

ANNUAL REPORT 2021

GENERALI zavarovalnica d. d.

Translation from the Slovenian original.



THE MANAGEMENT BODIES

as at 31 December 2021

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.

Kržičeva ulica 3,
1000 Ljubljana, Slovenia
T: +386 (0)1 47 57 100
info.si@generali.com, www.generali.si

Company registration number: 5186684000
VAT ID Number: SI88725324
Share capital: EUR 39,520,347.18
Number of Shares: 2,364,563
Ownership structure: Generali CEE Holding B.V. 100%
Supervision: Insurance Supervision Agency, Trg
republike 3, 1000 Ljubljana, Slovenia
Evidence of entry in the court register: GENERALI zavarovalnica, d. d.
Ljubljana was entered in the Court Register of the Ljubljana
District Court under entry no. 10981500.



*In this Annual Report, the name GENERALI zavarovalnica d. d. is also used in forms:
Generali zavarovalnica, Generali d. d., Insurance Company or Company.*

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LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD



Vanja Hrovat

**Dear policyholders and co-workers,
distinguished business partners,**

2021 saw the Generali Insurance Company meeting the set Strategy and meeting the key business targets of the Generali Group 2018-2021 Strategy. We operated profitably, strengthened our portfolio and increased our market share. In the second year after the successful merger, we further improved our position in the insurance market, became the second largest insurance company in Slovenia and consolidated our position as the largest international insurance company in Slovenia.

We have successfully adapted to the situation which was largely driven by pandemic events in 2021, and effectively followed safety measures to safeguard the health of employees and customers. We continued the digital transformation of the Company and sales channels and, faithful to the commitment of a lifetime partnership, we developed new insurance coverages for our clients and upgraded them with innovative services.

The optimization and simplification of processes and the innovations we introduced have further improved the high satisfaction and user experience of our customers. We are proud that Generali is the most often recommended insurance company in Slovenia in the eyes of the consumers.

**By implementing the Strategy we have
reached the second place in the market**

We have achieved high business objectives by consistently implementing strategic guidelines. Our premium growth recorded in 2021 was higher by 5.6%, and we totalled EUR 450.1 million in written premiums. We increased our market share to 17.2% thus becoming the second largest insurance company in the Slovenian market. The growth is mainly due to the planned growth in non-life insurance premiums (7.7%) and health insurance premiums (6.9%). Compared to the previous year, our business results

improved in both non-life and life insurance. The Company ended 2021 with a net profit of EUR 24.5 million.

We have further improved our financial strength, insurance and investment portfolio and maintained excess capital adequacy, which confirms the set development policies and strengthens our position in the market.

**Satisfaction of policyholders guides
us every step of the way**

We are adapting to the trends of an increasingly digital society and responding to environmental developments and to demographic and climate changes. At the same time, we are developing solutions which meet the needs and desires of our customers and bring them added value. In doing so, we strengthen our lifetime partnership with policyholders and carry out our mission on a daily basis to *“enable people to create a safer and more sustainable future by caring of their lives and dreams.”*

Customers' needs for security, security of their families, property and business have prompted us to develop even more efficient digital services and new insurance-financial products. In line with the goals of the digital transformation, we have offered them even more digital channels which make doing business with the Company even easier - from taking out insurance and reporting claims to providing assistance services. The technological solutions we introduced last year to facilitate access to remote services have been further improved.

In developing our offer, we observed the changing needs of various customer segments - from individuals to the largest corporate users. Covid-19-related insurance coverage was included in foreign travel assistance insurance abroad. Among the last year's digital novelties, the Halo Doktor service, which provides health insurance policyholders with immediate telephone or video access to a physician, stands out. We have developed a new non-life insurance offer for corporate users, self-employed and entrepreneurs and turned it into modern packages. We expanded the offer in the G24 and WIZ online branches to include new insurance products and thus responded to the additional needs of our customers.

The number of remote inspections of claimed damages has also increased remarkably over the past year. Simple and convenient damage reporting was well received by customers who expressed their highest satisfaction with our services.

Innovative, best human resources practice in Slovenia

Behind all the successes of our Insurance Company stand our employees, who accomplish our mission of a lifetime partnership on a daily basis. We constantly take care of their satisfaction, education and quality mutual cooperation, and we are therefore pleased that our work in the field of human resources is also recognized externally. We have been a family-friendly company for many years, striving to better reconcile work and private life, while since last year we have also been proud holder of the socially responsible employer certificate. In 2021, we received the Best HR Practice Award in Slovenia for numerous activities that we launched for employees at the sudden start of remote work; our human resources innovation during covid-19 was thus rewarded.

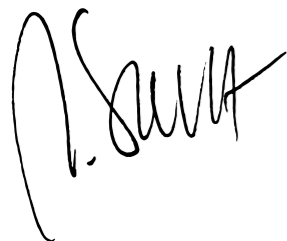
We are co-creating a better, sustainable Company

The sustainable orientation and consolidation of the lifetime partnership is the motto of the new strategic plan of the Generali Group, which will guide our operations for the next three years. We are already actively connected with the local environment - by working in the field of traffic safety, as loyal supporters of athletes and by helping children from vulnerable families. We help the latter through The Human Safety Net (THSN) - a network of people helping people, founded by the Generali Group and in close cooperation with the Association of Friends of Youth Ljubljana Moste-Polje. We also encourage the volunteerism of our employees and appreciate co-workers who take the time to help others. Their work was also publicly recognized and awarded as a cordial project in the Socially Responsible Synergy competition.

In 2021, we enjoyed a number of successes in the Slovenian market, increased our market share, achieved the set business goals and consolidated the strength of the Generali brand, thus laying a solid foundation for growth and further development. I believe that, through sustainable action, we will continue to affirm the lifetime partnership commitment and set new development milestones on our path.

Thank you to everyone for your trust.

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



“

**Everyday we live up
to our commitment
of a lifetime
partnership with
our customers
and together we
co-create a better,
sustainable society.**

BUSINESS REPORT

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PARTNER AT ALL MOMENTS

The Generali Insurance Company has been accompanying its customers in everything that life may bring for 25 years. And because we believe in a trust which can only be built by a true partnership, we present in the pages that follow the life partners of our policyholders.



1. GENERALI ZAVAROVALNICA D. D. IN 2021

Generali zavarovalnica d. d. is the largest international insurance company in Slovenia and part of the global Generali Group.

In the Insurance Company we are committed to sustainability in all areas of business and we place lifetime partnerships with customers first. We consistently focus on customers and their expectations, we want to stand by their side on their life path and build long-term relationships with them.

We provide our clients with a comprehensive range of insurance products and assistance services in the fields of non-life, life, pension and health insurances. We supplement our core business with asset management services provided by the subsidiary Generali Investments.

We are guided by our mission, which is the common denominator of everything we do and stand for: "To enable people to shape a safer and more sustainable future by caring for their lives and dreams."

Our business is based on a clear strategy, a focus on developing quality insurance products and services, a strong and omnichannel sales network, a solid capital position and a diverse business model that has proven resilient even in challenging conditions such as the pandemic.

We want to ensure good financial results, create the best-in-class experience for our clients, approach them with tailor-made products and digitally supported consultation, and have an even more positive impact on the communities in which we operate. At the same time, we will continue to focus on creating a positive impact on society, the environment and all stakeholders.

We develop comprehensive but simple and competitive insurance solutions for our clients. We see the key to future growth in innovations which will enable tailor-made solutions and an even faster development of the offer. We strive for solutions with high added value from a social and environmental point of view, while

consistently adhering to accepted risk management criteria when concluding insurance policies.

A team of dedicated and committed employees provide clients with smarter and simpler tailor-made insurance solutions in one of the largest sales and assistance networks in the insurance market. Our sales and service network is based on an omnichannel strategy, whereby we rely on new technologies.

Key performance data of the Generali zavarovalnica in 2021:

- The Insurance Company operated successfully despite the continuation of the Covid-19 pandemic.
- In line with the recently completed 2018 to 2021 strategic cycle, it met its business and development goals.
- Premium growth was recorded in non-life insurance (+ 7.7%) and health insurance (+ 6.9%), while in life insurance a slight drop in premiums (- 1.4%) was recorded.
- The Insurance Company is financially sound, has an adequate capital position and resilient insurance and investment portfolios, with which it follows closely the set strategic goals.
- In the changed business landscape, the Insurance Company provided clients with even simpler and more accessible services, including remote services.

In 2021, the Insurance Company totalled EUR 450.1 million of the gross written premium, and thus reached second place on the Slovenian insurance market.

Generali zavarovalnica d. d.	2021	2020
Gross written premium (in EUR million)	450.1	426.1
Gross claims paid (in EUR million)	263,0	240.6
Market share	17.2%	16.8%
Combined ratio (other insurance)	90.0%	91.0%
Profit before tax (in EUR million)	29.0	6.4
Net profit (in EUR million)	24.5	5.7
	31.12.2021	31.12.2020
Financial investments, cash and cash equivalents (in EUR million)	1,111.5	1,042.8
Gross liabilities from insurance contracts (in EUR million)	940.6	862.7
Number of employees	1,305	1,340

EUR 450.1 million

Gross written premiums

19.4%

P&C Market Share

11.6%

Life Market Share

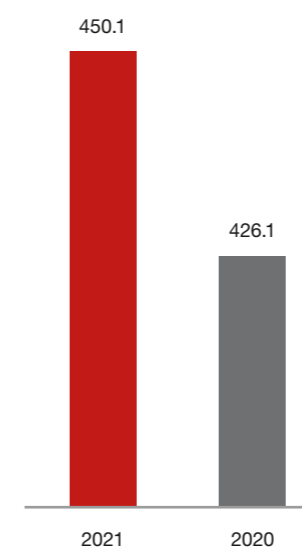
#2

Ranking

As at 31 December 2021, total assets of the Generali zavarovalnica reached EUR 1,243 million, which is a 6.2% increase compared to the previous year. Total equity of the Company increased by 7.4%, which is the result of a higher net profit for the financial year. The Company's investments went up by 6.6% to EUR 1,112 million.

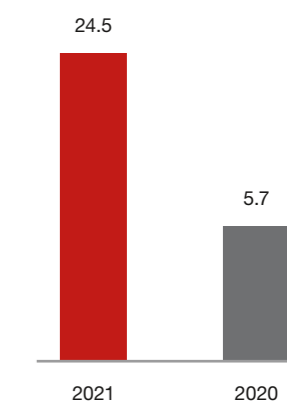
Gross written premiums from insurance contracts

Premium growth is due to growth in non-life insurance (7.7%) and health insurance (6.9%).



Net profit

The growth in net profit is a reflection of the positive result of the life insurance segment and the growth of the non-life insurance segment.



1.1 SIGNIFICANT EVENTS IN 2021 AND EARLY 2022

- On **23 March 2021**, the Insurance Company won the highest award for the Best HR Practices in Slovenia 2021, awarded by the Faculty of Organizational Sciences of the University of Maribor, the career-employment portal MojeDelo.com and SPIRIT Slovenia.
- On **16 April 2021**, the Company, as the issuer of the subordinated bonds, ISIN: XS1420371228, informed the holders that, in accordance with Condition 6.5 of the Bonds Conditions, it would call all Bonds at their principal amount together with accrued interest (but paid separately) on the interest payment date 24 May 2021.
- On **24 May 2021**, the Company fully called in and paid the subordinated bonds, ISIN: XS1420371228. Subordinated bonds were withdrawn from the trading system of the Irish Stock Exchange in Dublin.
- On **1 July 2021**, following the entry of the merger in the Court Register, the companies AGENT d.o.o. Izola and VIZ d.o.o. (acquired companies) merged with GENERALI zavarovalnica d. d. As of that day, AGENT d.o.o. Izola and VIZ d.o.o. ceased to exist, and GENERALI zavarovalnica d. d. entered into all legal relationships of both acquired companies as their universal legal successor.
- On **11 October 2021**, in the 62nd General Meeting of Generali d. d. the decision was taken (following the expiration of the Insurance Supervisory Agency recommendations to retain profits) to pay the dividend to the sole Shareholder in the amount of EUR 11.9 million.
- On **23 November 2021**, the Insurance Company ranked second in the “Socially Responsible Synergies” competition awarded by the Network for Social Responsibility of Slovenia for successful partnerships between a company and at least one non-profit stakeholder. The expert panel was convinced by the cooperation of the Insurance Company and its active volunteering movement “The Human Safety Net” with the Association of Friends of Youth Ljubljana Moste - Polje.
- On **3 December 2021**, the Insurance Company, in cooperation with its partners (Pristop, Media Publikum and Marketing Consulting Ana Putrih) received a special award for ranking among the finalists of Effie 2020, the award for marketing and communication

efficiency, for the campaign “Merger of Generali and Adriatic Slovenica Insurance Companies”.

Significant events in early 2022

- On **24 February 2022**, the Russian-Ukrainian conflict escalated into an armed conflict which, together with stringent sanctions against Russia, will certainly have a significant impact on future economic developments. In early March, a rapid rise in energy prices on international markets was recorded, which, according to analysts, will soon translate into higher growth in consumer prices. The immediate global consequences will be higher inflation, lower economic growth and disruptions in supply chains. The current situation does not directly affect the insurance services market in Slovenia now, however the long-term consequences cannot be assessed.
- On **4 March 2022**, following the decision of the Generali Group to close its operations on the Russian market, the ACEER (Austria, CEE and Russia) regional unit, of which Generali zavarovalnica d. d. is an integral part, was renamed Austria & CEE (Austria and Central and Eastern Europe).

1.2 STRATEGIC PLAN LIFETIME PARTNER 24: DRIVING GROWTH

The socio-economic environment is continuously changing and evolving, as well as our customers' needs and dreams. European countries are investing heavily in promoting a sustainable economic recovery while the situation on the capital markets requires know-how and experience in asset management. The pandemic has changed people's needs, they are no longer only interested in insurance, customers are seeking protection, advice and prevention. The needs of the population also change with age and the Insurance Company invests in health and prevention. A unique network of digitally enabled agents and hybrid business models allow us to be available to our customers whenever they need us and in a way of their choice: in person or remotely using modern digital tools and communication solutions. Climate change requires a comprehensive approach to reducing and managing the risks that we control with our technical expertise.

The answer to the changes is the new Generali Group 2024 Strategic Plan and Vision.

GENERALI GROUP 2024 TARGETS

- We want to strengthen our market position as Europe's leading insurance company and integrated asset manager.
- We will consolidate our financial strength and bolster our role in the field of sustainability.
- We will provide customers with tailor-made advice and the best-in-class customer experience, further strengthening our commitment to a lifetime partnership.
- Throughout the Group, we will promote data-driven innovation, increase customer value and achieve additional operational efficiency by increasing automation and the use of technology.

CORE BELIEFS AT THE HEART OF THE NEW STRATEGY

Purpose driven

Our purpose – “**Enabling people to shape a safer and more sustainable future by caring for their lives and dreams**” guides all our efforts. We help them by offering with innovative, personalized solutions which enable them to take the right decisions and shape a safer future for themselves, their loved ones, their business and their communities.

Lifetime Partner

Evolving our customer relationship model. Develop our model of building customer relationships. It is our commitment to a lifetime partnership with customers based on personalised advice and digitally-enabled interactions tailored to changing customer needs.

Future Ready

Continuing to build future-ready business models, increasing efficiency and capital productivity while investing in digital skills for our colleagues.

SUSTAINABILITY AT THE CENTRE OF OUR STRATEGY

Sustainability is at the heart of our Strategy, and Generali wants to actively contribute towards building a more resilient and just social environment and work for the benefit of all. We can achieve this by developing a lifetime partnership to meet our clients' needs. As supporters of sustainability, we commit ourselves to being:

- **a responsible employer** which promotes activities that create, increase and nurture inclusion, competence upskilling and new way of working;
- **a responsible insurer** which promotes the development of the 2050 carbon-neutral insurance portfolio, provides new sustainable solutions and fosters sustainable transition for small and medium-sized enterprises;
- **a responsible investor**, pursuing full ESG integration into our investment activities by 2024 and achievement of the 2050 carbon neutral investment portfolio;
- **a responsible partner**, meaning that The Human Safety Net (a global movement of people helping people) is a social innovation hub supporting the most vulnerable groups in unlocking their potential.

Three Strategic Pillars

We want to provide our customers with good financial results, the best-in-class customer experience and an even more positive impact on the communities in which we operate. We will achieve this by working on three strategic pillars:

Sustainable growth which we will achieve both in core business areas and emerging ones, through effective cost management.

- Boost P&C revenues and maintain best-in-class technical margins.
- Grow capital light business, technical profits and ESG product range.
- Underpin growth with effective cost management.

Enhancing of earnings and profitability profiles which we will achieve:

- Improve Life business profile and profitability.
- Redeploy capital to profitable growth initiatives.
- Develop asset management franchise further.

Lead innovation:

- Increase customer value through Lifetime Partner advisory model.
- Accelerate innovation as a data-driven company.
- Achieve additional operating efficiency by scaling automation and technology.

1.3 IMPLEMENTATION OF THE COMPANY STRATEGY IN 2021

The Insurance Company follows the strategic targets of the Generali Group and continues to operate successfully despite the challenges in the economic environment. It is financially sound, has an adequate capital position and resilient insurance and investment portfolios. The Insurance Company follows the commitment of a lifetime partnership with services tailored to the individual and digitally driven processes in line with the changing clients' needs.

In 2021, gross premiums written growth was recorded in non-life insurance (+ 7.7%) and health insurance (+ 6.9%), while in life insurance a slight drop in premiums (-1.4%) was recorded compared to the previous year. Zavarovalnica Generali totalled EUR 450.1 million in premiums (+ 5.6% compared to 2020), thus reaching the second place on the Slovenian insurance market with a market share of 17.2%.

The net profit amounted to EUR 24.5 million and was significantly higher than last year, when the Company reported a net profit of EUR 5.7 million.

1.4 INTRODUCTION OF IFRS 17

The new IFRS 17 financial reporting standard will ensure high quality, understandable and globally accepted financial reporting standards to improve the transparency and comparability of financial statement and operational results of insurance companies. It will fundamentally change the business accounts and its introduction will also have an impact on the operations of the Insurance Company. Due to the new method of data preparation in accordance with IFRS 17, the Company introduced changes in many business processes in 2021: from product design to a different definition of data warehouses and the method of preparation of data recorded in the accounting system of the general ledger. Data transition is planned to happen in the first half of 2022, while the commencement of parallel recording of business events in accordance with IFRS 17 will commence in the middle of the year.



As with dance, trust is key to the steps you take in life together. It is about harmony in everything. Something beyond words - for over 23 years. Acceptance that you immediately feel in others, which makes it is easier to persevere even in more turbulent times.

*Amalija and Boštjan,
Generali policyholders
for more than 23 years*



2. ACTIVITIES, MARKETS AND POSITION OF THE GENERALI ZAVAROVALNICA AND ITS SUBSIDIARIES

Generali zavarovalnica and its subsidiaries operate with a long-term mission of providing a comprehensive range of products in the fields of insurance, asset management and other support activities. The Company offers its clients a full range of insurance and assistance services for non-life, life, health and pension insurance.

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 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.

The Insurance Company complements its core business with asset management, vehicle registration, debt collection and outpatient services provided by its subsidiaries.

The investment funds and assets of other investors in the Group are managed by **Generali Investments d.o.o.** The company manages 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. Generali Investments manages assets of Generali zavarovalnica (the so-called assets covering technical provisions in life and pension insurance guarantee funds).

Assets managed by the Generali Krovni sklad (Umbrella Fund) amounted to EUR 710.3 million at the end of 2021 and were up by 21.9% or EUR 127.6 million compared to the end of 2020. The increase in assets is due to the growth of capital markets as well as positive net flows from investors. The Generali Umbrella Fund recorded net inflows of EUR 21.9 million in 2021.

At the end of 2021, the Company also managed the assets of other investors within the financial instruments management service and the alternative real estate fund Generali Adriatic Value Fund, a special investment fund, and the special capital fund Generali Growth Equity Fund in the total value of EUR 1.03 billion.

The total value of all assets under management at the end of 2021 amounted to EUR 1.74 billion.

The volume of assets managed last year by Generali Investments, Zagreb amounted to EUR 35.9 million, and Generali Investments, Skopje an additional EUR 36.8 million.

With the company **LEV registracija d.o.o.**, whose main activity is the performance and marketing of all procedures related to the registration of motor vehicles and trailers, we wish to increase the level of services for the customers of the Generali Insurance Company.

Prospera d.o.o. acts as a specialized company for the recovery of Company's receivables, in particular those that are more difficult to recover or recovery under judicial recovery procedures, thus contributing to a more successful implementation of the Company's strategy.

The company **Ambulanta ZDRAVJE d.o.o.** provides specialist outpatient healthcare in the fields of orthopaedics, surgery, X-ray diagnostics, dermatology and ultrasound diagnostics. The clients of the Ambulanta are mainly health insurance policyholders and self-payers. Findings and experience of Ambulanta can be used by the Company to its advantage for the development and marketing of health insurance and the shaping of partnerships with other health care providers.

STRATEGIC ACTIVITIES

INSURANCE	ASSET MANAGEMENT	SUPPORT ACTIVITIES
Non-Life	Mutual funds and Individual Asset Management	Vehicle registration
Life	Alternative Funds	Outpatient services
Pension	Insurance Portfolio (assets covering technical provisions in guarantee funds)	Debt Collection
Health	Pension Funds	

Markets of the Generali Insurance
Company and its subsidiaries

Generali
zavarovalnica
**EUR 450.1
million**
written premium

2nd
largest insurance
company

Generali
Investments Ljubljana
**EUR 710
million**
management of
(UCITS) funds

Generali
Investments Zagreb
**EUR 35.6
million**
management of
(UCITS) funds

SLO

Generali zavarovalnica As of 31 December 2021

	EUR 450.1 million written premium
Insurance activity	EUR 83.2 million written premium of life insurance
Second largest insurance company	EUR 366.9 million written premium of non-life insurance
	17.2% market share

Generali Investments, Ljubljana As of 31 December 2021

	EUR 710 million assets under management of (UCITS) funds
Asset management	EUR 98 million assets under management of alternative funds
Third largest asset management company (UCITS funds)	EUR 1,740 million EUR total assets under management (including mandates)
	16.4% market share

HR

Generali Investments, Zagreb As of 31 December 2021

	EUR 35.6 million assets under management of (UCITS) funds
Asset management	EUR 0.3 million assets under management of alternative funds
	EUR 35.9 million EUR total assets under management (including mandates)
	1.1% market share

MK

Generali Investments, Skopje As of 31 December 2021

	EUR 35.4 million assets under management of (UCITS) funds
Asset management	EUR 36.8 million EUR total assets under management (including mandates)
	19% market share

Generali
Investments Skopje
**EUR 35.4
million**
management of
(UCITS) funds

Information about Generali zavarovalnica d. d. and its subsidiaries as at 31 December 2021

GENERALI zavarovalnica d. d.	
Abbreviated company name	GENERALI d. d.
Address	Kržičeva 3, 1000 Ljubljana, Slovenia
Phone	T +386 (0)1 47 57 100
Company registration number	5186684000
VAT identification number	SI88725324
Share capital	EUR 39,520,347.18
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 2021

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

As of 13 February 2019, Generali CEE Holding B. V. is the sole Shareholder. As at 31 December 2021, the share capital of Generali zavarovalnica d. d. amounted to EUR 39,520,347.18.

Generali Investments, družba za upravljanje d. o. o. Ljubljana	PROSPERA družba za izterjavo d. o. o.	Ambulanta ZDRAVJE d. o. o.	LEV registracija d. o. o.	Generali Investments d. o. o. Zagreb	Generali Investments AD Skopje	Generali Investments GP 1 d. o. o.	Generali Investments GP 2 d. o. o.	Generali Investments CP d. o. o. k. d.
Address Dunajska cesta 63, 1000 Ljubljana, Slovenia	Address Ljubljanska cesta 3, 6000 Koper, Slovenia	Address Dunajska 63, 1000 Ljubljana, Slovenia	Address Pod lipami 5, 3313 Polzela, Slovenia	Address Savska cesta 106, 10000 Zagreb, Croatia	Address Ulica Partizanski Odredi 14A, vhod 1, nadstropje 2/2, Skopje – Center, Severna Makedonija	Address Dunajska cesta 63, 1000 Ljubljana, Slovenia	Address Dunajska cesta 63, 1000 Ljubljana, Slovenia	Address Dunajska cesta 63, 1000 Ljubljana, Slovenia
Company registration number 5834457	Company registration number 6074618000	Company registration number 6332846000	Company registration number 6651887000	Company registration number 2356279	Company registration number 6364578	Company registration number 8436304	Company registration number 8435685	Company registration number 8537135
Activity: - trusts, funds and similar financial entities - financial fund management activities	Activity: Other financial service activities, except insurance and pension funding, n.e.	Activity: Specialist outpatient health care service	Activity: Vehicle registration	Activity: - establishment of financial funds - fund management activities	Activity: Fund management activities	Activity: Activities of head offices	Activity: Activities of head offices	Activity: Activities of holding companies
Share capital EUR 1,767,668	Share capital 100 EUR 100,000	Share capital EUR 200,665.69	Share capital EUR 273,076.23	Share capital HRK 4,148,000	Share capital EUR 695,000	Share capital EUR 7,500	Share capital EUR 7,500	Share capital
Equity attributable to the controlling company: 100%	Equity attributable to the controlling company: 100%	Equity attributable to the controlling company: 100%	Equity attributable to the controlling company: 100%	Equity attributable to the controlling company: 100%	Equity attributable to the controlling company: 98.34%	Equity attributable to the controlling company: 100%	Equity attributable to the controlling company: 100%	Equity attributable to the controlling company: 54.79%
Book value of capital shares EUR 29,326,008	Book value of capital shares EUR 2,091,157.52	Book value of capital shares EUR 159,161.67	Book value of capital shares EUR 64,783.23	Book value of capital shares EUR 1,572,500.00	Book value of capital shares EUR 2,083,898.00	Book value of capital shares EUR 7,500	Book value of capital shares EUR 7,500	Book value of capital shares EUR 127,849.47
Management Bodies	Management Bojana Merše, Managing Director (till 3.1.2022) Savo Marinšek, Managing Director (since 4.1.2022) Vanda Zorc Rems, Managing Director (since 4.1.2022)	Management Katerina Rihter, Managing Director Slavica Glavaš, Managing Director (since 20.1.2022)	Management Saša Krašovec Terglav, Managing Director	Management Bodies	Management Bodies	Management Representative: Luka Podlogar, Simon Mastnak	Management Representative: Luka Podlogar, Simon Mastnak	Amount of subscriptions of capital EUR 730,000
Management Board Luka Podlogar, President of the Management Board; Luka Flere, Member of the Management Board			Management Board Zvonimir Marić, President of the Management Board; Petar Brkić, Member of the Management Board	Management Bodies	Management Laze Kamčev, CEO; Vesna Karkinska, Executive Director			Management Generali Investments GP 2, družba za investicije, d.o.o.
Supervisory Board Josef Beneš, Chairman; Aljoša Tomaž, Deputy Chairman; Gregor Pilgram, Katarina Guzej, Members			Supervisory Board: Luka Podlogar, Chairman; Mario Carini, Luka Flere, Members	Supervisory Board: Luka Podlogar, Chairman; Mario Carini, Luka Flere, Members	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			

Company subsidiaries and participating interest as at 31 December 2021



Generali Investments d. o. o.
Ljubljana
100%

Prospera d. o. o.
Koper
100%

Ambulanta ZDRAVJE d. o. o.
Ljubljana
100%

LEV Registracija d. o. o.
Polzela
100%

Generali Investments AD
Skopje
98.34%

Generali Investments d. o. o.
Zagreb
100%

**Generali Investments
GP 1 d. o. o.**
100%

**Generali Investments
GP 2 d. o. o.**
100%

**Generali Investments
CP d. o. o. k. d.**
54.79%

Direct subsidiaries of GENERALI zavarovalnica d. d. are the companies Generali Investments d.o.o., PROSPERA d.o.o., Ambulanta ZDRAVJE d.o.o. and LEV Registracija 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.

Changes in 2021

In 2021, two previous subsidiaries, AGENT d.o.o., Izola and VIZ d.o.o., Koper, merged with GENERALI zavarovalnica d. d. The merger was entered in the Court Register on 1 July 2021. As of that day, the companies AGENT d.o.o., Izola and VIZ d.o.o., Koper ceased to exist, and the company GENERALI zavarovalnica d. d., as the universal legal successor, entered into all legal relations of the two acquired companies.



3. CORPORATE GOVERNANCE STATEMENT

The Statement is drafted pursuant to the fifth paragraph of Article 70 of the Companies Act (ZGD-1). The Statement is provided by the Management Board and the Supervisory Board of Generali zavarovalnica d. d. (hereinafter in the Statement referred to as the Company) as a special section of the Annual Report 2021.

3.1 COMPANY GOVERNANCE ACTS

3.1.1 Corporate Governance Policy

The Management Board adopted the Corporate Governance Policy, which was approved by the Supervisory Board. The Corporate Governance Policy presents the Company's objectives and values, key company bodies, relations between them, the way the Company communicates with the public and employees, the Company's care for its employees and the management of subsidiaries. The Corporate Governance Policy is available on the website www.generali.si.

3.1.2 Reference to the Code and other similar acts

The Company subscribed to the Corporate Governance Code for Unlisted Companies issued by: 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 (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 (<https://www.gzs.si/Portals/SN-Pravni-Portal/Vsebine/novice-priponke/kodeks-slo.pdf>).

In its operations undertaken in 2021, 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 Company (<http://www.generali.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>).

3.2 EXTENT OF DEVIATIONS FROM THE CORPORATE GOVERNANCE CODE FOR UNLISTED COMPANIES

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 insurance holding company and/or the end parent undertaking, industry or the activity of the Company, and the complexity of its operations.

Recom- mendation	Explanation	Recom- mendation	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.	4.6	See 4.3.2.
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.	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 appointment, remuneration and delegated powers and 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.
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.	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 remuneration (example in Article 66(2) of the Insurance Act).
2.7	See 2.1.1.	5.7.1	See 2.5.4.
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.	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.
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.	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.
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.	5.11	See 5.6.
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.	6.33	The procedure for selecting candidates, and assessing candidates' suitability for membership of the Management Board of the Company is conducted on the basis of regulations which regulate the appointment, remuneration and delegated powers and 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.
3.6	See 2.2.2.	8.1	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.).	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.

3.3 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 systems are upgraded and harmonised with the quantitative, qualitative and reporting requirements of the Solvency II Directive.

At all levels and in all units and processes, the system 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 7.

3.3.1 Key Functions

The Company established an effective corporate governance system with organised and operational 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.

3.3.1.1 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).

3.3.1.2 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. Its primary task 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 key duties of the risk management function:

- 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 7.1.

3.3.1.3 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 is organized in the form of a department subordinated to the Management Board. The holder of the compliance functions as Compliance Department Manager. The function holder has an appropriate independence and has access to the necessary information and the members of the broader management team. The function holder cooperates with other key functions, where appropriate also with members of other organisational units, 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.

3.3.1.4 Internal Audit

The Internal Audit is organised as a department, which is directly subordinated to the Management Board and 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.

Internal Audit department reports on its work to the Management Board, the Audit Committee and the Supervisory Board.

The work of the internal audit is described in detail in Section 7.2. of the Business Report contained in the Annual Report.

3.3.2 External audit

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

3.4 DISCLOSURE OF INFORMATION IN LINE WITH ARTICLE 70(6) OF THE COMPANIES ACT

Data as of 31 December 2021:

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 share 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 to control.

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, also 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*

The Company has no treasury shares and the Management Board has no authorisations regarding the issue or purchase of treasury shares.

3.5 DATA ON THE OPERATION OF THE GENERAL MEETING OF THE COMPANY AND ITS KEY COMPETENCES, AND A DESCRIPTION OF THE RIGHTS OF SHAREHOLDERS AND HOW THESE ARE EXERCISED

3.5.1 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 share 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. All shareholders

must be able to review the documents pertaining to the General Meeting at least thirty days prior 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 share capital with the right to vote is represented in 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.

3.5.2 The General Meetings of the Company in 2021

The 59th General Meeting of the Company was held on 13 January 2021 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working parties of the General Meeting
2. Approval of the agenda
3. Consent to the conclusion of the agreement on the merger of Agent d.o.o.
4. Consent to the conclusion of the agreement on the merger of VIZ d.o.o.
5. Shareholder statements regarding the merger

The 60th General Meeting of the Company was held on 12 April 2021 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working parties of the General Meeting
2. Approval of the agenda
3. Presentation of the annual report and consolidated annual report for the financial year 2020 with the auditor's opinions, report 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. Suspension of the decision on the use of distributable profit on the recommendation of the ISA
 5. Granting of discharge papers to the Management Board and Supervisory Board
 6. Appointment of the auditor
 7. Periodic assessment of the adequacy of the Supervisory Board

The 61st General Meeting of the Company was held on 28 May 2021 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working parties of the General Meeting
2. Approval of the agenda
3. Appointment of the member of the Supervisory Board
4. Information regarding the election of Suzana Meglič as a member of the Supervisory Board (employee representative)

The 62nd General Meeting of the Company was held on 11 October 2021 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working parties of the General Meeting
2. Approval of the agenda
3. Proposal of the use of distributable profit
4. Information regarding the election of a member of the Supervisory Board (employee representative)

3.6 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.

3.6.1 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 management strategy, written rules, processes and procedures; and for measures to ensure regular and permanent operations which comply with the systems, resources and procedures of the Company. The rules of the management system of the Company are subject to regular, at least annual, review, and must be approved by the Management Board of the Company with the consent of the Supervisory Board of the Company.

In 2021, the Management Board of the Company were as follows:

- Vanja Hrovat, President since 27 May 2014 (member of the Management Board since 2 September 2008)
- Mitja Feri, Member, member of the Management Board since 28 July 2016
- Katarina Guzej, Member, member of the Management Board since 2 March 2020
- Matija Šenk, Member, member of the Management Board since 7 September 2020.

3.6.2 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 financial plan, the business policy of the Company; to determine the organisation of the internal control system and the Rules of Procedure of the internal audit department; to determine 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 defines 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; 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 holders of key functions, which must be in accordance with the remuneration policy; and to other matters stipulated by the Insurance Act and the Companies Act.

In 2021, the Supervisory Board of the Company were:

- Gregor Pilgram, Chairman
- Carlo Schiavetto, Deputy Chairman
- Luciano Cirinà, Member
- Miroslav Singer, Member
- Suzana Meglič, Member, employee representative
- Matjaž Pavlin, Member, employee representative.

In 2021, the Supervisory Board of the Company met twelve times.

3.6.2.1 The Audit Committee

The Audit Committee, which is a consultative body of the Supervisory Board, operates 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 its integrity; monitors the efficiency and effectiveness of internal control in the Company, of the internal audit and of the risk management systems; monitors mandatory audits of 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; participates 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.

3.7 DIVERSITY POLICY

The Company has not formally adopted a diversity policy to be implemented regarding its representation in management and supervisory bodies on diversity aspects such as gender, age, expertise and experience, but strives to ensure that management and supervisory bodies are composed in a way that ensures the complementarity of the expertise and experience of the members and the heterogeneity of the composition of the management body and the supervisory body. The composition of the Management Board and the Supervisory Board takes into account the following aspects of diversity: age, education and professional experience, but not gender. Nevertheless, gender representation in the company's management is balanced. Generali is also a signatory of the Diversity Charter Slovenia.

Ljubljana, 1 April 2022

Vanja Hrovat,
*President of the
Management Board*

Mitja Feri,
*Member of the
Management Board*

Katarina Guzej,
*Member of the
Management Board*

Matija Šenk,
*Member of the
Management Board*



MANAGEMENT BOARD

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.

The Management Board acts in the exclusive interest and to the advantage of the Company, taking into account the interests of shareholders and employees.



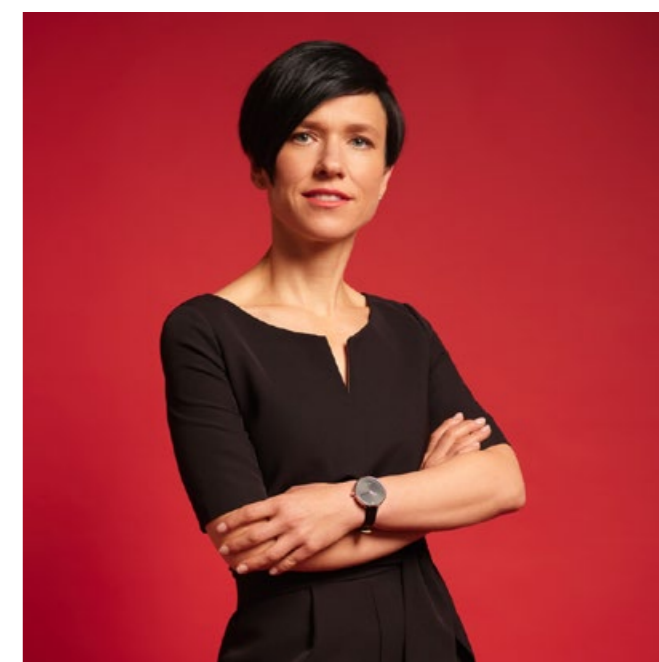
Vanja Hrovat,
*President of the Management Board
since 27 May 2014 (Member of the Board
since 2 September 2008)*

Leads and directs the work of the Management Board and the operation of the sectors Contract Sales Network, Corporate Sales and Online Sales, Regular Sales Network, Claims Management, HR, IT and Business Operations. She is responsible for the functions of General Counselling and Internal Audit, as well as for the operation of the Customer Support and Marketing and Public Relations departments.



Mitja Feri,
Member of the Management Board since 28 July 2016

Responsible for the Insurance Techniques and Reinsurance sector.



Katarina Guzej,
Member of the Management Board since 2 March 2020

Responsible for the Finance sector.



Matija Šenk
Member of the Management Board since 7 September 2020

Responsible for the Actuary for Life Insurance, Actuary for Non-Life Insurance and Risk management functions and for the Administrative Support to Business Department.

“

We have been together for over 15 years. And every year has been good with him. Sanel knows me best, so we complement each other well. He is also the first person I call when something important happens.

*Sanel and Azra,
Generali policyholders
for more than 10 years*



4. SUPERVISORY BOARD REPORT

Supervision of the operation of Generali zavarovalnica d. d.

The purpose of the Supervisory Board Report is to provide the General Meeting with an expert evaluation of the materials for the session when the Shareholders will examine the Annual Report and decide on the distribution of distributable profit. The Supervisory Board is responsible for reviewing the Annual Report of the public limited company 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 2021, the Supervisory Board of the Company were:

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Luciano Cirinà, Member,
- Miroslav Singer, Member,
- Suzana Meglič, Member,
- Matjaž Pavlin, Member.

The Supervisory Board performed its activities in accordance with the agreed model of supervision over the operation of the Management Board. The Supervisory Board held twelve sessions, eight of which by correspondence. In the course of the sessions, the Supervisory Board discussed the quarterly business reports. The Supervisory Board approved the Annual Report and the Consolidated Annual Report of Generali Zavarovalnica d. d. for 2020 as well as reviewed the report on the relationship with the controlling company in 2020. The Supervisory Board also examined the reports prepared by the actuarial function with regard to non-life and life insurance for 2020 and approved the internal audit reports for 2020. Furthermore, the Supervisory Board approved the Solvency and Financial Condition Report (SFCR) for 2020, 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 2021. Further to the proposal of the Management Board, the Supervisory Board approved the convening of the sessions of the General Meeting in which the Sole Shareholder decided on the use of distributable profit and granted discharge papers 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. The Supervisory Board approved the appointment of the holders of key functions.

From the end of the year until the date of this report, the Supervisory Board considered the Internal Audit Report for the second half of 2021 as well as the Internal Audit Annual Report for 2021.

Review and approval of the Annual Report

In its session held on 8 April 2022, the Supervisory Board examined the Annual Report of Generali zavarovalnica for 2021 along with the report of the certified auditor KPMG d.o.o., the proposal of the Management Board on the use of distributable profit and the proposal for granting discharge papers.

The reports of the certified auditor indicate that the financial statements of the Company are a fair presentation of the Company's financial conditions as at 31 December 2021 as well as of financial results and cash flows in the business year 2021 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. The Supervisory Board had previously taken note of the report on the activities of Internal Audit in the second half of 2021 and the report on the activities in 2021. The Supervisory Board issued a positive opinion on the annual report on the activities of Internal Audit in 2021. On the basis of familiarization

with the work of the Supervisory Board and the presented internal audit reports, the Supervisory Board 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 on the relationship with the controlling company in 2021 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 presents 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 2021, the Supervisory Board:

- approves the Annual Report for 2021;
- gives a positive opinion on the reports of the Auditor KPMG 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 Management Board proposes to the Supervisory Board to submit the following resolution proposal for the decision of the General Meeting:

The distributable profit as per 31 December 2021 amounts to EUR 57,678,875.24 and is to be distributed as follows:

Part of the distributable profit, in the amount of EUR 14,707,581.86 shall be used for the payment of dividends in the gross amount of EUR 6.22 per share. The dividend shall be paid within 60 days after the 63rd General meeting, to shareholders registered with KDD one working day before the day of payment.

The remaining distributable profit in the amount of EUR 42,971,293.38, shall not be distributed and its use will be decided in following years.

Ljubljana, 8 April 2022

Gregor Pilgram,
Chairman of the Supervisory Board



5. REPORT OF THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

Report of the Audit Committee of the Supervisory Board on its activities in 2021 and on the review of materials for the approval of the Annual Report for 2021.

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, along with Auditor's Reports, the Management Board's proposal on the distribution of distributable profit, the Report on the Relationship with the Controlling Company including the Auditor's opinion and the Annual Report on the activities of Internal Audit in 2021.

The Audit Committee provides the Supervisory Board with expertise required for the implementation of supervision over the management of the Company. In 2021, the Audit Committee of the Company were:

- Carlo Schiavetto, Chairman,
- Gregor Pilgram, Deputy Chairman,
- Renata Eržen Potisek, Independent member.

In 2021, the Audit Committee held nine sessions. In these sessions, the Audit Committee focused on the following topics:

1. Risk management and efficiency of internal controls;
2. Internal Audit 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 the Controlling Company 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, the 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 2021 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 KPMG 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 Generali Zavarovalnica for business year 2021 and the corresponding audit reports by KPMG d. o. o., the Audit Committee concludes:

1. that the Annual Report was prepared within the statutory time limit and contains all the mandatory elements;
2. that the disclosures in the financial statements are complete;
3. that the financial statements are prepared in compliance with the generally accepted auditing standards and adequately reflect the applied accounting policies;
4. that the Insurance Company adequately formed its statutory reserves and reserves for own shares;
5. that the Auditor KPMG d. o. o. issued an unqualified opinion on the financial statements of the Company.

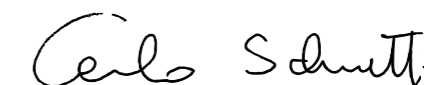
Conclusions

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 2021 and the Annual Report on the activities of Internal Audit in 2021;
2. to issue a positive opinion on the Auditor's Report and to approve the Annual Report for the business year 2021 in their proposed form.

Ljubljana, 8 April 2022

Carlo Schiavetto,
Chairman of the Audit Committee





We have common goals, so everything is easier. We know each other so well that we immediately understand what the other is thinking just by looking at one another. Of course, we talk a lot and thus always come up with the right answer.

*Simona and Jan,
Generali policyholders
for more than 10 years*



6. PERFORMANCE IN 2021

6.1 OVERVIEW OF DEVELOPMENTS IN THE ECONOMY AND THE INSURANCE MARKET

Slovenia's macroeconomic environment in 2021

Despite the deteriorating epidemiological situation, Slovenia has managed to limit its negative impact on the economy. Due to the low base in 2020, we recorded higher annual activity in most economic activities, except in activities related to tourism and construction. Most indicators point to maintaining relatively favourable levels of the export economy, sentiment in trade, among consumers and in construction has improved, while confidence indicators in service industries have deteriorated.

High domestic consumption coupled with government investment and high export levels were driving GDP growth in 2021. Labour shortages and supply chain problems have only affected a small number of industries and activity indicators in the last autumn months were encouraging. Towards the end of 2021, the economic climate improved again and demand estimates in companies were high.

Labour market conditions were favourable in 2021. There were 65,969 registered unemployed at the end of the year, which is 24.4% less than in the same period in 2020 and 12.4% less than at the end of 2019. Given this record highest employment, the shortage of workers in the domestic economy is becoming an increasingly apparent problem. Companies are employing foreign nationals with increasing frequency, especially in construction, transport and warehousing sectors. Increasing employment of foreign workers is holding back the negative effects of structural disparities in the domestic market and, consequently, reducing pressures on wage growth. Annual wage growth slowed towards the end of the year, mainly due to the cessation of the payment of crisis allowances in the public sector. However, average gross wages growth in the private sector remained high. Such growth

was mostly triggered by the increase in the minimum wage in early 2021 and the return of persons involved in intervention measures back to employment. Furthermore, wage growth in the private sector is partly being affected by labour shortages in several activities (construction, hotels and restaurants and other diverse activities).

December 2021 saw the highest inflation rates over the last thirteen years. It amounted to 4.9% per year, its growth being mostly influenced by higher prices of energy products, durable and semi-durable non-energy industrial goods and food. The rise in prices was influenced by high prices of raw materials and energy products on world markets, as well as challenges in supply chains.

Annual growth in the prices of petroleum products slowed down slightly at the end of the year, but remained at 30%. On the other hand, prices of heat energy continued to grow, reaching the annual growth rate of 70% in December. At the end of the year, following a significant monthly growth, food prices went up by 4% at an annual rate. Durable goods prices rose steadily, mainly due to rising car prices, and stood at an annual rate of 6.5% at the end of the year. At the end of the year, prices of services remained at the rate of 1.5%.

The general government deficit and government debt have declined their share in the GDP, however nominal indebtedness is much higher than before the epidemic. The lower deficit than in 2020 is mainly a reflection of high revenue growth and lower expenditure growth. Revenue growth was almost 11% due to high economic growth and the resulting high final consumption and more favourable labour market conditions. In particular, tax revenues increased, which is also a reflection of the low 2020 base, just as the revenues from social contributions and non-tax revenues due to extraordinary revenues (arising from new borrowing and granted concessions for mobile phone licenses). In late reporting year, an increase in revenues from EU funds was also recorded. On the expenditure side, the growth of expenditure on subsidies decreased due to the expiration of a number of measures to mitigate the effects of the epidemic. However, expenditures corresponding to civil servants'

payments linked to the payment of allowances for working in risky situations during the epidemic, promotions and the implementation of the salary agreements, as well as investment expenditures, increased.

Finally, it should be emphasized that macroeconomic risks have remained significant since, due to the scale of the pandemic, employee absence from work and high energy costs are becoming a problem. In addition, rising inflation and, consequently, lower average real gross wages could hamper private consumption.

Slovenian insurance market in 2021

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

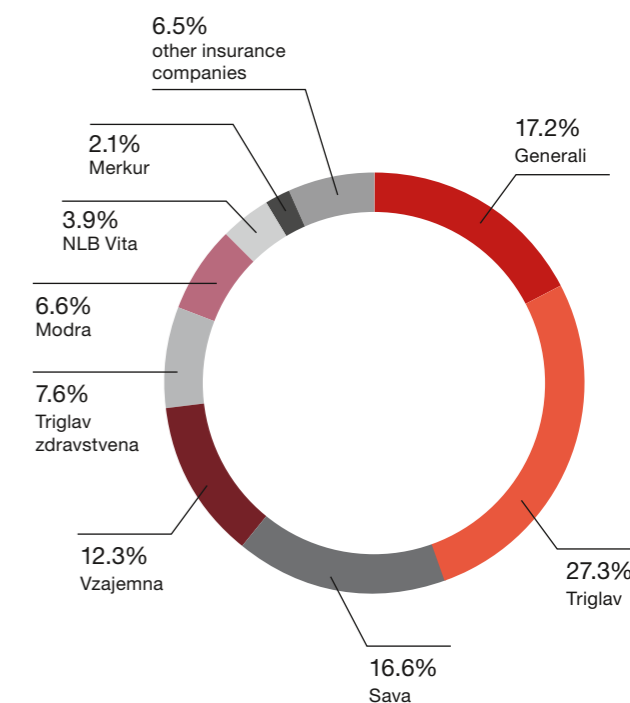
Despite the difficult macroeconomic circumstances, the Company recorded an increase in insurance activity. According to the data collected by the Slovenian Insurance Association, the gross written premium for 2021 amounts to 2.6 billion euros, which is 1.7% more than in 2020.

Written premium from non-life insurance totalled EUR 1,869 million (71.5%), while written premium from life insurance amounted to EUR 746 million (28.5%). Within non-life insurance, the highest growth was recorded in other damage to property insurance (18.1%), land motor vehicle insurance (5.8%), fire and natural disaster insurance (4%) and accident insurance (2.6%). Slight declines in premiums were recorded in other major insurance segments.

Written premiums from health insurance went down by 1.5% compared to 2020. In the area of life and pension insurance, unit-linked life insurance went up, while all other insurance classes recorded a decreased written premium.

The Slovenian insurance market was again last year marked by a high concentration rate. The five largest insurance companies held an 81% share of the insurance market. Generali zavarovalnica ranked second among the insurance companies on the market by holding a 17.2% market share.

The structure of the Slovenian insurance market in 2021



6.2 COMPANY'S OPERATIONS DURING THE PANDEMIC

The Company had to face a changed situation due to the covid-19 epidemic for the second year in a row. The Company continued to provide its employees with a safe working environment and uninterrupted remote working. The information solutions introduced in 2020 due to the epidemic were further improved and upgraded in 2021. Customers were given the opportunity to choose which way to arrange their insurance and even more products that customers could underwrite online were added. The Company informed customers and employees about current content and useful information through all channels.

The development of insurance products saw the addition of additional coverage allowing customers greater security during epidemic. Thus, due to high demand, COVID coverage was included in travel insurance TUJINA (Abroad), providing additional insurance coverage due to Covid-19 disease. In addition to covering the costs of treatment, the Company also covers the costs of extended accommodation in case of self-isolation due to coronavirus infection and transport home if the customer is unable to return due to self-isolation and infection as originally intended.

Due to limited personal contacts, we also offered a new Halo Doktor cover under the Specialists with Assistance insurance product at the beginning of 2021. This product covers the costs of a remote medical consultation. The service enables an immediate video call with a general practitioner or family doctor every day of the year, even at weekends or on holidays, from 6 am to 10 pm.

The pandemic reduced business activity in certain insurance segments, such as travel insurance. Measures to curb the spread of coronavirus reduced certain operating costs, such as travel, education and entertainment costs.

Despite the challenging circumstances, the Insurance Company managed to exceed the planned premiums in the field of non-life, life and health insurance and estimates that it performed well.

6.3 CAPITAL MARKETS

Overview of capital markets in 2021

The year 2021 was very successful for global stock markets, as the MSCI All Countries index gained more than 25% during the year. Yields varied widely between markets. While developed markets, led by the US, contributed the most to the remarkable growth, last year was much less successful for emerging markets. The world continued to grapple with the new coronavirus and its mutations, and Western economies again, after a long time, faced rising inflation, fuelled by rising consumption following the opening of economies and by bottlenecks in supply chains. Share price growth was based on a strong recovery in economic activity, excellent financial results of companies, loose monetary policy, the addition of liquidity to central banks and fiscal support from governments. The bond market remained unattractive. Despite the growth of required yields following the forecast of a tighter monetary policy towards the end of the year, bonds with shorter maturity remained at similar levels as at the beginning of the year, and inflation-adjusted yields on important government bonds are still deep in the negative zone, which further motivates investors to allocate funds to stock markets.

Developed markets

The USA have once again proved to be the most reliable choice among global stock markets last year, MSCI US, converted in euros, yielded an excellent 34% return, the market stood at the highest value of all times for as many as 70 trading days in a year, which happened only once so far. By May, half of the US population had received the

covid-19 vaccine and a large part of America's economy resumed in spring, following this successful vaccination campaign. The recovery was stronger than the forecast, demand exceeded supply, however supply chains were disrupted after the economy closure and, consequently, macroeconomic data soon started showing the first signs of rising inflation. The US Federal Reserve initially insisted that this was only a transient phenomenon, which should wane during the year, but in autumn it became clear that inflation would be more persistent than originally forecast. The FED responded by reducing the addition of excess liquidity and announcing a rise in key interest rates in the following year. This brought about a lot of volatility and rotation between sectors in the last weeks of the year. High returns were recorded in the energy and real estate sectors and, despite the declines in the last weeks of the year, in information technology sector again. The financial sector also performed well owing to the prospect of higher interest rates.

