

ANNUAL REPORT 2022

GENERALI zavarovalnica d. d.

Translation from the Slovenian original.

25
YEARS

THE MANAGEMENT BODIES

as at 31 December 2022

Supervisory Board

Gregor Pilgram (Chairman)
Carlo Schiavetto (Deputy Chairman)
Miroslav Singer (Member)
Suzana Meglič (Member)
Matjaž Pavlin (Member)

Management Board

Vanja Hrovat (President)
Mitja Feri (Member)
Katarina Guzej (Member)
Matija Šenk (Member)

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



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LETTER FROM THE PRESIDENT OF THE MANAGEMENT BOARD

Dear policyholders, co-workers
and business partners,

we entered the Slovenian
market 25 years ago.
We chose our path and
courageously followed our
ambitions and goals. During
all this time, many changes
have taken place in society,
the business environment and
in our industry, however one
thing has remained unchanged
since our beginnings.
Customers are our first priority.

1 January 1997 saw the conclusion of the first insurance policy at Generali zavarovalnica in Ljubljana. At the end of 2022, during which we celebrated our 25th anniversary, more than 1.3 million policies were recorded. During our 25 years, we have grown from a company with 17 employees into an insurance company of almost 1,300 closely linked colleagues.

Today, we are the largest international insurance company and the second largest insurance company in Slovenia with 650,000 customers who trust us.

25 years of success

We have achieved a lot. We have built our long-term relationships - lifetime partnerships with innovation, prudence, and above all, empathy. Over the years, we have reached and exceeded many milestones - both in offering insurance products and developing services as well as in building a wide network of agents. We have proven that even a newcomer to the market can become one of the best when following clear goals, ambitions and values.

In the anniversary year of 2022, we operated successfully, despite an uncertain business environment full of macroeconomic risks, a sharp rise in inflation and turmoil on the stock markets. With a written premium of almost EUR 481 million, we further strengthened and increased our market share and maintained our position at the top of the Slovenian insurance industry. We managed to ensure premium growth in all three core insurance areas, with a 7.2% growth recorded in non-life insurance, followed by health insurance with the same growth and a 5% growth in life insurance.

In addition to a consolidated market position and financial strength as well as a strong brand, 2022 was



Vanja Hrovat, President of the Management Board





the year of many successfully attained business goals. Within our offer of insurance products and services, we scaled up simple and effective digital solutions. For instance, we paid special attention to the upgrade and development of assistance services. Among them, for example, we offered a completely new, 24/7 cyber assistance, which is provided to customers using Internet-connected electronic devices.

25 years of responsibility

Our Insurance Company is not only a successful company, but also a part of the Generali Group global culture, whose tradition and innovation we respect and celebrate. We encourage open-mindedness and equal communication at all levels, support each other and grow together. In the Slovenian insurance market and in the community where we operate, we wish to foster change which bring wider social well-being in the areas of sustainability, social responsibility and partnerships.

25 years of satisfaction

Lifetime partnership to our customers and sustainable growth are at the very core of our strategy. We want to be an insurance company that constantly develops its unique model of building relationships with customers, we want to offer them insurance tailored to their needs and deliver them the best-in-class customer experience. Among customers who submitted a claim

to the insurance company, we achieved the highest satisfaction index in claims settlement in Slovenia in 2022. Our insurance products and services, which are distinguished by the best value for money, were also excellently rated. High satisfaction is further confirmed by the recommendations of our customers, where we rank also among the leading companies in Slovenia.

25 years of understanding

We recognized the desire of our customers to upgrade their loyalty, thus we introduced the new Generali ZAME Loyalty Programme last year. In cooperation with our partners, we provide programme members with a range of benefits among which everyone can find something for themselves. The Programme encourages and rewards a healthy lifestyle and provides more affordable insurance.

We will continue to develop modern business models which incorporate the challenges of the future. We invest intensively in digital technologies and employee skills, thereby increasing the efficiency and productivity of capital. We act as a responsible employer, a responsible insurer and a responsible investor. That is why we support inclusion, upskilling and new ways of working of employees, foster sustainable transition for enterprises and pursue goals which include full ESG integration into our investment activities and the achievement of a carbon neutral investment portfolio.

25 years of heartiness

We actively strive for the well-being of the community. As a responsible partner, we extend long-term support to sports, culture and initiatives that contribute to greater safety and a better life in the social environment. As active volunteers, we participate within the framework of The Human Safety Net Foundation, where we support and assist the most vulnerable in the society. In cooperation with the Association of Friends of Youth Ljubljana Moste – Polje, we have been rejoicing, for many years now, in the successes of the children and families we help to empower on their life's journeys.

25 years of cooperation

I am immensely proud of all the exceptional colleagues, who build the success of our Company with their professionalism and engagement. All this is possible in an organization where, in the spirit of collaboration, we realize the mission of lifetime partnership on a daily basis. The most important confirmation of our work is the trust and satisfaction expressed by our customers, thus we will keep striving to be seen by our customers as a true and reliable partner in the future.

Sincerely,

Vanja Hrovat,
President of the Management Board



BUSINESS REPORT

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25 YEARS OF COOPERATION

The secret of Generali's success lies in the dedication of all employees, because the best solutions are created in the synergy between youthful enthusiasm and experience. Over the 25 years, we have grown from the initial 17 employees to a team of almost 1,300 exceptional individuals of all generations and a widest variety of skills.

Rok Pustavrh,
Premium Account Manager

Katja Gaspari Leben,
entrepreneur and Generali policyholder for 10 years



1. GENERALI ZAVAROVALNICA D.D. IN 2022

Generali zavarovalnica d.d. is the largest international insurance company in Slovenia and part of the global Generali Group. The year 2022 saw the celebration of its 25th anniversary of successful operation on the Slovenian market, as its first insurance policy was concluded on 1st January 1997. Ever since, the Company has broken new ground and demonstrated its innovation in many areas. Among other things, it was the first on the market to offer customers to take out car insurance over the phone, the first to reward safe drivers, the first to have an insurance bonus club and the first to offer online insurance services.

The mission of the Insurance Company has remained the same since its very first beginnings - we wish to stand by our customers on their life journey and build long-term relationships with them. We invest heavily in the wider social and natural environments in which we operate. On the other hand, even during the pandemic, the Insurance Company proved to be capable of rapid transformation and response to changes - both by digitizing its operations and further ways of cooperating with customers, as well as the developing new products, services and a new, hybrid working model.

The common thread of the Generali Insurance Company remains the building of long-term relationships with our customers in all periods of their lives and contributing to the sustainable future of the environment in which we operate. We want to give people a safer and more sustainable future. Sustainability orientation is also at the heart of our strategic plan - sustainable business with technological and product innovations which will enable the transition to sustainable ways of being and existing. We are committed to sustainability in all areas of business, and we place lifetime partnerships with customers first. We consistently focus on them and their expectations, we want to stand by their side on their life path and build long-term relationships with them.

At Generali, we understand sustainability as a commitment to share responsibility for building a more resilient and fairer society.

As a lifetime partner to our customers, we want to create the best-in-class experience and innovative products which make a positive impact on their lives, the community and other stakeholders.

Our business is built on a focus on developing quality insurance products and services, a strong and omnichannel sales network - one of the broadest on the Slovenian insurance market, a solid capital position and a diverse business model which meets the new needs of our customers. 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 develop comprehensive but simple insurance solutions for our clients. We are constantly introducing innovations which will enable tailor-made solutions and an even faster development of the offer. Furthermore, we will continue to strengthen one of our important competitive advantages - long-term relationships with policyholders, personal contact and a strong digital support.

The ambitious strategic goals can only be achieved by competent, committed and satisfied employees who are actively involved in strategic initiatives. Thus we dedicated a significant portion of our efforts in 2022 to the sustainable development initiatives, the continuation of lifetime partnership competence

development and employee development, as well as the development of a hybrid work environment.

Key performance data of the Generali zavarovalnica in 2022:

In 2022, the Insurance Company totalled EUR 480.8 million of the gross written premium thus reaching, for second year in a row, second place on the Slovenian insurance market.

- Premium growth was recorded in all three insurance sectors: non-life insurance (+ 7.2%), life insurance (+ 5%) and health insurance (+ 7.2%).
- 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.
- The company is rapidly developing and simplifying remote services and solutions, and puts special focus on the development of comfortable, fast and modern assistance services.

The war in Ukraine, the energy crisis and uncertain, volatile stock markets characterized the business operations of companies and created a challenging business environment in 2022 for Generali as well, despite the fact that the epidemic, with the exception of China, has mostly ceased. Owing to its stable and successful operations, the Insurance Company defied the unfavourable circumstances in the macroeconomic environment and recorded growth in all key insurance sectors.

Generali zavarovalnica d.d.	2022	2021
Gross written premium (in EUR) million	480.8	450.1
Gross claims paid (in EUR) million	306.6	263.0
Market share	17.4%	17.2%
Combined ratio (other insurance)	95.7%	90.0%
Profit before tax (in EUR) million	13.8	29.0
Net profit (in EUR) million	13.3	24.5
	31.12.2022	31.12.2021
Financial investments, cash and cash equivalents (in EUR) million	987.8	1,111.5
Gross liabilities from insurance contracts (in EUR) million	885.7	940.6
Number of employees	1,296	1,305

EUR 480.8 million

Gross written premiums

19.2%

P&C Market Share

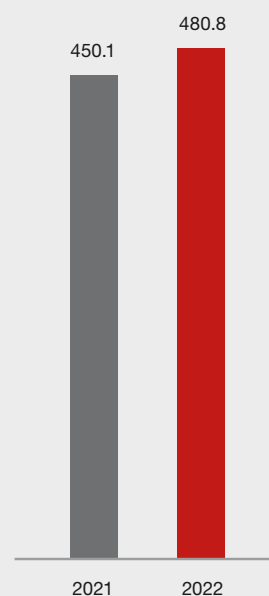
12.6%

Life Market Share

17.4%

Second place on the market

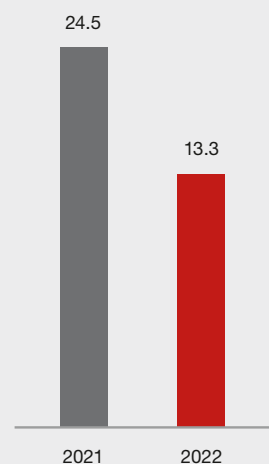




Gross written premiums from insurance contracts

Compared to the previous year, the total gross written premium grew by 6.8%.

Premium growth in %:



Net profit

The drop in net profit is a reflection of the negative result in the health insurance segment and the decline of results in the non-life insurance segment.

1.1 SIGNIFICANT EVENTS IN 2022 AND EARLY 2023

- On **1 January 2022**, 25 years have passed since the first Generali policy was concluded in Slovenia. The year 2022 therefore marks the 25th anniversary of the Insurance Company GENERALI zavarovalnica d.d. and the 10th anniversary of Generali G24 and WIZ online sales.
- On **12 April 2022**, in the 63rd General Meeting of the Insurance Company, decisions were taken to pay the dividend to the sole Shareholder Generali CEE Holding B. V. in the amount of EUR 14.7 million, and to recall the Member of the Supervisory Board Luciano Cirinà.
- On **8 June 2023**, in the 64th General Meeting of the Insurance Company, approval was given to the conclusion of the contract for the merger of the subsidiary Prospera d.o.o.
- On **13 June 2022**, the Supervisory Board appointed Mitja Feri Member of the Management Board, for a new mandate, which expires on 28 July 2026.
- On **1 September 2022**, the Insurance Company, jointly with other companies of the Central & Eastern Europe region, became part of the International Business Unit, headed by Jaime Anchústegui. Generali appointed Manlio Lostuzzi as Central Eastern Europe Regional Officer. The region covers Bulgaria, Croatia, the Czech Republic, Hungary, Poland, Romania, Serbia, Montenegro, Slovakia and Slovenia.
- On **28 September 2022**, the rating agency Fitch Ratings announced that it has confirmed Generali's Insurer Financial Strength (IFS) rating at 'A' with a positive outlook.
- On **1 December 2022**, after obtaining all regulatory permits, the merger of the company Prospera d.o.o. with the Insurance Company took effect, when the merger was entered in the Court Register. As of that day, the company Prospera d.o.o. ceased to exist, and the Insurance Company, as the universal legal successor, entered into all legal relationships of the acquired company.

Significant events in early 2023

- As of 1 January 2023, the Insurance Company has transitioned to two new IFRS standards, namely IFRS 9 and IFRS 17. This will have a significant impact on the operating review from an accounting point of view, as the statements for 2023 and for the comparative year 2022 will change significantly due to the implementation of these two standards in 2023.

1.2 STRATEGIC PLAN: LIFETIME PARTNER 24: DRIVING GROWTH

The social and economic environment has undergone a great change in recent years, and the needs and dreams of our customers are also constantly changing and evolving. Efforts to bring even stricter legislation in the field of environmental protection and climate change have intensified, the European and Slovenian populations are aging, and the needs of customers for protection, counselling and prevention are increasing. The Generali Group and Generali zavarovalnica will therefore be following the set Strategic Plan and Vision of the Generali Group until 2024.

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.

1.3 IMPLEMENTATION OF THE COMPANY STRATEGY IN 2022

The Insurance Company followed, in the past year, the strategic targets of the Generali Group and continued to operate successfully despite the challenges in the economic environment. The Company maintained financial stability, adequate capital position and resilient insurance and investment portfolios also in 2022.

In 2022, the Company achieved growth in gross written premium across all three business segments and totalled EUR 480.8 million in premiums (+ 6.8% compared to 2021), thus ranking second on the Slovenian insurance market with a market share of 17.4%.

1.4 INTRODUCTION OF IFRS 17

The IFRS 17 financial reporting standard improves the transparency and comparability of financial statements and operational results of insurance companies. Since 2021, when the standard was introduced, the Company has been changing its business processes in parallel. Due to the new method of data preparation in accordance with IFRS 17, the Company has reconfigured significant business processes and products, redefined data warehouses and adapted the method of preparation of data recorded in the accounting system of the general ledger. Data transition was successfully implemented in 2022.

STRATEGIC PLAN

LIFETIME PARTNER 24: DRIVING GROWTH

THREE STRATEGIC PILLARS

DRIVE SUSTAINABLE GROWTH

- 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.

ENHANCE EARNINGS PROFILE

- 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.

Deliver strong financial performance, best-in-class customer experience and an even greater social and environmental impact thanks to our empowered people



25 YEARS OF SATISFACTION

We believe that the most solid foundation for long-term success is the day-to-day strengthening of the trust of policyholders. The ways of communication are changing, but the personal relationship that builds a lifetime partnership on our common journey remains vital.

Matej Brank,
Personal Account Manager for Non-Life and Personal Insurance

Aleksandar Taskov,
Generali policyholder for 16 years



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

The Insurance Company 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 clients may choose from a full range of non-life, life, health and pension insurance and an ever-widening range of diverse assistance services.

