,109,275,668	100.0%	357,980,860	100.0%	751,294,808	-

Liquidity risk

Liquidity risk is the risk of liquidity-related difficulty and inability of the Company to fulfil current obligations from in-force insurance contracts and other current operating liabilities of the Company, due to mismatch between maturity of assets and liabilities. Liquidity risk also includes the risk of the Company suffering losses of liquid assets due to settlement of unexpected or unexpectedly high liabilities.

The Group Companies mitigate their exposure to liquidity risk by maintaining a suitable structure and adequate diversification of investments, planning future cash flows to cover future foreseeable liabilities and providing an adequate volume of high liquidity investments in order to

cover future contingencies.

The exposure to liquidity risk is also measured through measurement of duration match between assets and liabilities. The following tables present the types of the Company's assets and liabilities through undiscounted cash flows according to their maturity.

In addition, liabilities arising from unit-linked insurance contracts are also disclosed. In the annual periods where the cash flows of assets and liabilities are not balanced, liquidity is balanced with available short-term investments without maturity.

Overview of maturity of assets in 2020 – undiscounted cash flows for GENERALI Group Slovenia

(in EUR)	Carrying amount	No maturity date	Up to 1 year	1-5 years	5-10 years	10-15 years	over 15 years	Total
Debt financial instruments	527,872,640	-	36,270,490	209,392,951	228,745,526	25,414,758	36,463,089	536,286,814
Financial assets at fair value through income statement	3,727,002	-	222,463	2,603,690	534,000	1,200	300,300	3,661,653
Financial assets held to maturity	10,848,153	-	1,832,869	5,300,810	4,224,811	1,688,964	1,988,820	15,036,274
Financial assets available for sale	513,297,484	-	34,215,159	201,488,451	223,986,715	23,724,594	34,173,969	517,588,888
Equity financial instruments	50,247,963	48,309,643	1,453,840	484,328	-	-	-	50,247,811
Financial assets at fair value through income statement	484,328	-	-	484,328	-	-	-	484,328
Financial assets available for sale	49,763,635	48,309,643	1,453,840	-	-	-	-	49,763,483
Loans, deposits and financial receivables	6,026,673	2,091,966	2,093,259	1,064,475	141,405	170,617	399,094	5,960,818
Assets of policyholders who bear investment risk	377,152,599	300,933,234	1,806,973	39,880,486	27,191,005	2,483,035	4,858,777	377,153,511
Assets from investment contracts	22,723,309	13,842,104	2,055,862	2,518,025	3,826,750	9,125	322,950	22,574,816
Investment properties	984,023,185	365,176,947	43,680,425	253,340,266	259,904,687	28,077,535	42,043,910	992,223,770
Total financial investments	38,375,252	-	17,279,980	11,261,898	4,220,138	1,588,346	4,024,891	38,375,253
Receivables from insurance business and other receivables	41,491,900	-	41,491,900	-	-	-	-	41,491,900
Operating and other receivables	12,591,248	-	12,591,248	-	-	-	-	12,591,248
Other assets	1,076,481,585	365,176,947	115,043,553	264,602,164	264,124,825	29,665,881	46,068,801	1,084,682,171
Bonds issued (Subordinated liabilities)	49,779,308	-	49,779,308	-	-	-	-	49,779,308
Liabilities from insurance contracts	465,227,951	-	205,130,604	98,557,700	54,968,568	30,389,567	76,181,512	465,227,951
Unit-linked life insurance	378,069,355	-	22,550,041	83,020,041	70,723,409	66,316,389	135,459,474	378,069,355
Liabilities from investment contracts	22,723,309	-	412,747	1,458,984	3,852,610	4,411,107	12,547,041	22,682,490
Other financial liabilities	5,968,275	-	141,765	5,826,510	-	-	-	5,968,275
Total Liabilities	921,768,197	365,176,947	278,014,465	188,863,236	129,544,587	101,117,063	224,188,027	921,727,378

Overview of maturity of assets in 2019 – undiscounted cash flows for GENERALI Group Slovenia

(in EUR)	Carrying amount	No maturity date	Up to 1 year	1-5 years	5-10 years	10-15 years	over 15 years	Total
Debt financial instruments	186,705,445	-	20,793,386	82,514,038	80,891,021	210,246	2,296,755	186,705,446
Financial assets available for sale	186,705,445	-	20,793,386	82,514,038	80,891,021	210,246	2,296,755	186,705,446
Equity financial instruments	7,328,482	7,328,482	-	-	-	-	-	7,328,482
Financial assets available for sale	7,328,482	7,328,482	-	-	-	-	-	7,328,482
Loans, deposits and financial receivables	181,716	-	181,716	-	-	-	-	181,716
Assets of policyholders who bear investment risk	66,414,605	66,414,605	-	-	-	-	-	66,414,605
Investment properties	260,630,248	73,743,087	20,975,102	82,514,038	80,891,021	210,246	2,296,755	260,630,249
Total financial investments	75,719,980	-	21,569,461	13,360,263	13,501,421	8,880,889	18,407,946	75,719,980
Receivables from insurance business and other receivables	13,665,439	-	13,665,439	-	-	-	-	13,665,439
Operating and other receivables	7,634,928	-	7,634,928	-	-	-	-	7,634,928
Other assets	357,650,595	73,743,087	63,844,929	95,874,301	94,392,442	9,091,135	20,704,701	357,650,595
Liabilities from insurance contracts	147,682,072	-	72,985,221	35,537,434	22,754,549	9,299,423	7,105,445	147,682,072
Unit-linked life insurance	66,311,354	-	7,772,466	10,087,465	10,278,619	8,462,356	29,710,447	66,311,354
Other financial liabilities	1,876,475	-	-	1,876,475	-	-	-	1,876,475
Total Liabilities	215,869,901	-	80,757,687	47,501,374	33,033,169	17,761,779	36,815,892	215,869,901

Overview of maturity of assets in 2020 – undiscounted cash flows for GENERALI d.d.

(in EUR)	Carrying amount	No maturity date	Up to 1 year	1-5 years	5-10 years	10-15 years	over 15 years	Total
Debt financial instruments	522,140,261	-	34,941,197	204,989,866	228,745,526	25,414,758	36,463,089	530,554,435
Financial assets at fair value through income statement	3,727,003	-	222,463	2,603,690	534,000	1,200	300,300	3,661,653
Financial assets held to maturity	10,848,153	-	1,832,869	5,300,810	4,224,811	1,688,964	1,988,820	15,036,274
Financial assets available for sale	507,565,105	-	32,885,865	197,085,365	223,986,715	23,724,594	34,173,969	511,856,508
Equity financial instruments	48,309,796	48,309,643	-	-	-	-	-	48,309,643
Financial assets available for sale	48,309,796	48,309,643	-	-	-	-	-	48,309,643
Loans, deposits and financial receivables	5,925,099	2,091,966	2,093,259	1,064,475	141,405	170,617	399,094	5,960,818
Assets of policyholders who bear investment risk	377,152,599	300,933,234	1,806,973	39,880,486	27,191,005	2,483,035	4,858,777	377,153,511
Assets from investment contracts	22,723,309	13,842,104	2,055,862	2,518,025	3,826,750	9,125	322,950	22,574,816
Investment properties	976,251,064	365,176,947	40,897,291	248,452,852	259,904,687	28,077,535	42,043,910	984,553,222
Total financial investments	38,375,253	-	17,279,980	11,261,898	4,220,138	1,588,346	4,024,891	38,375,253
Receivables from insurance business and other receivables	39,383,873	-	39,383,873	-	-	-	-	39,383,873
Operating and other receivables	10,477,241	-	10,477,241	-	-	-	-	10,477,241
Other assets	1,064,487,431	365,176,947	108,038,385	259,714,750	264,124,825	29,665,881	46,068,801	1,072,789,589
Bonds issued (Subordinated liabilities)	49,779,308	-	49,779,308	-	-	-	-	49,779,308
Liabilities from insurance contracts	465,227,951	-	205,130,604	98,557,700	54,968,568	30,389,567	76,181,512	465,227,951
Unit-linked life insurance	378,069,355	-	22,550,041	83,020,041	70,723,409	66,316,389	135,459,474	378,069,355
Liabilities from investment contracts	22,723,309	-	412,747	1,458,984	3,852,610	4,411,107	12,547,041	22,682,490
Other financial liabilities	4,194,793	-	141,765	4,053,029	-	-	-	4,194,793
Total Liabilities	919,994,716	-	278,014,465	187,089,754	129,544,587	101,117,063	224,188,027	919,953,896

Overview of maturity of assets in 2019 – undiscounted cash flows for GENERALI d.d. - Reclassified

(in EUR)	Carrying amount	No maturity date	Up to 1 year	1-5 years	5-10 years	10-15 years	over 15 years	Total
Debt financial instruments	186,705,445	-	20,793,386	82,514,038	80,891,021	210,246	2,296,755	186,705,446
Financial assets available for sale	186,705,445	-	20,793,386	82,514,038	80,891,021	210,246	2,296,755	186,705,446
Equity financial instruments	7,328,482	7,328,482	-	-	-	-	-	7,328,482
Financial assets available for sale	7,328,482	7,328,482	-	-	-	-	-	7,328,482
Loans, deposits and financial receivables	181,716	-	181,716	-	-	-	-	181,716
Assets of policyholders who bear investment risk	66,414,605	66,414,605	-	-	-	-	-	66,414,605
Investment properties	260,630,248	73,743,087	20,975,102	82,514,038	80,891,021	210,246	2,296,755	260,630,249
Total financial investments	75,719,980	-	21,569,461	13,360,263	13,501,421	8,880,889	18,407,946	75,719,980
Receivables from insurance business and other receivables	13,665,439	-	13,665,439	-	-	-	-	13,665,439
Operating and other receivables	7,634,928	-	7,634,928	-	-	-	-	7,634,928
Other assets	357,650,595	73,743,087	63,844,929	95,874,301	94,392,442	9,091,135	20,704,701	357,650,595
Liabilities from insurance contracts	147,682,072	-	72,985,221	35,537,434	22,754,549	9,299,423	7,105,445	147,682,072
Unit-linked life insurance	66,311,354	-	7,772,466	10,087,465	10,278,619	8,462,356	29,710,447	66,311,354
Other financial liabilities	1,876,475	-	-	1,876,475	-	-	-	1,876,475
Total Liabilities	215,869,901	-	80,757,687	47,501,374	33,033,169	17,761,779	36,815,892	215,869,901

Credit risk

Credit risk is a potential loss in case of failure by a third party/debtor to fulfil the contractual obligations. The segments most exposed to credit risk are financial investments, loans and receivables, receivables from insurance contracts and reinsurance assets. The Group Companies manage their exposure to credit risk mainly by constant monitoring of credit rating of issuers of financial instruments and ensuring adequate dispersal of investments between investments involving a degree of risk and no-risk investments. The Group Companies monitor credit risk associated with receive-

bles from insurance transactions and reinsurance assets on the basis of assessing the collectability of individual receivables. Credit rating procedures are based on obtaining and checking of publicly accessible information on the current financial position of the issuers of financial instruments and their future liquidity. In reinsurance, as with respect to financial assets, the credit risk management procedures involve checking the reinsurer's credit rating. In accordance with the strategy for credit risk management, liabilities covered by reinsurance arrangements are reinsured by investment-grade reinsurers.

Maximum exposure to credit risk by financial asset class as at 31 December 2020 for GENERALI Group Slovenia

(in EUR)	AAA/AA+	AA/A+	A/(A or A-)	BBB/(B++ or B+)	less than BBB/(B++ or B+)	Not rated	Total 2020
Financial assets at fair value through profit or loss	-	2,637,967	441,896	-	443,650	203,489	3,727,003
Debt securities	-	2,637,967	441,896	-	443,650	203,489	3,727,003
Held-to-maturity financial assets	526,298	695,771	8,124,408	943,185	558,491	-	10,848,153
Debt securities	526,298	695,771	8,124,408	943,185	558,491	-	10,848,153
Available-for-sale financial assets	14,401,152	26,334,346	293,893,783	67,923,530	99,227,132	11,517,541	513,297,484
Debt securities	14,401,152	26,334,346	293,893,783	67,923,530	99,227,132	11,517,541	513,297,484
Loans, deposits and financial receivables	-	-	-	87,469	1,240	5,937,964	6,026,673
Assets from investment contracts	-	1,062,648	2,768,697	-	3,711,765	203,489	7,746,600
Debt securities	-	1,062,648	2,768,697	-	3,711,765	203,489	7,746,600
Total financial investments	14,927,451	30,730,732	305,228,785	68,954,184	103,942,278	17,862,483	541,645,913
Receivables from insurance business and other receivables	-	-	-	-	-	41,491,900	41,491,900
Reinsurers' share of technical provisions	-	11,830,031	8,254,040	15,645,534	27,358	2,618,291	38,375,253
Cash and cash equivalents	-	-	-	851,238	3,580,412	8,159,597	12,591,248
Total assets exposed to credit risk	14,927,451	42,560,763	313,482,825	85,450,956	107,550,048	70,132,271	634,104,314
Share of assets by credit rating in %	2.35%	6.7%	49.4%	13.5%	17.0%	11.1%	100%

Investments in debt securities which remained non-rated in 2020 comprise important Slovene state-owned or private companies which issued these securities. Given loans, deposits and financial receivables without a credit rating accounted for almost 100% (98.53%) of all given

loans, deposits and financial receivables. All given loans are adequately collateralized. A share of 54.9% of given loans, deposits and financial receivables without a rating are advances collateralized with redemption value of insurance policies.

Maximum exposure to credit risk by financial asset class as at 31 December 2019 for GENERALI Group Slovenia

(in EUR)	AAA/AA+	AA/A+	A/(A or A-)	BBB/(B++ or B+)	less than BBB/(B++ or B+)	Not rated	Total 2020
Available-for-sale financial assets	1,867,945	-	133,262,679	46,512,749	5,062,072	-	186,705,445
Debt securities	1,867,945	-	133,262,679	46,512,749	5,062,072	-	186,705,445
Loans, deposits and financial receivables	-	-	-	-	-	181,716	181,716
Total financial investments	1,867,945	-	133,262,679	46,512,749	5,062,072	181,716	186,887,161
Receivables from insurance business and other receivables	-	-	-	-	-	13,665,439	13,665,439
Reinsurers' share of technical provisions	-	-	-	-	-	75,719,980	75,719,980
Cash and cash equivalents	-	-	-	-	-	7,634,928	16,205,222
Total assets exposed to credit risk	1,867,945	-	133,262,679	46,512,749	5,062,072	97,202,062	292,477,801
Share of assets by credit rating in %	0.64%	0.0%	45.6%	15.9%	1.7%	33.2%	100%

Maximum exposure to credit risk by financial asset class as at 31 December 2020 for GENERALI d.d.

(in EUR)	AAA/AA+	AA/A+	A/(A or A-)	BBB/(B++ or B+)	less than BBB/(B++ or B+)	Not rated	Total 2020
Financial assets at fair value through profit or loss	-	2,637,967	441,896	-	443,650	203,489	3,727,003
Debt securities	-	2,637,967	441,896	-	443,650	203,489	3,727,003
Held-to-maturity financial assets	526,298	695,771	8,124,408	943,185	558,491	-	10,848,153
Debt securities	526,298	695,771	8,124,408	943,185	558,491	-	10,848,153
Available-for-sale financial assets	14,401,152	26,334,346	293,893,783	67,923,530	99,227,132	5,785,162	507,565,105
Debt securities	14,401,152	26,334,346	293,893,783	67,923,530	99,227,132	5,785,162	507,565,105
Loans, deposits and financial receivables	-	-	-	-	1,240	5,923,859	5,925,099
Assets from investment contracts	-	1,062,648	2,768,697	-	3,711,765	203,489	7,746,600
Debt securities	-	1,062,648	2,768,697	-	3,711,765	203,489	7,746,600
Total financial investments	14,927,451	30,730,732	305,228,785	68,866,715	103,942,278	12,115,999	535,811,959
Receivables from insurance business and other receivables	-	-	-	-	-	39,383,873	39,383,873
Reinsurers' share of technical provisions	-	11,830,031	8,254,040	15,645,534	27,358	2,618,291	38,375,253
Cash and cash equivalents	-	-	-	319,458	3,580,412	6,577,371	10,477,241
Total assets exposed to credit risk	14,927,451	42,560,763	313,482,825	84,831,707	107,550,048	60,695,533	624,048,326
Share of assets by credit rating in %	2.39%	6.8%	50.2%	13.6%	17.2%	9.7%	100%

Investments in debt securities which remained non-rated in 2020 comprise important Slovene state-owned or private companies which issued these securities. Given loans, deposits and financial receivables without a credit rating accounted for almost 100% (98.53%) of all given loans, deposits and financial receivables. The maximum exposure to individual issuers without a rating relating to

given loans is represented by loans to Ambulanta ZDRA-VJE d.o.o. accounting for 1% of all given loans, deposits and financial receivables without a rating. All given loans are adequately collateralized. A share of 55% of given loans without a rating are advances collateralized with redemption value of insurance policies.

Maximum exposure to credit risk by category of financial assets as at 31 December 2019 for GENERALI d.d. - Reclassified

(in EUR)	AAA/AA+	AA/A+	A/(A or A-)	BBB/(B++ or B+)	less than BBB/(B++ or B+)	Not rated	Total 2020
Available-for-sale financial assets	1,867,945	-	133,262,679	46,512,749	5,062,072	-	186,705,445
Debt securities	1,867,945	-	133,262,679	46,512,749	5,062,072	-	186,705,445
Loans, deposits and financial receivables	-	-	-	-	-	181,716	181,716
Total financial investments	1,867,945	-	133,262,679	46,512,749	5,062,072	181,716	186,887,161
Receivables from insurance business and other receivables	-	-	-	-	-	13,665,439	13,665,439
Reinsurers' share of technical provisions	-	-	-	-	-	75,719,980	75,719,980
Cash and cash equivalents	-	-	-	-	-	7,634,928	16,205,222
Total assets exposed to credit risk	1,867,945	-	133,262,679	46,512,749	5,062,072	97,202,062	292,477,801
Share of assets by credit rating in %	0.64%	0.0%	45.6%	15.9%	1.7%	33.2%	100%

Financial assets and receivables exposed to credit risk by maturity for GENERALI Group Slovenia

(in EUR)	Neither past due nor impaired	Past due but not impaired	Past due and impaired	Total
GENERALI Group, Slovenia 31.12.2020				
Financial investments (debt securities)	522,140,261	-	-	522,140,261
Assets from investment contracts	7,746,600	-	-	7,746,600
Loans and financial receivables	5,189,233	-	-	5,189,233
Amount (technical provisions) ceded to reinsurers	38,375,252	-	-	38,375,252
Receivables	15,954,946	9,809,185	15,727,771	41,491,902
Receivables from direct insurance and re(co)insurance operations	14,748,350	7,594,972	35,999,092	58,342,415
Value adjustment	-	-	(22,404,687)	(22,404,687)
Other receivables	1,206,596	2,214,035	18,120,207	21,540,838
Value adjustment	-	178	(15,986,842)	(15,986,664)
Total	589,406,291	9,809,185	15,727,771	614,943,248
GENERALI Group, Slovenia 31.12.2019				
Financial investments (debt securities)	186,705,445	-	-	186,705,445
Loans and financial receivables	181,716	-	-	181,716
Amount (technical provisions) ceded to reinsurers	75,719,980	-	-	75,719,980
Receivables	8,270,820	3,140,477	2,254,142	13,665,438
Receivables from direct insurance and re(co)insurance operations	7,629,857	2,938,289	7,968,457	18,536,603
Value adjustment	-	-	(6,231,116)	(6,231,116)
Other receivables	640,962	202,188	552,491	1,395,641
Value adjustment	-	-	(35,689)	(35,689)
Total	270,877,960	3,140,477	2,254,142	276,272,579

Receivables by age and type of adjustment for GENERALI Group Slovenia

(in EUR)	Not due	Overdue up to 180 days	Overdue over 180 days	Total	Collectively impaired	Individually impaired
GENERALI Group, Slovenia 31.12.2020						
Receivables from direct insurance and re(co) insurance operations	14,748,350	19,667,854	1,521,523	35,937,727	26,842,250	9,095,478
Gross value	14,748,350	25,559,622	18,034,442	58,342,414	41,814,590	16,527,824
Value adjustment	-	(5,891,768)	(16,512,919)	(22,404,687)	(14,972,341)	(7,432,346)
Other receivables	1,206,594	3,027,195	1,320,385	5,554,173	2,171,081	3,383,093
Gross value	1,206,594	3,560,643	16,773,600	21,540,837	4,824,068	16,716,769
Value adjustment	-	(533,448)	(15,453,216)	(15,986,664)	(2,652,988)	(13,333,676)
Total	15,954,944	22,695,049	2,841,908	41,491,900	29,013,330	12,478,570
Total gross value	15,954,944	29,120,265	34,808,042	79,883,251	46,638,659	33,244,592
Total value adjustment	-	(6,425,216)	(31,966,134)	(38,391,350)	(17,625,328)	(20,766,022)
Total receivables	15,954,944	22,695,049	2,841,908	41,491,900	29,013,330	12,478,570
GENERALI Group, Slovenia 31.12.2019						
Receivables from direct insurance and re(co) insurance operations	7,629,857	4,311,966	363,664	12,305,487	12,305,487	-
Gross value	7,629,857	4,745,759	6,160,987	18,536,603	18,536,603	-
Value adjustment	-	(433,793)	(5,797,323)	(6,231,116)	(6,231,116)	-
Other receivables	2,477,104	201,637	517,352	3,196,094	3,196,124	-
Gross value	2,477,104	202,188	552,491	3,231,783	3,231,783	-
Value adjustment	-	(551)	(35,139)	(35,689)	(35,659)	-
Total	10,106,961	4,513,603	881,016	15,501,580	15,501,610	-
Total gross value	10,106,961	4,947,947	6,713,477	21,768,386	21,768,386	-
Total value adjustment	-	(434,344)	(5,832,461)	(6,266,806)	(6,266,776)	-
Total receivables	10,106,961	4,513,603	881,016	15,501,580	15,501,610	-

Financial assets and receivables exposed to credit risk by maturity for GENERALI d.d.

(in EUR)	Neither past due nor impaired	Past due but not impaired	Past due and impaired	Total
GENERALI d.d. 31.12.2020				
Financial investments (debt securities)	585,567,929	-	-	585,567,929
Assets from investment contracts (debt securities)	7,746,600	-	-	7,746,600
Loans and financial receivables	5,333,040	-	-	5,333,040
Amount (technical provisions) ceded to reinsurers	38,375,253	-	-	38,375,253
Receivables	15,418,960	9,685,453	14,279,460	39,383,874
Receivables from direct insurance and re(co)insurance operations	14,748,350	7,594,972	28,607,744	50,951,066
Value adjustment	-	-	(15,886,493)	(15,886,493)
Other receivables	670,610	2,090,303	4,411,929	7,172,842
Value adjustment	-	178	(2,853,721)	(2,853,543)
Total	652,441,782	9,685,453	14,279,460	676,406,696
GENERALI d.d. 31.12.2019				
Financial investments (debt securities)	186,705,445	-	-	186,705,445
Assets from investment contracts (debt securities)	-	-	-	-
Loans and financial receivables	181,716	-	-	181,716
Amount (technical provisions) ceded to reinsurers	75,719,980	-	-	75,719,980
Receivables	8,270,820	3,140,477	2,254,142	13,665,438
Receivables from direct insurance and re(co)insurance operations	7,629,857	2,938,289	7,968,457	18,536,603
Value adjustment	-	-	(6,231,116)	(6,231,116)
Other receivables	640,962	202,188	552,491	1,395,641
Value adjustment	-	-	(35,689)	(35,689)
Total	270,877,960	3,140,477	2,254,142	276,272,579

Receivables by age and type of adjustment for GENERALI d. d.

(in EUR)	Not due	Overdue up to 180 days	Overdue over 180 days	Total	Collectively impaired	Individually impaired
GENERALI d.d. 31.12.2020						
Receivables from direct insurance and re(co) insurance operations	14,748,350	19,667,854	648,369	35,064,573	26,842,250	8,222,324
Gross value	14,748,350	25,559,622	10,643,094	50,951,066	41,814,590	9,136,476
Value adjustment	-	(5,891,768)	(9,994,725)	(15,886,493)	(14,972,341)	(914,152)
Other receivables	670,610	2,903,462	745,228	4,319,300	2,171,081	2,148,219
Gross value	670,610	3,436,910	3,065,323	7,172,842	4,824,068	2,348,774
Value adjustment	-	(533,448)	(2,320,095)	(2,853,543)	(2,652,988)	(200,555)
Total	15,418,960	22,571,316	1,393,597	39,383,873	29,013,330	10,370,542
Total gross value	15,418,960	28,996,532	13,708,416	58,123,909	46,638,659	11,485,250
Total value adjustment	-	(6,425,216)	(12,314,819)	(18,740,036)	(17,625,328)	(1,114,707)
Total receivables	15,418,960	22,571,316	1,393,597	39,383,873	29,013,330	10,370,542
GENERALI d.d. 31.12.2019						
Receivables from direct insurance and re(co) insurance operations	7,629,857	4,311,966	363,664	12,305,487	12,305,487	-
Gross value	7,629,857	4,745,759	6,160,987	18,536,603	18,536,603	-
Value adjustment	-	(433,793)	(5,797,323)	(6,231,116)	(6,231,116)	-
Other receivables	2,477,104	201,637	517,352	3,196,094	3,196,124	-
Gross value	2,477,104	202,188	552,491	3,231,783	3,231,783	-
Value adjustment	-	(551)	(35,139)	(35,689)	(35,659)	-
Total	10,106,961	4,513,603	881,016	15,501,580	15,501,610	-
Total gross value	10,106,961	4,947,947	6,713,477	21,768,386	21,768,386	-
Total value adjustment	-	(434,344)	(5,832,461)	(6,266,806)	(6,266,776)	-
Total receivables	10,106,961	4,513,603	881,016	15,501,580	15,501,610	-

Risk of changes in prices of equity securities

The risk of changes in prices of equity securities is defined as the risk of fluctuation in the price of equity investments which would affect the expected return of financial assets or their value, recognised in the investment portfolio of the Company. To mitigate this risk, the Group Companies maintain a sector and geographic spread of share capital investments, do not cross the allowed limitations of exposure towards individual issuers and invest their assets in investments with an appropriate ratio between risk and profitability.

The risk of changes in prices of equity securities is measured by means of analysis of sensitivity to changes in share prices. This risk affects equity securities, share mutual funds and mixed mutual funds (corresponding part). The results are presented within the market risks sensitivity analysis.

Sensitivity analysis to changes in prices of equity securities**Factors**

The methods and assumptions used in preparing the sensitivity analysis to changes in prices of equity securities are set out below.

Sensitivity Factor	Factor Description
Change in prices of equity securities	The effect on changes in the market price of equity securities is reflected in the change in the share price, the ID-share price, the price of structured securities and the price of mutual funds as at 31 December 2020 by $\pm 15\%$.

Sensitivity analysis to changes in prices of equity securities

(in EUR)	Effect on profit	Effect on equity
GENERALI d.d.		
31 December 2019		
Change in prices of equities +15%	1,081,713	5,569,720
Change in prices of equities -15%	(1,081,713)	(5,569,720)
31 December 2020		
Change in prices of equities +15%	46,808,392	4,770,541
Change in prices of equities -15%	(46,808,392)	(4,770,541)
GENERALI Group Slovenia		
31 December 2019		
Change in prices of equities +15%	1,081,713	5,569,720
Change in prices of equities -15%	(1,081,713)	(5,569,720)
31 December 2020		
Change in prices of equities +15%	46,808,392	4,988,617
Change in prices of equities -15%	(46,808,392)	(4,988,617)

Under the sensitivity analysis, the changes in share prices refer to prices obtained through closing price on the reporting date for the current and previous years.

The investments of the unit-linked guarantee fund reflect to the greatest extent possible the value of the units of mutual funds arising from insurance contracts. The changes in values have no material effect on the profit or loss. The change affects both income from investments and changes in provisions, which means that the changes in prices of securities have no material impact on profit or loss.

Risk of changes in property prices

The Group Companies are exposed to the risk of changes in property prices due to real estate for own use, investment properties and leased properties. The total exposure of the Group amounts to EUR 37,050,104, while the total exposure of the Company amounts to EUR 36,660,816. Properties held for own use also comprise properties or rights to use leased properties held by Group Companies. The rights to use leased properties are not directly exposed to property risk, as these are mostly long-term leases. The property assets of the Group Companies are largely in Slovenia.

Exposure to properties according to their purpose

(in EUR)	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Investment properties	8,704,033	-	10,885,982	-
Properties (buildings and land) to perform insurance activities	28,346,071	1,859,508	25,774,834	1,859,508
assets arising from a lease	23,856,173	-	21,674,225	-
TOTAL	37,050,104	1,859,508	36,660,816	1,859,508

Interest rate risk

Interest rate risk is the risk that a change in interest rates on the market will affect the value of assets and liabilities that are sensitive to interest rate fluctuations.

It is reflected in the following: a change in market value of investments in debt securities, except when they are classified as held-to-maturity investments, or the risk associated with the ability to reinvest financial assets at maturity under at least identical conditions with those for financial assets past due. The change in interest rates can also affect the fair value of liabilities that are prone to this risk.

With the aim to manage their exposure to interest rate risk, the Group Companies apply the following procedures:

- for liabilities with determinable future cash flows, they employ immunisation procedures, which allow them to balance the average duration of investments with the average duration of liabilities;
- balancing interest rates on assets and on liabilities;
- ensuring a suitable structure of investments in terms of profitability and duration.

Interest rate risk is measured by means of sensitivity analysis, namely by changes in value of investments in debt financial instruments and value of provisions when interest rates change. The effect of changes in interest rates is presented within the following market risks sensitivity analysis.

Interest rate sensitivity analysis**Factors**

The methods and assumptions used in preparing the interest rate sensitivity analysis are set out below.

Sensitivity Factor	Factor Description
Interest Rate	Effect on the change in market interest rates by ± 50 bp (effect on profit and equity if the market interest rate changes by 50 basic points).

Interest rate sensitivity analysis

(in EUR)	Effect on profit	Effect on equity
GENERALI d.d.		
31 December 2019		
Interest rate change of +50 bp	(302,001)	(7,602,178)
Interest rate change of -50 bp	197,031	5,147,787
31 December 2020		
Interest rate change of +50 bp	(572,268)	(22,651,796)
Interest rate change of -50 bp	243,847	15,233,306
GENERALI Group Slovenia		
31 December 2019		
Interest rate change of +50 bp	(302,001)	(7,602,178)
Interest rate change of -50 bp	197,031	5,147,787
31 December 2020		
Interest rate change of +50 bp	(572,268)	(22,861,396)
Interest rate change of -50 bp	243,847	15,274,475

Risk of guaranteed return

The year 2020 was marked by turbulence and the consequences of the coronavirus pandemic. The decisive and stimulating support of central banks and optimism in the search for a COVID-19 vaccine had a positive impact on the financial and capital markets and a decisive impact on the return on financial investments. In an environment of high volatility due to risks in the financial markets, the Company managed the risk of not achieving a guaranteed return by selectively allocating investments in government and corporate debt securities and shares that give an optimal return adjusted for risk. In 2020, the standard life insurance fund achieved a return of 4.69%, which is by 183 basic points more than the guaranteed return of 2.86 percent.

The Company ensured prudent management of portfolios to achieve optimum return in relation to risk. In line with the existing portfolio structure, assets were invested primarily in European government bonds and, in life insurance, in European shares with a high dividend policy. With respect to the guarantee fund with a guaranteed return under the PN-A01 pension scheme, the Company did not change the portfolio structure. There were no premium inflows into the fund as it was closed for new payments in May 2016. In 2020, the fund achieved a return of 4.80%, which is by 437 basic points more than the guaranteed return of 0.43%. The guarantee fund "Zajamčeni od 60" (Guaranteed over 60) started operating in Febru-

ary 2016, when it started to build and to set up the portfolio. Following the diversification policies, investments are made primarily in bond mutual funds and ETFs, as

well as corporate and government bonds. In 2020, the fund achieved a return of 1.52%, which is more than the guaranteed return by 109 basic points.

Actual exposure to risk of guaranteed return

Pension insurance scheme/plan	GENERALI d.d. 2020	GENERALI d.d. 2019
LIFE INSURANCE		
Traditional life insurance	-	-
Average return on investment for the period	4,69%	2,88%
Average guaranteed return	2,86%	2,82%
Difference in interest rates	1,83%	0,06%
PENSION INSURANCE		
Pension saving AS Zajamčeni od 60	-	-
Average return on investment for the period	1,52%	6,12%
Required (guaranteed) return	0,43%	0,60%
Difference in interest rates	1,09%	5,52%
Pension insurance PN-A01	-	-
Average return on investment for the period	4,84%	7,98%
Required (guaranteed) return	0,43%	0,60%
Difference in interest rates	4,41%	7,38%

Note: The disclosure shown in the table is the same for the insurance company GENERALI as for the Group. An explanation is given in the first paragraph of Section 6.2.1.

Currency risk

Currency risk is the risk that the exchange rate between the domestic currency in which assets are measured and the currency in which the value of individual assets is denominated will fluctuate and, consequently, negatively affect the value of investments.