At the beginning of the year, the European economy lagged slightly behind the US in terms of growth. Vaccination of the population was problematic as the supply of vaccines was much slower than expected, and EU member governments largely remained reluctant to lift restrictive measures, leaving some industries vulnerable to the epidemic, especially tourism and catering, open to impact again in 2021. The continuation of the year was more encouraging. The vaccination rate was rising rapidly, monetary and fiscal stimulus measures achieved their purpose and most companies recorded encouraging annual results. The index of European companies ended the year with a good 22% return, with the banking and technology sectors excelling the most, and even the tourism industry, which performed worst, recorded a 4% growth. Among individual European countries, the Netherlands, Austria and the Scandinavian countries stood out, while the German DAX ended the year with an approximate growth of 15%. The year also ended in Europe with high inflation, best seen in higher food and energy product prices.

Emerging markets

Emerging markets fared much worse than developed ones, with MSCI BRIC closing in the red by 6.6%. The differences between individual countries were huge, but the movement of emerging market indices in 2021 was marked by China's problems. Namely, the Chinese communist government began to restrict its leading technology companies with various administrative measures in order to curb the monetization of users' personal data and prevent the monopolies of IT giants in China. At the end of the summer, the world was shocked

by the news of the possible bankruptcy of the real estate giant Evergrande, which is plagued by liquidity problems and the problems regarding the repayment of overdue interest on its debt. It soon became apparent that Evergrande was not the only company with such concerns, which points to cracks in China's economy, highly dependent on the real estate industry. All this has already been reflected in the poorer business results of companies, while forecasts of future economic growth look less encouraging than we have been accustomed to for China in previous years. India did much better, with a market return of 20%. Although the country was hit by a health catastrophe at the beginning of the year due to the outbreak of the epidemic and poor health care, the Indian economy recovered with a 8% annual GDP growth. Capital markets have recovered from broken confidence in China as investors sought an alternative. Mostly Indian technology stocks turned out to be advantageous. The prospects for economic growth in 2022 are also encouraging for India. Russia was again the focus of geopolitical attention. The build-up of military forces on the border with Ukraine and frictions over natural gas supplies to Europe have once again led to strained relations between the Kremlin and the West.

This led to an outflow of capital from the country, but high profits by companies in the energy sector kept the stock market in the green. On the other hand, the Turkish and Brazilian markets ended the year deeply in the red. In Turkey, the year was marked by high inflation, which exceeded the annual rate of 36% in December. In 2021, Turkish lira lost about 45% of its value due to a questionable response of economic policy to inflation against the dollar. Turkish stock indices, converted into major foreign currencies, ended the year with high losses. High unemployment rate, political uncertainty ahead of the presidential election in October this year and inflation have marked another loser in emerging markets in 2021 - Brazil.

Slovenia and the Balkans

Last year, the local market did very well, as the Slovenian SBITOP recorded an almost 40% growth and thus ranked among the most profitable markets in Europe. GDP exceeded the pre-epidemic level, business results of companies were very good and dividend yields remained high. The fact that more and more money from record-high bank deposits is being poured into the stock market is also encouraging, as this indicates the return of investor confidence. Among individual shares, NLB stands out with a 67% and Petrol with just under 60% return. Other economies in the region also recovered well, especially Croatia which, after a good tourist season, achieved an almost 10% GDP growth. The growth of economic

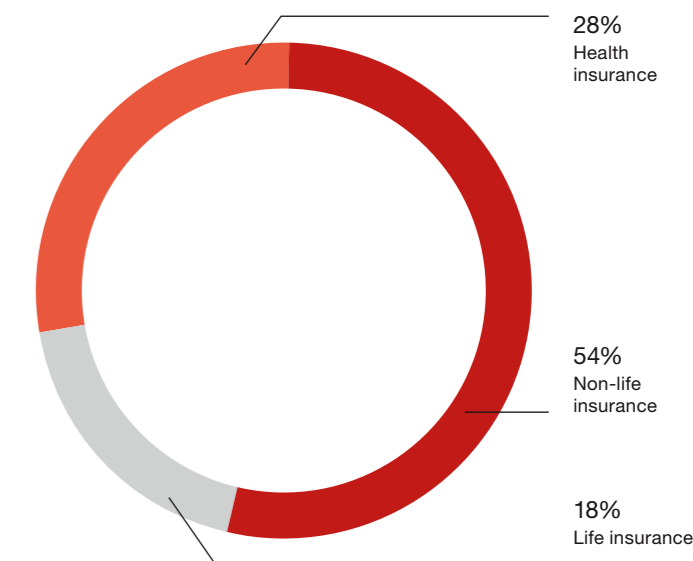
activity in Greece and Romania was also higher than forecast. It seems that the Western Balkans in particular could prosper in the near future owing to the trend of shortening supply chains, as some multinationals are already moving production closer to core of Europe.

6.4 ANALYSIS OF OPERATIONS OF GENERALI ZAVAROVALNICA D. D.

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

The written premium of Generali zavarovalnica totalled EUR 450.1 million, which represents an increase of 5.6% compared to the previous year. Premium from the non-life insurance segment accounted for the bulk of total written premium with a 53.9% structural share, followed by health insurance with a 27.6% share and life insurance with a 18.5% share.

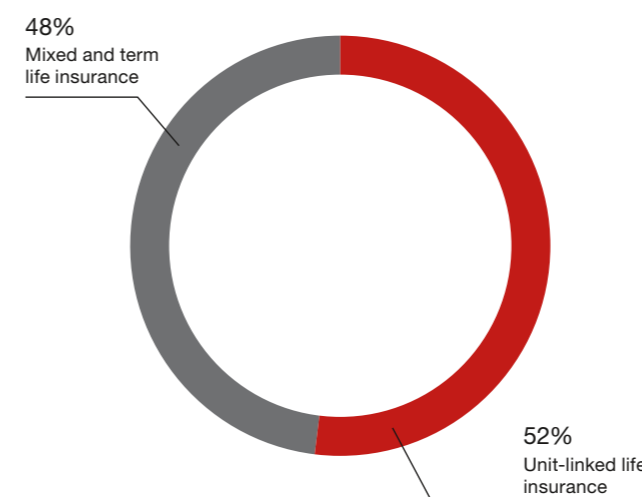
The structure of written premium by insurance class in 2021



Gross written premiums from insurance contracts, without accepted co-insurance (by insurance class)

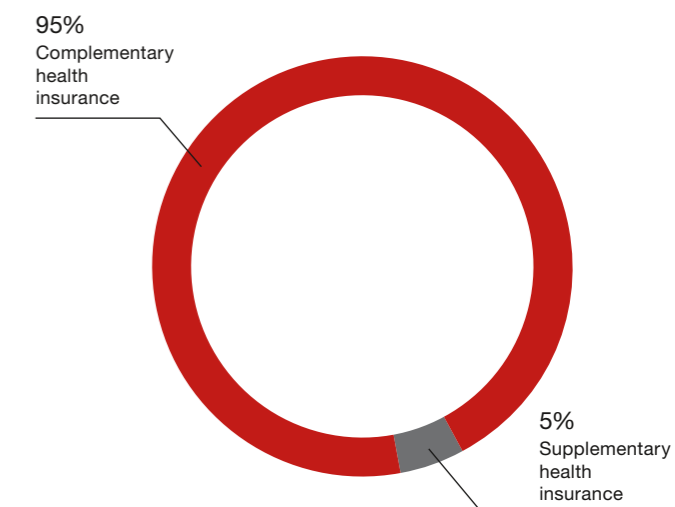
(in EUR)	1-12 2021	1-12 2020	Structure 2021 (in %)	Structure 2020 (in %)
Accident insurance	23,988,120	23,559,977	5.4	5.6
Land motor vehicle insurance	72,710,106	62,136,788	16.3	14.7
Fire and natural disaster insurance	33,272,092	31,475,640	7.4	7.5
Other damage to property insurance	23,605,478	22,433,348	5.3	5.3
Motor third party liability insurance	53,895,876	54,009,290	12.1	12.8
General liability insurance	17,028,412	15,690,082	3.8	3.7
Other insurance	13,805,634	12,566,367	3.1	3.0
Total non-life (other) insurance	238,305,718	221,871,492	53.4	52.5
Mixed and term life insurance	39,527,086	39,389,463	8.9	9.3
Unit-linked life insurance	43,678,570	44,984,129	9.8	10.6
Total life insurance	83,205,656	84,373,592	18.7	20.0
Health insurance	124,201,188	116,219,070	27.9	27.5
TOTAL	445,712,562	422,464,154	100.0	100.0

The structure of life insurance premium in 2021



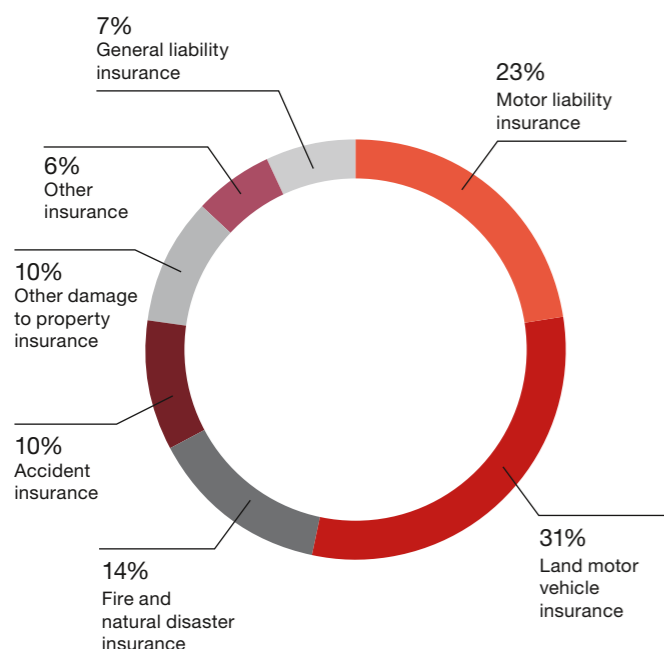
The life insurance premium amounted to EUR 83.2 million in 2021. A large share is represented by unit-linked life insurance with a structural share of 52%, while the rest is mixed and risk life insurance. A slight increase was recorded in the area of traditional life insurance types, especially in death insurance and additional life insurance types. The unit-linked life insurance premium decreased by 2.9%.

The structure of health insurance premium in 2021



Health insurance premium amounted to EUR 124.2 million in 2021, with a significant share being complementary health insurance. Compared to the previous year, health insurance premium was higher by 6.9%.

The structure of premium in non-life (other) insurance in 2021



The written premium of non-life insurance amounted to EUR 238.3 million. More than half of all premiums arise from car insurance, namely 23% from motor vehicle liability insurance and 31% from land motor vehicle insurance. 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 highest growth in premiums was recorded by land motor insurance, namely 17%. As a result, the share of these insurance types increased from 28 to 31% within the non-life insurance class. The Company achieved an increase in premiums thanks to upgrades to existing insurance policies, changes in the price list and procedures for accepting vehicles into insurance schemes.

The remaining main insurance classes also recorded growth compared to 2020, except for motor liability insurance, which remained at the level of the previous year, partly due to the increase in commercial discounts and despite the increase in the number of concluded insurance contracts.

Cross claims paid

Gross claims paid totalled EUR 263.0 million throughout 2021. The largest share of EUR 113.0 million is due to the non-life insurance claim. This is followed by claims paid in health insurance amounting to EUR 97.8 million and in life insurance with EUR 52.2 million claims paid.

Gross claims paid without accepted co-insurance (by insurance class)

(in EUR)	1-12 2021	1-12 2020	Structure 2021 (in %)	Structure 2020 (in %)
Accident insurance	8,650,853	8,070,198	3.3	3.4
Land motor vehicle insurance	40,524,960	36,920,988	15.4	15.4
Fire and natural disaster insurance	15,714,335	16,817,923	6.0	7.0
Other damage to property insurance	8,484,966	9,382,522	3.2	3.9
Motor third party liability insurance	28,369,615	25,777,864	10.8	10.8
General liability insurance	4,940,081	3,765,137	1.9	1.6
Other insurance	6,318,945	5,238,128	2.4	2.2
Total non-life (other) insurance	113,003,755	105,972,760	43.0	44.3
Mixed and term life insurance	19,296,054	18,599,001	7.4	7.8
Unit-linked life insurance	32,423,501	29,417,975	12.4	12.3
Total life and pension insurance	51,719,555	48,016,976	19.8	20.0
Health insurance	97,787,377	85,496,829	37.2	35.7
TOTAL	262,510,687	239,486,565	100.0	100.0

Analysis of operations of Generali zavarovalnica d. d. - Financial result and position

Financial result

The Company Generali zavarovalnica d. d. ended 2021 with a net profit of EUR 24.5 million, which is less than planned, but significantly more than in 2020 when it reported a net profit of EUR 5.7 million. Compared to the previous year, both the result of non-life and life insurance improved. The improvement in the non-life insurance result was due to the technical insurance result owed to higher net premiums and lower operating costs. The improved life insurance result is mainly a reflection of higher net premiums.

The Insurance Company exceeded the planned premiums both in the field of non-life and the fields of

life and health insurance. Compared to the previous year, net life insurance premiums increased the most (16.8%), followed by health insurance premiums (6.7%) and non-life insurance premiums (4.1%).

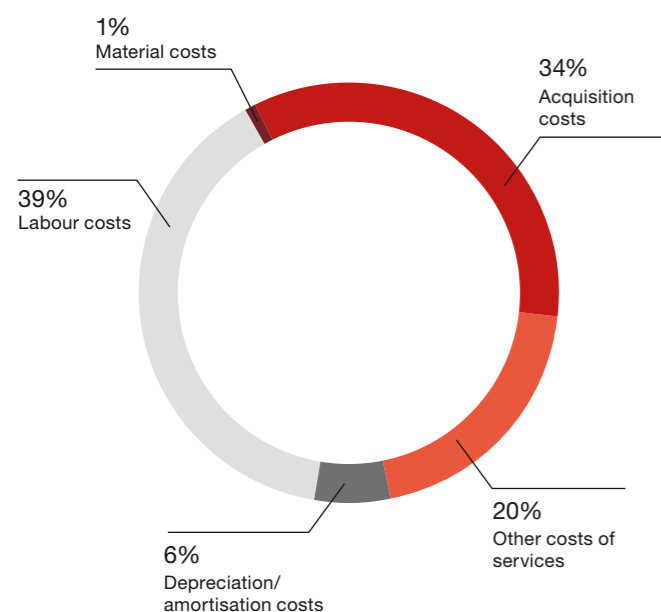
Income from investments increased significantly, mainly as a result of high growth in the capital markets. Compared to the previous year, fee and commission income also increased.

Operating costs are within the planned limits and lower than in 2020 by 4.7%, mainly as a reflection of lower costs of services. Other insurance expenses and other expenses were also lower.

Income statement

(in EUR)	Generali zavarovalnica d. d.		
	2021	2020	Index 2021/2020
REVENUES	497,793,315	412,389,217	120.7
Net premium revenue	413,319,851	385,962,089	107.1
Gross written premium	450,138,655	426,073,293	105.6
Ceded written premium	-31,159,710	-39,697,472	78.5
Change in unearned premium	-5,659,094	-413,732	1,367.8
Investment revenue	70,586,250	16,151,194	437.0
Other revenues from insurance operations	6,189,116	4,282,152	144.5
of which: Commissions receivable	6,189,116	4,282,152	144.5
Other revenue	7,698,098	5,993,782	128.4
EXPENSES	-468,830,977	-405,947,223	115.5
Net claims incurred	-277,230,824	-253,564,616	109.3
Gross claims paid	-274,739,684	-251,844,979	109.1
Reinsurers' and co-insurers' share	10,902,543	12,281,028	88.8
Changes in claims provisions	-13,393,683	-14,000,665	95.7
Change in insurance technical provisions for unit-linked insurance	-59,524,179	-2,434,939	2,444.6
Change in other insurance technical provisions and liabilities	-5,758,852	-10,622,926	54.2
Expenses for bonuses and discounts	-594,302	-145,678	408.0
Operating expenses	-104,370,344	-109,473,821	95.3
of which: Acquisition costs	-34,868,920	-39,058,920	89.3
Investments expenses	-1,779,739	-2,848,931	62.5
Other expenses from insurance operations	-12,287,039	-14,805,768	83.0
Other expenses	-7,285,699	-12,050,544	60.5
PROFIT BEFORE TAX	28,962,338	6,441,994	449.6
TAX	-4,421,528	-781,341	565.9
NET PROFIT/LOSS	24,540,810	5,660,652	433.5

The structure of operating expenses in 2021



Operating expenses amounted to EUR 104.4 million, which is a decrease of 4.7% against 2020. The positive deviation is recorded mainly in the cost of services, partly as a reflection of measures to curb the spread of coronavirus. As a result, the insurance acquisition costs, representation costs and the costs of transportation and postal services are significantly lower, which is also a consequence of the accelerated digitalisation of operations. The largest share is represented by labour costs, which amounted to EUR 41.1 million, and acquisition costs in the amount of EUR 34.9 million. These are followed by other costs of services and, to a lesser extent, depreciation/amortisation costs in the amount of EUR 6.3 million.

Financial position

As at 31 December 2021, total assets of the Company stood at EUR 1,243 million, which is an increase of 6.2% compared to the previous year. The bulk of the assets at 2021 year-end was accounted for by life insurance assets (61.6%), 36.1% by non-life insurance assets and the rest was intended for the implementation of health insurance activities.

The structure of assets

(in EUR)	Generali zavarovalnica d. d.			
	2021	in %	2020	in %
ASSETS	1,242,564,646	100.0	1,170,303,926	100.0
Intangible assets	7,467,031	0.6	7,072,882	0.6
Property, plant and equipment	30,597,366	2.5	31,434,688	2.7
Deferred tax assets	2,656,567	0.2	2,562,695	0.2
Investment property	10,064,777	0.8	10,885,982	0.9
Financial assets and financial investments in subsidiaries and associated companies	43,379,160	3.5	45,172,441	3.9
Financial investments	582,165,824	46.9	576,375,156	49.3
Loans and deposits	7,948,281	0.6	5,925,099	0.5
Held to maturity	9,541,236	0.8	10,848,153	0.9
Available for sale	560,210,312	45.1	555,874,901	47.5
Recognised at fair value through profit and loss	4,465,995	0.4	3,727,003	0.3
Unit-linked insurance assets	436,136,464	35.1	377,152,599	32.2
Reinsurers' and co-insurers' share of insurance technical provisions	37,788,543	3.0	38,375,253	3.3
Assets from financial contracts	28,095,456	2.3	22,723,309	1.9
Receivables	43,483,790	3.5	39,383,873	3.4
Receivables from direct insurance operations	33,729,406	2.7	30,070,675	2.6
Receivables from reinsurance and co-insurance operations	4,678,875	0.4	4,993,898	0.4
Current tax receivables	0	0.0	224,982	0.0
Other receivables	5,075,509	0.4	4,094,318	0.3
Other assets	9,063,918	0.7	8,687,807	0.7
Cash and cash equivalents	11,665,749	0.9	10,477,241	0.9

Total investments accounted for EUR 1,112 million or 89.5% of total assets. As at the 2021 year-end, EUR 436.1 million was accounted for by unit-linked insurance assets, EUR 582.1 million by other financial investments, EUR 43.4 million by financial investments in Group members, EUR 10.1 million by investment property, EUR 28.1 million by assets from financial contracts (pension insurance) and EUR 11.7 million by cash and cash equivalents.

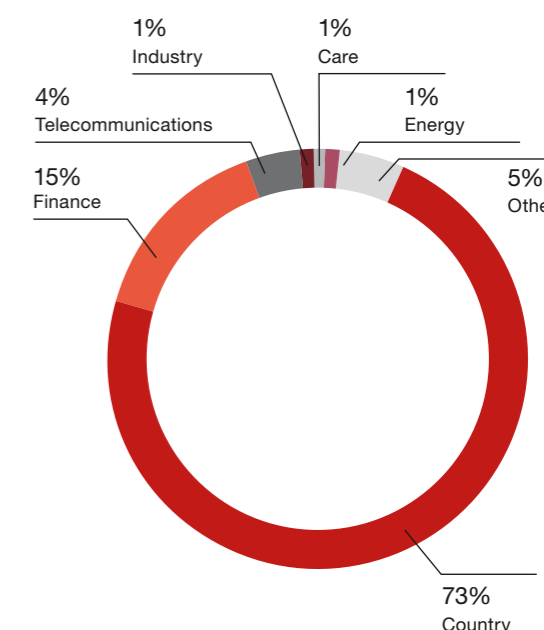
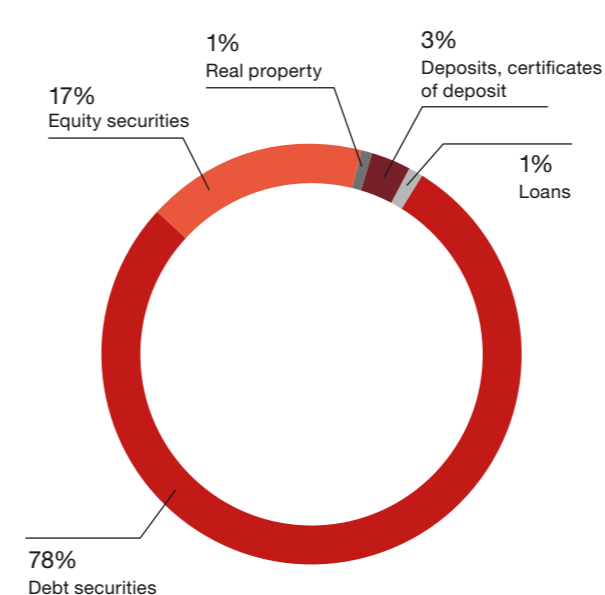
As at 31 December 2021, the value of property, plant and equipment and long-term intangible assets totalled EUR 38.1 million. The former accounted for 2.5% and long-term intangible assets for 0.6% of total assets. The amount of insurance-technical provisions ceded to reinsurance/coinsurance amounted to EUR 37.8 million.

The structure of liabilities

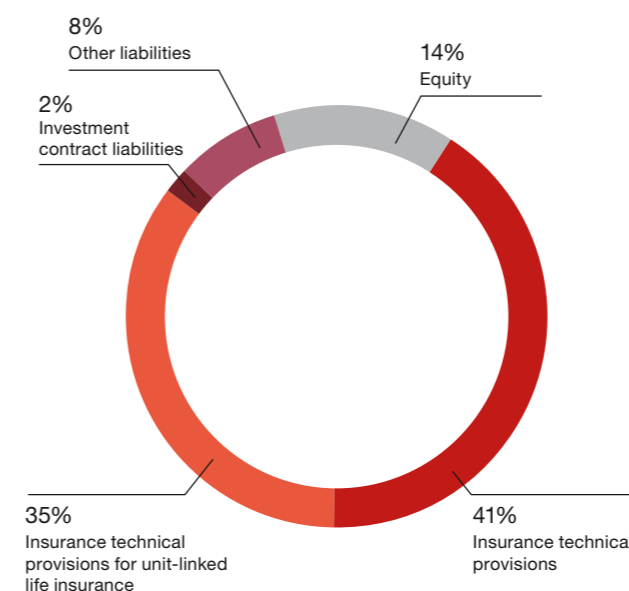
(in EUR)	Generali zavarovalnica d. d.			
	2021	in %	2020	in %
LIABILITIES	1,242,564,646	100.0	1,170,303,926	100.0
CAPITAL	169,238,896	13.6	157,621,895	13.5
Capital and reserves attributable to majority shareholders of the Company	169,238,896	13.6	157,621,895	13.5
Called-up capital	39,520,347	3.2	39,520,347	3.4
Share premium	50,940,548	4.1	50,940,548	4.4
Reserves from profit	9,479,165	0.8	9,480,332	0.8
Own shares/interest shares (deductible)	11,619,961	0.9	13,011,847	1.1
Net profit brought forward	33,153,482	2.7	40,089,291	3.4
Net profit or loss for the period	24,525,393	2.0	4,579,529	0.4
Subordinated issued bonds	0	0.0	49,779,308	4.3
Insurance technical provisions	506,272,422	40.7	487,858,351	41.7
Unearned premium	83,055,051	6.7	77,576,931	6.6
Insurance technical provisions for life insurance	174,609,663	14.1	173,006,698	14.8
Claims provisions	217,014,439	17.5	204,001,697	17.4
Other insurance technical provisions	31,593,269	2.5	33,273,025	2.8
Insurance technical provisions for unit-linked life insurance	434,368,201	35.0	374,826,788	32.0
Other provisions	5,659,434	0.5	5,978,256	0.5
Deferred tax liabilities	1,735,239	0.1	2,120,141	0.2
Investment contract liabilities	28,095,456	2.3	22,723,309	1.9
Other financial liabilities	34,789,750	2.8	4,194,793	0.4
Operating liabilities	34,646,303	2.8	38,027,910	3.2
Other liabilities	27,758,944	2.2	27,173,176	2.3

As at the end of the 2021 reporting period, total equity amounted to EUR 169.2 million. The proportion of equity in total assets stood at 13.6% as at 31 December 2021.

The structure of Company assets by type as at 31 December 2021 (excluding unit-linked insurance assets)



The structure of liabilities of the Company as at 31 December 2021



On the liabilities side, the insurance-technical provisions totalled EUR 940.6 million as at the end of 2021, with their share in total assets of 75.7%. Within the insurance-technical provisions, the insurance technical provisions for unit-linked insurance was EUR 434.4 million. Other insurance technical provisions amounted EUR 506.3 million.

As at 31 December 2021, operating liabilities stood at EUR 34.6 million, while the liabilities from financial contracts were recognized in the amount of EUR 28.1 million. Based on accrued expenses, other liabilities stood at EUR 27.8 million.

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It is nice to know that someone will be by your side, no matter where your life path takes you. Well, my reliability's name is Matjaž.

*Urška and Matjaž,
Generali policyholders for
more than 10 years*

7. RISK MANAGEMENT AND INTERNAL AUDIT

7.1 RISK MANAGEMENT

Generali zavarovalnica maintained its excess capital adequacy. In 2021 the Company prematurely revoked a subordinated bond Class 2 in the nominal amount of EUR 50 million in May and at the same time took out a new subordinated loan, also in Class 2, in the amount of EUR 30 million, under more favourable financing conditions.

Despite the reduction of Class 2 eligible own funds, the capital adequacy of the Insurance Company in 2021 remained within the target range of risk appetite. In November, the Insurance Company paid dividends for 2019 and 2020, whose payment had been withheld until then, in accordance with the call of the Insurance Supervision Agency to ensure financial stability during the covid-19 epidemic.

In the third quarter of 2021, based on the assessment of operations for 2021 and projections until 2024, a capital adequacy projection was carried out for this period. The projection showed that the Company would demonstrate excess capital adequacy and excess risk appetite throughout the business-planning period.

The Company will publish its 2021 Report on Solvency and Financial Condition of the Company in April 2022, 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 will be reviewed by an independent external auditor.

In 2021, in line with the Generali Group's strategy, the Insurance Company introduced an expanded a more detailed framework for monitoring and managing cyber risks. Due to the situation on the financial markets, the Insurance Company continued to implement consistent market risk management and further tightened the parameters of internal stress testing of liquidity risks. In the context of non-financial risks, the Company is paying more and more attention to sustainability risks.

7.1.1 Risk management system

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

The purpose of the risk management system is to ensure adequate and effective management of all risks the Insurance Company is exposed to, based on a defined risk management strategy, using a set of processes and procedures and based on clear management provisions.

The principles that define the risk management system are set out in the Risk Management Policy, which is the basis of all risk-related policies and guidelines. The Risk Management Policy addresses risks to which the Group is exposed to, on current and forward looking basis.

The risk management system is managed and supervised by the Management Board and designed not only to identify potential events which may have a negative impact on the Company, but also to manage risks in the Company within 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.

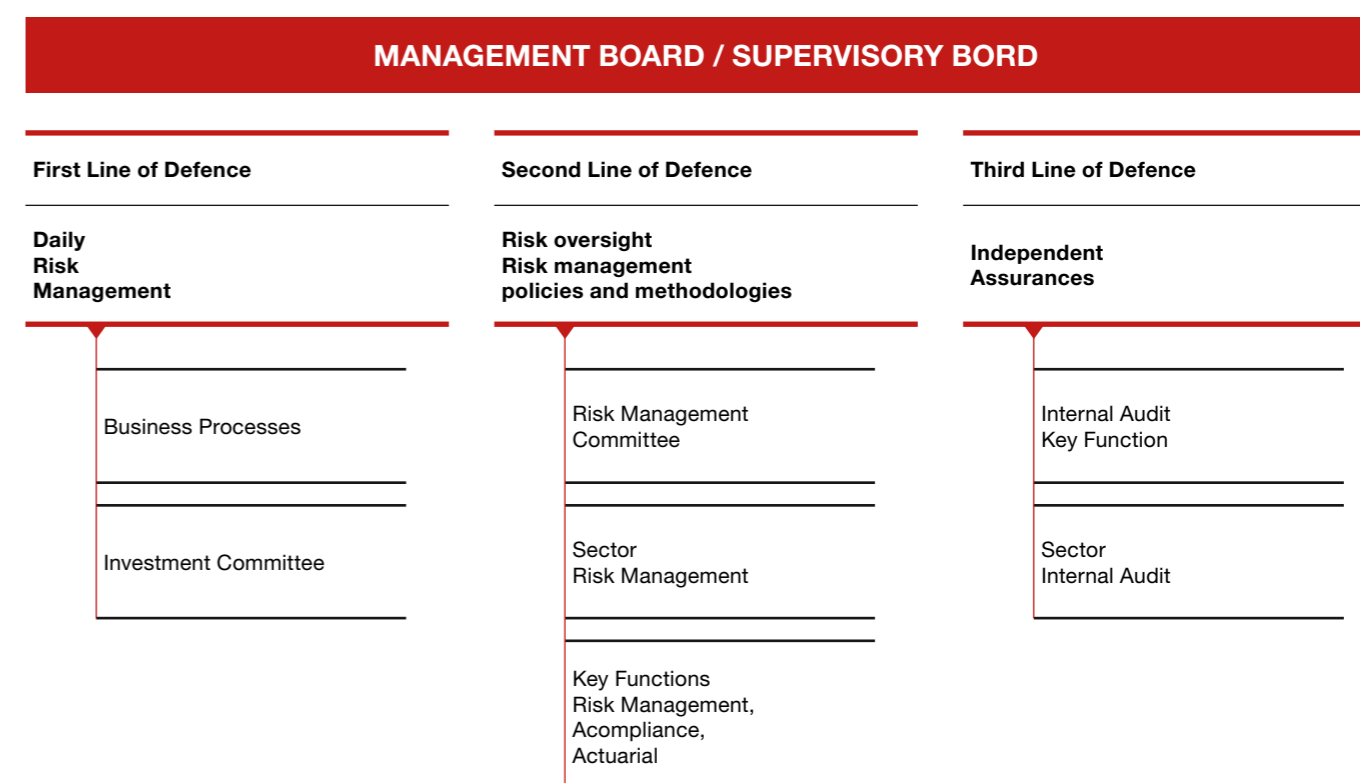
In accordance with the three lines of defence system, the risk management process is implemented throughout the entire Company. The first line of defence, which includes all business processes in the Company (or their owners) and various committees in the company, is responsible for regular operational management of risks arising from the processes or being a result of these processes. Risk owners therefore assume risks and are responsible for ongoing identification, evaluation, 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 includes the Internal Audit Function which is responsible for an independent evaluation of the efficiency and effectiveness of the activities of the internal control system and the risk management system, for providing assurances on their adequacy to the Company's Management Board and Supervisory Board and for providing timely and objective recommendations for improvements to both systems.

The three lines of defence against risk



7.1.2 Risk Management Process

Risk management means the identification, measurement and evaluation, management 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 has developed specific risk management action plans, which include internal risk management procedures, risk management measures and internal procedures for their implementation, as well as internal procedures for monitoring the implementation of risk management measures.

- 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 evaluation, which includes the preparation of quantitative and/or qualitative evaluations of 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 liability, frequency and manner of risk monitoring;
- risk reporting, which includes regular and extraordinary reports and the frequency of reporting.

7.1.3 Definition of Risk Categories

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

The **risk of ensuring appropriate capital adequacy** is the material risk of the Company in which, directly or indirectly, all the other mentioned types of risk are reflected. It is the risk that the capital of the Company is insufficient to cover all the risks assumed. Namely, capital risk relates to inappropriate structure and amount of capital in relation to the volume and manner of operation 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 types are discussed in greater detail in Section 6 of the financial part of the Report.

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, spread widening 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 meet 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.

Within non-financial risks, the insurance company also deals with **sustainable risks**. These are risks related to environmental, social and governance (ESG) events or conditions which may have a significant negative impact on the invested funds of companies and their responsibility. If realized, these risks may have a significant negative impact on the invested assets of companies and their liability, which in turn has a negative impact on the value or performance of investments. Identifying sustainable risks which may significantly affect the value of our investments is a duty we have to our stakeholders and investors.

Both the Insurance Company and the Generali Group believe that the proactive integration of important ESG factors into the investment process in all asset classes will help achieve both financial return and social well-being. The Group has, therefore, defined investment governance that ensures the adoption of responsible behaviour and reduction of exposure to issuers whose behaviour is not in accordance with the principles of the Group.

In addition to the risks described above, the Insurance Company regularly monitors **emerging risks**. These are risks that may still be developing or that already exist, are difficult to quantify, but can have a significant impact on business. In 2021, the Insurance Company highlighted the following emerging risks: the risks of climate change and natural disasters, the risk of digital transformation and the risk of geopolitical instability.

Risks deriving from climate change are generated by an excessive increase in CO₂ and other greenhouse gas emissions that affect the planet's climate and cause progressive global warming. Risks deriving from climate change can be grouped into three main categories:

Physical risks, resulting from increasingly destructive catastrophic events due to rising temperature, such as storms, floods, droughts;

Transition risks, deriving from more or less sudden changes in market factors (such as consumer preferences, climate regulations and policies and new technologies) and resulting from the transition to a greener economy with reduced or almost eliminated greenhouse gas emissions;

Risks related to controversies, arising from environmental legal cases and/or due to the inadequate environmental disclosure.

The Generali Group has launched a dedicated project to identify, measure, manage and report on transition risks and physical risks which the balance sheet and investments may face based on different climate scenarios. The aim is also to better understand which industries and companies are most exposed due to their activity and geographical location.

The main risk associated with **digitalisation** remains the cyber threat resulting in operational, legal and reputational consequences. The need for cybersecurity is constantly increasing.

Digital acceleration is aggravating the already perceived digital gap, which affects a more vulnerable part of the population, those with weaker socio-economic status, unconnected geographical locations and workers who need upskilling and retraining.

Artificial Intelligence (AI), with all its ethical implications, and the Internet of Things (IoT) are the two most visible manifestations which raise many questions about the future of work, data ownership, responsibility and the wider health and social consequences. The growing trend of a more digitalized workforce is leading to a reduction in bodily injuries while increasing mental stress and mental illness.

The Insurance Company keeps pace with the latest technologies and protects itself from new threats and continues to strengthen its ability to detect, prevent and respond to potential cyber-attacks by implementing the most innovative security solutions and continuous process improvements.

Increased risks of geopolitical instability - such areas are characterized by protectionism, military conflicts, large-scale migration, growing social inequality and populism, increased activity of extreme movements, and international cooperation is threatened.

Geopolitical tensions have a direct impact on financial instability, along with the potential to cause business interruptions, supply chain failures, trade wars and other tensions in the economic environment. Pressure on prices and reserves of food, water, energy and other raw materials, while rising unemployment rates can spark market and social unrest and reduce confidence in financial markets, whereby reducing appetite for financial products.

The Company and the Group closely monitor developments around the world. At the annual level, the Company adopts the Framework Definition of Willingness to Accept Risks, which enables effective selection of risks by determining which risks need to

be avoided, which can be accepted and which need to be eliminated completely. The key indicators that guide the Company in risk management are determined, as well as supervisory and escalation activities.

7.1.4 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 business-related activities. After the strategy is created, the supervisory mechanisms are set up enabling the strategy to be implemented by optimally implementing the key value factors and by effectively managing the risks arising from these factors within all Company processes.

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



The basic concept of the risk management strategy is to determine the appropriate risk appetite (framework definition of willingness 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 willingness to accept risk represents, at the Company level, the total amount of risk which the Company is willing to accept in the pursuit of its mission and vision, business and strategic goals. The framework definition of willingness 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 willingness 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 willingness to accept risk is expressed in the form of statements and metrics.

The two most important risk appetites, which are consistently measured by means of selected indicators, are solvency and liquidity. Tolerances are set for both indicators and they are updated annually.

Tolerance is defined as »soft tolerance« when its exceeding means that the Insurance Company operates below its risk appetite in terms of solvency, or »hard tolerance« when its exceeding means that the Insurance Company operates far from the established risk appetite and, consequently, accepts unacceptable levels of risk. In the event that both tolerances are exceeded, the Insurance Company has a predetermined set of possible measures, presented in the table below, in addition to the quantitatively determined tolerance thresholds applied by Generali Insurance Company.

Apart from both tolerances, the desired target range of capital adequacy is also determined.

TOLERANCE	THRESHOLD	POSSIBLE MEASURES IN THE EVENT OF EXCEEDING
Upper Limit	170%	Inclusion of riskier investments in the portfolio, additional growth of insurance portfolios, reduction of capital (redemption of subordinated debt, additional dividend, share buy-back)
"Soft Limit"	150%	Reinsurance programs; portfolio protection strategies (divestment of riskier investments, change of investment structure), securitization...
"Hard Limit"	110%	All measures in force in case of violation of the soft limit and additional reduction of rewards to the company senior management and suspension of the payment of dividends
Regulatory Limit	100%	Initiate the implementation of the recovery plan

Similarly, tolerances are determined in the case of liquidity, taking into account an additional, stress scenario.

Exceeding of the »soft tolerance« means that the Insurance Company operates below its risk appetite in terms of liquidity, exceeding of the »hard tolerance« means that the Insurance Company operates far from the established risk appetite and, consequently, accepts unacceptable levels of liquidity risk. Soft and hard tolerances are also set for the stress scenario, where the exceeding would mean that the Insurance Company would act outside its risk appetite in the event of a stress scenario.

In the event liquidity tolerances are exceeded, the Insurance Company has a predetermined set of possible measures. These are presented in the table below, in addition to the quantitatively determined tolerance thresholds applied by Generali Insurance Company.

TOLERANCE	THRESHOLD	POSSIBLE MEASURES IN THE EVENT OF EXCEEDING
" Soft Limit "	-2,50%	Restructuring of investment portfolios into more liquid ones, activation of credit lines, issuance of bonds within the Group, intra-Group loans.
" Hard Limit "	-5,00%	Immediate implementation of measures set in violation of the soft limit.
"Soft Stress Limit"	-2,50%	It is an early warning indicator that an insurance company could violate its liquidity tolerances in the event of stress. The implementation of measures is not necessary.
"Hard Stress Limit "	-7,50%	Measures are envisaged, similar to the ones for basic hard and soft tolerances, to be implemented in the event of the occurrence of a scenario.

Permissible risk limits represent the maximum risk that the Company is willing to accept in relation to each risk category to achieve business and strategic goals while the Company keep acting cumulatively within the defined risk appetite. Operational limits refer to day-to-day business decisions. Operational limits are set in more detail for:

- Investment activity, in particular for concentration risk, currency risk and credit risk, and for individual investment classes (investment portfolio structure) or types of transactions;
- Concentration of insurance portfolios, exposure to assumed insurance risks and to reinsurers;
- Operational risk assumption limits, separately for the portfolio of non-life insurance and life insurance by LoB;
- Liquidity by types of assets/investments.

7.1.5 Own Risk and Solvency Assessment

As one of the integral parts of its business strategy, the Company specifically plans its capital requirements and the available capital so as to reflect all material risks the Company is exposed to. 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 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 business 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.

7.1.6 IT-related safety risk management

In 2021, within the framework of the CSTP 2.0 Cyber Security Transformation Program Project, the Generali Group carried out various activities to improve the management of security risks in the field of IT. The Company implemented a comprehensive network access control (NAC) solution providing an additional level of wired and wireless network protection. We completed the integration of the information system with the Group's Security Information and Event Management (SIEM), thus connecting to the Group's Security Operations Centre (SOC) which monitors events in our information systems 24/7 and regularly informs us about detected potential security events.

Adequate security of access to information systems is also an important part of security. The renovation of the identity and access management process is underway, with special emphasis on the management of privileged accounts, as well as the implementation of a solution to protect the confidentiality of data within critical infrastructure (databases). Encryption of all laptops and other portable media is provided to ensure data security on terminals.

We regularly raise awareness of our employees in the field of safety through regular training, current information on safety and phishing campaigns.

Several security and cyber self-assessments were performed, within which we identified some of the IT risks, which are recorded in the IT risk management tool. IT risks are also identified in IT audits and ad-hoc. Moreover, in accordance with the Digital Risk Management Guideline, we are introducing a digital risk management process.

7.2 INTERNAL AUDIT

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 the internal audit director who directly reports to the Management Board, the Audit Committee and the Supervisory Board of the Company on the performed tasks and operations, which guarantees the independence of its functioning.

Internal Audit assesses the effectiveness and efficiency of the internal control system and all other elements of the management system, provides assurances on their operation to the Management Board, the Audit Committee and the Supervisory Board of the Company. A part of the tasks of internal audit is to advise in these areas by making recommendations to address deficiencies and to make improvements within the framework of audits and consulting activities. It carries out its activities on the basis of an annual plan and a strategic plan of the function prepared on the basis of a risk assessment and taking into account the company's business strategy. The annual and strategic internal audit plans are adopted by the Management Board in agreement with the Company's Supervisory Board.

Internal auditing was carried out in accordance with the requirements of the Insurance Act (ZZavar-1) and other legislation, with the Hierarchy of Internal Auditing Rules issued by the Slovenian Institute of Auditors, with the internal documents of the Company and the Generali Group Internal Audit.

In accordance with the requirements of the professional rules of internal audit, Internal Audit develops and maintains a programme for ensuring and maintaining the quality of internal audit. Within this programme, internal audit is subject to regular internal and external evaluations of the quality of performance.

The Company's Internal Audit also provides internal audit services to the Company's subsidiaries, which are required by law to provide an internal audit function.

In 2021, the Internal Audit carried out its activities based on the 2021 annual work plan, which was adopted by the Management Board of the Company after receiving the approval of the Supervisory Board.

The key activities of the internal audit comprised the performance of audits, monitoring and verification of the implementation of recommendations, monitoring of the Company's operations and cooperation with key functions within the Company.

In performing audits, the focus was on the areas which represent higher potential risks for the Company and on the areas that Internal Audit is required to review annually in accordance with sectoral legislation. The findings of the audits, recommendations and their implementation were regularly reported by the Internal Audit to the Management Board, the Audit Committee and the Supervisory Board. The Internal Audit also prepared half-yearly and annual internal audit reports.

In 2021, the Company's Internal Audit provided internal audit services in the companies Generali Investments d.o.o. Ljubljana, Generali Investments d.o.o. Zagreb, Croatia, and Generali Investments AD Skopje.



8. ORGANISATION AND EMPLOYEES

8.1 ORGANISATION AND ORGANISATIONAL STRUCTURE OF GENERALI ZAVAROVALNICA

Generali zavarovalnica d. d. is part of the wider insurance Generali Group and as such is obliged to comply with the rules of the parent company, taking into account and respecting national legislation, byelaws, internal acts and other regulations that bind it.

The Company is organized into 17 segments, namely sectors, departments and functions. 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. The Claims Management sector, which deals with car, property, personal, corporate and international claims, is widely branched. Product development takes place within the Insurance Techniques sector.

We are available to our customers in the most extensive sales network throughout Slovenia in 189 own branches and branches of our exclusive business partners with more than 850 insurance agents. The largest branches can be found all Slovenian regional centres: Ljubljana, Koper, Nova Gorica, Postojna, Kranj; Maribor, Celje, Ptuj and Murska Sobota.

We also provide insurance and services in more than 140 points of sale with our non-exclusive partner agencies, through banks and at the points of sale of other business partners such as vehicle control stations, financial companies, insurance intermediaries, leasing companies, car repairers and vehicle dealers, as well as online (G24 and WIZ).

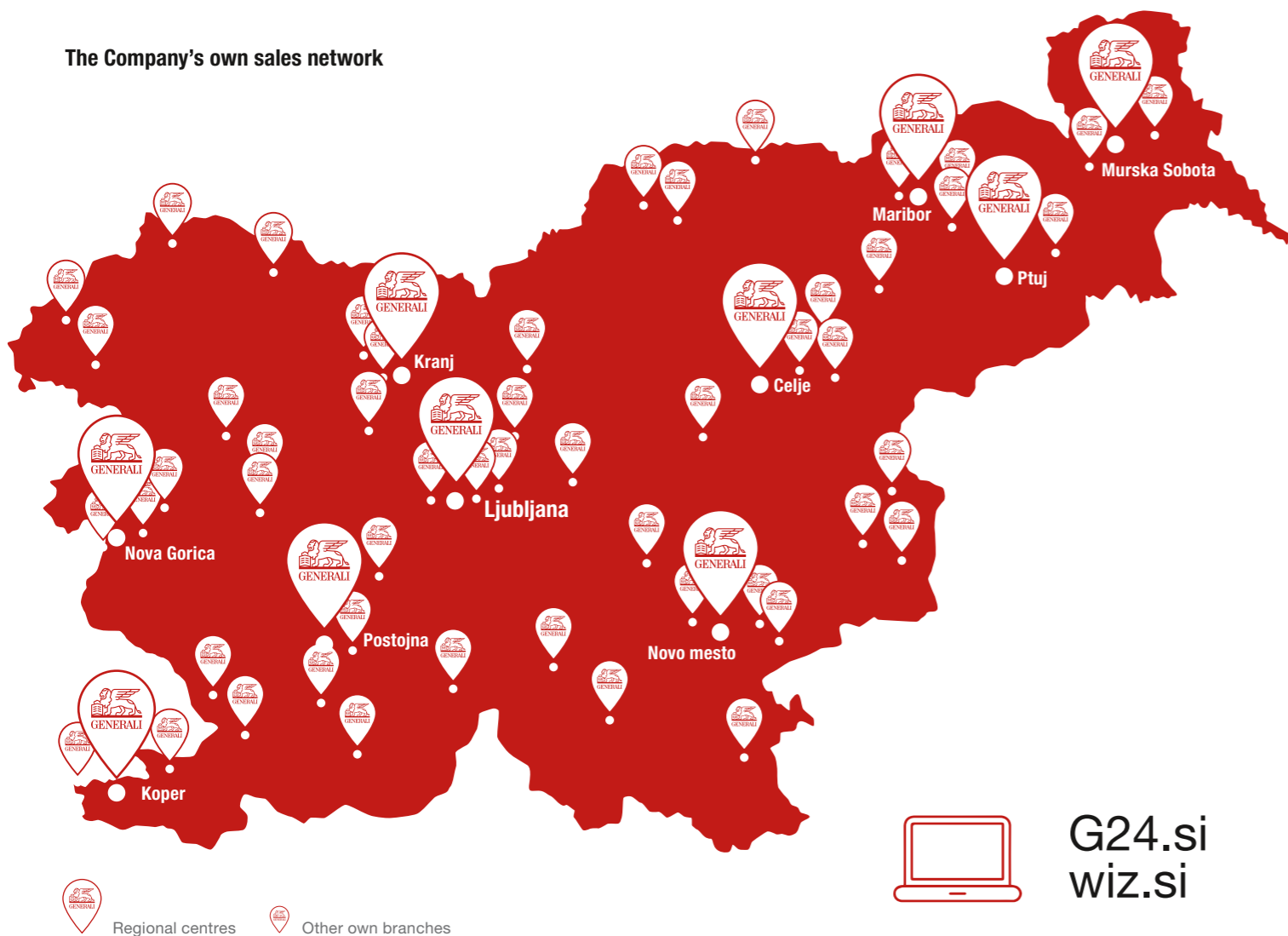
We place customers at the centre of our operations and, together with other business functions in the Company, provide them with a comprehensive range of products and services, an omnichannel approach and a comprehensive user experience.

The changed situation during the epidemic has accelerated the digital transformation in sales, not only in the development and introduction of tools and solutions for remote working, but also in identifying opportunities related to a combination of personal and virtual collaboration and communication with customers who may select their preferred route to handle insurance transactions.

Organisational scheme of Generali zavarovalnica, with subsidiaries (31 December 2021)

Generali zavarovalnica d. d.			
SECTORS	DEPARTMENTS	FUNCTIONS	SUBSIDIARIES
Insurance Techniques	Marketing and PR	Risk Management	Generali Investments d. o. o.
Finance	Administrative Support to Business	Actuary for Life Insurance	Ambulanta Zdravje d. o. o.
HR	Customer Support	Actuary for Non-Life insurance	Prospera d. o. o.
IT and Business operations		General Counseling	Lev registracija d. o. o.
Claims Management		Compliance	
Regular Sales network		Internal Audit	
Contract Sales Network			
Corporate Sales and Online Sales			

The Company's own sales network



Online tools and digitally visible agents are available to customers at any time and through various channels. The Insurance Company offers the agents all the support and tools enabling them to stay in close contact with customers on social networks – there, where their customers are.

The ambitious strategic goals we have set ourselves in the field of human resources and the desired Company culture can only be achieved by competent, committed and satisfied employees.

A large portion of human resources activities was thus dedicated to commitment to a lifetime partnership, to

digitalisation in the HR Sector and to education and training of employees, with special emphasis on the development of skills for virtual communication and cooperation, virtual leadership and adaptation to new normality by introducing a hybrid work environment.

8.2 GENERALI IS ITS PEOPLE

Generali zavarovalnica d. d.	Number of employees				Difference	
	2020		2021		2021/2020	
	per person	FTE	per person*	FTE**	per person	FTE
	1,340	1,315.30	1,305	1,283.43	-35	-31.87

* The number of employees as at 31 December 2021.

**FTE – The number of employees in relation to the share of employment in the Company.

On 31 December 2021, the Generali zavarovalnica had 1,305 employees. Taking into account the employment share, 1,283.43 employees worked in the Company.

8.2.1 Demographic and other characteristics of Generali zavarovalnica employees

Employee data are given as at 31 December 2021.

At the end of 2021, Generali had 1,305 employees, of which 95% worked full-time and 5% part-time. Most of our employees were employed for an indefinite period (98%).