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

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 their needs of security and savings at all stages of life and in all situations.

The Insurance Company complements its core business with asset management, vehicle registration 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 15 sub-funds and two special investment funds, namely the Generali Adriatic Value Fund, a special investment fund, 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 d.o.o. manages assets of Generali zavarovalnica (the so-called assets covering technical provisions in life and pension insurance guarantee funds).

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 Generali zavarovalnica.

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. Knowledge and experience obtained by 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.

Assets managed by the Generali Krovni sklad (Umbrella Fund) amounted to EUR 620 million at the end of 2022 and were down by 12.7% or EUR 90.4 million compared to the end of 2021. The decrease in assets is the result of drops in the value of prices in the capital markets.

At the end of 2022, the Company also managed the assets of other investors within the financial instruments management service, as well as the alternative real estate fund Generali Adriatic Value Fund, a special investment fund, and the special private equity fund Generali Growth Equity Fund in the total value of EUR 937 million.

The management company Generali Investments d.o.o., Zagreb and the management company Generali Investments, A.D. Skopje operated as indirect subsidiaries on markets outside Slovenia. The volume of assets managed last year by Generali Investments, Zagreb amounted to EUR 25.9 million, and by Generali Investments, Skopje an additional EUR 32.8 million.

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)	
Health	Pension Funds	



The total value of all assets under management at the end of 2022 amounted to EUR 1.557 billion.





Markets of the Generali Insurance Company and its subsidiaries:

Slovenia

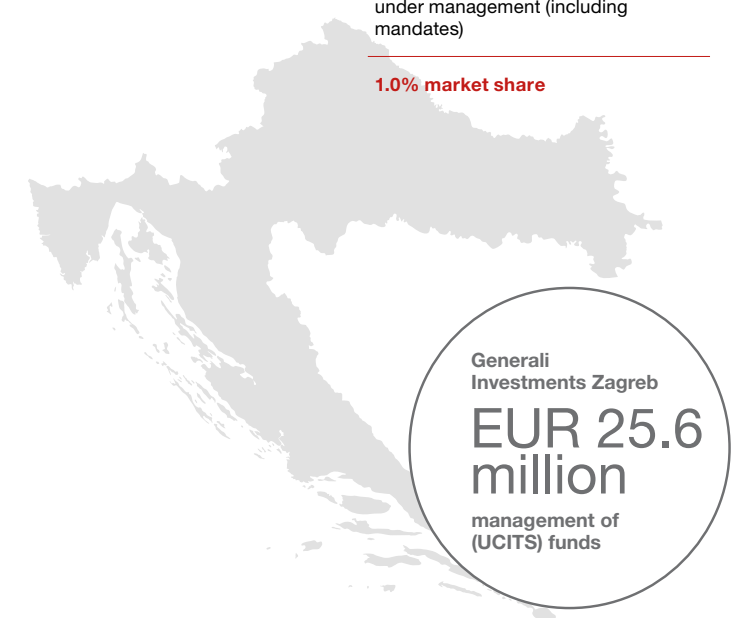
GENERALI ZAVAROVALNICA	As of 31 December 2022
	EUR 480.8 million written premium
Insurance activity	EUR 87.3 million written premium of life insurance
Second largest insurance company	EUR 393.5 million written premium of non-life insurance
	17.4% market share

GENERALI INVESTMENTS, LJUBLJANA	As of 31 December 2022
	EUR 620.0 million assets under management of (UCITS) funds
	EUR 102.7 million assets under management of alternative funds
Asset management	EUR 1,557 million EUR total assets under management (including mandates)
	15.7% market share



Croatia

GENERALI INVESTMENTS, ZAGREB	As of 31 December 2022
	EUR 25.6 million assets under management of (UCITS) funds
	EUR 0.3 million assets under management of alternative funds
Asset management	EUR 25.9 million EUR total assets under management (including mandates)
	1.0% market share



North Macedonia

GENERALI INVESTMENTS, SKOPJE	As of 31 December 2022
	EUR 32.0 million assets under management of (UCITS) funds
Asset management	EUR 32.8 million total assets under management (including mandates)
	17.8% market share



Information about Generali zavarovalnica d.d. and its subsidiaries as at 31 December 2022

Generali zavarovalnica d. d.	Generali Investments, družba za upravljanje, d.o.o., Ljubljana	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.
Abbreviated company name GENERALI d.d.	Registered office Dunajska cesta 63, 1000 Ljubljana, Slovenia	Registered office Dunajska 63, 1000 Ljubljana, Slovenia	Registered office Pod lipami 5, 3313 Polzela, Slovenia	Registered office Savska cesta 106, 10000 Zagreb, Croatia	Registered office Ulica Partizanski Odredi 14a, vhod 1, nadstropje 2/2, Skopje – center, North Macedonia	Registered office Dunajska cesta 63, 1000 Ljubljana, Slovenia	Registered office Dunajska cesta 63, 1000 Ljubljana, Slovenia	Registered office Dunajska cesta 63, 1000 Ljubljana, Slovenia
Address Kržičeva ulica 3, 1000 Ljubljana, Slovenia	Company registration number 5186684000	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
Phone 386 (0)1 47 57 100	Activity: - Trusts, funds and similar financial entities - Financial fund management activities	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
Company registration number 5186684000	Share capital EUR 1,767,668	Share capital EUR 260,665.69	Share capital EUR 104,323.03	Share capital HRK 4,148,000	Share capital MKD 57,548,011	Share capital EUR 7,500	Share capital EUR 7,500	Share capital -
VAT identification number SI88725324	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%
Date of entry into the Companies Register: 20 December 1990	Management Bodies	Management Katerina Rihter, Slavica Glavaš, Managing Directors	Management Saša Krašovec Terglav, Vanda Zorc Rems (since 1.1.2023), Managing Directors	Management Bodies	Management Bodies	Management Representatives: Melita Rajgelj Ozebek and Simon Mastnak	Management Representatives: Melita Rajgelj Ozebek and Simon Mastnak	Legal form Limited partnership, double partnership
Management Board: Vanja Hrovat, President of the Management Board; Mitja Feri, Katarina Guzej, Matija Šenk, Members of the Management Board	Management Board Luka Podlogar, President of the Management Board (until 17.1.2023); Melita Rajgelj Ozebek (since 17.1. 2023); Luka Flere, Member of the Management Board			Management Board Zvonimir Marić, President of the Management Board; Petar Brkić, Member of the Management Board	Management Board Laze Kamčev, CEO; Vesna Karkinska, Executive Director			Amount of subscriptions of capital EUR 730,000
Supervisory Board Gregor Pilgram, Chairman; Carlo Schiavetto, Deputy Chairman; Miroslav Signer, Suzana Meglič and Matjaž Pavlin, Members	Supervisory Board Josef Beneš, Chairman; Aljoša Tomaž, Deputy Chairman; Gregor Pilgram, Katarina Guzej, Members			Supervisory Board Melita Rajgelj Ozebek, Chairman; Mario Carini and Luka Flere, Members	Board of Directors Melita Rajgelj Ozebek, President of the Board of Directors; Luka Flere, Laze Kamčev and Vesna Karkinska, Members of the Board of Directors			Management Generali Investments GP 2, družba za investicije, d.o.o.
E-mail info.si@generali.com								
Web site www.generali.si								

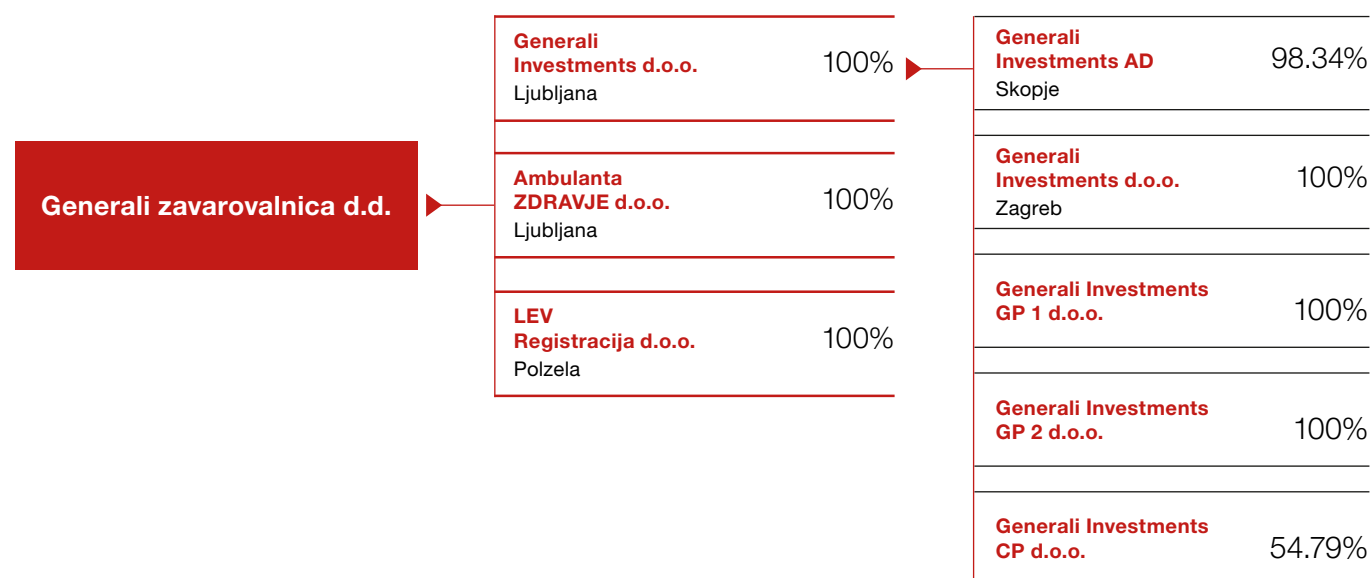
Share capital and shareholders of the Company as at 31 December 2022

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

Since 13 February 2019, Generali CEE Holding B. V. is the sole Shareholder.
As at 31 December 2022, the share capital of Generali zavarovalnica d.d. amounted to EUR 39,520,347.18.



Company subsidiaries and participating interest as at 31 December 2022



Direct subsidiaries of Generali zavarovalnica d.d. are the companies Generali Investments 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 companies Generali Investments d.o.o., Zagreb, Croatia and Generali Investments, A.D. Skopje, North Macedonia; and three other smaller companies providing 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., Ljubljana.

Changes in 2022

In 2022, the former subsidiary, PROSPERA, družba za izterjavo d.o.o., Koper, merged with Generali zavarovalnica d.d. The merger was entered in the Court Register on 1 December 2022. As of that day, the company PROSPERA d.o.o., Koper, ceased to exist. The company Generali zavarovalnica d.d., as the universal legal successor, entered into all legal relations of the acquired company.

The management company Generali Investments, družba za upravljanje, d.o.o., Ljubljana, and the fund management company ALFI PE, upravljanje alternativnih investicijskih skladov, d.o.o., signed a contract for the sale of shares in the company Generali Investments GP 1 d.o.o. and the company Generali Investments GP 2 d.o.o., as well as for the sale of capital contributions in the company Generali Investments CP d.o.o. on 22 November 2022.

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 as a special section of the Annual Report 2022. The Statement is provided as a special section of the Annual Report 2022.

3.1.3 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 2022, the Company was obliged to comply with the provisions of:

- 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>).

3.1 COMPANY GOVERNANCE ACTS

3.1.1 ARTICLES OF ASSOCIATION

The General Meeting adopted the Company's Articles of Association, which regulate the way in which the Company and its bodies operate.

3.1.2 MANAGEMENT SYSTEM GUIDELINES

The Company's Management Board adopted the Management System Guidelines, which were approved by the Supervisory Board.

The Guidelines specify, in particular, the management system, the key elements of the internal control and risk management system, and the roles and responsibilities of the management system.



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.

Recommendation	Explanation
2.1.1	The Articles of Association of the Company do not explicitly state the purpose and key objectives of the Company in the light of Article 183 of the Companies Act. In terms of content, the statutory provision on the stable and effective management is currently supplemented by acts adopted by the Company on the basis of the Group's acts, as well as by the Company's strategic acts. The content is summarized on the Company's website at https://www.generalis.si/vizija-poslanstvo-vrednote .
2.2.2	The starting points for calculating remuneration for members of the Management Board of the Company are determined in the applicable Remuneration Policy; a competent committee also participates within the management system of the Group in the calculation of remuneration.
2.7	See 2.1.1.
2.8.4	The need to formalise the annual activities of the Supervisory Board of the Company at the level of the Company has so far not been recognised, since it is implemented by the Group from the aspect of the comprehensive and systematic organisation of supervision at the Group level.
2.9	The Rules of Procedure of the Management Board of the Company and of the Supervisory Board of the Company are planned to be made available in the future on the website of the Company.

Recommendation	Explanation
3.3.3	The need for the presence of a certified auditor of the Company in the General Meeting has not been recognised to date, since annual financial statements are discussed in detail by the Supervisory Board of the Company, including a comprehensive report for the General Meeting of the Company.
3.4.1	The Articles of Association of the Company determine that any transfer of share ownership due to any lawful purpose are subject to the approval of the General Meeting of the Company. The General Meeting of the Company may refuse to issue an approval for valid reasons as set out by the Companies Act.
3.6	See 2.2.2.
4.3.2	When recruiting members of the Supervisory Board of the Company, the goals are 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. Depending on the current considered legislative guidelines and good business practice in this field, the aspect of independent supervisory assessment shall be provided by appointing an audit committee (appointment of an external member of this committee) with suitable management of work, and the competences of the Audit Committee and the Supervisory Board of the Company (example 2.5.4.).
4.6	See 4.3.2.
4.7	The procedure for selecting candidates and assessing candidates' suitability for membership of the Supervisory Board of the Company is conducted on the basis of regulations which regulate the appointment, remuneration and delegated powers and regulations which regulate the fitness and suitability to provide the fitness and properness of a member of the Supervisory Board of the Company and the Supervisory Board as a collective authority, and the comprehensive and systematic organisation of supervision at the level of the Group.
5.6	The starting points for calculating remuneration for the members of the Supervisory Board of the Company are determined in the applicable Remuneration Policy; a competent committee also participates within the management system of the Group in the calculation of remuneration (cf. Article 66(2) of the Insurance Act).
5.7.1	See 2.5.4.
5.7.13	The need for such elaboration of the report of the Supervisory Board of the Company has not been recognised to date, since the Company Shareholder is regularly and thoroughly notified of individual aspects of the recommendation through established procedures for reporting on, monitoring, and managing business within the Group.
5.8	The need for such elaboration of the self-assessment of the Supervisory Board of the Company has not been recognised, since the Company Shareholder is regularly and thoroughly notified of individual aspects of the recommendation through established procedures for reporting on, monitoring, and managing business within the Group.
5.11	See 5.6.