Currency risk for GENERALI Group Slovenia as at 31 December 2020

	EUR	USD	HRK	Other	Total 2020
ASSETS					
Financial assets measured at fair value through profit or loss	3,727,003	-	-	484,328	4,211,331
Equity securities	-	-	-	484,328	484,328
Debt securities	3,727,003	-	-	-	3,727,003
Held-to-maturity financial assets	10,848,153	-	-	-	10,848,153
Debt securities	10,848,153	-	-	-	10,848,153
Available-for-sale financial assets	554,137,528	5,273,344	-	3,650,249	563,061,120
Equity securities	45,769,894	343,493	-	3,650,249	49,763,636
Debt securities	508,367,634	4,929,851	-	-	513,297,484
Loans, deposits and financial receivables	5,557,797	-	126,398	342,478	6,026,673
Investments in subsidiaries and associates	12,302,057	-	-	-	12,302,057
Unit-linked investments of policyholders	373,233,864	1,758,487	948,082	1,212,166	377,152,599
Assets from investment contracts	17,683,019	3,923,943	-	1,116,347	22,723,309
Total financial investment	977,489,420	10,955,774	1,074,480	6,805,568	996,325,243
Receivables from insurance business and other receivables	41,275,216	-	123,733	92,951	41,491,900
Amount (technical provisions) transferred to reinsurers	38,375,253	-	-	-	38,375,253
Cash and cash equivalents	12,192,046	655	297,203	101,344	12,591,248
Other assets	89,228,046	-	-	-	89,228,046
Total assets exposed to currency risk	1,158,559,981	10,956,429	1,495,416	6,999,863	1,178,011,690
Bonds issued (Subordinated liabilities)	49,779,308	-	-	-	49,779,308
Liabilities arising from insurance contracts	484,615,781	-	-	-	484,615,781
Unit-linked life insurance	378,069,357	-	-	-	378,069,357
Liabilities from investment contracts	22,239,377	-	-	-	22,239,377
Other liabilities	81,698,638	-	-	-	81,698,638
Total liabilities exposed to currency risk	1,016,402,461	-	-	-	1,016,402,461

Currency risk for GENERALI Group Slovenia as at 31 December 2019

	EUR	USD	HRK	Other	Total 2019
ASSETS					
Financial assets measured at fair value through profit or loss	32,244	-	-	-	32,244
Equity securities	32,244	-	-	-	32,244
Available-for-sale financial assets	194,033,927	-	-	-	194,033,927
Equity securities	7,328,482	-	-	-	7,328,482
Debt securities	186,705,445	-	-	-	186,705,445
Loans, deposits and financial receivables	181,716	-	-	-	181,716
Investments in subsidiaries and associates	298,022	-	-	-	298,022
Unit-linked investments of policyholders	66,414,605	-	-	-	66,414,605
Total financial investment	260,960,513	-	-	-	260,960,513
Receivables from insurance business and other receivables	13,665,439	-	-	-	13,665,439
Amount (technical provisions) transferred to reinsurers	75,719,980	-	-	-	75,719,980
Cash and cash equivalents	7,634,928	-	-	-	7,634,928
Other assets	8,385,275	-	-	-	8,385,275
Total assets exposed to currency risk	366,366,135	-	-	-	366,366,135
Liabilities arising from insurance contracts	157,118,304	-	-	-	157,118,304
Unit-linked life insurance	66,311,354	-	-	-	66,311,354
Other liabilities	89,663,486	-	-	-	89,663,486
Total liabilities exposed to currency risk	313,093,144	-	-	-	313,093,144

The Group is exposed to currency risk mainly through operations in North Macedonia and Croatia, while the currency exposure for the Group in the Republic of Slovenia is relatively low since Slovenia's entry into EMU and the introduction of the euro as the single currency for the Eurozone.

The Group avoids exposure to currency risk by not forming investments with fixed returns (bonds, bank deposits, certificates of deposit, loans) in foreign currencies. Other currencies that the Group is exposed to are mainly Croatian kuna (HRK) and North Macedonian denar (MKD). For its investments in shares quoted in foreign currency, the Group selected shares of companies that are strongly

connected business-wise with the Eurozone, therefore, it can be expected that the profit of these companies, denominated in foreign currency, will increase in case of a drop of the foreign currency exchange rate compared to euro. Moreover, the Group invests assets from long-term business funds in mutual funds which invest mostly in securities denominated in domestic currency, or in those, for which it can be expected not to be exposed to an extent too large to the foreign currency exchange rate risk. The Group measures currency risk by means of currency mismatch share – the share of investments that are invested in a currency different from the currency in which liabilities are denominated.

Currency risk for GENERALI d.d. as at 31 December 2020

	EUR	USD	HRK	Other	Total 2020
ASSETS					
Financial assets measured at fair value through profit or loss	3,727,003	-	-	-	3,727,003
Debt securities	3,727,003	-	-	-	3,727,003
Held-to-maturity financial assets	10,848,153	-	-	-	10,848,153
Debt securities	10,848,153	-	-	-	10,848,153
Available-for-sale financial assets	546,951,308	5,273,344	-	3,650,249	555,874,901
Equity securities	44,316,054	343,493	-	3,650,249	48,309,796
Debt securities	502,635,254	4,929,851	-	-	507,565,105
Loans, deposits and financial receivables	5,925,101	-	-	-	5,925,101
Investments in subsidiaries and associates	45,172,441	-	-	-	45,172,441
Unit-linked investments of policyholders	373,233,864	1,758,487	948,082	1,212,166	377,152,599
Assets from investment contracts	17,683,019	3,923,943	-	1,116,347	22,723,309
Total financial investment	1,003,540,888	10,955,774	948,082	5,978,762	1,021,423,506
Receivables from insurance business and other receivables	39,383,873	-	-	-	39,383,873
Amount (technical provisions) transferred to reinsurers	38,375,253	-	-	-	38,375,253
Cash and cash equivalents	10,476,585	655	-	-	10,477,241
Other assets	60,644,055	-	-	-	60,644,055
Total assets exposed to currency risk	1,152,420,654	10,956,429	948,082	5,978,762	1,170,303,928
LIABILITIES					
Bonds issued (Subordinated liabilities)	49,779,308	-	-	-	49,779,308
Liabilities arising from insurance contracts	484,615,781	-	-	-	484,615,781
Unit-linked life insurance	378,069,357	-	-	-	378,069,357
Liabilities from investment contracts	22,239,377	-	-	-	22,239,377
Other liabilities	77,494,276	-	-	-	77,494,276
Total liabilities exposed to currency risk	1,012,198,099	-	-	-	1,012,198,099

Currency risk for GENERALI d.d. as at 31 December 2019 - Reclassified

	EUR	USD	HRK	Other	Total 2019
ASSETS					
Financial assets measured at fair value through profit or loss	32,244	-	-	-	32,244
Equity securities	32,244	-	-	-	32,244
Available-for-sale financial assets	194,033,927	-	-	-	194,033,927
Equity securities	7,328,482	-	-	-	7,328,482
Debt securities	186,705,445	-	-	-	186,705,445
Loans, deposits and financial receivables	181,716	-	-	-	181,716
Investments in subsidiaries and associates	298,022	-	-	-	298,022
Unit-linked investments of policyholders	66,414,605	-	-	-	66,414,605
Total financial investment	260,960,513	-	-	-	260,960,513
Receivables from insurance business and other receivables	13,665,439	-	-	-	13,665,439
Amount (technical provisions) transferred to reinsurers	75,719,980	-	-	-	75,719,980
Cash and cash equivalents	7,634,928	-	-	-	7,634,928
Other assets	8,385,275	-	-	-	8,385,275
Total assets exposed to currency risk	366,366,135	-	-	-	366,366,135
Liabilities arising from insurance contracts	157,118,304	-	-	-	157,118,304
Unit-linked life insurance	66,311,354	-	-	-	66,311,354
Other liabilities	89,663,486	-	-	-	89,663,486
Total liabilities exposed to currency risk	313,093,144	-	-	-	313,093,144

The Company is subject to changes in exchange rates that affect its financial position and cash flows. Given that the Republic of Slovenia is in EMU and has the euro as its means of payment, the estimated currency risk of

the Company is relatively low. For 2020 and 2019, we disclose assets that are exposed to currency risk. The Company's liabilities are denominated in euros and are not particularly exposed to currency risk.

Sensitivity analysis to changes in exchange rates

The Group Companies invest the majority of their investments in euros, because their liabilities and liabilities arising from insurance contracts are in this currency. With regard to the Insurance Company, the Insurance Act stipulates that it must reconcile the investments of the guarantee fund having long-term guarantees with its liabilities arising from insurance contracts whose amount depends on changes in exchange rates at least up to 80%. As the Company keeps its liabilities in euros, it follows that it invests the majority of its investments in securities in euros and that its exposure to currency risk is very low.

6.2.4 Operational risk and strategic risk

Operational risk

Operational risk mostly includes the risk of loss as a result of ineffectiveness, failure or errors in the business process implementation, malfunction or non-existence of internal controls, unprofessional, inappropriate or harmful employee behaviour, system or infrastructure malfunction or any other external factors, including amendments to legislation, business interruptions due to natural catastrophes or epidemics, competition, etc. The key moment for management of operational risks is their identification and assessment, and in the second stage the execution of measures for their minimisation and uninterrupted monitoring of other risks. Risk control, especially that of operational risk, is primarily a responsibility of owners of processes where these risks occur or are related to. The internal control system, internal control

reviews and calculations of key risk indicators are used as the primary tool for management of operational risk. The Group Companies adopted the business continuity strategy aimed at a quick recovery of business processes critical for its operations.

Other risks (strategic and reputational risk)

Strategic risks can occur in the early stages of strategy planning, strategy execution, management and strategic decision-making and supervision of the companies. The realisation of these risks can crucially affect the ability of the Company to reach its strategic goals. In order to eliminate these risks, it is of utmost importance that the Company has clearly determined responsibilities and competences, an effective communication and reporting system, and constant monitoring of fulfilment of the set goals. In order to manage the strategic risks as effectively as possible, operating categories of the business plan are designed in line with the Company's accepted risk appetite. Before the final approval, the business plan is being tested in order to find out if the risk appetite and capital adequacy, as required by the Solvency II principles, are reached. Reputational risk is the risk of potential losses due to deterioration of the reputation or negative perceptions of the Group by customers, business partners, shareholders and supervisors. GENERALI Group Slovenia follows the guidelines of the Generali Group (Italy) regarding the management of the reputational risk and has strict rules regarding communication with the media. In accordance with the requirements of the SII Directive, the Company has appointed a holder of the compliance key function to ensure that the Company operates in accordance with applicable law.

7. Notes to individual items of financial statements

7.1 Intangible assets

Movements in intangible assets for GENERALI Group Slovenia

(in EUR)	Goodwill	Material in rights and licences	Software	ND assets in the process of acquisition	Total
AT COST					
Balance as at 1 Jan 2019	-	66,666	3,135,602	-	3,202,268
Direct increases - investments	-	-	404,147	-	404,147
Direct increases - advance payments	-	-	-	12,178	12,178
Decreases during the year	-	-	(17,500)	-	(17,500)
Balance as at 31 Dec 2019	-	66,666	3,522,249	12,178	3,601,093
New balance as at 1 Jan	-	66,666	3,522,249	12,178	3,601,093
Spin-off assets	22,707,191	4,074,459	29,502,436	176,520	56,460,606
Direct increases - investments	1,073,430	-	3,025,518	-	4,098,949
Decreases during the year	-	(1,102,917)	(239,677)	(163,520)	(1,506,113)
Transfers between categories within intangible assets	-	-	(1,586)	-	(1,586)
Other changes	(1,487)	(5,407)	(902)	-	(7,796)
Balance as at 31 Dec 2020	23,779,134	3,032,801	35,808,039	25,178	62,645,153
VALUE ADJUSTMENT					
Balance as at 1 Jan 2019	-	4,444	2,519,901	-	2,524,345
Depreciation during the year	-	13,333	360,708	-	374,041
Balance as at 31 Dec 2019	-	17,777	2,880,609	-	2,898,386
New balance as at 1 Jan	-	17,777	2,880,609	-	2,898,386
Acquisition of subsidiary	43,129	1,140,709	23,147,620	-	24,331,458
Depreciation during the year	1,761	159,305	2,701,105	-	2,862,171
Decreases during the year	-	(1,102,917)	(212,130)	-	(1,315,046)
Revaluation owing to impairment of assets	398,158	-	-	-	398,158
Revaluation owing to strengthening of assets	-	55,146	-	-	55,146
Transfers between intangible assets, investment property, and property, plant and equipment	-	-	(251,750)	-	(251,750)
Other changes	(645)	(1,304)	(407)	-	(2,356)
Balance as at 31 Dec 2020	442,403	268,716	28,265,047	-	28,976,166
BOOK VALUE					
Balance as at 31 Dec 2019	-	48,889	641,640	12,178	702,707
Balance as at 31 Dec 2020	23,336,731	2,764,085	7,542,992	25,178	33,668,987

The Group has no financial liabilities arising from the purchase of intangible assets, no intangible assets pledged as security, no legal restrictions were put on intangible assets nor were these assets pledged as collateral for debt. The Group does not have any internally generated intangible assets nor does it have any intangible assets acquired by a government grant. All the intangible assets

are owned by the Group and free from encumbrances. Compared to the year before, at 2020 year-end the value of intangible assets rose by EUR 31,892,850 in particular due to the acquisition of AS d.d. In addition to the merger, the higher value was the result of investments in the purchase and completion of software in the amount of EUR 2,915,523 also affected the higher situation. The

decrease in 2020 was mainly due to the depreciation. The Group uses the straight-line amortisation method and in 2020 it did not change the amortisation rates of material rights with Generali Investments Slovenia (see below the explanation for Ilirika Umbrella Fund), while other amortisation rates of intangible assets remained unchanged. Amortisation of intangible assets is posted in the income statement among operating costs.

The Group discloses material rights and licences among intangible assets. These contain the list of investors related to the taking over of the management of the Ilirika Umbrella Fund for which the Group changed its accounting estimate in 2020 and set a useful life of 20 years and an amortisation rate of 5%. As at 31 December 2020, the Group carried out an impairment test on the basis of the below assumptions and assessed that impairment was not necessary.

The assumptions for the valuation of the intangible assets used by the internal financial expert in 2020:

- the present value of the expected future free cash flows,
- the estimate was based on an analysis of past operations and future business opportunities,
- return on free cash flows was discounted with the appropriate required rate on return on equity capital
- for the calculation of the required rate of return on equity, the CAPM model was used,
- the CAPM assumptions: a 2.5% normalised return on risk-free investments, a 6.0% premium for capital risk, a 3.67% premium for investment in small enterprises, a 2.35% political risk factor, a 0.68 beta excluding debt,
- the required rate of return of equity capital is 12.6%,
- the planned profitability of individual funds in the explicit forecast period is 0.0%
- growth in net cash flows after the explicit forecast period is 1.5%,
- the estimated cash flows for the 2021-2025 period.

Goodwill

As at 31 December 2020, the Group has goodwill for EUR 22,263,301, with the largest part of goodwill (in the amount of EUR 22,209,093) arising from the investment in the subsidiary Generali Investments Slovenia, družba za upravljanje, d.o.o. and its subsidiaries (part of the value of goodwill in the amount of EUR 943,508 refers to Generali Investments Zagreb and part in the amount of EUR 322,243 to Generali Investments Skopje).

In accordance with the accounting policies, as at the 2020 year-end the Group checked whether the goodwill in the segment of asset management would have to be impaired. In 2020, a certified business appraiser assessed the change in circumstances and values since the last valuation and ensured that the audits did not show any negative trends in comparison with 2019 and that the value of the equity capital of Generali Investments Slovenia, družba za upravljanje, d.o.o. was at the level of the previous year.

For this purpose, an analysis of the sensitivity of the recoverable amount regarding the company Generali Investments d.o.o. was provided.

In assessing the market value of the subsidiary Generali Investments d.o.o. Ljubljana the present value of expected cash flows to total capital (indirect method) was applied using the following assumptions:

- risk-free rate of return: until 2024; 0.85% %; after 2024; 2.85 %
- WACC: until 2024; 9.79% %; after 2024; 11.99 %
- long-term growth rate (g): 2.5 %
- discount for lack of marketability: 11 %

Sensitivity analysis of subsidiary Generali Investments d.o.o. Ljubljana

Net EBIT% achieved from planned	Equity value in EUR 000
110%	34,492
100%	33,062
90%	29,374

On the basis of the goodwill impairment test carried out, the Group determined that impairment of goodwill related to the subsidiary Generali Investments, družba za upravljanje, d.o.o. was not necessary.

The assumptions used in 2020 for the valuation of the remaining part of goodwill relating to Generali Investments Ljubljana, performed by the internal financial expert:

- the present value of future free cash flows;
- the estimate was based on an analysis of past operations and future business opportunities;
- return on free cash flows was discounted with the appropriate weighted arithmetic average of return rate on debt and equity capital (WACC);
- for the calculation of the required rate of return on equity, the CAPM model was used, which was adapted to the country in which the company operates;
- the CAPM assumptions: a 2.5% normalised return on risk-free investments, a 6.0% premium for capital risk, a 3.67% premium for investment in small enterprises, a 3.39–4.41% political risk factor, a 0.68 beta excluding debt;
- the required rate of return of equity capital varies between 13.8% and 14.7%;
- the planned profitability of individual funds in the explicit forecast period is 0,0 %;
- growth in net cash flows after the explicit forecast period of 1.5%;
- the estimated cash flows for the 2021–2025 period.

An assessment of the need for impairment was also performed at Agent Zavarovalniško zastopanje d.o.o., whose goodwill at the time of merger with the Group on 1 January 2020, amounted to EUR 398,158. At the 2020 year-end, after the successful merger, the Management of the Parent Company carried out a corresponding rationalization and optimization of the structure of the entire GENERALI Group Slovenia, moving the sales network for life insurance of the subsidiary Agent to the Parent Com-

pany and adopting a decision to merge the subsidiary Agent d.o.o. to the Parent Company after the cut-off date of the merger 31 December 2020. Following the adoption of this decision and the already completed relocation of the sales network to the Parent Company in the process of rationalization in 2020, it was decided that the goodwill of the company Agent d.o.o. should be fully impaired. Thus, as at 31 December 2020, the value of the goodwill of Agent d.o.o. was equal to 0.

The Group has a part of goodwill in the net value of EUR 54,208 from the subsidiary Generali investments d.o.o.,

Croatia referring to the customer list obtained when the ICF Balance Fund was acquired in 2010. The list of clients is intangible asset or right which does not have a certain useful life and is not depreciated. However, its value is checked quarterly in consideration of the number of investors, and then it is assessed whether there are objective signs of impairment. In the event that the recoverable amount exceeds the carrying amount, the goodwill is not impaired. After verifying the value, the need for impairment in the amount of EUR 44,245 was shown.

Movements in intangible assets for GENERALI d.d.

(in EUR)	Material in rights and licences	Software	ND assets in the process of acquisition	Total
AT COST				
Balance as at 1 Jan 2019	66,666	3,135,602	0	3,202,268
Direct increases - investments	-	404,147	-	404,147
Direct increases - advance payments	-	-	12,178	12,178
Decreases during the year	-	(17,500)	-	(17,500)
Balance as at 31 Dec 2019	66,666	3,522,249	12,178	3,601,093
New balance as at 1 Jan	66,666	3,522,249	12,178	3,601,093
Increases due to acquisition of companies	1,102,917	28,446,996	-	29,549,913
Direct increases - investments	-	2,655,883	-	2,655,883
Decreases during the year	(1,102,917)	(239,678)	-	(1,342,595)
Transfers between categories within intangible assets	-	(1,586)	-	(1,586)
Balance as at 31 Dec 2020	66,666	34,383,865	12,178	34,462,709
VALUE ADJUSTMENT				
Balance as at 1 Jan 2019	4,444	2,519,901	-	2,524,345
Depreciation during the year	13,333	360,708	-	374,041
Balance as at 31 Dec 2019	17,777	2,880,609	-	2,898,386
New balance as at 1 Jan	17,777	2,880,609	-	2,898,386
Increases due to acquisition of companies	1,047,771	22,333,533	-	23,381,304
Depreciation during the year	-	2,608,455	-	2,608,455
Decreases during the year	(1,102,917)	(212,131)	-	(1,315,048)
Revaluation owing to impairment of assets	68,480	-	-	68,480
Transfers between categories within intangible assets	-	(251,750)	-	(251,750)
Balance as at 31 Dec 2020	31,111	27,358,716	-	27,389,827
BOOK VALUE				
Balance as at 31 Dec 2019	48,889	641,640	12,178	702,707
Balance as at 31 Dec 2020	35,555	7,025,149	12,178	7,072,881

At the end of 2020, the balance of intangible assets was higher by EUR 6,370,175 compared to the balance at the end of the previous year, mainly due to the merger of the insurance company AS d.d. In addition to the merger, investments in the purchase and completion of software in the amount of EUR 2,642,568 also affected the higher situation. The decrease in 2020 was mainly due to the depreciation of the period.

Apart from the revaluation of material rights within intan-

gible assets in the amount of EUR 68,480, the Company did not make any other impairments.

As at 31 December 2020, the Company had no unsettled operating liabilities to suppliers of intangible assets. The Company has no financial liabilities arising from the purchase of intangible assets, no intangible assets pledged as security, no legal restrictions were put on intangible assets nor were these pledged as collateral for debts. The Company has no internally generated intangible as-

sets and no intangible assets acquired by a government grant. All disclosed intangible assets are owned by the Company and are free of encumbrances.

Intangible fixed assets at the disposal of the Company will be definitively amortized on the basis of certain useful lives and amortisation rates by 2025. The insurance company uses regular amortisation and did not change amortisation rates in 2020. Amortisation of intangible as-

sets is recognized in the income statement under operating expenses.

Intangible fixed assets at the disposal of the Company will be definitively amortised on the basis of certain useful lives and amortisation rates by 2025. The Company applies straight-line amortisation and did not change depreciation rates in 2020. Amortisation of intangible assets is recognized in the income statement under operating expenses.

7.2 Property, plant and equipment

Movements in property, plant and equipment for GENERALI Group Slovenia

(in EUR)	Land and building	Office and other equipment	Property, plant and equipment in process of acquisition	Assets arising from a lease	Investment in foreign tangible fixed assets	Total
AT COST						
Balance as at 1 Jan 2019	-	3,039,131	-	-	1,140,927	4,180,058
Direct increases - investments	-	377,965	-	3,693,571	4,175	4,075,711
Decreases during the year	-	(100,341)	-	-	(150,864)	(251,205)
Disposal of leases	-	-	-	(377,803)	-	(377,803)
Balance as at 31 Dec 2019	-	3,316,755	-	3,315,768	994,238	7,626,761
New balance as at 1 Jan	-	3,316,755	-	3,315,768	994,238	7,626,761
Spin-off assets	30,753,834	17,290,158	275,402	1,788,375	18,491	50,126,260
Direct increases - investments	51,397	1,218,070	4,143	4,832,135	43,888	6,149,633
Direct increases - advance payments	-	-	1,862	-	-	1,862
Decreases during the year	-	(1,573,328)	(1,862)	(3,346,741)	(18,204)	(4,940,135)
Transfers between intangible assets, investment property, and property, plant and equipment	(296,397)	-	-	-	(0)	(296,397)
Transfers between categories within INCA	-	46,822	-	(2,614)	(0)	44,208
Other changes	-	(884)	-	(272)	(286)	(1,443)
Balance as at 31 Dec 2020	30,508,834	20,297,593	279,545	6,586,652	1,038,127	58,710,750
VALUE ADJUSTMENT						
Balance as at 1 Jan 2019	-	-	-	-	-	-
Acquisition of subsidiary	-	2,508,082	-	-	630,933	3,139,015
Decreases during the year	-	318,115	-	1,456,259	98,405	1,872,779
Revaluation owing to impairment of assets	-	(99,668)	-	-	(64,059)	(163,727)
Balance as at 31 Dec 2019	-	2,726,529	-	1,456,259	665,279	4,848,067
New balance as at 1 Jan	-	2,726,529	-	1,456,259	665,279	4,848,067
Spin-off assets	5,987,720	12,167,273	-	365,247	51,330	18,571,569
Depreciation during the year	324,224	1,403,488	-	2,247,788	95,795	4,071,295
Decreases during the year	-	(1,326,066)	-	(516,218)	(60,915)	(1,903,199)
Revaluation owing to impairment of assets	408,814	-	-	-	-	408,814
Transfers between intangible assets, investment property, and property, plant and equipment	(68,098)	(0)	-	-	-	(68,098)
Transfers between categories within intangible fixed assets	-	(6,389)	-	(1,456,259)	-	(1,462,648)
Other changes	-	(470)	-	(63)	-	(533)
Balance as at 31 Dec 2020	6,652,660	14,964,364	-	2,096,754	751,488	24,465,267
BOOK VALUE						
Balance as at 31 Dec 2019	-	590,226	-	1,859,509	328,959	2,778,694
Balance as at 31 Dec 2020	23,856,173	5,333,229	279,545	4,489,898	286,638	34,245,483

The Group has no financial liabilities arising from the purchase of property, plant and equipment, no property, plant and equipment pledged as security, no legal restrictions were put on property, plant and equipment nor were these assets pledged as collateral for debt.

With the exception of land and buildings, which have longer useful lives and are expected to be fully depreciated by 2076, it is expected that all other items of property, plant and equipment at the disposal of the Group will be fully depreciated based on the determined useful lives and depreciation rates by the year 2028. The Group uses the straight-line depreciation method and in 2020 it did not change the depreciation rates. Depreciation of property, plant and equipment is posted in the income statement among operating costs.

As at 31 December 2020, the Group had no unsettled operating liabilities to suppliers of property, plant and equipment.

The balance of property, plant and equipment as at 31 December 2020 compared to the 2019 year-end increased by EUR 31,473,589, mainly due to the merger of the insurance company AS d.d. In addition to the merger, the increase resulted from new investments, such as larger investments in the purchase of computer equipment in the amount of EUR 668,840 and the purchase of other equipment.

The decrease in property, plant and equipment in 2020 was influenced by the depreciation of the accounting period, disposal or sale and write-offs of property, plant and equipment. Larger disposals in 2020 relate to means of transport (cars) in the amount of EUR 103,250, while other decreases relate to disposals and write-offs of computer equipment and the sale of other assets of lesser value.

At the end of the year, the Group wrote off computer equipment and fixed assets that had already been depreci-

ated and were judged to be no longer suitable for use.

In 2020, the Group assessed whether there were grounds for impairment of the real property needed for the performance of activities in the way described in the guidelines given in Sections 5.2 or 5.3. The last appraisal of the recoverable amount of property intended for own use was performed by an external certified appraiser in June 2020.

In the **direct sales comparison method**, the recoverable amount was assessed based on market data arising from comparable transactions of similar property.

In the **income approach** (the direct yield capitalisation method), the recoverable amount was assessed using the **capitalisation rate** (discount rate) between 7.92% and 8.72 %.

The following assumptions were applied to calculate the capitalisation rate:

- the real risk-free rate of return – (Rf) (return on 10-year government bond) 0.54 %,
- risk premium (p) (including liquidity premium and investment management premium) 6.20 %, 6.30 %, 6.50 %, 6.60 % and 7.00%,
- capital recovery premium (d) 1.18 %.

Based on the assessment, at the end of 2020 there were no signs of impairment of property managed by the Parent Company as property for business activity, because no cash-generating unit showed negative results in the last three years.

The impairment conducted within the Group in the amount of EUR 408,814 concerned property used by subsidiaries in the Group to perform activities and are leased to them by the Parent Company. The impairment of investment property of the Company was performed on the basis of the examination and assessment of the external appraiser presented below in Chapter 7.3.

Movements in property, plant and equipment for GENERALI d.d.

(in EUR)	Land and building	Office and other equipment	Property, plant and equipment in process of acquisition	Assets arising from a lease	Investment in foreign tangible fixed assets	Total
AT COST						
Balance as at 1 Jan 2019	-	3,039,131	-	-	1,140,927	4,180,058
Direct increases - investments	-	377,965	-	3,693,571	4,175	4,075,711
Decreases during the year	-	(100,341)	-	-	(150,864)	(251,205)
Disposal of leases	-	-	-	(377,803)	-	(377,803)
Balance as at 31 Dec 2019	-	3,316,755	-	3,315,768	994,238	7,626,761
New balance as at 1 Jan	-	3,316,755	-	3,315,768	994,238	7,626,761
Increases due to acquisition of companies	27,507,569	16,328,734	275,402	1,504,013	18,490	45,634,208
Direct increases - investments	51,397	1,145,281	4,142	4,433,088	43,888	5,677,795
Direct increases – advance payments	-	-	1,862	-	-	1,862
Decreases during the year	-	(1,505,215)	(1,862)	(3,154,558)	(18,204)	(4,679,839)
Transfers between intangible assets, investment property, and property, plant and equipment	(265,528)	-	-	-	-	(265,528)
Transfers between categories within intangible fixed assets	-	46,822	-	(2,614)	(0)	44,208
Other changes	-	(205)	-	-	(286)	(491)
Balance as at 31 Dec 2020	27,293,437	19,332,171	279,545	6,095,697	1,038,126	54,038,977
VALUE ADJUSTMENT						
Balance as at 1 Jan 2019	-	2,508,082	-	-	630,933	3,139,015
Depreciation during the year	-	318,115	-	1,456,259	98,405	1,872,779
Decreases during the year	-	(99,668)	-	-	(64,059)	(163,727)
Balance as at 31 Dec 2019	-	2,726,529	-	1,456,259	665,279	4,848,067
New balance as at 1 Jan	-	2,726,529	-	1,456,259	665,279	4,848,067
Increases due to acquisition of companies	5,394,660	11,548,218	-	302,006	18,180	17,263,064
Depreciation during the year	287,399	1,264,893	-	2,154,853	86,544	3,793,689
Decreases during the year	-	(1,294,629)	-	(461,770)	(18,514)	(1,774,913)
Transfers between intangible assets, investment property, and property, plant and equipment	(62,847)	-	-	-	-	(62,847)
Transfers between categories within intangible fixed assets	-	(6,389)	-	(1,456,259)	(1)	(1,462,649)
Other changes	-	(122)	-	-	-	(122)
Balance as at 31 Dec 2020	5,619,212	14,238,499	-	1,995,089	751,488	22,604,289
BOOK VALUE						
Balance as at 31 Dec 2019	-	590,226	-	1,859,509	328,959	2,778,694
Balance as at 31 Dec 2020	21,674,225	5,093,672	279,545	4,100,608	286,637	31,434,688

As at 31 December 2020, the Company had no unsettled operating liabilities to suppliers of property, plant and equipment. The Company has no financial liabilities arising from the purchase of property, plant and equipment, no property, plant and equipment pledged as security, no legal restrictions were put on property, plant and equipment nor were these assets pledged as collateral for debt.

With the exception of land and buildings, which have longer useful lives and are expected to be fully depreciated by 2076, it is expected that all other items of property, plant and equipment at the disposal of the Company will be fully depreciated based on the determined useful lives and depreciation rates by the year 2028. The Company

uses the straight-line depreciation method and in 2020 it did not change the depreciation rates. Depreciation of property, plant and equipment is posted in the income statement among operating costs.

The balance of property, plant and equipment as at 31 December 2020 compared to the 2019 year-end increased by EUR 28,655,995, mainly due to the merger of the insurance company AS d.d. In addition to the merger, the increase resulted from new investments, such as larger investments in the purchase of computer equipment in the amount of EUR 565,269 and the purchase of other equipment.

The decrease in property, plant and equipment in 2020

was influenced by the depreciation of the accounting period, disposal or sale and write-offs of property, plant and equipment. Larger disposals in 2020 relate to means of transport (cars) in the amount of EUR 103,250, while other decreases relate to disposals and write-offs of computer equipment and the sale of other assets of lesser value.

At the end of the year, the Company wrote off computer equipment and fixed assets that had already been depreciated and were judged to be no longer suitable for use. A profit of EUR 29,516 was realized from the sale of fixed assets.

Among fixed assets, as at 31 December 2020, fully depreciated assets worth EUR 18,361 are in use.

In 2020, the Management assessed whether there were grounds for impairment of the real property needed for the performance of activities in the way described in the guidelines given in Sections 5.2 or 5.3. The last appraisal of the recoverable amount of property intended for own use was performed by an external certified appraiser in June 2020.

In the **direct sales comparison method**, the recoverable amount was assessed based on market data arising from comparable transactions of similar property.

In the **income approach** (the direct yield capitalisation method), the recoverable amount was assessed using the **capitalisation rate** (discount rate) between 7.92% and 8.72 %.

The following assumptions were applied to calculate the capitalisation rate:

- the real risk-free rate of return – (Rf) (return on 10-year government bond) 0.54 %,
- risk premium (p) (including liquidity premium and investment management premium) 6.20 %, 6.30 %, 6.50 %, 6.60 % and 7.00%,
- capital recovery premium (d) 1.18 %.

Based on the assessment, at the end of 2020 there were no signs of impairment of property used for business activity, because no cash-generating unit showed negative results in the last three years.

Right to use assets leased by the Grouped or the Company

The rights to use lease assets and lease liabilities are disclosed in the statement of financial position as separate items, whereby the right to use leased assets is shown under property, plant and equipment.

In 2020, a discount rate ranging from 1.8% to 3.5% (1.8% for the Company) was used to calculate lease liabilities.

The discount rate did not change until the end of 2020. Right to use lease assets are depreciated on a straight-line basis over the lease term. Depreciation costs are recognized in operating expenses and interest expenses in financing expenses. All leases are concluded for an indefinite period regarding the lease of business premises and parking lots. In calculating lease liabilities from long-term leases, a five-year period was taken into account in accordance with the Group's guidelines.

The following are disclosures regarding leases until the end of 2020.

Leases in the statement of financial position

(in EUR)	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
ASSETS				
Right to use real estate (land and buildings)	3,521,363	1,859,508	3,132,074	1,859,508
Right to use vehicles	483,674	-	483,674	-
Right to use equipment	484,860	-	484,860	-
Right to use other assets	-	-	-	-
Right to use lease assets	4,489,898	1,859,508	4,100,609	1,859,508
	-	-	-	-
LIABILITIES				
Short-term lease liabilities with a term of less than 1 year	214,035	-	80,497	-
Long-term lease liabilities with a term between 1 and 5 years	4,177,911	1,874,693	4,053,029	1,874,693
Long-term lease liabilities with a term of more than 5 years	-	-	-	-
Total lease liabilities	4,391,946	1,874,693	4,133,526	1,874,693

The balance of rights to use lease assets as at 31 December 2020 amounted to EUR 4,100,609. In 2020, the depreciation of these assets amounted to EUR 2,154,853. EUR 61,918 of financial expenses for lease interest were

recognized. The consequences of the Covid-19 pandemic in 2020 had no material effect on the accounting of leases regarding Group Companies and the Insurance Company.