Working hours	No.	%
Full-time	1238	95
Part-time	67	5
Total	1305	100

Employment Contract	No.	%
Indefinite duration	1277	98
Fixed-term	28	2
Total	1305	100

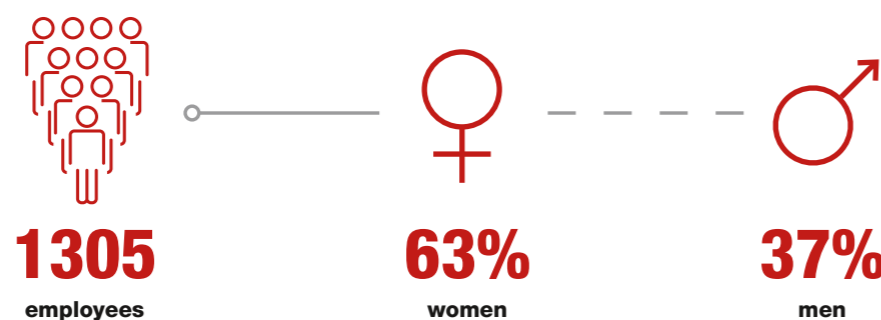
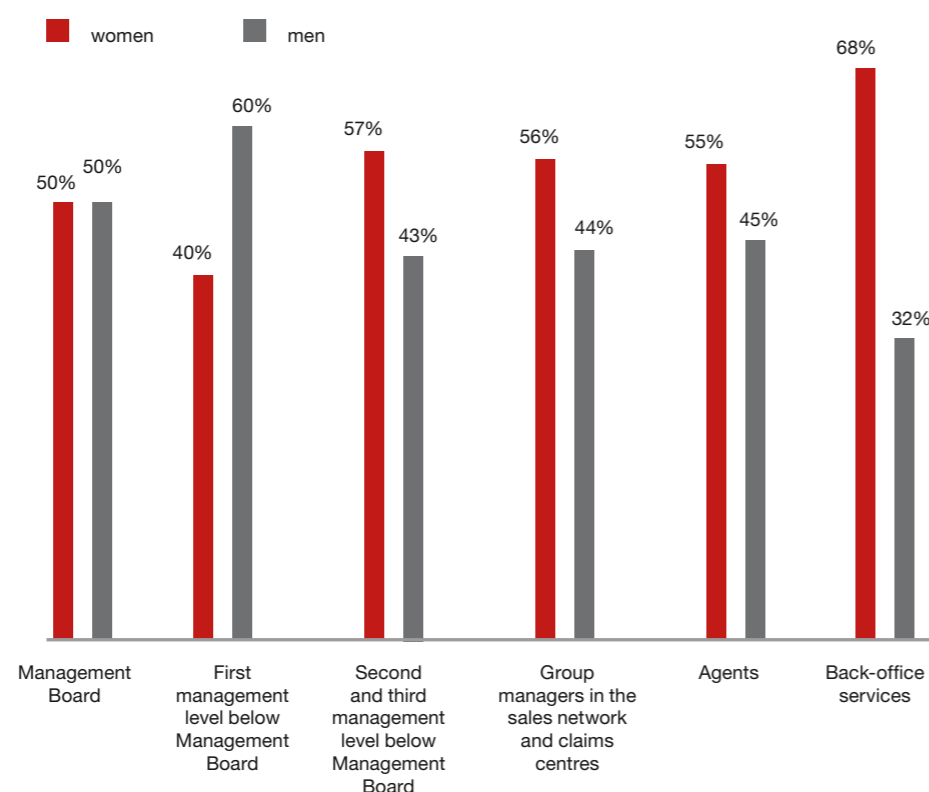
Our employees are spread at various locations across Slovenia, with the largest share working in Ljubljana (42%) and Koper (19%):

Locations	No.	%
Ljubljana	547	42
Koper	253	19
Maribor	111	9
Celje	75	6
Kranj	46	4
Nova Gorica	46	4
Murska Sobota	43	3
Novo mesto	42	3
Ptuj	27	2
Postojna	24	2
Other locations	91	7
TOTAL	1305	100

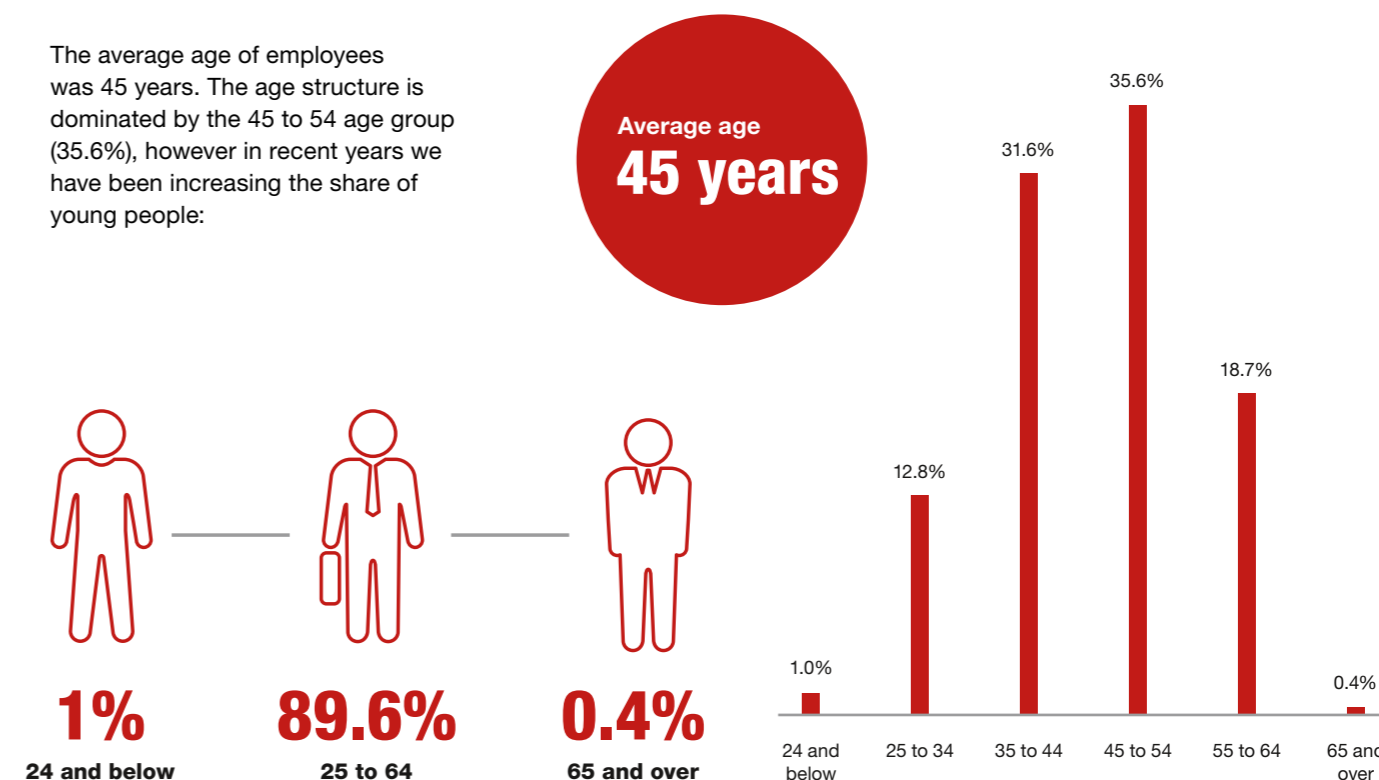
According to the level structure and type of work, the Insurance Company has 9% of senior and middle management staff, 2% of sales group managers and claims centre managers, 25% of agents and 63% of employees in the back offices:

Company Structure	No. of employees	Share (in %)
Management Board	4	0,3
First management level below Management Board	19	1
Second and third management level	100	8
Group managers in the sales network and claims centres	32	2
Back-office services	824	63
Agents	330	25
TOTAL	1305	100

Among the Company staff, 63% were women and 37% were men, the share of women by level is also predominant:



The average age of employees was 45 years. The age structure is dominated by the 45 to 54 age group (35.6%), however in recent years we have been increasing the share of young people:



The largest share (as many as 46.4%) of the employees of Generali zavarovalnica has completed level VII or higher education:

Level of education	2019	2020	2021
	Share (in %)	Share (in %)	Share (in %)
Level I-IV	3.4	3.3	3.2
Level V	37	36.7	36.6
Level VI	13.5	13.3	13.8
Level VII	42.9	43.7	44.3
Level VIII-IX	3.2	3	2.1
Total	100	100	100

8.2.2 Strategic focus of the human resources area in 2021

The year 2021 was marked by several strategic activities: systematic development of employees with emphasis on the development of lifetime partnership

skills, final digitalisation of the HR area and introduction of new models of management by objectives, annual interviews and management of potential employees, agile transformation activities, continuation of the Remotely Connected programme, further development of the hybrid work environment, measurement of employee engagement, intensive focus on measures to develop sustainability and focus on diversity and inclusion.

8.2.3 Employee education

Both with our clients and in the development of and care for our employees, we follow our lifetime partnership commitment, which means that we stand by our employees and develop their skills throughout their employment cycle. We provide them 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 umbrella of the Generali Academy (GAS). We are proud of the company-internal transfer of knowledge, provided by internal lecturers.

In 2021, a new system of digitalised annual interviews was introduced to systematically collect training needs

and prepare an annual training schedule in line with the strategic direction of development of competences of the future. In 2021, our full-time employees received 60,350 hours of training, of which 8,023 hours were allocated to management training. Each employee attended at least one training session in 2021, and each employee received an average of 46.24 hours of training. We carried out 11,185 hours of training for our contractual partners.

In terms of content, the year 2021 was marked mainly by the development of lifetime partnership skills, digital skills, agile working methods, effective problem solving, excellence in communication and leadership in a hybrid work environment. We also conducted special thematic training as part of team building, aimed at replacing, to a certain extent, the usual socialization in the workplace. Individual contents of educational programmes were extended with group and individual coaching to contribute to the transfer of new knowledge into practice.

We implement our social responsibility policy also by providing development to young scholarship holders by enabling them to gain experience during their studies. We cooperate with various secondary schools and enable students to complete compulsory training and gain their first work experience. We also support employees in part-time studying and obtaining a higher level of formal education.

Competence of the future

Special emphasis was placed on the development of know-how and competences of the future - employees spent 5,411 hours in international training in the fields of data science, customer experience, design thinking, brand management, artificial intelligence development, process automation, ecosystem development strategies and various insurance-related technical and professional topics. Due to our international involvement and activities, as many as 152 employees refreshed their knowledge of English in 2021, with as many as 2,470 hours dedicated to refreshing the knowledge of English.

Lifetime partner workshop marathon

The values of the Company we use to create additional value in the eyes of the customers and to strive for excellence were transferred to the employees through the behaviour of a lifetime partner (responsibility for success, innovation, personal approach and simplification of complexity) in a marathon of 22 interactive virtual workshops. As participants and trainers, we dedicated a total of 4,401 hours to these workshops.

Management in the New Normal workshops and managerial acceleration Program 2

In 2021, we focused the development of managers mainly on the development and refresher training of managerial competencies in the light of the new normal - hybrid work that combines remote work and office work. The seven workshops "Management in the New Normal" were focused on: maintaining connectivity and commitment at a distance, effective communication in a hybrid environment, successful meeting management, psychological safety, delegation, conflict management and team development. Furthermore, a set of modules called "First-Time Manager" was prepared for those managers who took on the role of manager for the first time in 2021, laying the foundations of managerial competencies and equipping new managers for effective management. Sales team managers strengthened their coaching skills in workshops "Manager as a Coach" in workshops and group coaching.

Time for Insurance

As part of the activities for employees, in 2021 we continued a series of webinars under topics "Time for Insurance" and "Time for Knowledge". The webinars were held once a week and were aimed at addressing two important topics - furthering knowledge about insurance for back-office employees and developing the knowledge and competences of the future. In the past year, as part of the Time for Insurance, we learned more about various topics, including: vehicle, property and personal damage, the basics of insurance contracts, fraud, IDD, GDPR and personal data protection, life, accident, supplementary health, pension and home insurance products, business insurance and out-of-court settlement of insurance disputes. As part of the "Time for Knowledge" webinars, we focused on techniques of innovation in the work process, design thinking, agility in insurance, we also learned more about the importance of organized personal finances and savings in mutual funds.

8.2.4 Digital transformation

The year 2021 was also marked by the completion of the digitalisation of the human resources management area. New development modules were implemented in the Gecko HR application and at the same time the basic HR processes were renewed: management by objectives, annual interviews, employment and on-boarding, and management of potential employees.

All employees switched to a single IT communication system, the MS Teams, and we took care of the on-

boarding of employees in the effective use of the MS Teams tool by implementing systematic training, for which we allocated more than 200 hours.

8.2.5 Agile transformation activities

New ways of working have brought an even greater tendency to accelerate the development of technological solutions tailored to internal customers and changed the ways of cooperation between stakeholders in the process of designing new products. A series of trainings were conducted at the level of the entire company concerning agile transformation, namely: agile methodologies, agile teams, Scrum, agility in insurance and innovation techniques.

In the HR sector, we undertook the umbrella initiative and watched over the process of agile transformation. The first progress was made in the areas of IT and Insurance Techniques. We started the 2021 business year with a series of retrospectives that helped us identify the main directions for developing effective teamwork. We also established the first Scrum Team, which, after four months of development, launched a technological solution for the allocation of user rights, which solution is based on the business needs of HR. In the field of insurance techniques, a workshop on agile transformation of teams was conducted for managers, which will be followed by a one-year work programme of departments according to the principles of agile methodologies. Agile teams lead projects in the field of process optimization, effective collaboration and team networking, as well as the creation of value-added products for customers. Two more Scrum Teams were established later, taking care of the visibility of our services in the market; their products can be expected in the first half of 2022.

We presented our work in the field of agile transformation at the Lean Innovation Summit.

In 2021, six employees attended the Agile Delivery training organized by the Generali Group, where they acquired the principles of agile project management and thus became ambassadors of New Ways of Working. Employees from various sectors of the Company participate in other projects of the Generali Group, where they learn about new ways of product development.

8.2.6 Awards

In 2021 we won the award for the Best HR Practices in Slovenia 2021. The Company was awarded for successful work in the field of human resources in a competition

organized by the Faculty of Organizational Sciences of the University of Maribor, the career-employment portal MojeDelo.com and SPIRIT Slovenia. The most important criterion of the competition was innovation in the field of human resources in the conditions of COVID-19. The members of the expert panel selected our practice because: "...in addition to excellence, it also gave us a sense of liveliness, inspiration and teamwork, that a lot can be done with small funds, knowing that employees are the greatest asset of any organization."

Our corporate volunteering movement The Human Safety Net enabled us to receive the second place award in the "Socially Responsible Synergies" competition, which is organized by the Network for Social Responsibility of Slovenia. The award focuses on successful partnerships between a company and at least one non-profit stakeholder. The volunteering movement "The Human Safety Net" has been implemented in the Company since 2018, in cooperation with our partner, the non-profit organization Association of Friends of Youth Ljubljana Moste - Polje. At the award ceremony, the expert panel wrote: "Although the place may be a little ungrateful, the decision was extremely difficult, as your project convinced us with its cordiality and inclusive partnership."

8.2.7 Employee benefits and the quality of life in the Company

Socially Responsible Employer Certificate

In 2021, we started obtaining the new Socially Responsible Employer certificate in order to achieve greater visibility and together take important steps in the field of social responsibility and sustainable development, intergenerational cooperation and health at workplace. The project team started work in April 2021, in September 2021 the first phase of the project was completed and the umbrella certificate Socially Responsible Employer obtained. We embarked on a three-year creative path with a diverse set of measures for each area, in order to ensure a better organizational culture and climate, intergenerational cooperation and a safe and healthy working environment.

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.

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 1,301 employees. Moreover, 806 family members are included in the group accident insurance and 699 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 2021, 52.83% 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 the 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 government measures to prevent coronavirus spreading. In 2021, the hiking section carried out 3 mountain trips attended by 57 people, the cycling section carried out 2 cycling trips attended by 41 people. 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 numerous activities aimed at providing employees with healthy work in a healthy working environment. In 2021, we continued focusing heavily on acquiring skills for preventive action in the workplace, healthy eating, encouraging physical activity and active living, raising awareness of and providing 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 fresh fruit, articles

on healthy diet were published, free time exercising and nutrition counselling for employees were subsidized, 20-minute "online" morning exercising for all employees was introduced. As part of the newly acquired Socially Responsible Employer certificate, new measures were adopted and planned; these will be introduced in the next three-year period in the field of health promotion.

In line with the applicable legislation on safety and health at work, the Company tends to the health and well-being of its employees - 393 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 is reflected both in the reduction of injuries, health disorders and diseases of the employee.

8.2.8 Monitoring employee engagement

The ambitious strategic goals that we have set in the field of human resources can be achieved with dedicated employees. Employee engagement is closely linked to company success and job performance. As part of the Generali Group, the Company is involved in regular and systematic monitoring of employee engagement - the global employee engagement survey is conducted every two years, and was first conducted in 2015. In the period from October to November 2021, the fourth regular global commitment survey was conducted, and the participation of employees in the survey was 97%, which means that relevant data were obtained, from which reliable conclusions can be acquired and appropriate action plans implemented.

8.2.9 Intranet

Intranet Generali Kompas remains the centre of communication between employees, the central point for information and education and a building block of the culture of cooperation in the Company. The content on the Intranet is becoming more extensive, transparent and diverse from year to year. The most popular and sought-after Intranet features are news, Generali GIRS documents, Generali TV multimedia portal, underwriting documents, application links, Generali Focus weekly newsletter, knowledge base, meeting room booking and many more. The platform is being constantly upgraded with functionalities that further simplify the user experience for individual user groups of employees

and partner agencies and facilitate their access to content. The plan we designed in 2021 to renovate the platform and its functionality will be implemented in 2022 to keep pace with digital advances, thus providing users with an even better user experience.

8.2.10 Work-related injuries

Our long-term goal is to avoid injuries at work, which we want to maintain in the long run by implementing various preventive activities and improvements. In the field of safety and health at work and fire safety, we consistently ensure the implementation of legislative requirements. Safety risk is identified by recording

risk-bearing events and eliminating hazards in the work environment by training employees to develop knowledge of safe and healthy working and by ensuring the use of personal protective equipment that employees receive based on risk assessment. We work proactively to reduce accidents at work as well as to improve working conditions. For the last two years, due to the risk of covid-19 infections, we have been actively working on the organization of business processes and training to enable most employees to work from home.

In 2021, one injury was recorded as a coronavirus infection in the workplace, while two injuries occurred during a business trip and training.

Work-related injuries - The number and share of injuries	2020		2021	
	number	share in %	number	share in %
At work	0	0	1	25
On business trips	0	100	2	50
Lost time due injuries at work in previous years	0	100	1	25
Total	0	100	4	100

Lost days due to injuries at work	2020		2021	
	number		number	
	0		96	

9. CUSTOMER AT THE CENTRE OF PRODUCTS AND SERVICES

We prove our lifetime partnership in every contact with the customer - we build the long-term relationship with our customers prudently, at all points of contact, with our first and foremost guideline remaining to ensure the highest level of customer satisfaction. Whether it is comprehensive support in the use or purchase of our insurance products and services, support of our partners in the use of many club benefits or help in achieving a healthier lifestyle within the Migimigi programme - we always adapt to customer requirements and needs and we are available to them via communication channels closest to them.

9.1 CUSTOMER CARE AND SUPPORT

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 70 77, email address info.si@generalali.com, My Generali Portal, Facebook, Chat and personal contact at the Customer Care and Support Department.

In 2021, 597,161 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. In 2021 we thus retained a total of EUR 51,708,894 of surrender value. We assist our clients when purchasing insurance and conduct user experience satisfaction surveys.

As many as

91%

of the policyholders are satisfied with the Customer Care and Support Centre.

9.2 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 12,911 specialist services, mostly in orthopaedics, dermatology, neurology and surgery. In addition to the basic and control examinations, we also authorized the corresponding diagnostic examinations, namely 597 endoscopic examinations, 1696 MR examinations, 501 X-rays examinations, 1,391 ultrasound examinations and 200 CT examinations. We organised and authorised 235 authorizations for surgery and 645 referrals for physiotherapy. Among the less common but still highly valued services are insurance services for transitional care (transportation to control check-ups and assistance at home), which were provided to 32 clients. 119 clients were provided with a second opinion of specialists from abroad via Advance Medical. We approved 116 services from the new preventive check-up coverage. 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.

Although access to doctors was still quite difficult due to the epidemic, this was not felt in the number of applications in 2021. The policyholders also familiarized with and started using the new possibilities of consulting a general practitioner as part of the Halo Doktor coverage.

Customers rated our services and staff at the centre with the highest ratings.

4.9 out of 5



which testifies to the highest quality of our offer and provision of services.

(Source: Internal survey, 2021)

The toll free number 080 81 10, intended for the complementary health insurance policyholders, recorded 18,811 calls, or 23% more than the year before. 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.

9.3 MOJ 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) thereby helping to preserve the environment by reducing the amount of paper used.

9.4 EASY AND COMFORTABLE ONLINE INSURANCE UNDERWRITING

We enable our clients to take out insurance online and in this way we try to reach out to their needs, wishes and modern lifestyle. G24 and WIZ are the Company's brands and online sales points, which offer a narrower range of simple insurance for individuals. Our first online point of sale is G24, where customers can easily and in an user-friendly way take out insurance such as G24 Avto, G24 Mladi voznik, G24 Zdravje, G24 Zdravje+, G24 Specialisti, G24 Tujina in G24 Malček/Šolar/Študent (G24 Car, G24 Young Driver, G24 Health, G24 Health +, G24 Specialists, G24 Abroad and G24 Toddler/Pupil/Student). Customers recognize excellent user experience, fast and user-friendly assistance, efficient settlement of insurance cases and very easy insurance renewal upon expiration.

Our second point of sale is WIZ, where visitors can find a slightly wider offer of modern insurance such as Kolesar, Smučar, Kuža (Cyclist, Skier, Dog) as we try to satisfy certain other segments of active customers.

9.5 SAFETY FIRST

In order to provide an even faster service, especially in the field of health insurance, while ensuring the highest possible level of personal data security, in

2021 we developed a special system functionality, the Secure Communication. It allows our customers to easily and safely exchange sensitive documents, such as medical referrals, via digital channels. This significantly speeds up the processing operations and provides customers with the fastest and best service.

9.6 MONITORING CUSTOMER SATISFACTION

The NPS - "Net Promoter System" is a system which allows us to continuously and automatically obtain feedback from our customers at certain moments of contact (purchase, renewal of policies, reporting and claim settlement...). We send customers a satisfaction questionnaire by e-mail, we also call dissatisfied customers by phone, listen and find the best solution to improve the experience.

Based on customer feedback, we have introduced a number of changes in our business and paved the way for a lifetime partnership. For example, we shortened the procedures for terminating the policy in the event of the sale of real estate, shortened the response time for resolving collective insurance claims and upgraded the tool for taking out car insurance policies.

Our work is confirmed by the high satisfaction of customers, growing from year to year. In 2021 we were the most recommended insurance company* in Slovenia.

(*Aragon, BrandTrack Survey, February 2021, conducted to order for Generali Insurance Company)

9.7 SIMPLE CLAIM SETTLEMENT PROCESS

The area of claim settlement in 2021 was marked by further strengthening, automation and simplification of claim procedures and processes, as well as appropriate reorganization of the claims sector. As a true lifetime partner, we listened to our customers and made remote claim settlement even closer to them. More than 50% of car claims were successfully resolved in 2021 owing

to efficient remote digitalisation without the cars being seen live by insurance company employees. Before the epidemic, a quarter of car claims was resolved in this way.

For even faster procedures, we additionally automated the claim settlement and enabled video viewing of damage. At the same time, we have simplified the online reporting procedures and processing in the Company's branches. We will continue all these activities, as remote claim settlement is fast and comfortable for the customer, and our goal is to provide maximum responsiveness and expansion of assistance services. Zavarovalnica Generali achieved the highest average satisfaction rating concerning claim settlement in the Slovenian insurance market (Source: Zavarovalniški Monitor 2020); the customer satisfaction with claims settlement is also confirmed by the high NPS score in 2021 (72.1).

9.8 MIGIMIGI PROGRAMME

Migimigi is an omnichannel activation aimed at customers and potential customers. It promotes, in an attractive and modern way, a healthy lifestyle based on exercise, smart eating, relaxation, socializing and learning. Interesting challenges take place on social networks and the web portal www.migimigi.si. In 2021, the programme included four challenges related to cycling, mountain hiking, a balanced diet and professional exercises at home, which are especially welcome at a time when many people are working from home. The ambassadors of the individual



Migimigi Challenges supported the members with expert advice and encouraged them to live a healthier and more active life with useful video content. The Company also encouraged visiting of the so called Love Benches, set up at 33 of the most beautiful vantage points throughout Slovenia, and received an excellent response.

From its beginning (1 April 2018) to the end of 2021, as many as 69,400 members joined the Migimigi program, 680,000 people visited the migimigi.si website, and 84,200 want to receive useful advice for a healthier and safer everyday life.

9.9 BONUS PROGRAMME ZAME

As a lifetime partner, we tailor the design of our products, services and activities primarily to our customers, their needs and desires. In 2021, we completed extensive preparations enabling us to go one step further in 2022 - to present a programme tailored to everyone, both our customers and those who may become our customers: the Generali Zame Bonus Programme. It was created with a simple purpose: we want to combine existing financial bonuses, improved service, bonuses provided by our business partners and contents aimed at a safer and healthier life, upgrade them and reward our most loyal customers. The basic bonuses will be available to everyone, whether they are our customers or not. The best exclusive bonuses and additional services are reserved for our most loyal customers.



10. SUSTAINABLE DEVELOPMENT

Our commitment is to ensure long-term financial performance and change the Company in which we operate for the better. We maintain a constant dialogue with our stakeholders - customers, employees, shareholders, investors and suppliers - and build long-term, lifetime partnerships. Commitment to sustainability is the cornerstone of the Generali Group and Generali zavarovalnica strategies.

Investment is a key aspect of our business. It has a significant impact on the real economy, thus it can be actively link to aspects such as environmental protection and respect for human rights.

As asset managers, we are convinced that the proactive integration of environmental, social and governance (ESG) factors into the investment processes of our insurance portfolios in various asset classes will help us achieve financial return and social value. By engaging and voting, we seek to influence the conduct of issuers of securities.

The Generali Group is a signatory to the United Nations Global Compact (2007), the Principles of Responsible Investment (2011), the Paris Agreement (2015), the TCFD (2017) and the Net-Zero Asset Owner Alliance (2020). In line with these initiatives, the Generali Group has for many years included environmental, social and governance (ESG) criteria in its investment strategies, without sacrificing profitability. This enables the Generali Group to have a positive impact on stakeholders, reduce risks for investors and protect reputation.

In 2006, the Generali Group formalized its commitment to responsible investment and in 2010 adopted the Group's Ethical Guidelines. In 2015, it further strengthened its commitment by establishing the Group's Responsible Investment Committee, guided by the Guidelines for Responsible Investment, which aim to guide the governance framework towards integrating ESG factors into the investment decision-making process.

In 2020, the Generali Group published the Guidelines for Active Ownership, which set the goal of using the Group's role as an institutional investor to drive change

through investment. Generali zavarovalnica also follows the guidelines for active ownership and their set goal.

The Generali Group has accepted all the recommendations of the new Italian Corporate Governance Code, which was notified to the market on 14 October 2020. The Code of Ethics, which aims to ensure continuous compliance of Italian listed companies with international best practices, encompasses the concept of sustainable performance. It is about achieving long-term value for shareholders while taking into account the interests of other stakeholders important to the company. Thus, sustainable performance has become a goal that guides the conduct of the Generali Group and which will be implemented throughout the entire organization of the Generali Group. This goal will be followed by Generali zavarovalnica, which will include the goal in its regular operations.

Generali zavarovalnica followed the regulatory requirements for disclosures and in March 2021, in accordance with Regulation (EU) 2019/2088 on sustainability-related disclosures, published disclosures on the inclusion of sustainability risks in its investment decision-making process on its website (www.generali.si). The Company also published a statement on prudential policies regarding the main adverse effects of investment decisions on sustainability factors, and also disclosed information on the consistency of remuneration policies with the integration of sustainability risks. In addition, in the framework of pre-contractual disclosures for insurance investment products, the Company supplemented the current information with the required disclosures and informed clients about the ways in which sustainability risks are included in the Company's investment decisions and on the results of assessments of the likely effects of sustainability risks on the return on the financial products we offer.

The inclusion of sustainability risks in our investment decision-making processes as well as prudential policies regarding the main adverse effects of investment decisions on sustainability factors are disclosed below.

10.1 HOW GENERALI INCLUDED SUSTAINABLE RISKS IN ITS INVESTMENT PROCESS

Sustainable risk is the risk associated with environmental, social and governance (ESG) events or conditions which, if realized, may have a material adverse effect on the invested assets of companies and their liability, resulting in a negative impact on the value or performance of the investment. Identifying sustainable risks that can significantly affect the value of our investments is a duty we have to our stakeholders and investors.

ESG Factors

Environmental, Social and Governance factors provide insight into the stability of a company's operations. Inconsistencies in the integrity of a company's conduct can have a significant impact on its business and provide early warnings of serious fundamental problems for the company itself.

Environmental violations (Factor E) can not only indicate a lack of accountability, but also lead to penalties and significant costs to remedy environmental damage.

Equally, violations of human and employment rights (Factor S) can damage a company's reputation and reliability, highlighting a lack of awareness of the company's operations and, in the worst case, even a lack of basic ethical principles. A company with a tarnished reputation may experience a boycott of its products, suffer difficulties in raising capital or even imposition of fines and penalties, and have poorer business opportunities.

In the event of corruption (Factor G), companies face high and associated ethical and business risks and potential costs if they fail to tackle corruption successfully. This creates legal risks and affects business performance.

The Generali Group detects such sustainable risks through an internal evaluation, which assesses companies' compliance with the principles of the UN Global Compact. As stated in the Guidelines for Responsible Investment - which provide a framework for integrating ESG factors into investment decisions, where investment risk is borne by insurance companies or distributed among insurance providers - cases of identified human and employment rights violations, environmental damage and corruption may lead to business exclusion from the Company's investment objectives. Their positioning is further assessed in

cooperation initiatives. In dialogue with companies and cooperation initiatives, we can better understand some of the problems and give our opinion to companies.

These assessments are constantly updated, which allows the Company to immediately detect potential new cases related to companies in our portfolio.

Climate Change Risk

In its latest Global Risk Report, the World Economic Forum noted that risks related to environmental aspects are increasing year by year in terms of both probability and strength of impact. Among the various risks associated with environmental factors, including reduced biodiversity and water and soil pollution, the risk of climate change is particularly important. The most important risk today is inaction and extreme events.

With regard to climate change and rising global temperatures, two main categories of risks are used, i.e. the transition risk and the physical risk. A change in the structure of the economy (which includes energy, production, transport and agricultural systems) is needed to limit global warming to <2 °C. In this context, the transition risk is defined as the risk arising from humanity's measures to limit global warming through the transition to a low-carbon economy. On the other hand, the absence or appropriate introduction of measures to limit global warming would also have a physical impact on climate change. Physical risk is defined as a risk arising from the increased frequency and severity of climate-related risks, such as floods, severe storms, droughts, etc., that can cause damage and disruption to operations.

In any case, both climate change risks pose a major societal risk. The Generali Group and Generali zavarovalnica take all these elements into account in their evaluation of the inclusion of sustainable risks in the investment decision-making process.

The transition risk stems from the transition to a low-carbon economy. Companies which typically have higher discharges in operation or sell polluting products run the risk of having their investments stranded (stranded investments), which means that they will lose their value before the end of their economic life. Coal-fired power plants are the most obvious example of this type of risk. Environmental legislation increases the cost of energy production through the use of coal and while demand for electricity from such sources is reduced due to public pressure, which together can lead to stranded investments, i.e. premature loss of

their value. This can have a significant impact on our investments, thus this risk must be managed carefully.

At the same time, the Generali Group adopted the Climate Change Strategy in 2018, which reflects the Generali Group's strategy for the transition to a low-carbon future, in order to manage the risk of transition and especially the risk of stranded investments of companies in the portfolio. The concrete introduction of this Strategy in investment activities means the exclusion of companies operating in energy coal and tar sands from our investments and the orientation of the Generali Group towards green and sustainable investments. As part of the Generali Group, this strategy is also followed by Generali zavarovalnica.

The latest findings of the Intergovernmental Panel on Climate Change (IPCC) show that there should be no new coal-fired power plants and that all coal use should be phased out by 2030 in OECD countries and by 2040 in other countries if we want to limit climate change and rising of temperatures by 1.5 °C. In line with the need to move to a cleaner energy mix, we are developing our policy of coal exclusion in the direction of gradually raising the exclusion threshold.

As the transition risk also affects industries other than coal and tar sands, we are developing a cross-sectoral internal methodology to continuously reduce the transition risk in our portfolio by reducing exposure to companies that are the biggest polluters, especially those without a clear decarbonisation strategy. The goal of reducing the carbon footprint of the Generali Group's investments is also reflected in joining the Net-Zero Asset Owner Alliance (NZ AOA - <https://www.unepfi.org/net-zero-alliance/>) – by joining this initiative, the Generali Group has committed to decarbonise its portfolio and to become carbon neutral by 2050.

Efforts and measures taken to reduce GHG emissions are only part of the climate change effort. Even if we manage to reduce emissions, we must face the possibility of irreversibly changing global climate patterns in the future. The IPCC report estimates that the atmosphere has already warmed by about 1.0 °C due to human activity since pre-industrial times and that warming is likely to reach 1.5 °C between 2030 and 2052 at the current level. The consequences of this phenomenon include serious impacts on ecosystems, rising sea levels and more extreme weather events (drought, cyclones, floods, forest fires) – the so-called physical risks.

The Generali Group has launched a dedicated project to identify, measure, manage and report on

transition risk and physical risk that balance sheets and investments may face based on different climate scenarios. The aim is also to better understand which industries and companies are most exposed according to their activity and geographical location.

10.2 IDENTIFICATION AND PRIORITIZATION OF MAJOR ADVERSE SUSTAINABLE IMPACTS

Erroneous investment decisions can have detrimental consequences for stakeholders, the environment and society. The Generali Group is aware of this and has adopted a clear framework guiding investment decision-making concerning investments where the risk is borne by insurance companies or is distributed among insurance institutions, in order to reduce adverse effects and actively guide the companies it invests in accordance with voting and initiative practices.

In recent years, the Generali Group has formalized this commitment by joining several initiatives in the area, including the Global Compact (2007), the Principles for Responsible Investment (2011) and the Net-Zero Asset Owner Alliance (2020). In 2018, the Generali Group introduced the Climate Change Strategy, which sets out actions and targets for compliance with the objectives of the Paris Agreement.

The framework defined by the Guidelines for Responsible Investment is based on commitments and care that investment decisions are in line with the interests of our stakeholders and the interests of society and the environment as a whole.

At the same time, the Generali Group conducts a three-year assessment of the importance of sustainability: the selection of ESG factors that may be relevant to our activities, business strategy and the circumstances in which we operate. The assessment is prepared using input information from various companies of the Generali Group: as in other business activities, the sustainability factors that are most important for investment activities are used for analysis. The Generali Group sought for those systemic changes, briefly called "Megatrends", which could pose significant risks and opportunities for the Generali Group in the next ten years.

This is a key step in identifying and prioritizing the impacts that the Generali Group may have externally.

“Sustainability factors” are environmental, social and employment issues, respect for human rights and the prevention of corruption and bribery. As any investment decision can have a negative impact on these factors, sustainability factors are directly related to the concept of “adverse effects”. The main adverse effects are those effects of investment decisions and advice which negatively affect sustainability factors.

Climate change is crucial for investment operations (both in terms of the impact on investment decisions and in the form of significant portfolio risk). As an investor, the Generali Group and Generali Insurance Company can influence the companies in which they invest by reducing investments in polluting companies and providing more financing to clean and environmentally friendly activities. This impact depends not only on investment decisions, investments and their divestitures, but we can also actively cooperate with companies in their efforts to comply with the urgent global need to reduce warming.

With regard to the most important sustainability factors for our investments, in accordance with the commitments arising from the Guidelines for Responsible Investments and the Matrix of Importance, we have identified three main adverse impacts that are best suited to present potential adverse impacts on the environment and society. These are:

- The carbon footprint of our investments;
- Violations of the principles of the UN Global Compact;
- Exposure to controversial weapons.

Description of the main adverse sustainability effects and any related implemented or planned measures

By implementing the framework described in the previous chapters, the Generali Group and Generali zavarovalnica can identify, monitor and manage the set of major adverse effects, summarized below.

Carbon footprint

By making investment decisions we can finance companies and activities with higher or lower carbon dioxide emissions (expressed in units of CO₂). A clear overview of the carbon footprint of portfolios and investments shows how investments can promote a cleaner and less polluting world. In January 2020, the Generali Group joined the Net-Zero Asset Owner Alliance convened by the UN and the PRI. Through this initiative, the Generali Group committed itself to transition its

investment portfolio to carbon emissions set out in the initiative by 2050, with Generali zavarovalnica joining the commitment. The reduction will be due to investment decisions (e.g. divestment of polluting companies) and efforts in cooperation with companies towards decarbonisation. The aim of this long-term initiative is to reduce climate impact through investment and to positively steer the real economy towards a more sustainable future.

Exposure to companies involved in violations of the UN Global Compact

As part of the Generali Group, we have introduced an ethical filter in accordance with the principles of the Guidelines for Responsible Investment, which aims to prevent investments in companies responsible for ethical violations (e.g. breaches of UN Global Compact principles) or operating in controversial industries:

- companies involved in serious or systematic violations of human and/or labour rights;
- companies involved in serious environmental damage;
- companies involved in cases of high-level corruption and bribery.

Based on the ESG evaluation, a company found to be involved in such practices is excluded from the investment environment if it does not meet the conditions of the Generali Group, or the company is closely monitored and, if necessary, its positioning is further assessed.

Exposure to controversial weapons

In accordance with the principles of the ethical filter, no investment is made in companies which use, develop, manufacture, procure, stockpile controversial weapons (cluster bombs, anti-personnel mines, nuclear weapons, biological and chemical weapons) or key components/services for or trade in such weapons.

Engagement Policy Overview

Our goal is to bring about change through investment in our role as an institutional investor, namely to encourage in dialogue companies, investee issuer companies, to act responsibly and invite them to explain their behaviour if they do not meet sustainable standards.

For the wider purpose of steering the role we have as an active asset owner, the Generali Group has defined a comprehensive Active Ownership Framework regulated by the Guidelines. The Active Ownership Group Guideline defines the principles, main activities and

responsibilities leading the role of the Generali Group as an active owner. In this role, the Generali Group, as a long-term and liability-driven institutional investor and asset owner, has a fiduciary duty to its stakeholders and takes action accordingly by (i) monitoring investee issuer companies (ii) engaging them on financial and non-financial topics, including ESG issues, and (iii) voting at general meetings to introduce best practices in terms of governance, professional ethics, social cohesion, environmental protection and digitalisation.

The Group's Active Ownership Guideline has been drawn up in compliance with the obligations introduced by the Shareholder Rights Directive II regarding the policy of engagement of institutional investors (Article 3g of Directive (EU) 2017/828 amending Directive 2007/36/EC), and duly takes into account best practices from international standards to which the Group adheres. The Active Ownership Guideline was also adopted by Generali zavarovalnica and is fully committed to it.

10.3 SUSTAINABILITY POLICY

Commitment to sustainability is the foundation of the Strategy of the Generali Group and of Generali zavarovalnica. Sustainability policy establishes a framework based on which the Company can identify, assess and manage risks and opportunities related to environmental, social and governance factors (“ESG factors”) in line with the objective of fostering sustainable business development and creating long-term value.

Sustainability policy establishes rules for:

- identifying, evaluating and managing ESG factors which may pose risks and opportunities for achieving business objectives;
- identifying, evaluating and managing the positive and negative consequences of business decisions and activities on the external environment and the legitimate interests of stakeholders.

10.4 REMUNERATION POLICY

The Generali Group strives to achieve long-term growth by integrating the principles of sustainability into its core business and by acting as a lifetime partner to its stakeholders. Sustainability commitments are a pillar of the Generali Group's business priorities and are fully integrated into the Generali Group's remuneration policy and into the incentive scheme in connection with long-term and sustainable value creation.

The Generali Group's incentive scheme for the management is based on a meritorious approach and a multi-annual target monitoring scheme combined with annual variable cash benefits and deferred payments of remunerations from shares and includes sustainable/ESG strategic objectives based on the Generali 2021 Strategy and the strategy for achieving climate objectives, which have already been presented to the market:

- a. A significant part of the annual variable remuneration of executive management is related to ESG objectives and key performance indicators in connection with specific perspectives: human resources (e.g. diversity and inclusion index), brand and lifetime partnership (e.g. measuring the likelihood of customer recommendations) and sustainability (e.g. percentage of the growth in investment in green technologies and sustainability, percentage of the growth in environmentally and socially friendly products, social development of the community through The Human Safety Net);
- b. Deferred or long-term payments of variable remuneration strengthen the link with long-term sustainable value creation.
- c. The final element supporting sustainable value creation is the malus and clawback provisions applicable to incentives for management.

The remuneration policy takes into account the inclusion of sustainable risks into investment decision-making processes and specific references to the Generali Group's internal rules governing sustainable risk in investment decisions.

Continuous improvement of the relationship between sustainability and income is the primary goal of the Generali Group and Generali zavarovalnica.

10.5 POLICIES ON THE INTEGRATION OF SUSTAINABILITY RISKS INTO THE INVESTMENT DECISION-MAKING PROCESS

The purpose of the “Sustainability Risk Policy” is to include sustainability risks into the investment decision-making process by identifying, measuring and managing risks arising from ESG factors.

Sustainable risk is the risk associated with environmental, social and governance (ESG) events or conditions which, if realized, may have a significant adverse

effect on the invested assets of companies and their liability, resulting in a negative impact on the value or performance of the investment. Identifying sustainable risks which can significantly affect the value of our investments is a duty we have to our stakeholders and investors. The company believes that ESG risks will have a significant impact on macroeconomic risk factors and thus on risks and portfolio returns.

The sustainability risk assessment process ensures that all significant risks to which the Company is exposed are properly identified, evaluated and taken into account, based on the probability of their occurrence and their severity. The process also helps to identify and implement mitigation measures.

Sustainability risks, the so called ESG factors, which may adversely affect the value of investments are identified within a two-tier framework and measured from a quantitative and qualitative point of view, providing the most up-to-date and reliable figures and information for the investment decision-making process.

Sustainability risk can be measured in absolute and relative (by comparison) terms. The design of the data set is based on the results of research by in-house experts on ESG factors, as well as news, assessments and raw data provided by various external providers. Third party data, i.e. data provided by external data providers on aspects of the ESG are reviewed and cross-checked against external and internal researches. Qualitative assessments may also be carried out within the Company in cases where the available data are insufficient to correctly calculate and manage significant sustainability risks.

We strive to identify and quantify those factors and insights that can strengthen and improve the provision of information required for investment recommendations based on their financial importance.

We believe that an issuer having a positive view of the ESG is more likely to have resilience and a better long-term strategic position than issuers with a negative view of the ESG. As important indicators can affect the issuer's balance sheet, income statement and cash flow statement, the key principle of avoiding the "reputational risk", i.e. news which could negatively affect the reputation and valuation of the issuer, is built into our approach.

In accordance with contracts with clients and their priority areas as well as management rules/fund prospectuses, Generali zavarovalnica may introduce various strategies for screening ESG factors.

Among these, we can use the following:

- Negative/exclusionary screening, limiting investment in governments, companies or sectors based on selected sustainability criteria;
- Norms-based screening, limiting investments in financial instruments of issuers which failed to meet the minimum international norms in the class or country;
- Positive screening or best-in-class screening, in which investments in financial instruments of those government or corporate issuers (economic sectors, companies or projects) that achieve better sustainability performance results than comparable issuers (from an industry or regional perspective) are selected;
- In addition to negative screening, norms-based screening and best-in-class screening, the ESG integration techniques may also be used. The objective is to:
 - integrate financial and ESG information when building a portfolio;
 - detect hidden risks such as reputational risks;
 - improve profitability by anticipating trends;
 - focus on ESG factors that are identified as relevant and likely to have an impact on business and investment performances.

10.6 ENGAGEMENT POLICY OVERVIEW

The Group's Active Ownership Guideline has been drawn up in compliance with the obligations introduced by the Shareholder Rights Directive II regarding the policy of engagement of institutional investors (Article 3g of Directive (EU) 2017/828 amending Directive 2007/36/EC), and duly takes into account best practices from international standards to which the Group adheres. The Active Ownership Guideline was also adopted by Generali zavarovalnica and is fully committed to it.

The engagement process has the following structure:

- Engagement approach – considered by Generali as a constructive dialogue with different goals: to reinforce the understanding of the investee companies, to share the concerns on ESG and finally making actionable suggestions aimed to resolve potential ESG issues.
- Definition of Engagement priority list – The first step is to define " Priority Engagement Lists" (list of issuers),

defined within the "Engagement Committees" and driven by an evaluation of the ESG risks of our holdings.

- Engagement Case – Each Engagement Case is composed of different elements: risk identified, questions, suggestions, task force creation, strategy, status and results.
- Engagement Execution – the Investment Stewardship is in charge for the engagement execution activities.
- Engagement Monitoring – The Engagement Committee evaluates the status of each Engagement Case presented depending on the initial goals defined. Based on this evaluation, the Company may decide to continue the engagement activities, increase engagement intensity or close the Engagement Case.
- Engagement Impacts – All Engagement Cases identify specific metrics as indicators to be improved over time, as a result of the engagement.

10.7 LIABILITY TOWARDS COMMUNITY

We strive to co-create a safe, healthy, connected and sustainable society where people can develop and realize their potential. In the environment in which we operate, we are focused on long-term partnerships in the fields of sports, healthy lifestyle, traffic safety, culture and charity. We enrich the social environment by supporting numerous projects, initiatives and campaigns of local, regional and national importance in various fields.

We pay special attention to the most vulnerable groups of the population and participate in many campaigns that significantly contribute to preventive behaviour in road traffic for greater safety of all road users. We

contribute to the reduction of the number of victims of road accidents by supporting the Vizija NIČ (Vision ZERO) programme. We also show our long-term support to the Zavod Varna pot (Safe Road Institute) and the "Čista nula, čista vest" (Total Zero, Clean Conscience) campaign.

"Varno ima vedno prav" (Safety is always right) is an innovative project created in 2021 to protect the most vulnerable in traffic – by means of seemingly floating 3D zebra crossings (pedestrian crossings) we have made children's journey to school safer. In the winter months of 2021/2022, we added lighted 3D zebra crossings, which increase the visibility of the most vulnerable road users.

In order to protect the most vulnerable road users - pedestrians, cyclists and people on scooters and skateboards, but especially children on their way to school, we conceived the "Varno ima vedno prav" (Safety is always right) project. In cooperation with the municipalities of Velenje, Ptuj and Ljubljana and the Safe Road Institute, we applied seemingly floating 3D pedestrian crossings in the areas of calm traffic and at the beginning of the school year took care to increase safety of children on the way to school.



We support Slovenian sport in various disciplines and at various levels. We are the general sponsor of the alpine ski team of the Ski Association of Slovenia, a longtime supporter of the Vitranc Cup and sponsor of the Grubin Memorial, we also support the men's and women's national teams of the Handball Association, the Volleyball and Sailing Associations of Slovenia. We are the personal sponsor of alpine skiers Štefan Hadalin and Andreja Slokar. As part of the Pogi Team, we support the activities of the Rog Cycling Association and are the proud general sponsor of the current national champions - the Prekmurje football premier league club NŠ Mura and the sponsor of the premier league club NK Bravo from Ljubljana.

Generali also sponsors numerous sports clubs, associations and organizations, teams and individuals at both national and local levels. We offer favourable insurance and assistance abroad to the Alpine Association of Slovenia and its more than 55,000 members. We are particularly pleased to support initiatives aimed at enabling children's sports development and in 2021 we became supporters of the Goran Dragić Foundation. We are proud that Slovenian athletes achieve success also with our support. At the same time, we develop and adapt insurance products tailored to athletes.

We live and apply social responsibility within the global movement The Human Safety Net (THSN). In Slovenia, within the framework of THSN, we cooperate with the Association of Friends of Youth Ljubljana Moste - Polje, where we help children from vulnerable backgrounds and their parents.

We encourage children and their families participating in the Association of Friends of Youth Ljubljana Moste - Polje programmes to develop their potentials through various initiatives, thus enabling them to improve their living conditions. We support the programme both financially and non-financially, responding to the real needs of users. The Company also supports the professionalism and values such as caring, humanity and respect for patients by supporting the contest of the magazine Viva Medicina & ljudje for the most eminent Slovenian doctors for the 19th year in a row.

In the Generali Gallery we take care of a valuable collection of more than a thousand exceptional works of art,

mostly paintings and some sculptural exhibits, mainly by Slovenian authors. Initially, from 2013, the works presented were from our own collection, but a regular gallery activity was established later. The gallery in Ljubljana exhibits works by the best Slovenian and foreign artists. In 2020, the activity of the gallery had to be adjusted due to the epidemic. Apart from live exhibitions and virtual tours of exhibitions, we also bring artists closer to the public in video interviews. In 2021, the gallery hosted high-profile exhibitions of established academic painters Joni Zakonjšek, Franc Novinc and Uroš Weinberger.

We have taken a big step in reducing paper consumption. In 2021, thanks to an extremely fast and efficient digitalisation of processes, the Company managed to reduce paper consumption by about 37% on average compared to 2020.

In culture and preservation of natural and cultural heritage, the Company has been a long-lasting supporter of the Volčji Potok Arboretum and the Lipica Stud Farm, while the Slovenian National Theatre Drama, Ljubljana National Gallery, Koper Theatre, Siti Theatre of Ljubljana and Portorož Auditorium have also been operating under the auspices of the Company.

10.8 RESPONSIBLE ATTITUDE TOWARDS THE ENVIRONMENT

The Company strives to integrate sustainability into all business activities and day-to-day operations. Caring for the natural environment is part of our commitment to sustainable development and a contribution to reducing all impacts on this environment.

The Company is a service company which, due to its activity, is not an important factor in environmental pollution. Nevertheless, we have integrated environmental protection into our daily business life. We constantly strive to reduce our impact on the environment, both in terms of emissions and the use of natural resources and energy. Immediately after the onset of the coronavirus epidemic in 2020, we switched to a hybrid way of working (working at the employer's premises and working from home), which is still maintained today thus further reducing the environmental footprint.



Over the past two years, the Company has also merged several business locations and reduced operating costs and energy consumption. The Company also regularly takes care of the maintenance of company-owned office buildings. The highest investment in 2021 in this area was the purchase of a new heat pump worth 100,000 euro. The Company also continued to renovate its vehicle fleet by purchasing environmentally friendly cars. In 2021, claim centres of Kranj, Nova Gorica, Murska Sobota and Ptuj were equipped with new electric cars. In total, the measured emissions of the Company's fleet averaged 106 g, and the goal is to further reduce them in the future.

By promoting education and raising employee awareness (for example in internal newsletters), the Company is raising awareness of the importance of environmental protection, while striving for increasingly paperless operations through intensive digitalisation in all business areas.

Waste separation has been a constant. The type and quantities of the most frequently collected waste are shown in the table below.

Types of separated waste – quantity in kg	2020	2021
Electronic waste	2,940	0
Toners	75	467
Battery packs	45	80
Paper	20,200	45,510

On the Hot Side of the Alps - life in times of climate change

The Generali Gallery, which otherwise pays attention to quality fine arts, invited the guest exhibition On the Hot Side of the Alps to emphasize the Company's commitment to sustainable development. The exhibition prepared by Umanotera, the Slovenian Foundation for Sustainable Development, shows photos of six recognizable Slovenian areas and places - Ljubljana, Lipica, Pohorje, Ptuj, Mangart and Piran - their images today and at the end of the 21st century if the worst-case scenario of continued major global greenhouse gas emissions becomes a reality. Nonetheless, the purpose of the exhibition, opened in early 2022, is not to arouse fear, but to highlight that quick and decisive action can still be taken to avoid dangerous consequences of climate change.

11. INSURANCE AND SERVICES DEVELOPMENT

The development of the offer follows the trends and changes in the needs of various segments of our customers - from individuals to the largest corporate users. We adapt insurance and services to target groups, life situations and changes due to the Company's digital transformation, while providing customers via our omnichannel sales model underwriting and claim settlement services in the way that suits them best.

11.1 NON-LIFE INSURANCE

In 2021, we placed the greatest emphasis on consolidating unified insurance products and sales and back-office processes.

In the car insurance segment, we continued optimizing the implementation of the sales process with an emphasis on effective cooperation with the sales network. We upgraded information solutions for both support processes and the sales process. We additionally complemented the insurance offer for a wider sales network as well as for specific sales channels.

In early reporting year, we started marketing renewed insurance products offering comprehensive protection to companies: PaketObrtPodjetja – POP (Companies Package), PaketPodjetnik – PP (EnterprenEUR Package) and PaketZgradbe – PZ (Buildings Package). These packages combine, taking into account the policies and rules of the Group, the best features of the two previous insurances. As a lifetime partner, we listened to the needs of the sales network and the market and adapted and coordinated renewed products and information systems.