Recommendation	Explanation
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 of the Supervisory Board of the Company and the Supervisory Board as a collective authority, and the comprehensive and systematic organisation of supervision at the level of the Group.
8.1	See 2.2.2.

Recommendation	Explanation
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 procedures for reporting on, monitoring, and managing business within the Group.

3.3 DESCRIPTION OF THE MAIN CHARACTERISTICS OF THE COMPANY INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCEDURE

An efficient and integrated internal control and risk management system in the Company is regularly adjusted to the development and changes in its organisation. The system complies with the legal requirements for insurance companies defined in the Companies Act and the Insurance Act, as well as in the special implementing regulations issued by the Insurance Supervision Agency concerning establishing and maintaining a suitable internal control and risk management system. The internal control and risk management system is upgraded and harmonised with the quantitative, qualitative and reporting requirements of the normative framework established on the basis 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 comprises 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 ensures, 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, while at the same time defining responses to risks, risk owners and the existence and functioning of the internal control system. The second line of defence consists of the risk management function, the compliance function and actuarial function. The third line of defence is represented by the internal audit function, which 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 thus 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 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 forms part of the second pillar (line of defence) of an effective risk management system.

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 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 second pillar (line of defence) of an effective risk management system.

Its main 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 herein.

3.3.1.3 COMPLIANCE FUNCTION

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

The function is guaranteed an appropriate independence and access to the necessary information and the members of the broader management team. When carrying out its tasks, the function 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 the planning or carrying out of an activity that is the subject of a task, i.e. that the conflict of interest which could affect the performance of the tasks in the context of compliance monitoring is avoided.

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, both functionally and organisationally, separated from other organisational units of the Company. Based on the risk assessment, the Internal Audit 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 this Annual Report.

3.3.1.5 EXTERNAL AUDIT

The audit of the financial statements is performed by the audit firm KPMG Slovenia d.o.o. 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 2022:

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 to the Company.

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 terminate 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 20% 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 50% 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 2022

The 63rd General Meeting of the Company was held on 12 April 2022 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working bodies of the General Meeting
2. Approval of the agenda
3. Presentation of the Annual Report for the financial year 2021 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. Proposal of the use of distributable profit



5. Granting of discharge papers to the Management Board and Supervisory Board
6. Corrigendum to Decision No. 3 reached in the 61st General Meeting on information regarding the election of a member of the Supervisory Board
7. Periodic assessment of the adequacy of the Supervisory Board
8. Recall of a member of the Supervisory Board

The 64th General Meeting of the Company was held on 8 June 2022 with the following agenda:

1. Opening of the General Meeting, determination of the quorum and election of the working bodies of the General Meeting
2. Approval of the agenda
3. Consent to the conclusion of the agreement on the merger of Prospera d.o.o.

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 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, the Rules of Procedure of the Management Board, and the 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 in all its 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; through risk management strategy, written rules, processes and procedures; and through 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 accordance with the law, the following key functions of the Company have been established within the management system: the risk management function, the compliance function, the internal audit function and the actuarial function. The holders of the key functions are persons authorised by the Management Board of the Company with the consent of the Supervisory Board of the Company as persons responsible for one or several key functions of the Company.

In 2022, 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 (since 28 July 2016),
- Katarina Guzej, Member (since 2 March 2020),
- Matija Šenk, Member (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 under the law and the Articles of Association of the Company. 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 pass to the General Meeting of Shareholders its opinion of the annual internal audit report, the annual report of the Company and the report on relationships with related parties.

The Supervisory Board of the Company gives its consent to the Management Board of the Company to determine the financial plan and 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 Rules define the tasks of the actuarial function, the competences of the holder of the actuarial function, the procedure to authorise the holder of the actuarial function, and the knowledge of the holder of the actuarial function; to determine written rules on the management system pursuant to the Insurance Act; to appoint and dismiss persons as holders of key functions

pursuant to the Insurance Act; to determine the income of 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 2022, the Supervisory Board of the Company were

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Luciano Cirinà, Member (until 12 April 2022),
- Miroslav Singer, Member,
- Suzana Meglič, Member, employee representative,
- Matjaž Pavlin, Member, employee representative.

In 2022, the Supervisory Board of the Company met nine times.

3.6.2.1 THE AUDIT COMMITTEE OF THE SUPERVISORY BOARD

The Audit Committee, which is 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 specified 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.

In 2022, the Audit Committee of the Company were:

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


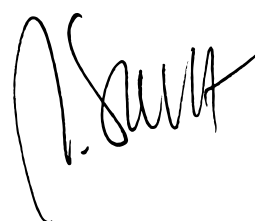
In 2022, the Audit Committee of the Company met five times.

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*



3.7 DIVERSITY POLICY

The Company has adopted, through internal acts, the diversity policy which calls for the implementation, in management and supervisory bodies, of diversity aspects such as gender, age, expertise and experience, and strives to ensure that the 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. There must be at least one representative of the underrepresented gender in the company's bodies.

Ljubljana, 29 March 2023



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 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.



25 YEARS OF COOPERATION

The secret of Generali's success lies in the dedication of all employees, because the best solutions are created in the synergy between youthful enthusiasm and experience. Over the 25 years, we have grown from the initial 17 employees to a team of almost 1,300 exceptional individuals of all generations and a widest variety of skills.

Emil Vamberger,
*Head of Corporate Insurance Department,
employed at Generali zavarovalnica for 25 years*

Nina Čas,
*Human Resources Business Partner,
employed at Generali zavarovalnica for 1 year*



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 in which 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 2022, the Supervisory Board of the Company were

- Gregor Pilgram, Chairman,
- Carlo Schiavetto, Deputy Chairman,
- Luciano Cirinà, Member (until 12 April 2022),
- 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 work of the Management Board. The Supervisory Board held nine sessions, five 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 of Generali Zavarovalnica d.d. for 2021 as well as reviewed the report on the relationship with related companies in 2021. The Supervisory Board also examined the reports prepared by the actuarial function with regard to non-life and life insurance for 2021 and approved the internal audit reports for 2021. Furthermore, the Supervisory Board approved the Solvency and Financial Condition Report (SFCR) for 2021, 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 2022. 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 the Supervisory Board and Management Board for the business year 2021.

In addition to its regular tasks, the Supervisory Board also performed human resources tasks. It produced the competency and suitability assessment for the member of the Management Board and appointed the member of the Management Board. It also produced periodic competency and suitability assessments for the Management Board and Supervisory Board as collective bodies. The Supervisory Board approved the appointment of the holder of the key function.

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 2022 as well as the Internal Audit Annual Report for 2022.

Review and approval of the Annual Report

In its session held on 5 April 2023, the Supervisory Board examined the Annual Report of Generali zavarovalnica for 2022 along with the report of the certified auditor KPMG Slovenia 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 2022 as well as of its financial results and cash flows in the business year 2022, 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 Internal Audit Activity Report for the second half of 2022 and the 2022 Activity Report. The Supervisory Board issued a positive opinion on the Internal Audit Annual Activity Report for 2022. 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 related companies in 2022 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 related companies 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 view of the true operations of the Company.

Pursuant to the review of the Annual Report and the examination of the Auditor's Reports for 2022, the Supervisory Board

- approves the Annual Report for 2022;
- 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 2022 amounts to EUR 56,947,701.77.

The full amount of distributable profit shall remain undistributed and its use will be decided upon in the following years.

Ljubljana, 5 April 2023

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 2022 and on the review of materials for the approval of the Annual Report for 2022

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 Related Companies including the Auditor's opinion and the Internal Audit Annual Activity Report for 2022.

The Audit Committee provides the Supervisory Board with expertise required for the implementation of supervision over the management of the Company. In 2022, the Audit Committee of the Company were:

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

In 2022, the Audit Committee held five sessions. In these sessions, the Audit Committee dealt with the following topics with special attention:

- Internal Audit reports (half-yearly reports, annual report) and the annual work plan of the Internal Audit;
- Financial reporting;
- Audit of financial statements, with particular focus on the Auditor's Report;
- Strategy and the annual business plan;
- Annual report.

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 2022 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 Slovenia 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 of Generali Zavarovalnica for business year 2022 and the corresponding audit reports by KPMG Slovenia d.o.o., the Audit Committee concludes that:

- the Annual Report was prepared within the statutory time limit and contains all the mandatory elements;
- the disclosures in the financial statements are complete;
- the financial statements are prepared in compliance with the generally accepted auditing standards and adequately reflect the applied accounting policies;
- the Insurance Company adequately formed its statutory reserves and reserves for own shares;
- the Auditor KPMG Slovenia 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 Internal Audit Activity Report for the second half of 2022 and the Internal Audit Annual Activity Report for 2021;
2. to issue a positive opinion on the Auditor's Report and to approve the Annual Report for the business year 2022 in their proposed form.

Ljubljana, 3 April 2023

Carlo Schiavetto,
Chairman of the Audit Committee



25 YEARS OF HEARTINESS

Any help counts, especially if it relieves childhood of worries even for a moment and fills it with laughter and play. We are proud that together with our employees, who work as volunteers within the framework of The Human Safety Net movement, we cooperate with organizations such as the Association of Friends of Youth Ljubljana Moste – Polje.

Matej Demšar,
Top 10 of The Human Safety Net
Volunteer of the Year 2022

Anita Ogulin,
President of the Association of Friends of Youth
Ljubljana Moste – Polje



6. PERFORMANCE IN 2022

6.1 OVERVIEW OF DEVELOPMENTS IN THE ECONOMY ENVIRONMENT AND THE INSURANCE MARKET

Slovenia's macroeconomic environment in 2022

The economic climate improved at the end of 2022, but remains weaker than in 2021, while the values of some indicators of economic activity decreased in the last quarter of 2022. GDP growth in 2022 is estimated at 4.7%.

The Slovenian export sector had to face difficult macroeconomic circumstances. Real trade with EU countries decreased year-on-year as a result of uncertainty and low values of sentiment indicators in trade and among consumers in some of the main trading partners, Germany and Italy in particular. The growth of trade in services has moderated, with the net export of services remaining positive.

The slow build-up in manufacturing activity observed in the first three quarters of 2022 came to a halt towards the end of the year. The production in most industries was also lower year-on-year. Energy industry and manufacturing also faced uncertainties in the international environment and strong cost pressures. The consumption of natural gas and electricity decreased due to the cooling of economic activity in most activities, high prices of energy products and warm weather. Among the activities related to the domestic market, construction stood out in particular as it strongly strengthened compared to the previous year and was as much as 43.6% higher year-on-year in November. Contrary to expectations, domestic demand remained solid. The financial situation of households worsened slightly towards the end of the year,

and was mitigated in the group of the most vulnerable by the government's measures to reduce the cost of living.

Revenue declined in most commercial sectors in the last quarter of 2022. A more rational consumption in the face of high price increases was most reflected in the retail sale of food, beverages and tobacco products, where revenue decreased more significantly in the last quarter compared to the third one, and was much lower year-on-year as well (by 4.6%). Sales in the sale of motor vehicles also remained smaller than a year ago, where revenue increased slightly for the second quarter in a row due to the easing of bottlenecks in supply chains.

Labour market conditions were favourable also in 2022. The number of persons employed was historically high, while registered unemployment was at a record low. In the average of the first ten months of 2022, the number of employed persons was 2.6% higher year-on-year. By industry, year-on-year employment growth remains broad-based and highest in the field of construction, which is an activity facing a large labour shortage. The employment of foreign citizens is increasingly contributing to the overall growth of the employed population, their share among the total employed persons being as high as 13.8%.

Year-on-year growth in average gross wages and salaries has continued to strengthen, but remains moderate for now, lagging behind price and productivity growth. The average gross salary in November 2022 was 2.1% lower in real year-on-year terms due to high inflation. In transport and warehousing and in catering, which are activities with an above-average labour shortage, wages and salaries were higher in year-on-year terms. In the public sector, the year-on-year real decline (3.2%) was similar to the one in October, when the wage and salaries increase agreement came into effect. In nominal terms, the average gross salary was 7.7% higher year-on-year in November, 6.5% in the public sector and 8.3% in the private sector. With high inflation, tightness in the labour market, an increase in the minimum wage and wage increases in the public sector, wage pressures will continue in 2023, which will also be characteristic of the euro area.

The consumer goods basket was 10.8% more expensive in year-on-year terms in December. Inflation at the end of

2022 did not change significantly compared to November, as lowering of prices of energy products was replaced by an increase in the prices of services, which was 7.2% in year-on-year terms. According to estimates, in addition to the low base from 2021 due to restrictive measures imposed at the end of 2021, this was boosted also by higher prices of services in the groups of communication, restaurants and hotels, recreational and cultural services and healthcare. However, the largest contributor to inflation in 2022 was food price growth. The year-on-year growth in prices of energy products slowed down slightly at the end of the year due to the decrease in the price of oil derivatives in the face of a significant drop in oil prices on world markets and the strengthened value of the euro.

The general government deficit decreased considerably last year, especially in the first half of the year. At the end of the year, revenue growth slowed down considerably, while expenditure growth accelerated, which resulted in the deterioration of the balance in October and November. The year-on-year improvement occurred mainly in the first half of the year due to the smaller volume of expenditures related to the epidemic in parallel with a buoyant revenue growth. On the expenditure side, investments saw the highest nominal increase, and more resources were allocated to transfers to individuals and households, also due to measures related to the energy crisis. In accordance with the agreement, salaries in the public sector increased by 4.5% in October. According to the first data, the state budget recorded a deficit of EUR 1.4 billion in 2022, which is much less than forecast in the revised state budget (EUR 2.0 billion). In December, the year-on-year balance was again less favourable due to a further acceleration of investments while revenue growth was slowing down. Compared to the same period in 2021, revenue growth was lower due to the lower growth of economic activity, the reduction of certain tax burdens and the loss of one-off inflows in 2021 from the sale of concessions. Government debt, measured as a share of GDP, continued to decrease in 2022 and stood at 72.3% at the end of September.

It should be emphasized that macroeconomic risks remain significant. Amid great uncertainty, economic growth is expected to slow down in 2023 due to high inflation, the weakening of household purchasing power, the cooling of the global economy and stricter financing conditions.