Leases in the income statement

(in EUR)	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019	GENERALI d. d. 31.12.2020	GENERALI d. d. 31.12.2019
Profit of loss - Leases				
Lease income	443,896	-	612,683	-
Sublease income	-	-	-	-
Operating expenses	293,694	-	293,694	-
Short-term lease expense and low-value lease expense	293,694	-	293,694	-
Depreciation of the right of use	(2,247,789)	(1,456,259)	(2,154,853)	(1,456,259)
Right to use real estate (land and buildings)	(1,637,134)	(1,456,259)	(1,511,938)	(1,456,259)
Right to use vehicles	(369,142)	-	(401,401)	-
Right to use equipment	(239,117)	-	(239,117)	-
Right to use other assets	(2,396)	-	(2,396)	-
Other expenses	(68,172)	(37,465)	(61,918)	(37,465)
Financial expenses for lease interests	(68,172)	(37,465)	(61,918)	(37,465)
Profit or loss recognized in financing	(2,022,267)	(1,493,724)	(1,923,077)	(1,493,724)

As a lessor, the Group Companies mainly have operating leases. Leased assets are mainly investment property (Chapter 7.3), to a lesser extent rents relate to the lease of fixed assets and leased premises (sublease agree-

ments). Lease agreements are mostly concluded for an indefinite period with the possibility of cancellation. Lessees do not have the option to purchase the property after the end of the lease.

7.3 Investment properties

Movements in investments in land and buildings

(in EUR)	GENERALI Group, Slovenia 31.12.2020	GENERALI Group, Slovenia 31.12.2019	GENERALI d.d. 2020	GENERALI d.d. 2019
AT COST VALUE				
Spin-off assets	11,690,849	-	14,937,114	-
Decreases during the year	(39,433)	-	(39,433)	-
Transfer from/to property, plant and equipment	296,397	-	265,528	-
As at 31 Dec	11,947,813	-	15,163,210	-
VALUE ADJUSTMENT				
Spin-off assets	2,651,746	-	3,244,805	-
Depreciation in the financial year	155,955	-	181,550	-
Decreases during the year	(21,110)	-	(9,881)	-
Impairment of cost	389,091	-	797,906	-
Transfer from/to property, plant and equipment	68,098	-	62,847	-
As at 31 Dec	3,243,780	-	4,277,228	-
BOOK VALUE				
As at 31 Dec	8,704,033	-	10,885,982	-

The Group/Company leases entire investment properties or business premises – individual parts of investment properties. All operating leases can be cancelled. Rents are charged at market prices and are re-assessed if necessary. Lease agreements are generally concluded for an indefinite period of time. The lowest rent charged under the agreement is EUR 75 and the lowest rent per m² is 5.11 EUR/m² while in 2020 the average rent was 10.8.0 EUR/m².

The lowest rent charged by the Company under the agreement is EUR 75 and the lowest rent per m² is 5.11 EUR/

m² while in 2020 the average rent was 10.8.0 EUR/m². GENERALI d.d. had no investment property. These were included in the portfolio of the Group/Company in the amount of EUR 10,885,982 at the beginning of 2020 following the merger of the insurance company AS d.d. In 2020, the Company sold the investment property in Zagorje. After the sale, the balance of investment property decreased by EUR 29,552. The loss on disposal of property amounted to EUR 7,391 and was immediately recognized as investment property income.

In 2020, the Management assessed whether there were

grounds for impairment of investment property in the way described in the policies given in Section 5.3. The last appraisal of the fair amount of investment property was carried out by an external certified appraiser in December 2020 applying the market approach (the direct sales comparison method) and the income approach (the direct yield capitalisation method).

In the direct **sales comparison method**, the fair amount was assessed based on market data arising from comparable transactions of similar property.

In the **income approach** (the direct yield capitalisation method), the fair amount was assessed using the **capitalisation rate** (discount rate) between 7.8% and 8.2%. The capitalisation rate was assessed based on market returns.

Based on the valuation, as at the 2020 year-end the Ma-

agement assessed that impairing of investment property was necessary to the amount of EUR 797,906. In the Group, a part of this investment property is held fixed assets, therefore the amount of impairment as at 31 December 2020 amounted to EUR 389,091.

The fair value of investment property as at 31 December 2020 was EUR 11,351,826, and was higher than the carrying amount of EUR 10,885,982.

The straight-line depreciation is used for investment property; in 2020 no changes were made to depreciation rates. Depreciation of investment property is recognised in the income statement under other operating expenses as investment property expenses.

The Group Companies have no investment properties pledged as security, no legal restrictions were put on them nor were they pledged as collateral for debt.

Income and expenses from investment properties

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Revenues from investment properties	443,896	-	612,683	-
Revenues arising from internal rents charged on investment properties	-	-	-	-
Other revenues arising from rents charged on investment properties	443,896	-	612,683	-
Gains on the disposal of investment properties	-	-	-	-
Revenues from reversal of impairment of receivables	-	-	-	-
Expenses for investment properties	(780,122)	-	(1,338,618)	-
Depreciation	(144,725)	-	(181,550)	-
Direct operating expenses for investment properties that generate rental income	(218,588)	-	(331,444)	-
Direct operating expenses for investment properties that do not generate rental income	(20,327)	-	(20,327)	-
Expenses for internal rental of investment properties that generate rental income	-	-	-	-
Expenses from disposal of investment properties	(7,391)	-	(7,391)	-
Expenses from impairment of receivables from investment properties	-	-	-	-
Expenses from impairment of investment properties.	(389,091)	-	(797,906)	-

7.4 Financial investments in group companies and associates

The Parent Company classifies among subsidiaries those companies in which it has, directly or indirectly, more than half of the voting rights or has any other power to control their business. In 2020, the control of all subsidi-

aries was based on a majority or 100% share of voting rights. The only exceptions are indirect subsidiaries in which the Company has less than 100% interest.

Equity interests in subsidiaries, indirect subsidiaries and associates

Interests in subsidiaries, indirect subsidiaries and associates

Direct subsidiary	Equity interest (%)31.12.2020	Equity interest (%)31.12.2019	Change(v %)	Note
PROSPERA družba za izterjavo d.o.o.	100	-	100	Merger
VIZ zavarovalno zastopništvo d.o.o.	100	-	100	Merger
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	100	-	100	Merger
Generali Investments, družba za upravljanje, d.o.o. Slovenia	100	-	100	Merger
AGENT Zavarovalniško zastopanje d.o.o.	100	-	100	Merger
LEV Registracija d.o.o.	-	100	-	-
Indirect subsidiary **				
Generali Investments a. d. Zagreb	100	-	100	Merger
Generali Investments d.o.o. Skopje	72.62	-	72.62	Merger
Associate				
NAMA trgovsko podjetje d.d., Slovenia	48.51	-	48.51	-
MEDIFIT d.o.o., Slovenia	24.99	-	24.99	-
IDORU inteligentni analitični sistemi d.o.o.	25.00	-	25.00	-

* The share of voting rights is equal to equity interest.

** With regard to indirect subsidiaries, the interest of Generali Investments, d.o.o. Ljubljana in indirect subsidiaries is shown

Carrying amount of the equity interest

Subsidiaries	Carrying amount of the equity interest (in EUR)	
	2020	2019
Subsidiaries		
PROSPERA družba za izterjavo d.o.o., Slovenia	2,620,934	-
VIZ zavarovalno zastopništvo d.o.o., Slovenia	155,000	-
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	720,000	-
Generali Investments, družba za upravljanje, d.o.o. Slovenia	29,326,008	-
AGENT d.o.o.	97,000	-
LEV Registracija d.o.o.	298,000	298,022
Total subsidiaries	33,216,942	298,022
Indirect subsidiaries		
Generali Investments a. d. Zagreb	1,930,000	-
Generali Investments d.o.o. Skopje	495,480	-
Total subsidiaries	2,425,480	-
Associates		
Nama trgovsko podjetje d.d., Slovenia	11,705,901	-
MEDIFIT d.o.o., Slovenia	249,597	-
IDORU inteligentni analitični sistemi d.o.o.	-	-
Total associates	11,955,499	-

The account balance of investments in subsidiaries changed in 2020 after the merger of AS d.d. and the simultaneous merger of its subsidiaries.

Changes in subsidiaries, indirect subsidiaries and associates in 2020

Movement in investments in associates for GENERALI Group Slovenia

(in EUR)	GENERALI d.d. 2020	GENERALI d.d. 2019
Associates		
As at 1 Jan	0	-
Acquisition	12,559,705	-
Decreases during the year	(249,598)	-
Change in revaluation surplus	(8,051)	-
As at 31 Dec	12,302,057	-

Associates

Associate	Equity interest (%)31.12.2020	Equity interest (%)31.12.2019	Change(v %)	Note
NAMA trgovsko podjetje d.d., Slovenia	48.51	-	48.51	-
MEDIFIT d.o.o., Slovenia	24.99	-	24.99	-
IDORU inteligentni analitični sistemi d.o.o.	25.00	-	25.00	-

*Delež glasovalnih pravic je enak kot lastniški delež.

NAMA d. d.

Investments in associates are recognised in the financial statements using the equity method and in the Company at cost. For the purpose of financial reporting and potential impairments of investment in the associate Nama d.d., the Group measures the recoverable amount of the investment based on appraisals performed by external appraisers. Assessment of the recoverable amount is made using the net asset value method. The recoverable amount of real property owned by Nama d.d. was assessed on the basis of the market approach and the income approach using the discount rate of 7.4 to 8.5%. In line with the Company strategy, the Company may also lease and sell Nama's real property, in addition to performing its principal activity.

In 2020, external appraisers assessed the investment in shares of Nama d.d. as at the balance on 31 December 2019. The value of real estate owned by Nama d.d. was also re-examined. Pursuant to this appraisal, the Management assessed that no impairments were required in 2020.

MEDIFIT d. o. o

In May 2020, the Company participated in the recapitalization and paid EUR 906 into the share capital of the associate Medifit d.o.o. Two new investors entered the company at the same time, which resulted in the change in the Company's interest in Medifit d.o.o. The share changed from 33.09% to 24.99%.

IDORU d. o. o.

At the end of 2020, the Management of the Company GENERALI d.d. assessed, based on the assessed operations of IDORU d.o.o., whether there was a need for impairment of the company and assessed that a permanent impairment in the amount of 51,125 euros was required. The company's capital thus decreased and the investment in the company was completely written off.

Movements in subsidiaries, indirect subsidiaries and associates for GENERALI d.d.

(in EUR)	GENERALI d.d. 2020	GENERALI d.d. 2019
Subsidiaries		
As at 1 January	298,022	298,022
Acquisition or establishment	34,161,942	-
Recapitalisation	190,156	-
Decreases during the year	(300,000)	-
Impairments	(1,133,177)	-
As at 31 December	33,216,942	298,022

Associates

As at 1 January	0	-
Acquisition	12,006,624	-
Impairments	(51,125)	-
As at 31 December	11,955,499	-

Prospera d. o. o.

In 2020, GENERALI d.d., as the sole shareholder of Prospera d. o. o., received from the subsidiary EUR 300,000 in capital payment. On the basis of the finding that the volume of capital is too large in relation to the activity and needs of the company, Prospera d. o. o. carried out the decapitalization of EUR 300,000 and reduced capital reserves for this amount.

Ambulanta ZDRAVJE zdravstvene storitve d. o. o.

In May 2020, the company ZDRAVJE AS zdravstvene storitve d.o.o. changed the name to Ambulanta ZDRAVJE zdravstvene storitve d.o.o. (abbreviated Ambulanta ZDRAVJE d.o.o.).

The Company converted a loan given to Ambulanta ZDRAVJE in the amount of EUR 160,079 into a share in the company In November 2020.

At the end of 2020, after the successful merger of AS d.d., the Management of the Company GENERALI d.d. carried out appropriate rationalization and optimization of the structure of the entire GENERALI Group Slovenia. Based on the assessed operations of the company Ambulanta ZDRAVJE d.o.o., the Company examined whether there was a need for impairment of the company and assessed that a permanent impairment in the amount of EUR 160,079 was required. The equity interest thus decreased from EUR 880,079 to EUR 720,000.

LEV Registracija d. o. o.

In November 2020, the Company converted a loan given to Lev registracija d.o.o. in the amount of EUR 30,076 into a share in the company. The share capital increased to EUR 273,076 after this payment and GENERALI d.d. remained 100% owner of the company.

At the end of 2020, after the successful merger of AS d.d., the Management of the Company GENERALI d.d. carried out appropriate rationalization and optimization of the structure of the entire GENERALI Group Slovenia. Based on the assessed operations of the company LEV d.o.o., the Management examined whether there was a need for impairment of the company and assessed that a permanent impairment in the amount of EUR 30,098 was required. The equity interest thus decreased from EUR 328,097 to EUR 298,000.

VIZ zavarovalno zastopništvo d. o. o.

GENERALI d.d. received from the subsidiary VIZ d.o.o. dividends in the amount of EUR 70,000 in 2020. The dividend was paid in full in 2020.

Based on the assessed operations and due to the intended merger of VIZ d.o.o. to the Parent Company, in late 2020 the Management examined whether there was a need for impairment of the company and assessed that a permanent impairment in the amount of EUR 405,000 was required. The equity interest thus decreased from EUR 560,000 to EUR 155,000.

AGENT Zavarovalniško zastopanje d. o. o.

Based on the assessed operations and due to the intended merger of AGENT d.o.o. to the Parent Company in 2021, in late 2020 the Management examined whether there was a need for impairment of the company and assessed that a permanent impairment in the amount

of EUR 538,000 was required. The equity interest thus decreased from EUR 635,000 to EUR 97,000.

Generali Investments, družba za upravljanje, d.o.o. Slovenia

At the end of the financial year, pursuant to internal valuations and with the help of external appraisers, on the basis of external valuations of companies, the Management examines the need for impairment of the company Generali Investments. In 2020, the external appraisers carried out the valuation of the company as of 30.06.2019. Based on the valuation, the Company assessed that impairments were not necessary.

To this end, an analysis of the sensitivity of recoverable amount of the company Generali Investments d.o.o., Slovenia was provided.

In assessing the market value of the subsidiary Generali Investments d.o.o., the present value of expected cash flows to total capital (indirect method) was applied using the following assumptions

- risk-free rate of return: until 2024; 0.85% %; after 2024; 2.85 %
- WACC: until 2024; 9.79% %; after 2024; 11.79 %
- long-term growth rate (g): 2.5 %
- discount for lack of marketability: 11 %

Sensitivity analysis of subsidiary Generali Investments d.o.o. Ljubljana

Net EBIT% achieved from planned	Net EBIT% achieved from planned
	000 EUR
110%	34.492
100%	33.062
90%	29.374

The subsidiary Generali Investments d.o.o., Slovenia shows among long-term financial investments in subsidiaries, an investment in Generali Investments A. D. Skopje, North Macedonia (indirect subsidiary of Generali d.d.) and Generali Investments d. o. o, Zagreb, Croatia.

In 2020, Generali Investments d.o.o., Slovenia purchased the remaining 3.28% interest in Generali Investments d.o.o., Croatia thus becoming the sole owner of the subsidiary.

At the end of the 2020 financial year, on the basis of internal audits, with the help of external appraisers and on the basis of external valuations of companies, Generali Investments d.o.o., Slovenia, examined the need for impairment of Generali Investments d.o.o., Croatia. Based on the valuation of the company as at 31 December 2020, the Management of the subsidiary Generali Investments d.o.o., Slovenia assessed that it was necessary to impair the investment in the indirect subsidiary Generali Investments d.o.o. Croatia, in the amount of EUR 278,350.

In assessing the value of the company Generali Investments d.o.o. Croatia, the present value of expected cash flows to total capital was applied. The assessment

was based on an analysis of past operations and future business opportunities using the following assumptions

- return on free cash flows was discounted with the appropriate weighted arithmetic average of return rate on debt and equity capital (WACC);
- for the calculation of the required rate of return on equity, the CAPM model was used, which was adapted to the country in which the company operates;
- the CAPM assumptions: a 2.5% normalised return on risk-free investments, a 6.0% premium for capital risk, a 3.67% premium for investment in small enterprises, a 4.41% political risk factor, a 0.68 beta excluding debt;
- the required rate of return of equity capital of 14.66%;
- the planned profitability of individual funds in the explicit forecast period is 0,0 %,

- growth in net cash flows after the explicit forecast period of 1.5%;
- the estimated cash flows for the 2021–2025 period.

In 2020, Generali Investments d.o.o., Slovenia also purchased a 3.16% interest in Generali Investments A.D. Skopje.

On 18 June 2020, the subsidiary Generali Investments Slovenia signed the Agreement for the purchase of shares in Ilirika AD Skopje through merger procedure with Generali Investments AD Skopje. The conditions for the merger were met on 30 December 2020, when the merged company was entered in the register. The interest of Generali Investments Slovenia in the subsidiary decreased and as at 31 December 2020 was 72.62%.

Information on property and financial position of the companies within the Group

Company name in EUR	Assets		Capital		Revenues		Profit or loss for the year	
	2020	2019	2020	2019	2020	2019	2020	2019
Subsidiaries								
PROSPERA družba za izterjavo d. o. o.	2,798,333	3,140,488	2,681,945	2,969,474	1,083,526	1,407,121	12,209	33,863
VIZ zavarovalno zastopništvo d. o. o.	184,983	183,785	167,765	161,255	223,708	260,966	76,510	84,008
Ambulanta ZDRAVJE zdravstvene storitve d. o. o.	201,930	320,354	129,904	184,533	133,422	357,131	(214,708)	(82,095)
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	14,746,142	11,987,429	12,619,105	10,351,453	11,377,193	9,500,396	2,235,045	1,239,730
AGENT Zavarovalniško zastopanje d.o.o.	157,298	149,079	105,247	82,794	1,358,078	1,984,041	22,453	(4,307)
LEV Registracija d. o. o.	83,758	74,383	67,592	59,796	177,176	192,530	(22,281)	294
Indirect subsidiary	2020	2019	2020	2019	2020	2019	2020	2019
Generali Investments a.d. Skopje	944,687	445,041	933,621	436,722	469,676	327,498	189,477	137,098
Generali Investments d.o.o. Zagreb	889,995	892,787	684,250	799,482	602,493	957,573	2,129	107,362
Associates	2020	2019	2020	2019	2020	2019	2020	2019
Nama trgovsko podjetje d.d.	13,619,093	14,474,729	10,585,239	10,674,513	9,546,728	14,023,351	(160,675)	525,332
IDORU inteligentni analitični sistemi d. o. o.	6,528	9,874	4,722	9,209	3,531	1,483	(4,487)	(32,980)
MEDIFIT d. o. o., Slovenija	473,335	169,863	368,456	120,113	391,161	166,995	(254,150)	(239,309)

Note: The information on property and financial position of the subsidiaries and associates are taken from financial statements, prepared by these companies and are unaudited

For reporting purposes, the balance sheet data of the subsidiary Generali Investments, d.o.o. Zagreb are converted into euros at the reference exchange rate of the European Central Bank (ECB). The exchange rate as at 31 December 2020 was applied to convert the balance sheet items from Croatian kuna to euros, i.e. 7.55, and the average annual rate of 7.54 for the conversion of the income statement items. For reporting purposes, the balance sheet data of the subsidiary Generali Investments, d. o. o., Skopje are converted at the reference exchange rate of the Bank of Slovenia. The balance sheet items are converted from North Macedonian denar (MKD) into euros at the exchange rate of 61.56 as at 31 December 2020, while the income statement items were converted by using the average annual exchange rate of 61.67.

7.5 Financial investments

A year of turbulence and surprises is behind us. Global stock markets grew by more than 5% in 2020, as measured by the MSCI index. The year began very optimistically, we saw new record highs in January and February, however the beginnings of the Covid-19 coronavirus pandemic began to shatter investor confidence in mid-February. The rapid spread of the virus, the halting of economies and public life, and fears of the unknown scale of the pandemic and its impact on the economy brought about a rapid and sharp fall in stock prices, exceeding 30% from the peak just weeks before. The quick reaction of the authorities and central banks allowed confidence to recover, liquidity was very good most of the time, and investors quickly returned to the markets.

With a record high share of bonds yielding negative returns and a flood of liquidity, stock markets also recovered rapidly. Following the fastest correction in history, we saw the fastest rebound and return to pre-correction levels in history. Optimism began to pick up in autumn with the outcome of the U.S. presidential election and the victory of Democratic candidate Biden and news of the upcoming vaccine. Extensive liquidity support and better knowledge of the virus strengthened investor confidence, so that at the end of the year we saw new record values in global markets. After a few months of nego-

tations between the EU and the UK, the agreement on Brexit was finally reached. Turbulent developments in the capital markets were also reflected in the assets of the Group and the Company. The decisive and stimulating support of central banks had a positive effect on fixed-income investments and the assets of the Group and the Company in which the former has made the majority of its financial investments.

The following text presents the position of financial investments as at 31 December 2020 per groups and compared to 2019 year-end.

Financial investment assets

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Financial assets measured at fair value through profit or loss - at initial recognition	3,727,003	-	3,727,003	-
Debt securities	3,727,003	-	3,727,003	-
Listed securities	2,564,922	-	2,564,922	-
Government bonds	1,162,081	-	1,162,081	-
Financial assets measured at fair value through profit or loss - held for sale	484,328	32,244	-	32,244
Equity securities	484,328	32,244	-	32,244
Listed securities	484,328	-	-	-
Non-listed securities	(0)	32,244	-	32,244
Available-for-sale financial assets	563,061,120	194,033,927	555,874,901	194,033,927
Equity securities	54,031,815	7,328,482	52,524,416	7,328,482
Listed securities	34,459,294	7,076,482	32,951,895	7,076,482
Non-listed securities	19,572,520	252,000	19,572,521	252,000
Debt securities	513,297,484	186,705,445	507,565,105	186,705,445
Listed securities	96,210,183	19,969,954	90,477,803	19,969,954
Non-listed securities	40,762,629	31,911,724	40,762,629	31,911,724
Government bonds	376,324,673	134,823,767	376,324,673	134,823,767
Impairment of securities	(4,268,179)	-	(4,214,621)	-
Financial assets held-to-maturity	10,848,153	-	10,848,153	-
Debt securities	10,848,153	-	10,848,153	-
Listed securities	943,185	-	943,185	-
Government bonds	9,904,968	-	9,904,968	-
Loans and deposits with banks	4,132,138	178,011	3,946,756	178,011
Loans	3,294,698	178,011	3,354,697	178,011
Long-term	750,187	178,011	750,187	178,011
Short-term	2,544,511	-	2,604,510	-
Monetary assets - deposits redeemable at notice	837,440	-	592,059	-
Long-term	797,478	-	552,098	-
Short-term	39,962	-	39,962	-
Financial receivables	1,894,536	3,704	1,978,343	3,704
Total	584,147,276	194,247,887	576,375,156	194,247,887

The balance of financial assets increased in 2020 both in the Group and in the Company, mainly due to the merger of the insurance company AS d.d. at the beginning of 2020. The investment balance at the end of 2020 is thus not entirely comparable to the balance at the end of 2019.

Financial assets measured at fair value through profit or loss

The total value of financial assets measured at fair value through profit or loss increased compared to the previous year, due to the merger of AS d.d.

Available-for-sale financial assets

In 2020, the Company carried out an annual assessment among the Group Companies of impairment needs for financial investments allocated to available-for-sale financial assets, especially for the high-value non-marketable securities from the past years valued at cost. Based on the expert assessment and internal accounting policies, the Management determined that, mainly due to the changed market conditions and the environment affected by the pandemic, it was necessary to impair in-

vestments in equity marketable securities in the amount of EUR 1,051,943. A permanent impairment was recognized in the same amount among financial expenses from investments.

Held-to-maturity financial assets

The balance of financial assets held to maturity decreased in 2020, mostly because of early surrenders and maturity of these financial assets.

Effective interest rates (in %) for debt instruments not measured at fair value:

As at 31 Dec	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Debt securities				
– held-to-maturity	5.90%	5.59%	5.90%	5.59%

For the fair value of the held-to maturity assets see Section 5, Table: Financial assets by fair value hierarchy.

Movement in financial investments for GENERALI Group Slovenia

(in EUR)	Fair value through profit or loss - at initial recognition	Fair value through profit or loss - held for sale	Held to maturity	Available for sale	Loans, deposits and financial receivables	Total
Balance as at 1 Jan	-	24,160	-	185,514,244	224,093	185,762,497
Increase	-	574,070	-	30,776,924	-	31,350,994
Change of fair value (+/-) through profit or loss (market rates)	-	(175)	-	-	-	(175)
Change of fair value (+/-) through revaluation surplus (market rates)	-	-	-	2,069,258	-	2,069,258
Decrease	-	(565,811)	-	(24,326,499)	(42,377)	(24,934,687)
As at 31.12.2019 (Reclassification)	-	32,244	-	194,033,927	181,716	194,247,887
Balance as at 1 Jan	-	32,244	-	194,033,927	181,716	194,247,887
Acquisition of subsidiary	3,984,271	1,855,382	11,809,059	290,136,821	9,236,071	317,021,605
Exchange rate differences	-	(516)	-	-	252	(264)
Increase	375,686	292,522	5,406	217,923,135	196,377,029	414,973,778
Change of fair value (+/-) through profit or loss (market rates)	(322,477)	12,900	-	-	-	(309,577)
Change of fair value (+/-) through revaluation surplus (market rates)	-	-	-	4,933,469	-	4,933,469
Increase due to interest	12,109	26,573	632,486	6,251,333	215,559	7,138,060
Decrease	(322,587)	(1,734,777)	(1,598,798)	(149,165,623)	(199,983,954)	(352,805,738)
Impairment to lower (fair) value – through profit or loss	-	-	-	(1,051,943)	-	(1,051,943)
As at 31.12.2020	3,727,003	484,328	10,848,153	563,061,119	6,026,674	584,147,277

Movement in financial investments for GENERALI d. d.

(in EUR)	Fair value through profit or loss - at initial recognition	Fair value through profit or loss - held for sale	Held to maturity	Available for sale	Loans, deposits and financial receivables	Total
Balance as at 1 Jan	-	24,160	-	185,514,244	224,093	185,762,497
Increase	-	574,070	-	30,776,924	-	31,350,994
Change of fair value (+/-) through profit or loss (market rates)	-	(175)	-	-	-	(175)
Change of fair value (+/-) through revaluation surplus (market rates)	-	-	-	2,069,258	-	2,069,258
Decrease	-	(565,811)	-	(24,326,499)	(42,377)	(24,934,687)
Balance as at 31 Dec 2019 (Reclassification)	-	32,244	-	194,033,927	181,716	194,247,887
Balance as at 1 Jan	-	32,244	-	194,033,927	181,716	194,247,887
Increases due to acquisition of companies	3,984,271	1,512,301	11,809,059	286,322,970	9,091,153	312,719,754
Increase	375,686	157,133	5,406	212,712,394	195,502,292	408,752,910
Change of fair value (+/-) through profit or loss (market rates)	(322,477)	6,526	-	-	-	(315,951)
Change of fair value (+/-) through revaluation surplus (market rates)	-	-	-	4,893,221	-	4,893,221
Increase due to interest	12,109	26,573	632,486	6,248,481	215,091	7,134,740
Decrease	(322,587)	(1,734,777)	(1,598,798)	(147,284,149)	(199,065,152)	(350,005,463)
Impairment to lower (fair) value – through profit or loss	-	-	-	(1,051,943)	-	(1,051,943)
Balance as at 31 Dec 2020	3,727,003	-	10,848,153	555,874,900	5,925,100	576,375,155

Movements in loans, deposits and financial receivables mainly relate to the purchase and disposal of overnight framework deposits by means of an actual transaction account. Also, due to these transactions, higher value movements are reflected in other current financial liabilities (see Section 7.18).

Structure of unit-linked life insurance assets

(in EUR)	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Financial assets measured at fair value through profit or loss - at initial recognition	361,665,968	66,414,605
Equity securities	298,238,300	66,414,605
Listed securities	298,238,300	66,414,605
Debt securities	63,427,669	-
Listed securities	63,427,669	-
Loans and deposits with banks	15,486,631	-
Deposits placed with banks	15,486,631	-
Total	377,152,599	66,414,605

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

The investments made for the benefit of unit-linked life insurance policyholders amounted to EUR 377,152,599. These are units of mutual funds, market ETFs funds, internal funds Dirigent, Aktivni naložbeni paket, Vrhunski, Aktivna naložba, Drzna naložba, Dinamična naložba, Uravnovežena naložba, Preudarna naložba, Varna naložba and structured securities of issuers DEUTSCHE BANK LONDON and BNP Paribas, in line with the choice of the insurer. Policyholders' assets invested in products of DEUTSCHE BANK LONDON totalled EUR 608,088 and assets invested in BNP Paribas products totalled EUR

7.6 Unit-linked life insurance assets

The dynamic year on the global equity markets was reflected in the unit-linked life insurance investments of policyholders who assume investment risk and have the majority of their assets invested in equity investment funds. The risk taken last year best rewarded investors in shares of technology, companies that support e-commerce, work from home, healthcare, basic consumption and new, clean forms of energy. The biggest losers were the energy sector, mainly oil and gas, as well as part of consumer goods such as tourism, catering, aviation and other services related to personal contact and a larger number of people.

Long-term investments of the investment risk fund into units of investment funds, are disclosed under the item of unit-linked life insurance assets, classified in the group of financial investments valued at fair value. All investments are market investments. Unit-linked life insurance assets are related to fund items denominated in euros and stated at fair value

62,819,580. These are invested in structured securities linked to selected indexes. The guarantee of repayment of the 100% nominal amount of the principal of the investment in products of DEUTSCHE BANK LONDON is

given by Deutsche Bank AG London. The guarantee for BNP Paribas investment products is from 75% to 100% of the nominal amount of the principal. The guarantor for these products is BNP Paribas Paris.

Movements in unit-linked life insurance financial assets

(in EUR)	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Balance as at 1 Jan	66,414,605	51,966,082
Increases due to acquisition of companies	311,499,120	-
New balance as at 1 January - after spin-off	377,913,725	-
Increase	42,653,652	15,350,039
Decrease	(39,357,941)	(9,431,805)
Change of fair value (+/-) through profit or loss (market rates)	3,544,615	8,530,289
Deposit placement	2,549,654	-
Deposit withdrawal	(3,393,737)	-
Accrued interest	165,947	-
Balance as at 31 Dec	377,152,599	66,414,605

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

7.7 Amount of insurance technical provisions transferred to reinsurers

Reinsurers'/co-insurers' share in insurance technical provisions

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
- unearned premiums	673,703	218,577	673,703	218,577
- from insurance contracts for incurred and reported claims	32,493,258	11,529,361	32,493,258	11,529,361
- from insurance contracts for incurred, but not reported claims	3,027,880	47,295	3,027,880	47,295
- from insurance contracts for bonuses and discounts	6,868	21,887	6,868	21,887
Total non-life insurance	36,201,708	11,817,121	36,201,709	11,817,121
- unearned premiums	1,536,283	2,320,066	1,536,283	2,320,066
- from insurance contracts for incurred and reported claims	637,261	769,163	637,261	769,163
- from insurance contracts for incurred, but not reported claims	-	9,943	-	9,943
- mathematical reserves	-	35,097,134	-	35,097,134
- from insurance contracts for unit-linked insurance	-	25,706,552	-	25,706,552
Total life insurance	2,173,544	63,902,859	2,173,544	63,902,859
Total re(co)insurers' share in technical provisions	38,375,252	75,719,980	38,375,253	75,719,980

The reinsurers' share decreased compared to the end of the previous year due to changes in the insurance programme, mainly due to the termination of a major life reinsurance contract. The reinsurance share in non-life insurance is higher due to the merger of the insurance company.

7.8 Assets from financial contracts

Assets from financial contracts

(in EUR)	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Financial investments	21,595,023	-
Cash and cash equivalents	744,083	-
Other assets	384,203	-
Total assets from investment contracts	22,723,309	-

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

The assets from financial contracts at the 2020 year-end predominantly comprise investments in financial assets measured at fair value through profit or loss – at initial recognition.

Assets from financial contracts – assets structure

(in EUR)	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Financial assets measured at fair value through profit or loss - at initial recognition	21,588,703	-
Equity securities	13,842,104	-
Listed securities	13,842,104	-
Debt securities	7,746,600	-
Listed securities	616,202	-
Non-listed securities	293,822	-
Government bonds	6,836,576	-
Financial receivables	6,320	-
Total financial assets	21,595,023	-

OpNote: The above disclosure refers to both the Insurance Company GENERALI and the Group.

Movement in assets from financial contracts

(in EUR)	GENERALI d.d. 2020	GENERALI d.d. 2019
Spin-off assets	17,790,807	-
Increase (purchase)	7,458,644	-
Change of fair value (+/-) through profit or loss (market rates)	696,518	-
Increase due to interest	8,027	-
Decrease (sale)	(4,358,973)	-
Balance as at 31 Dec	21,595,023	-

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

7.9 Receivables

Balance of receivables

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Receivables from direct insurance operations	30,943,831	5,787,308	30,070,675	5,787,308
gross value	52,605,696	11,778,315	45,214,346	11,778,315
value adjustment	(21,661,864)	(5,991,007)	(15,143,671)	(5,991,007)
Receivables from reinsurance and coinsurance	4,993,896	6,518,178	4,993,898	6,518,178
gross value	5,736,719	6,758,288	5,736,720	6,758,288
value adjustment	(742,822)	(240,109)	(742,822)	(240,109)
Income tax receivables	308,733	159,373	224,982	159,373
OTHER RECEIVABLES	5,245,440	1,200,578	4,094,318	1,200,578
Other current receivables from insurance operations	2,206,845	264,365	2,206,836	264,365
gross value	2,298,877	264,365	2,298,870	264,365
value adjustment	(92,033)	-	(92,034)	-
Recourse receivables	1,461,593	-	757,163	-
gross value	16,035,368	-	2,942,801	-
value adjustment	(14,573,775)	-	(2,185,638)	-
Operating receivables from the state	586,770	258,778	526,649	258,778
gross value	586,795	258,778	526,674	258,778
value adjustment	(25)	-	(25)	-
Operating receivables for advances given	36,673	-	34,460	-
gross value	80,291	-	78,077	-
value adjustment	(43,618)	-	(43,617)	-
Other current operating receivables	878,779	609,771	494,431	609,771
gross value	2,155,992	645,461	1,026,659	645,461
value adjustment	(1,277,214)	(35,689)	(532,228)	(35,689)
Long-term receivables	74,780	67,664	74,780	67,664
Total receivables	41,491,900	13,665,439	39,383,873	13,665,439

Compared to the year before, the balance of receivables as at 31 December 2020 was higher by EUR 27,826,462 (or by 204%) mainly as the result of the merger of the insurance company AS d.d. and subsidiaries.