The epidemic had a strong impact on tourism insurance again in 2021. Due to high demand, we included COVID coverage into Zavarovanje TUJINA (Insurance Abroad) in June, offering insurance coverage for covid-19 diseases, as for other diseases. In addition to covering the costs of treatment, we also cover the costs of extended accommodation in the case of self-isolation due to coronavirus infection and transport home if the client is unable to return due to self-isolation

and infection as originally intended. COVID coverage enabled us to become competitive on the market and to increase production. The product TUJINA (Abroad) was radically upgraded by increasing the sum insured (up to 1 million) and redesigned in December 2021. In addition to basic coverage, it now provides customers with a selection of additional coverage such as: travel (flight cancellation, loss/theft of luggage, flight/baggage delay, etc.), liability, accident (death and surgery), travel cancellation (with the possibility of COVID coverage), travel interruption and misuse of bank cards. The product TUJINA (Abroad) is now very interesting for customers and offers the widest range of coverage for unpleasant events that may happen to our customers abroad.

Special attention was paid to improving the quality of corporate insurance products, where the risk-taking process was optimized by optimizing the front-office application and connecting it to the back-office application, a portfolio management process was devised, a series of trainings on this topic was conducted and a risk evaluation tool developed. Furthermore, re-evaluation of the risk of a part of the corporate portfolio continued in accordance with the Group's appetites and policies, cyber insurance was further developed and trends for the development of professional liability insurance was outlined.

We are intensively continuing other activities which combine post-merger solutions, including: unification of system solutions in the product development process, adjustment and coordination of insurance bases, unification of sales support processes, reinsurance, unification and regulation of back-office processes, unification of reporting systems, adaptation of reporting systems, unification of provisioning systems and preparation of common information solutions.

11.2 LIFE INSURANCE

Our offer comprises insurance for every stage of life enabling customers to take care of their own safety and the safety of their loved ones. Our activities in 2021 focused on building a lifetime partnership with customers. In their

active period of life, when they are creating or already have a career, family, home and savings, we provide adequate insurance protection tailored to the needs, desires and goals of individuals. Insurance products are also suitable for companies which want to provide social and financial security to their employees and the security of their loved ones and/or the company.

MOJ ŽIVLJENJSKI KASKO (My fully comprehensive life insurance) is a life insurance product that provides a protection scheme for all situations: in times of serious illness, injury, credit, debt, schooling, unemployment or incapacity for work and provides financial security for loved ones in the event of death. Additional coverage can be added to this product. One of the important advantages of this insurance is that it satisfies the client's needs for insurance protection over time in the greatest possible form. If a customer, at some point in time, no longer needs any of the coverages, he can use this premium to purchase coverage for other needs or simply save on the premium. This optimizes insurance and makes it more affordable.

MOJ ŽIVLJENJSKI BONUS (My life bonus) is an investment insurance that combines death insurance and long-term instalment savings in various investments. The client selects a suitable investment goal: for a pension or for targeted savings such as for children's schooling, buying a car, an apartment, travelling, etc. The third option is for the client to design the investment himself, according to the investment expectations and wishes and goals. The advantage of this insurance is that, depending on the chosen investment goal, the Company properly allocates the client's funds to investments, so that the savings are automatically shifted between different investments. In this way, we take care of ensuring optimal returns with adequate investment security. The client is rewarded for each year of savings, thus saving even more.

ENKRATNI ŽIVLJENJSKI BONUS (One-off life bonus) is another investment insurance that combines all the listed advantages of the described insurance, but is intended for clients who want to enhance a one-off amount on the capital market.

We offer a wide range of investment opportunities, managed by the best experts of the subsidiary Generali Investments, who monitor the structure of investments and constantly adjust it to market conditions.

Clients who belong to the elderly age group can choose the VARNA LETA (Safe years) life insurance, where the insurance period is not specified, but the person is insured for life. The advantage of this insurance is that clients can take care of themselves

in the event of cancer or an accident and relieve their loved ones of the costs in the event of death.

Senior citizens who want to take care of the financial security of their loved ones in the event of their death and save even in their autumn years can choose the investment insurance ZLATA LETA (Golden years). This combines death insurance and savings in a variety of investments tailored to the client. Even in the period after retirement, the client can save with a low monthly premium for various purposes such as: travel, home renovation or saving for grandchildren, etc. Additional coverage can also provide the client financial security in the event of injury or cancer.

All insurance schemes offer clients great flexibility throughout the duration of the insurance, according to their current needs and requirements.

We offer additional benefits to all customers through the Migimigi community to encourage a better and healthier lifestyle.

11.3 PENSION INSURANCE

Due to the consequences of the epidemic, fewer new companies (employers) and consequently members/policyholders joined pension insurance in 2021. Therefore, we focused even more on existing members/policyholders and employers, and sought synergies of the merger. We also continued to unify support processes and insurance, which are still subject to certain pension insurance regulatory approvals.

Members/policyholders were regularly informed about the operation of their pension funds and the importance and benefits of saving for a safe old age in the second pension pillar. All members are provided with an insight into their personal pension accounts via Moj Generali or Moj pokojninski račun portals - depending on the pension fund in which they save. By transferring all members of the KPS LEON 2 to the Moj Generali portal and by providing the possibility of access through this portal, we enabled the closure of the Moj pokojninski račun portal in January 2022, which was notified to the members as part of the annual notification in early 2021. At the same time, the Moj pokojninski račun was abolished for employers, however secure communication and sharing of files with confidential business content was enabled via the B2B and Moj pokojninski račun for employers web portals, whereby recommending and directing employers to use the B2B.

The most important upgrades and changes to this insurance class in 2021 include harmonization of pension

documentation with legislation to ensure higher protection of members in pension funds and more transparent notification of members, notification of members about their rights, cost structure during savings, fund performance and adjustments to investment funds. policies, in particular with regard to environmental and social factors and the sustainable elements of corporate governance. Policyholders were provided with a change in age classes due to longer life expectancy of members, the possibility of longer savings in higher-risk sub-funds and the need for higher investment amounts. The second reason is the increase in the retirement age of members and thus a longer period of receiving pension from the first pillar. The age period of each sub-fund has been extended by 5 years.

The third change is the change of the asset manager of the KPS LEON 2 sub-funds to take into account modern trends in the management of supplementary pension insurance assets. The goal is to provide an even more profitable management of our members' funds. The management of KPS LEON 2 sub-funds was taken over by the company Generali Investments, ranked among the nine percent of the best management companies in the world by the internationally recognized and independent Morningstar Agency.

In the case of the supplementary pension annuity, upon company merger, we continued only the Dodatna pokojnina AS supplementary pension scheme, because it includes the so-called "accelerated" annuity, very popular with members/policyholders from the point of view of tax optimization. The amendment to the Supplementary Pension Scheme for was formally approved at the beginning of the year, which adapted the scheme to the living situations of the members, simplified the offer of supplementary pension annuities and introduced some technical changes within the statutory provisions for pension annuities.

As the manager of all three pension funds, the Company will continue to unify the processes and forms of pension funds within the legal possibilities in the new financial year. In this way, it will strive to optimize and achieve the most favourable effects for members in the commercial and operational management of funds.

In the context of management of pension funds, Generali d. d. manages the PN-A01 Guaranteed Return Guarantee Fund and two pension funds that implement a life-cycle investment policy: the Life Cycle Guarantee Fund Group and the LEON 2 Life Cycle Umbrella Pension Fund. The PN-A01 Guaranteed Return Guarantee Fund and the Life Cycle Guarantee Fund Group are disclosed

as guarantee funds, while the LEON 2 2 Life Cycle Umbrella Pension Fund as a mutual pension fund.

11.4 HEALTH INSURANCE

With our range of health insurance products we provide comprehensive health care for policyholders and strive to maintain the leading position among insurance companies in the development of innovative health products and health-related assistance services.

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. That is why we develop health and accident insurance that is adapted to the entire population: young, active and elderly. Our mission, which is to become their lifetime partner, is also realized by raising awareness about health topics.

We prepare educational webinars for the internal and general public on current topics such as covid-19 disease, the situation in public health and specific problems, health care, etc. We also dedicated useful online lectures to the managers of many companies to improve the situation at workplaces. With various publications, we constantly point out the possibilities of insurance that lead to faster treatment.

Due to the ongoing epidemic, in early 2021 we extended the underwriting of the COVID-19 collective health insurance for another year. The insurance includes hospital benefit in the case of hospital treatment for covid-19, compensation for recovery after discharge from intensive care and death benefit. We thus offered financial protection to the policyholders or beneficiaries, as well as psychological assistance and assistance services.

Due to the restriction of personal contacts, at the end of January 2021 we offered our customers the high-quality and urgently needed Halo Doktor coverage, which covers the costs of remote medical consultation. The service enables an immediate video call with a general practitioner or family doctor every day of the year, even at weekends or holidays, from 6 am to 10 pm. The doctor is usually available within 15 minutes, but it is also possible to choose consultation at a pre-arranged time (video or phone call). The number of calls is unlimited. The doctor prepares a report for the patient with an explanation, but the doctor can also issue a Halo Doktor referral for a specialist examination under the Specialists with Assistance insurance (in this case,

a referral from the selected personal physician is not required). In this way, the insured person can detect a health problem and start treatment much faster. The implementation of the services is modern, fast and easy. Halo Doktor was added to the individual and collective health insurance Specialists with Assistance and to the online insurance WIZ Specialists and G24 Specialists.

The new Halo Doctor service makes health treatment easier for patients:

- As many as 46% of policyholders confirmed that the call simplified their treatment, as they did not have to visit their personal physician again for a referral to a specialist, but were issued the referral by a doctor as part of the Halo Doktor service.
- 34% of policyholders received enough medical advice to solve their problem.
- 29% of calls from policyholders were received by a doctor within the Halo Doktor service after 4 pm, which means that policyholders solved their problem outside the working hours of their personal physician.

Specialists with Assistance is already a very well-established insurance, but we are constantly adapting it to the needs of our policyholders. In early June 2021, we added the new Halo Doktor and Preventive Medical Exams to it, expanded the range of surgeries, added an offer for the elderly up to 85 years of age and extended the duration to 100 years of age, and enabled family underwriting in a single offer. Taking out insurance Specialists with Assistance is becoming increasingly important, as covid-19 has further strained the public health system, made it more difficult to access personal physicians and health services, and extended waiting times in the public health system. A timely diagnosis is crucial for the start and course of treatment and significantly affects the quality of health of the policyholder and the speed of his recovery, prevents possible complications and consequences that may occur, and contributes to his

faster return to work and daily life. In September 2021, we also renewed the collective version for companies. Due to novelties on the market, we will continue upgrading the insurance and adapt it to new trends.

In 2021, in cooperation with several insurance agencies, we developed the customized health insurance Moje zdravje (My Health), and upgraded it with the Halo Doktor cover. In addition to health and assistance services, as covered by Specialists with Assistance insurance, this insurance also offers DNA analysis, severe illness coverage and death benefits. The policyholder can personally compile the packages according to his needs and abilities.

We are intensively continuing the development of the assistance services project, aimed at digitalisation of health services as part of supplementary health insurance. It connects several information systems within the Company, and various information systems of contracted healthcare providers.

Next year will see further simplification and facilitation of access to remote health services. In order to provide excellent health services, we systematically build business relationships with renowned experts and select only the providers featuring highest quality and professional training.

11.5 INFORMATION TECHNOLOGY

In early 2021, we renewed our IT and business operations strategy. The strategy is based on the Company's business strategy and Generali Group initiatives, policies, key projects and programme, and draws on trends and directions in the development of information technology. When carrying out activities on the path of digital transformation of the Company, we have always had in mind our wish to be a lifetime partner to our customers. We pursue this goal not only by using modern technologies, but also by developing competencies, which allows us to agilely find solutions which will best meet the needs of our customers, employees and other users of our solutions. Hence we continued to develop the competencies of insurance and information technologists, introduced agile development methods, introduced data science concepts, and at the same time took care of increasing the maturity of IT management and improving the security of physical and information assets of the company.

The omnichannel communication with customers was upgraded by securely exchanging documentation and updated the claim reporting process via the Company's website for users of the Moj Generali online branch and

for customers who do not yet use it. Through the WIZ and G24 brands we renewed and expanded the range of insurance products available to customers for online underwriting. As it is crucial for us to maintain personal contact with our customers, we have empowered our employees and partners with upgraded digital tools that offer an even more friendly and efficient user experience. As the solutions used by our employees and partners in personal contact with customers as well as in remote business are now based on increasingly complex architectures, we paid special attention to optimizing and controlling the operation of information solutions to ensure business continuity and day-to-day operations.

Most of our clients are not in direct contact with the support functions of the Company, but their efficient operation contributes to the overall image of our Company and its successful operations. Thus we upgraded the integration between underwriting and back-office information solutions, automated new business rules, unified and upgraded information support for commission and reinsurance charging, expanded the use of e-invoicing and optimized the implementation of processes based on process management platform to standardize and automate sales and after-sales processes.

We also took the first steps towards the use of robotic process automation (RPA) tools and gained competencies to implement an agile development model to ensure short development cycles and support the development of solutions for which not all functional requirements can be defined in advance. This is especially important for the development of digital solutions. The DevOps methodology, which is gradually being introduced into the process of developing information solutions, has proven to be a good practice in this area.

The merger of insurance companies in 2020 requires further gradual consolidation of information solutions and IT infrastructure on the way to even greater cost efficiency. Therefore we combined key server equipment at two physical locations, consolidated and optimized disk systems and consolidated databases in the main data centre.

We not only offer security to our clients within the framework of insurance products, but we also diligently take care of their data as part of the secure and legally compliant management of information solutions. Among other things, we carried out a complete overhaul of the data protection system, established network authentication in the internal wired and wireless network and joined the security operations centre of the

Generali Group. We also provide regular training in raising of awareness of employees in the field of security.

We provide modern solutions not only to our customers, but also to our employees. With the gradual transition to the Office 365 platform based on Microsoft's cloud technologies, we have laid the foundations for modern mobile device management, secure sharing of business documents and use of other services offered by Office 365. One of the key acquisitions is certainly the MS Teams platform, which offers completely new dimensions of teamwork and cooperation, and which employees are already using to their advantage.

We also pay special attention to data management. We implement the Generali Group "Data Quality Policy" and "Data Management Policy" and ensure the coherence of data elements, systems, flows, instances and controls. In addition, we also manage the register of data quality incidents. In 2021, we reported to the Generali Group for the first time for the merged Company, and the Group's Prima system confirmed that the quality of the data is confirmed by the relevant indices.

Last but not least, as a lifetime partner, we also want to be a stable and legally compliant insurance company that ensures that our clients' interests are respected and protected. We have therefore taken into account regulatory requirements and directives when introducing new solutions and services. After we started to keep the general ledger of the insurance company in SAP S/4HANA at the beginning of the year, activities to ensure the requirements of the new accounting standard IFRS17 took place throughout the year. The emphasis is mainly on providing data and adapting information solutions accordingly.

We provided information support to companies owned by Generali zavarovalnica and provided hosting in the Company's private cloud.

11.6 BUSINESS INTELLIGENCE

As part of business intelligence and data analytics, we continued to centralize data in the data warehouse. The emphasis was mainly on filling in analytical data from new sources. We provided data, updated applications and analyses for unified reporting to various stakeholders and for business decision-making in creating a modern, market-and-customer-tailored offer.

The key goal in 2021 was to consolidate reporting according to the appropriate dimensions of the Generali organizational structure, and we also continued to

automate reporting to the sales and claims groups. Among other things, we combined sources for the preparation of a single list of insurance expiry dates (skadencar) and for the needs of the loyalty scheme.

For the purposes of posting in the general ledger, we prepared a system that enables the preparation and posting of bookkeeping documents from all transaction information systems of the Company and automated the processes for the preparation of financial reporting data.

11.7 MARKETING ACTIVITIES

In 2021, we successfully achieved all the overarching goals of marketing and public relations - both in the field of building a strong brand and in strengthening the perception of Generali as a lifetime partner. We were also recognized as the most recommended insurance company in Slovenia (Aragon, BrandTrack Survey, February 2021).

Recognition for our work was also granted to us by the profession. We received the Effie finalist award for communication support during the merger of insurance companies. The award is given to the most efficient marketing and communication projects in Slovenia.

In the field of marketing communication, we continued with the notable Reditude campaign. In 2021, we paid a lot of attention to the prevention and to the promotion of healthy living, focusing on the Najboljše zavarovanje je tvoje ravnanje (Best insurance is your conduct) (#NZJTR) platform, which included numerous digital events, trainings, talks, articles and records. We also encouraged an active life with the Migimigi initiative, where, in addition to tips, articles and manuals, users were also offered a number of challenges, trainings and exercises. Among the preventive contents, the project that received high profile was the 3-D zebra crossing, which was set up for the first time in Slovenia in 3 Slovenian cities and in this way additionally highlighted the issue of the most vulnerable groups in traffic. Given the excellent responses, we will continue with the project in 2022 and install zebra crossings in at least 7 other Slovenian towns.

Our clients are provided with current content and useful information that help them in their daily lives within the framework of digital and content marketing. In this way, our clients are given the opportunity to understand the value and benefits of insurance.

We also paid a lot of attention to digital and content marketing, in which we want to address new potential customers as effectively as possible and offer them enough reasons and information to contact with us. These activities took place for insurance and services for end users, while an important emphasis was also placed on content and tools for small and medium-sized enterprises. We provided huge support to achieving the digital visibility of our agents - online and on social networks. With the activities and support we offer them, we greatly increase the percentage of agents who actively use digital channels every year.

We also ensured the renovation of the website, communication strategy and its implementation for the specialist Ambulanta zdravje (Health Clinic), owned by Generali. With enhanced visibility and presence on digital channels, we were able to attract new patient segments and improve its visibility.

As an important supporter of sports, culture and cultural heritage, we supported our beneficiaries. Interesting projects have also developed from sponsorships, such as the publication of the Prekmurje Football Dictionary in cooperation with the Mura F.C.

As a socially responsible company, as part of The Human Safety Net initiative, we continued to support projects of the Association of Friends of Youth Ljubljana Moste-Polje and other charitable projects in which we, either as an insurance company or employees - volunteers, are actively involved.

The year 2021 was also strongly marked by the 190th anniversary of the Generali Group, which received great attention in Slovenia. At the end of the year, the Group presented a new 3-year plan, a new strategy that will in the future also affect the work in the field of marketing in Slovenia. The year was concluded in preparations for 2022, when the Generali zavarovalnica celebrates its 25th anniversary in Slovenia.

12. SELECTED PERFORMANCE INDICATORS

Growth of gross written premium

Growth of gross written premium	Gross written premium in current year	Gross written premium in previous year	Year 2021	Gross written premium in current year	Gross written premium in previous year	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in EUR	in EUR	index	in EUR	in EUR	index
1. Accident insurance	23,996,797	23,569,361	102	23,569,361	6,804,102	346
2. Health insurance (without complementary health insurance)	5,610,705	4,742,783	118	4,742,783	394	-
3. Land vehicle insurance	72,739,681	62,166,331	117	62,166,331	19,718,469	315
5. Aircraft insurance	292,122	283,094	103	283,094	100	-
6. Ship insurance	466,419	455,643	102	455,643	5,422	-
7. Goods in transit insurance	2,288,991	2,037,069	112	2,037,069	164,304	-
8. Fire and natural forces insurance	33,992,462	33,310,787	102	33,310,787	14,776,558	225
9. Other damage to property insurance	25,339,079	23,331,148	109	23,331,148	9,210,551	253
10. Vehicle liability insurance	54,793,459	54,029,109	101	54,029,109	18,236,127	296
11. Aircraft or other flying machine liability insurance	20,694	28,415	73	28,415	300	-
12. Liability for ship insurance	531,350	529,955	100	529,955	13,173	-
13. General liability insurance	17,146,089	16,253,480	105	16,253,480	6,007,562	271
14. Credit insurance shall be insurance covering:	654,505	(652)	-	(652)	-	-
15. Suretyship insurance	163,805	158,931	103	158,931	-	-
16. Miscellaneous financial loss insurance	1,034,881	1,418,796	73	1,418,796	1,155,422	123
17. Legal expenses insurance	957,346	468,720	204	468,720	237,148	198
18. Tourist assistance	8,314,162	7,440,543	112	7,440,543	2,242,138	332
Non-life insurance contracts	248,342,549	230,223,513	108	230,223,513	78,571,770	293
19. Life assurance	39,527,086	39,389,463	100	39,389,463	14,683,211	268
21. Life assurance linked to units of investment fund or to units of funds	43,678,570	44,984,499	97	44,984,499	13,628,089	330
Life insurance contracts	83,205,656	84,373,962	99	84,373,962	28,311,300	298
Complementary health insurance	118,590,450	111,476,189	106	111,476,189	-	-
Total	450,138,654	426,073,664	106	426,073,664	106,883,070	399

Net written premiums as % of gross written premiums

Net written premiums as % of gross written premiums	Net written premiums	Gross written premiums	Year 2021	Net written premiums	Gross written premiums	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in EUR	in EUR	in %	in EUR	in EUR	in %
1. Accident insurance	23,687,535	23,996,797	99	23,263,557	23,569,361	99
2. Health insurance (without complementary health insurance)	5,610,705	5,610,705	100	4,742,783	4,742,783	100
3. Land vehicle insurance	68,833,564	72,739,681	95	59,124,002	62,166,331	95
5. Aircraft insurance	12,714	292,122	4	18,569	283,094	7
6. Ship insurance	128,523	466,419	28	115,797	455,643	25
7. Goods in transit insurance	534,092	2,288,991	23	728,658	2,037,069	36
8. Fire and natural forces insurance	26,141,964	33,992,462	77	26,264,792	33,310,787	79
9. Other damage to property insurance	20,613,355	25,339,079	81	19,435,728	23,331,148	83
10. Vehicle liability insurance	53,194,306	54,793,459	97	52,364,686	54,029,109	97
11. Aircraft or other flying machine liability insurance	2,664	20,694	13	(2,489)	28,415	-9
12. Liability for ship insurance	144,670	531,350	27	136,505	529,955	26
13. General liability insurance	12,924,366	17,146,089	75	12,348,462	16,253,480	76
14. Credit insurance shall be insurance covering:	654,505	654,505	100	(652)	(652)	-
15. Suretyship insurance	53,130	163,805	32	39,394	158,931	25
16. Miscellaneous financial loss insurance	483,988	1,034,881	47	825,458	1,418,796	58
17. Legal expenses insurance	900,566	957,346	94	465,649	468,720	99
18. Tourist assistance	7,305,323	8,314,162	88	7,245,145	7,440,543	97
Non-life insurance contracts	221,225,972	248,342,549	89	207,116,044	230,223,513	90
19. Life assurance	35,483,952	39,527,086	90	29,328,783	39,389,463	74
21. Life assurance linked to units of investment fund or to units of funds	43,678,570	43,678,570	100	38,455,179	44,984,499	85
Life insurance contracts	79,162,522	83,205,656	95	67,783,962	84,373,962	91
Complementary health insurance	118,590,450	118,590,450	100	111,476,189	111,476,189	100
Total	418,978,943	450,138,654	93	386,376,195	426,073,664	91

Movement in gross claims and benefits paid

Movement in gross claims and benefits paid	Net written premiums	Gross written premiums	Year 2021	Net written premiums	Gross written premiums	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in EUR	in EUR	in %	in EUR	in EUR	in %
1. Accident insurance	8,686,682	8,070,944	108	8,070,944	1,647,682	490
2. Health insurance (without complementary health insurance)	2,212,807	1,766,992	125	1,766,992	236	-
3. Land vehicle insurance	41,340,106	37,017,181	112	37,017,181	13,130,240	282
6. Ship insurance	351,961	182,604	193	182,604	3,548	-
7. Goods in transit insurance	1,840,645	826,897	223	826,897	19,490	-
8. Fire and natural forces insurance	19,825,052	17,334,957	114	17,334,957	5,917,159	293
9. Other damage to property insurance	9,822,781	9,670,254	102	9,670,254	2,379,899	406
10. Vehicle liability insurance	30,403,870	25,786,432	118	25,786,432	8,721,457	296
12. Liability for ship insurance	45,960	23,900	192	23,900	-	-
13. General liability insurance	5,890,930	4,077,980	144	4,077,980	949,963	429
14. Credit insurance shall be insurance covering:	32,444	17,558	185	17,558	-	-
15. Suretyship insurance	4,807	14,000	34	14,000	-	-
16. Miscellaneous financial loss insurance	267,070	666,922	40	666,922	96,874	688
17. Legal expenses insurance	354	919	39	919	-	-
18. Tourist assistance	4,800,125	3,726,346	129	3,726,346	1,284,500	290
Non-life insurance contracts	125,532,023	109,193,132	115	109,193,132	34,151,048	320
19. Life assurance	20,753,621	18,599,001	112	18,599,001	6,280,272	296
21. Life assurance linked to units of investment fund or to units of funds	32,423,501	29,417,975	110	29,417,975	5,154,905	571
Life insurance contracts	53,177,122	48,016,976	111	48,016,976	11,435,177	420
Complementary health insurance	95,574,570	83,729,837	114	83,729,837	-	-
Total	274,283,716	240,939,945	114	240,939,945	45,586,225	529

Claims ratio

Claims ratio	Net written premiums	Gross written premiums	Year 2021	Net written premiums	Gross written premiums	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in EUR	in EUR	coefficient	in EUR	in EUR	coefficient
1. Accident insurance	8,686,682	23,996,797	36.20	8,070,944	23,569,361	34.24
2. Health insurance (without complementary health insurance)	2,212,807	5,610,705	39.44	1,766,992	4,742,783	37.26
3. Land vehicle insurance	41,340,106	72,739,681	56.83	37,017,181	62,166,331	59.55
5. Aircraft insurance	6,429	292,122	2.20	9,246	283,094	3.27
6. Ship insurance	351,961	466,419	75.46	182,604	455,643	40.08
7. Goods in transit insurance	1,840,645	2,288,991	80.41	826,897	2,037,069	40.59
8. Fire and natural forces insurance	19,825,052	33,992,462	58.32	17,334,957	33,310,787	52.04
9. Other damage to property insurance	9,822,781	25,339,079	38.77	9,670,254	23,331,148	41.45
10. Vehicle liability insurance	30,403,870	54,793,459	55.49	25,786,432	54,029,109	47.73
11. Aircraft or other flying machine liability insurance	-	20,694	0.00	-	28,415	0.00
12. Liability for ship insurance	45,960	531,350	8.65	23,900	529,955	4.51
13. General liability insurance	5,890,930	17,146,089	34.36	4,077,980	16,253,480	25.09
14. Credit insurance shall be insurance covering:	32,444	654,505	4.96	17,558	(652)	-
15. Suretyship insurance	4,807	163,805	2.93	14,000	158,931	8.81
16. Miscellaneous financial loss insurance	267,070	1,034,881	25.81	666,922	1,418,796	47.01
17. Legal expenses insurance	354	957,346	0.04	919	468,720	0.20
18. Tourist assistance	4,800,125	8,314,162	57.73	3,726,346	7,440,543	50.08
Non-life insurance contracts	125,532,023	248,342,549	51	109,193,132	230,223,513	47
19. Life assurance	20,753,621	39,527,086	52.50	18,599,001	39,389,463	47.22
21. Life assurance linked to units of investment fund or to units of funds	32,423,501	43,678,570	74.23	29,417,975	44,984,499	65.40
Life insurance contracts	53,177,122	83,205,656	63.91	48,016,976	84,373,962	56.91
Complementary health insurance	95,574,570	118,590,450	80.59	83,729,837	111,476,189	75.11
Total	274,283,716	450,138,654	60.93	240,939,945	426,073,664	56.55

Operating expenses as % of gross written premiums

Operating expenses as % of gross written premiums	Operating expenses	Gross written premiums	Year 2021	Operating expenses	Gross written premiums	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
	in EUR	in EUR	in %	in EUR	in EUR	in %
Results by class of insurance:						
1. Accident insurance	8,044,639	23,996,797	34	7,688,364	23,569,361	33
2. Health insurance (without complementary health insurance)	1,117,807	5,610,705	20	1,308,501	4,742,783	28
3. Land vehicle insurance	19,303,792	72,739,681	27	18,097,680	62,166,331	29
5. Aircraft insurance	111,325	292,122	38	1,956	283,094	1
6. Ship insurance	162,201	466,419	35	162,140	455,643	36
7. Goods in transit insurance	565,403	2,288,991	25	448,013	2,037,069	22
8. Fire and natural forces insurance	10,969,330	33,992,462	32	12,910,889	33,310,787	39
9. Other damage to property insurance	8,026,125	25,339,079	32	9,197,841	23,331,148	39
10. Vehicle liability insurance	15,801,371	54,793,459	29	18,892,627	54,029,109	35
11. Aircraft or other flying machine liability insurance	14,466	20,694	70	1,951	28,415	7
12. Liability for ship insurance	320,898	531,350	60	171,642	529,955	32
13. General liability insurance	5,528,823	17,146,089	32	5,403,225	16,253,480	33
14. Credit insurance shall be insurance covering:	1,009	654,505	0	2,077	(652)	-
15. Suretyship insurance	31,632	163,805	19	50,669	158,931	32
16. Miscellaneous financial loss insurance	346,043	1,034,881	33	478,298	1,418,796	34
17. Legal expenses insurance	151,683	957,346	16	159,298	468,720	34
18. Tourist assistance	2,418,217	8,314,162	29	2,463,950	7,440,543	33
Non-life insurance contracts	72,914,764	248,342,549	29	77,439,121	230,223,513	34
19. Life assurance	15,685,347	39,527,086	40	13,281,671	39,389,463	34
21. Life assurance linked to units of investment fund or to units of funds	8,162,015	43,678,570	19	11,428,384	44,984,499	25
Life insurance contracts	23,847,362	83,205,656	29	24,710,055	84,373,962	29
Complementary health insurance	9,718,870	118,590,450	8	9,378,860	111,476,189	8
Total	106,480,996	450,138,654	24	111,528,036	426,073,664	26

Acquisition costs as % of gross written premiums

Acquisition costs as % of gross written premiums	Insurance acquisition costs	Gross written premiums	Year 2021	Insurance acquisition costs	Gross written premiums	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
	in EUR	in EUR	in %	in EUR	in EUR	in %
Results by class of insurance:						
1. Accident insurance	2,133,443	23,996,797	9	2,301,414	23,569,361	10
2. Health insurance (without complementary health insurance)	713,398	5,610,705	13	203,763	4,742,783	4
3. Land vehicle insurance	6,180,087	72,739,681	8	5,961,704	62,166,331	10
5. Aircraft insurance	1,902	292,122	1	2,101	283,094	1
6. Ship insurance	64,698	466,419	14	64,409	455,643	14
7. Goods in transit insurance	211,114	2,288,991	9	179,359	2,037,069	9
8. Fire and natural forces insurance	5,425,254	33,992,462	16	5,906,282	33,310,787	18
9. Other damage to property insurance	3,902,376	25,339,079	15	4,193,861	23,331,148	18
10. Vehicle liability insurance	4,274,117	54,793,459	8	5,808,099	54,029,109	11
11. Aircraft or other flying machine liability insurance	707	20,694	3	1,464	28,415	5
12. Liability for ship insurance	62,832	531,350	12	70,626	529,955	13
13. General liability insurance	2,378,780	17,146,089	14	2,281,592	16,253,480	14
14. Credit insurance shall be insurance covering:	-	654,505	0	(2)	(652)	0
15. Suretyship insurance	14,671	163,805	9	7,692	158,931	5
16. Miscellaneous financial loss insurance	140,321	1,034,881	14	32,941	1,418,796	2
17. Legal expenses insurance	66,905	957,346	7	47,568	468,720	10
18. Tourist assistance	600,019	8,314,162	7	644,875	7,440,543	9
Non-life insurance contracts	26,170,624	248,342,549	11	27,707,748	230,223,513	12
19. Life assurance	5,829,663	39,527,086	15	6,047,737	39,389,463	15
21. Life assurance linked to units of investment fund or to units of funds	1,883,762	43,678,570	4	2,697,754	44,984,499	6
Life insurance contracts	7,713,425	83,205,656	9	8,745,491	84,373,962	10
Complementary health insurance	1,330,419	118,590,450	1	1,282,181	111,476,189	1
Total	35,214,468	450,138,654	8	37,735,420	426,073,664	9

Net claims ratio

Net claims ratio	Net claims paid + change in claims provisions	Net earned premiums	Year 2021	Net claims paid + change in claims provisions	Net earned premiums	Year 2020
1	2	3		5	6	7=5/6*100
Results by class of insurance:	in EUR	in EUR	in %	in EUR	in EUR	in %
1. Accident insurance	9,543,820	23,564,756	41	7,455,983	23,457,093	32
2. Health insurance (without complementary health insurance)	2,225,327	5,581,256	40	2,230,336	4,787,037	47
3. Land vehicle insurance	43,693,070	66,235,189	66	40,258,736	58,284,741	69
5. Aircraft insurance	(2,584)	15,356	-	19,368	2,601	745
6. Ship insurance	63,808	128,529	50	106,929	126,821	84
7. Goods in transit insurance	332,875	512,464	65	278,924	734,708	38
8. Fire and natural forces insurance	15,826,040	25,662,483	62	17,854,503	25,705,391	69
9. Other damage to property insurance	9,562,642	20,076,381	48	10,240,872	19,067,906	54
10. Vehicle liability insurance	30,347,573	52,644,714	58	31,422,476	55,750,330	56
11. Aircraft or other flying machine liability insurance	-	1,301	0	-	(4,674)	0
12. Liability for ship insurance	(5,994)	147,108	-	(17,643)	138,564	-
13. General liability insurance	5,237,470	12,167,984	43	3,947,829	12,027,609	33
14. Credit insurance shall be insurance covering:	(7,554)	734,382	-	18,263	85,889	21
15. Suretyship insurance	20,286	44,730	45	(7,271)	46,631	-
16. Miscellaneous financial loss insurance	313,986	506,552	62	430,873	940,065	46
17. Legal expenses insurance	13,512	814,140	2	(14,934)	409,597	-
18. Tourist assistance	5,797,127	7,029,380	82	4,598,302	7,235,437	64
Non-life insurance contracts	122,961,405	215,866,706	57	118,823,546	208,795,746	57
19. Life assurance	20,257,685	35,353,733	57	16,789,388	28,711,611	58
21. Life assurance linked to units of investment fund or to units of funds	32,453,067	43,678,570	74	29,644,689	38,455,179	77
Life insurance contracts	52,710,752	79,032,303	67	46,434,077	67,166,790	69
Complementary health insurance	96,948,292	118,420,840	82	84,119,638	111,441,844	75
Total	272,620,448	413,319,849	66	249,377,261	387,404,380	64

Net insurance claims, together with the change in the provisions for claims by class of insurance, also include "Claims handling costs", which the Insurance Company keeps under Gross claims incurred, while they do not include "Equalisation scheme expenses".

Combined claims ratio

Combined claims ratio	Net claims paid + change in claims provisions + net operating expenses	Net earned premiums	Year 2021	Net claims paid + change in claims provisions + net operating expenses	Net earned premiums	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	coefficient	in EUR	in EUR	coefficient
Non-life insurance contracts	307,073,202	334,287,546	92	277,148,132	320,237,590	87

Expense ratio

Expense ratio	Operating expenses	Net earned premiums	Year 2021	Operating expenses	Net earned premiums	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
	in EUR	in EUR	in %	in EUR	in EUR	in %
Life insurance contracts	23,847,362	79,032,303	30	24,710,055	67,166,790	37

Underwriting profitability ratio

Underwriting profitability ratio	(Life insurance claims paid + change in technical provisions)	Written net premium for life insurance	Year 2021	(Life insurance claims paid + change in technical provisions)	Written net premium for life insurance	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
	in EUR	in EUR	in %	in EUR	in EUR	in %
Life insurance contracts	113,870,126	79,162,522	144	61,059,937	67,783,962	90

Investment return as % of average investments

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 2021	Investment income	(Balance of investments as at beginning of year + balance of investments as at year-end)/2	Year 2020
1	2	3	4=2/3*100	5	6	7=5/6*100
	in EUR	in EUR	in %	in EUR	in EUR	in %
Investments from Non-life insurance	4,017,934	297,419,537	1.4	3,498,473	293,833,664	1.2
Life insurance investments	(612,510)	238,113,515	-0.3	11,100,646	234,328,235	4.7
Unit-linked life insurance investments	58,818,228	411,316,622	14.3	4,664,808	387,551,135	1.2
Complementary health insurance investments	(196,598)	32,442,864	-0.6	477,419	18,839,586	2.5
Investments from other lines of business, for which mathematical provision is formed	(14,439)	3,607,953	-0.4	33,087	2,212,979	1.5
Investments which are not financed from technical provisions	1,313,622	61,080,508	2.2	510,899	59,933,172	0.9
Total insurance	63,326,237	1,043,980,999	6.1	20,285,333	996,698,771	2.0

Claim provisions, net of reinsurance as % of earned premium

Claim provisions, net of reinsurance as % of earned premium	Net provisions for claims outstanding	Net earned premiums	Year 2021	Net provisions for claims outstanding	Net earned premiums	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Results by class of insurance:						
1. Accident insurance	14,780,103	23,564,756	63	14,446,990	23,457,093	62
2. Health insurance (without complementary health insurance)	618,794	5,581,256	11	547,720	4,787,037	11
3. Land vehicle insurance	17,003,234	66,235,189	26	14,539,154	58,284,741	25
5. Aircraft insurance	2,703	15,356	18	13,329	2,601	512
6. Ship insurance	113,351	128,529	88	172,551	126,821	136
7. Goods in transit insurance	374,274	512,464	73	348,361	734,708	47
8. Fire and natural forces insurance	17,813,283	25,662,483	69	14,546,562	25,705,391	57
9. Other damage to property insurance	10,525,228	20,076,381	52	9,130,651	19,067,906	48
10. Vehicle liability insurance	70,908,622	52,644,714	135	67,571,742	55,750,330	121
11. Aircraft or other flying machine liability insurance	-	1,301	0	-	(4,674)	0
12. Liability for ship insurance	225,702	147,108	153	250,697	138,564	181
13. General liability insurance	26,303,798	12,167,984	216	25,584,657	12,027,609	213
14. Credit insurance shall be insurance covering:	-	734,382	0	4,356	85,889	5
15. Suretyship insurance	16,043	44,730	36	-	46,631	0
16. Miscellaneous financial loss insurance	614,269	506,552	121	523,707	940,065	56
17. Legal expenses insurance	20,232	814,140	2	8,793	409,597	2
18. Tourist assistance	1,834,052	7,029,380	26	1,696,625	7,235,437	23
Non-life insurance contracts, excluding health insurance	161,153,687	215,866,706	75	149,385,894	208,795,746	72
19. Life assurance	9,141,001	35,353,733	26	8,147,327	28,711,611	28
21. Life assurance linked to units of investment fund or to units of funds	2,852,522	43,678,570	7	3,242,567	38,455,179	8
Life insurance contracts	11,993,523	79,032,303	15	11,389,894	67,166,790	17
Complementary health insurance	8,088,456	118,420,840	7	7,067,512	111,441,844	6
Total	181,235,666	413,319,849	44	167,843,300	387,404,380	43

Gross profit, or loss, of the current year as % of net written premiums

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 2021	Gross profit, or loss, of the current year	Net written premiums	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts (without complementary health insurance)	17,481,474	221,225,972	7.9	7,883,897	207,116,044	3.8
Life insurance contracts	8,258,334	79,162,522	10.4	(6,215,597)	67,783,962	-9.2
Complementary health insurance	3,222,529	118,590,450	2.7	4,773,694	111,476,189	4.3
Total	28,962,338	418,978,943	6.9	6,441,994	386,376,195	1.7

Gross profit or loss, of the current year as % of average capital

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 2021	Gross profit or loss, of the current year	(Capital at beginning of year + capital at end of year)/2	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts	20,704,003	131,174,394	15.8	12,657,591	123,308,708	10.3
Life insurance contracts	8,258,334	32,256,001	25.6	(6,215,597)	31,517,390	-19.7
Total	28,962,338	163,430,396	17.7	6,441,994	154,826,098	4.2

Gross profit or loss, of the current year as % of average assets

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 2021	Gross profit or loss, of the current year	(Assets at beginning of year + assets at end of year)/2	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts	20,704,003	501,127,160	4.1	12,657,591	468,695,092	2.7
Life insurance contracts	8,258,334	737,828,824	1.1	(6,215,597)	729,077,426	-0.9
Total	28,962,338	1,206,434,286	2.4	6,441,994	1,170,052,342	0.6

Gross profit or loss, of the current year per share

Gross profit or loss, of the current year per share	Gross profit	Number of shares	Year 2021	Gross profit	Number of shares	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR		in EUR	in EUR		in EUR
Non-life insurance contracts	20,704,003	2,364,563	8.8	12,657,591	2,364,563	5.4
Life insurance contracts	8,258,334	2,364,563	3.5	(6,215,597)	2,364,563	-2.6
Total	28,962,338	2,364,563	12.2	6,441,994	2,364,563	2.7

Receivables from reinsurance and reinsurance share on technical provisions as % of equity

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 2021	The insurer's capital	Receivables from reinsurance and technical provisions attributable to reinsurers	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts	39,813,688	134,093,562	29.7	38,482,619	128,255,226	30.0
Life insurance contracts	2,653,730	35,145,334	7.6	4,886,532	29,366,669	16.6
Total	42,467,418	169,238,896	25.1	43,369,152	157,621,895	27.5

Gross written premium, net of reinsurance as % of average capital and technical provisions

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 2021	Gross written premium, net of reinsurance	Average capital + average balance of technical provisions	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts	339,816,421	386,189,513	88.0	318,592,233	357,181,253	89.2
Life insurance contracts	79,162,522	640,821,865	12.4	67,783,962	577,215,062	11.7
Total	418,978,943	1,027,011,378	40.8	386,376,195	934,396,315	41.4

Average balance of technical provision, net of reinsurance as % of net revenues from insurance premiums

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 2021	Average balance of technical provision, net of reinsurance	Net revenues from insurance contracts	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts	255,015,118	334,287,546	118.1	233,872,545	320,237,590	73.0
Life insurance contracts	608,565,864	79,032,303	770.0	545,697,672	67,166,790	812.5
Total	863,580,982	413,319,850	292.8	779,570,218	387,404,380	201.2

Equity as % of total equity and liabilities

Equity as % of total equity and liabilities	Equity	Total equity and liabilities	Year 2021	Equity	Total equity and liabilities	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts	134,093,562	508,967,419	26.3	128,255,226	493,286,901	26.0
Life insurance contracts	35,145,334	765,774,984	4.6	29,366,669	709,882,664	4.1
Total	169,238,896	1,242,564,646	13.6	157,621,895	1,170,303,926	13.5

Technical provisions, net of reinsurance as % of total equity and liabilities

Technical provisions, net of reinsurance as % of total equity and liabilities	Technical provisions, net of reinsurance	Total equity and liabilities	Year 2021	Technical provisions, net of reinsurance	Total equity and liabilities	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Non-life insurance contracts	266,409,984	508,967,419	52.3	243,620,253	493,286,901	49.4
Life insurance contracts	636,442,096	765,774,984	83.1	580,689,632	709,882,664	81.8
Total	902,852,080	1,242,564,646	72.7	824,309,885	1,170,303,926	70.4

Net provisions (mathematical provisions) as % of net technical provisions

Net provisions (mathematical provisions) as % of net technical provisions	Net provisions (mathematical reserves)	Net technical provisions	Year 2021	Net provisions (mathematical reserves)	Net technical provisions	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR	in EUR	in %	in EUR	in EUR	in %
Life insurance contracts	636,442,096	902,852,080	70.5	580,689,632	824,309,885	70.4

Gross written premium as % of number of full-time employees

Gross written premium as % of number of full-time employees	Gross written premiums	Number of full-time employees	Year 2021	Gross written premiums	Number of full-time employees	Year 2020
1	2	3	4=2/3	5	6	7=5/6
	in EUR		in EUR	in EUR		in EUR
Aggregate insurance business - total	450,138,654	1,305	344,934	426,073,664	1,399	304,556

GENERALI ZAVAROVALNICA D. D.

FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 January 2021 to 31 December 2021

Translation from the Slovenian original.

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1. STATEMENT OF MANAGEMENT RESPONSIBILITY

The Management Board of GENERALI zavarovalnica d. d insurance company confirms the financial statements of GENERALI zavarovalnica d. d. (Insurance Company) for the year ended on 31 December 2021 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 then ended as at 31 December 2021.

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 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 (IFRS EU). The Management Board, besides financial statement, agrees with and confirms the content of other parts of the Annual Report 2021.

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, 1. April 2022

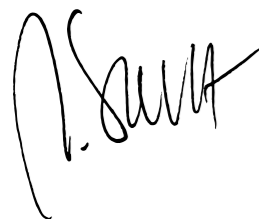
Management Board of the Company:

Vanja Hrovat,
*President of the
Management Board*

Mitja Feri,
*Member of the
Management Board*

Katarina Guzej,
*Member of the
Management Board*

Matija Šenk,
*Member of the
Management Board*



2. AUDITOR'S OPINION



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This document is a free translation of the Slovenian original. Terminology current in Anglo-Saxon countries has been used where practicable for the purposes of this translation in order to aid understanding. The binding Slovenian original should be referred to in matters of interpretation.

Independent Auditors' Report

To the owner of Generali zavarovalnica d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Generali zavarovalnica d.d. (the "Company"), which comprise:

- the statement of financial position as at 31 December 2021;
and, for the period from 1 January to 31 December 2021:
- the statement of profit or loss;
- the statement of comprehensive income;
- the statement of changes in equity;
- the statement of cash flows;
- and
- notes, comprising significant accounting policies and other explanatory information.

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

The Independent Auditor's Report is a translation of the original Independent Auditor's Report in Slovene, issued on the financial statements and the notes thereto in Slovene. This translation is provided for reference purposes only and is not to be signed.

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TRR: SI56 2800 0000 1851 102

vpis v sodni register: Okrožno sodišče v Ljubljani
št. reg. vl.: 061/12062100
osnovni kapital: 54.892,00 EUR
ID za DDV: SI20437145
matična št.: 5648556



Basis for Opinion

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole,

and in forming our opinion thereon, and we do not provide a opinion on these matters.

We have determined the following key audit matters:

Valuation of the life insurance contracts liabilities

As at 31 December 2021, Life insurance contract liabilities: TEUR 201,135.

Refer to additional information disclosed in Note 5.16 Insurance technical provisions, 5.24 Significant accounting estimates and judgements, 6.2.1 Insurance risks and 7.14 Insurance technical provisions; of the Company's financial statements.

Key audit matter

Our response

Life insurance contracts liabilities represent significant liability items in the statement of financial position. Measurement thereof is associated with significant estimation uncertainty as it requires management to exercise judgment and develop complex and subjective assumptions. These assumptions are used as inputs into the valuation model that uses standard actuarial methods.

At each reporting date, the Company is also required to perform a liability adequacy test (hereinafter, "LAT") with the aim to determine whether its recognized life insurance contract liabilities are sufficient. The test is based on the comparison of the management's current estimates of the present value of future cash flows arising from the in-force insurance contracts with the stated amounts of life insurance contracts liabilities. In case the LAT shows that the amounts of the liabilities are insufficient in light of the estimated future cash flows, the entire deficiency is

Our procedures in the area, performed, where applicable, with the assistance of our own actuarial specialists, included the following, among other things:

- We critically assessed the method and models applied by the Company against current industry practice and relevant regulatory and financial reporting requirements;
- We tested the design, and implementation of selected controls over the Company's process for setting actuarial assumptions and other input data for actuarial models,
- We assessed relevance and reliability of key input data used in the LAT model. As part of our procedures, we traced significant data elements to the Company's records and experience analysis;



recognized as additional life insurance contracts liability in correspondence with a profit or loss.

Relatively insignificant changes in the assumptions applied by the Company can have a material effect on the amount of the life insurance contracts liabilities. The assumptions that we consider as those with most significant impact are the ones for discount rates used, policyholders' life expectancy, morbidity and mortality rates, policy lapse rates and expenses.

For the above reasons, we considered this area to be associated with a significant estimation uncertainty and a significant risk of material misstatement, which required our increased attention in the audit. As such we considered it to be a key audit matter

– We assessed the results of the Company's experience studies ('back-testing'), and used those historical results, as well as market data, to challenge the key assumptions used in the measurement of the life insurance contracts liabilities, such as, among others:

- (i) policyholders' life expectancy,
- (ii) morbidity and mortality rates,
- (iii) policy lapse rates,
- (iv) expenses, and
- (v) discount rates.

– We performed a retrospective assessment of the Company's liability adequacy test by comparing the predictions of the previous year's model with the actual outcomes;

– We assessed the Company's disclosures regarding the life insurance contracts liabilities against the requirements of the relevant financial reporting standards.

Measurement of provisions for outstanding claims (life and non-life insurance)

As at 31 December 2021, provision for outstanding claims: TEUR 214,162 (including provision for insurance claims incurred but not yet reported in the period (IBNR) of TEUR 80,586 and provision for claims incurred and reported, but not yet settled (RBNS) of TEUR 133,576).

Refer to additional information disclosed in Note 5.16 Insurance technical provisions, 5.24 Significant accounting estimates and judgements, 6.2.1 Insurance risks and 7.14 Insurance technical provisions; of the Company's financial statements.

Key audit matter

Our response

In measuring the provisions for outstanding claims, particular complexity is associated with the estimate of the amount of the expected ultimate cost of claims incurred but not yet reported ('IBNR'), as well as reported but not yet settled ('RBNS'). A range of methods may be used, and in many cases standard actuarial methods need adjustments specific to the circumstances and such adjustments also require the application of significant judgment.

For the majority of classes of insurance, the Company uses for calculation of IBNR the

Our procedures in the area, performed, where applicable, with the assistance of our own actuarial and information technology (IT) specialists, included the following, among other things:

- We tested the design and implementation of selected system (IT-based) and manual controls over measurement of the provisions for outstanding claims, including those over determination of actuarial assumptions. For some of the selected controls we also tested the operating effectiveness.;



chain-ladder method or bornheuter-ferguson method based on the amount of insurance claims incurred or insurance claims paid (based on relevant portfolio). The Company calculates best estimate of IBNR which is adjusted by prudency margin calculated based on Bootstrap analysis.

For MTPL and GTPL annuities, IBNR is calculated based on frequency-severity model.

Key inputs in determining the provision represent volume of claims incurred in current and in prior periods.

Relatively minor changes in management's assumptions can have a significant effect on the recognized amounts of the claim provisions.

Due to the above factors, we considered measurement of the provisions for outstanding claims to be our key audit matter.

- In respect of the IBNR provision we:
 - critically assessed the method and model applied in measuring the amount of the provision against the relevant requirements of the financial reporting standards and market practice.
 - assessed the key assumptions applied, such as development of claims incurred. We compared the development factors with previous year. We also analysed methodology used for calculating ultimate claims and compared it with previous year. Year-to-year discrepancies were communicated and explained by the Company. We also independently recalculated the best estimate of IBNR.
 - critically assessed the method applied for calculating prudency margin by independent recalculation of the amount.
 - analysed significant year-to-year variations in the amount of the provisions and made relevant inquiries of the Company's actuarial experts. We also carried out own independent recalculations of key elements of the IBNR provisions;
- In respect of the RBNS provision we:
 - reconciled the database of RBNS provision to the general ledger;
 - for a sample of RBNS provisions, we assessed the accuracy of the provisions based on information obtained from the Company about particular claims, such as loss adjustor reports, independent expert reports or other relevant documentation;
- We analysed significant year-to-year variations in the amount of the provisions, assessed the development of claims ratio and made relevant inquiries of the Company's actuarial experts and employees of claims liquidation department;
- We evaluated the reasonableness of the provisions for outstanding claims by performing the comparison of the actual



experience to previously expected results;

- In addition, we assessed the Company's disclosures regarding the provisions for outstanding claims against the requirements of the relevant financial reporting standards.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2020 were audited by another auditor who

expressed an unqualified opinion on those financial statements on 6 April 2021.

Other Information

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

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

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

With respect to the Business Report, we considered whether it includes the disclosures required by the Company's Act dated 4 May 2006 (official gazette of Republic of Slovenia

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

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

In preparing the financial statements, management is responsible for assessing the

No. 42/2006 with amendments - hereafter referred to as "the applicable legal requirements"). Based solely on the work required to be undertaken in the course of the audit of the financial statements and the procedures above, in our opinion, in all material respects:

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

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

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

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



Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether

a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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



Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders of the Company on the shareholders meeting dated 12 April 2021 to audit the Company's financial statements for the year ended 31 December 2021. Our total uninterrupted period of engagement is one year.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Company dated 7 April 2022;

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

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

On behalf of audit firm
KPMG SLOVENIJA,
podjetje za revidiranje, d.o.o.