Slovene insurance market in 2022

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

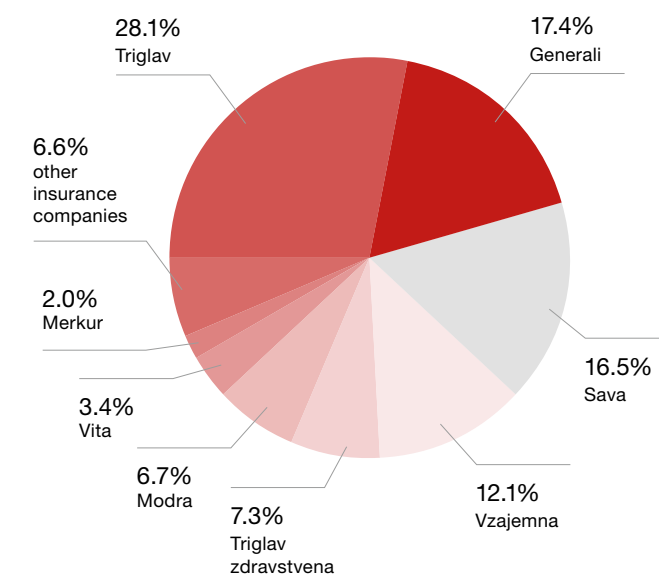
composite, five life and five non-life insurance companies. The Slovene insurance market is characterised by a high concentration rate. The five largest insurance companies held an 81,7% share of the insurance market. Generali zavarovalnica ranked second among the insurance companies on the market by holding a 17.4% market share.

The Company recorded an increase in insurance activity in 2022 in Slovenia. According to the data collected by the Slovenian Insurance Association, the gross written premium for 2022 amounts to 2.8 billion euros, which is 7% more than in 2021.

Written premium from non-life insurance totalled EUR 2,028 million (72.3%), while written premium from life insurance amounted to EUR 778 million (27.7%). Within non-life insurance, the highest growth was recorded in other damage to property insurance (12.7%), land motor vehicle insurance (11.1%), general liability insurance (9.5%) and motor vehicle liability insurance (9.3%). Slight growths in premiums were also recorded in other major insurance segments.

Written premiums from health insurance went up by 5% compared to 2021. In the area of life and pension insurance, unit-linked life insurance (4.9%) and supplementary pension insurance (5.7%) went up, while traditional life insurance maintained the level reached in 2021.

The structure of the Slovene insurance market in 2022:



6.2 CAPITAL MARKETS

Overview of capital markets in 2022

Global equity markets ended the year strongly in the red. Rising inflation to the highest levels since 1980 forced central banks to sharply raise interest rates. Russia's attack on Ukraine has shaken commodity and energy markets, added inflationary pressure and brought great uncertainty to business operations. After three years, the covid 19 pandemic has subsided in most of the world, with the exception of China. Throughout the year, the main focus was on central banks and their monetary policy. Hopes of a reversal in the trend of rising interest rates kept equity markets in a state of uncertainty, marking 2022 as one of the most volatile in the last 20 years. However, most of the attention was devoted to the bond markets. The end of the cheap money policy brought a strong correction in the bond markets, the required yields grew sharply and moved to levels unheard of in the last decade. The US 10-year bond ended the year with a required yield above 3.7%, similarly the German bond just below 2.5%. Considering the magnitude of the movements in the bond markets, the situation in the stock markets is relatively good. The main global stock index MSCI AC thus ended 2022 down 14.7%, and the main European bond index QW7A as much as 17.2%, (both measured in euros). On the wings of an aggressive FED, 2022 also brought a strong strengthening of the dollar against all other currencies. The level of 1.07 dollars per euro at the end of the year represents growth of the dollar of almost 5.5% against the euro. During the year, in September, this level touched 0.95 dollars against the euro, almost reaching the 2002/2003 level.

Developed markets

2022 has brought a change in the trends in the stock markets. After a long time, the USA recorded a worse result than Europe. The reasons are multifaceted and can be summed up in a few stories. The FED started raising interest rates faster and was more aggressive in doing so, thus it is closer to the end of the hikes than Europe, where so far there is no end to high inflation in sight. In the USA, the capital market adapted more quickly to the new reality and consequently recorded a 15.7% decline. High-growth stocks represented by the NASDAQ technology index were hit hard by the rise in interest rates and they

recorded an almost 29% decline in value. After a decade of growth and strong acceleration in the pandemic years, the reporting year was sobering for investors in FANG (Facebook/Meta, Amazon, Apple, Netflix, Microsoft and Google) stocks as a symbol of unstoppable technological growth and American economic supremacy. Stock dilution was swift and deep. The index lost 36.3%, however Apple in particular still held up well, as dilution in some others companies exceeded 50%. As technology companies are smaller and, above all, underrepresented in the European economy, European stock markets ended the year down 11.8%. The European stock markets are otherwise a positive surprise in 2022. The war in Ukraine, the interruption of the supply of energy products from Russia and, on the other hand, the frantic prices of energy products on the world market, the loss of export markets, higher inflation in Europe than in the USA, contrary to the expectations of investors, did not bring a deep fall in stock prices in Europe. European bond markets were hit more strongly. Despite the ECB's key interest rate hike to 2.5%, high inflation has pushed real returns even deeper into negative territory. This has not been seen in Europe for the last 50 years. The word stagflation, which began to creep into investors' minds, did not materialize in 2022. Despite the cooling of developed economies and high inflation, economic activity still remained high enough to bring minimal growth. Companies' performance results did not seem overly dramatical and investors maintain a solid level of confidence in the future.

Strong divergences between industries were observed in 2022. The energy sector, which includes oil and gas, shined and was the only positive sector in 2022 with a return of more than 35%. At the other end of the profitability scale, with a decline of more than 32%, was the communications sector, which comprises Meta and Netflix. Among the industries with more than a 20% decline are real estate, discretionary spending and IT. However, the defensive sectors of care, consumer staples and healthcare held up well, ending up down by no more than 2.6%.

Emerging markets

2022 was not a good year for emerging markets. They lagged behind developed markets. They are a very different mix of markets, but as a group they have one common characteristic, which is a high dependence on a global source of financing, which mostly flows in dollars. When dollar interest rates rise, this usually has a negative impact on emerging markets, since financing conditions and access to international capital markets tighten significantly. China is the least exposed to this,

but the drop of 18.7% was still greater than the average. The main reasons are the large representation of Chinese technology companies in the indices and the political interference of the Chinese state in their operations. The Chinese party has decided to establish control over these companies and the large amount of data they control. Moreover, the zero-covid policy had a strong negative impact on business operations and economic expectations, however it was quickly eliminated at the end of the year, thereby bringing additional chaos not only to China but also to the world economy. This will most likely subside in the coming months. However, the sharp slowdown in the economy and the economic challenges such as the trade war with the USA, political tensions around Taiwan, the real estate crisis at home and lower growth rates than we were used to in the past, which all marked 2022, remain relevant in 2023. But the growth story is probably shifting somewhat from technology companies to more consumer-oriented segments of the economy. The winner in 2022, even at the global level, seems to be India. It used the sanctions against Russia to buy cheap energy products, and on the political floor it successfully navigated between sanctions against Russia and cooperation with it and with the developed Western world. Economic growth thus remains healthy and at high levels. The capital market reacted accordingly and lost only 2.7%. Investor confidence is high, and it increasingly seems that a part of the capital has moved from China to India, as India represents a more reliable partner in these unpredictable times. The stock market winner of the year is definitely Turkish stocks, but all other indicators in Turkey have worsened. Inflation is reaching hyperinflationary territory and approaching 100%. The Turkish lira is losing confidence and economic policy is increasingly influenced by Erdogan's short-term policies. But at least temporarily, mainly local investors saw Turkish shares as a refuge from rampant inflation, and the growth of the capital market is a reflection of this. Due to considerable exposure to energy and materials, Brazilian stocks also had a successful year achieving a growth of more than 8%, but the slowdown in the growth of energy prices and the change of government at the end of the year with growing political tensions between the two political poles point to a worse 2023.

Slovenia and South-Eastern Europe

Last year did not spare local markets either. The closeness of the war in Ukraine, the strong exposure of some companies to the Central and Eastern European markets, strongly shook the confidence of investors. SBI TOP was down almost 17%, and the bulk of the loss can be attributed to the fall in the value of Krka and

Petrol shares, which are heavily dependent on business with Russia and Eastern Europe. Still strong exports and a solid level of consumer confidence somehow maintain a positive economic picture in Slovenia. A situation similar to the Slovenian happened in the largest regional market, in Romania. The main Romanian index BET went down 10.6%, and a higher loss was mainly prevented by a great share of energy companies in the index, although mainly Western investors left the regional markets en masse after the outbreak of the war. The main Croatian index CROBEX fared even better, with a decline of less than 7%. An excellent tourist season saved the Croatian economy, which accessed the euro zone at the end of the year by changing kunas to euros.



6.3 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 480.8 million in 2022, which represents an increase of 6.8% compared to the previous year. Premium from the non-life insurance segment accounted for the bulk of total written premium with a 54.1% structural share, followed by health insurance with a 27.7% share and life insurance with an 18.2% share.

The structure of written premium by
insurance class in 2022

54%
Non-life insurance

28%
Health insurance

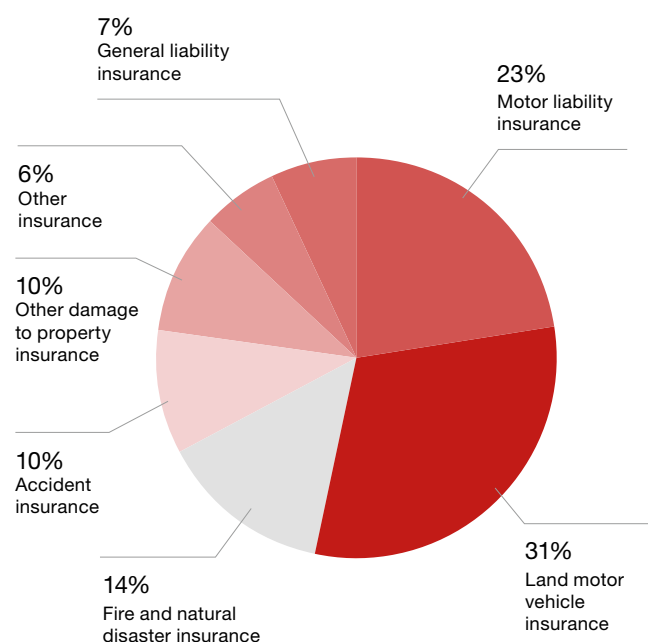
18%
Life insurance



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

(in EUR)	1-12 2022	1-12 2021	Structure 2022 (in %)	Structure 2021 (in %)
Accident insurance	24,645,889	23,988,120	5.2	5.4
Land motor vehicle insurance	79,246,688	72,710,106	16.6	16.3
Fire and natural disaster insurance	35,109,241	33,272,092	7.4	7.5
Other damage to property insurance	24,764,459	23,605,478	5.2	5.3
Motor third party liability insurance	58,087,284	53,895,876	12.2	12.1
General liability insurance	17,959,818	17,028,412	3.8	3.8
Other insurance	16,442,234	13,805,634	3.4	3.1
Total non-life (other) insurance	256,255,613	238,305,718	53.8	53.5
Mixed and term life insurance	41,007,268	39,527,086	8.6	8.9
Unit-linked life insurance	46,341,788	43,678,570	9.7	9.8
Total life insurance	87,349,056	83,205,656	18.3	18.7
Health insurance	133,146,635	124,201,188	27.9	27.9
TOTAL	476,751,304	445,712,562	100.0	100.0

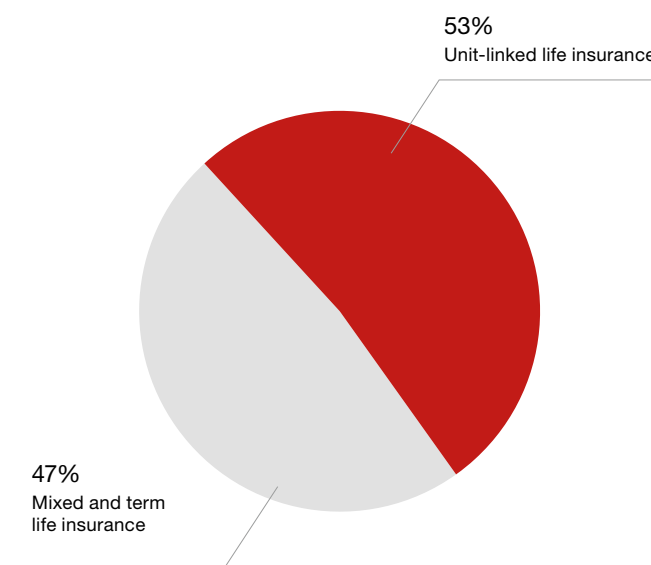
The structure of premium in non-life (other) insurance in 2022



The written premium of non-life insurance amounted to EUR 256.3 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, other damage to property insurance, accident insurance, general liability insurance and, to a lesser extent, other insurance classes.

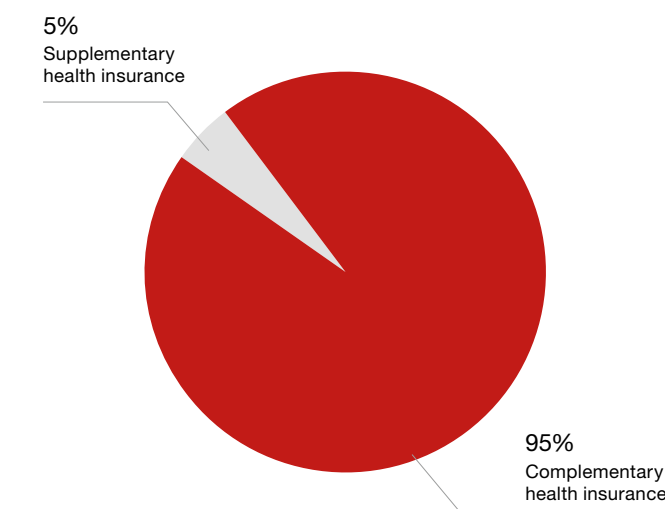
The highest growth in premiums was recorded by land motor insurance, namely 9%. The Company achieved an increase in premiums largely on account of changes in the price list and procedures for accepting vehicles into insurance schemes. The remaining main insurance classes also recorded growth compared to 2021.

The structure of life insurance premium in 2022



The life insurance premium amounted to EUR 87.3 million in 2022. A large share is represented by unit-linked life insurance with a structural share of 53%, while the rest is mixed and risk life insurance. 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 increased by 6.1%.

The structure of health insurance premium in 2022



Health insurance premium amounted to EUR 133.1 million in 2022, with a significant share being complementary health insurance. Compared to the previous year, health insurance premium was higher by 7.2%.



Gross claims paid

Gross claims paid totalled EUR 306.2 million throughout 2022. The largest share of EUR 134.6 million is due to the non-life insurance claims. This is followed by claims paid in health insurance amounting to EUR 118.1 million and in life insurance with EUR 53.5 million claims paid.