Equally, compared to the previous year, due to the merger of AS d.d., the balance of receivables is higher in the Insurance Company by EUR 25,718,434 or by 188%. Assuming that the Insurance Company acquired EUR 26,908,559 of receivables upon the merger, the balance at the end of 2020 is generally lower, mainly due to lower reinsurance receivables. These receivables are lower than in the previous year due to the termination of a major life reinsurance contract.

The change in the balance was also affected by higher receivables from direct insurance operations, whose 76%

share predominates in the structure of all receivables and which relate to receivables arising from underwritten premium that the Company discloses to policyholders. Receivables are higher compared to the previous year due to the merger of the insurance company AS d.d.

Every reporting period, the Group Companies and the Company in particular check the adequacy of fair value assessments – collectible value of receivables by preparing an estimate of the recoverable amount for an individual type of receivables based on actual realised cash flows in the last observed period (it applies to receivables from insurance premiums and subrogation receivables). If such data is not available, a projection is made based on other credible sources (see Section 5.9.).

Movements in value adjustments of receivables for GENERALI Group Slovenia

(in EUR)	Receivables from insurance operations	Subrogations	Other receivables	Total
Balance as at 1 Jan 2019	6,059,693	-	34,708	6,094,400
Changes during the year	171,424	-	982	172,405
Balance as at 31 Dec 2019	6,231,116	-	35,689	6,266,806
Balance as at 1 Jan 2020	6,231,116	-	35,689	6,266,806
Increases due to acquisition of companies	15,133,584	15,367,543	1,417,613	31,918,740
Changes during the year	1,039,986	(793,768)	(40,413)	205,805
Balance as at 31 Dec 2020	22,404,687	14,573,775	1,412,890	38,391,351

Movements in value adjustments of receivables for GENERALI d.d.

(in EUR)	Receivables from insurance operations	Subrogations	Other receivables	Total
Balance as at 1 Jan 2019	6,059,693	-	34,708	6,094,400
Changes during the year	171,424	-	982	172,405
Balance as at 31 Dec 2019	6,231,116	-	35,689	6,266,806
Balance as at 1 Jan 2020	6,231,116	-	35,689	6,266,806
Increases due to acquisition of companies	8,006,573	2,030,775	655,373	10,692,721
Changes during the year	(49,302,263)	(154,863)	23,157	(49,433,968)
Balance as at 31 Dec 2020	15,886,493	2,185,638	667,905	18,740,036

7.10 Other assets

Other assets – total balance

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Inventories	22,327	-	-	-
Deferred acquisition costs	7,833,411	4,216,257	7,833,410	4,216,257
Deferred expenses and accrued revenues	1,348,376	687,618	854,397	687,618
Assets of non-consolidating companies	114,051	-	-	-
Total	9,318,165	4,903,875	8,687,807	4,903,875

Deferred acquisition costs

Movements in deferred acquisition costs

(in EUR)	GENERALI d.d. Long-term deferred acquisition costs	GENERALI d.d. Short-term deferred acquisition costs
Balance as at 1 Jan 2019	-	4,157,328
Utilised in 2019	-	216,242
Formed in 2019	249,954	25,218
Balance as at 31 Dec 2019	249,954	3,966,304
Balance as at 1 Jan 2020	249,954	3,966,304
Increases due to acquisition of companies	229,147	5,132,919
Utilised in 2020	(156,612)	(8,209,227)
Formed in 2020	17,830	6,603,096
Balance as at 31 Dec 2020	340,319	7,493,091

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

7.11 Cash and cash equivalents

Cash and cash equivalents

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Cash on hand and cheques received	955	56	56	56
Balances on accounts	11,527,474	7,240,444	9,984,367	7,240,444
Short-term deposits redeemable on demand	250,000	-	-	-
Short-term deposits placed (maturity date up to 3 months)	320,001	394,428	0	394,428
Other cash	492,818	-	492,818	-
Total	12,591,248	7,634,928	10,477,241	7,634,928

The effective interest rate in 2020 on call deposits was between -0.2% and 0.0% (2019: between 0.0% and 0.001%).

7.12 Equity

Balance of equity

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Share capital	39,520,347	39,520,347	39,520,347	39,520,347
Capital reserves	50,940,549	3,729,236	50,940,548	3,729,236
Reserves from profit	9,480,332	225,107	9,480,332	225,107
Legal reserves	1,742,399	222,799	1,742,399	222,799
Other reserves from profit	7,737,933	2,308	7,737,933	2,308
Translation differences	(1,775)	-	-	-
Reserve due to fair value measurement (Revaluation surplus)	13,556,479	6,260,229	13,011,847	6,260,229
Retained net profit	40,482,508	211,784	40,089,291	211,784
Net profit for the financial year	7,615,334	3,326,285	4,579,529	3,326,285
TOTAL	161,593,774	53,272,989	157,621,895	53,272,989
Minority interest	15,451	-	-	-

Minority interest

The equity of minority owners refers to the equity belonging to the minority holders of equity in indirect subsidiaries in the amount of EUR 255,434. Minority interest comes entirely from Generali Investments AD, North Macedonia. In 2020, with the purchase of a 3.16% interest by Generali Investments Slovenia, its minority interest decreased to EUR 15,451.

Share capital

The share capital is divided into 2,364,563 no-par value shares fully paid by Generali CEE Holding B.V. in the total amount of EUR 39,520,347.

Data on share capital are entered in the Ljubljana Court Register. All shares are shares of the same class, without preferences and restrictions and have been fully paid up. Apart from share capital, the Company did not issue other documents on participation rights, convertible bonds and similar securities.

The share capital did not change in 2020, nor did the number of shares.

Distribution of accumulated profits

The Company GENERALI d.d. (Parent Company) transfers the net profit for the year to accumulated profits to be used for dividend payments together with the remaining part of the accumulated profits.

The Management Board of GENERALI d.d. submitted a proposal to the General Meeting in March 2020 to pay a dividend to the owner Generali CEE Holding B.V. in the amount of EUR 6,218,800.18. Following the recommendation of the ISA, due to the consequences of the Covid-19 epidemic, the General Meeting resolved to transfer the entire distributable profit.

Ownership structure

As at 31 December 2020, the controlling company Generali CEE Holding B.V. established in Amsterdam held the 100% interest divided into 2,364,563 shares.

Distribution of accumulated profit and loss coverage

The Company (Parent Company) ended 2020 with a profit before tax totalling EUR 6,441,994 and a net profit for the year amounting to EUR 5,660,652. After the balan-

ce sheet date, the Management of the Parent Company adopted a decision on the use of net profit, determined the accumulated profit and formed a proposal on accumulated profit distribution.

Within its responsibilities, the Management Board of the Parent Company can decide on covering the loss for the year. The Management Board also decides on the distribution of net profit by life, non-life and health insurance segments, and therefore on covering the loss within an insurance group.

On 31 December 2019, the Management Board used profits from past years to cover the loss for the current year, as follows

- To cover the loss of the current year of life insurance in the amount of EUR 316,944, to cover the current year loss generated by unit-linked life insurance amounting to EUR 408,800 and to cover the current year loss generated by individual funds within the ring-fenced pension fund - payment amounting to EUR 16,256 and pension insurance amounting to EUR 142.
- To cover the current year loss of non-life insurance (except health insurance) of EUR 199,325 and to cover the loss of other health insurance of EUR 4,019.

The Management Board used the current year's profit in the amount of EUR 2,026,566 to cover the loss of previous years in life insurance,

Accumulated profits of the Parent Company

After covering the loss from the past year and reporting year by using the profit from the current year and the profit from the past year, the final balance of net profit for the year was EUR 4,579,529. Together with the unallocated profit brought forward from previous years amounting to EUR 40,089,291, the balance sheet profit as at 31 December 2020 to be distributed at the General Meeting of Shareholders amounted to EUR 44,668,820.

Other changes

Other changes in 2020 include foreign exchange differences in the profit/loss carried forward of the Zagreb Branch in the amount of EUR 176,949.

Reserves from profit

The Company forms reserves from profit in line with the

Revaluation surplus

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Specific revaluation of equity	13,556,479	6,260,229	13,011,847	6,260,229
exchange rate differences in associated companies	352,216	-	-	-
from reinforcement/impairment of available-for-sale financial assets	15,263,160	6,368,332	15,024,892	6,368,332
from net actuarial gains / losses for pension programs	(106,500)	(108,103)	(106,500)	(108,103)
from adjustment for deferred taxes	(1,952,397)	-	(1,906,545)	-
Total revaluation surplus	13,556,479	6,260,229	13,011,847	6,260,229

provisions of the Companies Act (ZGD-1) relating to statutory reserves and on the basis of the decision passed by the Management Board, with the approval of the Supervisory Board, regarding the requirements to achieve and maintain the appropriate capital adequacy level in accordance with the Solvency II requirements (other reserves from profit).

After 2020, the Company did not change or form additional reserves from profit.

Capital reserves

Upon the merger, the share capital of the insurance company AS d.d. was reclassified to capital reserves in the amount of EUR 42,999,530.

Capital reserves of EUR 6,216,793 relate to the reversal of the general equity revaluation adjustment from previous years upon the transition to the new accounting standards. Payments exceeding the minimum amount of issue of shares or the amount of basic contributions (paid-in capital surplus) amount to EUR 1,724,226.

Capital reserves are basically not payable to owners. Their possible use is defined by the Companies Act with the provisions of the ISA to be additionally taken into account.

Treasury shares

In 2020, neither the Company nor any third party for the account of the Company accepted any new treasury shares as security. Moreover, as at 31 December 2019 neither the Company nor any third party for the account of the Company held any treasury shares as security.

Revaluation surplus

Revaluation surplus refers to changes in fair value of available-for-sale financial assets disclosed in other comprehensive income. Within equity, the revaluation surplus is decreased by deferred taxes

Realized gains and losses relate to available-for-sale financial assets that were sold and are disclosed in Clause 7.21.3. and to the revaluation surplus arising from the formation of provisions for termination benefits - actuarial gains and losses.

Movements in revaluation surplus from available-for-sale financial assets with profit

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Balance as at 1 Jan	6,260,229	4,819,016	6,260,229	4,819,016
Increases due to acquisition of companies	5,825,193	-	5,348,130	-
Change in revaluation surplus from net actuarial gains / losses for pension programs	-	(108,040)	-	(108,040)
Profits (losses) recognised in revaluation surplus	(255,169)	393,753	(322,737)	393,753
Net change due to revaluation	(358,194)	393,753	(398,441)	393,753
Change in deferred taxes due to revaluation	68,058	-	75,704	-
Change of a surplus arising from the revaluation of associated company	34,967	-	-	-
Gain/loss from translation of financial statements of foreign operations	-	-	-	-
Transfer of profits (losses) from revaluation surplus to profit or loss	1,726,225	1,155,500	1,726,225	1,155,500
Change in revaluation surplus transferred on disposal to profit or loss	(105,479)	(19,702)	(105,479)	(19,702)
Change in deferred taxes on realisation of revaluation surplus	20,346	-	20,346	-
Transfer of negative revaluation surplus to profit or loss on impairment	2,236,245	-	2,236,245	-
Revaluation reserve transfer to classic life insurance (note 8.2.2.)	-	1,503,735	-	1,503,735
The change deferred taxes from impairments through profit or loss	(424,887)	(328,533)	(424,887)	(328,533)
Balance as at 31 Dec	13,556,478	6,260,229	13,011,848	6,260,229

7.13 Subordinated liabilities

GENERALI d.d., as the legal successor of AS d.d., took over the subordinated bond Floating Rate Subordinated Notes due 2026 (abbreviated: ADRIS Float 05/24/2026) at a nominal value of EUR 50,000,000, which was issued on 24 May 2016.

The bond has the status of subordinated debt with the following features:

- The release date is 24 May 2016.
- The maturity date of the last coupon and the principal is 24 May 2026.
- The nominal value of the issue is EUR 50,000,000.
- The total bond issue comprises 50,000 lots; the value of one lot is EUR 1,000.

Movements in issued bonds

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
As at 1.1.	0	-	0	-
Spin-off assets	49,676,681	-	49,676,681	-
Accrued interest	4,056,626	-	4,056,626	-
Repayment interest	(3,954,000)	-	(3,954,000)	-
As at 31.12.	49,779,307	-	49,779,307	-

At their issue, the bonds were listed on the Irish Stock Exchange. In the case of bankruptcy or liquidation of the Company, the liabilities arising from the issue of these bonds are subordinated to net debt instruments and are only paid to creditors after all non-subordinated debt liabilities arising from insurance contracts and other busi-

- All bonds were sold in full.
 - The interest rate equals the 3-month EURIBOR + 7.800% fixed margin.
 - In accordance with the amortisation plan, the payment frequency of interest (coupons) is on a quarterly basis, specifically on 24 February, 24 May, 24 August and 24 November.
 - The principal will be paid in full at maturity.
- The issued bonds are disclosed at the amortised value. Subordinated liabilities as at 31 December 2020 amounted to EUR 49,779,308. Bonds are recorded among non-life insurance in the amount of EUR 22,898,482 and life insurance in the amount of EUR 26,880,826. By 24 November 2020, the Company paid interest to the creditors in the amount of EUR 3,954,000.

ness relationships are paid. Issued bonds do not contain the holder's rights to recover a collectable receivable before the maturity set by the amortisation plan. The bond cannot be exchanged for other types of securities or be converted into any other liability. The bond can be recalled after five years.

7.14 Insurance technical provisions**Insurance technical provisions (liabilities arising from insurance contracts) – gross and net**

(in EUR)	Gross + received co- insurance as at 31.12.2020	Reinsurance + ceded co- insurance as at 31.12.2020	Net as at 31.12.2020	Gross + received co-insurance as at 31.12.2019 (Reclassification)	Reinsurance + ceded co- insurance as at 31.12.2019 (Reclassification)	Net as at 31.12.2019 (Reclassification)
Unearned premiums	67,883,204	673,703	67,209,501	25,011,977	218,577	24,793,400
Claims provisions for	184,359,311	35,521,138	148,838,173	57,376,688	11,576,656	45,800,032
- reported claims	112,065,787	32,493,258	79,572,528	43,963,796	10,696,049	33,267,747
- not reported claims	72,293,525	3,027,880	69,265,645	13,412,892	880,607	12,532,285
Other insurance technical provisions	4,176,330	6,868	4,169,462	5,142,312	21,888	5,120,424
Provisions for profit sharing and premium refund	4,176,330	6,868	4,169,462	3,176,314	21,888	3,154,426
Other insurance technical provisions (Unexpired risk provisions and provisions for unpaid commissions)	-	-	-	1,965,998	-	1,965,998
Total non-life insurance	256,418,845	36,201,709	220,217,136	87,530,977	11,817,121	75,713,856
Unearned premiums	6,555,304	-	6,555,304	-	-	-
Claims provisions for	7,615,230	-	7,615,230	-	-	-
- reported claims	1,028,338	-	1,028,338	-	-	-
- not reported claims	6,586,892	-	6,586,892	-	-	-
Other insurance technical provisions	9,232,583	-	9,232,583	-	-	-
Provisions for bonuses and discounts	169	-	169	-	-	-
Other insurance technical provisions (Unexpired risk provisions and provisions for unpaid commissions)	9,232,415	-	9,232,415	-	-	-
Total health insurance	23,403,117	-	23,403,117	-	-	-
Unearned premiums	3,138,423	1,536,283	1,602,140	2,941,136	2,320,066	621,070
Claims provisions for	8,784,588	637,261	8,147,327	1,371,290	779,107	592,183
- reported claims	4,366,222	637,261	3,728,961	854,243	520,583	333,660
- not reported claims	4,418,367	-	4,418,367	517,047	258,523	258,523
Mathematical provisions	173,006,698	-	173,006,698	55,263,715	27,631,858	27,631,858
Other insurance technical provisions	19,864,112	-	19,864,112	10,011,185	-	10,011,185
Provisions for profit sharing and premium refund	476,279	-	476,279	574,954	-	574,954
Share of available for sale revaluation reserve that belongs to classic life DPF insurance contract policyholders.	19,387,833	-	19,387,833	9,436,231	-	9,436,231
Total life insurance with DPF	204,793,821	2,173,544	202,620,277	69,587,326	30,731,030	38,856,296
Total liabilities arising from insurance contracts	484,615,783	38,375,253	446,240,530	157,118,304	42,548,151	114,570,153

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

The disclosure of insurance technical provisions does not include claims provisions for unit-linked life insurance in the amount of EUR 3,342,567. These claims provisions are included separately in disclosures of insurance technical provisions for unit-linked life insurance in the next section (see Section 7.15).

The share of revaluation surplus from financial investments classified in the group of financial investments classified in the group of available-for-sale financial assets, which share belongs to the policyholders under the traditional life insurance contracts with the right to participate in the profit.

The share of revaluation surplus from financial investments classified as available-for-sale financial assets and which belongs to policyholders under traditional life insurance contracts represents 75% of unrealized gains and losses on financial assets valued as available-for-sale and is included in other technical provisions in the amount of EUR 19,387,833.

The item is an accounting category and is not attributed to traditional life insurance contracts and subsequently included in mathematical provisions under policies until the gains and losses on available-for-sale investments are actually realized through the current income statement. The Company provides coverage of insurance

technical provisions from traditional life insurance with appropriate investments without considering this item. A recognized positive surplus from the revaluation of available-for-sale investments through the statement of

other comprehensive income in equity is disclosed in Section 7.12. and the statement of comprehensive income in Section 3.3.

Movements in insurance technical provisions

(in EUR)	Gross 2020	Reinsurance 2020	Net 2020	Gross 2019 (Reclassification)	Reinsurance 2019 (Reclassification)	Net 2019 (Reclassification)
Movements in unearned premium						
Balance as at 1 Jan	27,953,113	2,538,643	25,414,470	27,138,933	2,474,897	24,664,036
Increases due to acquisition of companies	51,460,923	480,262	50,980,660	-	-	-
Increase in liabilities	75,143,658	827,226	74,316,432	21,692,066	311,691	21,380,375
Decrease in liabilities	76,980,764	1,636,146	75,344,618	20,877,886	247,945	20,629,941
Balance as at 31 Dec	77,576,931	2,209,986	75,366,945	27,953,113	2,538,643	25,414,470
Movements in mathematical reserves						
Balance as at 1 Jan	52,928,641	27,631,857	25,296,784	54,096,178	27,048,089	27,048,089
Increases due to acquisition of companies	114,757,300	-	114,757,300	-	-	-
Increase in the period	22,275,552	-	22,275,552	6,447,497	1,114,965	5,332,532
Decrease in the period	19,289,870	27,631,858	(8,341,988)	5,279,960	531,197	4,748,763
Balance as at 31 Dec	173,006,698	(1)	173,006,698	55,263,715	27,631,857	27,631,858
Movements in claims outstanding						
Reported claims	44,818,039	11,263,928	33,554,111	44,091,413	9,830,667	34,260,746
Not reported claims	13,929,939	1,091,835	12,838,104	12,985,529	1,528,399	11,457,130
Balance as at 1 Jan	58,747,978	12,355,763	46,392,215	57,076,942	11,359,066	45,717,876
Increases due to acquisition of companies	122,502,996	16,567,607	105,935,389	-	-	-
Decrease in provisions due to payments	51,649,959	(3,112,412)	54,762,371	40,252,801	(7,631,786)	47,884,587
Change in provisions from preceding years +/-	(6,862,022)	(584,131)	(6,277,891)	740,727	(637,957)	1,378,684
Increase in provisions in the current year	78,020,164	4,706,747	73,313,417	(40,130,737)	7,990,527	(48,121,264)
Reported claims	117,460,348	33,130,519	84,329,830	44,818,039	11,263,928	33,554,111
Not reported claims	83,298,783	3,027,880	80,270,903	13,929,939	1,091,835	12,838,104
Balance as at 31 Dec	200,759,132	36,158,399	164,600,733	58,747,978	12,355,763	46,392,215
Movements in other technical provisions - Profit sharing and premium refund						
Balance as at 1 Jan	3,751,268	21,888	3,729,380	3,481,023	21,888	3,459,135
Spin-off assets	820,270	-	820,270	-	-	-
Increase in the period	4,176,498	6,868	4,169,630	176,520	49,261	127,259
Decrease in the period	4,915,528	21,887	4,893,641	49,261	49,261	-
Change in provisions from preceding years +/-	-	-	-	142,986	-	142,986
Balance as at 31 Dec	4,652,777	6,868	4,645,909	3,751,268	21,888	3,729,380
Movements in other technical provisions - Unexpired risk provisions and provisions for unpaid commissions						
Balance as at 1 Jan	1,965,998	-	1,965,998	2,091,171	-	2,091,171
Increase in the period	9,232,415	-	9,232,415	-	-	-
Decrease in the period	1,972,029	-	1,972,029	125,173	-	125,173
Balance as at 31 Dec	9,232,415	-	9,232,415	1,965,998	-	1,965,998
Movements in other technical provisions - Payables client						
Balance as at 1 Jan	9,436,231	-	9,436,231	8,462,667	-	8,462,667
Spin-off assets	6,087,124	-	6,087,124	-	-	-
Change of corresponding share of fair value of financial assets available for sale	3,864,478	-	3,864,478	973,564	-	973,564
Balance as at 31 Dec	19,387,833	-	19,387,833	9,436,231	-	9,436,231

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group

7.14.1 Development claim tables for non-life insurance

The claim development table provides a measure of the Company's ability to estimate the ultimate value of claims. The top half of the table below illustrates how the Company's estimate of ultimate value of claims for non-

-life insurance for each accident year has changed depending on year of accident. The bottom half of the table reconciles the cumulative claims to the amount appearing in the balance sheet. In consideration of its portfolio, the Company considers the year of accident to be the most appropriate basis for the analysis below.

Development claim tables for non-life insurance

(in EUR)	Accident Year			
	before 2011	2011	2012	2013
Cumulative claim assessment				
Years after Accident Year	-	140.493.253	150.103.329	138.131.182
1 year after Accident Year	-	128.028.222	142.190.761	130.558.246
2 years after Accident Year	-	125.412.426	133.912.910	127.336.047
3 years after Accident Year	-	123.669.157	130.124.235	126.222.667
4 years after Accident Year	-	119.680.315	129.056.750	125.832.612
5 years after Accident Year	-	120.064.905	127.592.494	124.795.279
6 years after Accident Year	-	118.881.271	127.288.834	124.091.266
7 years after Accident Year	-	119.040.163	126.185.992	124.542.225
8 years after Accident Year	-	117.879.446	125.369.159	-
9 years after Accident Year	-	118.480.625	-	-
Cumulative Claims:	-	118.480.625	125.369.159	124.542.225
Total	-	113.750.253	123.220.395	118.645.022
RBNS	11.886.364	3.570.886	1.091.038	5.179.997
IBNR	6.462.979	1.159.486	1.057.726	717.205
CHC	1.549.851	393.370	176.265	482.695
Total liabilities	19.899.194	5.123.742	2.325.029	6.379.898

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

Claims provisions do not comprise appraisal costs.

7.15 Insurance technical provisions for unit-linked life insurance

Insurance technical provisions for unit-linked life insurance

(in EUR)	Gross + received co- insurance as at 31.12.2020	Reinsurance + ceded co- insurance as at 31.12.2020	Net as at 31.12.2020	Gross + received co- insurance as at 31.12.2019	Reinsurance + ceded co- insurance as at 31.12.2019	Net as at 31.12.2019
Claims provisions	3,242,567	-	3,242,567	-	-	-
- reported claims	3,242,567	-	3,242,567	-	-	-
Provisions for unit-linked life insurance policyholders	374,826,788	-	374,826,788	66,311,354	33,171,829	33,139,525
Total unit-linked life insurance	378,069,355	-	378,069,355	66,311,354	33,171,829	33,139,525

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

Movements in insurance technical provisions for unit-linked life insurance

(in EUR)	Gross 2020	Reinsurance 2020	Net 2020	Gross 2019	Reinsurance 2019	Net 2019
Movements in claims outstanding						
Increases due to acquisition of companies	1,592,208	-	1,592,208	-	-	-
Decreased provisions due to payments	349,583	-	349,583	-	-	-
Change in provisions from preceding years +/-	40,629	-	40,629	-	-	-
Increase in provisions in the current year	1,959,313	-	1,959,313	-	-	-
Reported claims	3,242,567	-	3,242,567	-	-	-
Balance as at 31 Dec	3,242,567	-	3,242,567	-	-	-
Movements in provisions for unit-linked life insurance policyholders						
Balance as at 1 Jan	66,311,354	33,171,829	33,139,525	51,940,343	25,986,323	25,954,020
Increases due to acquisition of companies	310,690,347	-	310,690,347	-	-	-
Increase in the period	44,652,126	6,537,033	38,115,094	19,525,916	9,762,959	9,762,957
Decrease in the period	46,827,040	39,708,862	7,118,178	5,154,905	2,577,453	2,577,452
Balance as at 31 Dec	374,826,788	-	374,826,788	66,311,354	33,171,829	33,139,525

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

	Accident Year						
	2014	2015	2016	2017	2018	2019	2020
	133.434.637	125.614.398	127.403.097	140.062.883	126.192.128	133.886.373	126.392.000
	125.043.322	119.366.886	123.588.719	137.775.733	122.734.944	123.143.100	-
	122.460.487	117.349.837	121.404.109	135.731.601	120.890.229	-	-
	119.800.990	115.697.672	120.739.599	134.514.960	-	-	-
	118.688.659	115.197.106	121.717.915	-	-	-	-
	118.873.586	114.129.177	-	-	-	-	-
	118.336.310	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	118.336.310	114.129.177	121.717.915	134.514.960	120.890.229	123.143.100	126.392.000
	112.241.239	107.006.655	110.456.537	122.826.123	105.743.869	98.474.076	62.756.472
	4.664.726	5.502.348	9.342.155	9.980.584	8.991.996	14.503.145	29.276.741
	1.430.344	1.620.175	1.919.223	1.708.252	6.154.364	10.165.878	34.358.787
	490.539	567.034	915.841	949.972	1.213.017	1.946.060	4.930.296
	6.585.609	7.689.557	12.177.219	12.638.809	16.359.377	26.615.084	68.565.824

7.16 Liabilities arising from financial contracts

7.16.1 Liabilities arising from financial contracts

(in EUR)	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Liabilities to pension savers (policyholders)	22,682,490	-
Liabilities from financial contracts for payments	20,606,864	-
Liabilities from financial contracts for fund return	2,075,626	-
Other liabilities	40,819	-
Total liabilities from financial contracts	22,723,309	-

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

As at 31 December 2020, liabilities from savers' payments amount to EUR 20,606,864 and represent a net premium (gross premium payments reduced by entry costs). These costs/expenses, which are charged to the saver, represent to the manager of long-term business funds the pension savings of AS other insurance income from com. These costs/expenses charged to the saver's account represent other insurance revenues from fees and commissions for the manager of guarantee funds for AS pension insurance missions. In 2020, EUR 35,497 in entry costs were charged. The gain that increases the liability is calculated from net gain (capital gains and losses), which was generated with asset management and reduced by management costs. Short-term operating liabilities are recorded under other liabilities.

Movement in liabilities to savers from financial contracts

(in EUR)	GENERALI d.d. 2020	GENERALI d.d. 2019
Liabilities from financial contracts for payments and achieved return	-	-
Spin-off assets	18,647,836	-
Increase in the period	5,419,181	-
for payments	4,825,336	-
for achieved return	593,845	-
Decrease in the period	1,384,528	-
for payouts (surrender)	1,342,924	-
for achieved return	41,604	-
As at 31 December	22,682,490	-

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

7.17 Other provisions**7.17.1 Other provisions**

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Provisions for termination benefits	5,595,463	1,092,152	5,486,896	1,092,152
Provisions for jubilee benefits	511,245	464,672	491,360	464,672
Total	6,106,708	1,556,824	5,978,256	1,556,824

7.17.2 Provisions for employee benefits**Provisions for employee benefits**

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Provisions for employee benefits	4,584,204	955,550	4,519,712	955,550
Other non-current provisions	1,011,260	136,602	967,184	136,602
Total	5,595,464	1,092,152	5,486,896	1,092,152

Movements in provisions for employee benefits

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
As at 1.1.	1,092,153	949,434	1,092,153	949,434
Spin-off assets	5,526,593	-	5,417,264	-
Increase in current period	(2,492,938)	117,490	(2,476,223)	117,490
Decrease due to paid provisions for termination and jubilee benefits	(148,819)	(33,334)	(145,003)	(33,334)
Actuarial gains and losses	1,635,403	58,563	1,615,634	58,563
Adjustments arising from past experience	(187,557)	(25,842)	(189,828)	(25,842)
Effect of change of assumptions	1,822,960	84,405	1,805,462	84,405
Other changes	(16,929)	-	(16,929)	-
As at 31 December	5,595,463	1,092,153	5,486,896	1,092,153

Annual gain of savers for which the liability of the Group increases varied in 2020 depending on the type of AS pension savings, as follows:

- (3.47 %) for the guarantee fund Pokojninsko varčevanje AS Drzni do 50 (pension fund),
- (1.03 %) for the guarantee fund Pokojninsko varčevanje AS Umirjeni med 50 do 60 (pension fund),
- (1.52 %) achieved (0.60% guaranteed) for the guarantee fund Pokojninsko varčevanje AS Zajamčeni od 60 (pension fund).

Each month, at the end of the accounting period, the Parent Company calculates the guaranteed value of assets and compares it with the guaranteed return of 60% of the average annual interest rate on government securities. As at the end of 2020, the guaranteed return was 0.43%. Since the guaranteed return was not achieved in 2020, the Company (as a pension insurance manager) formed long-term liabilities of EUR 18 charged to own fund life insurance assets, in line with the Pension and Disability Insurance Act (ZPIZ-2).

Movements in provisions for unused vacation and long-service benefits are entirely recognised in the income statement under operating costs. The same goes for changes in provisions for retirement benefits, except for actuarial gains or losses recognised in other comprehensive income.

The main assumptions applied in the calculation of provisions for termination and long-service benefits:

- the discount rate applied in the calculation were defined based on the Euro area yield curve (Source: ECB European Central Bank: AAA-rated euro area central government bonds, Spot rate dated 30 November 2020, https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_area_yield_curves/hml/index.en.html) (For the calculation made on 31 December 2019 the ECB curve dated 30.12.2019 was applied)
- the increase in the average monthly gross wages in the Republic of Slovenia is taken into account in accordance with market expectations (inflation of 2% and real growth of 2%). (Same for calculation on 31.12.2019)
- the expected increase in salaries in the Company was determined in accordance with the Company's expectations and on the basis of past trends (inflation of 2% and real growth of 2%). (Same for calculation on 31.12.2019)

— the expected mortality is determined based on Slovenian mortality tables from 2007 (SLO 2007, published by the Statistical Office of the Republic of Slovenia). (Slovenian tables SLO 2000-2002 were used for the calculation as at 31 December 2019),

— future fluctuations are analysed separately for sales employees (agents) and other employees. For each category fluctuation is determined according to the age of employees, namely for agents it is 21.0% at the age of 20, then it decreases linearly and at the age of 50 it is 2.0%, from the age of 50 it is constant, i.e. at 2, 0%. Fluctuation for other employees is 8.5% at the age of 20, then decreases linearly and at the age of 50 it falls down to 1.3%, from the age of 50 it is constant, i.e. at 1.3%. (Calculation as at 31 December 2019: for agents it was 38% at the age of 20, then it decreased linearly and at the age of 50 it was 11%, from the age of 50 it was constant, i.e. 11%. Fluctuation for other employees was 8.5% at the age of 20, then it decreased linearly and at the age of 50 it is 1.3%, from the age of 50 it is constant, i.e. 1.3%.)

Provisions for retirement allowances take into account the rate of social security contributions of 16.1% in cases where the amount of retirement allowance is higher than stipulated by the Decree on Tax Treatment of Reimbursements of Costs and Other Income from Employment. The effect of changes in assumptions amounted to EUR 1,822,960 for the Group and EUR 1,805,462 for the Company.

Analysis of sensitivity to changes in parameters

Parameter	Parameter changes	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Discount rate	discount curve move by +0,25%	(194,062)	(113,676)	(193,148)	(113,676)
	discount curve move by -0,25%	203,803	118,020	202,851	118,020
Salary increase	change in annual salary increase by +0,5%	383,366	233,995	381,379	233,995
	change in annual salary increase by -0,5%	(351,533)	(219,561)	(349,691)	(219,561)
Mortality	permanent increase in mortality by +20%	(59,450)	(44,863)	(59,253)	(44,863)
	permanent increase in mortality by -20%	60,309	45,610	60,110	45,610
Early termination of employment	expense curve move by +20%	(275,698)	(476,241)	(274,274)	(476,241)
	expense curve move by -20%	299,838	552,206	298,323	552,206

7.17.3 Other long-term provisions**Movements in other long-term provisions**

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
As at 1.1.	464,672	-	464,672	-
Spin-off assets	226,198	-	-	-
Increase in current period (formation)	73,746	464,672	26,688	464,672
Decrease	(6,249)	-	-	-
As at 31.12.	511,245	464,672	491,360	464,672

7.18 Other financial liabilities

Movements in loans and other current financial liabilities

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Balance as at 1 Jan	1,876,475	705	1,876,475	705
Spin-off assets	1,479,127	-	1,256,746	-
Increase	240,393,597	1,903,776	233,274,955	1,903,776
Decrease	(237,780,924)	(28,006)	(232,213,382)	(28,006)
Balance as at 31 Dec	5,968,275	1,876,475	4,194,793	1,876,475

At the year-end, the Group Companies had settled all liabilities for received loans from previous years.

7.19 Operating liabilities

GENERALI d.d. has no secured liabilities.

Operating liabilities

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Liabilities arising from direct insurance contracts	16,365,222	3,373,757	16,365,664	3,373,757
Liabilities arising from reinsurance and co-insurance	21,662,247	71,318,631	21,662,246	71,318,631
Tax liability	338,806	-	-	-
Total	38,366,275	74,692,388	38,027,910	74,692,388

The balance of the Group's liabilities decreased by EUR 36,326,112 compared to the previous year, which was mainly due to the change in the balance in the Parent Company.

The balance of operating liabilities of the Company is also lower than in the previous year, by EUR 36,664,477 or 49%, mainly due to lower liabilities arising from reinsurance, which is a result of changes in the reinsurance programme, especially greater retention of the previously reinsured life insurance portfolio.

Despite the lower overall balance, liabilities from direct insurance operations are higher compared to the previ-

ous year by EUR 12,991,907, which was mainly owed to the merger of the insurance company AS d.d.