Signed on the Slovenian original

Domagoj Vukovic
Certified Auditor
Partner

Ljubljana, 7 April 2022

3. FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL POSITION

(in EUR)	Note	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
ASSETS		1,242,564,646	1,170,303,926
Intangible assets	7.1	7,467,031	7,072,882
Property, plant and equipment	7.2	30,597,366	31,434,688
Deferred tax assets	7.28	2,656,567	2,562,695
Investment properties	7.3	10,064,777	10,885,982
Financial investments in subsidiaries and associates	7.4	43,379,160	45,172,441
Financial investments	7.5	582,165,824	576,375,156
In loans and deposits		7,948,281	5,925,099
In held-to-maturity financial assets		9,541,236	10,848,153
In available-for-sale financial assets		560,210,312	555,874,901
In financial assets measured at fair value through profit and loss		4,465,995	3,727,003
Unit-linked investments of policyholders	7.6	436,136,464	377,152,599
Amounts of technical provisions ceded to reinsurers	7.7	37,788,543	38,375,253
Assets from investment contracts	7.8	28,095,456	22,723,309
Receivables	7.9	43,483,790	39,383,873
Receivables from direct insurance business		33,729,406	30,070,675
Receivables from reinsurance and coinsurance		4,678,875	4,993,898
Income tax receivables		(0)	224,982
Other receivables		5,075,509	4,094,318
Other assets	7.10	9,063,918	8,687,807
Cash and cash equivalents	7.11	11,665,749	10,477,241

(in EUR)	Note	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
EQUITY AND LIABILITIES		1,242,564,646	1,170,303,926
Equity	7.12	169,238,896	157,621,895
Share capital		39,520,347	39,520,347
Capital reserves		50,940,548	50,940,548
Reserve from profit		9,479,165	9,480,332
Reserve due to fair value measurement (Revaluation surplus)		11,619,961	13,011,847
Retained net earnings		33,153,482	40,089,291
Net profit or loss for the financial year		24,525,393	4,579,529
Subordinated liabilities	7.13	-	49,779,308
Technical provisions	7.14	506,272,422	487,858,351
Unearned premiums		83,055,051	77,576,931
Mathematical provisions		174,609,663	173,006,698
Outstanding claims provisions		217,014,439	204,001,697
Other technical provisions		31,593,269	33,273,025
Insurance technical provisions for unit-linked insurance	7.15	434,368,201	374,826,788
Other provisions	7.17	5,659,434	5,978,256
Deferred tax liabilities	7.28	1,735,239	2,120,141
Liabilities from investment contracts	7.16	28,095,456	22,723,309
Other financial liabilities	7.18	34,789,750	4,194,793
Operating liabilities	7.19	34,646,303	38,027,910
Liabilities from direct insurance contracts		21,058,782	16,365,664
Liabilities from reinsurance and coinsurance contracts		10,007,904	21,662,246
Income tax liabilities		3,579,617	-
Other liabilities	7.20	27,758,944	27,173,176

The accounting policies and notes set out on pages from 134 to 250 form an integral part of the financial statements.

3.2 INCOME STATEMENT

Income statement for the period from 1 January 2021 to 31 December 2021

(in EUR)	Note	GENERALI d. d. 2021	GENERALI d. d. 2020
NET PREMIUM INCOME	7.21	413,319,851	385,962,089
Gross written premiums		450,138,655	426,073,293
Premiums ceded to reinsurers and coinsurers		(31,159,710)	(39,697,472)
Change in unearned premiums		(5,659,094)	(413,732)
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	7.21	2,235,050	70,000
INCOME FROM INVESTMENTS, of which	7.21	68,351,201	16,081,194
Interest income calculated using the effective interest method		5,008,710	7,489,651
OTHER INCOME FROM INSURANCE OPERATIONS, of which	7.21	6,189,116	4,282,152
Fee and commission income		6,189,116	4,282,152
OTHER INCOME	7.21	7,698,098	5,993,782
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	7.22	(277,230,824)	(253,564,616)
Gross amounts of claims and benefits paid		(274,739,684)	(251,844,979)
Reinsurers'/coinsurers' shares		10,902,543	12,281,028
Change in claims provisions		(13,393,683)	(14,000,665)
CHANGE IN OTHER TECHNICAL PROVISIONS	7.14	(5,758,852)	(10,622,926)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	7.15	(59,524,179)	(2,434,939)
EXPENSES FOR BONUSES AND DISCOUNTS		(594,302)	(145,678)
OPERATING EXPENSES, of which	7.23	(104,370,344)	(109,473,821)
Acquisition costs		(34,868,920)	(39,058,920)
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	7.21	(1,201,281)	(1,184,302)
EXPENSES FROM INVESTMENTS, of which	7.21	(578,458)	(1,664,629)
Impairment losses of financial assets not measured at fair value through profit or loss		(192,196)	(1,051,943)
OTHER INSURANCE EXPENSES	7.24	(12,287,039)	(14,805,768)
OTHER EXPENSES, of which	7.25	(7,285,699)	(12,050,544)
Expenses from financing activities		(2,827,014)	(5,394,266)
PROFIT/(LOSS) BEFORE TAX		28,962,338	6,441,994
INCOME TAX EXPENSES	7.27	(4,421,528)	(781,341)
NET PROFIT FOR THE REPORTING PERIOD		24,540,810	5,660,652

(in EUR)	Note	GENERALI d. d. 2021	GENERALI d. d. 2020
Basic net earnings/loss per share	7.30	10,38	2,39
Diluted net earnings/loss per share		10,38	2,39

The accounting policies and notes set out on pages from 134 to 250 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 2021 to 31 December 2021

(in EUR)	Note	GENERALI d. d. 2021	GENERALI d. d. 2020
NET PROFIT OR LOSS FOR THE REPORTING PERIOD		24,540,810	5,660,652
OTHER COMPREHENSIVE INCOME NET OF TAX	7.12	(1,037,118)	75,469
Items not to be allocated to profit or loss in subsequent periods		354,769	(1,328,020)
Actuarial net gain/loss for pension programmes		354,769	(1,328,020)
Items that may be allocated to profit or loss in subsequent periods	7.12	(1,391,887)	1,403,488
Net gain/loss from re-measurement of available-for-sale financial assets		(1,718,379)	1,732,326
Gain/loss, recognised in revaluation surplus		(466,792)	(398,441)
Transfer of gain/loss from revaluation surplus to income statement		(1,251,587)	2,130,766
Tax on items that may be allocated to profit or loss in subsequent periods		326,492	(328,837)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION		23,503,692	5,736,121

The accounting policies and notes set out on pages from 134 to 250 form an integral part of the financial statements.

3.4 STATEMENT OF CASH FLOWS

Statement of cash flows for the period from 1 January 2021 to 31 December 2021

(in EUR)	Note	GENERALI d. d. 2021	GENERALI d. d. 2020
Cash flow from operating activities		50,551,105	75,019,667
Income statement items		65,227,998	42,877,911
Net income		24,540,810	5,660,652
Adjustments to net income for:		40,687,188	37,217,260
Depreciation and amortisation		6,520,576	6,583,694
Net income and expenses from investments		(5,160,559)	(992,406)
Changes in unearned premiums		5,659,094	413,732
Changes in claims provisions		13,393,683	14,000,665
Changes in other insurance-technical provisions		65,877,333	13,160,674
Changes in other provisions		683,601	(1,893,710)
Revaluation gains/losses		(50,377,058)	2,470,710
Tax expenses		4,421,528	781,341
Mutual receivables and liabilities		(289,919)	-
Net exchange difference		(434,753)	787,550
Write-off of receivables		540,392	1,063,665
Deferred acquisition costs		(146,731)	1,035,425
Changes in net operating assets (receivables for insurance, other receivables, other assets and deferred tax assets and liabilities) of balance sheet items		(14,676,892)	32,141,757
Opening less closing receivables from direct insurance		(3,395,718)	(1,370,356)
Opening less closing receivables from reinsurance		(177,343)	3,028,587
Opening less closing other receivables from (re)insurance contracts		(815,673)	(1,560,798)
Opening less closing other receivables and assets		(2,039,790)	(2,095,867)
Opening less closing deferred tax assets		(152,282)	(214,966)
Closing less opening liabilities from direct insurance operations		4,693,118	1,602,393
Closing less opening liabilities from reinsurance		(11,711,300)	15,463,251
Closing less opening other operating liabilities		(204,513)	2,402,147
Closing less opening other liabilities (other than unearned premium)		(546,900)	14,887,364
Closing less opening deferred tax liabilities		(326,492)	-
Net cash from/(used in) operating activities		50,551,105	75,019,667

(in EUR)	Note	GENERALI d. d. 2021	GENERALI d. d. 2020
Cash flows from investing activities		(15,531,990)	(87,943,087)
Cash inflows from investing activities		40,657,750	308,389,135
Cash inflows from interest received from investing activities		5,910,782	7,560,960
Cash inflows from dividends and participations in profit of others		4,285,927	1,031,588
Cash inflows from disposal of intangible assets		113,812	-
Cash inflows from disposal of property, plant and equipment		335,063	(9,881)
Cash inflows from disposal of financial investments		30,012,165	299,806,468
Cash outflows from investing activities		(56,189,740)	(396,332,222)
Cash outflows for acquisition of intangible assets		(3,065,244)	(6,164,816)
Cash outflows for acquisition of property, plant and equipment		(2,590,829)	(2,729,971)
Cash outflows for acquisition of financial investments		(50,533,668)	(387,437,435)
Net cash from/(used in) investing activities		(15,531,990)	(87,943,087)
Cash flows from financing activities		(33,830,606)	(3,954,000)
Cash inflows from financing activities		30,000,000	102,626
Cash inflows from long-term loans and issued bonds		30,000,000	102,626
Cash outflows from financing activities		(63,830,606)	(4,056,626)
Cash outflows for interest paid		(1,960,500)	(4,056,626)
Cash outflows for payments of long-term financial liabilities		(50,000,000)	-
Cash outflows for dividends and profit sharing		(11,870,106)	-
Net cash from/(used in) financing activities		(33,830,606)	(3,954,000)
Closing balance of cash and cash equivalents	7.11	11,665,749	10,477,241
Net cash flow for the period		1,188,509	(16,877,419)
Increases due to acquisition of companies		-	19,719,732
Opening balance of cash and cash equivalents	7.11	10,477,241	7,634,928

The accounting policies and notes set out on pages from 134 to 250 form an integral part of the financial statements.

3.5 STATEMENT OF CHANGES IN EQUITY

Statement of changes in equity for the period from 1 January 2021. to 31 December 2021

(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	50,940,548	1,742,399	7,737,933	13,011,847	40,089,291	4,579,529	157,621,895
OPENING BALANCE IN THE FINANCIAL PERIOD		39,520,347	50,940,548	1,742,399	7,737,933	13,011,847	40,089,291	4,579,529	157,621,895
Comprehensive income net of tax	7.12	-	-	-	-	(1,391,887)	354,769	24,525,393	23,488,275
a. Net profit/loss for the year		-	-	-	-	-	-	24,525,393	24,525,393
b. Other comprehensive income	7.12	-	-	-	-	(1,391,887)	354,769	-	(1,037,118)
Allocation of net profit/loss for the preceeding year to retained profit/loss		-	-	-	-	-	4,579,529	(4,579,529)	-
Payment (accounting) of dividends/bonuses in the form of shares		-	-	-	-	-	(11,870,106)	-	(11,870,106)
Other		-	-	-	(1,167)	-	-	-	(1,167)
CLOSING BALANCE AS AT 31 DECEMBER		39,520,347	50,940,548	1,742,399	7,736,766	11,619,961	33,153,482	24,525,393	169,238,896

The accounting policies and notes set out on pages from 134 to 250 form an integral part of the financial statements.

Statement of changes in equity for the period from 1 January 2020 to 31 December 2020

(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

The accounting policies and notes set out on pages from 134 to 250 form an integral part of the financial statements.

Statement of accumulated profit for 2021*

(in EUR)	Note	GENERALI d. d. 2021	GENERALI d. d. 2020
Net profit/(loss) for the financial year		24,525,393	5,660,609
Net profit carried forward (+) / net loss carried forward (-)	7.12	33,153,482	39,008,211
Result for the current year under effective standards		33,153,482	39,008,211
Decrease for the acquisition of the subsidiary		-	-
Balance-sheet profit allocated by the Annual General Meeting as follows:		57,678,875	44,668,820
To the shareholder		-	11,870,106

* The statement that it is not part of primary financial statements.

4. GENERAL INFORMATION

4.1 BASIC INFORMATION ABOUT GENERALI ZAVAROVALNICA

GENERALI zavarovalnica d. d. (hereinafter the Insurance Company, Generali or the Company) is a joint stock company having its 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.

Access to consolidated annual reports and financial statements for the year ended on 31 December 2021

GENERALI zavarovalnica 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, 1101 BH Amsterdam, where the consolidated financial statements and consolidated report are available for review.

The ultimate parent company which 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

- **Vanja Hrovat** - President of the Management Board
- **Katarina Guzej**- Member of the Management Board
- **Mitja Feri** - Member of the Management Board
- **Matija Šenk** – Member of the Management Board

Supervisory Board

- **Gregor Pilgram** – Chairman of the Supervisory Board
- **Carlo Schiavetto** – Member
- **Luciano Cirinà** – Member
- **Miroslav Singer** – Member
- **Suzana Meglič** – Member
- **Matjaž Pavlin** – Member

Audit Committee

- **Carlo Schiavetto** – Chairman
- **Gregor Pilgram** - Member
- **Renata Eržen Potisek** - Member

Shareholder as at 31 December 2021

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

4.3 STATEMENT OF COMPLIANCE

Financial Statements and the Annual Report for GENERALI zavarovalnica d. d. for 2021 have been prepared in accordance with the provisions of International Financial Reporting Standards, as adopted by the EU (IFRS). 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 1. April 2022. The Annual Report is available at the headquarters of GENERALI zavarovalnica d. d.

4.4 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.

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, which are 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).

4.5 CONSOLIDATION

GENERALI zavarovalnica d. d., as the parent company of four subsidiaries from Slovenia and five indirect subsidiaries, does not prepare consolidated financial statements, because it meets IFRS and the laid down Article 56(6) of the Companies Act (ZGD-1) as the Company's securities are not traded on a regulated securities market. Subsidiaries are included in the consolidated financial statements of Generali CEE Holding B. V., established in Amsterdam, which is the parent company of GENERALI zavarovalnica d. d. The largest subsidiary Generali Investments, asset management company from Slovenia, is also directly included in the consolidated financial statements of Generali CEE Holding B. V. established in Amsterdam and, at the highest level, in the consolidation of the holding company Assicurazioni Generali S. p. A., which controls Generali CEE Holding B. V.

The consolidated financial statements of both insurance groups are publicly available on the websites:

- for the Generali CEE Holding B. V. Group on Generali CEE Holding and
- for the Assicurazioni Generali S. p. A. Group on Generali Group.

Subsidiaries of GENERALI zavarovalnica d. d. as at 31 December 2021

Subsidiary name	Equity Interest 31.12.2021	Equity Interest 31.12.2020
PROSPERA družba za izterjavo d.o.o., Slovenia	100%	100%
Ambulanta ZDRAVJE zdravstvene storitve d.o.o., Slovenia	100%	100%
Generali Investments, družba za upravljanje, d.o.o. Ljubljana, Slovenia	100%	100%
LEV Registracija d.o.o., Slovenia	100%	100%

4.6 TRANSLATION FROM FOREIGN CURRENCIES

4.6.1 Functional and presentation currency

The financial statements are presented in euros, which is the functional and presentation currency of Generali zavarovalnica. All financial statement disclosures are also presented in euros. Due to rounding of amounts, minimal differences may arise from summing up certain items (EUR + (-) 1).

4.6.2 Foreign currency transactions and items

The translation of items of monetary assets and liabilities in foreign currency into the functional currency is made 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) at the date of the financial statements. The effects of translation are shown in the income statement as net foreign exchange gains or losses.

All transactions 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 from such transactions and from the translation of monetary assets and liabilities, denominated in foreign currencies at the balance sheet date into the functional currency, are recognized in the income statement.

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 assets, a change in amortised cost resulting from a change in the exchange rate is accounted for separately from other changes in the carrying amount of the securities. Translation differences related to changes in the amortised cost are recognised in the income statement.

Translation differences on financial assets and liabilities are treated as an integral part of fair value gains or losses. Translation differences on financial assets and liabilities are reported in the income statement as part of the fair value gain or loss. Translation differences on non-monetary available-for-sale financial assets are recognized in the income statement for debt securities, while for equity securities they are recognized under the heading of revaluation surplus together with the impact of the valuation at fair value in the statement of other comprehensive income.

4.7 CHANGES IN THE STRUCTURE OF OPERATIONS

4.7.1 Changes in the structure of operations

Acquisition of the companies VIZ zavarovalno zastopništvo d. o. o. and AGENT zavarovalniško zastopanje d. o. o.

In the last quarter of 2020, a decision was made to initiate procedures for the merger of the subsidiaries AGENT zavarovalniško zastopanje d. o. o., Izola and VIZ zavarovalno zastopništvo d. o. o., Koper with the parent company GENERALI zavarovalnica d. d. after the cut-off date of merger 1 January 2021.

Accordingly, at the 59th session of the GENERAL Meeting of GENERALI d. d. consent was given to the conclusion of merger agreements, which were concluded on 13 January 2021 by GENERALI d. d. (as the acquiring company) and VIZ d.o.o. (as the acquired company) and Generali d. d. (as the acquiring company) and AGENT d.o.o. (as the acquired company).

The merger was carried out by transferring the entire assets and rights and obligations of the acquired companies to the acquiring company GENERALI d. d., in accordance with the merger agreement and with the provisions of the Companies Act. The insurance company recognized the assumed assets and liabilities at the book value, which was equal to the fair value on the acquisition date.

After obtaining the authorisation of the Insurance Supervision Agency to the merger by acquisition and by entering the merger in the Court Register on 1 July 2021, the merger of VIZ d.o.o. and AGENT d.o.o. with Generali zavarovalnica d. d. was formally

completed. The acquired companies ceased to exist on that day, while the acquiring company, as the universal legal successor, entered into all legal relations to which the two acquired companies were subject.

Acquired assets and assumed liabilities as at 1 January 2021

(in EUR)	Acquired assets and liabilities 1.1.2021						After merger	
	GENERALI d. d. 31.12.2020	Merger Agent d.o.o.	Merger VIZ d.o.o.	Exclusions Agent d.o.o. - GENERALI d. d.	Exclusions VIZ d.o.o. - GENERALI d. d.	GENERALI d. d. 1.1.2021	GENERALI d. d. 31.12.2021	
Assets	1,170,303,926	157,298	184,983	(177,496)	(171,410)	1,170,297,301	1,242,564,646	
Intangible assets	7,072,882	-	-	-	-	7,072,882	7,467,031	
Property, plant and equipment	31,434,688	2,426	-	-	-	31,437,114	30,597,366	
Deferred tax assets	2,562,695	-	-	-	-	2,562,695	2,656,567	
Investment properties	10,885,982	-	-	-	-	10,885,982	10,064,777	
Financial investments in subsidiaries and associates	45,172,441	-	-	(97,000)	(155,000)	44,920,441	43,379,160	
Financial investments	576,375,156	-	-	-	-	576,375,156	582,165,824	
In loans and depositis	5,925,099	-	-	-	-	5,925,099	7,948,281	
In held-to-maturity financial assets	10,848,153	-	-	-	-	10,848,153	9,541,236	
In available-for-sale financial assets	555,874,901	-	-	-	-	555,874,901	560,210,312	
IN financial assets measured at fair value	3,727,003	-	-	-	-	3,727,003	4,465,995	
Unit-linked investmenst of policyholders	377,152,599	-	-	-	-	377,152,599	436,136,464	
Amounts of technical provisions ceded to reinsurers	38,375,253	-	-	-	-	38,375,253	37,788,543	
Assets from investments contracts	22,723,309	-	-	-	-	22,723,309	28,095,456	
Receivables	39,383,873	89,544	16,410	(80,496)	(16,410)	39,392,921	43,483,790	
Receivables from direct insurance business	30,070,675	-	-	-	-	30,070,675	33,729,406	
Receivables from reinsurance and coinsurance	4,993,898	-	-	-	-	4,993,898	4,678,875	
Income tax receivables	224,982	-	-	-	-	224,982	-	
Other receivables	4,094,318	89,544	16,410	(80,496)	(16,410)	4,103,365	5,075,509	
Other assets	8,687,807	649	8,079	-	-	8,696,535	9,063,918	
Cash and cash equivalents	10,477,241	64,679	160,493	-	-	10,702,413	11,665,749	

(in EUR)	Acquired assets and liabilities 1.1.2021						After merger	
	GENERALI d. d. 31.12.2020	Merger Agent d.o.o.	Merger VIZ d.o.o.	Exclusions Agent d.o.o. - GENERALI d. d.	Exclusions VIZ d.o.o. - GENERALI d. d.	GENERALI d. d. 1.1.2021	GENERALI d. d. 31.12.2021	
Equity and liabilities	1,170,303,926	157,298	184,983	(177,496)	(171,410)	1,170,297,301	1,242,564,646	
Equity	157,621,895	105,247	167,765	(97,000)	(155,000)	157,642,906	169,238,896	
Share capital	39,520,347	45,184	77,247	(45,184)	(77,247)	39,520,347	39,520,347	
Capital reserves	50,940,548	-	-	-	-	50,940,548	50,940,548	
Reserv from profit	9,480,332	41,917	-	(41,917)	-	9,480,332	9,479,165	
Reserve due to fair value measurement (Revaluation surplus)	13,011,847	-	-	-	-	13,011,847	11,619,961	
Retained netarnings	40,089,291	18,146	90,518	(9,899)	(77,753)	40,110,302	33,153,482	
Net profit or loss for the financial year	4,579,529	-	-	-	-	4,579,529	24,525,393	
Subordinated liabilities	49,779,308	-	-	-	-	49,779,308	-	
Technical provisions	487,858,351	-	-	-	-	487,858,351	506,272,422	
Unearned premiums	77,576,931	-	-	-	-	77,576,931	83,055,051	
Mathematical provisions	173,006,698	-	-	-	-	173,006,698	174,609,663	
Outsanding claims provisions	204,001,697	-	-	-	-	204,001,697	217,014,439	
Other technical provisions	33,273,025	-	-	-	-	33,273,025	31,593,269	
Insurance technical provisions for unit-linked insurance	374,826,788	-	-	-	-	374,826,788	434,368,201	
Other provisions	5,978,256	-	-	-	-	5,978,256	5,659,434	
Deferred tax liabilities	2,120,141	-	-	-	-	2,120,141	1,735,239	
Liabilities from investments contracts	22,723,309	-	-	-	-	22,723,309	28,095,456	
Other financial liabilities	4,194,793	-	-	-	-	4,194,793	34,789,750	
Operating liabilities	38,027,910	5,971	1,307	-	-	38,035,188	34,646,303	
Liabilities from firection insurance contracts	16,365,664	-	-	-	-	16,365,664	21,058,782	
Liabilities from reinsurance and coinsurance contracts	21,662,246	-	-	-	-	21,662,246	10,007,904	
Income tax liabilities	-	5,971	1,307	-	-	7,278	3,579,617	
Other liabilities	27,173,176	46,080	15,912	(80,496)	(16,410)	27,138,261	27,758,944	

In the merger process, as at the date the merger was settled, difference arose between the net value of acquired assets and assumed liabilities and the carrying amount of the investment shown in the Company's accounts. The difference resulting from the merger process totalled EUR 21,011 (of which EUR 8,247 in relation to AGENT d.o.o. EUR 12,765 and in relation to VIZ d.o.o.). GENERALI d. d. recognized the effect of the merger as revenue from business combinations.

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 were followed consistently in the preparation of the financial statements for the financial year 2021.

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	Useful life
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.

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 Company derecognises recognized 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.

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 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	Useful life
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 between 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 this difference is recognized 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 Company assesses 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. 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 EUR 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	Useful life
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.

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 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 SUBSIDIARIES AND ASSOCIATES

Subsidiaries

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.

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 investment 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 financial assets held by the Company solely for the purpose of (longer-term) financial gain or not classified in any of the aforementioned groups. The group of available-for-sale financial assets includes marketable and non-marketable financial investments for which the Company proves that there is no active market for them. 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, while 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 measured at fair value through profit or loss also comprises the policy loans from unit-linked insurance, representing 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 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 course of the last day of trading with the security must not be older than 10 calendar days. If the exchange rate published on the regulated market does not meet the active market criteria, the appropriate valuation model to calculate the fair value of the equity security is used to calculate the market value. In cases where the observed prices on active markets are not an indicator of fair value, the Company applies an appropriate valuation model, namely the internal model, or hires an external certified valuer.

In the evaluation of fair value of **debt securities** traded on the regulated securities market, in order to perform the valuation at the balance sheet date, the Management sets a course 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 course being the following:

- Bloomberg CBBT Close BID
- Bloomberg BGN Close BID
- Bloomberg price has priority. The second method of evaluation is permissible in the case of obtaining a price from an external provider (refinitive-EJV). The Company assesses whether the price obtained reflects the fair price of the debt security
- 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 Company applies estimation techniques to encourage the use of appropriate observable inputs as much as possible and to limit the use of unobservable inputs as much as possible. The objective of applying the value estimation technique is to estimate the price at which a regular transaction would be made for the sale of an asset between market participants at the measurement date under current market conditions. When choosing a value estimation technique, market inputs are mostly used.

When allocating into the hierarchy, the Company 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 observable 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 market participants 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

Main market	Level 1	Level 2	Level 3
Equity securities			
Stock exchange	<ul style="list-style-type: none"> Shares valued on the basis of the closing price on the stock exchange while meeting the criteria of an active market. Mutual funds valued at the Bloomberg published value of the unit on the day of valuation or if the price is not published on Bloomberg, the price obtained from the management company or other publicly announced price list. 	<ul style="list-style-type: none"> Equity securities, valued using the valuation model (internal model or valuation by an internal/ external business appraiser on the basis of Level 2 inputs, which are not quoted prices included in Level 1 and cannot be observable directly or indirectly). 	<ul style="list-style-type: none"> Equity securities valued using the valuation model based on Level 3 inputs and are unobservable inputs.
Debt securities			
OTC market	<ul style="list-style-type: none"> Debt securities, which are valued on the basis of the BID price obtained from CBBT. 	<ul style="list-style-type: none"> Debt securities, valued using the valuation model (internal model or valuation by an internal/ external business appraiser on the basis of Level 2 inputs, which are not quoted prices included in Level 1 and cannot be observable directly or indirectly). 	<ul style="list-style-type: none"> Debt securities, which are valued on the basis of the BID rate obtained from BGN. Debt securities, valued on the basis of the price obtained by an external provider (refinitive-EJV). Debt securities valued using the valuation model based on Level 3 inputs and are unobservable inputs.
Deposits, certificates of deposit and loans			
Deposits, certificates of deposit and loans with fixed maturity			Valued at amortized cost.
Loans received			
Loans received			Valued at amortized cost.

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 active 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 decreased by adjusting the income statement items through the recognition of revenue in the income statement.

Assets measured at fair value

The Management checks at each balance sheet date for any objective evidence of impairment of financial assets or groups of financial assets 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.

Temporary exemption from the application of IFRS 9

The Company may be temporarily exempt from the application of IFRS 9. This possibility may be applied by insurance companies and entities whose insurance activity amounts to 90 percent of the total book value. 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 2021, there were no changes in the Company activities, thus the Company continues the application of temporary exemption.

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 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 solely payments of principal and interest and meet the requirements of the SPPI test. Other financial assets comprise all other financial assets, which do not meet the requirements of the SPPI test and are measured at fair value through profit or loss. Assets of policyholders who bear investment risk are not included in the data.

Overview of the fair value and its changes in 2021

(in EUR)	SPPI financial assets			Other financial assets		
	Fair value as at 1.1.2021	Fair value as at 31.12.2021	Fair value change	Fair value as at 1.1.2021	Fair value as at 31.12.2021	Fair value change
Debt securities	522,486,298	516,053,476	(6,432,822)	3,727,003	7,557,429	3,830,426
Equity securities	-	-	-	48,275,072	53,927,370	5,652,298
Derivatives	-	-	-	-	-	-
Loans and deposits	3,946,756	4,468,150	521,394	-	-	-
Financial receivables	-	-	-	1,978,343	310,470	(1,667,873)
Cash and cash equivalents	-	-	-	10,477,241	7,629,856	(2,847,385)
Total	526,433,054	520,521,626	(5,911,428)	64,457,659	69,425,125	4,967,466

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

Carrying amount	SPPI financial assets	Other financial assets	Total as at 31.12.2021
AAA	17,942,969	-	17,942,969
AA/A	324,925,565	5,853,810	330,779,375
BBB	136,375,148	9,148,186	145,523,334
BB/B	30,887,296	2,009,636	32,896,932
Unrated	7,069,917	34,831,527	41,901,444
Total as at 31.12.2021	517,200,896	51,843,160	569,044,055

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 31.12.2021

(in EUR)	Fair value as at 31.12.2021	Carrying amount as at 31.12.2021
Debt securities	33,489,062	33,489,062
Loans and deposits	4,468,151	4,468,151
Financial receivables	-	-
Cash and cash equivalents	-	-
Total	37,957,213	37,957,213

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 INVESTMENT CONTRACTS

Assets from investment contracts are recorded separately, because the Company uses the returns arising from such assets to cover obligations from investment 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 investment contracts. The Company recognizes and values financial investments of assets from investment 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

The Company recognizes receivables from insurance business on the basis of an issued insurance policy or when policyholders are charged insurance premiums, except for unit-linked insurance and life insurance, where the receivable is recognized when the premium is paid. 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 fair 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 motor vehicle insurance, the Company can (based on Article 7 of the Compulsory Motor Third-Party Liability Insurance Act

(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

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 (uncollectability) 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, where relevant. 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 by three instalments, the need to write-down the past-due instalments is recognised. These receivables are cancelled in full (100%), as it is very unlikely that these insurances will be paid. 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 assets 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 after 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 profit).

Revaluation surplus

The revaluation surplus is recognised in a particular accounting period on the basis of the revaluation of financial 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 dividends are excluded from it.

5.14 SUBORDINATED LIABILITIES

The Company disclosed the liabilities arising from the issuance of the subordinated bond under the heading of subordinated liabilities. In financial statements, subordinated debt was measured at amortized cost.

5.15 CLASSIFICATION OF INSURANCE AND INVESTMENT CONTRACTS

The Company 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 investment contracts.

Insurance contracts

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

A material underwriting risk is defined as the possibility of having to pay significant additional benefits on the occurrence of an adverse 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 significant 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 2021 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 Company, meeting the criteria of definition of insurance contracts, are classified as reinsurance contracts.

Investment contracts

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

Investment 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 manages assets from supplementary pension insurance in the guarantee funds Pokojninsko varčevanje AS in accordance with the lifecycle investment policy. The guarantee funds Pokojninsko varčevanje AS, which were formed based on the legislation of the Republic of Slovenia regulating supplementary pension insurance (SPI), 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 Slovenian 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 existing 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) and the Decision on detailed instructions for the valuation of insurance technical provisions.

The Company recognises gross technical provisions and insurance technical provisions for the received co-insurance as liabilities. The reinsured and co-insured liabilities 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 Company 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 (which 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, 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 INVESTMENT CONTRACTS

Liabilities from investment 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 investment 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 with a maturity of more than 1 year, taking into account

the legal basis prescribed by the Slovenian finance minister to calculate the minimum guaranteed return.

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 for the total value of this difference on personal accounts (policies). The liability 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 as the difference between the higher guaranteed value and the actual value in the personal account of the saver.

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 high quality long-term 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 interest rate according to the expected duration of liabilities arising from retirement allowances 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 Company average gross salaries, depending on the long service, is taken into account. The liability for long service benefits 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 if the latter is higher) is taken into account. The liability for retirement allowances is increased and 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.

Changes in the provisions for employees due to repayments or new formations are recognised as operating costs (labour costs) in the income statement. Revaluation of provisions 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, however only with relation to provisions for retirement allowances.

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, 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 invoiced. 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), including 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 groups 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.

Impairment and reversal of impairment of financial investments

Losses due to impairment are recognised and assets are revalued if there is objective evidence of impairment due to an event occurring after the initial recognition of the assets and that event has an impact on the estimated future cash flows from the financial asset.

If, in a period after a loss on debt securities has been recognised, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss on debt securities is reversed by adjusting an allowance account.

Other insurance revenues

Fee and commission revenue for insurance and investment 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 investment contracts** is mostly revenue from entry/exit fees (for entry and exit costs) and fees for management of investment 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 Company 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 groups. In the income statement, expenses are shown by role (functionality). 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 deferred in the portion that relates to the period after the reporting date. The Company defers expenses for the acquisition of non-life insurance contracts.

Under standard life insurance contracts, acquisition costs are deferred on the basis of the Zillmer adjustment method when mathematical provisions are calculated. Under unit-linked insurance, they are deferred by deferred acquisition costs. Investment contracts do not defer acquisition costs.

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 operating 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 effects of recognizing deferred tax assets and liabilities are recognized as income or expense in the income statement, except when the tax arises from an event recognized in other comprehensive income.

Current tax

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 in the Republic of Slovenia, whereby the tax rate is equal to the legally valid rate on the date of the balance sheet. The tax rate for 2021 was 19%.

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 2021, the International Accounting Standards Board (IASB) published a number of new or amended standards and interpretations which are effective for annual periods beginning on or after 1 January 2021, but have not yet been endorsed by the EU and earlier application is permitted. When preparing the financial statements for the year ended 31 December 2021, the Company decided not to apply them earlier.

The Company expects that Standard IFRS 17 – Insurance Contracts will have a material impact on the financial statements of the Company, and the Standard is therefore presented below:

IFRS 17 Insurance Contracts and Amendments to 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 defer the effective date 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 Company did not opt for earlier application. The introduction of the new IFRS 17 Standard means not only changes in the presentation of financial data but also radical changes in existing business processes. In the spirit of data preparation under the IFRS 17, a large part of business processes was reconstructed - from the very design of products, redefinition of data warehouses and consequent preparation of data for keeping records of business events in accounting systems and the general ledger. The introduction of the new IFRS 17 standard requires the involvement of a large number of stakeholders in the Company. The project of implementing IFRS 17 in the Company includes staff from many fields and also the acquisition of new employees. The first half of 2022 is dedicated to preparing for the transition. In the middle of 2022, the parallel recording of business events in accordance with IFRS 17 will commence. The first draft of the statements for internal needs in accordance with IFRS 17 is planned for the last quarter of 2022.

Amendments to IAS 12: Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction

The amendments are effective for annual reporting periods beginning on or after 1 January 2023. Early application is permitted. The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a

deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision.

For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. If a company previously accounted for deferred tax on leases and decommissioning liabilities under the net approach, then the impact on transition is likely to be limited to the separate presentation of the deferred tax asset and the deferred tax liability. The Company is still assessing the effects of the amendment to the standard on the financial statements.

Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, Definition of accounting estimates

The amendments are effective for periods beginning on or after 1 January 2023. Early application is permitted. The amendments introduce the definition of "accounting estimates" and encompass other amendments to IAS 8 clarifying how to distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting policies are generally applied retrospectively, while changes in accounting estimates are accounted for in the period when the change occurs.

Annual Improvements to IFRS Standards 2018-2020 : Amendments to IFRS 9 Financial Instruments

The amendments are effective for annual periods beginning on or after 1 January 2022. Early application is permitted. The improvements clarify that, when assessing whether an exchange of debt instruments between an existing borrower and lender are on terms that are substantially different, the fees to include together with the discounted present value of the cash flows under the new terms include only fees paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Company will apply the amendments from 1 January 2023, due to the temporary deferral of application of IFRS 9.

The Company does not expect that the below-listed other new standards which are not yet effective will have a material impact on the financial statements of the Company.

- Classification of Liabilities as Current or Non-current (Amendment to IAS 1);
- References to the Conceptual Framework (Amendment to IFRS 3);
- Property, Plant and Equipment — Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts — Cost of Fulfilling a Contract (Amendments to IAS 37);
- Disclosure of Accounting Policies (Amendments to IAS 1);
- Definition of accounting estimates (Amendments to IAS 8);
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendments to IFRS 16);
- Annual Improvements 2018-2020;
 - Amended Illustrative Examples accompanying IFRS 16 Leases;
 - Amendment to IAS 41 Agriculture;
- Amendment to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 'Management Commentary 2.

5.24 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.24.1 Impairments of available-for-sale financial assets

The Company impairs available-for-sale financial assets when the 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. In the case of debt securities and loans, the Company considers that a significant decrease is a significant deterioration in the issuer's credit rating, breach of contract or agreed obligations such as inability to repay interest and principal, financial problems of the issuer or debtor, whereby the disappearance of an active market due to a prolonged lack of public trade with company's financial instruments is not evidence of impairment.

5.24.2 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 2021, the Company applied the same methodology for the assessment of appropriateness of 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.

5.24.3 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.

5.24.4 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 provisions made, 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 taking 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 (e.g. Slovenian mortality tables from 1992 and 2007, modified Austrian mortality tables from 1980), tables defined by reinsurers, lifestyle depending tables, tables for annuity insurance (e.g. German tables from 1987 and 1994), etc.),
- interest rate (from 0% to 4%),
- 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 2021, the Company did not modify the assumptions used for the calculation of liabilities arising from life insurance contracts.

Other technical provisions

In 2021, 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

5.24.5 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 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 and liabilities categorised in the fair value hierarchy in 2021

(in EUR)	as at 31 Dec 2021	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss, at initial recognition		4,465,995	4,465,995	400,793	98,682	3,966,520
Debt securities		4,465,995	4,465,995	400,793	98,682	3,966,520
Available-for-sale financial assets		560,210,312	560,209,983	149,720,046	5,366,817	405,123,120
Equity securities		20,253,888	20,253,888	2,671,923	-	17,581,965
Debt securities		506,282,942	506,282,613	132,510,716	5,366,817	368,405,080
Investment coupons of mutual funds		33,673,482	33,673,482	14,537,407	-	19,136,075
Unit-linked investments of policyholders		418,321,881	418,321,881	348,297,455	-	70,024,425
Assets from investment contracts		26,982,467	26,982,467	20,142,345	197,364	6,642,757
Total financial assets measured at fair value		1,009,980,655	1,009,980,326	518,560,640	5,662,863	485,756,823
Held-to-maturity financial assets		9,541,236	12,862,297	2,847,376	-	10,014,921
Debt financial instruments		9,541,236	12,862,297	2,847,376	-	10,014,921
Assets from investment contracts		1,112,989	1,112,989	-	-	1,112,989
Loans and deposits		4,468,151	4,468,151	-	-	4,468,151
Unit-linked investments of policyholders		17,814,584	17,814,584	-	-	17,814,584
Total financial assets for which the fair value is disclosed		32,936,960	36,258,020	2,847,376	-	33,410,644
TOTAL ASSETS		1,042,917,615	1,046,238,346	521,408,016	5,662,863	519,167,467
Loans		30,544,800	30,607,103	-	-	30,607,103
Total liabilities for which the fair value is disclosed		30,544,800	30,607,103	-	-	30,607,103
TOTAL LIABILITIES		30,544,800	30,607,103	-	-	30,607,103

Financial assets and liabilities categorised in the fair value hierarchy in 2020

(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		555,874,901	555,874,901	490,553,079	37,361,655	27,960,167
Equity securities		20,023,965	20,023,965	4,025,550	-	15,998,415
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		942,832,119	942,832,119	809,737,366	37,655,477	95,439,276
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	-
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
Total financial assets for which the fair value is disclosed		31,440,602	35,513,642	14,901,097	20,097	20,592,449
TOTAL ASSETS		974,272,721	978,345,761	824,638,462	37,675,574	116,031,725
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	-

Level 3 assets and liabilities

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.

Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2021

(in EUR)	1.1.2021	Total profit/ loss in profit or loss	Total profit/ loss in com- prehensive income	Purchase	Sale	Transfers (to) from Level 3	GENERALI d. d. 31.12.2021
Assets measured at fair value							
Financial assets measured at fair value through profit or loss, at initial recognition	2,564,922	282,150	-	481,725	(305,832)	943,555	3,966,520
Debt securities	2,564,922	282,150	-	481,725	(305,832)	943,555	3,966,520
Available-for-sale financial assets	27,960,167	(192,196)	375,126	21,541,652	(9,016,942)	364,455,314	405,123,120
Equity securities	15,998,415	(192,196)	312,466	1,547,245	(83,965)	-	17,581,965
Debt securities	11,961,752	-	62,660	19,994,407	(8,932,977)	345,319,239	368,405,080
Investment coupons of mutual funds	-	-	-	-	-	19,136,075	19,136,075
Unit-linked investments of policyholders	64,506,012	2,821,519	-	4,854,928	(3,027,061)	869,027	70,024,425
Assets from investment contracts	408,175	-	-	99,510	(408,175)	6,543,247	6,642,757
Total assets	95,439,276	2,911,473	375,126	26,977,816	(12,758,010)	372,811,143	485,756,822

In 2021, the Company reclassified EUR 339,693,094 financial assets from Level 1 to Level 3, of these

- EUR 331,631,318 available for sale assets,
- EUR 943,555 assets measured at fair value through profit or loss,
- EUR 869,027 assets from unit-linked investments of policyholders, and
- EUR 6,249,194 assets from investment contracts.

In 2021, the Company reclassified EUR 33,118,050 financial assets from Level 2 to Level 3, of these

- EUR 32,823,996 available for sale assets,
- EUR 294,053 assets from investment contracts.

Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2020

(in EUR)	1.1.2020	Total profit/ loss in profit or loss	Total profit/ loss in com- prehensive 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	18,536,155	(23,425)	(120,791)	16,993,526	(7,135,976)	(289,324)	27,960,166
Equity securities	15,348,375	(51,275)	(120,791)	863,125	(41,020)	-	15,998,415
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	19,636,877	(48,206)	(120,791)	17,710,952	(7,136,992)	65,397,434	95,439,275

The following is an analysis of the sensitivity of financial assets classified in level 3, measured at fair value. The presentation does not include unit-linked investments of policyholders.

Sensitivity Factor	Factor Description
Change in fair value of equity securities	The analysis shows how much the fair values of these financial assets would increase or decrease according to differently applied assumptions which are not based on observable market data. In calculating the deviation, ± 15% of the change in the value of the investment is taken into account.
Change in fair value of debt securities	The analysis shows how much the fair values of these financial assets would increase or decrease according to differently applied assumptions which are not based on observable market data. In calculating the deviation, ± 0.5% (50 basis points) of the change in the value of the investment due to the change in the interest rate is taken into account.

Sensitivity analysis of securities - classified in level 3, measured at fair value

(in EUR)	31.12.2021	31.12.2020
Value of Debt securities	379,014,357	12,675,759
Estimated value deviation	12,062,985 / -12,062,985	245,861 / -245,861
Value of Equity securities	19,136,075	-
Estimated value deviation	3,000,765 / -3,000,765	-

Level 3 financial assets valuation methods

Internal valuation models are used in the valuation of equity securities, while the valuation of debt securities is carried out on the basis of the BID price obtained from the BGN source, on the basis of the price obtained from an external provider (refinitive-EJV) and by application of the valuation model based on Level 3 inputs which are unobservable.

Assumption / parameter	changes
Interest rate change	0.5

Reclassification of financial assets between levels 1 and 2

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Reclassification from Level 1 to Level 2	233,612	-
Reclassification from Level 2 to Level 1	-	317,619,161

Until 31 December 2021, 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 1 to Level 2 because they failed to meet the conditions for classification at Level 1 (sufficient liquidity on the stock exchange).

6. RISK MANAGEMENT

The Insurance Company is already exposed to insurance risks by the nature of its business, as its activity is underwriting insurance contracts and consequently accepting risk from its policyholders. As all other financial organizations, 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 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 Company in 2021

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.

Risks	Explanation
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	Insurance 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. These key measures were further developed in 2021 and will continue to improve in 2022. 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 accordance with regulatory deadlines, the Company publishes the Solvency and Financial Condition Report for the previous year in early April, disclosing its

capital requirements and eligible own funds calculated in accordance with the provisions of the Solvency II Directive and the EC Delegated Regulation. The report is also reviewed by an independent external auditor.

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 capital adequacy.

6.2 TYPES OF RISKS

6.2.1 Insurance risks

Insurance risks are all possible risks that are not financial risks and which the Insurance Company faces during its principal activity - acceptance of risk from a policyholder.

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.

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.

Aggregate underwritten sum insured under all contracts

(in EUR)	Net of reinsurance 2021	With reinsurance 2021	Net of reinsurance 2020	With reinsurance 2020
0-9,999	368,693,249	335,148,145	371,128,555	350,884,802
10,000-29,999	1,052,361,454	968,454,681	1,043,167,927	948,000,090
30,000-59,999	1,060,593,468	706,019,512	950,471,190	618,349,604
60,000-99,999	888,141,518	328,847,681	768,051,516	277,551,451
Over 100,000	677,849,920	161,881,782	689,234,124	143,949,108
Total	4,047,639,610	2,500,351,801	3,822,053,313	2,338,735,055

For annuity insurance risk, concentration is presented 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.

Structure of annually paid annuities

(in EUR)	Annual annuity payments to the insured person as at 31 December	TOTAL ANNUAL ANNUITY PAYMENTS IN 2021		TOTAL ANNUAL ANNUITY PAYMENTS IN 2020	
		amount	%	amount	%
EUR 0-999		338,832	11.92	340,547	11.62
EUR 1,000-1,999		804,351	28.30	791,126	26.99
EUR 2,000-2,999		510,699	17.97	556,567	18.98
EUR 3,000-3,999		411,742	14.48	407,641	13.91
Over EUR 4,000		777,012	27.33	835,735	28.51
Total		2,842,636	100	2,931,616	100

The structure of the concentration of insurance risk with respect to the annuity business is comparable with the previous year. Concentration of insurance risk was the highest in the EUR 1,000-1,999 payment bracket and in the over EUR 4,000 annuity payment bracket.

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.

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.

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 31 December 2021 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 is calculated as a weighted average of the harmonized index of consumer prices and the index of labour costs (data provided by the Generali Group (Italy)). The weight is determined as the share of labour costs in the total costs of the Company, with the labour costs related to insurance acquisition being excluded from both labour costs and total costs.

Costs/expenses

The derived cost assumption is assessed applying the same approach as for the valuation of technical provisions under the Solvency II Directive. The estimated future costs are divided into fixed costs, which increase depending on the forecast 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 2021

The liability adequacy test (LAT) results of 31 December 2021 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. 31.12.2021	GENERALI d. d. 31.12.2020
Factor		
Discount rate + 0.50%	7,124,250	8,600,835
Discount rate - 0.50%	(7,853,076)	(9,496,822)
Costs/expenses +5%	(12,463,670)	(10,743,430)
Costs/expenses -5%	12,463,670	10,743,430
Assurance mortality + 10%	(1,877,215)	(2,332,898)
Assurance mortality - 10%	1,855,450	2,373,424

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.

Company predicted the expected claims on the basis of current year ultimate claim ratio.

Expected costs included future underwriting commission costs from future premiums, DAC and administrative costs based on cost ratios in 2021. 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 2021, 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 (ZZUOOP), 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 2021

The LAT as of 31 December 2021 showed no deficits on any of non-life insurance classes.

The LAT test showed the adequacy of unearned premiums together with the recognized 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 ±5%
Loss ratio in relation to premium	Impact of an increase in loss ratio 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)	31.12.2021	31.12.2020
Factor		
Costs/expenses +5%	(4,016,129)	(4,211,106)
Costs/expenses -5%	4,016,129	4,211,106
Loss ratio +5%	(16,714,377)	(15,913,960)
Loss ratio -5%	16,714,377	15,913,960

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 region Austria & CEE (Austria and Central and Eastern Europe), 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.

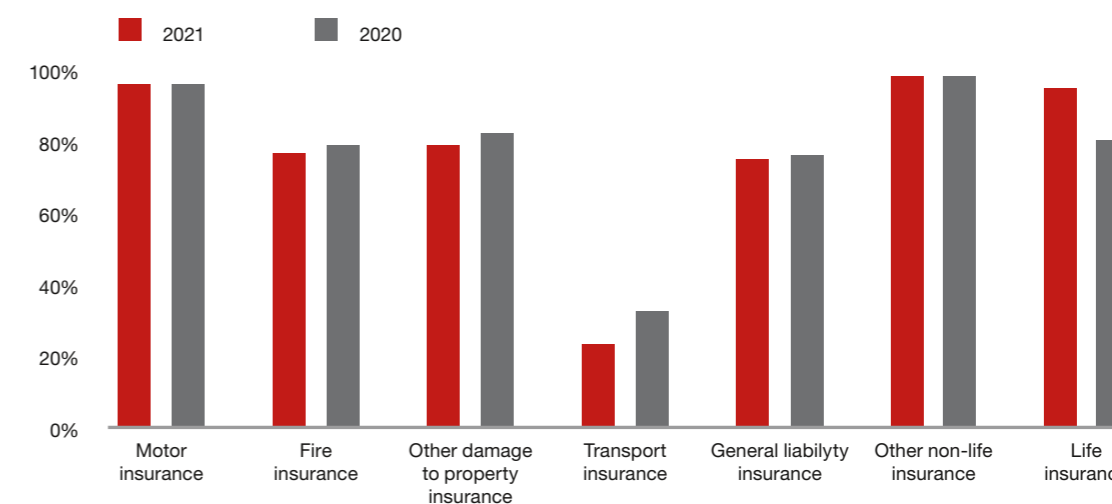
For exceptional risks, which exceed the limits of contractual reinsurance protection, the Company ensures facultative reinsurance protection. The programme of the planned reinsurance is composed of traditional proportional and non-proportional forms of facultative reinsurance protection.

Within the operational risk management, the Company integrated the control mechanisms in the information system which prevent concluding insurance contracts with sum insured that exceeds reinsurance contract limits without prior confirmation of the Reinsurance Department that facultative reinsurance has been provided or that facultative reinsurance 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	Difference	Re(co) insurance share
			in %		in %
31 December 2021					
Motor insurance	126,654,925	121,149,655	95.7	5,505,270	4.3
Fire insurance	33,956,637	26,106,139	76.9	7,850,498	23.1
Other damage to property insurance	24,879,200	19,602,583	78.8	5,276,617	21.2
Transport insurance	3,279,241	799,767	24.4	2,479,474	75.6
General liability insurance	17,146,089	12,924,366	75.4	4,221,723	24.6
Other non-life insurance	33,504,429	31,721,435	97.9	1,782,994	2.1
Life insurance	83,205,656	79,162,523	95.1	4,043,134	4.9
Total	322,626,176	291,466,467	90.3	31,159,710	9.7
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	309,854,222	270,156,751	87.2	39,697,471	12.8

In 2021, the share of net written premiums in gross written premiums increased slightly compared to 2020. The increase is mostly reflected in life insurance, due to the conclusion of one of the proportional contracts in early 2021. As a result, the share of reinsurance decreased from 19.7% to 4.9%.

In the non-life class, due to higher exposure and growth in gross written premiums, the share of

reinsurance increased, thus reducing the share of net written premiums in gross written premiums. A more significant increase in the share of reinsurance is observed in other damage to property insurance and fire insurance, as well as in transport insurance. The structure of the reinsurance programme did not change in 2021, but a new proportional reinsurance contract was concluded for other non-life insurance.

6.2.3 Financial risks

Insurance companies are exposed to financial risks through its asset and liability management, reinsurance assets and liabilities arising from its insurance and investment 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 investment 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 Company 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 at the level of the group of insurance contracts.