Gross claims paid by insurance class

(in EUR)	1-12 2022	1-12 2021	Structure 2022 (in %)	Structure 2021 (in %)
Accident insurance	9,548,530	8,650,853	3.1	3.3
Land motor vehicle insurance	50,533,238	40,524,960	16.5	15.4
Fire and natural disaster insurance	20,587,284	15,714,335	6.7	6.0
Other damage to property insurance	8,409,431	8,484,966	2.7	3.2
Motor third party liability insurance	34,192,860	28,369,615	11.2	10.8
General liability insurance	4,111,375	4,940,081	1.3	1.9
Other insurance	7,178,276	6,318,945	2.3	2.4
Total non-life (other) insurance	134,560,994	113,003,755	43.9	43.0
Mixed and term life insurance	20,139,630	19,296,054	6.6	7.4
Unit-linked life insurance	33,345,485	32,423,501	10.9	12.4
Total life and pension insurance	53,485,115	51,719,555	17.5	19.7
Health insurance	118,140,415	97,787,377	38.6	37.3
TOTAL	306,186,524	262,510,687	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 2022 with a net profit of EUR 13.3 million, which is less than planned and less than in 2021 when it reported a net profit of EUR 24.5 million. Compared to the previous year, the result of life insurance improved, however, the results of non-life and health insurance deteriorated significantly, with the latter even reaching a negative result. The deterioration of the non-life insurance result was affected by the result of the technical section as a consequence of higher claims incurred and higher

operating costs. The negative result of health insurance is mainly a reflection of higher net claims incurred.

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 (7.3%), followed by non-life insurance premiums (6.7%) and health premiums (5.1%).

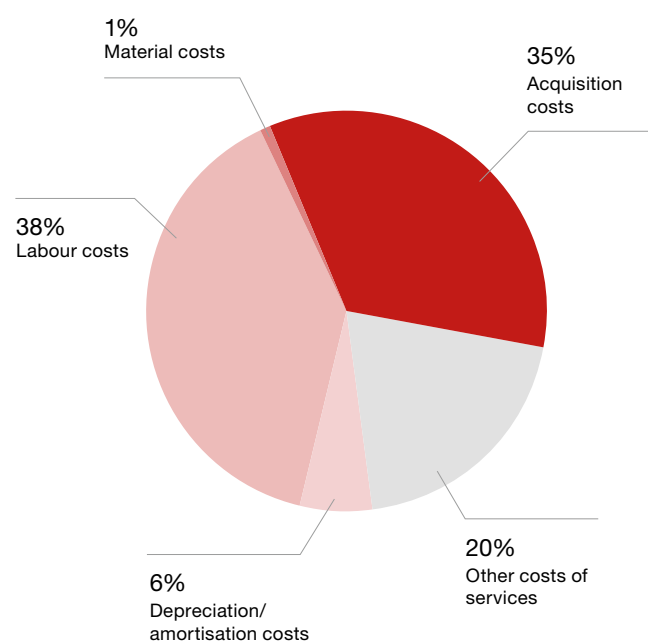
Investments revenue decreased and investments expenses increased significantly, especially in the area of unit-linked life insurance as a result of the capital market corrections. Compared to the previous year commission income and other revenue also increased.

Income statement

(in EUR)	Generali zavarovalnica d.d.		
	2022	2021	Index 2022/2021
REVENUES	478,571,290	497,793,315	96.1
Net premium revenue	440,592,763	413,319,851	106.6
Gross written premium	480,802,563	450,138,655	106.8
Ceded written premium	-32,689,742	-31,159,710	104.9
Change in unearned premium	-7,520,058	-5,659,094	132.9
Investment revenue	21,862,533	70,586,250	31.0
Other revenues from insurance operations	7,831,728	6,189,116	126.5
of which: Commission income	7,831,728	6,189,116	126.5
Other revenue	8,284,267	7,698,098	107.6
EXPENSES	-464,729,454	-468,830,977	99.1
Net claims incurred	-321,368,703	-277,230,824	115.9
Gross claims paid	-319,677,349	-274,739,684	116.4
Reinsurers' and co-insurers' share	10,038,127	10,902,543	92.1
Changes in claims provisions	-11,729,481	-13,393,683	87.6
Change in insurance technical provisions for unit-linked insurance	57,471,722	-59,524,179	-96.6
Change in other insurance technical provisions and liabilities	2,696,243	-5,758,852	-46.8
Expenses for bonuses and discounts	-1,410,968	-594,302	237.4
Operating expenses	-113,734,774	-104,370,344	109.0
of which: Acquisition costs	-39,973,197	-34,868,920	114.6
Investments expenses	-59,612,319	-1,779,739	3,349.5
Other expenses from insurance operations	-20,611,298	-12,287,039	167.7
Other expenses	-8,159,358	-7,285,699	112.0
PROFIT BEFORE TAX	13,841,837	28,962,338	47.8
TAX	-562,453	-4,421,528	12.7
NET PROFIT/LOSS	13,279,384	24,540,810	54.1



The structure of operating expenses in 2022 (in %)



Operating expenses amounted to EUR 113.7 million, which is an increase of 9% compared against the previous year mostly due to higher acquisition costs and other costs of services and higher other labour costs.

The largest share is represented by labour costs, which amounted to EUR 42.9 million, and acquisition costs in the amount of EUR 40 million. These are followed by other costs of services and, to a lesser extent, by depreciation/amortisation costs in the amount of EUR 6.5 million.

Financial position

As at 31 December 2022, total assets of the Company stood at EUR 1,136 million, which is a decrease of 8.6% compared to the previous year. The bulk of the assets at 2022 year-end was accounted for by life insurance assets (61.3%), 38.2% was used in the activities of non-life insurance and the rest was intended for health insurance.

The structure of assets

(in EUR)	Generali zavarovalnica d.d.			
	2022	in %	2021	in %
ASSETS	1,135,545,980	100.0%	1,242,564,646	100.0%
Intangible assets	7,815,254	0.7	7,467,031	0.6
Property, plant and equipment	28,598,443	2.5	30,597,366	2.5
Deferred tax assets	13,428,083	1.2	2,656,567	0.2
Investment property	9,885,908	0.9	10,064,777	0.8
Financial assets and financial investments in subsidiaries and associated companies	41,338,002	3.6	43,379,160	3.5
Financial investments	520,197,452	45.8	582,165,824	46.9
- loans and deposits	5,500,033	0.5	7,948,281	0.6
- held to maturity	8,186,815	0.7	9,541,236	0.8
- available for sale	501,178,125	44.1	560,210,312	45.1
- recognised at fair value through profit and loss	5,332,479	0.5	4,465,995	0.4
Unit-linked insurance assets	380,592,066	33.5	436,136,464	35.1
Reinsurers' and co-insurers' share of insurance technical provisions	37,012,185	3.3	37,788,543	3.0
Assets from financial contracts	26,747,442	2.4	28,095,456	2.3
Receivables	50,990,389	2.5	43,483,790	3.5
- receivables from direct insurance operations	37,855,019	3.3	33,729,406	2.7
- receivables from reinsurance and co-insurance operations	4,023,958	0.4	4,678,875	0.4
- current tax receivables	2,803,506	0.2	0	0.0
- other receivables	6,307,906	0.6	5,075,509	0.4
Other assets	9,877,062	0.9	9,063,918	0.7
Cash and cash equivalents	9,063,694	0.8	11,665,749	0.9

Total investments accounted for EUR 988 million or 87% of total assets. As at the 2022 year-end, EUR 380.6 million was accounted for by unit-linked insurance assets, EUR 520.2 million by other financial investments, EUR 41.3 million by financial investments in Group members, EUR 9.9 million by investment property, EUR 26.7 million by assets from financial contracts (pension insurance) and EUR 9.1 million by cash and cash equivalents.

As at 31 December 2022, the value of property, plant and equipment and long-term intangible assets totalled EUR 36.4 million. The former accounted for 2.5% and long-term intangible assets for 0.7% of total assets. The amount of insurance-technical provisions ceded to reinsurance/coinsurance amounted to EUR 37 million.

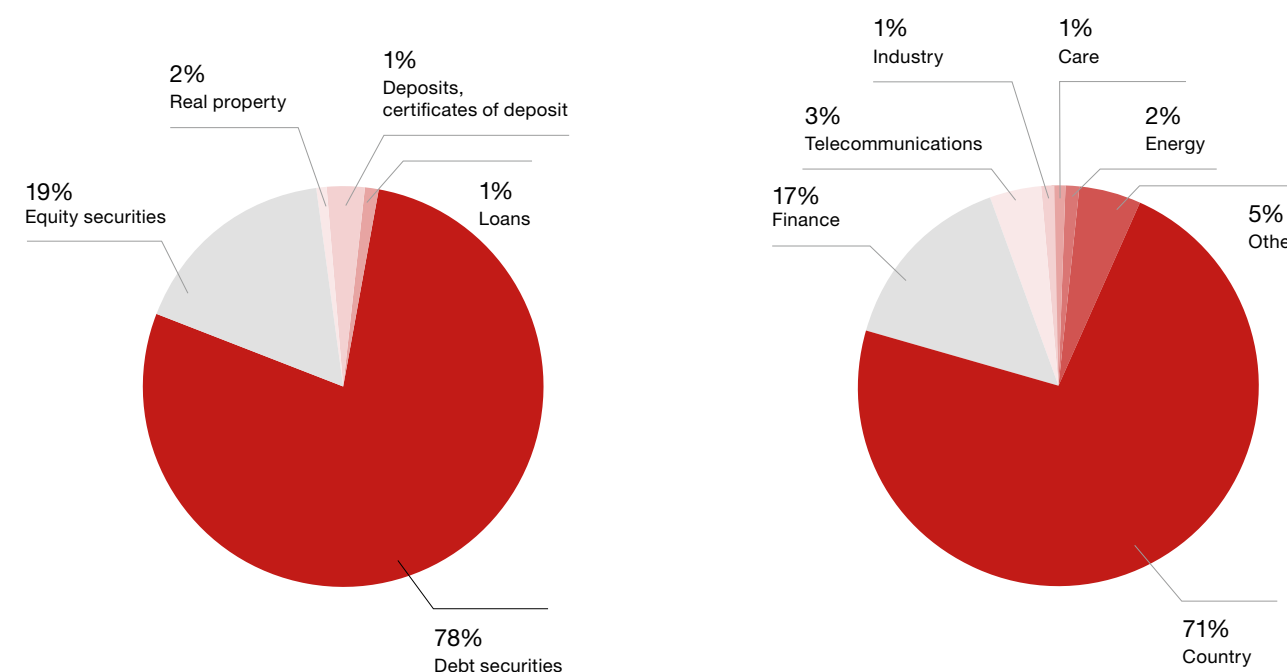


The structure of liabilities

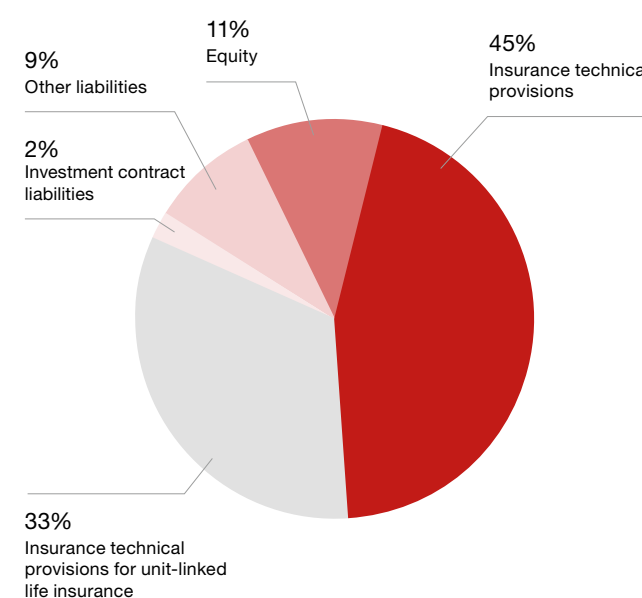
(in EUR)	Generali zavarovalnica d.d.			
	2022	in %	2021	in %
LIABILITIES	1,135,545,980	100.0%	1,242,564,646	100.0%
CAPITAL	119,463,024	10.5	169,238,896	13.6
Capital and reserves attributable to majority shareholders of the Company	119,463,024	10.5	169,238,896	13.6
Called-up capital	39,520,347	3.5	39,520,347	3.2
Share premium	50,197,176	4.4	50,940,548	4.1
Reserves from profit	9,522,501	0.8	9,479,165	0.8
Own shares/interest shares (deductible)	-36,724,702	-3.2	11,619,961	0.9
Net profit brought forward	43,669,509	3.8	33,153,482	2.7
Net profit or loss for the period	13,278,193	1.2	24,525,393	2.0
Insurance technical provisions	508,783,685	44.8	506,272,422	40.7
Unearned premium	90,637,638	8.0	83,055,051	6.7
Insurance technical provisions for life insurance	174,440,412	15.4	174,609,663	14.1
Claims provisions	227,905,032	20.1	217,014,439	17.5
Other insurance technical provisions	15,800,604	1.4	31,593,269	2.5
Insurance technical provisions for unit-linked life insurance	376,885,487	33.2	434,368,201	35.0
Other provisions	8,281,994	0.7	5,659,434	0.5
Deferred tax liabilities	0	0.0	1,735,239	0.1
Investment contract liabilities	26,747,442	2.4	28,095,456	2.3
Other financial liabilities	32,838,923	2.9	34,789,750	2.8
Operating liabilities	32,360,420	2.8	34,646,303	2.8
Other liabilities	30,185,005	2.7	27,758,944	2.2

As at the end of the 2022 reporting period, total equity amounted to EUR 119.5 million. The proportion of equity in total assets stood at 10.5% as at 31 December 2022.

The structure of Company assets by type as at 31 December 2022 (excluding unit-linked insurance assets)



The structure of liabilities of the Company as at 31 December 2022



On the liabilities side, the insurance-technical provisions totalled EUR 885.7 million as at the end of 2022, with their share in total assets of 78%. Within the insurance-technical provisions, the insurance technical provisions for unit-linked insurance were EUR 376.9 million. Other insurance technical provisions amounted EUR 508.8 million.

As at 31 December 2022, operating liabilities stood at EUR 32.4 million, while the liabilities from financial contracts were recognized in the amount of EUR 26.7 million. Based on accrued expenses, other liabilities stood at EUR 30.2 million.



25 YEARS OF SUCCESS

We actively support many outstanding Slovenian athletes, clubs and organizations from various sports disciplines. We firmly believe that cooperation and courage are the key ingredients that determine victory in sports arenas and in business. That is why we are already looking forward to the joint successes ahead of us.

Tea Rojec,
Brand and Communication Department Manager

Dejan Grabić,
NŠ Mura Head Coach

Žiga Kous, Mirlind Dakuand and Kai Cipot,
NŠ Mura players



7. RISK MANAGEMENT AND INTERNAL AUDIT

7.1 RISK MANAGEMENT

Generali zavarovalnica, like the entire insurance sector, is primarily exposed to vulnerabilities arising from financial markets and the macroeconomic environment. The Company has proven to be resistant to both financial and credit risks. Nevertheless, financial instability and the environment of persistently low interest rates, albeit with some inflation which appeared in 2022 and the rise of interest rates, still represent key challenges for the insurance sector and Generali zavarovalnica.