For the 2019 financial year, the Group calculated a current tax liability (corporation tax) at the applicable tax rate of 19%. The current tax liability is disclosed in the table above in the amount as it was finally calculated at the level of the entire Group.

For 2020, the Company calculated the current tax liability (corporate tax) at the applicable tax rate of 19%. Due to overpayments by paying the advance payment of corporate tax after the settlement from 2019, the Company did not have any outstanding tax liabilities at the end of 2020.

7.20 Other liabilities

Other liabilities

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Other operating (trade) liabilities	9,049,411	3,522,915	8,123,791	3,522,915
Accrued costs/expenses and deferred revenues	19,563,269	6,557,928	19,049,385	6,557,928
Total	28,612,680	10,080,843	27,173,176	10,080,843

7.20.1 Other operating liabilities

Other operating liabilities

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Long-term operating liabilities	9,120	-	4,521	-
Long-term securities	4,600	-	-	-
Other long-term operating liabilities	4,520	-	4,521	-
Current operating liabilities	9,040,291	3,522,915	8,119,270	3,522,915
Current operating liabilities to suppliers	646,443	1,300,135	170,708	1,300,135
Current operating liabilities to employees	3,669,019	1,112,805	3,342,182	1,112,805
Other current liabilities from insurance operations	3,620,960	689,176	3,620,990	689,176
Current operating liabilities to the state (except for income tax)	661,376	260,447	597,136	260,447
Other current operating liabilities	442,494	160,352	388,254	160,352
Total	9,049,411	3,522,915	8,123,791	3,522,915

At the end of 2020, the balance of other operating liabilities was higher than in the previous year both in the Group (by EUR 5,526,496) and at the Company (by EUR 4,600,876 or 131%). Despite the higher balance due to the merger, the balance of short-term operating liabilities to suppliers in the Company decreased by EUR 1,129,427, mainly due to accrued expenses due to an earlier closure of the year (see Section 8.20.2).

The structure of other operating liabilities is dominated by other short-term liabilities from insurance transactions with a 40% share (with a 40% share in the Group and with a 45% share the Company), which are EUR 2,931,814 higher (in the Company) compared to the previous year. These short-term liabilities relate mainly to

- liabilities for Insurance Premium Tax (in the amount of EUR 1,486,857; last year EUR 893,775),
- the liabilities to the Slovene Insurance Association for contributions for coverage of claims for damage on unknown and uninsured vehicles and vessels (in the amount of EUR 708,882; last year EUR 577,400),

- fire tax liability (in the amount of EUR 202,249; last year EUR 174,591) and
- liabilities for the repayment of reinsurance commissions advances. These liabilities amount to EUR 848,286, last year EUR 898,279.

In 2020, the Company had no liabilities to other insurance companies from the complementary insurance equalisation scheme and the Company did not have to settle them for 2020.

The long-term operating liabilities of the Company include the long-term liability in the amount of EUR 4,521 formed in line with the Pension and Disability Insurance Act (ZPIZ-2) in favour of life-cycle pension insurance policyholders. These long-term liabilities may become due and payable also after the five-year period (see Section 8.16). Other long-term liabilities become due and payable sooner than in five years.

7.20.2 Accrued costs and deferred revenue

Accrued costs and deferred revenue

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Accrued expenses - operating	7,097,606	3,747,845	7,097,606	3,747,845
Accrued expenses - for unused annual holidays	8,909,363	2,434,438	8,909,363	2,434,438
Accrued expenses - for unused annual holidays	2,062,930	-	1,900,619	-
Accrued expenses from equalisation scheme for supplementary health insurance	838,715	-	838,715	-
Accrued expenses - acquisition costs and unexpired commissions	377,907	371,050	26,333	371,050
Accrued expenses from equalisation scheme for supplementary health insurance	276,749	4,594	276,749	4,594
Total	19,563,269	6,557,927	19,049,385	6,557,927

Compared to the previous year, the balance of accrued costs at the end of 2020 was higher in both the Group and the Company (by EUR 1,005,342 and EUR 12,491,548 respectively). The increase is present in all

types of accrued expenses, especially in accrued operating expenses (these are higher by EUR 6,777,164). The increase was mainly due to the merger of the insurance company AS d.d.

7.21 Revenue

7.21.1 Premium revenue from insurance contract

Net premium revenue from insurance contracts

v EUR	GENERALI d. d. 2020	GENERALI d. d. 2019 (prerazporejeno)
NON-LIFE INSURANCE		
Gross written premiums	221,871,492	74,268,456
Premium written accepted co-insurance	3,609,139	2,921,927
Premium written co-insured	(488,156)	(560,637)
Reinsurers/Coinsurers' share in gross written premium	(22,619,315)	(10,781,346)
Net written premiums	202,373,160	65,848,400
Change in gross unearned premiums	(320,358)	(489,015)
Change in unearned premium for reinsurance/coinsurance share	7,861	(5,341)
Net premium income on non-life insurance	202,060,664	65,354,044
HEALTH INSURANCE		
Gross written premiums	116,219,070	394
Net written premiums	116,219,070	394
Change in gross unearned premiums	(542)	-
NET PREMIUM INCOME	116,218,528	394
Gross written premiums	84,373,592	28,311,288
Reinsurers/Coinsurers' share in gross written premium	(16,590,000)	(14,813,902)
Net written premiums	67,783,591	13,497,386
Change in gross unearned premiums	165,952	(349,192)
Change in unearned premium for reinsurance/coinsurance share	(266,646)	93,114
NET PREMIUM INCOME	67,682,897	13,241,307
NET PREMIUM INCOME	385,962,089	78,595,746

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

7.21.2 Premium revenue at the level of insurance classes

Premium revenue at the level of insurance classes in 2020

(in EUR)	Written gross insurance premiums	Premium written accepted co-insurance	Premium written co-insured	Reinsurers' share in premium written	Own share
Accident insurance	23,559,977	9,288	(13,246)	(292,558)	23,263,461
Land vehicle insurance	62,136,788	29,543	-	(3,042,329)	59,124,002
Aircraft insurance	283,094	-	-	(264,525)	18,569
Ship insurance	455,643	-	-	(339,846)	115,797
Goods in transit insurance	2,016,335	20,734	-	(1,308,411)	728,658
Fire and natural forces insurance	31,475,640	1,835,147	(248,242)	(6,797,753)	26,264,792
Other damage to property insurance	22,433,348	897,800	(96,520)	(3,798,900)	19,435,727
Vehicle liability insurance	54,009,290	19,819	-	(1,664,423)	52,364,686
Aircraft or other flying machine liability insurance	25,750	2,666	-	(30,904)	(2,488)
Liability for ship insurance	529,954	-	-	(393,450)	136,504
General liability insurance	15,690,082	563,395	(89,670)	(3,815,348)	12,348,458
Credit insurance shall be insurance covering:	(652)	-	-	-	(652)
Suretyship insurance	158,931	-	-	(119,537)	39,394
Miscellaneous financial loss insurance	1,188,161	230,635	(37,406)	(555,932)	825,458
Legal expenses insurance	468,607	112	(3,071)	-	465,648
Tourist assistance	7,440,543	-	-	(195,398)	7,245,145
Insurance contracts for non-life insurance, excluding health insurance	221,871,492	3,609,138	(488,155)	(22,619,315)	202,373,160
Health insurance contracts	116,219,070	-	-	-	116,219,070
Life insurance	39,389,093	-	-	(10,060,680)	29,328,412
Unit-linked insurance contracts	44,984,499	-	-	(6,529,320)	38,455,179
Life insurance contracts	84,373,592	-	-	(16,590,000)	67,783,591
Total	422,464,154	3,609,138	(488,155)	(39,209,316)	386,375,821

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group

Premium revenue at the level of insurance classes in 2019

(in EUR)	Written gross insurance premiums	Premium written accepted co-insurance	Premium written co-insured	Reinsurers' share in premium written	Own share
Accident insurance	6,794,745	9,357	-	(317,202)	6,486,900
Land vehicle insurance	19,686,662	31,807	-	(1,388,642)	18,329,827
Aircraft insurance	100	-	-	(100)	-
Ship insurance	5,422	-	-	(2,400)	3,022
Goods in transit insurance	112,260	32,543	-	(96,927)	47,876
Fire and natural forces insurance	12,564,264	1,531,700	(296,525)	(3,998,967)	9,800,472
Other damage to property insurance	8,753,656	357,918	(117,961)	(1,943,301)	7,050,312
Vehicle liability insurance	18,215,103	21,024	-	(492,724)	17,743,403
Aircraft or other flying machine liability insurance	300	-	-	(300)	-
Liability for ship insurance	13,173	-	-	(3,730)	9,443
General liability insurance	4,935,280	680,486	(105,381)	(1,973,027)	3,537,358
Miscellaneous financial loss insurance	708,015	257,092	(40,770)	(458,758)	465,579
Legal expenses insurance	237,148	-	-	-	237,148
Tourist assistance	2,242,328	-	-	(105,268)	2,137,060
Insurance contracts for non-life insurance, excluding health insurance	74,268,456	2,921,927	(560,637)	(10,781,346)	65,848,400
Health insurance contracts	394	-	-	-	394
Life insurance	14,683,198	-	-	(7,999,858)	6,683,340
Unit-linked insurance contracts	13,628,089	-	-	(6,814,044)	6,814,045
Life insurance contracts	28,311,287	-	-	(14,813,902)	13,497,385
Total	102,580,138	2,921,927	(560,637)	(25,595,248)	79,346,180

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group

7.21.3 Financial revenue and expenses from investments and investments in associates

Financial revenue and expenses from investments

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Income from financial investments measured at FVTPL	5,350,063	9,293,555	5,343,689	9,293,555
Held for sale	39,473	-	33,099	-
Interest and net exchange differences	26,573	-	26,573	-
Net sales income	0	-	0	-
Revaluation income	12,900	-	6,526	-
At initial recognition	5,310,591	9,293,555	5,310,591	9,293,555
Dividends	36,582	-	36,582	-
Interest and net exchange differences	(153,837)	(5,592)	(153,837)	(5,592)
Net sales income	2,205,652	719,962	2,205,652	719,962
Revaluation income	3,222,194	8,579,185	3,222,194	8,579,185
Income from financial investments held to maturity (HTM)	634,236	-	634,236	-
Interest and net exchange differences	632,486	-	632,486	-
Sales income	1,750	-	1,750	-
Income from financial investments available-for-sale (AFS)	7,997,305	4,207,687	7,993,689	4,207,687
Dividends	1,033,370	120,844	1,033,370	120,844
Interest and net exchange differences	6,251,332	4,086,843	6,248,481	4,086,843
Sales income	712,603	-	711,839	-
Income from loans and receivables	1,870,652	13,172	2,109,579	13,172
Interest	883,787	12,669	337,433	12,669
Net exchange differences	206,392	503	205,112	503
Other income	780,474	-	1,567,034	-
INCOME FROM INVESTMENTS	15,852,257	13,514,414	16,081,194	13,514,414
Income from investments - associates	22,135	-	-	-
Income from investments - subsidiaries	-	-	70,000	-
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	22,135	-	70,000	-
Expenses for financial investments measured at FVTPL	(6,326)	(20)	(6,326)	(20)
Held for sale	(6,326)	-	(6,326)	-
Net sales expenses	(6,326)	-	(6,326)	-
At initial recognition	-	(20)	-	(20)
Revaluation expenses	-	(20)	-	(20)
Expenses for financial investments available-for-sale (AFS)	(1,658,342)	-	(1,658,303)	-
Realised losses	(606,399)	-	(606,360)	-
Impairment	(1,051,943)	-	(1,051,943)	-
EXPENSES FOR INVESTMENTS	(1,664,668)	(20)	(1,664,629)	(20)
Expenses for investments - associates	(119,169)	-	(51,125)	-
Expenses for investments - subsidiaries	-	-	(1,133,177)	-
EXPENSES FOR INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	(119,169)	-	(1,184,302)	-
Net financial result - investments measured at FVTPL	5,343,737	9,293,534	5,337,363	9,293,534
Net financial result - investments held to maturity (HTM)	634,236	-	634,236	-
Net financial result - available-for-sale investments (AFS)	6,338,963	4,207,687	6,335,387	4,207,687
Net financial result from loans and receivables	1,870,652	13,172	2,109,579	13,172
Net financial result - investments in subsidiaries and associates	(97,034)	-	(1,114,302)	-
NET FINANCIAL RESULT FROM INVESTMENTS	14,090,555	13,514,393	13,302,263	13,514,393

Financial revenue and expenses also include net financial revenue/expenses for unit-linked insurance. In 2020, the net financial result of these investments was EUR 4,179,773. In the same period, the insurance technical

provisions for these funds increased; it is therefore important to take into account the insurance technical provisions which contribute to a realistic display of results of profit or loss in funds for unit-linked life insurance.

Net gains/losses on held-for-trading financial assets

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Realised profits	20,569	-	20,569	-
Unrealised profits	13,162	-	6,788	-
Realised losses	(26,895)	-	(26,895)	-
Unrealised losses	(262)	-	(262)	-
Total	6,574	-	200	-

Net gains/losses on financial assets at initial recognition through profit or loss

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Realised profits	6,619,482	722,835	6,619,482	722,835
Unrealised profits	66,799,086	34,517,945	66,799,086	34,517,945
Realised losses	(4,413,830)	(2,873)	(4,413,830)	(2,873)
Unrealised losses	(63,576,892)	(25,938,781)	(63,576,892)	(25,938,781)
Total	5,427,845	9,299,126	5,427,845	9,299,126

In the total amount of net gains/losses on financial assets at initial recognition through profit or loss pertaining to unit-linked life insurance, the gain amounted to EUR 4,343,541

Impairment of securities of available-for-sale financial assets

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Equity securities	1,051,943	-	1,051,943	-
Total	1,051,943	-	1,051,943	-

In 2020, permanent impairments of investments in market equity securities were made as part of investments of the group of available-for-sale financial assets. There were no permanent impairments of investments in this group in the previous year.

Within the "held-to-maturity financial assets", there were no permanent impairments of investments made in 2020.

7.21.4 Other insurance revenue**Other insurance revenue**

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Revenue from insurance contracts	4,234,179	2,715,835	4,234,179	2,715,835
Revenues from reinsurance fees/commissions and from shares in positive technical result	3,459,894	2,198,272	3,459,894	2,198,272
Revenues from front-end/entry costs for insurance contracts	523,518	-	523,518	-
Other fee income for management of insurance contracts	250,768	517,563	250,768	517,563
Revenue from investment contracts	47,972	-	47,972	-
Other fee income for management of investment contracts	47,972	-	47,972	-
Total fee and commission revenue	4,282,152	2,715,835	4,282,152	2,715,835

Other insurance revenue consists mainly of revenue from reinsurance commissions from participation in the positive technical result from individual reinsurance contracts.

The second portion of other insurance revenue includes fees for concluding and managing financial contracts arising from Pokojninsko varčevanje AS (pension saving) in line with the investment policy of the life cycle.

7.21.5 Other revenue**Other revenue**

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Net revenue from sales of goods and services	890,445	-	-	-
Revenue from the sale of services	890,445	-	-	-
Other net insurance revenues	2,272,190	835,193	2,513,825	835,193
Revaluation operating revenues	782,589	46,206	744,220	46,206
Donations, sponsorships	22,873	-	-	-
Reversal of provisions	26,262	-	-	-
Other financial and other revenues	2,506,171	279,619	2,661,967	279,619
Other operating revenues	125,249	571,902	73,771	571,902
Other commission revenue	11,478,067	-	-	-
Fund management fee and commission revenue	11,271,615	-	-	-
Revenues from asset management	206,451	-	-	-
Total	18,103,844	1,732,919	5,993,782	1,732,919

Other net revenue from insurance operations is shown in a separate table below.

Other net insurance revenue

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Income from management of mutual pension funds	311,037	464,477	311,037	464,477
Income from co-insurance commission	75,822	-	75,822	-
Revenue from insurance services provided to foreign insurance companies	498,970	-	498,970	-
Revenue from rent on parking lot and cars	296,230	-	296,230	-
Revenue from Green Card sales	602,950	-	602,950	-
Revenue from other services	487,181	370,716	728,815	370,716
Total	2,272,190	835,193	2,513,825	835,193

Revaluation operating revenue

Revaluation operating revenue mostly originate from the reversal of impairment of receivables (of premium receivables, subrogation receivables, other receivables and financial receivables) in the amount of EUR 142,673, revenue from the sales of property, plant and equipment in

the amount of EUR 29,515 and the write-off of liabilities from previous years in the amount of EUR 572,032. Compared to the previous year, the revenue is higher both in the Group and in the Company, especially due to the merger of the insurance company AS d.d.

Other financial and other revenue

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019 (Reclassification)
Revenue arising from rents charged for investment properties	443,896	-	612,683	-
Bad Debt Recovered	18,851	3,167	5,868	3,167
Penalties and Claims	8,163	200	8,163	200
Other income	1,465,305	276,231	1,465,300	276,231
Other financial revenue	569,955	21	569,953	21
Total	2,506,171	279,619	2,661,967	279,619

Compared to the same period last year, other financial and other revenue increased in the Group by EUR 2,226,553 and in the Company by EUR 2,382,349, mainly due to other extraordinary revenue (such as revenue from

reminder costs...). The revenue is also higher due to revenue arising from rents charged for investment properties (in the amount of EUR 443,896 in the Group and EUR 612,683 in the Company). Revenue arising from rents

charged for investment properties has been recorded in the Group and the Company since 2020 following the merger of the insurance company AS d.d. In addition to the above, such higher revenue resulted from other finan-

cial revenues, which arise mainly from the revaluation of loans granted to policyholders for the Fond Polica due to changes in stock exchange prices at the time of valuation

7.22 Net claims incurred

Net claims incurred

(in EUR)	GENERALI d.d. 2020	GENERALI d.d. 2019
Gross claims paid	(113,393,184)	(33,291,693)
Gross claims	(115,458,709)	(34,118,628)
Reduction for subrogated receivables	2,065,525	826,935
Re(Co)Insurers' share in claims paid	6,245,433	1,119,529
Co-insurance claims paid (+/-)	(547,464)	(673,802)
Re-insurance claims paid (+/-)	6,792,897	1,793,332
Net claims paid	(107,147,751)	(32,172,164)
Claims reported	(4,839,112)	676,966
Change of provisions for gross outstanding claims and gains from derecognition	(11,577,356)	(767,305)
Change in claims provisions for re/co-insurer's share	6,738,244	1,444,270
Claims not reported	(5,755,322)	(333,171)
Change in gross claims provisions and gains from derecognition	(6,736,718)	98,823
Change of provisions for gross outstanding claims co-insurance and re-insurance	981,395	(431,994)
Change in claims provisions	(10,594,434)	343,795
Net claims incurred on non-life insurance	(117,742,185)	(31,828,369)
Gross claims paid	(89,484,070)	(236)
Gross claims	(85,928,364)	(236)
Equalisation scheme income/expenses	(3,576,428)	-
Reduction for subrogated receivables	20,722	-
Net claims paid	(89,484,070)	(236)
Claims reported	60,030	-
Change of provisions for gross outstanding claims and gains from derecognition	60,030	-
Claims not reported	(502,536)	-
Change in gross claims provisions and gains from derecognition	(502,536)	-
Change in claims provisions	(442,506)	-
Net claims incurred on health insurance	(89,926,575)	(236)
Gross claims paid	(48,967,726)	(11,437,481)
Gross claims	(48,967,726)	(11,437,481)
Re(Co)Insurers' share in claims paid	6,035,596	5,786,476
Re-insurance claims paid (+/-)	6,035,596	5,786,476
Net claims paid	(42,932,130)	(5,651,006)
Claims reported	(2,755,811)	29,670
Change of provisions for gross outstanding claims and gains from derecognition	(3,357,910)	(9,049)
Change in claims provisions for re/co-insurer's share	602,099	38,719
Claims not reported	(207,913)	4,570
Change in gross claims provisions and gains from derecognition	(281,233)	9,139
Change of provisions for gross outstanding claims co-insurance and re-insurance	73,320	(4,570)
Change in claims provisions	(2,963,725)	34,240
Net claims incurred on life insurance	(45,895,855)	(5,616,766)
TOTAL NET CLAIMS INCURRED	(253,564,615)	(37,445,372)

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

Net claims incurred classified into expenses for the current year and expenses for previous years

(in EUR)	Gross 2020	Reinsurance 2020	Net 2020	Gross 2019	Reinsurance 2019	GENERALI d.d. 2019 (Reclassification)
Expenses for claims and benefits paid for current year	228,123,865	8,102,963	220,020,902	25,697,541	809,790	24,887,751
Claims and benefits paid	149,902,398	3,827,314	146,075,084	25,796,364	1,269,943	24,526,421
Change in outstanding claim provisions	74,645,039	4,275,649	70,369,390	(98,823)	(460,153)	361,330
Expenses from equalisation scheme	3,576,428	-	3,576,428	-	-	-
Expenses for claims and benefits paid for previous years	(5,461,069)	6,891,072	(12,352,141)	7,988,948	1,048,330	6,940,618
Claims and benefits paid	50,434,597	3,454,288	46,980,309	7,988,948	1,048,330	6,940,618
Change in outstanding claim provisions	(55,895,666)	3,436,784	(59,332,450)	-	-	-
Total	222,662,796	14,994,035	207,668,761	33,686,489	1,858,120	31,828,369

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group.

7.23 Costs

7.23.1 Costs by functional group

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Costs related to acquisition of insurance and investment contracts	37,481,781	13,766,936	39,058,920	13,766,936
Costs related to financial asset management	2,285,972	82,761	2,285,972	82,761
Costs related to PPE management	634,418	-	634,418	-
Other costs for management fees	8,755,305	-	8,608,798	-
Costs of sale	34,856,248	17,307,201	30,934,387	17,307,201
Other costs/expenses	33,751,679	10,893,871	27,951,328	10,893,871
Total costs/expenses by functional groups	117,765,403	42,050,769	109,473,821	42,050,769

7.23.2 Costs by natural group

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Operating costs for material	1,543,668	503,028	1,440,417	503,028
Acquisition costs	37,481,781	13,766,936	39,058,920	13,766,936
Operating costs for services	27,761,103	10,091,114	23,411,713	10,091,114
Depreciation/amortisation	6,920,134	2,518,131	6,402,144	2,518,131
Labour costs	44,017,122	15,171,561	39,160,627	15,171,561
Payroll – wages and salaries	33,099,483	11,505,557	29,474,085	11,505,557
Social security costs	1,596,858	830,192	1,350,637	830,192
Pension insurance costs	4,337,925	1,013,408	3,870,908	1,013,408
Other labour cost	6,421,562	1,732,017	6,052,467	1,732,017
Provisions for termination benefits and jubilee benefits	(1,438,704)	90,388	(1,587,469)	90,388
Other costs/expenses	41,594	-	-	-
Total	117,765,403	42,050,769	109,473,821	42,050,769

Depreciation/amortisation costs also include depreciation/amortisation amounts arising from long-term assets in use and amount to EUR 2,247,789 for the Group and EUR 2,154,853 for the Company.

The Company charges input VAT in relation to costs, namely a percentage of the tax-deductible input VAT, which means that the costs are proportionately lower.

7.23.3 Costs by segment

Costs by segment in 2020 for GENERALI Group Slovenia

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
Costs of services	15,461,213	41,530,932	5,220,994	4,618,205	1,588,460	65,242,885
Costs of services in the manufacture of products	-	522,362	-	-	-	522,362
Costs of transportation and postal services	511,721	1,654,326	741,388	351,636	-	3,259,071
Costs of rents and maintenance of assets	215,148	712,564	690,346	602,734	27,863	2,192,930
Reimbursement of labour-related costs to employees	60,983	520,082	46,616	16,958	-	644,639
Payment of transactions costs and bank charges	347,297	490,226	213,222	28,324	12,184	1,066,885
Costs for insurance premiums	64,715	231,406	45,231	14,487	-	355,839
Costs of trade fairs, advertising and entertainment	1,623,352	3,859,692	432,693	410,458	-	6,326,194
Costs of securities brokerage	489,740	254,692	5,070	2,563	661,633	90,433
Costs of services of agents acquiring investors	4,268	3,648	-	1,300,992	823,981	484,927
Acquisition costs	9,209,654	26,773,407	1,498,751	-	30	37,481,781
Costs of intellectual and personal services	574,657	1,825,843	338,196	1,167,705	58,874	3,847,527
Costs of printing	155,264	658,992	242,551	1,519	-	1,058,326
Costs of education	44,166	168,181	11,498	38,641	-	262,486
Costs of IT services	1,491,960	2,212,255	648,166	154,552	3,896	4,503,038
Costs of other services	646,606	1,552,917	270,181	525,451	-	2,995,154
Costs of services by natural persons under employment contracts or author's contracts	21,682	90,337	37,087	2,186	-	151,292
Labour costs	8,416,041	27,239,930	4,512,529	3,848,622	-	44,017,122
Costs of wages and salaries	6,308,545	20,344,040	3,551,639	2,895,258	-	33,099,483
Social security and pension insurance costs	1,158,530	3,595,680	599,699	580,874	-	5,934,782
Pension insurance costs	832,997	2,769,642	395,570	339,715	-	4,337,925
Social security costs	325,533	826,038	204,129	241,158	-	1,596,858
Other labour cost	1,174,028	4,344,750	656,898	245,886	-	6,421,562
Provisions for employee benefits, unused leave included	(225,062)	(1,044,539)	(295,707)	126,604	-	(1,438,704)
Costs of material and goods	273,084	1,076,243	153,364	82,571	-	1,585,262
Costs of goods	-	41,594	-	-	-	41,594
Costs of material, raw material and energy	273,084	1,034,649	153,364	82,571	-	1,543,668
Costs of material and raw material	136,691	566,366	81,687	45,304	-	830,047
Costs of energy	136,394	468,283	71,678	37,266	-	713,621
Depreciation and amortisation	1,101,359	4,734,113	671,716	562,376	149,431	6,920,134
Total operating expenses	25,251,697	74,581,219	10,558,604	9,111,773	1,737,891	117,765,403

Costs by segment in 2019 for GENERALI Group Slovenia

(in EUR)	Life insurance	Non-life insurance	Health insurance	Asset management	Intersegment eliminations on consolidation	Total
Cost of services	7,345,557	16,512,484	9	-	-	23,858,050
Costs of transportation and postal services	15,961	35,660	-	-	-	51,621
Costs of rents and maintenance of assets	177,152	396,143	-	-	-	573,295
Reimbursement of labour-related costs to employees	100,269	224,015	-	-	-	324,284
Payment of transactions costs and bank charges	192,777	430,694	-	-	-	623,472
Costs for insurance premiums	26,263	58,675	-	-	-	84,938
Costs of trade fairs, advertising and entertainment	1,370,830	3,062,213	-	-	-	4,433,042
Acquisition costs	4,225,363	9,541,564	9	-	-	13,766,936
Costs of intellectual and personal services	388,537	868,050	-	-	-	1,256,586
Costs of education	46,032	102,841	-	-	-	148,873
Costs of other services	802,375	1,792,628	-	-	-	2,595,002
Labour costs	4,551,468	10,620,094	-	-	-	15,171,562
Costs of wages and salaries	3,444,293	8,061,265	-	-	-	11,505,557
Social security and pension insurance costs	560,454	1,283,146	-	-	-	1,843,600
Pension insurance costs	308,076	705,332	-	-	-	1,013,408
Social security costs	252,378	577,814	-	-	-	830,192
Other labour cost	519,605	1,212,412	-	-	-	1,732,017
Provisions for employee benefits, unused leave included	27,116	63,271	-	-	-	90,388
Costs of material and goods	155,536	347,491	-	-	-	503,028
Costs of material, raw material and energy	155,536	347,491	-	-	-	503,028
Costs of material and raw material	74,447	166,325	-	-	-	240,772
Costs of energy	81,089	181,166	-	-	-	262,255
Depreciation and amortisation	765,512	1,752,619	-	-	-	2,518,131
Total operating expenses	12,818,073	29,232,689	9	-	-	42,050,771

Costs by segment for GENERALI d.d.

(in EUR)	Life insurance	Non-life insurance
Costs of services	15,461,213	41,953,772
Costs of transportation and postal services	511,721	1,636,446
Costs of rents and maintenance of assets	215,148	683,375
Reimbursement of labour-related costs to employees	60,983	476,920
Payment of transactions costs and bank charges	347,297	480,743
Costs for insurance premiums	64,715	230,581
Costs of trade fairs, advertising and entertainment	1,623,352	3,847,465
Costs of securities brokerage	489,740	254,692
Costs of services of agents acquiring investors	4,268	3,648
Acquisition costs	9,209,654	28,350,516
Costs of intellectual and personal services	574,657	1,564,262
Costs of printing	155,264	658,992
Costs of education	44,166	94,031
Costs of IT services	1,491,960	2,212,173
Costs of other services	646,606	1,383,958
Costs of services by natural persons under employment contracts or author's contracts	21,682	75,969
Labour costs	8,416,041	26,295,474
Costs of wages and salaries	6,308,545	19,662,600
Social security and pension insurance costs	1,158,530	3,471,051
Pension insurance costs	832,997	2,650,076
Social security costs	325,533	820,975
Other labour cost	1,174,028	4,228,523
Provisions for employee benefits, unused leave included	(225,062)	(1,066,701)
Costs of material and goods	273,084	1,019,171
Costs of material, raw material and energy	273,084	1,019,171
Costs of material and raw material	136,691	555,927
Costs of energy	136,394	463,244
Depreciation and amortisation	1,101,359	4,687,045
Total operating expenses	25,251,697	73,955,463

7.23.4 Auditor's remuneration

The audit of the annual consolidated financial statements of parent company GENERALI d.d. and of the subsidiary Generali Investments d. o. o. for 2020 was performed by the audit firm Ernst & Young d.o.o., just as in 2019. The audit of the Zagreb Branch, Croatia, was

performed by the audit firm Antares revizija d.o.o., as also in 2019. The audit of the indirect subsidiary Generali Investments d.o.o., Croatia was performed by the audit firm Ernst & Young d.o.o Zagreb (as also in 2019) and the audit of the subsidiary Generali investments AD, North Macedonia by the audit firm Russell Bedford (in 2019 by the audit firm BEND Revizija in konsalting d.o.o., Tetovo).

Fees paid for auditor's services

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Statutory audit of the annual report	257,202	53,457	238,576	53,457
Other audit services	123,495	43,310	113,702	43,310
Other auditing services	-	4,011	-	4,011
Total fees for independent auditor's services	380,697	100,778	352,278	100,778

Health insurance	GENERALI d.d. 2020	Life insurance	Non-life insurance	Health insurance	GENERALI d.d. 2019 (Reclassification)
5,055,648	62,470,633	7,345,557	16,512,484	9	23,858,050
738,847	2,887,013	15,961	35,660	-	51,621
631,513	1,530,037	177,152	396,143	-	573,295
46,616	584,519	100,269	224,015	-	324,284
211,987	1,040,028	192,777	430,694	-	623,472
43,098	338,395	26,263	58,675	-	84,938
426,335	5,897,152	1,370,830	3,062,213	-	4,433,042
5,070	749,502	-	-	-	-
-	7,916	-	-	-	-
1,498,751	39,058,920	4,225,363	9,541,564	9	13,766,936
279,851	2,418,771	388,537	868,050	-	1,256,586
242,551	1,056,807	-	-	-	-
11,498	149,695	46,032	102,841	-	148,873
641,884	4,346,017	-	-	-	-
262,252	2,292,816	802,375	1,792,628	-	2,595,002
15,394	113,045	-	-	-	-
4,449,112	39,160,627	4,551,468	10,620,094	-	15,171,562
3,502,939	29,474,085	3,444,293	8,061,265	-	11,505,557
591,964	5,221,545	560,454	1,283,146	-	1,843,600
387,835	3,870,908	308,076	705,332	-	1,013,408
204,129	1,350,637	252,378	577,814	-	830,192
649,916	6,052,467	519,605	1,212,412	-	1,732,017
(295,707)	(1,587,469)	27,116	63,271	-	90,388
148,162	1,440,417	155,536	347,491	-	503,028
148,162	1,440,417	155,536	347,491	-	503,028
76,484	769,101	74,447	166,325	-	240,772
71,678	671,316	81,089	181,166	-	262,255
613,739	6,402,144	765,512	1,752,619	-	2,518,131
10,266,661	109,473,821	12,818,073	29,232,689	9	42,050,771

7.24 Other insurance expenses**Other insurance expenses**

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Expenses for preventive activities	1,991,666	721,062	1,991,666	721,062
Contribution for covering losses caused by uninsured and unknown vehicles	334,330	-	334,330	-
Other net insurance expenses	12,479,772	2,712,645	12,479,772	2,712,645
Total	14,805,768	3,433,707	14,805,768	3,433,707

The expenses for preventive activities relate to expenses for payment of fire fees. Insurance companies that offer non-life insurance must charge and pay fire fees from the gross insurance premium to the Slovenian Insurance Association (SZZ) as stipulated by the association's rules. GENERALI d.d. pays the fire fees in the amount depending on the market share and premium written from fire insurance. In 2020, these expenses went up due to the increase in premiums after the merger of the insurance company AS d.d.

The contribution for covering losses caused by uninsured and unknown vehicles is a "special fee" that the Company pays to the Slovenian Insurance Association, depending on the market share of motor vehicle liability insurance. In 2020, the Company paid EUR 334,330 for this item.

Other net insurance expenses increased by EUR 11,372,061 compared to the previous year. These expenses in 2020 also comprised the amount paid to reinsurers due to the termination of a major reinsurance contract

and the portfolio transferred back to the Company. A significant portion (in the amount of EUR 4,340,057) also includes expenses for lump-sum compensation for damage incurred in the Health Insurance Institute of Slovenia due to death or injury of policyholders in traffic accidents, calculated in accordance with the Compulsory Motor Third-Party Liability Insurance Act. In addition to the purchase price paid to reinsurers due to the termination of the reinsurance contract and the flat-rate indemnity, the group of other net insurance expenses also includes significant expenses, such as

- subrogation receivables write-offs, receivables write-offs from insurance premiums and write-offs of other receivables in the amount of EUR 918,401,

- expenses of supervisory bodies in the amount of EUR 676,533 and

- other net insurance expenses.