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 investment contract matches the amount of liabilities. The tables containing the results of the asset and liability analysis for financial risk management for 2021 and 2020 show that the sum of assets and liabilities is not equal to the sum of individual amounts by insurance class (due to set-off, the difference in the total amount of EUR 32,177,757 for 2021 and EUR 32,865,639 for 2020), 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 2021

(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	267,363,786	41,374,305	211,552,082	7,365,266	69,155,398	596,810,837
At fair value through profit or loss	-	-	4,465,995	7,365,266	69,155,398	80,986,659
Available for sale	267,363,786	41,374,305	197,544,851	-	-	506,282,942
Held to maturity	-	-	9,541,236	-	-	9,541,236
Equity securities	31,206,182	663,515	22,057,673	19,617,201	349,166,482	422,711,054
At fair value through profit or loss	-	-	-	19,617,201	349,166,482	368,783,684
Available for sale	31,206,182	663,515	22,057,673	-	-	53,927,370
Investments in subsidiaries and associates	10,165,609	3,212,409	30,001,142	-	-	43,379,160
Loans, deposits and financial receivables	837,474	-	712,736	-	17,814,584	19,364,794
Total financial investments	309,573,051	45,250,229	264,323,633	26,982,467	436,136,464	1,082,265,845
Receivables from insurance business and other receivables	74,780	-	-	-	-	74,780
Other nonfinancial assets	48,106,952	-	330,501	-	-	48,437,454
Total long-term assets	357,754,784	45,250,229	264,654,134	26,982,467	436,136,464	1,130,778,078
Current assets						
Loans, deposits and financial receivables	150,887	0	3,028,773	10,191	3,218,410	6,408,261
Total financial investments	150,887	0	3,028,773	10,191	3,218,410	6,408,261
Amount (technical provisions), transferred to reinsurers	35,873,985	-	1,914,559	-	-	37,788,543
Receivables from insurance business and other operating receivables	40,620,423	13,565,047	16,099,449	-	4,288,015	43,409,010
Cash and cash equivalents	4,341,104	171,436	3,117,316	734,366	4,035,894	12,400,115
Other nonfinancial assets	10,144,256	1,095,269	868,058	368,433	318,457	11,780,639
Total current assets	91,130,654	14,831,751	25,028,154	1,112,989	11,860,776	111,786,568
Total assets	448,885,438	60,081,980	289,682,288	28,095,456	447,997,240	1,242,564,646
EQUITY AND LIABILITIES						
Liabilities from insurance contracts	273,797,930	28,486,036	201,135,931	-	437,220,724	940,640,622
Non-current liabilities	97,327,188	4,366,544	180,858,647	-	412,981,337	695,533,716
Current liabilities	176,470,742	24,119,493	20,277,284	-	24,239,387	245,106,905
Liabilities from investment contracts	-	-	-	28,046,611	-	28,046,611
Non-current liabilities	-	-	-	28,046,611	-	28,046,611
Equity capital	116,906,580	17,186,983	34,653,883	-	491,451	169,238,896
Other liabilities	58,180,929	14,408,961	53,892,474	48,846	10,285,065	104,638,516
Non-current liabilities	11,393,847	4,640	31,393,944	-	-	41,778,598
Current liabilities	46,787,082	14,404,321	22,498,530	48,846	10,285,065	62,859,918
Total equity and liabilities	448,885,438	60,081,980	289,682,288	28,095,456	447,997,240	1,242,564,646

Analysis of assets and liabilities for financial risk management as at 31 December 2020

(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	0	-	747,729	2,878,352	-	3,626,081
At fair value through profit or loss	0	-	747,729	2,878,352	-	3,626,081
Loans, deposits and financial receivables	447,272	0	2,689,342	6,320	1,486,202	4,629,135
Total financial investments	447,272	0	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
EQUITY AND 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	-	-	-	22,682,490	-	22,682,490
Non-current liabilities	-	-	-	22,682,490	-	22,682,490
Equity capital	112,754,899	15,500,328	29,146,847	-	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	41,027,224	40,819	7,021,461	77,535,096
Non-current liabilities	11,836,380	103,450	1,248,077	-	0	12,236,444
Current liabilities	41,779,875	8,591,526	39,779,147	40,819	7,021,461	65,298,652
Total equity and liabilities	445,688,480	47,598,421	301,848,717	22,723,309	385,310,638	1,170,303,926

Structure of long-term and short-term financial assets exposed to risk

(in EUR)	GENERALI d. d. 2021	Structure	GENERALI d. d. 2020	Structure	Absolute difference 2021-2020	Structural change 2021/2020
Non-current assets		in %		in %		in %
Debt securities	596,810,837	50.5	589,688,448	53.2	7,122,389	(2.7)
At fair value through profit or loss	80,986,659	6.8	71,275,190	6.4	9,711,468	0.4
Available for sale	506,282,942	42.8	507,565,105	45.8	(1,282,163)	(2.9)
Held to maturity	9,541,236	0.8	10,848,153	1.0	(1,306,917)	(0.2)
Equity securities	422,820,955	35.8	360,390,199	32.5	62,430,757	3.3
At fair value through profit or loss	368,893,585	31.2	312,080,403	28.1	56,813,182	3.1
Available for sale	53,927,370	4.6	48,309,796	4.4	5,617,575	0.2
Investments in subsidiaries and associates	43,379,160	3.7	45,172,441	4.1	(1,793,281)	(0.4)
Loans, deposits and financial receivables	19,254,893	1.6	16,788,915	1.5	2,465,977	0.1
Total financial investments	1,082,265,845	91.5	1,012,040,003	91.2	70,225,842	0.3
Receivables from insurance business and other receivables	74,780	0.0	74,780	0.0	-	(0.0)
Total non-current assets	1,082,340,625	91.5	1,012,114,783	91.2	70,225,842	0.3
Current assets		in %		in %		in %
Debt securities	-	0.0	3,626,081	0.3	(3,626,081)	(0.3)
At fair value through profit or loss	-	0.0	3,626,081	0.3	(3,626,081)	(0.3)
Loans, deposits and financial receivables	6,408,261	0.5	4,629,135	0.4	1,779,126	0.1
Total financial investments	6,408,261	0.5	8,255,216	0.7	(1,846,955)	(0.2)
Amount (technical provisions), transferred to reinsurers	37,788,543	3.2	38,375,253	3.5	(586,710)	(0.3)
Receivables from insurance business and other operating receivables	43,409,010	3.7	39,309,093	3.5	4,099,917	0.1
Cash and cash equivalents	12,400,115	1.0	11,221,323	1.0	1,178,792	0.0
Total current assets	100,005,929	8.5	97,160,885	8.8	2,845,044	(0.3)
Total assets	1,182,346,554	100.0	1,109,275,668	100.0	73,070,886	100.0

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 and liabilities in 2021

(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	520,290,173	-	53,697,686	233,225,261	189,476,664	27,700,686	36,650,345	540,750,642
Financial assets at fair value through income statement	4,465,995	-	192,397	3,027,191	1,432,992	324,013	-	4,976,594
Financial assets held to maturity	9,541,236	-	1,863,231	8,074,528	1,026,631	1,609,771	1,938,281	14,512,443
Financial assets available for sale	506,282,942	-	51,642,057	222,123,542	187,017,040	25,766,901	34,712,064	521,261,605
Equity financial instruments	53,927,370	53,927,370	-	-	-	-	-	53,927,370
Financial assets available for sale	53,927,370	53,927,370	-	-	-	-	-	53,927,370
Loans, deposits and financial receivables	7,948,281	2,399,913	3,793,366	737,603	88,750	121,853	201,095	4,942,667
Assets of policyholders who bear investment risk	436,136,464	352,964,941	5,660,723	69,566,930	21,119,393	3,103,273	5,249,084	457,664,344
Assets from investment contracts	28,095,456	20,351,567	896,506	2,306,433	4,139,880	229,012	334,772	28,258,170
Total financial investments	1,046,397,745	429,643,791	64,107,022	305,919,174	214,905,080	31,224,173	42,590,745	1,088,389,984
Amount (technical provisions), transferred to reinsurers	37,788,543	-	16,313,752	12,105,636	3,972,199	1,359,165	4,037,790	37,788,543
Receivables from insurance business and other receivables	43,483,790	-	43,409,010	74,780	-	-	-	43,483,790
Cash and cash equivalents	11,665,749	-	11,665,749	-	-	-	-	11,665,749
Total assets	1,046,397,745	429,643,791	135,495,533	318,099,590	218,877,279	32,583,337	46,628,535	1,181,328,066
Liabilities from insurance contracts	490,097,767	-	220,867,520	108,634,635	53,847,247	28,334,034	78,414,331	490,097,767
Unit-linked life insurance	437,220,724	-	24,239,387	105,241,775	75,080,181	84,452,398	148,206,984	437,220,724
Liabilities from investment contracts	28,095,456	-	554,175	1,870,953	4,775,431	5,568,708	15,277,344	28,046,611
Other financial liabilities	34,789,750	-	405,825	3,839,124	30,544,800	-	-	34,789,750
Total Liabilities	990,203,698	-	246,066,907	219,586,488	164,247,658	118,355,140	241,898,659	990,154,852

Overview of maturity of assets and liabilities in 2020

(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
Total financial investments	976,251,064	365,176,947	40,897,291	248,452,852	259,904,687	28,077,535	42,043,910	984,553,222
Amount (technical provisions), transferred to reinsurers	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
Cash and cash equivalents	10,477,241	-	10,477,241	-	-	-	-	10,477,241
Total 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

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 Company manages its 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 Company

monitors credit risk associated with receivables 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 first-class reinsurers.

Maximum exposure to credit risk by financial asset class as at 31 December 2021

(in EUR)	AAA/AA+	AA/A+	A/(A or A-)	BBB/ (B++ or B+)	less than BBB/ (B++ or B+)	Not rated	Total
Financial assets at fair value through profit or loss	-	397,481	1,101,936	303,356	121,982	2,541,240	4,465,995
Debt securities	-	397,481	1,101,936	303,356	121,982	2,541,240	4,465,995
Held-to-maturity financial assets	527,346	695,653	6,819,905	1,498,332	-	-	9,541,236
Debt securities	527,346	695,653	6,819,905	1,498,332	-	-	9,541,236
Available- for-sale financial assets	17,942,969	32,276,202	284,606,459	137,968,250	30,887,296	2,601,766	506,282,942
Debt securities	17,942,969	32,276,202	284,606,459	137,968,250	30,887,296	2,601,766	506,282,942
Loans, deposits and financial receivables	-	-	-	-	-	7,948,282	7,948,282
Assets from investment contracts	-	665,065	3,267,488	2,740,520	692,193	-	7,365,266
Debt securities	-	665,065	3,267,488	2,740,520	692,193	-	7,365,266
Unit-linked investments of policyholders	-	-	-	-	-	69,155,398	69,155,398
Total financial investments	18,470,315	34,034,400	295,795,788	142,510,459	31,701,471	82,246,685	604,759,119
Receivables from insurance business and other receivables	-	1,224,961	909,714	1,616,821	-	39,732,294	43,483,790
Reinsurers' share of technical provisions	-	8,450,935	5,886,720	21,360,489	-	2,090,400	37,788,543
Cash and cash equivalents	-	-	10,096	7,767,802	3,630,314	257,538	11,665,749
Total assets exposed to credit risk	18,470,315	43,710,296	302,602,318	173,255,569	35,331,785	124,326,918	697,697,201
Share of assets by credit rating in %	2.65%	6.25%	43.37%	24.83%	5.06%	17.83%	100%

Investments in debt securities which remained non-rated in 2021 comprise a structured product of a major European bank (financial assets as at fair value through profit or loss) and debt securities issued mostly by Slovenian companies (under the heading Available-for-sale financial assets). The largest exposure from loans granted to an individual non-rated issuer is a loan

granted to a company, which represents 3.52% of all loans, deposits and financial receivables without a credit rating. All given loans are adequately collateralized. A share of 44.79% of given loans, deposits and financial receivables without a credit rating are advances collateralized with redemption value of insurance policies.

Maximum exposure to credit risk by financial asset class as at 31 December 2020

(in EUR)	AAA/AA+	AA/A+	A/(A or A-)	BBB/(B++ or B+)	less than BBB/ (B++ or B+)	Not rated	Total
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%	6.82%	50.23%	13.59%	17.23%	9.73%	100%

Investments in debt securities which remained non-rated in 2020 comprise primarily 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% (99.98%) of all given loans, deposits and financial receivables. The maximum exposure to loans given to individual issuers

without a rating is represented by a loan to Ambulanta ZDRAVJE 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.

Financial assets and receivables exposed to credit risk by maturity

(in EUR)	Neither past due nor impaired	Past due but not impaired	Past due and impaired	Total
GENERALI d. d. 31.12.2021				
Financial investments (debt securities)	583,717,842	-	-	583,717,842
Assets from investment contracts (debt securities)	7,746,600	-	-	7,746,600
Loans and financial receivables	7,361,157	-	27,401	7,388,558
Amount (technical provisions) ceded to reinsurers	37,788,543	-	-	37,788,543
Receivables	8,308,358	8,364,085	26,811,346	43,483,789
Receivables from direct insurance and re(co)insurance operations	6,526,931	6,241,467	41,325,210	54,093,608
Value adjustment	-	-	(15,685,327)	(15,685,327)
Other receivables	1,781,427	2,122,618	4,300,261	8,204,307
Value adjustment	-	-	(3,128,798)	(3,128,798)
Total	644,922,499	8,364,085	26,838,747	680,125,332
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

Receivables by age and type of adjustment

(in EUR)	Not due	Overdue up to 180 days	Overdue over 180 days	Total	Collectively impaired	Total
GENERALI d. d. 31.12.2021						
Receivables from direct insurance and re(co)insurance operations	6,526,931	31,713,494	167,856	38,408,281	31,863,724	17,626
Gross value	6,526,931	34,851,012	12,715,666	54,093,608	47,416,443	150,234
Value adjustment	-	(3,137,517)	(12,547,810)	(15,685,327)	(15,552,719)	(132,608)
Other receivables	1,733,283	3,359,672	(17,446)	5,075,509	3,318,149	0
Gross value	1,733,283	3,604,248	2,866,775	8,204,307	6,153,433	293,514
Value adjustment	-	(244,576)	(2,884,222)	(3,128,798)	(2,835,284)	(293,514)
Total	8,260,213	35,073,166	150,410	43,483,789	35,181,872	17,627
Total gross value	8,260,213	38,455,260	15,582,441	62,297,914	53,625,488	443,748
Total value adjustment	-	(3,382,094)	(15,432,032)	(18,814,125)	(18,388,003)	(426,122)
Total receivables	8,260,213	35,073,166	150,410	43,483,789	35,237,484	17,627
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

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 2021 by $\pm 15\%$.

Sensitivity analysis to changes in prices of equity securities

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
GENERALI d. d.		
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)
31 December 2021		
Change in prices of equities +15%	55,397,394	5,371,969
Change in prices of equities -15%	(55,397,394)	(5,371,969)

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 Company is 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 Company amounts to EUR 37,279,951. Properties held for own use also comprise properties or rights

to use leased properties. 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 d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Investment properties	10,064,777	10,885,982
Properties (buildings and land)	25,215,174	25,774,834
To perform insurance activities	21,435,066	21,674,225
Assets arising from a lease	3,780,108	4,100,609
TOTAL	35,279,951	36,660,816

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 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 its exposure to interest rate risk, the Company applies the following procedures:

- for liabilities with determinable future cash flows, it employs immunisation procedures, which allow it to balance the average duration of investments with the average duration of liabilities;
- ensuring the matching of lending and deposit rates;
- 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)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
GENERALI d. d.		
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
31 December 2021		
Interest rate change of +50 bp	(637,224)	(13,660,670)
Interest rate change of -50 bp	637,224	13,660,670

Risk of guaranteed return

The year 2021 was marked by the global economic recovery which followed the economic shock of 2020 and the sudden shutdown of the world economy. Stock markets yielded above-average returns in 2021. Volatility remained relatively low for most of the year. The exceptions were the beginning of the year, which still carried on the fear of 2020, and the end of the year, which was marked by the outbreak of new variants of the coronavirus and the emergence of inflation.

Lower volatility was witnessed in the bond markets in the past year than in 2020, mainly owing to central banks, which on the one hand provided sufficient liquidity and on the other gave clear predictions about the future direction of interest rates. In developed markets, government bond yields rose slightly. Developments in European bond markets are also reflected in investments.

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 global portfolio of stocks with a high dividend policy. In 2021, the classic life insurance fund achieved a return of 2.57%, which is 22 percentage points below the guaranteed one of 2.79%.

With respect to the guarantee fund with a guaranteed return under the PN-A01 pension scheme, the Company did not significantly change the structure of its portfolio, which consists mainly of euro government and corporate bonds. There were no premium inflows into the fund as it was closed for new payments in May 2016. In the past year, the fund achieved a return of -2.96%, which is by 312 percentage points less than the guaranteed return of 0.16%. The pension guarantee fund "AS - Zajamčeni od 60" (Guaranteed over 60) started operating in February 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 in corporate and government bonds. In 2021, the fund achieved a return of 1.55%, which is less than the guaranteed return by 171 percentage points.

Actual exposure to risk of guaranteed return

Pension insurance scheme/ plan	GENERALI d. d. 2021	GENERALI d. d. 2020
LIFE INSURANCE		
Traditional life insurance		
Average return on investment for the period	2.57%	4.69%
Average guaranteed return	2.79%	2.86%
Difference in interest rates	-0.22%	1.83%
PENSION INSURANCE		
Pension saving AS Zajamčeni od 60		
Average return on investment for the period	-1.55%	1.52%
Required (guaranteed) return	0.16%	0.43%
Difference in interest rates	-1.71%	1.09%
Pension insurance PN-A01		
Average return on investment for the period	-2.96%	4.84%
Required (guaranteed) return	0.16%	0.43%
Difference in interest rates	-3.12%	4.41%

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 as at 31 December 2021

	EUR	USD	HRK	Other	Total 31.12.2021
ASSETS					
Financial assets measured at fair value through profit or loss	4,465,995	-	-	-	4,465,995
Debt securities	4,465,995	-	-	-	4,465,995
Held-to-maturity financial assets	9,541,236	-	-	-	9,541,236
Debt securities	9,541,236	-	-	-	9,541,236
Available-for-sale financial assets	551,231,065	5,891,719	-	3,087,528	560,210,312
Equity securities	50,248,618	591,224	-	3,087,528	53,927,370
Debt securities	500,982,447	5,300,495	-	-	506,282,942
Loans, deposits and financial receivables	7,948,282	-	-	-	7,948,282
Investments in subsidiaries and associates	43,379,160	-	-	-	43,379,160
Unit-linked investments of policyholders	432,723,244	1,169,865	940,868	1,302,488	436,136,464
Assets from investment contracts	19,924,624	6,852,575	-	1,318,258	28,095,456
Total financial investment	1,069,213,605	13,914,158	940,868	5,708,274	1,089,776,905
Receivables from insurance business and other receivables	43,483,790	-	-	-	43,483,790
Amount (technical provisions) transferred to reinsurers	37,788,543	-	-	-	37,788,543
Cash and cash equivalents	11,647,409	330	18,011	-	11,665,749
Other assets	59,849,659	-	-	-	59,849,659
Total assets exposed to currency risk	1,221,983,005	13,914,489	958,879	5,708,274	1,242,564,647
LIABILITIES					
Liabilities arising from insurance contracts	503,419,899	-	-	-	503,419,899
Unit-linked life insurance	437,220,724	-	-	-	437,220,724
Liabilities from investment contracts	28,095,456	-	-	-	28,095,456
Other liabilities	104,589,670	-	-	-	104,589,670
Total liabilities exposed to currency risk 31.12.2021	1,073,325,750	-	-	-	1,073,325,750

Currency risk as at 31 December 2020

	EUR	USD	HRK	Other	Total 31.12.2020
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 31.12.2020	1,012,198,099	-	-	-	1,012,198,099

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. Assets that are exposed to currency risk are disclosed for 2021 and 2020. The Company's liabilities are denominated in euros and are not particularly exposed to currency risk.

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.

Sensitivity analysis to changes in exchange rates

The Company invests the majority of its investments in euros, because its liabilities and liabilities arising from insurance contracts are in this currency. To the

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. Operational risks may be realised also due to unprofessional, inappropriate or harmful employee behaviour, system or infrastructure malfunction, attempts at internal and external fraud 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 Company 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 Company. 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 Company by customers, business partners, shareholders and supervisors. The Company 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

(in EUR)	Material in rights and licences	Software	ND assets in the process of acquisition	Total
AT COST				
Balance as at 1 Jan 2020	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
New balance as at 1 Jan	66,666	34,383,865	12,178	34,462,709
Increases due to acquisition of companies	-	793	-	793
Direct increases - investments	-	3,065,244	-	3,065,244
Decreases during the year	-	(2,744,363)	-	(2,744,363)
Transfers between categories within intangible assets	-	12,178	(12,178)	-
Balance as at 31 Dec 2021	66,666	34,717,717	0	34,784,383
VALUE ADJUSTMENT				
Balance as at 1 Jan 2020	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 the intangible assets	-	(251,750)	-	(251,750)
Balance as at 31 Dec 2020	31,111	27,358,716	-	27,389,827
New balance as at 1 Jan	31,111	27,358,716	-	27,389,827
Increases due to acquisition of companies	-	793	-	793
Depreciation during the year	-	2,543,949	-	2,543,949
Decreases during the year	13,333	(2,630,551)	-	(2,617,217)
Balance as at 31 Dec 2021	44,445	27,272,908	-	27,317,352
BOOK VALUE				
Balance as at 31 Dec 2020	35,555	7,025,149	12,178	7,072,881
Balance as at 31 Dec 2021	22,221	7,444,809	0	7,467,030

At the end of 2021, the balance of intangible assets was higher by EUR 394,149 compared to the balance at the end of the previous year, mainly due to the investments in the purchase and completion of software in the amount of EUR 3,065,244. The decrease in 2021 was mainly due to the depreciation of the period and write-offs.

Apart from the revaluation of material rights within intangible assets in the amount of EUR 13,333, the Company did not make any other impairments.

As at 31 December 2021, 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 assets 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 depreciated on the basis of certain useful lives and depreciation rates by 2035. The Company uses the straight line method of depreciation and did not change depreciation rates in 2021. Depreciation of intangible assets is recognized in the income statement under operating expenses.

7.2 PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment

(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 2020	-	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 INCA	-	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
New balance as at 1 Jan	27,293,437	19,332,171	279,545	6,095,697	1,038,126	54,038,977
Increases due to acquisition of companies	-	27,056	-	-	-	27,056
Direct increases - investments	26,365	1,088,178	109,575	2,060,036	4,262	3,288,417
Decreases during the year	(38,088)	(483,751)	(24,205)	(1,702,024)	-	(2,248,068)
Transfers between intangible assets, investment property, and property, plant and equipment	89,756	-	(26,365)	-	-	63,391
Balance as at 31 Dec 2021	27,371,471	19,963,654	338,550	6,453,709	1,042,388	55,169,772
VALUE ADJUSTMENT						
Balance as at 1 Jan 2020	-	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
New balance as at 1 Jan	5,619,212	14,238,499	-	1,995,089	751,488	22,604,289
Increases due to acquisition of companies	-	24,630	-	-	-	24,630
Depreciation during the year	285,969	1,224,342	-	2,193,915	86,450	3,790,676
Decreases during the year	(13,094)	(363,009)	-	(1,515,403)	-	(1,891,506)
Transfers between intangible assets, investment property, and property, plant and equipment	44,317	-	-	-	-	44,317
Balance as at 31 Dec 2021	5,936,405	15,124,462	-	2,673,601	837,938	24,572,406
BOOK VALUE						
Balance as at 31 Dec 2020	21,674,225	5,093,672	279,545	4,100,608	286,637	31,434,688
Balance as at 31 Dec 2021	21,435,066	4,839,192	338,550	3,780,108	204,450	30,597,366

As at 31 December 2021, the Company had EUR 837 outstanding 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 2097, 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 2030. The Company applies the straight-line depreciation method and in 2021 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 2021 compared to the 2020 year-end decreased by EUR 837,322, which was particularly influenced by write-offs and sales. In 2021, the Company sold a property intended for the performance of activities and totalled a profit of EUR 17,832 from the sale. Other disposals in 2021 relate to means of transport (cars) and to disposals and write-offs of computer equipment and the sale of other assets of lesser value. In 2021, the Company generated profits amounting to EUR 3,532 from the sale of other property, plant and equipment. All profits from the sale of fixed assets are shown under other operating income.

Despite the lower balance of property, plant and equipment in 2021, the Company invested mainly in computer equipment in the amount of EUR 866,037.

Among fixed assets, as at 31 December 2021, fully depreciated assets worth EUR 18,774 are in use.

In 2021, the Management assessed whether there were grounds for impairment of the 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 December 2021.

Based on the assessment, at the end of 2021 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 lease assets

The rights to use lease assets are disclosed under the heading of property, plant and equipment as a separate item. Lease liabilities are disclosed as a separate item under the heading of other financial liabilities.

In 2021, the discount rate of 1.8% was used to calculate lease liabilities and has not changed compared to the previous year.

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.

The following are disclosures regarding leases until the end of 2021.

Leases in the statement of financial position

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
ASSETS		
Right to use real estate (land and buildings)	573,230	3,132,074
Right to use vehicles	562,337	483,674
Rights to use business premises and car parks	2,644,541	484,860
Right to use other assets	-	-
Right to use lease assets	3,780,108	4,100,609
LIABILITIES		
Short-term lease liabilities with a term of less than 1 year	119,228	80,497
Long-term lease liabilities with a term between 1 and 5 years	3,713,457	4,053,029
Long-term lease liabilities with a term of more than 5 years	-	-
Total lease liabilities	3,832,685	4,133,526

The balance of rights to use lease assets as at 31 December 2021 amounted to EUR 3,780,108 and is EUR 320,500 lower than in the previous year due to the termination of leases. In 2021, the depreciation of these assets amounted to EUR 2,193,915. EUR 73,663 of financial expenses for lease interest were recognized. The consequences of the covid-19 pandemic in 2021 had no material effect on the accounting of leases regarding the Insurance Company.

Leases in the income statement

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Profit of loss - Leases		
Lease income	616,559	612,683
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	(2,193,915)	(2,154,853)
Right to use real estate (land and buildings)	(356,565)	(1,511,938)
Right to use vehicles	(390,089)	(401,401)
Rights to use business premises and car parks	(1,447,261)	(239,117)
Right to use other assets	-	(2,396)
Other expenses	(73,663)	(61,918)
Financial expenses for lease interests	(73,663)	(61,918)
Profit or loss recognized in financing	(1,973,884)	(1,923,077)

As a lessor, the Company mainly has operating leases. Lease assets are mainly investment property (Chapter 7.3), while to a lesser extent rents relate to the lease of fixed assets and leased premises (sublease agreements). 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 investment properties

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
AT COST VALUE		
Balance as at 1 Jan	15,163,210	-
Increases due to acquisition of companies	-	14,937,114
Decreases during the year	(180,004)	(39,433)
Transfer from/to property, plant and equipment	(89,756)	265,528
As at 31 Dec	14,893,450	15,163,210
VALUE ADJUSTMENT		
Balance as at 1 Jan	4,277,228	-
Increases due to acquisition of companies	-	3,244,805
Depreciation in the financial year	172,618	181,550
Decreases during the year	(76,768)	(9,881)
Impairment of cost	499,913	797,906
Transfer from/to property, plant and equipment	(44,317)	62,847
As at 31 Dec	4,828,673	4,277,228
BOOK VALUE		
As at 31 Dec	10,064,777	10,885,982

The 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 157 and the lowest rent per m² is 5.11 EUR/m² while in 2021 the average rent was 10.56 EUR/m².

Following the sale of investment properties and the transfer of one of the investment properties to fixed assets for own use, the balance of investment properties decreased by EUR 821,205 at the end of 2021 compared to the previous year. Two investment properties were sold under market conditions, generating a profit of EUR 20,271.

In 2021, 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 2021 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) ranging between 7.6% and 8.2%. The capitalisation rate was assessed based on market returns.

Based on the appraisal, as at the 2021 year-end the Company Management assessed that impairment of investment property was necessary for the amount of EUR 499,913.

The fair value of investment property as at 31 December 2021 was EUR 10,712,000, and was higher than the carrying amount of EUR 10,064,777.

The straight-line depreciation is used for the depreciation of investment property; in 2021 no changes were made to depreciation rates by the Company. Depreciation of investment property is recognised in the income statement under other operating expenses as investment property expenses.

The Company has 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 d. d. 2021	GENERALI d. d. 2020
Revenues from investment properties	636,830	612,683
Other revenues arising from rents charged on investment properties	616,559	612,683
Gains on the disposal of investment properties	20,271	-
Expenses for investment properties	(1,034,207)	(1,338,618)
Depreciation	(172,618)	(181,550)
Direct operating expenses for investment properties that generate rental income	(353,676)	(331,444)
Direct operating expenses for investment properties that do not generate rental income	(8,001)	(20,327)
Expenses from disposal of investment properties	-	(7,391)
Expenses from impairment of investment properties.	(499,913)	(797,906)

7.4 FINANCIAL INVESTMENTS IN COMPANIES AND ASSOCIATES

Generali 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 2021, the control of all subsidiaries was based on a majority or 100% share of voting rights.

Interests in subsidiaries and associates

	Equity interest (%) 31.12.2021	Equity interest (%) 31.12.2020	Change (in %)	Note
Direct subsidiary				
PROSPERA družba za izterjavo d.o.o.	100	100	-	-
VIZ zavarovalno zastopništvo d.o.o.	-	100	(100)	Merged with Generali d. d.
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	100	100	-	-
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	100	100	-	-
AGENT Zavarovalniško zastopanje d.o.o.	-	100	(100)	Merged with Generali d. d.
LEV Registracija d.o.o.	100	100	-	-
Associate				
NAMA trgovsko podjetje d. d., Slovenija	48,51	48,51	-	-
MEDIFIT d.o.o., Slovenija	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.

Carrying amount of the equity interest

	Carrying amount of the equity interest (in EUR)	
	2021	2020
Subsidiaries		
PROSPERA družba za izterjavo d.o.o., Slovenija	2,091,158	2,620,934
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	159,162	720,000
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	29,326,008	29,326,008
AGENT d.o.o.	-	97,000
LEV Registracija d.o.o.	64,783	298,000
Total subsidiaries	31,641,110	33,216,942
Associates		
NAMA trgovsko podjetje d. d., Slovenija	11,705,901	11,705,901
MEDIFIT d.o.o., Slovenija	32,148	249,597
IDORU inteligentni analitični sistemi d.o.o.	-	-
Total associates	11,738,050	11,955,499

The account balance of investments in subsidiaries decreased in 2021 year-end compared to 2020 year-end by EUR1,575,832, mainly due to impairments,

which in 2021 amounted to EUR 983,832 and the merger of subsidiaries VIZ d.o.o. and AGENT d.o.o. with the parent company.

Changes in subsidiaries and associates in 2021

Movement in investments in subsidiaries and associates

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Subsidiaries		
As at 1 January	33,216,942	298,022
Acquisition or establishment	-	34,161,942
Recapitalisation	60,000	190,156
Decreases during the year	(652,000)	(300,000)
Impairments	(983,832)	(1,133,177)
As at 31 December	31,641,110	33,216,942
Associates		
As at 1 January	11,955,499	-
Acquisition	-	12,006,624
Impairments	(217,449)	(51,125)
As at 31 December	11,738,050	11,955,499

PROSPERA d.o.o.

In 2021, GENERALI d. d., as the sole shareholder of PROSPERA d.o.o., received from the subsidiary EUR 400,000 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 400,000 PROSPERA d.o.o. and reduced capital reserves for this amount. In 2021, the Company following the assessment of the operation of the company PROSPERA d.o.o., as of 30 September 2021 assessed that an impairment in the amount of EUR 129,777 was required.

Ambulanta ZDRAVJE zdravstvene storitve d.o.o.

In 2021, the Company converted a loan given to Ambulanta ZDRAVJE in the amount of EUR 60,000 into a share in the company. In 2021, the Company following the assessment of the operation of the company Ambulanta ZDRAVJE d.o.o. as of 30 September 2021, assessed an impairment in the amount of EUR 620,838 was required.

LEV Registracija d.o.o.

In 2021, the Company following the assessment of the operation of the company LEV Registracije as of 30 September 2021, assessed that an impairment in the amount of EUR 233,217 was required.

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

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 examined the need for impairment of the company Generali Investments d.o.o. In 2021, the external appraisers carried out the valuation of the company as of 30.06.2021. 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., Slovenia, the present value of expected cash flows to total capital (indirect method) was applied using the following assumptions until 2024:

- Required rate of return on equity CAPM: 13,3%
- Required rate of return on total (equity + debt) capital: 10,7%
- Control premium 0%
- Liquidity discount rate of 20%.

Sensitivity analysis of subsidiary Generali Investments d.o.o. Ljubljana

Assessed value as at 30 June 2021	Value of equity (in EUR)
Best-case scenario	37,500
Realistic scenario	34,600
Worst-case scenario	29,700

NAMA d. d.

Investments in associates are recognised in the Company financial statements at cost. For the purpose of financial reporting and potential impairments of investment in the associate Nama d. d., the Company measures the recoverable amount of the investment based on appraisals performed by external appraisers. In 2021, external appraisers performed an appraisal as at 30 June 2021. The measurement of the recoverable amount was made using the net asset value method. The recoverable amount of property owned by Nama d. d. was assessed on the basis of the market approach and the income approach using the capitalisation rate of 7.54%, 7.94% and 8.5% and risk premium of 6.0% and 6.5%. In line with the

Company strategy, the Company may also lease and sell Nama's real property, in addition to performing its principal activity. Pursuant to the appraisal, the Management assessed that no impairments were required in 2021.

MEDIFIT d. o. o

In 2021, following the assessment of the operation of the company as of 30 September 2021, the Company management assessed an impairment of the company MEDIFIT d.o.o. in the amount of EUR 217,449 was required.

Property and financial information of subsidiaries and associates

Company name (in EUR)	Assets		Capital		Revenues		Profit or loss for the year	
	2021	2020	2021	2020	2021	2020	2021	2020
Subsidiaries								
PROSPERA družba za izterjavo d.o.o.	2,386,456	2,798,333	2,283,172	2,681,945	783,454	1,083,526	1,426	12,209
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	195,944	201,930	165,113	129,904	357,824	133,422	(24,791)	(214,708)
Generali Investments, d.o.o. Ljubljana	17,034,996	14,746,142	13,888,212	12,619,105	14,287,430	11,377,193	3,182,503	2,235,045
LEV Registracija d.o.o.	124,709	83,758	49,537	67,592	220,733	177,176	(18,054)	(22,281)
Associates								
NAMA Group	15,627,103	13,619,093	11,238,894	10,585,239	11,511,882	9,546,728	403,253	(160,675)
IDORU inteligentni analitični sistemi d.o.o.	2,787	6,528	2,787	4,722	86	3,531	(1,935)	(4,487)
MEDIFIT d.o.o., Slovenija	297,209	473,335	170,058	368,456	643,944	391,161	(198,398)	(254,150)

Note: The property and financial information on the subsidiaries and associates are taken from financial statements, prepared by these companies and are unaudited for the current year.

7.5 FINANCIAL INVESTMENTS

Financial investment assets

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Financial assets measured at fair value through profit or loss - at initial recognition	4,465,995	3,727,003
Debt securities	4,465,995	3,727,003
Listed securities	2,836,041	2,564,922
Government bonds	1,629,954	1,162,081
Available-for-sale financial assets	560,210,312	555,874,901
Equity securities	53,927,370	52,524,416
Listed securities	17,209,330	32,951,895
Non-listed securities	36,718,040	19,572,521
Debt securities	506,282,942	507,565,105
Listed securities	110,830,987	90,477,803
Non-listed securities	26,286,611	40,762,629
Government bonds	369,165,344	376,324,673
Impairment of securities	-	(4,214,621)
Financial assets held-to-maturity	9,541,236	10,848,153
Debt securities	9,541,236	10,848,153
Listed securities	940,635	943,185
Government bonds	8,600,602	9,904,968
Loans and deposits with banks	4,468,150	3,946,756
Loans	3,908,427	3,354,697
Long-term	992,592	750,187
Short-term	2,915,835	2,604,510
Monetary assets - deposits redeemable at notice	559,723	592,059
Long-term	557,618	552,098
Short-term	2,105	39,962
Financial receivables	3,480,131	1,978,343
Total	582,165,824	576,375,156

The balance of financial assets increased in 2021. This was influenced by purchases of financial investments and rising values in the financial markets.

Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss increased compared to the previous year, due to purchases and rising values in the financial markets.

Available-for-sale financial assets

In 2021, the Company carried out an annual assessment 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 investments in the amount of EUR 192,196. 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 2021, mostly because of maturity of these financial assets.

Effective interest rates (in %) for debt instruments not measured at fair value:

As at 31 Dec	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Debt securities	%	%
Held-to-maturity	5.77	5.90

For the fair value of the held-to maturity assets see Section 5, Table: Financial assets by fair value hierarchy

Financial receivables

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Financial receivables arising from investment properties	43,931	59,537
Other financial receivables	3,436,200	1,918,806
Total	3,480,131	1,978,343

Short-term receivables from securities trading predominate among financial receivables. As at 31 December 2021, these amounted to EUR 2,848,762 and were not yet due.

Movement in financial investments

(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	-	32,244	-	194,033,927	181,716	194,247,887
Increase 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	0	10,848,153	555,874,900	5,925,100	576,375,155
Balance as at 1 Jan	3,727,003	0	10,848,153	555,874,900	5,925,100	576,375,155
Exchange rate differences	-	-	-	416,407	(828)	415,579
Increase	884,970	-	-	86,749,638	174,653,445	262,288,053
Change of fair value (+/-) through profit or loss (market rates)	109,624	-	-	(39,323)	-	70,301
Change of fair value (+/-) through revaluation surplus (market rates)	-	-	-	(8,180,228)	-	(8,180,228)
Increase due to interest	(2,518)	-	(6,917)	(804,336)	9,861,892	9,048,120
Decrease	(253,084)	-	(1,300,000)	(73,614,548)	(182,491,328)	(257,658,960)
Impairment to lower (fair) value – through profit or loss	-	-	-	(192,196)	-	(192,196)
Balance as at 31 Dec 2021	4,465,995	0	9,541,236	560,210,312	7,948,281	582,165,824

7.6 UNIT-LINKED LIFE INSURANCE ASSETS

Developments in global capital markets in 2021 was marked by economic recovery. Extremely loose monetary policies, fiscal stimulus and rapid consumption growth led to sharp growth in capital markets, which ended the year with above-average returns.

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 marketable. Unit-linked life insurance assets are related to fund items denominated in euros and stated at fair value.

Structure of unit-linked life insurance assets

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Financial assets measured at fair value through profit or loss - at initial recognition	418,431,782	361,665,968
Equity securities	349,166,482	298,238,300
Listed securities	349,166,482	298,238,300
Debt securities	69,155,398	63,427,669
Listed securities	69,155,398	63,427,669
Loans and deposits with banks	17,814,584	15,486,631
Deposits placed with banks	17,814,584	15,486,631
Total	436,136,464	377,152,599

The investments made for the benefit of unit-linked life insurance policyholders amounted to EUR 436,136,464. These are units of mutual funds, market ETFs funds, internal funds Dirigent, Aktivni naložbeni paket, Vrhunski, Aktivna naložba, Drzna naložba, Dinamična naložba, Uravnorežena 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 516,810 and assets invested in BNP Paribas products totalled EUR 68,638,588. 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. 31.12.2021	GENERALI d. d. 31.12.2020
Balance as at 1 Jan	377,152,599	66,414,605
Increases due to acquisition of companies	-	311,499,120
New balance as at 1 January - after spin-off	-	377,913,725
Increase	68,250,343	42,653,652
Decrease	(65,271,935)	(39,357,941)
Change of fair value (+/-) through profit or loss (market rates)	56,001,192	3,544,615
Deposit placement	-	2,549,654
Deposit withdrawal	-	(3,393,737)
Accrued interest	-	165,947
Exchange rate differences	4,265	-
Balance as at 31 Dec	436,136,464	377,152,599

7.7 AMOUNT OF INSURANCE TECHNICAL PROVISIONS TRANSFERRED TO REINSURERS

Reinsurers'/co-insurers' share in insurance technical provisions

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Unearned premiums	635,981	673,703
From insurance contracts for incurred and reported claims	30,422,668	32,493,258
From insurance contracts for incurred, but not reported claims	4,808,468	3,027,880
From insurance contracts for bonuses and discounts	6,868	6,868
Total non-life insurance	35,873,985	36,201,709
Unearned premiums	1,368,237	1,536,283
From insurance contracts for incurred and reported claims	546,321	637,261
Total life insurance	1,914,559	2,173,544
Total re(co)insurers' share in technical provisions	37,788,543	38,375,253

7.8 ASSETS FROM INVESTMENT CONTRACTS

Assets from investment contracts

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Financial investments	26,992,658	21,595,023
Cash and cash equivalents	734,366	744,083
Other assets	368,433	384,203
Total assets from investment contracts	28,095,456	22,723,309

Assets from investment contracts – assets structure

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Financial assets measured at fair value through profit or loss - at initial recognition	26,982,467	21,588,703
Equity securities	19,617,201	13,842,104
Listed securities	19,617,201	13,842,104
Debt securities	7,365,266	7,746,600
Listed securities	502,349	616,202
Non-listed securities	393,563	293,822
Government bonds	6,469,353	6,836,576
Financial receivables	10,191	6,320
Total financial assets	26,992,658	21,595,023

Movement in assets from investment contracts

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Balance as at 1 Jan	21,595,023	-
Increases due to acquisition of companies	-	17,790,807
Increase (purchase)	12,612,375	7,458,644
Change of fair value (+/-) through profit or loss (market rates)	2,859,335	696,518
Increase due to interest	85,119	8,027
Decrease (sale)	(10,163,531)	(4,358,973)
Exchange rate differences	4,337	-
Balance as at 31 Dec	26,992,658	21,595,023

7.9 RECEIVABLES

Balance of receivables

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Receivables from direct insurance operations	33,729,406	30,070,675
Gross value	48,610,064	45,214,346
Value adjustment	(14,880,657)	(15,143,671)
Receivables from reinsurance and coinsurance	4,678,875	4,993,898
Gross value	5,483,545	5,736,720
Value adjustment	(804,670)	(742,822)
Income tax receivables	-	224,982
OTHER RECEIVABLES	5,075,509	4,094,318
Other current receivables from insurance operations	2,992,993	2,206,836
Gross value	3,116,600	2,298,870
Value adjustment	(123,607)	(92,034)
Recourse receivables	869,608	757,163
Gross value	3,368,067	2,942,801
Value adjustment	(2,498,460)	(2,185,638)
Operating receivables from the state	732,528	526,649
Gross value	732,553	526,674
Value adjustment	(25)	(25)
Operating receivables for advances given	6,882	34,460
Gross value	50,500	78,077
Value adjustment	(43,617)	(43,617)
Other current operating receivables	398,718	494,431
Gross value	861,807	1,026,659
Value adjustment	(463,088)	(532,228)
Long-term receivables	74,780	74,780
Total receivables	43,483,790	39,383,873

Compared to the previous year, the balance of receivables as at 31 December 2021 was higher by EUR 4,099,917 or by 10%, mainly as the result of higher balance of receivables from direct insurance operations, which predominate in the structure of all receivables with a 78% share and relate to receivables arising from underwritten premium that the Company discloses to policyholders.

Every reporting period, the Company checks the adequacy of assessments of fair- collectible value of receivables by preparing an estimate of the recoverable amount based on actual realised cash flows in the last observed period for an individual type of receivables (it applies to receivables from insurance premiums and subrogation receivables). Value adjustment or utilisation of value adjustments of receivables is recognized directly in the income statement.

Movements in value adjustments of receivables

(in EUR)	Receivables from insurance operations	Subrogations	Other receivables	Total
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	1,648,803	154,863	(23,157)	1,780,509
Balance as at 31 Dec 2020	15,886,493	2,185,638	667,905	18,740,036
Balance as at 1 Jan 2021	15,886,493	2,185,638	667,905	18,740,036
Increases due to acquisition of companies	-	-	9,048	9,048
Changes during the year	(201,166)	312,822	(46,615)	65,042
Balance as at 31 Dec 2021	15,685,327	2,498,460	630,338	18,814,125

7.10 OTHER ASSETS

Other assets – total balance

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Deferred acquisition costs	7,980,141	7,833,410
Deferred expenses and accrued revenues	1,083,777	854,397
Total	9,063,918	8,687,807

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 2020	249,954	3,966,304
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
Balance as at 1 Jan 2021	340,319	7,493,091
Utilised in 2021	(202,270)	(6,725,294)
Formed in 2021	170,230	6,904,064
Balance as at 31 Dec 2021	308,279	7,671,862

7.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Cash on hand and cheques received	56	56
Balances on accounts	9,430,089	9,984,367
Other cash	2,235,605	492,818
Total	11,665,749	10,477,241

7.12 EQUITY

Balance of equity

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Share capital	39,520,347	39,520,347
Capital reserves	50,940,547	50,940,547
Reserves from profit	9,479,165	9,480,332
Legal reserves	1,742,399	1,742,399
Other reserves from profit	7,736,766	7,737,933
Reserve due to fair value measurement (Revaluation surplus)	11,619,961	13,011,847
Retained net profit	33,153,482	40,089,291
Net profit for the financial year	24,525,393	4,579,529
TOTAL	169,238,895	157,621,894

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 2021, nor did the number of shares.

Distribution of accumulated profits

The Insurance 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 Insurance Company decides on the distribution of accumulated profits at the General Meeting of Shareholders. At the General Meeting of Shareholders held in October 2021, the sole shareholders decided on the distribution of accumulated profits determined on 31 December 2020. A part of the accumulated profits in the amount of EUR 11,870,106 was used for dividend payments. The rest of accumulated profits in the amount of EUR 32,798,714 remained unallocated and was transferred to the accumulated profits for 2021. Dividends were paid in full.

Distribution of accumulated profit and loss coverage

The Company ended 2021 with a profit before tax totalling EUR 28,962,338 and a net profit for the year amounting to EUR 24,540,810.

Within its responsibilities, the Management Board of the 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.

Following the closure of the accounts, the Management Board of GENERALI zavarovalnica d. d., in the context of capital movements for 2021, did not redistribute profits or cover losses of the current year or previous years.

Accumulated profits

The final balance of net profit for the year was EUR 24,525,393. Together with the unallocated profit brought forward from previous years amounting to EUR 33,153,482, the balance sheet profit as at 31 December 2021 to be distributed at the General Meeting of Shareholders amounted to EUR 57,678,875.

Reserves from profit

The Company forms reserves from profit in line with the 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 2021, the Company did not change or form additional reserves from profit.

Capital reserves

Capital reserves consist of EUR 42,999,530 of share capital acquired upon the merger of the insurance company, while the amount of EUR 6,216,793 relates 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 2021, 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 2021 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.

Revaluation surplus

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Specific revaluation of equity	11,619,961	13,011,847
From reinforcement/impairment of available-for-sale financial assets	14,447,931	16,166,309
From net actuarial gains / losses for pension programs	(82,863)	(82,863)
From adjustment for deferred taxes	(2,745,107)	(3,071,599)
Total revaluation surplus	11,619,961	13,011,847

Movements in revaluation surplus from available-for-sale financial assets with profit

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Balance as at 1 Jan	13,011,848	6,260,229
Increases due to acquisition of companies	-	5,348,130
Profits (losses) recognised in revaluation surplus	(378,101)	(322,737)
Net change due to revaluation	(466,792)	(398,441)
Change in deferred taxes due to revaluation	88,690	75,704
Transfer of profits (losses) from revaluation surplus to profit or loss	(1,013,785)	1,726,225
Change in revaluation surplus transferred on disposal to profit or loss	(1,443,783)	(105,479)
Change in deferred taxes on realisation of revaluation surplus	274,319	20,346
Transfer of negative revaluation surplus to profit or loss on impairment	192,196	2,236,245
The change deferred taxes from impairments through profit or loss	(36,517)	(424,887)
Balance as at 31 Dec	11,619,961	13,011,848

7.13 SUBORDINATED LIABILITIES

The Insurance Company, held the subordinated bond Floating Rate Subordinated Notes Due in 2026 (abbreviated: ADRIS Float 05/24/2026), issued on 24 May 2016, at a nominal value of EUR 50,000,000, until 24 May 2021. At its issue, the bond was listed on the Irish Stock Exchange and disclosed at the amortised value.

On 20 May, the Company recalled the existing subordinated bond in the nominal amount of EUR 50,000,000 and on 24 May claimed early repayment of the subordinated bond in the amount of EUR 50,000,000. In 2021, on 24 February, the Company paid accrued interest to the creditors in the amount of EUR 996,500, and upon the recall on 24 May 2021, also the principal in the amount of EUR 50,000,000 and interests in the amount of EUR 964,000.

To partially repay the subordinated debt, the Insurance Company took out a subordinated loan from GP Reinsurance EAD, Bulgaria, in the amount of EUR 30,000,000. As at 31 December 2021, the Insurance Company no longer had any subordinated bonds, but a long-term financing liability (see Section 7.18 Financial liabilities).

Movements in issued bonds

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
As at 1.1.	49,779,307	-
Increases due to acquisition of companies	-	49,676,681
Increase / decrease in principal	(50,000,000)	-
Accrued interest	2,181,193	4,056,626
Repayment interest	(1,960,500)	(3,954,000)
As at 31.12.	0	49,779,307

7.14 INSURANCE TECHNICAL PROVISIONS

Insurance technical provisions (liabilities arising from insurance contracts) – gross and net

(in EUR)	Gross + received co- insurance as at 31.12.2021	Reinsurance + ceded co- insurance as at 31.12.2021	Net as at 31.12.2021	Gross + received co- insurance as at 31.12.2020	Reinsurance + ceded co- insurance as at 31.12.2020	Net as at 31.12.2020
Unearned premiums	73,200,092	635,981	72,564,111	67,883,204	673,703	67,209,501
Claims provisions for	195,767,145	35,231,136	160,536,009	184,359,311	35,521,138	148,838,173
Reported claims	127,962,937	30,422,668	97,540,269	112,065,787	32,493,258	79,572,528
Not reported claims	67,804,208	4,808,468	62,995,740	72,293,525	3,027,880	69,265,645
Other insurance technical provisions	4,830,694	6,868	4,823,827	4,176,330	6,868	4,169,462
Provisions for profit sharing and premium refund	4,830,694	6,868	4,823,827	4,176,330	6,868	4,169,462
Total non-life insurance	273,797,931	35,873,985	237,923,946	256,418,845	36,201,709	220,217,136
Unearned premiums	6,754,362	-	6,754,362	6,555,304	-	6,555,304
Claims provisions for	8,707,449	-	8,707,449	7,615,230	-	7,615,230
Reported claims	960,725	-	960,725	1,028,338	-	1,028,338
Not reported claims	7,746,725	-	7,746,725	6,586,892	-	6,586,892
Other insurance technical provisions	13,024,227	-	13,024,227	9,232,583	-	9,232,583
Provisions for bonuses and discounts	288	-	288	169	-	169
Other insurance technical provisions (Unexpired risk provisions and provisions for unpaid commissions)	13,023,939	-	13,023,939	9,232,415	-	9,232,415
Total health insurance	28,486,038	-	28,486,038	23,403,117	-	23,403,117
Unearned premiums	3,100,597	1,368,237	1,732,360	3,138,423	1,536,283	1,602,140
Claims provisions for	9,687,322	546,321	9,141,001	8,784,588	637,261	8,147,327
Reported claims	4,652,746	546,321	4,106,424	4,366,222	637,261	3,728,961
Not reported claim	5,034,577	-	5,034,577	4,418,367	0	4,418,367
Mathematical provisions	174,609,663	-	174,609,663	173,006,698	-	173,006,698
Other insurance technical provisions	13,738,348	-	13,738,348	19,864,112	-	19,864,112
Provisions for profit sharing and premium refund	416,216	-	416,216	476,279	-	476,279
Share of available for sale revaluation reserve that belongs to classic life DPF insurance contract policyholders.	13,322,132	-	13,322,132	19,387,833	-	19,387,833
Total life insurance with DPF	201,135,931	1,914,559	199,221,372	204,793,821	2,173,544	202,620,277
Total liabilities arising from insurance contracts	503,419,899	37,788,543	465,631,356	484,615,783	38,375,253	446,240,530

The disclosure of insurance technical provisions does not include claims provisions for unit-linked life insurance in the amount of EUR 2,852,522. 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 available-for-sale financial assets, which 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 belonging 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 13,322,132.