Even after two years, the covid-19 pandemic still had a strong impact on the global economy. However, massive fiscal and monetary policies helped businesses to recover quickly from the shock. Many economies have already recovered the pre-pandemic level of activity, although this jump coincided with sharply rising prices. The summer of 2022 was further marked by the war in Ukraine and related humanitarian emergencies and their repercussions on international stability and macroeconomic effects, especially on the supply, on the prices of energy and raw materials and on further risks of the international financial system. Even against the backdrop of that crisis, the insurance industry once again proved to be a strong and resilient sector.

The solvency position of the Insurance Company thus remained strong, with limited impacts even in 2022 owing to the effective management of key vulnerabilities, especially financial ones; with effective investment management policies and general management of assets and liabilities.

The Company will publish its 2022 Solvency and Financial Condition Report of the Company in April 2023. The Report, together with the 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. The purpose of the SFCR is to **provide publicly available information** about the Company, which information can be used by policyholders, shareholders and other interested parties. Part of the report is dedicated to risks, including their quantification, in the case of Generali zavarovalnica in accordance with the provisions of the Standard Formula.

In the third quarter of 2022, based on the assessment of operations for 2022 and projections until 2025, a capital adequacy projection was carried out for the period. The projection showed that the Company would demonstrate excess capital adequacy and would move within the risk appetite throughout the business-planning period.

In 2022, in line with the Generali Group Strategy, the Insurance Company continued implementing measures and tools for monitoring and managing digital risks, especially in the field of cyber security. Because of the war in Ukraine and, as a result, further tightening of the financial (and other) markets, the Insurance Company continued implementing strict management of market risks and further tightened the parameters of internal liquidity stress testing. In the context of non-financial risks, in the summer of 2022 the most attention was paid to sustainable risk, especially the risk of climate change. Generali zavarovalnica, together with other insurance companies within the framework of the Slovenian Insurance Association, took part in the preparation of a climate stress scenario, which will be included in the Own Risk and Solvency Assessment Report.

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.

The Risk Management Function is responsible for the implementation of the risk management system, consistent with applicable legislation, policies and guidelines approved by the Insurance Company's management. The Risk Management Function supports the management and sector directors as well as other managing staff in determining the risk management strategy, developing risk identification tools, monitoring and managing risks and reporting. Within the framework of its tasks and responsibilities, but especially reporting, the Risk Management Function spreads the culture and awareness of risks and their management across the company. Among the key measures for strengthening the risk management culture are the identification and inclusion of risk owners (the first line of defence) in risk management activities, such as the process of own risk

and solvency assessment, the inventory and evaluation of operational risks and incidents, and the like. An important measure is also the definition and development of new policies in the field of risk management, including the Risk Appetite Framework (RAF), aimed at optimizing the risk acceptance process across the entire Insurance Company.

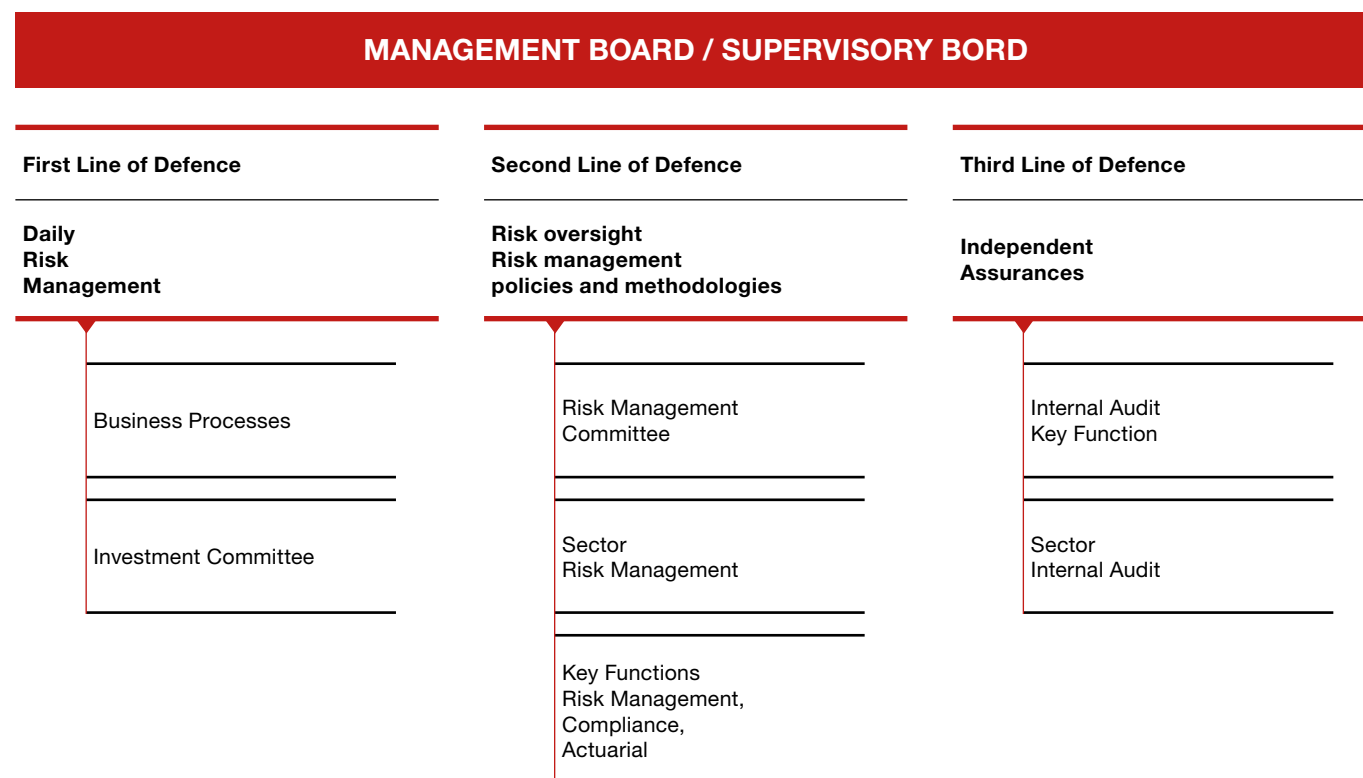
In accordance with the three lines of defence system, the risk management process is implemented throughout the entire Company. The first line of defence, which includes all business processes in the Company (or their owners) and various committees in the company, is responsible for regular operational 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.

As part of risk reporting, the business functions, senior management, AMSB and the Supervisory Board are informed on an ongoing basis about the development of the Company's risk profile, individual risk trends and possible violations of risk appetite, limits and tolerances. From a risk perspective, the most comprehensive report is ORSA, which includes reporting on the assessment of all risks, both current and forward-looking. Furthermore, the Risk Management Function continuously prepares other internal reports and part of the disclosures about risks, which are contained in publicly published

documents such as the Company's Annual Report and the on Solvency and Financial Condition Report (SFCR).

7.1.3 DEFINITION OF RISK CATEGORIES

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

The material risk of the Company in which, directly or indirectly, all the other mentioned types of risk are reflected is the **capital adequacy risk**. 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 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 which may still be developing or which already exist, are difficult to quantify, but can have a significant impact on business. In 2022, 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.

Climate change risks are generated by an excessive increase in CO₂ and other greenhouse gas emissions that affect the Earth'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 risk and physical risk, 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 Generali Group adopted the Strategy on Climate Change as early as in 2018 in order to manage the transition risk, and in particular the risk of stranded investments of companies in the portfolio. The Strategy expresses the Generali Group's strategy for the transition towards a low-carbon future. The concrete introduction of this Strategy in investment activities means the exclusion of companies operating in energy coal and tar sands from 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 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.

The Company 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.

Areas with **increased risks of geopolitical instability** 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.

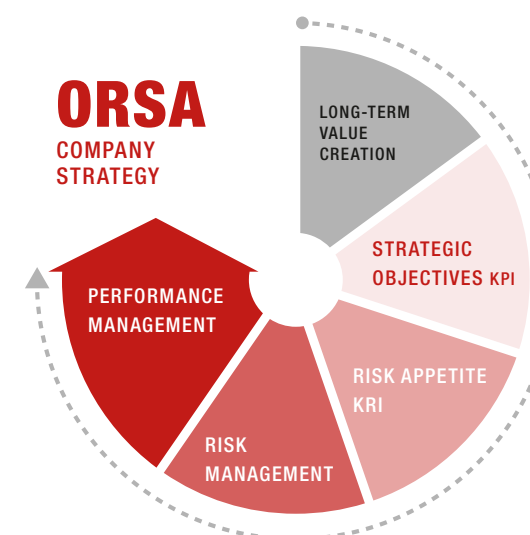
The Company and the Group closely monitor developments around the world. At the annual level, the Company adopts the Framework Definition of Willingness to Accept Risks, which enables effective selection of risks by determining which risks need to be avoided, which can be accepted, and which need to be eliminated completely. The key indicators that guide the Company in risk management are determined, as well as supervisory and escalation activities.

In 2022, this risk was most clearly materialised with the outbreak of the war in Ukraine, and as a result, through interrupted supply chains, it had a large impact on a number of other risks, especially financial ones.

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 of the Company. Tolerances have been set for both indicators and 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 has also been 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 keeps 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 non-life insurance and life insurance portfolios (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

The CSTP 2.0 Cyber Security Transformation Program Project, which saw the implementation of various activities to improve the management of security risks in the field of IT, was completed in 2022. A process for managing security vulnerabilities which are identified in the context of various security checks and regular security scans of our information systems was established. The

Group's Security Operations Center (SOC) monitors events in our information systems 24/7 and regularly informs of detected potential security events.

Several security and cyber self-assessments were carried out allowing us to identify several IT risks, which were recorded in the IT risk management tool. The risks are also recognized in the context of IT audits, security vulnerability management and ad-hoc. In line with the timeline set out in the Digital Risk Management Guideline, the implementation of digital risk management tools and processes continued. The areas of information technology, information security and risk management actively participate in the management of digital risks.

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.

In 2022, the Internal Audit carried out its activities based on the 2022 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 auditing, monitoring and verification of the implementation of recommendations, monitoring of the Company's operations and cooperation with key functions within the Company.

The Internal Audit performed audits mainly in the areas which represent higher potential risks for the Company and on the areas that Internal Audit is required to review on a regular basis 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.

The Insurance Company's Internal Audit also provides internal auditing services for the Insurance Company's subsidiaries, which must, in accordance with the law, provide an internal auditing function. In 2022, 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 North Macedonia.



8. ORGANISATION AND EMPLOYEES



8.1 ORGANISATION AND ORGANISATIONAL STRUCTURE OF GENERALI ZAVAROVALNICA

Generali zavarovalnica d.d. is part of the 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 15 segments, which are further divided into 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.

Organisational scheme

Generali zavarovalnica d.d.			
SECTORS	DEPARTMENTS	FUNCTIONS	SUBSIDIARIES
Insurance techniques	Marketing and PR	Risk Management	Generali Investments d.o.o.
Finance	Customer Support	Actuary for Life Insurance	Ambulanta Zdravje d.o.o.
HR		Actuary for Non-Life Insurance	Lev registracija d.o.o.
IT and Business Operations		General Counselling and Compliance	
Claims Management		Internal Audit	
Regular Sales Network			
Contract Sales Network			
Corporate sales and sales Network			

Our extensive own sales network with 790 employed agents and agents working in the exclusive sales network, together with the contractual sales network, enables us to be accessible to our customers at as many as 981 points of sale throughout Slovenia. Moreover, we successfully extend our own points of sale network with 386 contractual partners, such as non-exclusive agencies, banks, vehicle control stations, vehicle dealers, leasing companies, travel agencies. We are also available online (G24 and WIZ) to customers who look for their insurance protection via modern, digital sales channels.

The Insurance Company's registered office and largest branch are in Ljubljana, while the largest branches can be found in all Slovenian regional centres: Koper, Nova Gorica, Postojna, Kranj; Maribor, Celje, Ptuj and Murska Sobota.

In 2022, our online sales points G24 and WIZ, together with our customers, celebrated the 10th year of online business and received over a thousand congratulations from customers for successful and correct work.



Our online insurance offer is limited to simple modern insurances, but it is becoming richer every year. Thus, in addition to insurances such as Avto (Car), Mladi voznik (Young driver), Zdravje (Health), Zdravje+ (Health +), Specialisti (Specialists), Kolesar (Cyclist), Kuža (Dog), Smučar (Skier), Abroad (Tujina) and accident insurance for young children, Toddler/Pupil/Student (Malček/Šolar/Študent), we also indulged our customers with online insurance Boat (Plovila) and MikroGO insurance to protect everyone who use e-scooters and other form of micro-mobility.

When developing new online offers and solutions, we like to listen to the suggestions of our clients, who recognize an excellent user experience, fast and friendly assistance, efficient handling of claims and very easy insurance renewal upon expiration. We significantly shortened the process of taking out car insurance by entering the vehicle's license plate, which makes it easier for the client to enter vehicle data, client now have the opportunity to view the vehicle remotely, which saves them time and travel. We have also introduced a solution that allows the clients to add or remove coverage from the policy when renewing their car insurance, if their needs have changed.

More and more customers are using the simple online claim reporting application to report claims. We strive to make every online transaction simple and clear, and that the procedure should not take more than a few minutes to the client.