The Company reviews the recoverability of older and overdue receivables on an annual basis and decides about write-offs of receivables whose recoverability had been examined several times and there is solid proof (inability to repay, bankruptcy, personal bankruptcy...) that these receivables would not be repaid in the future. Write-offs are made based on the list of the inventory commission and the conclusion of the Management Board.

7.25 Other expenses

Other expenses

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Revaluation operating expenses	3,236,173	334,343	1,899,368	334,343
Expenses for investment properties	780,122	-	1,338,618	-
Depreciation of investment properties	144,725	-	181,550	-
Impairment - investment properties	389,091	-	797,906	-
Losses-upon disposal of investment properties	7,391	-	7,391	-
Other expenses for investment properties	238,915	-	351,772	-
Other operating expenses	3,585,343	1,131,731	3,418,292	1,131,731
Finance expenses	5,449,462	37,519	5,394,266	37,519
Total	13,051,100	1,503,592	12,050,544	1,503,592

Revaluation operating expenses were mostly generated by revaluation and impairment of receivables (from premiums, subrogations, other receivables and financial receivables) and expenses for impairment of intangible assets (long-term accrued expenses) and expenses arising from impairment of property, plant and equipment. Compared to the year before, these expenses were up by EUR 1,565,02 mainly due to higher expenses for impairment of receivables (expenses in the Company were higher by EUR 1,590,601). In the group of expenses from impairments of property, plant and equipment, the Group includes the impairment of buildings in the amount of EUR 408,814. Namely, subsidiaries in the Group use the business premises they lease from their Parent Company to perform their activities, which is why the Company carried out this part of the impairment in investment pro-

erty, as evident from expenses for investment property. Investment property expenses were incurred in 2020 as the result of the merger of the insurance company AS d.d. and they amount to EUR 1,338,618. These expenses include depreciation, impairment, losses-upon disposal and other expenses. In 2020, there was a need for impairment of investment property and impairment was carried out in the Group to the amount of EUR 389,091, and in the Company to the amount of EUR 797,906 (see Section 7.5). Other expenses for investment properties, which represent a significant proportion of these expenses, include management, maintenance and material costs incurred during the year concerning investment property. Other operating expenses are presented in a separate table.

Other operating expenses

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Payments for charity and cultural purposes	699,342	171,116	692,119	171,116
Benefits not depending on operating profit or loss	309,848	-	175,374	-
Financial penalties and compensations	43,842	-	43,842	-
Operating expenses	2,311,811	901,054	2,287,045	901,054
The rest of other operating expenses	220,500	59,561	219,912	59,561
Total	3,585,343	1,131,731	3,418,292	1,131,731

Compared to the previous year, other operating expenses increased by EUR 2,286,561, mainly due to the merger of AS d.d., which is most reflected in the increase in operating expenses, mainly consisting of expenses for

administrative and court fees, membership fees to the Chamber of Commerce and various associations and expenditure regarding the protection of the human environment.

Financial Expenses

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019 (Reclassification)
Financial expenses for interest - issued bonds	4,056,626	-	4,056,626	-
Financial costs - interest	151,140	37,465	99,385	37,465
Other financial expenses	1,241,696	54	1,238,255	54
Financial expenses arising from other financial liabilities	(24,920)	-	(24,920)	-
Financial expenses arising from loans received	27	-	27	-
Financial expenses arising from operating liabilities	1,266,589	54	1,263,148	54
Total	5,449,462	37,519	5,394,266	37,519

Compared to the previous year, financial expenses are higher both in the Group and in the Company, mainly due to the merger of AS d.d. in early 2020 and the transfer of subordinated liabilities. Financial expenses are dominated by expenses for interest, which the Company regularly pays to the creditors of the subordinated debt. In 2020, there were EUR 4,056,626 of accrued interests generated under this heading (last year EUR 4,038,358). Other financial expenses arise mainly from the revaluation of loans granted to policyholders for the Fond Polica due to changes in stock exchange prices at the time of

valuation. At the end of 2020, other financial income was recognized from the revaluation of these loans (compare with Section 7.21.5).

A large portion of financial expenses is represented by other financial expenses arising from operating liabilities, generated mostly by other investment expenses, such as purchasing commissions (amounting to EUR 436,856), other interest expenses (amounting to EUR 460,278), financial expenses arising from unit-linked life insurance (amounting to EUR 308,181) and negative foreign exchange differences from abroad (amounting to EUR 29,323).

7.26 Reinsurance result

Reinsurance result in the table below shows the net reinsurance result by insurance type.

Reinsurance result for non-life insurance in 2020

Insurance class in EUR	Reinsurance premiums	Reinsurance claims	Changes in unearned reinsurance premiums	Changes in reinsurance claims	Reinsurance commissions	Net reinsurance result
Accident insurance	(292,558)	23,497	(608)	(8,498)	18,168	(260,000)
Land motor vehicle insurance	(3,042,330)	460,822	(177)	496,889	(55,089)	(2,139,884)
Aircraft insurance	(264,525)	-	175,198	-	13,601	(75,726)
Marine loss insurance	(339,846)	61,103	-	101,126	103,686	(73,931)
Transportation (goods in transit) insurance	(1,308,411)	476,860	-	287,205	387,456	(156,891)
Fire and natural disaster insurance	(6,797,753)	3,862,489	(29,789)	1,464,698	944,397	(555,956)
Other damage to property insurance	(3,798,900)	907,356	(44,298)	843,798	546,456	(1,545,588)
Motor vehicle liability insurance (MTPL)	(1,664,423)	478,672	-	3,527,674	87,929	2,429,852
Aircraft liability insurance	(30,904)	-	1,148	-	3,174	(26,582)
Ship/boat liability insurance	(393,450)	14,030	-	107,938	120,041	(151,441)
General liability insurance	(3,815,348)	666,675	(88,532)	905,255	955,707	(1,376,243)
Suretyship insurance	(119,537)	9,800	(16,924)	-	52,101	(74,560)
Miscellaneous financial loss insurance	(555,932)	(185,056)	13,261	462	72,481	(654,783)
Legal expenses insurance	-	-	-	-	1,165	1,165
Insurance of assistance	(195,398)	16,648	40,830	(6,910)	52,931	(91,898)
Total non-life insurance	(22,619,315)	6,792,897	50,110	7,719,639	3,304,203	(4,752,467)

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group

Reinsurance result for non-life insurance in 2019

Insurance class in EUR	Reinsurance premiums	Reinsurance claims	Changes in unearned reinsurance premiums	Changes in reinsurance claims	Reinsurance commissions	Net reinsurance result
Accident insurance	(317,202)	63,130	(7,066)	20,155	35,133	(205,850)
Land motor vehicle insurance	(1,388,642)	-	3	-	-	(1,388,639)
Aircraft insurance	(100)	-	40	-	15	(45)
Marine loss insurance	(2,400)	-	-	(8)	806	(1,602)
Transportation (goods in transit) insurance	(96,927)	17,460	-	(15,319)	32,548	(62,238)
Fire and natural disaster insurance	(3,998,967)	945,119	(13,870)	146,636	610,013	(2,311,069)
Other damage to property insurance	(1,943,301)	266,096	5,318	213,038	250,353	(1,208,496)
Motor vehicle liability insurance (MTPL)	(492,724)	193,771	-	948,055	-	649,102
Aircraft liability insurance	(300)	-	121	-	45	(134)
Ship/boat liability insurance	(3,730)	-	-	-	1,253	(2,477)
General liability insurance	(1,973,027)	249,589	950	(338,597)	545,329	(1,515,756)
Miscellaneous financial loss insurance	(458,758)	7,954	(2,058)	41,219	90,272	(321,371)
Insurance of assistance	(105,268)	50,212	4,237	(2,902)	38,160	(15,561)
Total non-life insurance	(10,781,346)	1,793,331	(12,325)	1,012,277	1,603,926	(6,384,137)

Note: The above disclosure refers to both the Insurance Company GENERALI and the Group

7.27 Corporate income tax

Taxes

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Corporate income tax charge	(1,532,436)	(835,561)	(997,960)	(835,561)
Deferred tax income/(expense)	196,275	-	216,619	-
Total	(1,336,161)	(835,561)	(781,341)	(835,561)

Adjustment between the actual and the calculated tax expense by applying the effective tax rate

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Profit or loss before taxation	10,048,211	4,161,847	6,441,994	4,161,847
Rate used for income tax calculation	19	19	19	19
Tax calculated by using official tax rate	(1,775,478)	(790,751)	(1,223,979)	(790,751)
Income excluded from the tax base and other reductions in the tax base	2,078,920	-	1,996,267	-
Expenses not recognised in the tax base and other increases in the tax base	(2,505,709)	(179,941)	(2,351,675)	(179,941)
Use of tax allowance in the current year	660,723	135,130	581,427	135,130
Effect of utilisation of tax loss	8,118	-	-	-
Current year tax losses	991	-	-	-
Effect of changes related to the adoption of new accounting methods, changes accounting policies and error corrections.	991	-	-	-
Changes in deferred taxes in the income statement	196,274	-	216,618	-
Changes in potential deferred tax assets:				
Increase of deductible temporary differences	216,613	-	216,618	-
Decrease of deductible temporary differences	18,124	-	-	-
Increase of tax loss carry forwards	(38,463)	-	-	-
Profit or loss after taxation	(1,336,162)	(835,562)	(781,342)	(835,562)
Effective tax rate (in %)	13.30	20.08	12.13	20.08

As a rule, the tax base calculated for corporate income tax is higher than profit before tax posted in the income statement as a result of the portion of non-deductible expenses, representing permanent differences. The ratio between the tax expense (including accrued tax) and the determined financial result before tax for 2020 is 13.30% in the Group and 12.13% in the Com-

pany (2019: the effective tax rate was 20.08%). According to local tax legislation in Slovenia, the applicable tax rate in 2020 was 19% (as in 2019). The tax rate applicable to the subsidiaries in Croatia was 18% (as in 2019), as prescribed by the local legislation in Croatia, while in the subsidiary in North Macedonia the base was calculated at a 10% tax rate (same as in 2019).

Tax expense recognized in other comprehensive income

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Tax on items which will not be reclassified to profit or loss	-	9,942	-	9,942
Tax on items which may be reclassified to profit or loss in subsequent periods	(336,483)	(348,005)	(328,837)	(348,005)
Total	(336,483)	(338,063)	(328,837)	(338,063)

7.28 DEFERRED TAXES

Deferred taxes are the result of calculating current and future tax effects, i.e. the future recovery (settlement) of the book value of assets (liabilities) recognized in the

balance sheet of the Company and the transactions and other business events during the relevant period, offset and recognized in the consolidated financial statements of the Company in the case of the same tax authority.

Recognised deferred tax amounts

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Deferred tax assets	3,291,378	-	2,562,695	-
Receivables for deferred tax to be recovered	4,253,018	32,963	3,514,159	32,963
Receivables from deductible temporary differences - impairment of IFA, PPE and receivables	2,871,986		2,197,737	
Receivables from deductible temporary differences - provisions made but not recognised	375,137	23,637	364,959	23,637
Receivables from unused tax credits	44,255	-	-	-
Offset of deferred tax assets	(961,640)	(32,963)	(951,464)	(32,963)
Deferred tax liabilities	2,160,767	1,456,957	2,120,141	1,456,957
Liabilities for deferred taxes pending payment	3,122,407	1,489,921	3,071,605	1,489,921
Liabilities from strengthening of financial investments	3,122,407	1,489,921	3,071,605	1,489,921
Offset of deferred tax liabilities	(961,640)	(32,963)	(951,464)	(32,963)

Movements in deferred taxes

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Deferred tax assets as at 1 Jan	32,963	21,422	32,963	21,422
Increases due to acquisition of companies/Acquisition of subsidiary	435,158	-	2,422,669	-
Changes during the year	2,823,257	11,541	107,064	11,541
Deferred tax assets as at 31 Dec	3,291,378	32,963	2,562,695	32,963
Deferred tax liabilities as at 1 Jan	1,489,921	1,140,317	1,489,921	1,140,317
Increases due to acquisition of companies/Acquisition of subsidiary	3,171,696	-	402,178	-
Changes during the year	(2,500,849)	349,604	228,042	349,604
Deferred tax liabilities as at 31 Dec	2,160,767	1,489,921	2,120,141	1,489,921

7.29 Net earnings (loss) per share

The net earnings per share that refers to the holders of ordinary shares is calculated by dividing the net profit (loss) for the year attributable to the holders of ordinary

shares (numerator) with the weighted average number of ordinary outstanding shares for the reporting period.

Earnings (loss) per share

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
Net profit or loss for the financial year	8,705,190	3,326,284	5,660,652	3,326,284
Weighted average number of ordinary shares outstanding	2,364,563	2,364,563	2,364,563	2,364,563
Basic and adjusted net earnings / loss per share (in euros)	3.68	1.41	2.39	1.41

All shares issued by the Company are ordinary registered shares; therefore, the diluted net earnings per share are equal to the basic net earnings per share

Movements in shares

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
As at 1 Jan	2,364,563	2,364,563	2,364,563	2,364,563
As at 31 Dec	2,364,563	2,364,563	2,364,563	2,364,563

7.30 Issues, redemptions and payouts of securities and dividends

In 2020, GENERALI d.d. did not issue any subordinated bonds and did not purchase or pay any equity securities.

Dividend per share

Dividends are formed from the accumulated profit determined by the Company after the end of the financial year and are paid in the foreseen amount after the General Meeting adopted such a resolution.

The Management Board of GENERALI d.d. submitted a proposal to the General Meeting in March 2020 to pay a dividend to the owner of Generali CEE Holding B.V. in the amount of EUR 6,218,800.18. Following the recommendation of the ISA, due to the consequences of the Covid-19 epidemic, the General Meeting further resolved to transfer the entire distributable profit.

7.31 Additional explanations to the cash flow statement

The indirect method is used in compiling the cash flow statement. When adjusting cash flow from operating activities, the indirect method is used to adjust the profit or loss by considering the effects of non-monetary transactions and income and expense items related to investing or financing cash flows.

8. Related Party Transactions

In this section, the GENERALI Group Slovenia and GENERALI d.d. disclose transactions with related legal entities, with shareholders and associates, and with the management of GENERALI and the senior management of controlling companies.

The rules on related party transactions are laid down in the internal Rules on ensuring data, preparation of reports and storage of this data. Transfer prices are used with regard to mutual services between related parties, where these prices are charged at the same rates as for unrelated parties. To determine the prices, the Company uses the comparable uncontrolled price method, whereby the comparable market prices are defined by means of internal or external comparable uncontrolled price method. In 2020, the related party transactions included:

- insurance contract operations – taking out insurance, claims settlement and payments of underwriting commissions;
- lease of business premises and parking spaces;
- purchases and sales of investment properties;
- purchases and sales of securities;
- financial services (loans).

In 2020, there were no significant transactions between GENERALI and its related parties carried out under unusual market conditions and likely to affect the presentation of the financial position of the Company. There were no significant transactions between the Parent Company Generali CEE Holding b. v., The Netherlands and the Generali d.d. in 2020. All transactions with subsidiaries were conducted as transactions between well-informed parties involved in a transaction

8.1 Related parties

Shareholders

With a 100% equity interest, Generali CEE Holding B. V., established in Amsterdam, is the sole shareholder and direct owner of the Parent Company GENERALI d.d.

Related parties in GENERALI Group Slovenia as at 31 December 2020 are:

Generali CEE Holding b. v., The Netherlands – direct owner of the Parent Company GENERALI d.d., Associate NAMA d.d., Associate MEDIFIT d.o.o., Ljubljana, Associate IDORU d.o.o., Ljubljana

Presentation of associates in the Group

NAMA d. d.

Company name: NAMA d. d.
Head office: Tomšičeva ulica 1, 1000 LJUBLJANA
Company registration number: 5024811
VAT identification number: SI22348174
No. of employees as at 31 December 2020: 104
Company objects: The principal activity of Nama is retail trade services of food and non-food products.
As at 31 December 2020, GENERALI zavarovalnica d.d. had a 48.51% equity interest in the associate.
The reporting period of the financial statements is equal to the calendar period ended 31 December 2020.
The tax rate applied in the calculation of the corporate income tax was 19%.
The Group did not receive from or give any loans to the associate Nama in 2020.
In its consolidated financial statements, the Group accounts for Nama d.d. Ljubljana using the equity method.

MEDIFIT d. o. o., Ljubljana

Registered company name: MEDIFIT, druze z informacijsko tehnologijo in računalniškimi storitvami povezane dejavnosti, d. o. o.
Abbreviated company name: MEDIFIT d. o. o.
Head office and address: Dunajska cesta 63, Ljubljana, 1000 Ljubljana
Company registration number: 8150982000
VAT identification number: SI 12848999
No. of employees as at 31 December 2020: 12
Share capital: EUR 31,250.00 fully paid in.
Company objects: The principal activity of the company MEDIFIT d. o. o. is information technology and computer services.
As at 31 December 2020, GENERALI zavarovalnica d.d. had a 24.99% equity interest in the associate.
The reporting period of the financial statements is equal to the calendar year.
The tax rate applied in the calculation of the corporate income tax was 19%.
The Group did not receive from or give any loans to the associate MEDIFIT d. o. o. in 2020.
In its consolidated financial statements, the Group accounts for MEDIFIT d. o. o. Ljubljana using the equity method.

IDORU inteligentni analitični sistemi d. o. o.

Registered company name: IDORU inteligentni analitični sistemi d. o. o.
Head office and address: Celovška cesta 206, Ljubljana, 1000 Ljubljana
Company registration number: 8068640000
VAT identification number: SI 69662517
No. of employees as at 31 December 2020: 1

Share capital: EUR 7,500.00 fully paid in.
As at 31 December 2020, GENERALI zavarovalnica d.d. had a 25% equity interest in the associate.
The reporting period of the financial statements is equal to the calendar year.
The tax rate applied in the calculation of the corporate income tax was 19%.
The Group did not receive from or give any loans to the associate IDORU d. o. o. in 2020.
In its consolidated financial statements, the Group accounts for IDORU d. o. o. using the equity method.

Other associates of GENERALI d.d. and GENERALI Group Slovenia:

Assicurazioni Generali S.p. A, headquartered in Trieste and other related companies are those that are related to the Company through management and supervisory bodies, namely members of the management and supervisory boards. Other related companies are those that are related to the Group through management and supervisory bodies, namely members of the Management Board and the Supervisory Board.

8.2 Related party transactions

Transactions with subsidiaries

(in EUR)	GENERALI d. d. 31.12.2020	GENERALI d. d. 31.12.2019
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Shares	3,015,934	-
Loans	60,000	-
Other insurance receivables	1,581	-
Other receivables	6,457	-
Other insurance liabilities	143,959	-
Other liabilities	91,938	-
INCOME STATEMENT ITEMS:		
Dividends received	1,309	-
Insurance income	7,790	-
Financial income	153,809	-
Operating income	181,369	-
Operating expenses	934,244	-
Other insurance expenses	1,709,742	-
Impairment expenses	568,098	-
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Shares	30,201,008	-
Financial receivables	83,314	-
Other receivables	381	-
INCOME STATEMENT ITEMS:		
Impairment expenses	565,079	-
Dividends received	70,000	-
Insurance income	51,600	-
Financial income	786,560	-
Operating income	78,447	-
Other insurance expenses	383	-

In 2020 GENERALI d.d. did not purchase or sell investment property to related parties.
The Company did not sell receivables to subsidiary Prospera d.o.o. in 2020.

Loans given and received

In 2020, the Parent Company gave two loans in the amount of EUR 60,000 to the subsidiary of Ambulanta ZDRAVJE d.o.o. The first loan of EUR 60,000 was transferred to the capital increase in 2020, while the second

loan of EUR 60,000 remains outstanding until 4 April 2021. The interest rate on this short-term loan is fixed at 0.513% (interest rate for related party loans, effective in December 2020). The loan is secured by bills of exchange. Interest is paid monthly, principal at maturity.
A short-term loan of EUR 30,000 was granted in 2020 to the subsidiary LEV Registracija d.o.o. The loan was granted at a fixed interest rate of 3% and transferred to capital increase in 2020.
The Company did not do business with banks which would be related parties in 2020.

Transactions with associates

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d. d. 2020	GENERALI d. d. 2019
NON-LIFE INSURANCE				
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:				
Shares	11,439,526	-	11,439,526	-
Other insurance receivables	136	-	136	-
Other receivables	2,000	-	2,000	-
Other liabilities	2,000	-	2,000	-
INCOME STATEMENT ITEMS:				
Impairment expenses	51,125	-	51,125	-
Insurance income	751	-	751	-
Operating income	12,000	-	12,000	-
Operating expenses	130,168	-	130,168	-

Transaction with related parties

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d. d. 2020	GENERALI d. d. 2019
NON-LIFE INSURANCE				
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:				
Shares	1,022,980	550,022	1,022,980	550,022
Receivables from reinsurance	3,262,681	1,427,184	3,262,681	1,427,184
Receivables from coinsurance	344,444	384,612	344,444	384,612
Other insurance receivables	293,675	237,483	293,675	237,483
Other receivables	11,133	-	10,767	-
Liabilities from coinsurance	48,879	24,087	48,879	24,087
Liabilities for investment of reinsurers from reinsurance contracts	60,598	52,107	60,598	52,107
Liabilities from reinsurance - premium	5,538,603	2,114,665	5,538,603	2,114,665
Other liabilities from reinsurance	-	12,596	-	12,596
Other insurance liabilities	74,621	-	74,621	-
Other liabilities	1,516,978	1,070,370	1,500,585	1,070,370
INCOME STATEMENT ITEMS:				
Reinsurance premiums	20,710,941	9,597,024	20,710,941	9,597,024
Accepted re(co)insurance premiums	871,492	818,646	871,492	818,646
Claims paid - reinsurance share	4,783,047	1,714,107	4,783,047	1,714,107
Accepted re(co)insurance claims	87,905	75,332	87,905	75,332
Reinsurance commission and other income	3,748,245	1,437,428	3,748,245	1,437,428
Accepted re(co)insurance commission expenses	71,658	74,354	71,658	74,354
Interest on deposits of reinsurers	2,206	3,024	2,206	3,024
Insurance income	124,415	319,399	124,415	319,399
Operating income	11,087	104	10,787	104
Operating expenses	2,622,621	920,151	2,513,768	920,151
Other insurance expenses	5,681,809	14,893	5,681,809	14,893
LIFE INSURANCE				
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:				
Receivables from reinsurance	239,178	886,627	239,178	886,627
Liabilities for investment of reinsurers from reinsurance contracts	278,575	62,161,534	278,575	62,161,534
Liabilities from reinsurance - premium	343,256	408,133	343,256	408,133
Other liabilities from reinsurance	9,740,491	-	9,740,491	-
Other short-term liabilities	-	150,000	-	150,000
INCOME STATEMENT ITEMS:				
Reinsurance premiums	14,975,857	14,087,072	14,975,857	14,087,072
Claims paid - reinsurance share	5,234,951	5,684,532	5,234,951	5,684,532
Reinsurance commission and other income	7,641,871	-	7,641,871	-
Accepted reinsurance commission expenses	1,145,463	666,914	1,145,463	666,914
Operating expenses	8	45	8	45
Other insurance expenses	249	530,287	249	530,287

Transactions with owner Generali CEE Holding B.V.

v EUR	GENERALI Group Slovenia 2020	GENERALI Group Slovenia 2019	GENERALI d.d. 2020	GENERALI d.d. 2019
NON-LIFE INSURANCE				
Long-term property rights	131.578	-	131.578	-
Operating expenses	11.999	15.448	11.999	15.448

8.3 Shareholders

As at 31 December 2020, with a 100% equity interest, Generali CEE Holding B. V. established in Amsterdam, The Netherlands, is the sole shareholder of GENERALI zavarovalnica d.d.

8.4 Management

The management consists of the members of the Management Board and the Supervisory Board and the employees on individual employment agreements

Remuneration of members of management and supervision bodies and employees on individual employment agreements – all companies of the GENERALI Group Slovenia in 2020

Remuneration type in EUR	Remuneration of management board members	Remuneration of the Audit Committee members	Remuneration of supervisory board members	Remuneration of audit commission members
Salary	851,402	-	96,974	5,848,794
Bonuses and other remuneration	310,530	-	28,117	1,404,354
Meeting attendance fees	-	9,106	2,970	-
Total	1,059,475	9,106	128,061	7,253,148

Payments are presented in gross amounts and were disbursed to the members of management and/or supervision bodies and employees on individual employment agreements (or on employment agreements, for which the tariff section of the collective agreement does not apply) in 2020 for the period in which they had the function of management and/or supervision in the parent company GENERALI d.d. and in subsidiaries PROSPERA, družba za izterjavo d.o.o., VIZ zavarovalno zastopništvo d.o.o., Ambulanta ZDRAVJE zdravstvene storitve d.o.o., AGENT Zavarovalno zastopništvo d.o.o., LEV Registracija d.o.o. Generali Investments, d.o.o. and its two subsidiaries Generali Investments, d.o.o. za upravljanje investicijskim fondovima, Croatia, and Generali investments, d.o.o.

Transactions with the Management of the Parent Company GENERALI d.d.

Remuneration given to the employees with individual employment agreements and income of the Audit Committee of the Parent Company are included in the table above, within the remuneration of all companies within the Group. Other remuneration, also included in the table above for the purpose of reporting on Group level, are presented in greater detail in the table below.

Transactions with the Management of GENERALI d.d.

Remuneration received by the management and supervisory bodies in GENERALI d.d. for the performance of tasks in the financial year 2020.

GENERALI d.d. made the following payments for 2020 to the members of the Management Board

in EUR	Office	Gross salary	Variable part of remuneration	Holiday allowance	Reimbursements of costs*	Insurance premiums	Commissions, bonuses and other fringe benefits	Remuneration for work in subsidiaries	
	Vanja Hrovat	President of the Management Board	173,868	176,926	1,500	1,408	3,014	7,195	-
	Katarina Guzej	Member of the Management Board (from 2.3.2020)	100,214	29,900	1,250	1,317	2,886	6,249	-
	Mitja Feri	Member of the Management Board	135,485	45,000	1,500	1,385	523	8,452	-
	Matija Šenk	Member of the Management Board (to 7.9.2020)	40,415	-	504	526	1,691	1,182	-

Including travel expenses using own vehicle and daily allowance at home and abroad.

Income of employees on individual employment agreements

In 2020, the Company paid EUR 7,203,769 in remuneration to employees employed on the basis of the collective

agreement, for whom the tariff part of the collective agreement does not apply; EUR 5,801,836 was paid as gross salaries and EUR 1,401,932 as other remuneration (holiday pay, bonus, reimbursement of expenses, including travel expenses using own vehicle and daily allowances, insurance premiums, retirement allowances, long-service bonuses and other bonuses).

GENERALI d.d. made the following payments in 2020 to the members of the Supervisory Board

in EUR	Office	Gross salary	Variable part of remuneration	Holiday allowance	Reimbursements of costs*	Fees for attending board sessions	Insurance premiums	Commissions, bonuses and other fringe benefits	Remuneration for work in subsidiaries
	Gregor Pilgram	Chairman	-	-	-	-	-	19,365	-
	Carlo Schiavetto	Member	-	-	-	-	-	-	-
	Luciano Cirinà	Member from 11. 2. 2020	-	-	-	-	-	-	-
	Stefano Culos	Member to 11. 2. 2020	-	-	-	-	-	-	-
	Miroslav Singer	Member from 11. 2. 2020	-	-	-	-	-	-	-
	Suzana Meglič	Member	52,768	-	1,500	3,698	1,485	122	-
	Matjaž Pavlin	Member from 4. 9. 2020	11,351	-	1,017	957	1,485	992	90

GENERALI d.d. made the following payments in 2020 to the members of the Audit Committee

in EUR	Fees for attending meetings
Carlo Schiavetto – Chairman	-
Gregor Pilgram – Deputy Chairman	-
Barbara Kunc - Member (until 1.12.2020)	9,106
Renata Eržen Potisek (since 2.12.2020)	-

As at the 2020 year-end, GENERALI d.d. carries the following current operating receivables and liabilities

- EUR 277 of receivables and no liabilities from the members of the Management Board. The receivables arise from the insurance business (premiums due) and from rents of parking spaces,
- EUR 141 of receivables and no liabilities from the members of the Supervisory Board and the Audit Committee. The receivables mainly arise from the insurance business (premiums due),
- EUR 11,110 of receivables and EUR 42 of liabilities from the employees employed on the basis of the contract to which the tariff section of the collective agreement does not apply. The bulk of receivables in the amount of EUR 9,598 arises from the insurance business (premium due), while the rest arises from rents for parking spaces. The total sum of liabilities arises from travel expense reimbursement.

The receivables arising from premiums are non-matured receivables. The receivables arising from rents for parking places are the receivables for the rents in December and were settled by deducting the relevant amounts from the payroll in January 2021.

In 2019, GENERALI d.d. and its subsidiary did not grant to or receive any loans or advances from the members of the Management Board, the members of the Supervisory Board or the employees employed on the basis of the contract to which the tariff section of the collective agreement does not apply. Furthermore, the Management of GENERALI d.d. did not participate in any scheme offering share options and no significant transactions were

made without entering them in the accounting records of the Company.

GENERALI d.d. carries EUR 555 receivables and EUR 87 liabilities related to members of management or supervision bodies of subsidiaries and associates. The receivables arise from insurance premiums. The liabilities relate entirely to the reimbursement of travel expenses.

Transactions with the immediate family members of the members of Management and Supervision Boards and the Audit Committee

In 2020, the Company GENERALI d.d. did not enter into insurance or other transactions with the immediate family members of the members of the Management Board, the Supervisory Board and the Audit Committee.

Transactions with senior management of controlling companies of GENERALI zavarovalnica d.d.

The senior management of the controlling companies of GENERALI d.d. comprises all members of the Management Board who manage and control the controlling company Generali CEE Holding b. v., The Netherlands and, at the highest level, the controlling company Assicurazioni Generali S. p. A, established in Trieste.

In 2020, the Company did not receive any payments from or made any payments to the senior management. As at 31 December 2020, there were no outstanding receivables from or liabilities to the senior management.

9. Contingent receivables and liabilities

Contingent receivables and liabilities include potential receivables and liabilities held in off-balance sheet items.

Contingent receivables and liabilities

(in EUR)	GENERALI Group, Slovenia 2020	GENERALI Group, Slovenia 2019	GENERALI d.d. 31.12.2020	GENERALI d.d. 31.12.2019
Outstanding recourse receivables	8,548,455	3,809,918	8,548,455	3,809,918
Received pledged guarantees	(9,200)	-	120,800	-
Other receivables	235,266	-	235,266	-
Contingent RECEIVABLES	8,774,521	3,809,918	8,904,521	3,809,918
Liabilities - disputes and litigations (labour and insurance)	71,969	-	71,969	-
Liabilities for guarantees	2,080,059	247,928	2,080,059	247,928
Liabilities for bill of exchange	(852,367)	116,875	(852,367)	116,875
Liabilities for guaranteed return	18	-	18	-
Other liabilities	8,949,445	-	8,648,496	-
Contingent LIABILITIES	10,249,124	364,803	9,948,175	364,803
Total contingent receivables and liabilities	19,023,645	4,174,721	18,852,696	4,174,721

Compared to the balance at the end of 2019, the balance of contingent receivables and liabilities in the Group is higher by EUR 14,848,924, while in the Company it is higher by EUR 14,677,975, which was mainly due to the merger of the insurance company AS d.d. in early 2020. Contingent receivables include recorded receivables for unenforced subrogations, pledged guarantees received with securities and a mortgage on property given as collateral for short-term loans given and contingent receivables arising from commercial disputes.

Contingent liabilities include contingent liabilities arising from labour and commercial disputes, liabilities for bank guarantees and bills of exchange and contingent liabilities from financial contracts due to failure to achieve the guaranteed return concerning policyholders of Pokojninsko varčevanje AS Zajamčeni od 60. Other contingent liabilities include contingent liabilities for the fire tax calculated at the premium paid in the amount of EUR 1,382,534. In 2020, the Company launched new commitments to pay the investment into the fund Generali Growth SIS d.o.o. k. d. in the amount of € 7,252,256. The commitment is disclosed among other contingent liabilities. Among the Group Companies also the company Generali Investments, Slovenia has a commitment to pay the investment into the fund Generali Growth SIS d.o.o. k. d. in the amount of EUR 300,949.

Other

The Company has contingent liabilities pursuant to (until 2021) the valid guarantee arising from the concluded umbrella agreement on the transfer of the portfolio between

the assignor AS neživotno osiguranje a.d.o., Belgrade, and the acquirer of the portfolio, a subsidiary of Pozavarovalnica Sava. The potential exposure of the Company is valued at 0 because during the validity period of the guarantee the claim, which exceeded the formed provisions and for which the guarantee was expressly given, was withdrawn.

As at 31 December 2020, the Group and the Company had no tenants with conditional rent

Important litigations in progress

— Actions for damages have been initiated against commercial banks (NLB, DUTB, Abanka), to which the Bank of Slovenia pronounced extraordinary measures to terminate the qualified liabilities of banks, in connection with the extraordinary measures imposed on the NLB d. d., Abanka d. d., Factor bank d. d., Probanka d. d. and Banka Celje d. d. on 17 December 2013. On the basis of the Bank of Slovenia's decisions on extraordinary measures in five Slovenian banks (NLB, NKBM, Abanka, Factor banka, Probanka) in 2013 and in one bank (Banka Celje) in 2014, debt instruments held by the insurance company in total nominal value of EUR 14,634,800 euros and 123,416 shares of Probanka d. d., 2,085 NLB shares d. d., 5 shares of the Bank of Celje d. d. and 45 shares of Gorenjska banka d. d. were erased. The Company immediately initiated all procedures to protect its rights in relation to the erased financial investments. In October 2016, the Constitutional Court decided that part of the Banking Act, on the basis of which decisions on extraordinary measures were issued, was

in contravention of the Constitution in so far as it was not possible for the holder of eligible liabilities to have adequate judicial protection. The Constitutional Court ordered the legislator to remedy the unconstitutionality and, until the remedy of the unconstitutionality, all proceedings that are pending in this respect have been interrupted with the limitation period beginning six months after the entry into force of the law which will remedy the unconstitutionality. In all initiated proceedings, the court decided that the proceedings should be interrupted until the court's decision in the compensation procedure against the Bank of Slovenia according to the law, which will replace the procedure referred to in Article 350.a of the Banking Act. Accordingly, the insurance Company has pending lawsuits against

- NLB d. d., District Court of Ljubljana, reference number VIII Pg 3069/2016, disputed amount EUR 2,919,375.00
 - DUTB d. d., District Court of Ljubljana, reference number VIII Pg 3063/2016, disputed amount. 12,109,212.66 EUR
 - Abanka d. d., District Court of Ljubljana, reference number VIII Pg 3060/2016, disputed amount 1,062,959.92 EUR
 - Abanka d. d., District Court of Ljubljana, reference number VIII Pg 2617/2016, disputed amount. 2,590,000.00 EUR.
- The Company has filed an action for damages against the Bank of Slovenia (District Court of Ljubljana, Ref. No. VIII Pg 1765/2016) due to the early termination of deposits as per the decisions of the Bank of Slovenia, the disputed amount EUR 235,266.02.