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 2021	Reinsurance 2021	Net 2021	Gross 2020	Reinsurance 2020	Net 2020
Movements in unearned premium						
Balance as at 1 Jan	77,576,931	2,209,986	75,366,945	27,953,113	2,538,643	25,414,470
Increases due to acquisition of companies	-	-	-	51,460,923	480,262	50,980,660
Increase in liabilities	80,901,110	838,181	80,062,929	75,143,658	827,226	74,316,432
Decrease in liabilities	75,422,991	1,043,949	74,379,042	76,980,764	1,636,146	75,344,618
Balance as at 31 Dec	83,055,049	2,004,218	81,050,831	77,576,931	2,209,986	75,366,945
Movements in mathematical reserves						
Balance as at 1 Jan	173,006,698	-	173,006,698	55,263,716	27,631,858	27,631,858
Increases due to acquisition of companies	-	-	-	114,757,300	-	114,757,300
Increase in the period	21,970,987	-	21,970,987	22,275,552	-	22,275,552
Decrease in the period	20,368,023	-	20,368,023	19,289,870	27,631,858	(8,341,988)
Balance as at 31 Dec	174,609,663	-	174,609,663	173,006,698	-	173,006,698
Movements in claims outstanding						
Reported claims	117,460,348	33,130,519	84,329,830	44,818,013	11,263,928	33,554,085
Not reported claims	83,298,783	3,027,880	80,270,903	13,929,939	1,091,835	12,838,104
Balance as at 1 Jan	200,759,132	36,158,399	164,600,733	58,747,952	12,355,763	46,392,189
Increases due to acquisition of companies	-	-	-	122,502,996	16,567,607	105,935,389
Decrease in provisions due to payments	54,098,271	8,846,252	45,252,019	51,649,959	3,796,163	47,853,796
Change in provisions from preceding years +/-	(21,049,115)	(1,511,460)	(19,537,655)	(6,862,022)	6,324,444	(13,186,466)
Increase in provisions in the current year	88,550,172	9,976,770	78,573,402	78,020,164	3,796,163	73,313,417
Reported claims	133,576,409	30,968,989	102,607,420	117,460,348	33,130,519	84,329,830
Not reported claims	80,585,509	4,808,468	75,777,041	83,298,783	3,027,880	80,270,903
Balance as at 31 Dec	214,161,918	35,777,457	178,384,461	200,759,132	36,158,399	164,600,733
Movements in other technical provisions - Profit sharing and premium refund						
Balance as at 1 Jan	4,652,777	6,868	4,645,909	3,751,268	21,888	3,729,380
Increases due to acquisition of companies	-	-	-	820,270	-	820,270
Increase in the period	3,505,062	-	3,505,062	4,176,498	6,868	4,169,630
Decrease in the period	2,910,641	-	2,910,641	4,915,528	21,887	4,893,641
Balance as at 31 Dec	5,247,198	6,868	5,240,331	4,652,777	6,868	4,645,909
Movements in other technical provisions - Unexpired risk provisions and provisions for unpaid commissions						
Balance as at 1 Jan	9,232,415	-	9,232,415	1,965,998	-	1,965,998
Increase in the period	3,791,524	-	3,791,524	9,232,415	-	9,232,415
Decrease in the period	-	-	-	1,972,029	-	1,972,029
Balance as at 31 Dec	13,023,939	-	13,023,939	9,232,415	-	9,232,415
Movements in other technical provisions - Payables client						
Balance as at 1 Jan	19,387,833	-	19,387,833	9,436,231	-	9,436,231
Increases due to acquisition of companies	-	-	-	6,087,124	-	6,087,124
Change of corresponding share of fair value of financial assets available for sale	(6,065,701)	-	(6,065,701)	3,864,478	-	3,864,478
Balance as at 31 Dec	13,322,132	-	13,322,132	19,387,833	-	19,387,833

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 2021

(in EUR)	Accident Year											
	before 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Cumulative claim assessment												
Years after Accident Year	-	150,103,329	138,131,182	133,434,637	125,614,398	127,403,097	140,062,883	126,192,128	133,886,373	126,392,000	138,916,700	
1 year after Accident Year	-	142,190,761	130,558,246	125,043,322	119,366,886	123,588,719	137,775,733	122,734,944	123,143,100	114,289,255	-	
2 years after Accident Year	-	133,912,910	127,336,047	122,460,487	117,349,837	121,404,109	135,731,601	120,890,229	122,727,723	-	-	
3 years after Accident Year	-	130,124,235	126,222,667	119,800,990	115,697,672	120,739,599	134,514,960	119,512,391	-	-	-	
4 years after Accident Year	-	129,056,750	125,832,612	118,688,659	115,197,106	121,717,915	135,032,181	-	-	-	-	
5 years after Accident Year	-	127,592,494	124,795,279	118,873,586	114,129,177	123,131,387	-	-	-	-	-	
6 years after Accident Year	-	127,288,834	124,091,266	118,336,310	114,180,207	-	-	-	-	-	-	
7 years after Accident Year	-	126,185,992	124,542,225	118,445,238	-	-	-	-	-	-	-	
8 years after Accident Year	-	125,369,159	124,499,989	-	-	-	-	-	-	-	-	
9 years after Accident Year	-	125,125,948	-	-	-	-	-	-	-	-	-	
Cumulative Claims:	-	125,125,948	124,499,989	118,445,238	114,180,207	123,131,387	135,032,181	119,512,391	122,727,723	114,289,255	138,916,700	
Total	-	123,421,511	119,034,323	112,409,039	107,531,699	111,042,455	124,165,072	108,540,395	105,357,643	91,470,202	68,734,746	
RBNS	13,689,940	745,214	4,837,215	4,610,584	5,013,266	10,204,224	9,211,341	9,023,357	11,919,011	14,026,638	37,298,399	
IBNR	6,802,272	959,223	628,450	1,425,615	1,635,243	1,884,708	1,655,768	1,948,638	5,451,069	8,792,415	32,883,555	
CHE	1,395,337	118,507	449,685	454,041	516,458	864,126	905,520	873,342	1,371,033	1,822,039	5,300,524	
Total liabilities	21,887,548	1,822,943	5,915,350	6,490,240	7,164,966	12,953,058	11,772,629	11,845,338	18,741,113	24,641,092	75,482,479	

Development claim tables for non-life insurance

(in EUR)	Accident Year											
	before 2011	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
Cumulative claim assessment												
Years after Accident Year	-	140,493,253	150,103,329	138,131,182	133,434,637	125,614,398	127,403,097	140,062,883	126,192,128	133,886,373	126,392,000	
1 year after Accident Year	-	128,028,222	142,190,761	130,558,246	125,043,322	119,366,886	123,588,719	137,775,733	122,734,944	123,143,100	-	
2 years after Accident Year	-	125,412,426	133,912,910	127,336,047	122,460,487	117,349,837	121,404,109	135,731,601	120,890,229	-	-	
3 years after Accident Year	-	123,669,157	130,124,235	126,222,667	119,800,990	115,697,672	120,739,599	134,514,960	-	-	-	
4 years after Accident Year	-	119,680,315	129,056,750	125,832,612	118,688,659	115,197,106	121,717,915	-	-	-	-	
5 years after Accident Year	-	120,064,905	127,592,494	124,795,279	118,873,586	114,129,177	-	-	-	-	-	
6 years after Accident Year	-	118,881,271	127,288,834	124,091,266	118,336,310	-	-	-	-	-	-	
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	118,336,310	114,129,177	121,717,915	134,514,960	120,890,229	123,143,100	126,392,000	
Total	-	113,750,253	123,220,395	118,645,022	112,241,239	107,006,655	110,456,537	122,826,123	105,743,869	98,474,076	62,756,472	
RBNS	11,886,364	3,570,886	1,091,038	5,179,997	4,664,726	5,502,348	9,342,155	9,980,584	8,991,996	14,503,145	29,276,741	
IBNR	6,462,979	1,159,486	1,057,726	717,205	1,430,344	1,620,175	1,919,223	1,708,252	6,154,364	10,165,878	34,358,787	
CHE	1,549,851	393,370	176,265	482,695	490,539	567,034	915,841	949,972	1,213,017	1,946,060	4,930,296	
Total liabilities	19,899,194	5,123,742	2,325,029	6,379,898	6,585,609	7,689,557	12,177,219	12,638,809	16,359,377	26,615,084	68,565,824	

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 31.12.2021	Reinsurance + ceded co- insurance as at 31.12.2021	Net as at 31.12.2021	Gross + received co- insurance as at 31.12.2020	Reinsurance + ceded co- insurance as at 31.12.2020	Net as at 31.12.2020
Claims provisions	2,852,522	-	2,852,522	3,242,567	-	3,242,567
Reported claims	2,852,522	-	2,852,522	3,242,567	-	3,242,567
Provisions for unit-linked life insurance policyholders	434,368,201	-	434,368,201	374,826,788	-	374,826,788
Total unit-linked life insurance	437,220,724	-	437,220,724	378,069,355	-	378,069,355

Movements in insurance technical provisions for unit-linked life insurance

(in EUR)	Gross 2021	Reinsurance 2021	Net 2021	Gross 2020	Reinsurance 2020	Net 2020
Movements in claims outstanding						
Reported claims	3,242,567	-	3,242,567	-	-	-
Balance as at 1 Jan	3,242,567	-	3,242,567	-	-	-
Increases due to acquisition of companies	-	-	-	1,592,208	-	1,592,208
Decreased provisions due to payments	1,200,229	-	1,200,229	349,583	-	349,583
Change in provisions from preceding years +/-	(35,393)	-	(35,393)	40,629	-	40,629
Increase in provisions in the current year	845,577	-	845,577	1,959,313	-	1,959,313
Reported claims	2,852,522	-	2,852,522	3,242,567	-	3,242,567
Balance as at 31 Dec	2,852,522	-	2,852,522	3,242,567	-	3,242,567
Movements in provisions for unit-linked life insurance policyholders						
Balance as at 1 Jan	374,826,788	-	374,826,788	66,311,354	33,171,829	33,139,525
Increases due to acquisition of companies	-	-	-	310,690,347	-	310,690,347
Increase in the period	97,019,984	-	97,019,984	44,652,126	6,537,033	38,115,094
Decrease in the period	37,478,571	-	37,478,571	46,827,040	39,708,862	7,118,178
Balance as at 31 Dec	434,368,201	-	434,368,201	374,826,788	-	374,826,788

7.16 LIABILITIES ARISING FROM INVESTMENT CONTRACTS

7.16.1 Liabilities arising from investment contracts

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Liabilities to pension savers (policyholders)	28,046,611	22,682,490
Liabilities from investment contracts for payments	23,260,655	20,606,864
Liabilities from investment contracts for fund return	4,785,956	2,075,626
Other liabilities	48,846	40,819
Total liabilities from investment contracts	28,095,456	22,723,309

As at 31 December 2021, liabilities from savers' payments amount to EUR 23,260,655 and represent a net premium (gross premium payments reduced by entry costs). These costs/expenses, which are charged to the saver, represent revenue from fees and commissions for the manager of AS pension insurance guarantee funds. In 2021, EUR 35,647 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 investment contracts

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
As at 1 January	22,682,490	-
Increases due to acquisition of companies	-	18,647,836
Increase in the period	6,585,176	5,419,181
For payments	3,208,132	4,825,336
For achieved return	3,377,043	593,845
Decrease in the period	1,221,055	1,384,528
For payouts (surrender)	554,341	1,342,924
For achieved return	666,714	41,604
As at 31 December	28,046,611	22,682,490

Annual gain of savers for which the liability of the Group increases varied in 2021 depending on the type of AS pension savings, as follows:

+18.28% for the guarantee fund Pokojninsko varčevanje AS Drzni do 50 (pension fund),

+9.02% for the guarantee fund Pokojninsko varčevanje AS Umirjeni med 50 do 60 (pension fund),

-1.55% achieved (0.16% guaranteed) for the guarantee fund Pokojninsko varčevanje AS Zajamčeni od 60 (pension fund).

Each month, at the end of the accounting period, the 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 2021, the guaranteed return was 0.16%. Due to a failure in achieving the return in 2021, the Company (as a pension insurance manager) formed long-term liabilities of EUR 1,935 charged to own fund life insurance assets, in line with the Pension and Disability Insurance Act (ZPIZ-2).

7.17 OTHER PROVISIONS

7.17.1 Other provisions

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Provisions for termination benefits	5,259,465	5,486,896
Provisions for jubilee benefits	399,969	491,360
Total	5,659,434	5,978,256

7.17.2 Provisions for employee benefits

Provisions for employee benefits

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Provisions for employee benefits	4,456,193	4,519,712
Other non-current provisions	803,272	967,184
Total	5,259,465	5,486,896

Movements in provisions for employee benefits

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
As at 1.1.	5,486,896	1,092,153
Increases due to acquisition of companies	-	5,417,264
Increase in current period	399,679	(2,476,223)
Decrease due to paid provisions for termination and jubilee benefits	(94,564)	(145,003)
Actuarial gains and losses	(532,546)	1,615,634
Adjustments arising from past experience	(283,411)	(189,828)
Effect of change of assumptions	(249,134)	1,805,462
Other changes	-	(16,929)
As at 31 December	5,259,465	5,486,896

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 rates 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 2021, https://www.ecb.europa.eu/stats/financial_markets_and_interest_rates/euro_area_yield_curves/html/index.en.html). For the calculation made on 31 December 2020 the ECB curve dated 30.12.2020 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 31.12.2020.
- 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 31.12.2020.
- The expected mortality is determined based on Slovene mortality tables from 2007 (SLO 2007, published by the Statistical Office of the Republic of Slovenia). Same for calculation on 31.12.2020.
- Future fluctuation is 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%. Same for calculation on 31.12.2020.

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 249,134 for the Group and EUR 1,805,462 for the Company.

Analysis of sensitivity to changes in parameters

Parameters	Parameter changes	GENERALI d. d. 2021	GENERALI d. d. 2020
Discount rate	discount curve move by +0,25%	(157,211)	(193,148)
	discount curve move by -0,25%	164,645	202,851
Salary increase	change in annual salary increase by +0,5%	311,562	381,379
	change in annual salary increase by -0,5%	(287,363)	(349,691)
Mortality	permanent increase in mortality by +20%	(45,418)	(59,253)
	permanent increase in mortality by -20%	46,015	60,110
Early termination of employment	expense curve move by +20%	(226,573)	(274,274)
	expense curve move by -20%	245,804	298,323

7.17.3 Other long-term provisions

Movements in other long-term provisions

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
As at 1.1.	491,360	464,672
Increase in current period (formation)	91,391	26,688
As at 31.12.	399,969	491,360

7.18 OTHER FINANCIAL LIABILITIES

Financial liabilities

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Balance as at 1 Jan	4,194,793	1,876,475
Increases due to acquisition of companies	-	1,256,746
Increase	160,800,034	233,274,955
Decrease	(160,749,877)	(232,213,382)
Received loans	30,000,000	-
Interest accrued	544,800	-
Balance as at 31 Dec	34,789,750	4,194,793

Long-term financial liabilities include loans and liabilities from the rights to use lease assets.

On 19 May 2021, to partially repay the subordinated debt, Generali zavarovalnica d. d. took out a subordinated loan from a related party, GP Reinsurance EAD, Bulgaria, in the amount of EUR 30,000,000. The date of the first

recall is 19 May 2026 and the final maturity date is 19 May 2031. The loan bears interest in accordance with EURIBOR, namely at 2.92% + 12m Euribor. As at 31 December 2021, EUR 544,800 of interest was accrued. Interest is paid once a year in May.

Movements in items increase and decrease relate mostly to the trade (purchase/sale) in investments of unit-linked policyholders in internal funds.

7.19 OPERATING LIABILITIES

The Insurance Company has no secured liabilities.

Operating liabilities

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Liabilities arising from direct insurance contracts	21,058,782	16,365,664
Liabilities arising from reinsurance and co-insurance	10,007,904	21,662,246
Tax liability	3,579,617	-
Total	34,646,303	38,027,910

The balance of operating liabilities of the Company is lower by EUR 3,381,607 or 9% than in the previous year, 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 previous year by EUR 4,693,118, which was mainly owed to increased business volume.

For 2021, the Company calculated the current tax liability (corporate tax) at the applicable tax rate of 19%. In 2021, the Company operated successfully after the merger and exceeded the profit generated in 2020.

The calculated advance payment of corporate tax, which the company pays during the year on the basis of the accrued profit of the previous year, did not meet the established liability, thus the Company calculated as at 31 December 2021 the liability for corporate income tax in the amount of EUR 3,579,617.

7.20 OTHER LIABILITIES

Other liabilities

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Other operating (trade) liabilities	10,257,515	8,123,791
Accrued costs/expenses and deferred revenues	17,501,429	19,049,385
Total	27,758,944	27,173,176

7.20.1 Other operating liabilities

Other operating liabilities

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Long-term operating liabilities	6,439	4,521
Other long-term operating liabilities	6,439	4,521
Current operating liabilities	10,251,075	8,119,270
Current operating liabilities to suppliers	1,779,288	170,708
Current operating liabilities to employees	3,306,631	3,342,182
Other current liabilities from insurance operations	3,812,293	3,620,990
Current operating liabilities to the state (except for income tax)	646,690	597,136
Other current operating liabilities	706,174	388,254
Total	10,257,515	8,123,791

At the end of 2021, the balance of other operating liabilities was higher than in the previous year by EUR 2,133,724 or 26%. The higher balance was mainly due to higher current operating liabilities to suppliers

and other current operating liabilities. At year-end of 2021, in respect of invoices received on time at the time of closing, the Company showed higher outstanding short-term liabilities to suppliers and lower accrued costs compared to the previous year.

The structure of other operating liabilities is dominated by other current liabilities from insurance operations with a 37% share, which are EUR 191,303 higher compared to the previous year. These current liabilities relate mainly to:

- liabilities for Insurance Premium Tax in the amount of EUR 1,570,441;
- 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 1,334,587;
- fire tax liability in the amount of EUR 215,398; and
- liabilities for the repayment of reinsurance commissions advances in the amount of EUR 691,303.

The long-term operating liabilities of the Company include the long-term liability in the amount of EUR 6,439 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 7.16). 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 d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Accrued expenses – for acquisition costs	5,964,978	7,097,606
Accrued expenses - for operating costs	8,624,152	8,909,363
Accrued expenses - for unused annual holidays	1,654,465	1,900,619
Accrued expenses from equalisation scheme for supplementary health insurance	1,110,583	838,715
Accrued expenses – other costs	(22,557)	26,333
Short-term deferred revenue	169,808	276,749
Total	17,501,429	19,049,385

Compared to the previous year, the balance of accrued costs at the end of 2021 was lower by EUR 1,547,956. The decrease is present in all types of accrued expenses, with the exception of Accrued expenses from equalisation scheme for supplementary health insurance which are higher by EUR 271,868 than in the previous year.

7.21 REVENUE

7.21.1 Premium revenue from insurance contracts

Net premium revenue from insurance contracts

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
NON-LIFE INSURANCE		
Gross written premiums	238,305,718	221,871,492
Premium written accepted co-insurance	4,426,092	3,609,139
Premium written co-insured	(211,785)	(488,156)
Reinsurers' share in premium written	(26,904,791)	(22,619,315)
Net written premiums	215,615,234	202,373,160
Change in gross unearned premiums	(5,316,888)	(320,358)
Change in unearned premium for reinsurance/coinsurance share	(12,929)	7,861
Net premium income on non-life insurance	210,285,418	202,060,664
HEALTH INSURANCE		
Gross written premiums	124,201,188	116,219,070
Net written premiums	124,201,188	116,219,070
Change in gross unearned premiums	(199,058)	(542)
Net premium income on health insurance	124,002,130	116,218,528
LIFE INSURANCE		
Gross written premiums	83,205,656	84,373,592
Reinsurers' share in premium written	(4,043,134)	(16,590,000)
Net written premiums	79,162,523	67,783,591
Change in gross unearned premiums	37,826	165,952
Change in unearned premium for reinsurance/coinsurance share	(168,046)	(266,646)
Net premium income on life insurance	79,032,303	67,682,897
TOTAL NET PREMIUM INCOME	413,319,851	385,962,089

7.21.2 Premium revenue at the level of insurance classes

Premium revenue at the level of insurance classes in 2021

(in EUR)	Written gross insurance premiums	Premium written accepted co-insurance	Premium written co-insured	Reinsurers' share in premium written	Own share
Accident insurance	23,988,120	8,644	(40,353)	(268,909)	23,687,502
Land vehicle insurance	72,710,106	29,575	-	(3,906,117)	68,833,564
Aircraft insurance	292,122	-	-	(279,408)	12,714
Ship insurance	466,419	-	-	(337,896)	128,524
Goods in transit insurance	2,288,991	35,825	-	(1,754,899)	569,917
Fire and natural forces insurance	33,272,092	2,179,304	(38,163)	(7,812,335)	27,600,899
Other damage to property insurance	23,605,478	1,117,058	(58,944)	(4,666,780)	19,996,811
Vehicle liability insurance	53,895,876	26,887	-	(1,599,153)	52,323,610
Aircraft or other flying machine liability insurance	20,694	-	-	(18,030)	2,664
Liability for ship insurance	523,831	-	-	(386,680)	137,151
General liability insurance	17,028,412	772,917	(14,856)	(4,206,867)	13,579,605
Credit insurance shall be insurance covering:	(734)	-	-	-	(734)
Suretyship insurance	163,805	-	-	(110,675)	53,130
Miscellaneous financial loss insurance	1,018,914	255,730	(2,689)	(548,204)	723,751
Legal expenses insurance	717,431	152	(56,780)	-	660,802
Tourist assistance	8,314,162	-	-	(1,008,839)	7,305,323
Insurance contracts for non-life insurance, excluding health insurance	238,305,718	4,426,092	(211,785)	(26,904,791)	215,615,234
Health insurance contracts	124,201,188	-	-	-	124,201,188
Life insurance	39,527,086	-	-	(4,043,134)	35,483,952
Unit-linked insurance contracts	43,678,570	-	-	-	43,678,570
Life insurance contracts	83,205,656	-	-	(4,043,134)	79,162,523
Total	445,712,563	4,426,092	(211,785)	(30,947,924)	418,978,945

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

7.21.3 Financial revenue and expenses from investments and investments in associates

Financial revenue and expenses from investments

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Income from financial investments measured at FVTPL	56,132,371	5,343,689
Held for sale	68	33,099
Interest and net exchange differences	68	26,573
Revaluation income	-	6,526
At initial recognition	56,132,304	5,310,591
Dividends	24,591	36,582
Interest and net exchange differences	48,200	(153,837)
Net sales income	4,196,418	2,205,652
Revaluation income	51,863,094	3,222,194
Income from financial investments held to maturity (HTM)	525,952	634,236
Interest and net exchange differences	525,952	632,486
Sales income	-	1,750
Income from financial investments available-for-sale (AFS)	9,585,221	7,993,689
Dividends	1,999,760	1,033,370
Interest and net exchange differences	5,755,720	6,248,481
Sales income	1,829,741	711,839
Income from loans and receivables	2,107,656	2,109,579
Interest	401,700	337,433
Net exchange differences	1,745	205,112
Other income	1,704,211	1,567,034
INCOME FROM INVESTMENTS	68,351,201	16,081,194
Income from investments - subsidiaries	2,235,050	70,000
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	2,235,050	70,000
Expenses for financial investments measured at FVTPL	(304)	(6,326)
Held for sale	-	(6,326)
Net sales expenses	-	(6,326)
At initial recognition	(304)	-
Net sales expenses	(304)	-
Expenses for financial investments available-for-sale (AFS)	(578,154)	(1,658,303)
Realised losses	(385,958)	(606,360)
Impairment	(192,196)	(1,051,943)
EXPENSES FOR INVESTMENTS	(578,458)	(1,664,629)
Expenses for investments - associates	(217,449)	(51,125)
Expenses for investments - subsidiaries	(983,832)	(1,133,177)
EXPENSES FOR INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	(1,201,281)	(1,184,302)
Net financial result - investments measured at FVTPL	56,132,068	5,337,363
Net financial result - investments held to maturity (HTM)	525,952	634,236
Net financial result - available-for-sale investments (AFS)	9,007,067	6,335,387
Net financial result from loans and receivables	2,107,656	2,109,579
Net financial result - investments in subsidiaries and associates	1,033,768	(1,114,302)
NET FINANCIAL RESULT FROM INVESTMENTS	68,806,511	13,302,263

Financial revenue and expenses also include net financial revenue/expenses for unit-linked insurance. In 2021, the net financial result of these investments was EUR 56,063,223. 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.

The change in these technical provisions (see Section 7.15) in 2021 represents a provision higher by EUR 59,151,369. The change resulted in a reduction of the final result in this amount.

Net gains/losses on held-for-trading financial assets

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Realised profits	-	20,569
Unrealised profits	-	6,788
Realised losses	-	(26,895)
Unrealised losses	-	(262)
Total	-	200

Net gains (losses) on financial assets at initial recognition through profit or loss

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Realised profits	4,352,448	6,619,482
Unrealised profits	55,658,956	66,799,086
Realised losses	(156,333)	(4,413,830)
Unrealised losses	(3,795,862)	(63,576,892)
Total	56,059,209	5,427,845

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 (loss) amounted to EUR 56,001,191.

Impairment of securities of available-for-sale financial assets

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Equity securities	192,196	1,051,943
Total	192,196	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.

Within the "held-to-maturity financial assets", there were no permanent impairments of investments made in 2021.

7.21.4 Other insurance revenue

Other insurance revenue

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Revenue from insurance contracts	6,133,561	4,234,179
Revenues from reinsurance fees/commissions and from shares in positive technical result	5,185,597	3,459,894
Revenues from front-end/entry costs for insurance contracts	588,143	523,518
Other fee income for management of insurance contracts	359,822	250,768
Revenue from investment contracts	55,554	47,972
Revenue from investments contracts for administration (entry fees)	0	-
Other fee income for management of investment contracts	55,554	47,972
Total fee and commission revenue	6,189,116	4,282,152

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 investment 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 d. d. 2021	GENERALI d. d. 2020
Other net insurance revenues	2,516,687	2,513,825
Revenue from reversal of impairment	992,719	714,705
Excess on acquisitions	21,011	-
Other financial and other revenues	4,068,045	2,661,967
Other operating revenues	99,635	103,285
Total	7,698,098	5,993,782

Other net revenue from insurance operations is shown in a separate table below.

Other net insurance revenue

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Income from management of mutual pension funds	258,914	311,037
Income from co-insurance commission	-	75,822
Revenue from insurance services provided to foreign insurance companies	777,734	498,970
Revenue from rent on parking lot and cars	310,274	296,230
Revenue from Green Card sales	603,982	602,950
Revenue from other services	565,783	728,815
Total	2,516,687	2,513,825

Revaluation operating revenue

Revaluation operating revenue mostly originate from the reversal of impairment of receivables (of premium receivables, subrogation receivables and financial receivables) in the amount of EUR 370,215 and the write-off of liabilities from previous years in the amount of EUR 622,100.

Other financial and other revenue

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Revenues arising from rents charged for investment properties	616,559	612,683
Revenues arising from disposals of investment properties	20,271	-
Bad Debt Recovered	8,841	5,868
Penalties and Claims	-	8,163
Other income	605,699	1,465,300
Other financial revenues	2,816,675	569,953
Total	4,068,045	2,661,967

Compared to the same period last year, other financial and other revenue increased in by EUR 1,406,078, mainly due to other financial revenue 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. 2021	GENERALI d. d. 2020
Gross claims paid	(118,902,351)	(113,393,184)
Gross claims	(121,401,656)	(115,458,709)
Reduction for subrogated receivables	2,499,305	2,065,525
Re(Co)Insurers' share in claims paid	9,886,857	6,245,433
Co-insurance claims paid (+/-)	(115,177)	(547,464)
Re-insurance claims paid (+/-)	10,002,035	6,792,897
Net claims paid	(109,015,494)	(107,147,751)
Claims reported	(17,967,740)	(4,839,112)
Change of provisions for gross outstanding claims and gains from derecognition	(15,897,150)	(11,577,356)
Change in claims provisions for re/co-insurer's share	(2,070,590)	6,738,244
Claims not reported	6,269,905	(5,755,322)
Change in gross claims provisions and gains from derecognition	4,489,317	(6,736,718)
Change of provisions for gross outstanding claims co-insurance and re-insurance	1,780,588	981,395
Change in claims provisions	(11,697,836)	(10,594,434)
Net claims incurred on non-life insurance	(120,713,329)	(117,742,185)
Gross claims paid	(102,714,525)	(89,484,070)
Gross claims	(98,147,814)	(85,928,364)
Equalisation scheme income/expenses	(4,610,378)	(3,576,428)
Reduction for subrogated receivables	43,667	20,722
Net claims paid	(102,714,525)	(89,484,070)
Claims reported	67,614	60,030
Change of provisions for gross outstanding claims and gains from derecognition	67,614	60,030
Claims not reported	(1,159,833)	(502,536)
Change in gross claims provisions and gains from derecognition	(1,159,833)	(502,536)
Change in claims provisions	(1,092,219)	(442,506)
Net claims incurred on health insurance	(103,806,744)	(89,926,575)
Gross claims paid	(53,122,809)	(48,967,726)
Gross claims	(53,122,809)	(48,967,726)
Re(Co)Insurers' share in claims paid	1,015,686	6,035,596
Re-insurance claims paid (+/-)	1,015,686	6,035,596
Net claims paid	(52,107,122)	(42,932,130)
Claims reported	12,581	(2,755,811)
Change of provisions for gross outstanding claims and gains from derecognition	103,521	(3,357,910)
Change in claims provisions for re/co-insurer's share	(90,940)	602,099
Claims not reported	(616,210)	(207,913)
Change in gross claims provisions and gains from derecognition	(616,210)	(281,233)
Change of provisions for gross outstanding claims co-insurance and re-insurance	-	73,320
Change in claims provisions	(603,629)	(2,963,725)
Net claims incurred on life insurance	(52,710,751)	(45,895,855)
TOTAL NET CLAIMS INCURRED	(277,230,824)	(253,564,615)

Net claims incurred classified into expenses for the current year and expenses for previous years

(in EUR)	Gross 2021	Reinsurance 2021	Net 2021	Gross 2020	Reinsurance 2020	Net 2020
Expenses for claims and benefits paid for current year	252,186,017	11,968,425	240,217,592	228,123,865	8,102,963	220,020,902
Claims and benefits paid	165,348,301	2,270,729	163,077,572	149,902,398	3,827,314	146,075,084
Change in outstanding claim provisions	82,227,338	9,697,696	72,529,642	74,645,039	4,275,649	70,369,390
Expenses from equalisation scheme	4,610,378	-	4,610,378	3,576,428	-	3,576,428
Expenses for claims and benefits paid for previous years	(17,252,404)	(1,554,885)	(15,697,519)	(5,461,069)	6,891,072	(12,352,141)
Claims and benefits paid	52,474,882	8,432,814	44,042,068	50,434,597	3,454,288	46,980,309
Change in outstanding claim provisions	(69,727,286)	(9,987,699)	(59,739,587)	(55,895,666)	3,436,784	(59,332,450)
Total	234,933,613	10,413,541	224,520,073	222,662,796	14,994,035	207,668,761

7.23 COSTS

7.23.1 Costs by functional group

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Costs related to acquisition of insurance and investment contracts	34,868,920	39,058,920
Costs related to financial asset management	2,160,859	2,285,972
Costs related to PPE management	591,576	634,418
Other costs for management fees	7,518,183	8,608,798
Costs of sale	30,320,753	30,934,387
Other costs/expenses	28,910,052	27,951,328
Total costs/expenses by functional groups	104,370,344	109,473,821

7.23.2 Costs by natural group

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Operating costs for material	1,101,625	1,440,417
Acquisition costs	34,868,920	39,058,920
Operating costs for services	20,929,280	23,411,713
Depreciation/amortisation	6,347,958	6,402,144
Labour costs	41,122,560	39,160,627
Payroll – wages and salaries	28,806,226	29,474,085
Social security costs	256,798	1,350,637
Pension insurance costs	4,855,996	3,870,908
Other labour cost	6,551,126	6,052,467
Provisions for termination benefits and jubilee benefits	652,414	(1,587,469)
Total	104,370,344	109,473,821

Depreciation/amortisation costs also include depreciation/amortisation amounts arising from long-term assets in use, which in 2021 amounted to EUR 2,193,914.77 (last year EUR 2,154,853).

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 EUR)	Life insurance	Non-life insurance	Health insurance	GENERALI d. d. 2021	Life insurance	Non-life insurance	Health insurance	GENERALI d. d. 2020
Costs of services	13,720,970	36,888,754	5,188,476	55,798,201	15,461,213	41,953,772	5,055,648	62,470,633
Costs of transportation and postal services	351,747	717,847	342,590	1,412,185	511,721	1,636,446	738,847	2,887,013
Costs of rents and maintenance of assets	310,545	1,181,172	549,494	2,041,211	215,148	683,375	631,513	1,530,037
Reimbursement of labour-related costs to employees	67,497	533,503	155,934	756,934	60,983	476,920	46,616	584,519
Payment of transactions costs and bank charges	403,527	485,119	211,338	1,099,984	347,297	480,743	211,987	1,040,028
Costs for insurance premiums	63,040	260,466	13,735	337,242	64,715	230,581	43,098	338,395
Costs of trade fairs, advertising and entertainment	1,308,460	2,111,570	555,867	3,975,897	1,623,352	3,847,465	426,335	5,897,152
Costs of securities brokerage	612,755	340,737	42,762	996,254	489,740	254,692	5,070	749,502
Costs of services of agents acquiring investors	-	-	-	-	4,268	3,648	-	7,916
Acquisition costs	7,713,334	25,158,609	1,996,977	34,868,920	9,209,654	28,350,516	1,498,751	39,058,920
Costs of intellectual and personal services	618,106	1,154,642	373,905	2,146,653	574,657	1,564,262	279,851	2,418,771
Costs of printing	280,915	772,926	212,924	1,266,765	155,264	658,992	242,551	1,056,807
Costs of education	72,054	262,006	19,342	353,401	44,166	94,031	11,498	149,695
Costs of IT services	1,195,517	2,272,148	461,726	3,929,392	1,491,960	2,212,173	641,884	4,346,017
Costs of other services	704,285	1,596,285	238,256	2,538,826	646,606	1,383,958	262,252	2,292,816
Costs of services by natural persons under employment contracts or author's contracts	19,187	41,724	13,626	74,537	21,682	75,969	15,394	113,045
Labour costs	8,916,850	27,131,863	5,073,847	41,122,560	8,416,041	26,295,474	4,449,112	39,160,627
Costs of wages and salaries	6,341,595	18,863,416	3,601,215	28,806,226	6,308,545	19,662,600	3,502,939	29,474,085
Social security and pension insurance costs	1,124,921	3,373,683	614,190	5,112,794	1,158,530	3,471,051	591,964	5,221,545
Pension insurance costs	1,080,347	3,179,135	596,514	4,855,996	832,997	2,650,076	387,835	3,870,908
Social security costs	44,574	194,548	17,676	256,798	325,533	820,975	204,129	1,350,637
Other labour cost	1,319,531	4,411,945	819,649	6,551,126	1,174,028	4,228,523	649,916	6,052,467
Provisions for employee benefits, unused leave included	130,803	482,819	38,793	652,414	(225,062)	(1,066,701)	(295,707)	(1,587,469)
Costs of material and goods	232,922	807,198	61,505	1,101,625	273,084	1,019,171	148,162	1,440,417
Costs of material, raw material and energy	232,922	807,198	61,505	1,101,625	273,084	1,019,171	148,162	1,440,417
Costs of material and raw material	104,963	299,279	36,508	440,750	136,691	555,927	76,484	769,101
Costs of energy	127,959	507,918	24,997	660,875	136,394	463,244	71,678	671,316
Depreciation and amortisation	1,177,025	4,955,562	215,372	6,347,958	1,101,359	4,687,045	613,739	6,402,144
Total operating expenses	24,047,767	69,783,376	10,539,200	104,370,344	25,251,697	73,955,463	10,266,661	109,473,821

7.23.4 Auditor's remuneration

The audit of the annual financial statements of GENERALI zavarovalnica d. d. for 2021 was performed by the audit firm KPMG Slovenija d. o. o. (in 2020 Ernst & Young d. o. o.).

Fees paid for auditor's services

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Statutory audit of the annual report	162,220	238,576
Other audit services	38,280	113,702
Total fees for independent auditor's services	200,500	352,278

7.24 OTHER INSURANCE EXPENSES

Other insurance expenses

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Expenses for preventive activities	2,396,944	1,991,666
Contribution for covering losses caused by uninsured and unknown vehicles	233,580	334,330
Other net insurance expenses	9,656,516	12,479,772
Total	12,287,039	14,805,768

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 regarding the gross insurance premium to the Slovenian Insurance Association (SZZ) as stipulated by the Association's rules. Generali pays the fire fees in the amount depending on the market share and premium written from fire insurance. In 2021, these expenses went up due to the increase in premiums.

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 2021, the Company paid EUR 233,580 for this item.

Other net insurance expenses decreased by EUR 2,823,257 compared to the previous year. A significant portion of 73% 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 2021 these expenses amounted to EUR 7,052,695.

In addition to the lump-sum compensation, a significant part consists of expenses, such as

- subrogation receivables write-offs, receivables write-offs from insurance premiums and write-offs of other receivables in the amount of EUR 1,024,067,
- expenses of supervisory bodies in the amount of EUR 565,898 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 d. d. 2021	GENERALI d. d. 2020
Expenses for impairment	484,238	1,899,368
Expenses for investment properties	1,034,207	1,338,618
Depreciation of investment properties	172,618	181,550
Impairment - investment properties	499,913	797,906
Losses-upon disposal of investment properties	-	7,391
Other expenses for investment properties	361,676	351,772
Other operating expenses	2,940,239	3,418,292
Finance expenses	2,827,014	5,394,266
Total	7,285,699	12,050,544

Expenses for impairment 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 down by EUR 1,415,130 mainly due to lower expenses for impairment of receivables from premiums in the amount of EUR 1,475,082.

Compared to the previous year, expenses for investment properties were lower by EUR 304,411 and they amounted to EUR 1,034,207. These expenses include depreciation, impairment, losses-upon disposal and other expenses. Other expenses for investment properties, which represent a significant proportion of these expenses, include management, maintenance and material costs incurred during the year.

Other operating expenses are presented in a separate table.

Other operating expenses

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Payments for charity and cultural purposes	211,923	692,119
Benefits not depending on operating profit or loss	277,784	175,374
Financial penalties and compensations	87,100	43,842
Operating expenses	2,351,977	2,287,045
The rest of other operating expenses	11,456	219,912
Total	2,940,239	3,418,292

Compared to the previous year, other operating expenses decreased by EUR 478,053, mainly due to lower expenses for charity and cultural purposes (lower by EUR 480,197), which is mainly due to the continuation of the poor epidemiological picture in 2021 and a smaller scale of cultural events.

Finance Expenses

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Finance expenses for interest - issued bonds	2,181,192	4,056,626
Finance costs - interest	618,463	99,385
Other financial expenses	27,358	1,238,255
Finance expenses arising from other financial liabilities	-	(24,920)
Finance expenses arising from other financial liabilities	-	27
Finance expenses arising from operating liabilities	27,358	1,263,148
Total	2,827,014	5,394,266

Finance expenses are lower by EUR 2,567,252 compared to the previous year due to the recall of the existing subordinated bond in May 2021. Due to early repayment, interest was paid only until May, which is more than half less than the previous year. In 2021, the Company received a loan to repay the bond and accrued EUR 544,800 in interest by the end of the year. Interest expenses also include interest expenses arising from liabilities for rights to use lease assets.

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 2021

Insurance class (in EUR)	Reinsurance premiums	Reinsurance claims	Changes inunearned reinsurance premiums	Changes in reinsurance claims	Reinsurance commissions	Net reinsurance result
Accident insurance	(268,909)	34,821	168	101,602	37,524	(94,794)
Land motor vehicle insurance	(3,906,117)	798,035	(382)	509,677	3,219	(2,595,568)
Aircraft insurance	(279,408)	-	20,536	-	13,970	(244,902)
Marine loss insurance	(337,896)	125,704	-	19,414	107,049	(85,728)
Transportation (goods in transit) insurance	(1,754,899)	793,096	245	68,740	526,698	(366,120)
Fire and natural disaster insurance	(7,812,335)	3,928,117	(4,740)	413,443	1,133,156	(2,342,360)
Other damage to property insurance	(4,666,780)	1,249,062	25,142	334,513	759,080	(2,298,983)
Motor vehicle liability insurance (MTPL)	(1,599,153)	2,032,389	-	(3,306,697)	140,746	(2,732,714)
Aircraft liability insurance	(18,030)	-	1,742	-	693	(15,595)
Ship/boat liability insurance	(386,680)	15,092	-	37,704	122,504	(211,380)
General liability insurance	(4,206,867)	928,778	(36,297)	1,635,639	973,818	(704,928)
Suretyship insurance	(110,675)	832	(7,170)	-	34,982	(82,031)
Miscellaneous financial loss insurance	(548,204)	35,469	7,204	(102,745)	76,494	(531,781)
Legal expenses insurance	-	-	-	-	25,493	25,493
Insurance of assistance	(1,008,839)	60,639	(13,493)	(1,292)	574,444	(388,541)
Total non-life insurance	(26,904,790)	10,002,035	(7,043)	(290,002)	4,529,870	(12,669,932)

Reinsurance result for non-life insurance in 2020

Insurance class (in EUR)	Reinsurance premiums	Reinsurance claims	Changes inunearned 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)

7.27 INCOME TAX EXPENSES

Taxes

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Corporate income tax charge	(4,573,810)	(997,960)
Deferred tax income/(expense)	152,282	216,619
Total	(4,421,528)	(781,341)

Adjustment between the actual and the calculated tax expense by applying the effective tax rate

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Rate used for income tax calculation	19	19
Tax calculated by using official tax rate	(5,502,844)	(1,223,979)
Income excluded from the tax base and other reductions in the tax base	2,350,739	1,996,267
Expenses not recognised in the tax base and other increases in the tax base	(2,133,093)	(2,351,675)
Use of tax allowance in the current year	711,389	581,427
Changes in deferred taxes in the income statement	152,282	216,618
Changes in potential deferred tax assets:	152,282	216,618
Increase of deductible temporary differences	152,282	216,618
Profit or loss after taxation	(4,421,528)	(781,342)
Effective tax rate (in %)	15.27	12.13

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 2021 is 15.27% (2020: the effective tax rate was 12.13%).

According to local tax legislation in Slovenia, the applicable tax rate in 2021 was 19% (as in 2020).

Tax expense recognized in other comprehensive income

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Tax on items which will not be reclassified to profit or loss	-	-
Tax on items which may be reclassified to profit or loss in subsequent periods	326,492	(328,837)
Total	326,492	(328,837)

7.28 DEFERRED TAXES

Deferred taxes are the result of calculating current and future tax effects, i.e. the future recovery (settlement) of the carrying amount 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 financial statements of the Company in the case of the same tax authority.

Recognised deferred tax amounts

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Deferred tax assets	2,656,567	2,562,695
Receivables for deferred tax to be recovered	3,670,400	3,514,159
Receivables from deductible temporary differences - provisions made but not recognised	370,561	364,959
Offset of deferred tax assets	(1,013,833)	(951,464)
Deferred tax liabilities	1,735,239	2,120,141
Liabilities for deferred taxes pending payment	2,749,072	3,071,605
Liabilities from strengthening of financial investments	2,749,072	3,071,605
Offset of deferred tax liabilities	(1,013,833)	(951,464)

Movements in deferred tax assets and liabilities

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Deferred tax assets as at 1 Jan	2,562,695	32,963
Increases due to acquisition of companies/Acquisition of subsidiary	-	2,422,669
Changes during the year	93,872	107,064
Deferred tax assets as at 31 Dec	2,656,567	2,562,695
Deferred tax liabilities as at 1 Jan	3,071,605	1,489,921
Increases due to acquisition of companies/Acquisition of subsidiary	-	402,178
Changes during the year	(1,336,365)	1,179,506
Deferred tax liabilities as at 31 Dec	1,735,239	3,071,605

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 d. d. 2021	GENERALI d. d. 2020
Net profit or loss for the financial year	24,540,810	5,660,652
Weighted average number of ordinary shares outstanding	2,364,563	2,364,563
Basic and adjusted net earnings / loss per share (in euros)	10.38	2.39

All shares issued by the Company are ordinary registered shares; therefore, the diluted net earnings/loss per share are equal to the basic net earnings/loss per share.

Movements in shares

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
As at 1 Jan	2,364,563	2,364,563
As at 31 Dec	2,364,563	2,364,563

7.30 ISSUES, REDEMPTIONS AND PAYOUTS OF SECURITIES AND DIVIDENDS

In 2021, the Company did not issue any subordinated bonds and did not purchase or pay any equity securities.

Dividend amount per share

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Amount of dividends (in euros)	11,870,106	-
Dividend per share (in euros)	5.02	-

Dividends are formed from the accumulated profit determined by the Company after financial year end and are paid in the foreseen amount after the General Meeting adopted such a resolution.

In its 62nd session, the General Meeting of GENERALI zavarovalnica d. d. adopted the resolution to pay a dividend to the sole shareholder, Generali CEE Holding B. V., in the amount of EUR 11,870,106.26 (EUR 5.02 per share). The dividend was paid in full.

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, GENERALI zavarovalnica d. d. discloses transactions with related legal entities, with shareholders and associates, and with the management of the Insurance Company.

Related party transactions in the Company are regulated by 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 2021, 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 securities;
- financial services (loans).

In 2021, there were no significant transactions between the Company 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 2021. 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.

Subsidiaries and associates

COMPANY NAME	ADDRESS	Equity interest	Tax rate	VAT ID No.	Activity	Reporting Period
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	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. Ljubljana	Dunajska cesta 63, 1000 Ljubljana	100%	19%	SI56687036	Trusts, funds and similar financial entities	Calendar year
LEV Registracija, registracija vozil, d.o.o.	Pod lipami 005, 3313 Polzela	100%	19%	SI 66862221	General public administration activities	Calendar year
Associates						
SLOVENIA						
NAMA trgovsko podjetje d. d., Slovenija	Tomšičeva ulica 1, 1000 Ljubljana	48,51%	19%	SI22348174	Retail trade services of food and non-food products	Calendar year
MEDIFIT d.o.o., Slovenija	Tržaška cesta 116, 1000 Ljubljana	24,99%	19%	SI 12848999	Other information technology and computer service activities	Calendar year
IDORU inteligentni analitični sistemi d.o.o.	Celovška cesta 206, 1000 Ljubljana	25,00%	19%	SI 69662517	Other information technology and computer service activities	Calendar year

Other related companies

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 Board and Supervisory Board.

8.2 RELATED PARTY TRANSACTIONS

Transactions with the owner Generali CEE Holding B. V.

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
NON-LIFE INSURANCE		
Intangible assets	152,188	131,578
Other operating expenses	15,520	11,999

Transactions with subsidiaries

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	2,155,941	2,918,934
Short-term receivables from direct insurance business	1,739	1,519
Short-term receivables from financing	260,393	-
Other short-term receivables	3,407	5,237
Short-term loans given	50,001	60,000
Short-term liabilities from direct insurance business	-	30
Short-term financial liabilities	50,000	-
Other short-term liabilities	168,383	91,938
INCOME STATEMENT ITEMS:		
Income from insurance business	9,238	7,062
Financial income	141,565	142,874
Interest income	531	-
Other operating revenue	156,750	161,623
Expenses from insurance business	95,580	61,309
Other operating expenses	1,040,810	934,244
Expenses due to impairments	362,994	568,098
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	29,485,169	30,046,008
Short-term receivables from financing	100,120	83,314
Other short-term receivables	389	381
Loan received	60,000	-
INCOME STATEMENT ITEMS:		
Income from insurance business	46,942	45,040
Financial income	1,135,971	786,560
Other operating revenue	4,848	78,446
Expenses from insurance business	8,529	-
Dividends received	2,235,050	-
Expenses due to impairments	620,838	565,079

In 2021 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 2021.

Loans given and dividend received

In 2021, the Company received a dividend from its subsidiary Generali Investments, družba za upravljanje, d. o. o. in the amount of EUR 2,235,050 and from the company VIZ d. o. o. in the amount of EUR 90,000.

Transactions with associates

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Intangible assets	40,280	-
Financial investments	11,222,077	11,439,526
Short-term receivables from direct insurance business	136	136
Other short-term receivables	-	2,000
Other short-term liabilities	2,000	2,000
INCOME STATEMENT ITEMS:		
Income from insurance business	956	752
Interest income	-	-
Other operating revenue	12,000	12,000
Expenses from insurance business	40	-
Other operating expenses	309,581	130,168
Expenses due to impairments	217,449	51,125
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	515,972	515,972

As at 31 December 2021, the Insurance Company had a loan receivable from LEV Registracija d. o. o. in the amount of EUR 50,000. The interest rate is fixed at 0.489% (interest rate for related party loans, effective in February 2021). The loan is secured by bills of exchange. Interest is paid monthly and the principal at maturity. The loan is still active.

The Company did not do business with banks which would be related parties in 2021.

Transaction with related parties

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	2,678,985	1,022,980
Short-term receivables from direct insurance business	557,197	-
Short-term receivables for reinsurance premiums accepted	81,657	344,444
Receivables from reinsurers arising from reinsurance ceded	3,583,941	3,262,681
Other receivables arising from reinsurance business	67,929	-
Other short-term receivables from insurance business	188,854	293,675
Other short-term receivables	-	10,767
Short-term liabilities from direct insurance business	194,686	74,621
Short-term liabilities for reinsurance premiums ceded	6,299,607	5,538,603
Liabilities to reinsurers arising from reinsurance accepted	115,507	48,879
Operating liabilities of reinsurers arising from reinsurance contracts with cedants	-	60,598
Short-term financial liabilities	130,142	-
Other short-term liabilities	3,173,959	1,500,585
INCOME STATEMENT ITEMS:		
Income from insurance business	158	-
Accepted reinsurance premiums	718,260	871,492
Claims paid - reinsurance share	6,593,790	4,783,047
Reinsurance commission and other income	4,793,302	3,748,245
Other income from insurance business	92,620	124,415
Other operating revenue	150,687	10,787
Expenses from insurance business	9,728,960	5,681,809
Reinsurers' share of premiums	24,368,387	20,710,941
Accepted reinsurance claims	190,862	87,905
Accepted reinsurance commission expenses	64,497	71,658
Other expenses from insurance business	(10,354)	-
Financial expenses	2,157	-
Other operating expenses	2,957,344	2,513,768
Interest on deposits of reinsurers	-	2,206

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	11,296,339	-
Short-term liabilities for reinsurance premiums ceded	586,593	343,256
Receivables from reinsurers arising from reinsurance ceded	298,031	239,178
Short-term receivables from financing	307,113	-
Other short-term receivables	18,086	-
Other liabilities arising from reinsurance business	-	9,740,491
Operating liabilities of reinsurers arising from reinsurance contracts with cedants	-	278,575
Short-term financial liabilities	364,324	-
Loan received	30,000,000	-
Long-term financial liabilities	544,800	-
INCOME STATEMENT ITEMS:		
Claims paid - reinsurance share	169,987	5,234,951
Reinsurance commission and other income	307,600	1,145,463
Financial income	98,462	-
Other operating revenue	137,679	8
Reinsurers' share of premiums	1,183,100	14,975,857
Other reinsurance expenses	-	7,641,871
Financial expenses	544,800	-
Other operating expenses	-	249

On 19 May 2021, GENERALI zavarovalnica d. d. received a long-term subordinated loan from the related party GP Reinsurance .EAD, Bulgaria, in the amount of EUR 30,000,000. More about the loan in Section 7.18.

8.3 SHAREHOLDERS

As at 31 December 2021, 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 in 2021

Remuneration type (in EUR)	Remuneration of management board and board of directors members	Remuneration of supervisory board members	Remuneration of Audit Committee members	Remuneration of employees on individual employment agreements
Gross salary	554,527	84,768	-	6,710,229
Variable part of remuneration	386,119	-	-	321,157
Holiday allowances	6,000	3,000	-	177,782
Reimbursements of costs*	6,203	5,676	-	268,589
Meeting attendance fees	-	2,723	6,000	-
Insurance premiums	7,664	1,558	-	155,214
Other payments	33,241	16,386	-	152,146
Total remuneration	993,754	114,111	6,000	7,785,117

* Including travel expenses using own vehicle and daily allowance at home and abroad.