Clients rate and reward us with comments and suggestions; thus in 2022 we received 4,999 ratings and comments, the most common being similar to Nina's comment:



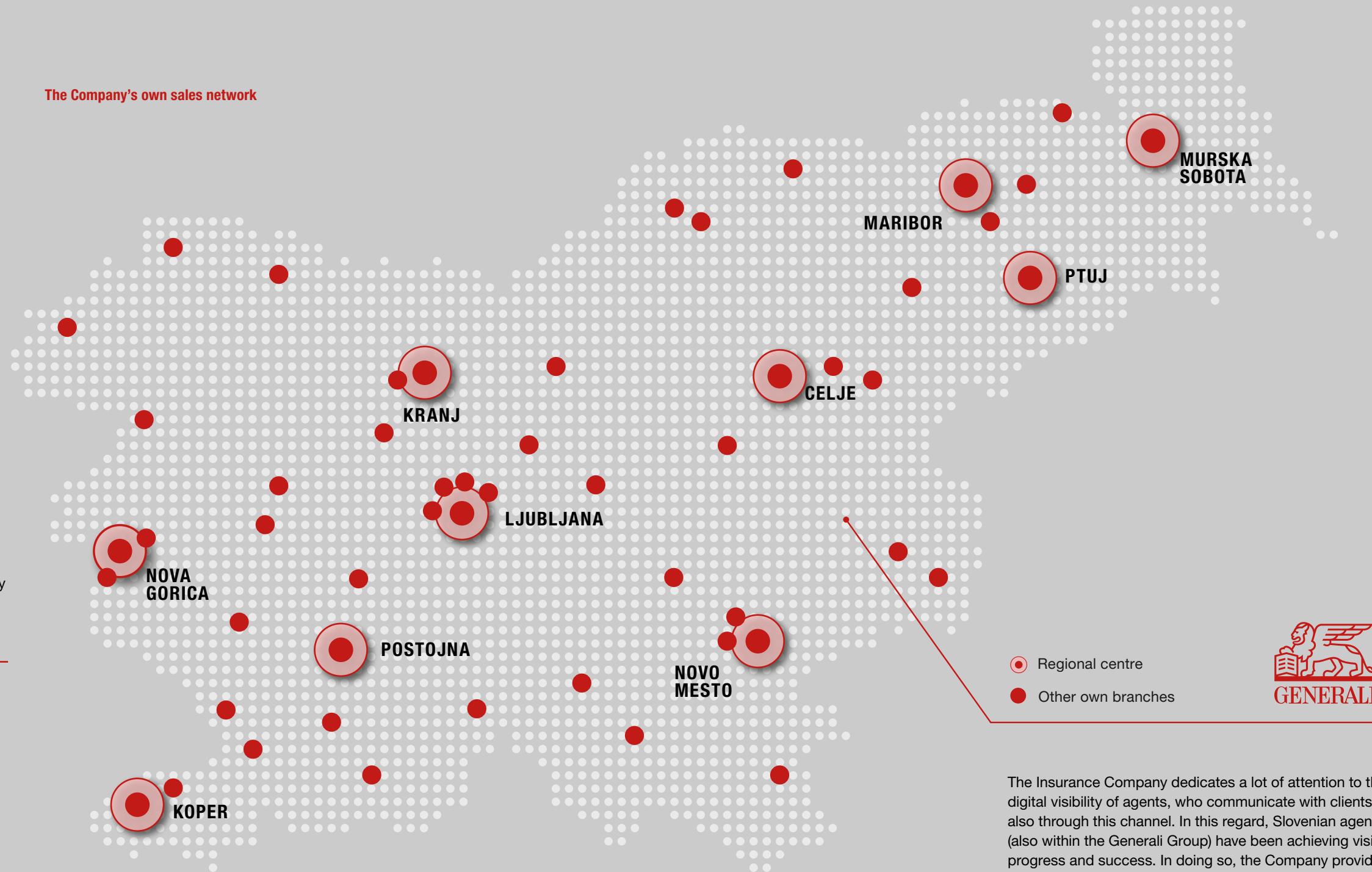
Nina

15. 12. 2022



"Because the procedure is simple and fast, plus everything is explained in a clear way."

The Company's own sales network



- Regional centre
- Other own branches



981
points of sale



790
insurance agents

We provide our clients with a comprehensive range of products and services and an omnichannel approach, and we strive to offer them the best possible user experience, regardless of the method of communication. Digital transformation is particularly visible to clients in the development and introduction of tools and solutions for taking out insurance and dealing with claims remotely, as well as in almost all other communication. The Insurance Company offers its clients a combination of personal and virtual cooperation tailored to their needs; the clients may choose the path to arrange their insurance as comfortably, easily and transparently as possible.

The Insurance Company dedicates a lot of attention to the digital visibility of agents, who communicate with clients also through this channel. In this regard, Slovenian agents (also within the Generali Group) have been achieving visible progress and success. In doing so, the Company provides them with support, education and tools enabling them to stay connected with their clients at all times.

The ambitious strategic goals we have set ourselves in the field of human resources are achieved by competent, committed and satisfied employees, who are actively involved in HR strategic initiatives.

A large portion of human resources activities in 2022 was thus dedicated to initiatives for sustainable development, the continuations of development of lifetime partnership competences, development of the employees, management of potential personnel, initiatives of diversity, equality and inclusion, and to upgrading of the hybrid work environment.



8.2 GENERALI PEOPLE

Number of employees

Matična družba	Number of employees						Difference	
	2020		2021		2022		2022/2021	
	per person	FTE	per person*	FTE**	per person*	FTE**	per person	FTE
Generali zavarovalnica d.d.	1,340	1,315.30	1,305	1,283.43	1,296	1,277.55	-9	-5.88

* The number of employees as at 31 December 2022.

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

On 31 December 2022, the Generali zavarovalnica had 1,296 employees. Taking into account the employment share, 1,277.55 employees worked in the Company.



8.2.1 DEMOGRAPHIC AND OTHER CHARACTERISTICS OF EMPLOYEES

Employee data are given as at 31 December 2022.

At the end of 2022, Generali had 1,296 employees, of which 96% worked full-time and 4% part-time. Most of our employees were employed for an indefinite period (97%).

Working hours	No.	%
Full-time	1244	96
Part-time	52	4
Total	1296	100

Employment Contract	No.	%
Indefinite duration	1258	97
Fixed-term	38	3
Total	1296	100

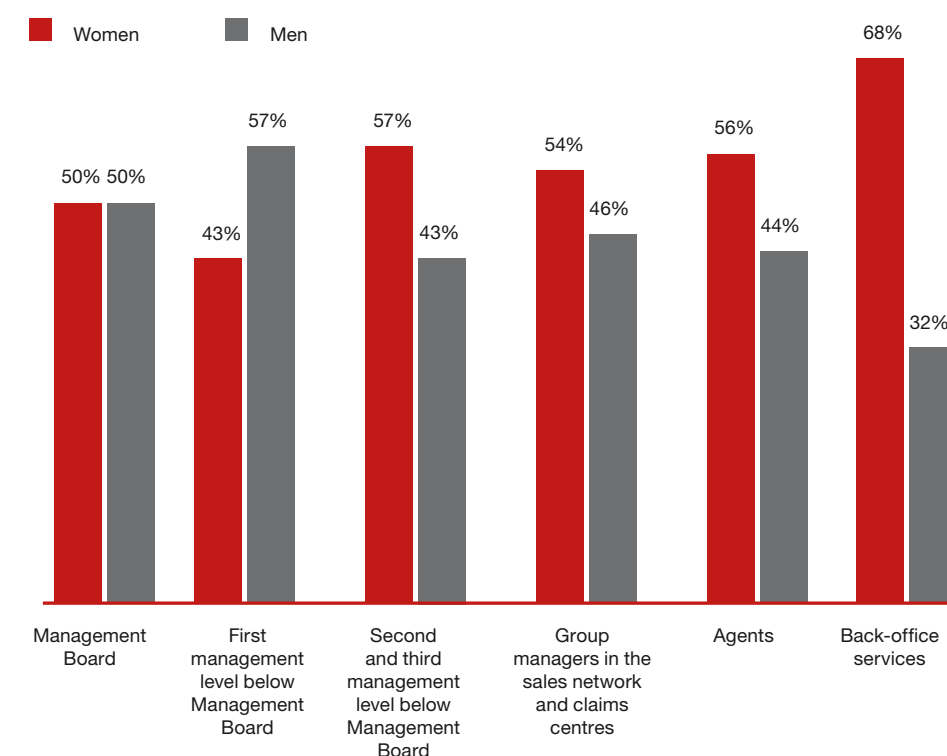
Our employees are spread at various locations across Slovenia, with the largest share working in Ljubljana (42%) and Koper (19%):

Employees by location	Number	Share in %
Ljubljana	545	42
Koper	244	19
Maribor	109	8
Celje	80	6
Kranj	46	4
Nova Gorica	46	4
Murska Sobota	41	3
Novo mesto	43	3
Ptuj	30	2
Postojna	23	2
Other locations	89	7
TOTAL	1296	100

According to the level structure and type of work, the Insurance Company has 9% of senior and middle management staff, 3% of sales group managers and claims centre managers, 28% of agents and 60% of employees in the back offices:

Employees by levels	No. of employees	Share in %
Management Board	4	0.3
First management level below Management Board	14	1
Second and third management levels below Management Board	99	8
Group managers in the sales network and claims centres	35	3
Agents	366	28
Back-office services	778	60
Total	1,296	100

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



63%
Women



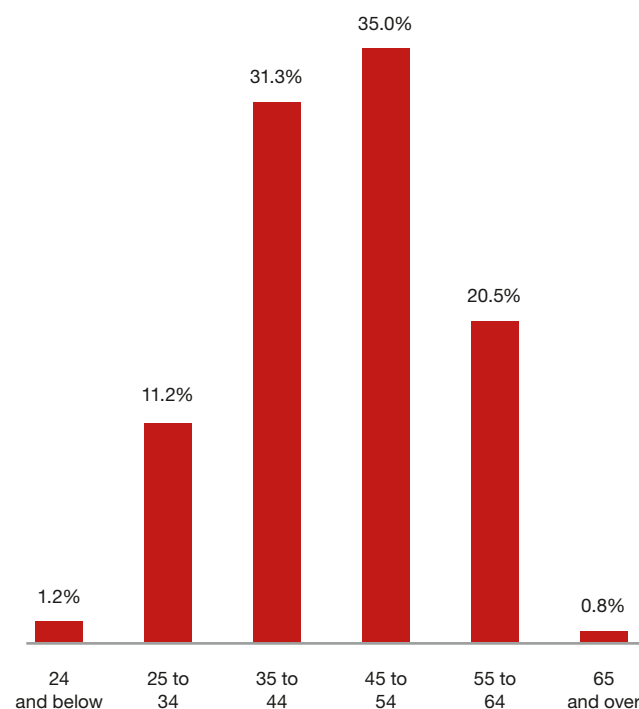
37%
Men



46
Average age



The average age of employees was 46 years. The age structure is dominated by the 45 to 54 age group (35%), however in recent years we have been increasing the share of young people:



The largest share (44.4%) of the employees of Generali zavarovalnica has completed level VII or higher education.

Level of education	2020	2021	2022
	Share (in %)	Share (in %)	Share (in %)
Level I-IV	3.3	3.2	3.1
Level V	36.7	36.6	36.3
Level VI	13.3	13.8	14.2
Level VII	43.7	44.3	44.4
Level VIII-IX	3.0	2.1	2.0
Total	100	100	100

8.2.2 HR STRATEGY IN 2022

The year 2022 was marked by both a new 3-year business strategy and a new 3-year HR strategy. The GPeople24 human resources strategy is based on four pillars:

- Customer-centric, sustainable and meritocratic culture,
- diversity, equity and inclusion,
- development in business and digital skills,
- effective organization and development of a sustainable hybrid work model rooted in digital.

At the forefront of our operations is the focus on sustainability in all areas, including HR, where, in accordance with the strategy, we focus on the development of lifetime partner competencies, sustainable leadership, a balanced hybrid work model and the development of a culture of a learning organization. We want to systematically connect different generations in the work environment, which will be achieved by introducing an intergenerational mentoring program. Through international mobility and the formation of teams with different cultural backgrounds, we will intensively develop a global mindset. The ambition to become a lifetime partner to our customers, changes in the world and the increasing digitization require us to continue investing in the development of the key skills of our employees. In this area, we focus mainly on the development of the educational ecosystem and the upgrading of learning platforms, on the development of digital and business skills, while our potential personnel programme is expanding and at the same time deepening its impact in parallel with the involvement of potential personnel in key company projects. We will continue to optimize our organization, processes and technology with the aim of creating an agile working environment and new working methods. One of our important goals is to create and maintain a sustainable, balanced, hybrid work model.

8.2.3 EMPLOYEE DEVELOPMENT

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 wing of the Generali Academy (GAS). We are proud of the company-internal transfer of knowledge, provided by internal lecturers. Their contribution was awarded in 2022 for the first time with the TOP Lecturer of the Year award.

In the field of employee development, we carry out training activities as part of the Academy and of our own learning platform WeLearn, a comprehensive program related to onboarding of new employees, management of potential personnel, encouraging colleagues to participate in the Generali Group's project mobility programs, and we also create opportunities for co-creating organizational culture in the form of hackathons.

Annual educational plan

Generali Academy Slovenia takes care of educational programmes in the Company. The Academy develops development programs and ensures their implementation and the active implementation of educational goals. Furthermore, in 2022, the trainings continued to be implemented under the hybrid implementation model - some training sessions take place live, others online, and we also conduct asynchronous trainings via the WeLEARN and eCampus educational platforms. In addition to local educational programmes, our colleagues are also involved in various long-term international professional training within the Group's programmes such as GATE, New Role Schools, Upskilling and Reskilling programmes, Future Owners, Exponential Leadership Journey, etc.

In 2022, training needs were systematically collected through the system of digitized annual interviews and an annual training schedule was prepared in line with the strategic direction of development of competences of the future. In 2022, our full-time employees received 69,750 hours of training, of which 2,423 hours were allocated to management training. Each employee attended at least one training session in 2022, and each employee received an average of 53.81 hours of training, 7 hours more than last year. We carried out 19,844 hours of training for our contractual partners.

 **69,750**
hours of training in 2022

In terms of content, the year 2022 was marked mainly by the introduction of the new Generali Group Strategy followed by a dedicated online course. In the light of the hybrid work model, we gained new knowledge in the

area of online security. We continued developing lifetime partnership skills, digital skills, agile work methods, effective challenge solving, excellence in communication and leadership in a hybrid work environment. Employees completed 8,885 hours of international training in the areas of the Strategy, business compliance, IT security, code of conduct, the new IFRS17 accounting standard, data science, customer experience, creative thinking, process automation and various technical and professional areas in the insurance industry.

Special thematic training sessions were conducted as part of the so-called "team-bonding", aimed at stimulating two extremely important components of the new work model in a hybrid work environment. The first component is the maintenance of live contacts between departments having several common points from a process point of view. Colleagues were given the opportunity to get to know each other, to connect and to build relationships with colleagues with whom they otherwise work online. Another important component is diversity and inclusion, challenges were addressed in groups where different generations, mindsets and professional backgrounds met.

The intergenerational aspect of social responsibility is pursued within the framework of cooperation with students, enabling them to gain experience already during their studies. We cooperate with various secondary schools and universities, enabling students to complete mandatory practical training and gain their first work experience. We support our employees in work-study and obtaining a higher level of formal education. In 2022, we also collaborated with students at a hackathon called Innovative Allnighter, where 40 students sought a solution to our challenge - how to bring insurance services closer to young people.

Time for insurance and Time for knowledge

As part of the activities for employees, in 2022 we continued the series of webinars in the thematic clusters "Time for insurance" and "Time for knowledge". The webinars were held regularly once a week and were aimed at addressing two important topics - furthering knowledge about the insurance industry and developing the knowledge and competences of the future. In the past year, as part of Time for Insurance, we learned more about various topics, including manufacturer's liability insurance, medical professional liability insurance, the GDPR and the protection of personal data, car assistance, international claims were presented, and the management presented us the new Generali Group strategy. As part of the "Time for Knowledge" webinars,



we addressed sustainability topics such as diversity, equality and inclusion, intergenerational dialogue and customer satisfaction, as well as communication in the B1 language. We also learned more about the topics covered by the socially responsible employer certificate. The Time for Knowledge project is also strategically important from a regulatory point of view, as it allows employees to accumulate training hours at a routine time, as dictated by the IDD and the Insurance Supervision Agency. Colleagues will once again vote for the TOP Lecturer of the Year and propose topics for next year.