10. Events after the balance sheet date

After the balance sheet date and before the date of approval of the consolidated and separate financial statements, Generali Investments Slovenia bought 24,074 shares of Generali Investments AD Skopje on 25 January 2021 thus becoming a 98.34% owner of the latter. Due to the valid contract binding the Company to purchase these shares, GENERALI Group Slovenia recognized outstanding liabilities for the purchase of the minority interest in the amount of EUR 1,380,918 and of the goodwill in the amount of EUR 1,073,430 in the consolidated financial statements as at 31 December 2020.

Events after the balance sheet date, important for business operations in 2021

- 14 January 2021 - at the 59th General Meeting of Generali d.d. the conclusion of the merger agreement concluded on 13 January 2021 by and between Generali d.d. (as the acquiring company) and VIZ insurance agency d.o.o., Koper (as the acquired company) and the company Generali d.d. (as the acquiring company) and AGENT Zavarovalniško zastopanje d.o.o., Izola (as the acquired company) was approved.
- 28 January 2021 - the Zagreb Branch from the insurance company AS d. d. was deleted from the competent company register in Zagreb.

GENERALI GROUP SLOVENIA
and GENERALI ZAVAROVALNICA D. D.

APPENDIX TO THE AUDITED ANNUAL REPORT

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Appendices to the Annual Report 2020 of GENERALI zavarovalnica d. d. include

- The selected accounting and financial indicators prepared in compliance with the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings and the prescribed methodology laid down in Appendix 3 to the said Decision.
- Presentation of assets and liabilities for each fund managed separately, in line with the schemes set out in Appendix 2.
- Income statement for each fund managed separately, in line with the schemes set out in Appendix 2

1. Selected accounting and financial indicators

Growth of gross written premium	Gross written premium in current year	Gross written premium in previous year	Year 2020	Gross written premium in current year	Gross written premium in previous year	Year 2019
	in euros	in euros	index	in euros	in euros	index
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:						
1. Accident insurance	23,569,361	6,804,102	346	6,804,102	7,099,468	96
2. Health insurance(without complementary health insurance)	4,742,783	394	-	394	471	84
3. Land vehicle insurance	62,166,331	19,718,469	315	19,718,469	19,575,887	101
5. Aircraft insurance	283,094	100	-	100	100	100
6. Ship insurance	455,643	5,422	-	5,422	7,816	69
7. Goods in transit insurance	2,037,069	164,304	-	164,304	130,662	126
8. Fire and natural forces insurance	33,310,787	14,776,558	225	14,776,558	14,210,709	104
9. Other damage to property insurance	23,331,148	9,210,551	253	9,210,551	8,987,998	102
10. Vehicle liability insurance	54,029,109	18,236,127	296	18,236,127	17,958,542	102
11. Aircraft or other flying machine liability insurance	28,415	300	-	300	300	100
12. Liability for ship insurance	529,955	13,173	-	13,173	12,934	102
13. General liability insurance	16,253,480	6,007,562	271	6,007,562	5,533,981	109
14. Credit insurance shall be insurance covering:	(652)	-	-	-	-	-
15. Suretyship insurance	158,931	-	-	-	-	-
16. Miscellaneous financial loss insurance	1,418,796	1,155,422	123	1,155,422	895,782	129
17. Legal expenses insurance	468,720	237,148	198	237,148	262,608	90
18. Tourist assistance	7,440,543	2,242,138	332	2,242,138	2,063,179	109
Non-life insurance contracts	230,223,513	78,571,770	293	78,571,770	76,740,437	102
19. Life assurance	39,389,463	14,683,211	268	14,683,211	13,295,977	110
21. Life assurance linked to units of investment fund or to units of funds	44,984,499	13,628,089	330	13,628,089	18,094,911	75
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	84,373,962	28,311,300	298	28,311,300	31,390,888	90
Complementary health insurance	111,476,189	-	-	-	-	-
Total	426,073,664	106,883,070	399	106,883,070	108,131,325	99

Net written premiums as % of gross written premiums	Net written premiums	Gross written premiums	Year 2020	Net written premiums	Gross written premiums	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:						
1. Accident insurance	23,263,557	23,569,361	99	6,486,900	6,804,102	95
2. Health insurance(without complementary health insurance)	4,742,783	4,742,783	100	394	394	100
3. Land vehicle insurance	59,124,002	62,166,331	95	18,329,827	19,718,469	93
5. Aircraft insurance	18,569	283,094	7	-	100	0
6. Ship insurance	115,797	455,643	25	3,022	5,422	56
7. Goods in transit insurance	728,658	2,037,069	36	47,876	164,304	29
8. Fire and natural forces insurance	26,264,792	33,310,787	79	9,800,472	14,776,558	66
9. Other damage to property insurance	19,435,728	23,331,148	83	7,050,312	9,210,551	77
10. Vehicle liability insurance	52,364,686	54,029,109	97	17,743,403	18,236,127	97
11. Aircraft or other flying machine liability insurance	(2,489)	28,415	-9	-	300	0
12. Liability for ship insurance	136,505	529,955	26	9,443	13,173	72
13. General liability insurance	12,348,462	16,253,480	76	3,537,358	6,007,562	59
14. Credit insurance shall be insurance covering:	(652)	(652)	100	-	-	-
15. Suretyship insurance	39,394	158,931	25	-	-	-
16. Miscellaneous financial loss insurance	825,458	1,418,796	58	465,581	1,155,422	40
17. Legal expenses insurance	465,649	468,720	99	237,148	237,148	100
18. Tourist assistance	7,245,145	7,440,543	97	2,136,870	2,242,138	95
Non-life insurance contracts	207,116,044	230,223,513	90	65,848,606	78,571,770	84
19. Life assurance	29,328,783	39,389,463	74	6,683,353	14,683,211	46
21. Life assurance linked to units of investment fund or to units of funds	38,455,179	44,984,499	85	6,814,044	13,628,089	50
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	67,783,962	84,373,962	80	13,497,397	28,311,300	74
Complementary health insurance	111,476,189	111,476,189	100	-	-	-
Total	386,376,195	426,073,664	91	79,346,003	106,883,070	74

Movement in gross claims and benefits paid	Gross claims and benefits paid in current year	Gross claims and benefits paid in previous year	Year 2020	Gross claims and benefits paid in current year	Gross claims and benefits paid in previous year	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:						
1. Accident insurance	8,070,944	1,647,682	490	1,647,682	1,561,464	106
2. Health insurance(without complementary health insurance)	1,766,992	236	-	236	292	81
3. Land vehicle insurance	37,017,181	13,130,240	282	13,130,240	14,125,074	93
6. Ship insurance	182,604	3,548	-	3,548	3,378	105
7. Goods in transit insurance	826,897	19,490	-	19,490	58,427	33
8. Fire and natural forces insurance	17,334,957	5,917,159	293	5,917,159	10,348,268	57
9. Other damage to property insurance	9,670,254	2,379,899	406	2,379,899	2,580,109	92
10. Vehicle liability insurance	25,786,432	8,721,457	296	8,721,457	9,696,947	90
11. Aircraft or other flying machine liability insurance	-	-	-	-	-	-
12. Liability for ship insurance	23,900	-	-	-	24,334	-
13. General liability insurance	4,077,980	949,963	429	949,963	1,045,550	91
14. Credit insurance shall be insurance covering:	17,558	-	-	-	-	-
15. Suretyship insurance	14,000	-	-	-	-	-
16. Miscellaneous financial loss insurance	666,922	96,874	688	96,874	1,618,687	6
17. Legal expenses insurance	919	-	-	-	-	-
18. Tourist assistance	3,726,346	1,284,500	290	1,284,500	1,268,683	101
Non-life insurance contracts	109,193,132	34,151,048	320	34,151,048	42,331,213	81
19. Life assurance	18,599,001	6,280,272	296	6,280,272	6,329,464	99
21. Life assurance linked to units of investment fund or to units of funds	29,417,975	5,154,905	571	5,154,905	8,356,380	62
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	48,016,976	11,435,177	420	11,435,177	14,685,844	78
Complementary health insurance	83,729,837	-	-	-	-	-
Total	240,939,945	45,586,225	529	45,586,225	57,017,057	80

Claims ratio	Gross claims and benefits paid	Gross written premiums	Year 2020	Gross claims and benefits paid	Gross written premiums	Year 2019
	in euros	in euros	coefficient	in euros	in euros	coefficient
Results by class of insurance:						
1. Accident insurance	8,070,944	23,569,361	34	1,647,682	6,804,102	24
2. Health insurance(without complementary health insurance)	1,766,992	4,742,783	37	236	394	60
3. Land vehicle insurance	37,017,181	62,166,331	60	13,130,240	19,718,469	67
5. Aircraft insurance	9,246	283,094	3	-	100	-
6. Ship insurance	182,604	455,643	40	3,548	5,422	65
7. Goods in transit insurance	826,897	2,037,069	41	19,490	164,304	12
8. Fire and natural forces insurance	17,334,957	33,310,787	52	5,917,159	14,776,558	40
9. Other damage to property insurance	9,670,254	23,331,148	41	2,379,899	9,210,551	26
10. Vehicle liability insurance	25,786,432	54,029,109	48	8,721,457	18,236,127	48
11. Aircraft or other flying machine liability insurance	-	28,415	-	-	300	-
12. Liability for ship insurance	23,900	529,955	5	-	13,173	-
13. General liability insurance	4,077,980	16,253,480	25	949,963	6,007,562	15
14. Credit insurance shall be insurance covering:	17,558	(652)	-	-	-	-
15. Suretyship insurance	14,000	158,931	9	-	-	-
16. Miscellaneous financial loss insurance	666,922	1,418,796	47	96,874	1,155,422	8
17. Legal expenses insurance	919	468,720	0	-	237,148	-
18. Tourist assistance	3,726,346	7,440,543	50	1,284,500	2,242,138	57
Non-life insurance contracts	109,193,132	230,223,513	47	34,151,048	78,571,770	43
19. Life assurance	18,599,001	39,389,463	47	6,280,272	14,683,211	43
21. Life assurance linked to units of investment fund or to units of funds	29,417,975	44,984,499	65	5,154,905	13,628,089	38
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	48,016,976	84,373,962	57	11,435,177	28,311,300	40
Complementary health insurance	83,729,837	111,476,189	75	-	-	-
Total	240,939,945	426,073,664	57	45,586,225	106,883,070	43

Operating expenses as % of gross written premiums	Operating expenses	Gross written premiums	Year 2020	Operating expenses	Gross written premiums	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:						
1. Accident insurance	7,688,364	23,569,361	33	2,612,596	6,804,102	38
2. Health insurance(without complementary health insurance)	1,308,501	4,742,783	28	125	394	32
3. Land vehicle insurance	18,097,680	62,166,331	29	8,047,507	19,718,469	41
5. Aircraft insurance	1,956	283,094	1	-	100	0
6. Ship insurance	162,140	455,643	36	1,475	5,422	27
7. Goods in transit insurance	448,013	2,037,069	22	25,361	164,304	15
8. Fire and natural forces insurance	12,910,889	33,310,787	39	5,347,503	14,776,558	36
9. Other damage to property insurance	9,197,841	23,331,148	39	3,742,742	9,210,551	41
10. Vehicle liability insurance	18,892,627	54,029,109	35	7,316,530	18,236,127	40
11. Aircraft or other flying machine liability insurance	1,951	28,415	7	-	300	0
12. Liability for ship insurance	171,642	529,955	32	3,373	13,173	26
13. General liability insurance	5,403,225	16,253,480	33	1,801,715	6,007,562	30
14. Credit insurance shall be insurance covering:	2,077	(652)	-	-	-	-
15. Suretyship insurance	50,669	158,931	32	-	-	-
16. Miscellaneous financial loss insurance	478,298	1,418,796	34	220,192	1,155,422	19
17. Legal expenses insurance	159,298	468,720	34	108,068	237,148	46
18. Tourist assistance	2,463,950	7,440,543	33	819,516	2,242,138	37
Non-life insurance contracts	77,439,121	230,223,513	34	30,046,703	78,571,770	38
19. Life assurance	13,281,671	39,389,463	34	13,149,587	14,683,211	90
21. Life assurance linked to units of investment fund or to units of funds	11,428,384	44,984,499	25	-	13,628,089	0
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	24,710,055	84,373,962	29	13,149,587	28,311,300	46
Complementary health insurance	9,378,860	111,476,189	8	-	-	-
Total	111,528,036	426,073,664	26	43,196,290	106,883,070	40

Acquisition costs as % of gross written premiums	Insurance acquisition costs	Gross written premiums	Year 2020	Insurance acquisition costs	Gross written premiums	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:						
1. Accident insurance	2,301,414	23,569,361	10	654,856	6,804,102	10
2. Health insurance(without complementary health insurance)	203,763	4,742,783	4	9	394	2
3. Land vehicle insurance	5,961,704	62,166,331	10	2,235,501	19,718,469	11
5. Aircraft insurance	2,101	283,094	1	-	100	0
6. Ship insurance	64,409	455,643	14	474	5,422	9
7. Goods in transit insurance	179,359	2,037,069	9	10,650	164,304	6
8. Fire and natural forces insurance	5,906,282	33,310,787	18	2,288,151	14,776,558	15
9. Other damage to property insurance	4,193,861	23,331,148	18	1,597,236	9,210,551	17
10. Vehicle liability insurance	5,808,099	54,029,109	11	1,822,563	18,236,127	10
11. Aircraft or other flying machine liability insurance	1,464	28,415	5	-	300	0
12. Liability for ship insurance	70,626	529,955	13	612	13,173	5
13. General liability insurance	2,281,592	16,253,480	14	735,411	6,007,562	12
14. Credit insurance shall be insurance covering:	(2)	(652)	0	-	-	-
15. Suretyship insurance	7,692	158,931	5	-	-	-
16. Miscellaneous financial loss insurance	32,941	1,418,796	2	80,430	1,155,422	7
17. Legal expenses insurance	47,568	468,720	10	38,544	237,148	16
18. Tourist assistance	644,875	7,440,543	9	150,487	2,242,138	7
Non-life insurance contracts	27,707,748	230,223,513	12	9,614,924	78,571,770	12
19. Life assurance	6,046,744	39,389,463	0	4,225,362	14,683,211	0
21. Life assurance linked to units of investment fund or to units of funds	2,697,754	44,984,499	6	-	13,628,089	0
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	8,744,498	84,373,962	10	4,225,362	28,311,300	15
Complementary health insurance	1,282,181	111,476,189	0	-	-	0
Total	37,734,427	426,073,664	9	13,840,286	106,883,070	13

Net claims ratio	Net claims paid + change in claims provisions	Net earned premiums	Year 2020	Net claims paid + change in claims provisions	Net earned premiums	Year 2019
	in euros	in euros	coefficient	in euros	in euros	coefficient
1	2	3	4=2/3	5	6	7=5/6
Results by class of insurance:						
1. Accident insurance	6,899,826	23,457,093	29	1,339,683	6,537,741	20
2. Health insurance (without complementary health insurance)	1,798,802	4,787,037	38	236	394	60
3. Land vehicle insurance	37,465,479	58,284,741	64	12,620,520	18,382,905	69
5. Aircraft insurance	19,368	2,601	745	-	-	-
6. Ship insurance	99,470	126,821	78	3,556	3,862	92
7. Goods in transit insurance	149,497	734,708	20	(9,823)	47,976	-
8. Fire and natural forces insurance	16,754,122	25,705,391	65	4,927,803	9,972,934	49
9. Other damage to property insurance	9,449,839	19,067,906	50	2,080,028	7,219,312	29
10. Vehicle liability insurance	29,301,912	55,750,330	53	6,855,961	17,892,812	38
11. Aircraft or other flying machine liability insurance	-	(4,674)	0	-	-	-
12. Liability for ship insurance	(20,651)	138,564	-	-	9,238	0
13. General liability insurance	3,639,234	12,027,609	30	1,615,217	3,433,539	47
14. Credit insurance shall be insurance covering:	18,263	85,889	21	-	-	-
15. Suretyship insurance	(8,681)	46,631	-	-	-	-
16. Miscellaneous financial loss insurance	420,341	940,065	45	102,689	681,506	15
17. Legal expenses insurance	(15,255)	409,597	-	4,056	251,366	2
18. Tourist assistance	3,618,972	7,235,437	50	1,296,621	2,067,685	63
Non-life insurance contracts	109,590,538	208,795,746	52	30,836,547	66,501,269	46
19. Life assurance	16,634,482	28,711,611	58	3,037,010	6,427,277	47
21. Life assurance linked to units of investment fund or to units of funds	29,333,273	38,455,179	76	2,577,452	6,814,044	38
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	45,967,755	67,166,790	68	5,614,462	13,241,321	42
Complementary health insurance	84,119,638	111,441,844	75	-	-	-
Total	239,677,931	387,404,380	62	36,451,009	79,742,590	46

Combined claims ratio	Net claims paid + change in claims provisions + operating expenses	Net earned premiums	Year 2020	(Gross claims incurred + operating expenses)	Net earned premiums	Year 2019
	in euros	in euros	coefficient	in euros	in euros	coefficient
1	2	3	4=2/3	5	6	7=5/6
Non-life insurance contracts	277,148,132	320,237,590	87	59,419,143	65,848,606	90
Expense ratio	Operating expenses	Net earned premiums	Year 2020	Operating expenses	Net earned premiums	Year 2019
1	2	3	4=2/3*100	5	6	7=5/6*100
Life insurance contracts	24,710,055	67,166,790	37	13,149,587	27,955,557	47
Undewriting profitability ratio	(Life insurance claims paid + change in technical provisions)	Written net premium for life insurance	Year 2020	(Life insurance claims paid + change in technical provisions)	Written net premium for life insurance	Year 2019
1	2	3	4=2/3*100	5	6	7=5/6*100
Life insurance contracts	61,059,937	67,783,962	90	27,468,117	28,311,288	97
Investment return as % of average investments	Investment income	(Balance of investments as at beginning of year + balance of investments as at year-end)/2	Year 2020	Investment income	(Balance of investments as at beginning of year + balance of investments as at year-end)/2	Year 2019
1	2	3	4=2/3*100	5	6	7=5/6*100
Investments from Non-life insurance	3,498,473	293,833,664	1.2	2,792,315	96,058,283	2.9
Life insurance investments	11,100,646	234,328,235	4.7	3,695,327	83,143,180	4.4
Unit-linked life insurance investments	4,664,808	387,551,135	1.2	22,823,499	59,896,382	38.1
Complementary health insurance investments	477,419	18,839,586	2.5	-	-	-
Investments from other lines of business, for which mathematical provision is formed	33,087	2,212,979	1.5	9	19,257	0.0
Investments which are not financed from technical provisions	510,899	59,933,172	0.9	561,308	17,470,793	3.2
Total insurance	20,285,333	996,698,771	2.0	29,872,459	256,587,895	11.6

Claim provisions, net of reinsurance as % of earned premium	Net provisions for claims outstanding	Net earned premiums	Year 2020	Net provisions for claims outstanding	Net earned premiums	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:						
1. Accident insurance	14,446,990	23,457,093	62	5,013,536	6,537,741	77
2. Health insurance (without complementary health insurance)	547,720	4,787,037	11	1	394	0
3. Land vehicle insurance	14,539,154	58,284,741	25	5,022,523	18,382,905	27
5. Aircraft insurance	13,329	2,601	512	-	-	-
6. Ship insurance	172,551	126,821	136	4,402	3,862	114
7. Goods in transit insurance	348,361	734,708	47	1,362	47,976	3
8. Fire and natural forces insurance	14,546,562	25,705,391	57	5,923,617	9,972,934	59
9. Other damage to property insurance	9,130,651	19,067,906	48	3,716,275	7,219,312	51
10. Vehicle liability insurance	67,571,742	55,750,330	121	18,617,503	17,892,812	104
11. Aircraft or other flying machine liability insurance	-	(4,674)	0	-	-	-
12. Liability for ship insurance	250,697	138,564	181	27,041	9,238	293
13. General liability insurance	25,584,657	12,027,609	213	6,824,950	3,433,539	199
14. Credit insurance shall be insurance covering:	4,356	85,889	5	-	-	-
15. Suretyship insurance	-	46,631	0	-	-	-
16. Miscellaneous financial loss insurance	523,707	940,065	56	285,429	681,506	42
17. Legal expenses insurance	8,793	409,597	2	19,656	251,366	8
18. Tourist assistance	1,696,625	7,235,437	23	343,712	2,067,685	17
Non-life insurance contracts, excluding health insurance	149,385,894	208,795,746	72	45,800,007	66,501,269	69
19. Life assurance	8,147,327	28,711,611	28	592,183	6,427,277	9
21. Life assurance linked to units of investment fund or to units of funds	3,242,567	38,455,179	8	-	6,814,044	0
23. Capital redemption insurance	-	-	-	-	-	-
Life insurance contracts	11,389,894	67,166,790	17	592,183	13,241,321	4
Complementary health insurance	7,067,512	111,441,844	6	-	-	-
Total	167,843,300	387,404,380	43	46,392,190	79,742,590	58

Gross profit, or loss, of the current year as % of net written premiums	Gross profit or loss, of the current year	Net written premiums	Year 2020	Gross profit, or loss, of the current year	Net written premiums	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Non-life insurance contracts (without complementary health insurance)	7,883,897	207,116,044	3.8	4,007,962	66,531,698	6.0
Life insurance contracts	(6,215,597)	67,783,962	-9.2	153,883	13,497,397	1.1
Complementary health insurance	4,773,694	111,476,189	4.3	-	-	-
Total	6,441,994	386,376,195	1.7	4,161,845	80,029,095	5.2

Gross profit or loss, of the current year as % of average capital	Gross profit or loss, of the current year	(Capital at beginning of year + capital at end of year)/2	Year 2020	Gross profit or loss, of the current year	(Capital at beginning of year + capital at end of year)/2	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Non-life insurance contracts	12,657,591	123,308,708	10.3	4,007,962	38,345,170	10.5
Life insurance contracts	(6,215,597)	31,517,390	-19.7	153,883	12,771,430	1.2
Total	6,441,994	154,826,098	4.2	4,161,845	51,116,600	8.1

Gross profit or loss, of the current year as % of average assets	Gross profit or loss, of the current year	(Assets at beginning of year + assets at end of year)/2	Year 2020	Gross profit or loss, of the current year	(Assets at beginning of year + assets at end of year)/2	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Non-life insurance contracts	12,657,591	468,695,092	2.7	4,007,962	138,160,510	2.9
Life insurance contracts	(6,215,597)	729,077,426	-0.9	153,883	211,062,981	0.1
Total	6,441,994	1,170,052,342	0.6	4,161,845	347,790,896	1.2

Gross profit or loss, of the current year per share	Gross profit	Number of shares	Year 2020	Gross profit	Number of shares	Year 2019
	in euros	in euros	in euros	in euros	in euros	in euros
1	2	3	4=2/3*100	5	6	7=5/6*100
Non-life insurance contracts	12,657,591	2,364,563	5.4	4,007,962	2,364,563	1.7
Life insurance contracts	(6,215,597)	2,364,563	-2.6	153,883	2,364,563	0.1
Total	6,441,994	2,364,563	2.7	4,161,845	2,364,563	1.8

Receivables from reinsurance and reinsurance share on technical provisions as % of equity	The insurer's capital	Receivables from reinsurance and technical provisions attributable to reinsurers	Year 2020	The insurer's capital	Receivables from reinsurance and technical provisions attributable to reinsurers	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3*100	5	6	7=5/6*100
Non-life insurance contracts	38,482,619	128,255,226	30.0	13,005,167	40,702,907	32.0
Life insurance contracts	4,886,532	29,366,669	16.6	68,950,012	13,027,110	529.3
Total	43,369,152	157,621,895	27.5	81,955,179	53,730,017	152.5

Gross written premium, net of reinsurance as % of average capital and technical provisions	Gross written premium, net of reinsurance	Average capital + average balance of technical provisions	Year 2020	Gross written premium, net of reinsurance	Average capital + average balance of technical provisions	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3	5	6	7=5/6
Non-life insurance contracts	318,592,233	357,181,253	89.2	66,531,698	112,148,150	59.3
Life insurance contracts	67,783,962	577,215,062	11.7	13,497,397	80,216,514	16.8
Total	386,376,195	934,396,315	41.4	80,029,095	192,364,664	41.6

Average balance of technical provision, net of reinsurance as % of net revenues from insurance premiums	Average balance of technical provision, net of reinsurance	Net revenues from insurance contracts	Year 2020	Average balance of technical provision, net of reinsurance	Net revenues from insurance contracts	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3	5	6	7=5/6
Non-life insurance contracts	233,872,545	320,237,590	73.0	73,802,981	66,501,269	111.0
Life insurance contracts	545,697,672	67,166,790	812.5	67,445,084	13,241,321	509.4
Total	779,570,218	387,404,381	201.2	141,248,064	79,742,590	177.1

Equity as % of total equity and liabilities	Equity	Total equity and liabilities	Year 2020	Equity	Total equity and liabilities	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3	5	6	7=5/6
Non-life insurance contracts	128,255,226	493,286,901	26.0	40,702,907	144,001,905	28.3
Life insurance contracts	29,366,669	709,882,664	4.1	13,027,110	224,200,371	5.8
Total	157,621,895	1,170,303,926	13.5	53,730,017	366,366,135	14.7

Technical provisions, net of reinsurance as % of total equity and liabilities	Technical provisions, net of reinsurance	Total equity and liabilities	Year 2020	Technical provisions, net of reinsurance	Total equity and liabilities	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3	5	6	7=5/6
Non-life insurance contracts	243,620,253	493,286,901	49.4	75,713,856	144,001,905	52.6
Life insurance contracts	580,689,632	709,882,664	81.8	71,995,821	224,200,371	32.1
Total	824,309,885	1,170,303,926	70.4	147,709,678	366,366,135	40.3

Net provisions (mathematical provisions) as % of net technical provisions	Net provisions (mathematical reserves)	Net technical provisions	Year 2020	Net provisions (mathematical reserves)	Net technical provisions	Year 2019
	in euros	in euros	in %	in euros	in euros	in %
1	2	3	4=2/3	5	6	7=5/6
Life insurance contracts	580,689,632	824,309,885	70.4	71,995,821	147,709,678	48.7

Gross written premium as % of number of full-time employees	Gross written premiums	Number of full-time employees	Year 2020	Gross written premiums	Number of full-time employees	Year 2019
	in euros		in euros	in euros		in euros
1	2	3	4=2/3	5	6	7=5/6
Aggregate insurance business - total	426,073,664	1,399	304,556	106,883,070	455	234,908

2. Funds separately managed by Generali zavarovalnica d. d.

GENERALI zavarovalnica d. d. is a composite insurance company, which performs insurance business in the non-life insurance segment (including health insurance) and the life insurance segment.

GENERALI d. d. manages a register of non-life and life insurance, however the funds from the life insurance register are managed separately as follows:

- the life insurance fund,
- the unit-linked life insurance fund,
- internal unit-linked life insurance funds, and
- internal and guarantee funds.

- the life insurance fund,
- the unit-linked life insurance fund,
- internal unit-linked life insurance funds,

The names of the funds managed separately and the registration numbers of individual registered funds are presented below, in compliance with the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings issued by the Insurance Supervision Agency (Official Gazette of the Republic of Slovenia No. 1/16, amendment no. 85/2016).

The name and registration number of individual funds managed separately

Life insurance register	Registration number
Life insurance fund	
Unit-linked life insurance fund	
Unit-linked life insurance fund - Naložbeno tveganje	5186684031
Unit-linked life insurance fund - Naložbeni sklad	5186684011
Unit-linked life insurance fund -FOND POLICA	5186684030
Unit-linked life insurance internal funds	
Aktivni naložbeni paket internal fund	5186684025
Dirigent internal fund	5186684026
KD Vrhunski internal fund	5186684027
Aktivni AS internal fund	5186684021
Drzne naložbe internal fund	5186684007
Dinamične naložbe internal fund	5186684008
Uravnotežene naložbe internal fund	5186684009
Preudarne naložbe	5186684010
Varne naložbe internal fund	5186684006
Guarantee funds	
Group of AS pension saving guarantee funds AS	
AS pension saving guarantee fund – DRZNI DO 50	5186684033
AS pension saving guarantee fund – UMIRJENI MED 50 IN 60	5186684018
AS pension saving guarantee fund – ZAJAMČENI OD 60	5186684019
Zajamčeni PNA-01 guarantee fund – pension insurance	5186684023
GAS Guarantee fund for supplementary pension insurance during the annuity payout period	5186684035
Guarantee fund for supplementary pension insurance during the annuity payout period	5186684012
Guarantee fund for supplementary pension insurance during annuity payout under Pension and Disability Act (ZPIZ-2)	5186684036
Guarantee fund for pension annuities under the Pension Scheme -ZPIZ -2 (PN)	5186684017

* Guarantee fund in the Guarantee Fund Pension Saving AS Group and Guarantee Fund PNA-01 are at the same Ring-Fenced Fund Pension Insurance Pokojninsko zavarovanje during saving.

In accordance with the Pension and Disability Insurance Act (ZPIZ-2), in the context of life insurance, GENERALI Zavarovalnica also provides pension insurance and other auxiliary services in the field of insurance and pension funds.

In the context of life insurance, 2020 saw the activities of funds managed separately as the PDPZ Guarantee Funds Group, which includes three guarantee funds, within which the life-cycle investment policy is implemented. Pension schemes for collective voluntary supplementary pension insurance and individual voluntary supplementary pension insurance are implemented in all three guarantee funds. Life-cycle pension insurance is recorded in the financial statements as financial contracts to which the same policies apply in both the financial statements and for separate accounting. Pension insurance also covers the assets of the guarantee fund PNA-01 are also kept separately among, which remain open according to the ZPIZ-1 pension plan, no more payments are made to it and are thus kept in the financial statements of the insurance company as insurance contracts. Pension insurance kept in the form of a guarantee funds, such as the guarantee fund PNA-01 and the Lifecycle Guarantee Funds Group called Pokojninsko varčevanje AS (Pension Savings AS), is included in the management as a unit and is thus disclosed in the Company's Annual Report. The trustee of these guarantee funds is Nova KBM d. d.

The current LEON pension insurance, which is implemented under the LEON 2 Umbrella Pension Fund, is not included in the Company's financial statements as

it comes in the form of a mutual pension fund. This form of pension insurance is characterized by the fact that the pension fund is owned by its members and has its own financial statements and annual report, however it is not a legal entity. With regard to the management of the LEON 2 Umbrella Pension Fund, the Company discloses only the agreed management revenues and provisions for failure to achieve the guaranteed return from the management of the LEON 2 Umbrella Pension Fund. The trustee of the LEON Umbrella Fund is UniCredit Banka Slovenija d. d.

Among life insurance, the Internal Funds continued operating in 2020; these are presented separately in the table above, where all funds managed within the life insurance register are shown separately. Internal funds are included in the management as a whole and are shown as such in the financial statements of the Company, using the same standards and orientations as for the preparation of the Company's financial statements. The trustee of the Internal Funds Aktivni naložbeni paket, Dirigent, KD Vrhunski and Aktivni AS is Nova KBM d.d., while the trustee of the Internal Funds skladov Drzne naložbe, Dinamične naložbe, Uravnotežene naložbe, Preudarne naložbe and Varne naložbe is UniCredit Banka Slovenija d. d.

Assets and liabilities and the income statement of individual funds or groups of funds are presented in the form as laid down in the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings, Appendix 2.