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 2021 for the period in which

they carried out the function of management and/or supervision in the parent company GENERALI zavarovalnica d. d. In 2021, the members of the Management Board of the Company did not receive any payments for the performance of tasks in subsidiaries.

Remuneration of members of management and supervision bodies and employees on individual employment agreements in 2020

Remuneration type (in EUR)	Remuneration of management board and board of directors members	Remuneration of supervisory board members	Remuneration of Audit Committee members	Remuneration of employees on individual employment agreements
Gross salary	449,982	64,120	-	5,801,836
Variable part of remuneration	251,826	-	-	721,720
Holiday allowances	4,754	2,517	-	144,643
Reimbursements of costs*	4,637	4,654	-	219,012
Meeting attendance fees	-	2,970	9,106	-
Insurance premiums	8,113	1,115	-	316,557
Other payments	23,078	19,455	-	-
Total remuneration	742,390	94,830	9,106	7,203,769

* Including travel expenses using own vehicle and daily allowance at home and abroad.

As at the 2021 year-end, GENERALI d. d. carries the following current operating receivables and liabilities:

- EUR 296 of receivables and EUR 49,793 liabilities for remuneration (salaries) related to the members of the Management Board. The receivables arise from the insurance business (premiums due) and from rents of parking spaces,
- EUR 106 of receivables and EUR 6,720 liabilities for remuneration (salaries) related to the members of the Supervisory Board and the Audit Committee. The receivables mainly arise from the insurance business (premiums due),
- EUR 9,914 of receivables and EUR 610,681 of liabilities for remuneration (salaries) related to 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 8,773 arises from the insurance business (premium due), while the rest arises from rents for parking spaces.

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 2022.

In 2021, GENERALI zavarovalnica d. d. 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 zavarovalnica 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.

Transactions with the immediate family members of the members of Management and Supervisory Boards and the Audit Committee

In 2021, the Company GENERALI zavarovalnica d. d. did not enter into transactions, other than insurance transactions (related to premium received), 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 zavarovalnica 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 2021, 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 d. d. 31.12.2021	GENERALI d. d. 31.12.2020
Outstanding recourse receivables	8,350,138	8,548,455
Received pledged guarantees	110,800	120,800
Other receivables	235,266	235,266
Contingent RECEIVABLES	8,696,204	8,904,521
Liabilities - disputes and litigations (labour and insurance)	291,298	71,969
Liabilities for guarantees	2,010,553	2,080,059
Liabilities for bill of exchange	(1,137,219)	(852,367)
Liability for guaranteed return	1,934	18
Other liabilities	10,428,014	7,265,961
Contingent LIABILITIES	11,594,581	8,565,640
Total contingent receivables and liabilities	20,290,785	17,470,161

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. Compared to the balance at the end of 2020, the balance of contingent receivables is lower by EUR 208,317, mainly due to a decrease in the value of as yet unenforced subrogation by EUR 198,317 and, to a lesser extent, a decrease in pledged guarantees received.

Contingent liabilities include contingent liabilities arising from labour and commercial disputes and litigations, liabilities for bank guarantees and bills of exchange and contingent liabilities from investment 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 payment of inputs to the funds Generali Growth SIS d.o.o. k. d. and Lion River in the total amount of EUR 10,412,994 and, to the lesser extent, contingent liabilities relating to credits to which pension insurance savers are entitled under the pension scheme financing agreement. The contingent liabilities of the Company are EUR 3,031,251 higher than at the end of the previous year, especially due to the contingent liabilities for payments of inputs to the Lion River fund in the amount of EUR 4,388,755.

10. EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date and before the date of approval of the consolidated and separate financial statements, which should be disclosed in the financial statements and which would impact the compiled financial statements and tax obligations of the Company for 2021.

Events after the balance sheet date, important for business operations in 2022

- On **24 February 2022**, the Russian-Ukrainian conflict escalated into an armed conflict which, together with stringent sanctions against Russia, will certainly have a significant impact on future economic developments. In early March, a rapid rise in energy prices on international markets was recorded, which, according to analysts, will soon translate into higher growth in consumer prices. The immediate global consequences will be higher inflation, lower economic growth and disruptions in supply chains. The current situation does not directly affect the insurance services market in Slovenia now, however the long-term consequences cannot be assessed.
- On **4 March 2022**, following the decision of the Generali Group to close its operations on the Russian market, the ACEER (Austria, CEE and Russia) regional unit, of which Generali zavarovalnica d. d. is an integral part, was renamed Austria & CEE (Austria and Central and Eastern Europe).

APPENDIX TO THE FINANCIAL STATEMENTS

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1. APPENDIX TO THE FINANCIAL STATEMENTS

The Appendix is intended for the supervising authority - the Insurance Supervision Agency (ISA), and has been prepared in compliance with the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings (Official Gazette of the Republic of Slovenia, No. 1/2016 as amended).

1.1 FINANCIAL STATEMENTS ACCORDING TO THE SCHEME PRESCRIBED BY THE ISA

The Insurance Company GENERALI zavarovalnica d. d., whose principal activity is insurance business, provides services in the non-life, life and health insurance segments, and therefore separates business segments by insurance groups, where similar insurance products are grouped. These groups are exposed to different rates of profitability, opportunities for growth, future prospects and risks.

The Management regularly reviews the business results by business segments 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 Insurance Company.

Assets and liabilities by reporting segment comprise assets and liabilities 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.

The accounting policies applied by the reporting segments are the same as those applied by the Insurance Company.

The Insurance Company is not obliged to report by business segments in accordance with the provisions of IFRS, since as at 31 December 2021 GENERALI zavarovalnica d. d. no longer trades in the public market. Reporting by reporting segments or by business segments is thus prepared in line with the requirements of the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings.

Business segments

Non-life insurance business segment comprises:

- Motor liability insurance,
- Land motor vehicle insurance,
- Accident insurance,
- Fire and natural forces insurance,
- Other damage to property insurance,
- General liability insurance,
- Credit insurance 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 supplementary pension insurance under the previous PN-A01 pension scheme and the new pension schemes which entered into force in 2017, as well as Pokojninsko varčevanje AS (AS Pension Saving)).

The health insurance business segment includes complementary health insurance and other supplementary health insurance.

The balance sheet and the income statement by business segment are given below. It must be noted that the

values shown in the columns "Total" are not equal to the sum of insurance segment due to offsets between individual segments and on the level of balance sums.

The financial statements have been prepared in accordance with the schemes given in Appendix 1 to the Decision on Annual Reports and Quarterly Financial Statements of Insurance Undertakings.

Statement of financial position of GENERALI d. d. as at 31 December 2021 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	765,774,984	448,885,438	55,249,000	4,832,981	1,242,564,646
Intangible assets	22,222	7,444,809	-	-	7,467,031
Property, plant and equipment	-	30,597,366	-	-	30,597,366
Deferred tax assets	292,727	2,720,428	626,485	30,760	2,656,567
Investment properties	-	10,064,777	-	-	10,064,777
Financial investments in subsidiaries and associates	30,001,142	10,165,609	3,212,409	-	43,379,160
Financial investments	240,569,675	299,558,330	38,016,965	4,020,855	582,165,824
In loans and deposits	6,959,919	988,362	0	-	7,948,281
In held-to-maturity financial assets	9,541,236	-	-	-	9,541,236
In available-for-sale financial assets	219,602,524	298,569,968	38,016,965	4,020,855	560,210,312
In financial assets measured at fair value through profit and loss	4,465,995	-	-	-	4,465,995
Unit-linked investments of policyholders	436,136,464	-	-	-	436,136,464
Amounts of technical provisions ceded to reinsurers	1,914,559	35,873,985	-	-	37,788,543
Assets from investment contracts	28,095,456	-	-	-	28,095,456
Receivables	20,387,463	40,695,203	12,896,853	668,194	43,483,790
Receivables from direct insurance business	563,981	19,834,644	12,875,308	455,473	33,729,406
Receivables from reinsurance and coinsurance	739,172	3,939,703	-	-	4,678,875
Income tax receivables	2,675,528	965,255	-	-	(0)
Other receivables	16,408,783	15,955,600	21,545	212,721	5,075,509
Other assets	1,202,066	7,423,828	432,846	5,178	9,063,918
Cash and cash equivalents	7,153,209	4,341,104	63,442	107,994	11,665,749

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
EQUITY AND LIABILITIES	765,774,984	448,885,438	55,249,000	4,832,981	1,242,564,646
Equity	35,145,334	116,906,580	13,859,370	3,327,612	169,238,896
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	-	4,603,284	4,782,443	93,438	9,479,165
Reserve due to fair value measurement (Revaluation surplus)	3,586,298	8,030,786	19,781	(16,905)	11,619,961
Retained net earnings	(8,974,102)	34,197,549	6,379,612	1,550,423	33,153,482
Net profit or loss for the financial year	7,485,242	12,661,961	2,677,534	1,700,656	24,525,393
Technical provisions	203,988,453	273,797,931	27,612,926	873,112	506,272,422
Unearned premiums	3,100,597	73,200,092	6,500,052	254,310	83,055,051
Mathematical provisions	174,609,663	-	-	-	174,609,663
Outstanding claims provisions	12,539,845	195,767,145	8,088,657	618,792	217,014,439
Other technical provisions	13,738,348	4,830,694	13,024,216	11	31,593,269
Insurance technical provisions for unit-linked insurance	434,368,201	-	-	-	434,368,201
Other provisions	65	5,659,369	-	-	5,659,434
Deferred tax liabilities	847,139	1,897,293	4,640	-	1,735,239
Liabilities from investment contracts	28,095,456	-	-	-	28,095,456
Other financial liabilities	30,955,869	3,833,881	-	0	34,789,750
Operating liabilities	9,109,657	20,841,267	7,773,493	562,669	34,646,303
Liabilities from direct insurance contracts	2,203,500	11,484,435	7,189,299	181,547	21,058,782
Liabilities from reinsurance and coinsurance contracts	3,440,624	6,567,280	-	-	10,007,904
Income tax liabilities	3,465,533	2,789,551	584,194	381,122	3,579,617
Other liabilities	23,264,808	25,949,118	5,998,570	69,587	27,758,944

In the balance sheet by insurance segment, the balance of assets and liabilities is not equal to the sum of individual amounts by insurance segment because final offsets in the amount of EUR 32,177,756 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 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 through profit and loss	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

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
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	-	-	50,940,549
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

In the balance sheet by insurance segment, the balance of assets and liabilities 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.

Income statement for GENERALI d. d. for the period from 1 January 2021 to 31 December 2021 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	79,032,303	210,285,418	118,420,840	5,581,289	413,319,851
Gross written premiums	83,205,656	242,731,810	118,590,450	5,610,739	450,138,655
Premiums ceded to reinsurers and coinsurers	(4,043,134)	(27,116,576)	-	-	(31,159,710)
Change in unearned premiums	(130,220)	(5,329,816)	(169,609)	(29,449)	(5,659,094)
REVENUES FROM INVESTMENTS IN ASSOCIATES	2,235,050	-	-	-	2,235,050
INCOME FROM INVESTMENTS	63,869,064	4,214,385	257,258	10,494	68,351,201
Interest income calculated using the effective interest method	3,737,675	1,164,350	105,171	1,514	5,008,710
OTHER INCOME FROM INSURANCE OPERATIONS, of which	1,659,246	4,529,870	-	-	6,189,116
Fee and commission income	1,659,246	4,529,870	-	-	6,189,116
OTHER INCOME	3,956,109	3,432,873	298,915	10,200	7,698,098
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(52,710,751)	(120,713,329)	(101,515,194)	(2,291,550)	(277,230,824)
Gross amounts of claims and benefits paid	(53,122,809)	(118,902,351)	(100,494,048)	(2,220,476)	(274,739,684)
Reinsurers'/coinsurers' shares	1,015,686	9,886,857	-	-	10,902,543
Change in claims provisions	(603,629)	(11,697,836)	(1,021,146)	(71,074)	(13,393,683)
CHANGE IN OTHER TECHNICAL PROVISIONS	(1,967,327)	-	(3,791,524)	-	(5,758,852)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	(59,524,179)	-	-	-	(59,524,179)
EXPENSES FOR BONUSES AND DISCOUNTS	60,063	(654,365)	-	-	(594,302)
OPERATING EXPENSES, of which	(24,047,767)	(69,783,376)	(9,432,307)	(1,106,894)	(104,370,344)
Acquisition costs	(7,713,334)	(25,158,609)	(1,285,572)	(711,405)	(34,868,920)
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	(620,838)	(362,994)	(217,449)	-	(1,201,281)
EXPENSES INVESTMENTS, of which	(101,015)	(461,330)	(16,113)	-	(578,458)
Impairment losses of financial assets not measured at fair value through profit or loss	(45,014)	(140,000)	(7,182)	-	(192,196)
OTHER INSURANCE EXPENSES	(1,225,137)	(10,588,752)	(367,364)	(105,786)	(12,287,039)
OTHER EXPENSES	(2,356,485)	(4,498,246)	(414,533)	(16,435)	(7,285,699)
Expenses from financing activities	(1,742,015)	(1,084,973)	(24)	(2)	(2,827,014)
PROFIT/(LOSS) BEFORE TAX	8,258,334	15,400,154	3,222,529	2,081,320	28,962,338
INCOME TAX EXPENSES	(773,081)	(2,722,789)	(544,995)	(380,664)	(4,421,528)
NET PROFIT FOR THE REPORTING PERIOD	7,485,253	12,677,365	2,677,534	1,700,656	24,540,810

Statement of other comprehensive income for GENERALI d. d. for the period from 1 January 2021 to 31 December 2021 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 REPORTING PERIOD	7,485,253	12,677,365	2,677,534	1,700,656	24,540,810
OTHER COMPREHENSIVE INCOME NET OF TAX	(1,706,576)	1,107,606	(394,122)	(44,026)	(1,037,118)
Items not to be allocated to profit or loss in subsequent periods		354,769			354,769
Actuarial net gain/loss for pension programmes		354,769			354,769
Items that may be allocated to profit or loss in subsequent periods	(1,706,576)	752,837	(394,122)	(44,026)	(1,391,887)
Net gain/loss from re-measurement of available-for-sale financial assets	(2,106,884)	929,428	(486,570)	(54,353)	(1,718,379)
Gain/loss, recognised in revaluation surplus	(1,571,417)	1,652,730	(493,752)	(54,353)	(466,792)
Transfer of gain/loss from revaluation surplus to income statement	(535,467)	(723,302)	7,182	-	(1,251,587)
Tax on items that may be allocated to profit or loss in subsequent periods	400,308	(176,591)	92,448	10,327	326,492
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION	5,778,677	13,784,971	2,283,412	1,656,631	23,503,692

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)
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	70,000	-	-	-	70,000
INCOME FROM INVESTMENTS	10,984,928	4,852,297	230,261	13,708	16,081,194
Interest income calculated using the effective interest method	4,419,584	2,967,208	95,104	7,755	7,489,651
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 SUBSIDIARIES AND ASSOCIATES	(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)
Expenses from financing activities	(3,112,121)	(2,271,867)	(9,949)	(328)	(5,394,266)
PROFIT/(LOSS) BEFORE TAX	(6,215,597)	6,432,757	4,773,694	1,451,140	6,441,994
INCOME TAX EXPENSES	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 REPORTING PERIOD	(5,063,720)	5,699,602	3,853,229	1,171,542	5,660,652
OTHER COMPREHENSIVE INCOME NET OF TAX	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

Statement of cash flows for the period from 1 January 2021 to 31 December 2021

in EUR	GENERALI d. d. 2021	GENERALI d. d. 2020
Cash flows from operating activities	50,551,105	75,019,667
Items from the income statement	65,227,997	42,877,911
Net premiums written in the reporting period	418,978,945	386,375,822
Income from investments (other than financial income)	12,262,244	14,124,982
Other income from ordinary activities (other than income arising from revaluation and decrease in provisions) and financial income from operating receivables	13,156,455	8,534,639
Net claims and benefits paid in the reporting period	(263,837,141)	(229,831,145)
Net operating costs, other than depreciation costs and change in deferred acquisition costs	(97,486,056)	(112,469,831)
Investment charges (excluding depreciation and financial expenses)	(3,342,604)	(5,881,464)
Other operating costs excluding depreciation (other than for revaluation and without increase in provisions)	(14,503,847)	(17,975,092)
Changes in net current assets (receivables for insurance, other receivables, other assets and deferred tax assets and liabilities) of balance sheet items	(14,676,892)	32,141,757
Opening less closing balance of operating receivables from direct insurance business	(3,395,718)	(1,370,356)
Opening less closing balance of receivables from reinsurance	(177,343)	3,028,587
Opening less closing balance of other receivables from (re)insurance contracts	(815,673)	(1,560,798)
Opening less closing balance of other receivables and assets	(2,039,790)	(2,095,867)
Opening less closing balance of deferred tax assets	(152,282)	(214,966)
Closing less opening balance of debts/liabilities from direct insurance business	4,693,118	1,602,393
Closing less opening balance of debts/liabilities from reinsurance	(11,711,300)	15,463,251
Closing less opening balance of other operating debts/liabilities	(204,513)	2,402,147
Closing less opening liabilities (other than unearned premiums)	(546,900)	14,887,364
Closing less opening deferred tax liabilities	(326,492)	-
Net cash from operating activities	50,551,105	75,019,667

in EUR	GENERALI d. d. 2021	GENERALI d. d. 2020
Cash flows from investing activities	(15,531,990)	(87,943,087)
Cash receipts from investing activities	40,657,750	308,389,135
Cash receipts from interest received from investing activities	5,910,782	7,560,960
Cash receipts from dividends and participations in profit of others	4,285,927	1,031,588
Cash inflows from disposal of intangible assets	113,812	-
Cash inflows from disposal of property, plant and equipment	335,063	(9,881)
Cash receipts from disposal financial investments	30,012,165	299,806,468
Other cash inflows from disposal of financial investments	30,012,165	299,806,468
Cash disbursements from investing activities	(56,189,740)	(396,332,222)
Cash disbursements to acquire intangible assets	(3,065,244)	(6,164,816)
Cash disbursements to acquire property, plant and equipment, financed from:	(2,590,829)	(2,729,971)
Cash disbursements to acquire financial investments	(50,533,668)	(369,396,652)
Cash outflows for acquisition of subsidiaries and other companies	-	-
Other cash outflows for acquisition of financial investments	(50,533,668)	(369,396,652)
Net cash from investing activities	(15,531,990)	(87,943,087)
Cash receipts from financing activities	(33,830,606)	(3,954,000)
Cash inflows from financing activities	30,000,000	102,626
Cash inflows from long-term loans and issued bonds	30,000,000	102,626
Cash disbursements from financing activities	(63,830,606)	(4,056,626)
Cash disbursements for interest paid	(1,960,500)	(4,056,626)
Cash outflows for payments of long-term financial liabilities	(50,000,000)	-
Cash disbursements to pay out dividends and other participations in profit	(11,870,106)	-
Net cash from financing activities	(33,830,606)	(3,954,000)
Closing balance of cash and cash equivalents	11,665,749	10,477,241
Cash flow for the reporting period	1,188,509	(16,877,420)
Increases due to acquisition of companies	-	19,719,732
Opening balance of cash and cash equivalents	10,477,241	7,634,928

1.2 FUNDS SEPARATELY MANAGED BY GENERALI ZAVAROVALNICA D. D.

GENERALI d. d. manages registers of non-life and life insurance, whereby 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,
- guarantee funds and ring-fenced pension insurance guarantee 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 Nos. 1/2016, 85/2016, 12/2018 and 82/2020).

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
Uravnovežene naložbe internal fund	5186684009
Preudarne naložbe	5186684010
Varne naložbe internal fund	5186684006

Life insurance register	Registration number
Guarantee funds	
Group of AS pension saving guarantee funds	
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 funds in the Guarantee Fund AS Pension Saving Group and the Guarantee Fund Zajamčeni 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 framework of life insurance, 2021 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 investment 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 Zajamčeni PNA-01, which was opened according to the pension scheme governed by ZPIZ-1, no more payments are made to it and the assets are thus kept in the financial statements of the Insurance Company as insurance contracts. Pension insurance kept in the form of guarantee funds, such as the guarantee fund with guaranteed return Zajamčeni PNA-01 and the Lifecycle Guarantee Funds Group called Pokojninsko varčevanje AS (AS Pension Savings), 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 assets and liabilities and the income statement of these pension funds, formed as a guarantee fund, are presented below in Section 1.5.

The 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. The trustee of the LEON 2 Umbrella Fund is UniCredit Banka Slovenija d. d.

In 2021, the Insurance Company, as the pension fund manager, discloses the following key data for all three mentioned mutual pension funds.

Data regarding the mutual pension funds for 2021

(in EUR)	Assets	Net asset value	Management fee	Company other revenue	Liabilities for difference in guaranteed return
KPS LEON 2-Zajamčeni	43,662,247	43,468,597	405,814	15,917	6
KPS LEON 2-Preudarni	6,450,147	6,412,080	51,054	3,587	-
KPS LEON 2-Dinamični	9,139,856	9,101,442	70,508	5,616	-
Total 2021	59,252,250	58,982,119	527,377	25,120	6

Data regarding the mutual pension funds for 2020

(in EUR)	Assets	Net asset value	Management fee	Company other revenue	Liabilities for difference in guaranteed return
KPS LEON 2-Zajamčeni	42,436,193	42,293,027	384,932	13,574	3,925
KPS LEON 2-Preudarni	4,288,525	4,282,831	34,192	2,639	-
KPS LEON 2-Dinamični	5,660,489	5,654,532	44,048	3,971	-
Total 2020	52,385,206	52,230,391	463,172	20,184	3,925

Life insurance in 2021 comprised also Internal Funds, which are presented separately in the table above, where all funds managed separately within the life insurance register are listed. Internal funds are included in the management as a whole and are shown as such in the financial statements of the Insurance Company, using the same standards and policies as the basis for the keeping and preparation of financial statements applied by the Insurance Company. 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 Drzne naložbe, Dinamične naložbe, Uravnovežene naložbe, Preudarne naložbe and Varne naložbe is Banka Intesa Sanpaolo d. d., Koper.

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.

1.3 UNIT-LINKED FUNDS

Assets and liabilities of unit-linked funds

(in EUR)	Unit-linked life insurance 31 Dec. 2021	Unit-linked life insurance – FOND POLICA 31 Dec. 2021	Unit-linked life insurance - Naložbeni sklad 31. Dec. 2021	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
ASSETS	22,936,231	254,300,360	31,001,286	20,973,565	221,534,634	27,409,948
A. Investment property and financial investments	21,666,082	250,691,624	26,907,789	20,222,211	220,169,316	25,400,027
III. Other financial investments	21,666,082	250,691,624	26,907,789	20,222,211	220,169,316	25,400,027
3. Investment funds	21,666,082	250,691,624	26,907,789	20,222,211	220,169,316	25,400,027
B. Receivables	68,044	3,218,699	3,772,834	72,265	992,638	1,563,952
I. Receivables from insurance business	41,638	111,463	-	38,862	147,850	31
1. Receivables from policyholders	41,638	111,463	-	38,862	147,850	31
3. Other receivables from direct insurance operations	-	(0)	-	-	(0)	-
I. Receivables from reinsurance	-	-	-	-	-	23,255
II. Other receivables	26,405	3,107,236	3,772,834	33,404	844,787	1,540,666
C. Other assets	1,202,105	389,824	320,663	679,089	372,672	445,968
I. Cash and cash equivalents	1,202,105	389,824	320,663	679,089	372,672	445,968
II. Other assets	-	0	-	-	0	-
D. Short-term deferred expenses and accrued revenues	-	213	-	-	9	-
2. Short-term deferred acquisition costs	-	213	-	-	9	-
LIABILITIES	22,254,302	254,691,228	31,859,869	20,511,395	221,558,052	27,880,693
A. Revaluation surplus	-	(0)	-	-	(0)	-
B. Gross insurance technical provisions	421,284	1,394,819	-	383,560	1,296,682	-
III. Gross claims provisions	421,284	1,394,819	-	383,560	1,296,682	-
C. Gross insurance technical provisions for unit-linked life insurance contracts	21,766,790	248,158,661	31,317,488	20,007,592	217,363,478	27,214,389
E. Other liabilities	67,074	5,026,285	542,381	79,453	2,775,243	666,304
I. Liabilities from insurance business	(252)	537,956	438,010	12,115	554,988	303,013
1. Liabilities to policyholders	-	10	351,529	(6)	10	250,965
3. Other liabilities from insurance business	(252)	537,946	86,481	12,121	554,978	52,048
II. Liabilities from co-insurance and reinsurance business	-	(0)	-	-	(0)	-
III. Other liabilities	67,326	4,488,329	104,371	67,338	2,220,255	363,291
F. Accrued expenses and deferred revenues	(846)	111,463	-	40,790	122,649	-

Income statement of unit-linked funds

(in EUR)	Unit-linked life insurance 2021	Unit-linked life insurance – FOND POLICA 2021	Unit-linked life insurance - Naložbení sklad 2021	Unit-linked life insurance 2020	Unit-linked life insurance – FOND POLICA 2020	Unit-linked life insurance - Naložbení sklad 31. 12. 2020
I. Gross written premium	1,244,065	18,720,825	5,095,641	1,235,315	19,905,391	2,076,660
II. Investment revenue	3,885,455	33,709,017	3,169,224	4,784,462	48,828,708	19,961,697
1. Revenues from dividends and shares	-	-	45,585	-	-	-
2. Revenue from other investments	3,885,455	33,709,017	3,123,640	4,784,462	48,828,708	19,961,697
2.2. Interest revenue	4,500	5,416	3	14,500	(91,102)	-
2.3. Other investment revenue	3,880,955	33,703,602	3,123,637	4,769,962	48,919,810	19,961,672
2.3.1. Revaluation financial revenues	3,880,955	33,703,602	3,121,194	4,769,962	48,978,316	19,961,672
2.3.2. Other financial revenues	-	-	2,443	0	(58,506)	25
III. Expenses from payments of sum insured or surrender value	(2,892,971)	(17,317,099)	(3,447,765)	(2,588,209)	(14,872,260)	(2,219,554)
1. Ordinary termination (maturity)	(2,181,732)	(4,696,007)	(112,733)	(1,741,709)	(3,972,767)	(50,373)
2. Extraordinary termination	(711,239)	(12,621,092)	(3,335,031)	(846,500)	(10,899,493)	(2,169,180)
2.1 Withdrawal from contract	(686,781)	(12,379,657)	(3,302,830)	(795,934)	(10,732,296)	(2,142,556)
2.3 Death of policyholder	(24,458)	(241,435)	(32,201)	(50,566)	(167,197)	(26,625)
V. Change in other insurance technical provisions, net of reinsurance (+/-)	(1,796,922)	(30,893,320)	(4,086,924)	1,250,834	(1,946,767)	(202,898)
1. Change in mathematical provisions (+/-)	(1,759,197)	(30,795,183)	(4,086,924)	1,402,767	(1,539,584)	(202,898)
2. Change in other insurance technical provisions, net of reinsurance (+/-)	(37,725)	(98,137)	-	(151,933)	(407,183)	-
VI. Expenses and commissions	(185,968)	(3,458,802)	(1,121,425)	(175,460)	(4,229,560)	(632,458)
1. Entry fees	-	(474,124)	(715,460)	(331)	(1,065,983)	(313,996)
2. Exit fees	(9,082)	(161,146)	(73,020)	(9,943)	(173,782)	(49,337)
3. Management fees	(176,886)	(2,823,532)	(332,944)	(165,187)	(2,989,795)	(269,125)
VII. Investment expenses	(33,900)	(1,195,291)	(106,584)	(4,409,688)	(48,159,507)	(21,001,557)
2. Expenses arising from asset management, interest expenses and other financial expenses	-	(3,760)	(0)	-	(7,123)	(16)
3. Financial expenses from revaluation	(33,900)	(1,191,531)	(106,584)	(4,409,688)	(48,152,384)	(21,001,541)
VIII. Profit/loss of unit linked fund (I + II - III + IV + V - VI - VII)	219,758	(434,670)	(497,832)	97,254	(473,995)	(2,018,110)

1.4 INTERNAL UNIT-LINKED FUNDS

Assets and liabilities of internal unit-linked funds

(in EUR)	Internal unit-linked fund – DIRIGENT 31 Dec. 2021	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 31 Dec. 2021	Internal unit-linked fund – VRHUNSKI 31 Dec. 2021	Internal unit-linked fund – Aktivni AS 31. 12. 2021	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. 12. 2020
ASSETS								
III. Financial assets	3,728,785	31,254,962	4,245,995	23,910,531	3,527,472	26,517,232	5,269,305	17,382,663
1. Financial assets at fair value through profit or loss	3,728,785	31,254,962	4,245,995	23,910,531	3,527,472	26,517,232	5,269,305	17,382,663
IV. Receivables	1,863	-	16,370	-	-	-	-	667,000
4. Other receivables	1,863	-	16,370	-	-	-	-	667,000
V. Cash and cash equivalents	465,805	263,045	33,439	117,590	92,611	97,153	122,197	120,316
VII. Total assets	4,196,453	31,518,006	4,295,804	24,028,121	3,620,084	26,614,384	5,391,502	18,169,980
LIABILITIES								
I. Operating liabilities	101,247	197,187	42,348	12,656	4,780	256,757	320,516	78,760
1. Liabilities arising from the purchase of securities and other financial instruments	56	-	-	-	-	-	-	-
3. Liabilities to custodian	76,423	16,756	6,193	12,656	3,500	13,596	48,780	9,128
4. Other operating liabilities	24,769	180,430	36,155	-	1,280	243,161	271,736	69,632
III. Liabilities to policyholders from insurance contracts	3,339,681	26,029,627	3,537,212	20,359,624	3,473,734	25,745,279	4,818,019	17,924,462
1. Nominal value of premiums paid	(1,668,362)	20,275,370	(238,842)	18,859,271	(1,392,739)	20,603,371	1,294,931	16,590,866
3. Net profit/loss brought forward from previous years	5,008,043	5,754,257	3,776,054	1,500,354	4,866,472	5,141,908	3,523,088	1,333,596
IV. Undistributed net profit/loss for the financial year	755,524	5,291,193	716,244	3,655,840	141,570	612,348	252,966	166,758
V. Total liabilities	4,196,453	31,518,006	4,295,804	24,028,121	3,620,084	26,614,384	5,391,502	18,169,980
NET ASSETS OF THE INTERNAL FUND = ASSETS-OPERATING LIABILITIES-FINANCIAL LIABILITIES	4,095,205	31,320,820	4,253,456	24,015,465	3,615,304	26,357,627	5,070,985	18,091,220

(in EUR)	Internal unit-linked fund - Drzne naložbe 31. 12. 2021	Internal unit-linked fund - Dinamične naložbe 31. 12. 2021	Internal unit-linked fund - Uravnotežene naložbe 31. 12. 2021	Internal unit-linked fund - Preudarne naložbe 31. 12. 2021	Internal unit-linked fund - Varne naložbe 31. 12. 2021	Internal unit-linked fund - Drzne naložbe 31. 12. 2020	Internal unit-linked fund - Dinamične naložbe 31. 12. 2020	Internal unit-linked fund - Uravnotežene naložbe 31. 12. 2020	Internal unit-linked fund - Preudarne naložbe 31. 12. 2020	Internal unit-linked fund - Varne naložbe 31. 12. 2020
ASSETS										
III. Financial assets	27,599,264	18,075,413	11,170,806	3,219,040	5,085,082	22,150,675	13,891,858	8,192,527	2,332,214	4,205,650
1. Financial assets at fair value through profit or loss	27,599,264	18,075,414	11,170,806	3,219,040	5,085,082	22,150,675	13,891,858	8,192,527	2,332,214	4,205,650
IV. Receivables	18,909	3,100	1,926	262	14,967	11,944	5,062	1,937	579	6,921
1. Receivables from policyholders from insurance contracts	-	-	80	-	-	-	-	80	-	-
4. Other receivables	18,909	3,100	1,846	262	14,967	11,944	5,062	1,857	579	6,921
V. Cash and cash equivalents	290,371	106,501	78,212	17,929	47,480	212,806	85,089	57,209	30,391	38,147
VII. Total assets	27,908,544	18,185,014	11,250,944	3,237,231	5,147,529	22,375,425	13,982,010	8,251,673	2,363,184	4,250,717
LIABILITIES										
I. Operating liabilities	323,952	115,804	83,197	19,064	62,494	232,017	100,007	63,467	33,272	43,583
1. Liabilities arising from the purchase of securities and other financial instruments	-	0	-	-	-	-	0	-	-	-
3. Liabilities to custodian	511	336	207	60	94	406	257	151	44	78
4. Other operating liabilities	323,441	115,468	82,990	19,004	62,399	231,611	99,750	63,316	33,229	43,506
III. Liabilities to policyholders from insurance contracts	24,145,269	15,830,249	9,917,100	2,984,443	5,140,608	20,385,428	12,971,541	7,832,374	2,246,098	4,166,756
1. Nominal value of premiums paid	16,156,947	9,853,646	5,917,308	1,899,862	4,956,456	14,920,202	8,725,990	4,947,893	1,499,208	4,050,852
2. Revaluation surplus	5,159,275	4,378,540	3,160,195	911,445	178,875	2,636,178	2,647,488	2,044,883	573,753	110,627
3. Net profit/loss brought forward from previous years	2,829,048	1,598,063	839,597	173,136	5,277	2,829,048	1,598,063	839,597	173,136	5,277
IV. Undistributed net profit/loss for the financial year	3,439,321	2,238,962	1,250,647	233,724	(55,576)	1,757,979	910,463	355,832	83,814	40,378
V. Total liabilities	27,908,542	18,185,015	11,250,943	3,237,231	5,147,525	22,375,424	13,982,011	8,251,673	2,363,184	4,250,718
NET ASSETS OF THE INTERNAL FUND = ASSETS-OPERATING LIABILITIES-FINANCIAL LIABILITIES	27,584,592	18,069,211	11,167,746	3,218,167	5,085,035	22,143,405	13,882,003	8,188,206	2,329,911	4,207,134

Deposits and financial instruments in percentages (%) by issuer

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 2021	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 2021	Internal unit-linked fund – VRHUNSKI 2021	Internal unit-linked fund – Aktivni AS 31.12.2021	Internal unit-linked fund – DIRIGENT 2020	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 2020	Internal unit-linked fund – VRHUNSKI 2020	Internal unit-linked fund AS 31.12.2020
A. Income statement for the internal fund								
I. Financial revenues	1,653,303	5,887,060	1,470,188	4,229,725	606,223	1,730,499	2,288,397	785,604
1. Revenues from dividends and shares	10,767	-	11,364	-	14,103	-	22,479	-
2. Interest revenue	-	-	-	-	1	1	1	2
3. Realised gains on financial investments	1,008,245	1,163,285	818,542	561,977	188,067	488,099	1,639,963	4,061
4. Net revenue from financial investments, measured at fair value through profit and loss	397,262	4,723,775	385,992	3,667,748	389,555	1,242,400	339,987	781,541
5. Other financial revenue	237,028	-	254,290	0	14,497	-	285,966	-
IV. Financial expenses	(853,014)	(420,320)	(681,876)	(447,507)	(424,796)	(967,625)	(1,902,605)	(522,086)
2. Realised loss on financial investments	-	(35,769)	(10,433)	(38,457)	-	(226,079)	(102,508)	(136,825)
3. Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(578,704)	(384,551)	(366,262)	(409,049)	(368,062)	(741,546)	(1,445,752)	(385,261)
4. Other financial expenses	(274,310)	-	(305,181)	(0)	(56,734)	-	(354,344)	-
VI. Management and operating expenses	(44,765)	(175,547)	(72,068)	(126,377)	(39,856)	(150,526)	(132,826)	(96,760)
1. Expenses relating to custodian	(44,765)	(175,547)	(72,068)	(126,377)	(39,856)	(150,526)	(132,826)	(96,760)
VII. Net profit/loss for the period	755,524	5,291,193	716,244	3,655,840	141,570	612,348	252,966	166,758
MOVEMENTS IN THE VALUE OF UNITS								
1. Opening 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
2. Assets (units) paid in	-	2,408,500	-	2,975,500	-	2,633,500	-	2,863,425
3. Assets (units) paid out	(275,623)	(2,736,500)	(1,533,773)	(707,096)	(411,790)	(3,327,892)	(4,561,072)	(360,550)
4. Net profit or loss of the internal fund	755,524	5,291,193	716,244	3,655,840	141,570	612,348	252,966	166,758
6. Closing balance of (units) assets	4,095,205	31,320,820	4,253,456	24,015,465	3,615,304	26,357,627	5,070,985	18,091,220
MOVEMENTS IN THE NUMBER OF UNITS								
1. Opening 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
2. Number of units paid in	-	171,408	-	229,094	-	222,168	-	249,230
3. Number of units paid out	(13,400)	(194,485)	(97,045)	(54,900)	(25,450)	(283,800)	320,220	(32,638)
4. Closing number of units in circulation	184,349	2,048,359	238,021	1,707,088	197,749	2,071,436	335,066	1,532,894
Deposits and financial instruments in percentages (%) by issuer								

1.5 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. 2021	AS – UMIRJENI 31 Dec. 2021	AS – ZAJAMČENI 31 Dec. 2021	Lifecycle group	AS – DRZNI 31 Dec. 2020	AS – UMIRJENI 31 Dec. 2020	AS – ZAJAMČENI 31 Dec. 2020	Lifecycle group
ASSETS	14,888,135	8,792,341	4,416,915	28,097,391	10,974,485	7,380,509	4,368,333	22,723,327
Financial investments	14,285,859	8,639,417	4,057,191	26,982,467	10,326,301	7,050,834	4,211,568	21,588,703
Measured at fair value through the income statement, of which:	14,285,859	8,639,417	4,057,191	26,982,467	10,326,301	7,050,834	4,211,568	21,588,703
Debt securities	1,084,305	3,021,250	3,259,710	7,365,266	1,296,029	3,034,786	3,415,784	7,746,600
Equity securities	13,201,553	5,618,167	797,481	19,617,201	9,030,272	4,016,048	795,784	13,842,104
Receivables	212,423	127,374	38,827	378,624	223,160	124,453	42,911	390,524
Other receivables	212,423	127,374	38,827	378,624	223,160	124,453	42,911	390,524
Cash and cash equivalents	389,854	25,550	318,962	734,366	425,024	205,222	113,837	744,083
Off-balance-sheet assets	-	-	1,934	1,934	-	-	18	18
Other off-balance-sheet assets	-	-	1,934	1,934	-	-	18	18
LIABILITIES	14,888,129	8,792,310	4,416,922	28,097,361	10,974,500	7,380,481	4,368,328	22,723,309
Insurance technical provisions	14,866,496	8,776,154	4,403,961	28,046,611	10,957,221	7,367,014	4,358,255	22,682,490
Mathematical provisions for attributed return on assets covering mathematical provisions	3,459,755	1,185,582	140,619	4,785,956	1,339,932	517,891	217,804	2,075,626
Technical provisions where the assets covering mathematical provisions are split to units (VEP)	11,406,741	7,590,572	4,263,342	23,260,655	9,617,290	6,849,123	4,140,451	20,606,864
Operating liabilities	15,533	10,056	4,927	30,516	12,399	8,587	5,176	26,162
Liabilities arising from the purchase of securities and other financial instruments	-	-	397	397	-	-	557	557
Liabilities to the managing company of the assets covering mathematical provisions	12,219	7,211	3,638	23,069	8,960	6,040	3,597	18,597
Liabilities arising from redemption value to the members of the assets covering mathematical provisions	-	1,646	-	1,646	-	1,610	-	1,610
Other operating liabilities	3,314	1,198	892	5,403	3,439	937	1,022	5,397
Other liabilities	6,100	6,100	6,100	18,300	4,880	4,880	4,880	14,640
Off-balance-sheet liabilities	-	-	1,934	1,934	-	-	18	18
Other off-balance-sheet liabilities	-	-	1,934	1,934	-	-	18	18

Income statement of ring-fenced lifecycle pension insurance funds – Pokojninsko varčevanje AS

(in EUR)	AS – DRZNI 2021	AS – UMIRJENI 2021	AS – ZAJAMČENI 2021	Lifecycle group	AS – DRZNI 2020	AS – UMIRJENI 2020	AS – ZAJAMČENI 2020	Lifecycle group
Financial revenue	2,465,884	1,009,583	140,521	3,615,988	3,175,527	1,308,493	380,602	4,864,621
Revenue from dividends and shares	79,393	26,827	-	106,220	65,641	24,172	-	89,813
Interest revenue	255,719	153,754	29,087	438,559	212,351	102,901	43,204	358,456
Gains on disposals of financial investments	127,396	31,531	-	158,927	35,903	9,910	1,329	47,142
Net revenue from financial investments, measured at fair value through profit and loss	2,003,377	797,470	111,434	2,912,282	2,861,546	1,171,509	336,069	4,369,123
Other financial revenue	-	-	-	-	87	1	0	88
Financial expenses	(306,675)	(218,441)	(148,092)	(673,208)	(2,670,722)	(1,106,968)	(248,939)	(4,026,629)
Interest expenses	(833)	-	-	(833)	(452,847)	(149,468)	-	(602,315)
Losses on disposal of financial investments	(115,614)	(36,021)	(9,721)	(161,356)	(167,721)	(88,696)	(4,491)	(260,907)
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(190,228)	(182,119)	(138,371)	(510,718)	(2,050,145)	(868,803)	(244,449)	(3,163,396)
Other financial expenses	-	(301)	-	(301)	(10)	(1)	-	(11)
Result of investing activities	2,159,209	791,142	(7,571)	2,942,781	504,805	201,525	131,662	837,992
Other revenue	1,964	-	-	1,964	(1)	-	-	(1)
Expenses relating to the management and operation of the guarantee fund	(149,620)	(97,591)	(59,917)	(307,128)	(111,147)	(79,184)	(53,771)	(244,102)
Management fees	(128,757)	(79,566)	(43,247)	(251,570)	(92,861)	(63,310)	(39,219)	(195,391)
Expenses relating to custodian bank	(10,528)	(8,511)	(7,958)	(26,996)	(11,562)	(9,509)	(8,431)	(29,502)
Expenses relating to auditing	(6,091)	(6,091)	(6,091)	(18,273)	(6,089)	(6,089)	(6,089)	(18,267)
Expenses relating to mediation in the purchase and sale of securities	-	-	(4)	(4)	(506)	(219)	(14)	(739)
Other expenses charged directly to guarantee funds in accordance with management rules	(4,244)	(3,423)	(2,618)	(10,285)	(129)	(56)	(18)	(203)
Other expenses	(1,845)	(228)	-	(2,073)	(0)	(0)	-	(0)
Net profit available to policyholders	2,009,709	693,323	(67,487)	2,635,544	393,656	122,341	77,891	593,888

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 – collective). 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 (PN-A01) 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 the lifecycle Pokojninsko varčevanje AS.

Assets and liabilities of the PNA01 ring-fenced pension insurance fund

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
ASSETS	10,656,349	11,418,056
Financial investments	10,070,385	11,366,377
Measured at amortised cost, of which:	822,289	2,178,492
Loans and deposits	18,653	23,985
Debt securities	803,633	2,154,507
Measured at fair value through other comprehensive income, of which:	7,323,343	7,719,973
Debt securities	6,791,065	7,240,321
Equity securities	532,276	479,652
Measured at fair value through the income statement, of which:	1,924,755	1,467,913
Debt securities	1,924,755	1,467,913
Receivables	32	46
Other receivables	32	46
Cash and cash equivalents	585,932	51,633
LIABILITIES	10,656,371	11,418,041
Insurance technical provisions	10,640,403	11,404,426
Mathematical provisions for payable net premiums	7,987,320	8,305,568
Mathematical provisions for attributed return on assets covering mathematical provisions	2,653,083	3,098,858
Financial liabilities	-	-
Operating liabilities	9,868	10,198
Liabilities to the managing company of the assets covering mathematical provisions	8,867	9,504
Other operating liabilities	1,001	695
Other liabilities	6,100	3,416

Income statement of the PNA01 ring-fenced pension insurance guarantee fund

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
Financial revenue	288,728	469,438
Interest revenue	217,576	309,275
Revaluation financial revenue arising from a change in the fair value of a financial asset through profit and loss	71,151	160,163
Revenue from payment of management company due to failing to achieve guaranteed return	(114,980)	(103,147)
Losses on disposal of financial investments	(1,256)	-
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(113,724)	(103,147)
Result of investing activities	173,748	366,291
Expenses relating to the management and operation of the guarantee fund	(129,177)	(127,906)
Management fees	(109,016)	(112,544)
Expenses relating to custodian bank	(9,298)	(11,100)
Expenses relating to auditing	(6,094)	(4,262)
Expenses relating to mediation in the purchase and sale of securities	(0)	(0)
Other expenses charged directly to guarantee funds in accordance with management rules	(4,769)	-
Other expenses	(1)	(0)
Net profit available to policyholders	44,570	238,385

1.6 RING-FENCED PENSION INSURANCE FUND – DURING THE ANNUITY PAYOUT PERIOD

Assets and liabilities of the 1 GAS ring-fenced supplementary pension insurance fund during the annuity payout period

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
ASSETS	484,354	553,669
A. Investment property and financial investments	462,473	539,983
III. Other financial investments	462,473	539,983
2. Debt securities and other securities with fixed return	462,473	539,983
B. Receivables	1,282	5,211
II. Other receivables	1,282	5,211
C. Other assets	20,600	8,476
I. Cash and cash equivalents	20,600	8,476
LIABILITIES	457,300	521,151
A. Fair value reserve	14,221	53,236
B. Gross insurance technical provisions	426,595	452,286
II. Gross mathematical provisions	426,595	452,286
E. Other liabilities	16,484	15,629
I. Liabilities from direct insurance operations	2,950	2,950
1. Liabilities to policyholders	2,950	2,950
III. Other liabilities	13,534	12,679

Income statement of the 1 GAS ring-fenced supplementary pension insurance fund during the annuity payout period

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
II. Investment revenue	11,830	14,268
1.1. Revenue from dividends and shares in subsidiaries	7,036	14,268
1.3. Revenues from dividends and shares in other companies	7,036	12,518
2.2. Interest revenue	4,795	1,750
2.3. Other investment revenue	(41,768)	(41,779)
2.3.1. Revaluation financial revenues	(41,768)	(41,779)
3. Value re-adjustments on investments	25,691	1,089
4. Gains on the realisation on investments	25,691	1,089
1. Claims paid	(967)	(967)
1. Change in mathematical provisions (+/-)	(967)	(967)
VI. Investment expenses	(1,532)	(38)
2. Expenses arising from asset management, interest expenses and other financial expenses	-	(38)
4. Losses on the realisation of investments	(1,532)	-
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(6,745)	(27,426)
VII.a. Profit/loss of guarantee fund (I. + II. - III. + IV. - Va. - VI.)	(5,778)	(26,460)

Assets and liabilities of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
ASSETS	347,984	382,829
A. Investment property and financial investments	258,845	366,315
III. Other financial investments	258,845	366,315
2. Debt securities and other securities with fixed return	258,845	366,315
B. Receivables	1,008	4,156
I. Receivables from reinsurance	-	3,366
II. Other receivables	1,008	790
C. Other assets	88,131	12,357
I. Cash and cash equivalents	88,131	12,357
LIABILITIES	352,996	383,542
A. Fair value reserve	3,298	6,328
B. Gross insurance technical provisions	336,676	349,308
II. Gross mathematical provisions	336,676	349,308
C. Gross insurance technical provisions for unit-linked life insurance contracts	12,138	23,436
E. Other liabilities	884	4,470
II. Liabilities from co-insurance and reinsurance operations	-	4,470
III. Other liabilities	884	-
F. Accrued expenses and deferred revenues	-	-

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)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
ASSETS	2,077,394	1,407,495
A. Investment property and financial investments	1,805,223	1,270,153
III. Other financial investments	1,805,223	1,270,153
2. Debt securities and other securities with fixed return	1,805,223	1,270,153
B. Receivables	5,711	8,792
I. Receivables from direct insurance operations	-	7,476
1. Receivables from policyholders	-	7,476
II. Other receivables	5,711	1,315
C. Other assets	266,460	128,550
I. Cash and cash equivalents	266,460	128,550
LIABILITIES	2,106,981	1,412,735
A. Revaluation surplus	856	30,114
B. Gross insurance technical provisions	2,025,520	1,353,399
II. Gross mathematical provisions	2,025,520	1,353,399
E. Other liabilities	80,605	29,221
I. Liabilities from direct insurance operations	80,329	22,083
3. Other liabilities to direct insurance operations	80,329	22,083
III. Other liabilities	276	7,139

Statement of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	GENERALI d. d. 31.12.2021	GENERALI d. d. 31.12.2020
II. Investment revenue	8,026	6,409
2. Revenue from other investments	8,026	6,409
2.2. Interest revenue	5,860	6,409
4. Realised gains from investments	2,166	-
III. Claims expenses	(25,120)	(12,538)
1. Claims paid	(25,120)	(12,538)
IV. Change in other net insurance technical provisions (+/-)	12,632	5,623
1. Change in mathematical provisions (+/-)	12,632	5,623
VI. Investment expenses	(192)	(104)
2. Expenses arising from asset management, interest expenses and other financial expenses	-	(104)
4. Losses on the realisation of investments	(192)	-
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(4,654)	(610)
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	(4,654)	(610)

Statement of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout under Pension and Disability Act (ZPIZ-2)

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
I. Transfer of funds from the pension scheme of additional pension insurance	867,425	1,027,558
1. this legal entity	867,425	1,027,558
II. Investment revenue	3,065	2,484
2. Revenue from other investments	3,065	2,484
2.2. Interest revenue	3,065	2,484
III. Claims expenses	(183,341)	(93,813)
1. Claims paid	(183,341)	(93,813)
IV. Change in other net insurance technical provisions (+/-)	(672,121)	(892,855)
1. Change in mathematical provisions (+/-)	(672,121)	(892,855)
V. Expenses included in policies	(45,085)	(49,690)
1. Entry fees	(37,123)	(45,804)
3. Costs of claims settlement	(7,962)	(3,886)
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.)	(30,057)	(6,469)
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	15,028	43,221

Assets and liabilities of the ring-fenced guarantee fund for supplementary pension insurance during annuity - ZPIZ-2 (PN)

(in EUR)	GENERALI d. d. 2021	GENERALI d. d. 2020
ASSETS	364,000	391,397
A. Investment property and financial investments	299,075	363,514
III. Other financial investments	299,075	363,514
2. Debt securities and other securities with fixed return	299,075	363,514
B. Receivables	20,845	17,653
I. Receivables from direct insurance operations	19,420	19,420
1. Receivables from policyholders	19,420	19,420
I. Receivables from reinsurance	-	(2,676)
II. Other receivables	1,426	910
C. Other assets	44,079	10,231
I. Cash and cash equivalents	44,079	10,231
LIABILITIES	369,797	402,707
A. Revaluation surplus	3,241	5,997
B. Gross insurance technical provisions	310,445	336,703
II. Gross mathematical provisions	310,445	336,703
C. Gross insurance technical provisions for unit-linked life insurance contracts	12,005	22,210
E. Other liabilities	44,106	38,265
I. Liabilities from direct insurance operations	20,922	20,073
3. Other liabilities to direct insurance operations	20,922	20,073
III. Other liabilities	23,184	18,192
F. Accrued expenses and deferred revenues	-	(467)

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)	GENERALI d. d. 2021	GENERALI d. d. 2020
I. Transfer of funds from the pension scheme of additional pension insurance	-	15,383
1. this legal entity	-	15,383
II. Investment revenue	5,199	3,249
2. Revenue from other investments	5,199	3,249
2.2. Interest revenue	3,220	3,249
4. Realised gains from investments	1,979	-
III. Claims expenses	(28,025)	(13,891)
1. Claims paid	28,025	(13,891)
IV. Change in other net insurance technical provisions (+/-)	26,257	(2,161)
1. Change in mathematical provisions (+/-)	26,257	(4,322)
2. Change in other net insurance technical provisions (+/-)	-	2,161
V. Expenses included in policies	(1,962)	(2,560)
1. Entry fees	-	(615)
2. Collection, administrative expenses	(1,962)	(1,945)
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	1,469	19
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	3,431	2,579

The ring-fenced guarantee fund ceased operations in 2020.