2.1 Unit-linked funds

Assets and liabilities of unit-linked funds

(in EUR)	Unit-linked life insurance – 31 Dec. 2020	Unit-linked life insurance – FOND POLICA 31 Dec. 2020	Unit-linked life insurance – Naložbeni sklad 31.12.2020	Unit-linked life insurance 31 Dec. 2019	Unit-linked life insurance – FOND POLICA 31 Dec. 2019	Unit-linked life insurance – Naložbeni sklad 31.12.2019
ASSETS	20,973,565	221,534,634	27,409,948	22,137,817	231,632,172	40,736,719
A. Investment property and financial investments	20,222,211	220,169,316	25,400,027	21,445,101	226,486,588	40,429,577
III. Other financial investments	20,222,211	220,169,316	25,400,027	21,445,101	226,486,588	26,980,162
3. Investment funds	20,222,211	220,169,316	25,400,027	21,445,101	226,486,588	26,980,162
IV. Reinsurers' share of insurance technical provisions	-	-	-	-	-	13,449,415
5. from insurance technical provisions for unit-linked life insurance contracts	-	-	-	-	-	13,449,415
B. Receivables	72,265	992,638	1,563,952	55,257	3,941,126	4,990
I. Receivables from insurance business	38,862	147,850	31	46,307	197,367	31
1. Receivables from policyholders	38,862	147,850	31	45,914	197,367	31
3. Other receivables from direct insurance operations	-	(0)	-	393	-	-
I. Receivables from reinsurance	-	-	23,255	-	-	(267)
II. Other receivables	33,404	844,787	1,540,666	8,950	3,743,759	5,226
C. Other assets	679,089	372,672	445,968	637,459	1,204,448	302,152
I. Cash and cash equivalents	679,089	372,672	445,968	637,459	1,204,447	302,152
II. Other assets	-	0	-	-	0	-
D. Short-term deferred expenses and accrued revenues	-	9	-	-	11	-
2. Short-term deferred acquisition costs	-	9	-	-	11	-
LIABILITIES	20,511,395	221,558,052	27,880,693	21,754,421	232,458,219	41,029,554
A. Revaluation surplus	-	(0)	-	-	(0)	-
B. Gross insurance technical provisions	383,560	1,296,682	-	231,627	913,535	-
III. Gross claims provisions	383,560	1,296,682	-	231,627	913,535	-
C. Gross insurance technical provisions for unit-linked life insurance contracts	20,007,592	217,363,478	27,214,389	21,410,359	224,740,069	26,866,526
D. Liabilities for financial investments of reinsurance companies in reinsurance contracts with ceding undertakings	-	-	-	-	-	13,449,415
E. Other liabilities	79,453	2,775,243	666,304	67,674	6,650,398	713,613
I. Liabilities from insurance business	12,115	554,988	303,013	346	1,358,498	400,042
1. Liabilities to policyholders	(6)	10	250,965	-	10	397,792
3. Other liabilities from insurance business	12,121	554,978	52,048	346	1,358,488	2,250
II. Liabilities from co-insurance and reinsurance business	-	(0)	-	-	(0)	-
III. Other liabilities	67,338	2,220,255	363,291	67,328	5,291,901	313,571
F. Accrued expenses and deferred revenues	40,790	122,649	-	44,762	154,216	-

Income statement of unit-linked funds

(in EUR)	Unit-linked life insurance 2020	Unit-linked life insurance – FOND POLICA 2020	Unit-linked life insurance – Naložbeni sklad 2020	Unit-linked life insurance 2019	Unit-linked life insurance – FOND POLICA 2019	Unit-linked life insurance – Naložbeni sklad 2019
I. Gross written premium	1,235,315	19,905,391	2,076,660	1,391,851	20,832,288	2,369,306
II. Investment revenue	4,784,462	48,828,708	19,961,697	3,120,233	46,279,992	13,018,984
2. Revenue from other investments	4,784,462	48,828,708	19,961,697	3,120,233	46,279,992	12,728,975
2.2. Interest revenue	14,500	(91,102)	-	14,500	7,698	-
2.3. Other investment revenue	4,769,962	48,919,810	19,961,672	3,105,733	46,272,292	12,728,975
2.3.1. Revaluation financial revenues	4,769,962	48,978,316	19,961,672	3,105,733	46,227,600	14,207,244
2.3.2. Other financial revenues	0	(58,506)	25	0	44,693	(1,478,269)
4. Gains on the realisation on investments	-	-	-	-	-	290,009
III. Expenses from payments of sum insured or surrender value	(2,588,209)	(14,872,260)	(2,219,554)	(2,747,279)	(20,431,763)	(4,100,455)
1. Ordinary termination (maturity)	(1,741,709)	(3,972,767)	(50,373)	(1,830,669)	(4,848,538)	(268,074)
2. Extraordinary termination	(846,500)	(10,899,493)	(2,169,180)	(619,610)	(15,583,225)	(3,832,381)
2.1 Withdrawal from contract	(795,934)	(10,732,296)	(2,142,556)	(891,095)	(15,162,164)	(3,799,056)
2.2 Cancellation of contract	-	-	-	-	(106,637)	(6,728)
2.3 Death of policyholder	(50,566)	(167,197)	(26,625)	(25,515)	(314,424)	(26,597)
V. Change in other insurance technical provisions, net of reinsurance (+/-)	1,250,834	(1,946,767)	(202,898)	(1,361,480)	(28,955,197)	(1,571,281)
1. Change in mathematical provisions (+/-)	1,402,767	(1,539,584)	(202,898)	(1,245,894)	(29,033,022)	(1,571,281)
2. Change in other insurance technical provisions, net of reinsurance (+/-)	(151,933)	(407,183)	-	(115,585)	77,824	-
VI. Expenses and commissions	(175,460)	(4,229,560)	(632,458)	(197,747)	(4,750,931)	(519,528)
1. Entry fees	(331)	(1,065,983)	(313,996)	(295)	(1,361,211)	(150,464)
2. Exit fees	(9,943)	(173,782)	(49,337)	(10,884)	(208,231)	(84,844)
3. Management fees	(165,187)	(2,989,795)	(269,125)	(186,567)	(3,181,490)	(284,220)
VII. Investment expenses	(4,409,688)	(48,159,507)	(21,001,557)	(131,382)	(13,996,291)	(9,196,491)
2. Expenses arising from asset management, interest expenses and other financial expenses	-	(7,123)	(16)	-	(19,199)	1,494,579
3. Financial expenses from revaluation	(4,409,688)	(48,152,384)	(21,001,541)	(131,382)	(13,977,092)	(10,691,066)
4. Losses on the realisation of investments	-	-	-	-	-	(4)
VIII. Profit/loss of unit linked fund (I + II - III + IV + V - VI - VII)	97,254	(473,995)	(2,018,110)	74,196	(1,021,902)	535

2.2 Internal unit-linked funds

Assets and liabilities of internal unit-linked funds

(in EUR)	Internal unit-linked fund – DIRIGENT 31 Dec. 2020	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 31 Dec. 2020	Internal unit-linked fund – VRHUNSKI 31 Dec. 2020	Internal unit-linked fund - Aktivni AS 31 Dec. 2020	Internal unit-linked fund – DIRIGENT 31 Dec. 2019	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 31 Dec. 2019	Internal unit-linked fund – VRHUNSKI 31 Dec. 2019	Internal unit-linked fund - Aktivni AS 31 Dec. 2019
ASSETS								
III. Financial assets	3,527,472	26,517,232			5,269,305	17,382,663	3,856,291	26,410,358
1. Financial assets at fair value through profit or loss	3,527,472	26,517,232			5,269,305	17,382,663	3,856,291	26,410,358
IV. Receivables								
4. Other receivables	-	-			-	667,000	-	150,000
V. Cash and cash equivalents	92,611	97,153						
VII. TOTAL ASSETS	3,620,084	26,614,384			5,391,502	18,169,980	3,919,138	26,635,801
I. Operating liabilities	4,780	256,757			320,516	78,760	33,614	196,129
3. Liabilities to custodian	3,500	13,596			48,780	9,128	10,461	12,682
4. Other operating liabilities	1,280	243,161			271,736	69,632	23,153	183,447
III. Liabilities to policyholders from insurance contracts	3,473,734	25,745,279			4,818,019	17,924,462	2,649,479	22,699,213
1. Nominal value of premiums paid	(1,392,739)	20,603,371			1,294,931	16,590,866	(980,948)	21,297,763
3. Net profit/loss brought forward from previous years	4,866,472	5,141,908			3,523,088	1,333,596	3,630,428	1,401,451
IV. Undistributed net profit/loss for the financial year	141,570	612,348			252,966	166,758	1,236,045	3,740,458
V. TOTAL LIABILITIES	3,620,084	26,614,384			5,391,502	18,169,980	3,919,138	26,635,801
NET ASSETS OF THE INTERNAL FUND = ASSETS-OPERATING LIABILITIES-FINANCIAL LIABILITIES	3,615,304	26,357,627			5,070,985	18,091,220	3,885,524	26,439,671

Assets and liabilities of internal unit-linked funds

(in EUR)	Internal unit-linked fund - Drzne naložbe 2020	Internal unit-linked fund - Dinamične naložbe 2020	Internal unit-linked fund - Uravnotežene naložbe 2020	Internal unit-linked fund - Preudarne naložbe 2020	Internal unit-linked fund - Varne naložbe 2020	Internal unit-linked fund - Drzne naložbe 2019	Internal unit-linked fund - Dinamične naložbe 2019	Internal unit-linked fund - Uravnotežene naložbe 2019	Internal unit-linked fund - Preudarne naložbe 2019	Internal unit-linked fund - Varne naložbe 2019
SREDSTVA										
III. Financial assets	22,150,675	13,891,858	8,192,527	2,332,214	4,205,650	17,840,454	10,645,341	6,143,686	1,650,984	3,153,978
1. Financial assets at fair value through profit or loss	22,150,675	13,891,858	8,192,527	2,332,214	4,205,650	17,840,454	10,645,341	6,143,686	1,650,984	3,153,978
IV. Receivables	11,944	5,062	1,937	579	6,921	8,978	8,019	12,812	229	229
1. Receivables from policyholders from insurance contracts	-	-	80	-	-	-	-	80	-	-
4. Other receivables	11,944	5,062	1,857	579	6,921	8,978	8,019	12,732	229	229
V. Cash and cash equivalents	212,806	85,089	57,209	30,391	38,147	206,442	96,931	46,982	7,476	47,239
VII. TOTAL ASSETS	22,375,425	13,982,010	8,251,673	2,363,184	4,250,717	18,055,874	10,750,291	6,203,480	1,658,689	3,201,446
I. Operating liabilities	232,017	100,007	63,467	33,272	43,583	206,527	103,244	58,412	8,614	48,148
3. Liabilities to custodian	406	257	151	44	78	328	197	113	30	58
4. Other operating liabilities	231,611	99,750	63,316	33,229	43,506	206,199	103,047	58,299	8,584	48,090
III. Liabilities to policyholders from insurance contracts	20,385,428	12,971,541	7,832,374	2,246,098	4,166,756	14,861,441	9,113,693	5,440,287	1,490,537	3,077,064
1. Nominal value of premiums paid	14,920,202	8,725,990	4,947,893	1,499,208	4,050,852	12,978,879	7,138,849	3,872,044	1,100,876	3,066,554
2. Revaluation surplus	2,636,178	2,647,488	2,044,883	573,753	110,627	2,041,421	1,910,135	1,433,424	376,062	81,466
3. Net profit/loss brought forward from previous years	2,829,048	1,598,063	839,597	173,136	5,277	(158,859)	64,709	134,819	13,599	(70,956)
IV. Undistributed net profit/loss for the financial year	1,757,979	910,463	355,832	83,814	40,378	2,987,904	1,533,355	704,780	159,537	76,233
V. TOTAL LIABILITIES	22,375,424	13,982,011	8,251,673	2,363,184	4,250,718	18,055,872	10,750,292	6,203,479	1,658,688	3,201,445
NET ASSETS OF THE INTERNAL FUND = ASSETS-OPERATING LIABILITIES-FINANCIAL LIABILITIES	22,143,405	13,882,003	8,188,206	2,329,911	4,207,134	17,849,347	10,647,047	6,145,068	1,650,075	3,153,298

The Insurance Company Generali zavarovalnica d. d. does not have any internal funds assets invested in deposits and financial instruments whose issuer is a trustee of internal funds or a person associated with the Insurance Company or with the managers of these internal funds.

Income statement of internal unit-linked funds

(in EUR)	Internal unit-linked fund – DIRIGENT 2020	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 2020	Internal unit-linked fund – VRHUNSKI 2020	Internal unit-linked fund -Aktivni AS 2020	Internal unit-linked fund – DIRIGENT 2019	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 2019	Internal unit-linked fund – VRHUNSKI 2019	Internal unit-linked fund AS 2019
A. Income statement for the internal fund								
I. Financial revenues	606,223	1,730,499	2,288,397	785,604	1,874,058	4,070,373	1,887,447	1,886,816
1. Revenues from dividends and shares	14,103	-	22,479	-	20,767	-	40,233	-
2. Interest revenue	1	1	1	2	1	0	3	1
3. Realised gains on financial investments	188,067	488,099	1,639,963	4,061	1,110,885	996,366	20,122	33,261
4. Net revenue from financial investments, measured at fair value through profit and loss	389,555	1,242,400	339,987	781,541	726,845	3,074,007	1,813,550	1,853,554
5. Other financial revenue	14,497	-	285,966	-	15,561	0	13,540	-
III. Other revenue	-	0	-	-	-	0	-	-
IV. Financial expenses	(424,796)	(967,625)	(1,902,605)	(522,086)	(568,995)	(179,568)	(16,692)	(20,004)
2. Realised loss on financial investments	-	(226,079)	(102,508)	(136,825)	(82,315)	(100,607)	-	(9,441)
3. Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(368,062)	(741,546)	(1,445,752)	(385,261)	(477,544)	(78,960)	-	(10,563)
4. Other financial expenses	(56,734)	-	(354,344)	-	(9,135)	0	(16,692)	0
VI. Management and operating expenses	(39,856)	(150,526)	(132,826)	(96,760)	(69,018)	(150,347)	(142,876)	(77,409)
1. Expenses relating to custodian	(39,856)	(150,526)	(132,826)	(96,760)	(69,018)	(150,347)	(142,876)	(77,409)
VII. Net profit/loss for the period	141,570	612,348	252,966	166,758	1,236,045	3,740,458	1,727,879	1,789,403
MOVEMENTS IN THE VALUE OF UNITS								
1. Opening balance of (units) assets	3,885,524	26,439,671	9,379,091	15,421,587	6,452,869	22,689,802	7,976,945	11,059,461
2. Assets (units) paid in	-	2,633,500	-	2,863,425	-	2,597,500	-	3,707,000
3. Assets (units) paid out	(411,790)	(3,327,892)	(4,561,072)	(360,550)	(3,803,390)	(2,588,089)	(325,733)	(1,134,277)
4. Net profit or loss of the internal fund	141,570	612,348	252,966	166,758	1,236,045	3,740,458	1,727,879	1,789,403
6. Closing balance of (units) assets	3,615,304	26,357,627	5,070,985	18,091,220	3,885,524	26,439,671	9,379,091	15,421,587
MOVEMENTS IN THE NUMBER OF UNITS								
1. Opening number of units in circulation	223,199	2,133,068	655,286	1,316,302	452,054	2,130,299	679,501	1,089,577
2. Number of units paid in	-	222,168	-	249,230	-	222,514	-	329,290
3. Number of units paid out	(25,460)	(283,800)	320,220	(32,638)	(228,855)	(219,745)	24,215	(102,565)
4. Closing number of units in circulation	197,749	2,071,436	335,066	1,532,894	223,199	2,133,068	655,286	1,316,302
DEPOSITS AND FINANCIAL INSTRUMENTS IN PERCENTAGES (%) BY ISSUER								

(in EUR)	Internal unit-linked fund - Drzne naložbe 2020	Internal unit-linked fund - Dinamične naložbe 2020	Internal unit-linked fund - Uravnotežene naložbe 2020
A. Income statement for the internal fund			
I. Financial revenues	24,220,113	12,024,097	5,541,510
3. Realised gains on financial investments	884,258	635,193	332,185
4. Net revenue from financial investments, measured at fair value through profit and loss	23,335,854	11,388,904	5,209,325
IV. Financial expenses	(22,457,891)	(11,111,080)	(5,184,168)
2. Realised loss on financial investments	(236,317)	(111,707)	(140,880)
3. Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(22,221,574)	(10,999,372)	(5,043,288)
VI. Management and operating expenses	(4,243)	(2,555)	(1,509)
1. Expenses relating to custodian	(4,243)	(2,555)	(1,509)
VII. Net profit/loss for the period	1,757,979	910,463	355,832
Movements in the value of units			
1. Opening balance of (units) assets	17,849,340	10,647,044	6,145,065
2. Assets (units) paid in	5,403,039	2,991,774	2,036,104
3. Assets (units) paid out	(2,866,944)	(667,279)	(348,796)
4. Net profit or loss of the internal fund	1,757,979	910,463	355,832
6. Closing balance of (units) assets	22,143,414	13,882,003	8,188,205
Movements in the number of units			
1. Opening number of units in circulation	12,978,876	7,138,849	3,872,044
2. Number of units paid in	4,052,457	2,047,279	1,299,252
3. Number of units paid out	(2,111,132)	(460,138)	(223,403)
4. Closing number of units in circulation	14,920,202	8,725,990	4,947,893
Deposits and financial instruments in percentages (%) by issuer			

Internal unit-linked fund - Preudarne naložbe 2020	Internal unit-linked fund - Varne naložbe 2020	Internal unit-linked fund - Drzne naložbe 2019	Internal unit-linked fund - Dinamične naložbe 2019	Internal unit-linked fund - Uravnotežene naložbe 2019	Internal unit-linked fund - Preudarne naložbe 2019	Internal unit-linked fund - Varne naložbe 2019
1,142,626	309,646	11,851,014	5,872,891	2,275,160	518,001	190,454
84,257	-	221,028	86,230	45,721	12,787	40,849
1,058,370	309,646	11,629,986	5,786,661	2,229,439	505,214	149,605
(1,058,396)	(268,475)	(8,859,604)	(4,337,527)	(1,569,332)	(358,165)	(113,627)
(28,678)	-	-	-	-	-	-
(1,029,718)	(268,475)	(8,859,604)	(4,337,527)	(1,569,332)	(358,165)	(113,627)
(416)	(793)	(3,506)	(2,009)	(1,048)	(300)	(595)
(416)	(793)	(3,506)	(2,009)	(1,048)	(300)	(595)
83,814	40,378	2,987,904	1,533,355	704,780	159,536	76,232
1,650,074	3,153,299	12,529,546	7,258,145	3,566,693	1,041,575	2,249,137
726,044	1,285,074	4,983,656	2,149,948	1,251,969	355,635	844,545
(130,021)	(271,617)	(2,651,766)	(294,404)	621,623	93,327	(16,616)
83,814	40,378	2,987,904	1,533,355	704,780	159,537	76,232
2,329,911	4,207,134	17,849,340	10,647,044	6,145,065	1,650,074	3,153,299
1,100,876	3,066,554	11,130,213	5,810,704	2,640,217	790,035	2,260,851
485,147	1,248,598	3,922,899	1,540,594	830,965	247,802	824,359
(86,814)	(264,300)	(2,074,236)	(212,450)	400,862	63,039	(18,657)
1,499,208	4,050,852	12,978,876	7,138,848	3,872,044	1,100,876	3,066,553

2.3 Ring-fenced pension insurance guarantee fund – saving

Assets and liabilities of ring-fenced lifecycle pension insurance funds – Pokojninsko varčevanje AS

(in EUR)	AS – DRZNI 31 Dec. 2020	AS – UMIRJENI 31 Dec. 2020	AS – ZAJAMČENI 31 Dec. 2020	Lifecycle group 31 Dec. 2020	AS – DRZNI 31 Dec. 2019	AS – UMIRJENI 31 Dec. 2019	AS – ZAJAMČENI 31 Dec. 2019	Lifecycle group
ASSETS	10,974,485	7,380,509	4,368,333	22,723,327	9,083,219	5,989,928	3,611,698	18,684,846
Financial investments	10,326,301	7,050,834	4,211,568	21,588,703	8,687,837	5,741,809	3,352,791	17,782,436
measured at fair value through the income statement, of which:	10,326,301	7,050,834	4,211,568	21,588,703	8,687,837	5,741,809	3,352,791	17,782,436
– debt securities	1,296,029	3,034,786	3,415,784	7,746,600	1,308,291	2,136,341	2,514,615	5,959,247
– equity securities	9,030,272	4,016,048	795,784	13,842,104	7,379,546	3,605,468	838,176	11,823,190
Receivables	223,160	124,453	42,911	390,524	309,217	184,665	75,161	569,043
Other receivables	223,160	124,453	42,911	390,524	309,217	184,665	75,161	569,043
Cash and cash equivalents	425,024	205,222	113,837	744,083	86,165	63,454	183,227	332,846
Off-balance-sheet assets	-	-	18	18	-	-	519	519
Other off-balance-sheet assets	-	-	18	18	-	-	519	519
LIABILITIES	10,974,500	7,380,481	4,368,328	22,723,309	9,083,234	5,989,954	3,611,683	18,684,871
Insurance technical provisions	10,957,221	7,367,014	4,358,255	22,682,490	9,067,516	5,978,071	3,602,249	18,647,836
Mathematical provisions for attributed return on assets covering mathematical provisions	1,339,932	517,891	217,804	2,075,626	971,978	402,950	148,458	1,523,386
Technical provisions where the assets covering mathematical provisions are split to units (VEP)	9,617,290	6,849,123	4,140,451	20,606,864	8,095,539	5,575,121	3,453,791	17,124,451
Operating liabilities	12,399	8,587	5,176	26,162	10,838	7,003	4,034	21,875
Liabilities arising from the purchase of securities and other financial instruments	-	-	557	557	-	-	481	481
Liabilities to the managing company of the assets covering mathematical provisions	8,960	6,040	3,597	18,597	7,305	4,832	2,939	15,076
Liabilities arising from redemption value to the members of the assets covering mathematical provisions	-	1,610	-	1,610	-	1,509	-	1,509
Other operating liabilities	3,439	937	1,022	5,397	3,533	662	614	4,809
Other liabilities	4,880	4,880	4,880	14,640	4,880	4,880	4,880	14,640
Off-balance-sheet liabilities	-	-	18	18	-	-	519	519
Other off-balance-sheet liabilities	-	-	18	18	-	-	519	519

Income statement of ring-fenced lifecycle pension insurance funds – Pokojninsko varčevanje AS

(in EUR)	AS – DRZNI 2020	AS – UMIRJENI 2020
Financial revenue	3,175,527	1,308,493
Revenue from dividends and shares	65,641	24,172
Interest revenue	212,351	102,901
Gains on disposals of financial investments	35,903	9,910
Net revenue from financial investments, measured at fair value through profit and loss	2,861,546	1,171,509
Other financial revenue	87	1
Financial expenses	(2,670,722)	(1,106,968)
Interest expenses	(452,847)	(149,468)
Losses on disposal of financial investments	(167,721)	(88,696)
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(2,050,145)	(868,803)
Other financial expenses	(10)	(1)
Result of investing activities	504,805	201,525
Other revenue	(1)	-
Expenses relating to the management and operation of the guarantee fund	(111,147)	(79,184)
Management fees	(92,861)	(63,310)
Expenses relating to custodian bank	(11,562)	(9,509)
Expenses relating to auditing	(6,089)	(6,089)
Expenses relating to mediation in the purchase and sale of securities	(506)	(219)
Other expenses charged directly to guarantee funds in accordance with management rules	(129)	(56)
Other expenses	(0)	(0)
Net profit available to policyholders	393,656	122,341

Lifecycle pension insurance guarantee funds, which have been available since 1 February 2016, are underwritten under the new pension insurance schemes Pokojninsko varčevanje AS – individualno (AS pension saving – individual) and Pokojninsko varčevanje AS – kolektivno (AS pension saving – group). The new payments (as of 1 February 2016) have been invested in the guarantee funds (lifecycle funds) in relation to the age of policyholders and the level of risks they are prepared to take. The payments into the previous guarantee fund (PNA01) have not been possible in accordance with the Management Rules since 2016. The assets from this Fund are only intended for payouts or transfers to lifecycle funds.

Assets and liabilities of the PNA01 ring-fenced pension insurance fund

(in EUR)	31.12.2020	31.12.2019
ASSETS	11,418,056	11,377,640
Financial investments	11,342,392	11,072,603
measured at amortised cost, of which:	2,154,507	2,122,660
– debt securities	2,154,507	2,122,660
measured at fair value through other comprehensive income, of which:	7,719,973	7,739,902
– debt securities	7,240,321	7,258,668
– equity securities	479,652	481,233
measured at fair value through the income statement, of which:	1,467,913	1,210,041
– debt securities	1,467,913	1,210,041
Receivables	24,031	29,369
Other receivables	24,031	29,369
Cash and cash equivalents	51,633	275,668
LIABILITIES	11,418,041	11,377,482
Insurance technical provisions	11,404,426	11,363,188
Mathematical provisions for payable net premiums	8,305,568	8,678,696
Mathematical provisions for attributed return on assets covering mathematical provisions	3,098,858	2,684,492
Operating liabilities	10,198	10,878
Liabilities to the managing company of the assets covering mathematical provisions	9,504	9,469
Other operating liabilities	695	1,408
Other liabilities	3,416	3,416

AS – ZAJAMČENI 2020	Lifecycle group 2020	AS – DRZNI 2019	AS – UMIRJENI 2019	AS – ZAJAMČENI 2019	Lifecycle group 2019
380,602	4,864,621	1,853,283	806,880	348,368	3,008,531
-	89,813	63,702	28,741	-	92,443
42,204	357,456	32,983	28,363	32,837	94,184
1,329	47,142	207,706	104,661	38,461	350,827
336,069	4,369,123	1,548,828	645,091	277,070	2,470,989
0	88	64	22	0	86
(248,939)	(4,026,629)	(583,231)	(253,263)	(106,427)	(942,921)
-	(602,315)	(306)	(204)	-	(510)
(4,491)	(260,907)	(36,936)	(19,319)	-	(56,255)
(244,449)	(3,163,396)	(545,969)	(233,737)	(106,427)	(886,133)
-	(11)	(20)	(2)	-	(22)
131,662	837,992	1,270,053	553,617	241,940	2,065,610
-	(1)	0	0	-	0
(53,771)	(244,102)	(90,561)	(63,406)	(45,962)	(199,929)
(39,219)	(195,391)	(72,331)	(48,294)	(32,826)	(153,451)
(8,431)	(29,502)	(9,435)	(7,114)	(5,506)	(22,055)
(6,089)	(18,267)	(7,613)	(7,613)	(7,613)	(22,839)
(14)	(739)	(1,063)	(333)	-	(1,395)
(18)	(203)	(120)	(53)	(17)	(189)
-	(0)	-	-	-	-
77,891	593,888	1,179,492	490,211	195,978	1,865,681

Income statement of the PNA01 ring-fenced pension insurance guarantee fund

(in EUR)	2020	2019
Financial revenue	469,438	508,205
Interest revenue	309,275	324,865
Gains on disposals of financial investments	-	32,283
Revaluation financial revenue arising from a change in the fair value of a financial asset through profit and loss	160,163	151,057
Other financial revenue	0	0
Revenue from payment of management company due to failing to achieve guaranteed return	(103,147)	(58,403)
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(103,147)	(58,403)
Other financial expenses	-	(0)
Result of investing activities	366,291	449,801
Other revenue	0	0
Expenses relating to the management and operation of the guarantee fund	(127,906)	(127,712)
Management fees	(112,544)	(113,311)
Expenses relating to custodian bank	(11,100)	(10,443)
Expenses relating to auditing	(4,262)	(3,957)
Expenses relating to mediation in the purchase and sale of securities	(0)	(0)
Other expenses	(0)	(0)
Net profit available to policyholders	238,385	322,090

2.4 Ring-fenced pension insurance fund – during the annuity payout period

Assets and liabilities of the GAS ring-fenced pension insurance fund during the annuity payout period

(in EUR)	31.12.2020	31.12.2019
ASSETS	553,669	549,565
A. Investment property and financial investments	539,983	464,966
III. Other financial investments	539,983	464,966
2. Debt securities and other securities with fixed return	539,983	464,966
B. Receivables	5,211	2,028
II. Other receivables	5,211	2,028
C. Other assets	8,476	82,571
I. Cash and cash equivalents	8,476	82,571
LIABILITIES	521,151	494,832
A. Fair value reserve	53,236	27,781
B. Gross insurance technical provisions	452,286	453,375
II. Gross mathematical provisions	452,286	453,375
E. Other liabilities	15,629	13,676
I. Liabilities from direct insurance operations	2,950	2,950
1. Liabilities to policyholders	2,950	2,950
III. Other liabilities	12,679	10,725

Income statement of the GAS ring-fenced pension insurance fund during the annuity payout period

(in EUR)	2020	2019
II. Investment revenue	14,268	15,385
1.1. Revenue from dividends and shares in subsidiaries	14,268	15,385
1.2. Revenues from dividends and shares in associated companies	-	728
1.3. Revenues from dividends and shares in other companies	12,518	14,657
2. Revenue from other investments	-	0
2.2. Interest revenue	1,750	-
2.3. Other investment revenue	(41,779)	(41,753)
2.3.1. Revaluation financial revenues	(41,779)	(41,753)
3. Value re-adjustments on investments	1,089	17,305
4. Gains on the realisation on investments	1,089	17,305
1. Claims paid	(967)	(896)
1. Change in mathematical provisions (+/-)	(967)	(896)
VI. Investment expenses	(38)	(715)
1. Depreciation of assets not used in operations	-	(83)
2. Expenses arising from asset management, interest expenses and other financial expenses	(38)	(149)
3. Revaluation operating expenses	-	(483)
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(27,426)	(10,674)
VII.a. Profit/loss of guarantee fund (I. + II. - III. + IV. - Va. - VI.)	(26,460)	(9,778)

Assets and liabilities of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	31.12.2020	31.12.2019
ASSETS	382,829	655,524
A. Investment property and financial investments	366,315	621,950
III. Other financial investments	366,315	441,673
2. Debt securities and other securities with fixed return	366,315	441,673
IV. Reinsurers' share of insurance technical provisions	-	180,277
2. from mathematical provisions	-	180,277
B. Receivables	4,156	28,693
I. Receivables from reinsurance	3,366	(3,764)
II. Other receivables	790	32,457
C. Other assets	12,357	4,881
I. Cash and cash equivalents	12,357	4,881
LIABILITIES	383,542	631,868
A. Fair value reserve	6,328	5,670
B. Gross insurance technical provisions	349,308	360,555
II. Gross mathematical provisions	349,308	360,555
C. Gross insurance technical provisions for unit-linked life insurance contracts	23,436	-
D. Liabilities for financial investments of reinsurance companies in reinsurance contracts with ceding undertakings	-	180,278
E. Other liabilities	4,470	85,413
II. Liabilities from co-insurance and reinsurance operations	4,470	-
III. Other liabilities	-	85,413
F. Accrued expenses and deferred revenues	-	(48)

Statement of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	2020	2019
II. Investment revenue	6,409	8,852
2. Revenue from other investments	6,409	8,852
2.2. Interest revenue	6,409	8,852
III. Claims expenses	(12,538)	(12,488)
1. Claims paid	(12,538)	(12,488)
IV. Change in other net insurance technical provisions (+/-)	5,623	12,133
1. Change in mathematical provisions (+/-)	5,623	12,133
V.a. Net operating expenses	-	(4,733)
3. Other operating expenses	-	(614)
3.4. Other operating expenses	-	(614)
4. Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-	(4,119)
VI. Investment expenses	(104)	-
2. Expenses arising from asset management, interest expenses and other financial expenses	(104)	-
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(610)	8,497
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	(610)	3,764

Assets and liabilities of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout under Pension and Disability Act (ZPIZ-2)

(in EUR)	31.12.2020	31.12.2019
ASSETS	1,407,495	470,858
A. Investment property and financial investments	1,270,153	165,536
III. Other financial investments	1,270,153	165,536
2. Debt securities and other securities with fixed return	1,270,153	165,536
B. Receivables	8,792	3,902
I. Receivables from direct insurance operations	7,476	-
1. Receivables from policyholders	7,476	-
II. Other receivables	1,315	3,902
C. Other assets	128,550	301,420
I. Cash and cash equivalents	128,550	301,420
LIABILITIES	1,412,735	470,858
A. Revaluation surplus	30,114	8,354
B. Gross insurance technical provisions	1,353,399	460,545
II. Gross mathematical provisions	1,353,399	460,545
E. Other liabilities	29,221	1,960
3. Other liabilities to direct insurance operations	22,083	-
III. Other liabilities	7,139	1,960

Statement of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout under Pension and Disability Act (ZPIZ-2)

(in EUR)	2020	2019
I. Transfer of funds from the pension scheme of additional pension insurance	1,027,558	273,054
1. this legal entity	1,027,558	273,054
II. Investment revenue	2,484	1,544
2. Revenue from other investments	2,484	1,544
2.2. Interest revenue	2,484	1,544
III. Claims expenses	(93,813)	(37,226)
1. Claims paid	(93,813)	(37,226)
IV. Change in other net insurance technical provisions (+/-)	(892,855)	(232,400)
1. Change in mathematical provisions (+/-)	(892,855)	(232,400)
V. Expenses included in policies	(49,690)	(9,940)
1. Entry fees	(45,804)	(8,516)
3. Costs of claims settlement	(3,886)	(1,424)
VI. Investment expenses	(152)	-
2. Expenses arising from asset management, interest expenses and other financial expenses	(152)	-
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(6,469)	(4,969)
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	43,221	4,971

Assets and liabilities of the ring-fenced guarantee fund for supplementary pension insurance during annuity - ZPIZ-2 (PN)

(in EUR)	2020	2019
ASSETS	391,397	558,691
A. Investment property and financial investments	363,514	422,061
III. Other financial investments	363,514	255,871
2. Debt securities and other securities with fixed return	363,514	255,871
IV. Reinsurers' share of insurance technical provisions	-	166,190
2. from mathematical provisions	-	166,190
B. Receivables	17,653	18,383
I. Receivables from direct insurance operations	19,420	19,419
1. Receivables from policyholders	19,420	19,419
I. Receivables from reinsurance	(2,676)	(1,431)
II. Other receivables	910	395
C. Other assets	10,231	118,247
I. Cash and cash equivalents	10,231	118,247
LIABILITIES	402,707	552,058
A. Revaluation surplus	5,997	4,117
B. Gross insurance technical provisions	336,703	332,381
II. Gross mathematical provisions	336,703	332,381
C. Gross insurance technical provisions for unit-linked life insurance contracts	22,210	-
D. Liabilities for financial investments of reinsurance companies in reinsurance contracts with ceding undertakings	-	166,190
E. Other liabilities	38,265	49,443
I. Liabilities from direct insurance operations	20,073	-
1. Liabilities to policyholders	-	38,564
3. Other liabilities to direct insurance operations	20,073	-
III. Other liabilities	18,192	10,879
F. Accrued expenses and deferred revenues	(467)-	(73)

The ring-fenced guarantee fund ceased operations in 2020.

Statement of the ring-fenced covering fund for supplementary pension insurance during annuity payout - ZPIZ-2 (PN)

(in EUR)	2020	2019
I. Transfer of funds from the pension scheme of additional pension insurance	15,383	49,834
1. this legal entity	15,383	49,834
II. Investment revenue	3,249	3,140
2. Revenue from other investments	3,249	3,140
2.2. Interest revenue	3,249	3,140
III. Claims expenses	(13,891)	(10,955)
1. Claims paid	(13,891)	(10,955)
IV. Change in other net insurance technical provisions (+/-)	(2,161)	(38,773)
1. Change in mathematical provisions (+/-)	(4,322)	(38,773)
2. Change in other net insurance technical provisions (+/-)	2,161	-
V. Expenses included in policies	(2,560)	(3,527)
1. Entry fees	(615)	(1,993)
2. Collection, administrative expenses	(1,945)	(1,534)
V.a. Net operating expenses	-	(1,815)
3. Other operating expenses	-	(490)
3.4. Other operating expenses	-	(490)
4. Income from reinsurance commissions and from participation in the positive technical result from reinsurance contracts (-)	-	(1,325)
VI. Investment expenses	-	(3,527)
2. Expenses arising from asset management, interest expenses and other financial expenses	-	(3,527)
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	19	(3,808)
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	2,579	(2,096)

The ring-fenced guarantee fund ceased operations in 2020.