Lifetime partner for newly-recruited staff

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 newly-recruited employees through the behaviour of a lifetime partner (responsibility for success, innovation, personal approach and simplification of complexity). The “Become a Lifetime Partner” workshops were held twice and were attended by everyone who joined Generali in 2022. The ambition that all employees attend the workshops, learn about the behaviour of a lifetime partner and make a commitment to implement them in their everyday work is thus maintained.

Management in the new normal

In 2022, we continued assisting the managers to operate in the new normal, which brings new challenges in the field of employee management. The MAP2theNew programme continued with the leaders adopting the material of the last, third module. The Management Academy, where both the spring and fall groups filled all open positions, focused on sustainable leadership and leadership with purpose. In four modules, managers learned about agile tools for increasing empathy and belonging, the areas of sustainable leadership and the importance of diversity, equality and inclusion in the team.

Managers who took on the role of manager for the first time in 2022 were given the opportunity to participate in the Leadership and Management 1.0 training, where they laid the foundations of management skills through six modules.

Senior management representatives refreshed “Coaching Skills for Managers” in four full-day modules. The programme was adapted for the top management and prepared with the aim of learning how to encourage employees from top to bottom to take responsibility for their own development in our work environment. The same central topic was also presented to the entire middle

management as part of the preparations for the annual development interviews.

In 2022, the heads of the sales groups continued with training sets of management-related content at the “From a good to an excellent manager” training course.

Education in sales

Equipping newly-recruited sales employees with the skills they need to excel in the future remains a key focus of our training programme. Again in 2022, the onboarding programmes for new sales employees continued enabling them to acquire knowledge and skills for a successful start with the work of an insurance agent through the *First Voice* and *Voice* modules, and to acquire all the necessary skills to be successful at the licence testing through the *I will obtain the licence* training. In addition to all the product trainings organized by the Regular Sales Network, the *Financial School*, *Upgrading Sales Skills* and product-focused *How to Sell* training programmes were developed to support the development of competencies.

Management of potential personnel

2022 saw the commencement of a special programme for the development of those employees who were recognized, through a systematic evaluation process, as having ambitions and potential for accelerated development. The identification process took place in several steps, and a pool of 35 individuals to be included in the Development Accelerator programme was formed through nomination and validation processes. An individual approach to development was pursued through development tasks within the workplace. Furthermore, training was conducted in the field of project management based on the principle of creative thinking. Potential employees are also involved in company-level projects, thus they participated in the “world cafe”, where they co-created guidelines for a balanced way of hybrid work.

8.2.4 AWARDS

2022 brought us some publicly recognized HR successes. At the Slovenian HR Congress, the Company received the MEGA 2022 award, supported by the Ministry of Labour, Family, Social Affairs and Equal Opportunities and the European Social Fund. We impressed the commission in the category of intergenerational cooperation with our Lifetime Partner workshops, which were as an opportunity to exchange digital skills between colleagues of different generations.

On a European scale, the Company was ranked among 13 companies that won the WAC (Workplace Active Certification) certificate. The certificate was received owing to the many activities carried out in the Company to promote the physical activity of employees at their workplace. The certificate followed the beActive Workplace Award received in 2021.

8.2.5 EMPLOYEE BENEFITS AND THE QUALITY OF LIFE IN THE COMPANY

Socially Responsible Employer Certificate

In 2022, we pursued the goal of obtaining the full Socially Responsible Employer (SRE) certificate by applying a wide range of measures, and we further want to use additional measures to increase satisfaction, motivation and commitment, to ensure a better organizational culture and climate, and employee cooperation. In June 2022, the Company signed an annex to the umbrella agreement, whereby the existing SRE certificate was included in the SRE umbrella certificate as one of the four pillars. Our activities and contents were aimed at raising employee awareness in the areas of social responsibility and organizational management - in this context, the employees were familiarised with the content of building biology and fire safety. Employees were actively involved in volunteer activities within the framework of the THSN (The Human Safety Net) movement, which are implemented in cooperation with the Association of Friends of Youth Ljubljana Moste - Polje. In the area of environmental care, the employees were made aware of the economical use of energy, reduction of waste, use of paper and water, and sustainable mobility. In terms of health protection, we followed our most important goal, namely that our employees stay healthy and satisfied. To this end, we took care of the ergonomic arrangement of workplaces, we held professional webinars for our professional staff and taught employees how to best equip their home office, and we also took care of vulnerable groups of employees and adapted their working environment. In the field of intergenerational cooperation, we held a webinar for all employees on generational differences, we prepared a mentoring concept and completed the first stage of the new intranet functionality “Praise and Thanks Board”. In the area of promoting and harmonizing professional and private life, we continued our already outlined path by implementing measures such as a time bonus, school-holiday childcare, New Year gifts to children of employees and gifts to newborns. Among

these measures, greatest attention was turned to the field of psychological counselling, as the epidemic caused an increased interest in and need for this service.

The social responsibility imposed by our basic SRE certificate is one of the core values of the Company, as well as the basis of the healthy and stimulating environment we strive to achieve in our business.

Promotion of health

In the field of workplace health promotion, in 2022, the Company systematically and targeted activities and measures with the aim of preserving and strengthening the physical and mental health of employees. It is a combination of changes in the physical and social environments and in the health-related lifestyle, because there is no mental fitness without physical fitness and vice versa. All health promotion activities are linked by the joint efforts of the employer and employees to improve health and well-being at work. This is achieved by combined improving of the organization of work and the working environment, encouraging employees to actively participate in activities which protect and strengthen health, enabling the choice of a healthy lifestyle, and encouraging personal development. In this process, it is essential that all employees are included under the same conditions and that their needs and attitudes regarding improvements in the organization of work and the working environment are taken into account.

In the area of health promotion, we organized online active breaks and exercising, weekly deliveries of fresh fruit, short massages at the workplace, blood pressure, sugar and ankle index measurements, walking tests, psychological counselling and various sports activities outside working hours, some of which also taking place within the framework of the Sports Club, and we also held health promotion webinars, which were attended by 1,373 employees.

In line with the applicable legislation on safety and health at work, the Company tends to the health and well-being of its employees - 363 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 further reflected in the reduction of injuries, health disorders and diseases of the employee.



Sports Club

Among the major objectives of the Club are co-creating a positive atmosphere in the Company, strengthening ties between colleagues outside of working hours and promoting a healthy lifestyle. In 2022, after the lifting of restrictions to prevent the spread of the SARS-CoV-2 virus infection, many of the Club's well-established activities, were established again: guided recreation, fitness, badminton and other exercises, which members participate in as part of annual subscriptions. The hiking section carried out 5 mountain trips, the cycling section carried out 2 cycling trips, while a tourist trip to Belgrade was also organized in September. The sports team of the Generali Insurance Company took part in the Summer Sports Games of Financial Organizations (ŠIFO) and won an overall second place. The annual social sports meeting of all employees (including contractual employees and pensioners), attended by more than half of our employees was held. 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.

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. In response to the war in Ukraine, in cooperation with the Workers' Council, the Trade Union and the Company's Management Board, the Company accommodated a Ukrainian family in one of the apartments.

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. In addition to the employees who are included in both schemes, 1,029 family members are included in the collective accident insurance, and 817 family members are included in the Specialists with assistance health insurance. Moreover, 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 2022, 55.25% 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.

8.2.6 MONITORING EMPLOYEE ENGAGEMENT

The Company is fully aware that the ambitious strategic goals set in the field of human resources can only be achieved by engaged employees. As part of the Generali Group, the Company is involved in regular and systematic monitoring of employee engagement. In the past, the global employee engagement survey was conducted every two years, last time 2021. In 2022, however, we introduced a change, namely the global engagement survey will now be conducted every 3 years, and a shortened Pulse Survey will be conducted every year in the interim. The first pulse survey was conducted in October 2022. The participation of employees in the survey was 95%, which means that relevant data were obtained, from which reliable conclusions can be acquired, reliable conclusions made and thus appropriate action plans implemented.

In 2022, we also decided to join the Golden Thread Project and, with the help of a different methodology, measure the quality of relations between employees and the organization, since these have a significant impact on the dynamic growth and development of the Company and the achievement of business excellence. The employees completed an online questionnaire in December, while the next steps comprise the analysis of the results and the development of further action plans.

8.2.7 INTRANET

 **1,700,000**
hits

 **90,000**
video content views

 **150**
author videos

 **508**
internal news items

 **41**
weekly newsletters Generali Fokus

The Intranet Generali Kompas is the entry point and window into the work environment of every employee. It is an intuitive tool that is recognised for its user-friendliness and a very extensive but transparent amount of documents and applications used by employees on a daily basis. The Intranet was upgraded in 2022 to reflect new user needs. Thus it represents a fundamental communication platform, remains the focal point for information and education and, last but not least, is one of the building blocks of the culture of cooperation within the Insurance Company.

We are proud when we look back at the numbers which tell us that last year we recorded more than 1,700,000 hits, more than 90,000 views of video content, the publication of 508 news items, 150 published author videos, 41 published Fokus weekly newsletters received by employees as well as those employed in authorized agencies and in the subsidiary Generali Investments.

8.2.8 WORK-RELATED INJURIES

With our activities, we active strive to ensure legislative requirements in the field of health and safety at work and fire safety. Safety risks are identified by recording risky events and eliminating hazards in the work environment, by training employees in the field of healthy and safe at work including using personal protective equipment, which employees receive based on a risk assessment. We work proactively in reducing the risks of work-related injuries, we check the conditions and monitor compliance with the instructions for safe work in the Company's premises as well as when working remotely. In recent years, by organizing business

processes and training, we managed to enable most employees to work from home or work remotely.

Our long-term goal is to be an employer without injuries at work, which we want to achieve by implementing various preventive activities and improvements. For years we have not been able to achieve this completely, nevertheless the number of accidents in the workplace was halved compared to 2021. Both recorded accidents, which required absence from work, occurred in the work process due to careless walking.

Work-related injuries - The number and share of injuries	2020		2021		2022	
	number	share in %	number	share in %	number	share in %
At work	0	0	1	25	2	100
During business trip, training	0	0	2	50	0	0
Absence due to injury at work from previous years	0	0	1	25	0	0
	0	0	4	100	2	100
Lost time due to injuries at work	2020		2021		2022	
	number	number	number	number	number	number
	0	96	21			



25 YEARS OF RESPONSIBILITY

When it comes to social responsibility, only actions that change our lives and the world for the better count. That is why we collaborate with numerous organizations with whom we co-create inspiring and advanced solutions. One of them is the 3D zebra crossing project, where we jointly contributed to a greater safety in traffic-calming zones.

Svetlana Almaš,
Head of Marketing and Public Relations

Robert Štaba,
initiator, founder and President of the Varna pot Institute



9. CUSTOMER AT THE CENTRE OF PRODUCTS AND SERVICES

Today, more than ever before, customers want simple and comprehensible, clear and transparent solutions, regardless of where they take out insurance (either at the insurance company, at the customer's home, at the bank when raising a loan, at a vehicle control centre when registering a car or on the web).

We are aware that we must always use modern solutions and ingenuity to the satisfaction of our customers and be the first to take a step forward to provide even more simplified accessibility of our services. At the same time, we strive to maintain the best customer experience with our services and products, regardless of where the cooperation takes place, with us or our partners. Our goal is to ensure the highest level of customer satisfaction, which is why we strive and implement the principles of lifetime partnership with customers on a daily basis. Regardless of whether it is comprehensive support in using or purchasing our insurance products and services, support in using the many club benefits of our partners or assistance in achieving a healthier lifestyle.

9.1 MARKETING AND COMMUNICATION

2022 was very dynamic in the field of marketing and public relations, but also very successful. In addition to the Generali Group business strategy, which defines our work in the new strategic cycle, the focus was on the 25th anniversary of business of Generali zavarovalnica in the Slovenian market. The event was marked by the consequences of the Russian-Ukrainian crisis, which were universally felt, both by the economy and consumers. In the latter group, the consequences were reflected as uncertainty and a more prudent consumption - in search of a better balance between price and value.

Despite the challenges, the year ended very successfully, the Company exceeded its marketing goals, strengthened the power of the Generali brand and achieved the highest RNPS score after the merger (i.e. how likely are our customers to recommend Generali zavarovalnica to their friends and acquaintances)*.

In addition to our customers, our work in the field of marketing and public relations was also rewarded by the professionals. We received the international IABC Gold Quill Award, which rewards communication excellence, and a special prize in the 2021 Best Annual Report contest of the Finance magazine.

In the field of marketing communication, we designed a marketing and communication campaign emphasizing our commitment to customers to celebrate Generali's quarter-century of business in the Slovenian market. An overview publication presenting the most important milestones and events since the Insurance Company has been present in Slovenia was published at the same time. The operation of the Insurance Company through

*Source: Epiphany, Brand Health & RNPS Tracking, 2022

the eyes of our customers and employees was also the common thread of the award-winning annual report. We also celebrated the important anniversary internally, and the highlight was the event where, for the first time since the end of the epidemic, all the employees of Generali zavarovalnica met again in person.

The third quarter saw the presentation of the continuation of our successful global Reditude campaign. The ads in this series celebrate the diversity of individuals and their needs, which at Generali zavarovalnica, as a true lifetime partner, are always listened to and offered the right insurance solution.

The novelty introduced by Generali zavarovalnica before the summer is the ZAME (For Me) Loyalty Programme. The Programme brings to all our present and yet-to-be-met policyholders various benefits from our partners, insurance advantages and a wide range of content and useful tips for a healthier and more active lifestyle. The introduction of the ZAME Loyalty Programme was supported through both our own and leased communication channels, and ZAME was connected with our sponsorship activities. Reactions among users have been very positive from the very beginning, as they recognize the added value that membership in the Programme brings. Moreover, as the name suggests, everyone can find something for themselves in ZAME.

In the past year, close attention was also paid to digital and content marketing, which we want to employ to effectively address new potential customers and offer them enough reasons and information to contact us. At the same time, we also offer our customers a series of hints and tips which help them make the most of the insurance policies and included services. We continued providing support in enhancing digital visibility of our agents on social networks and the web in general. By offering them activities and content, we greatly increase the percentage of agents who actively use digital channels every year; we repeatedly present our good practices to other markets in the Group.

We ended the year on a charitable note. The Paint Your Memories Project, which draws attention to the issue of dementia, was well received by the public. Through content marketing and in cooperation with experts from the Spominčica Association, we prepared a lot of educational content and presented it on social channels, while users uploaded over 4 thousand photos on our website, which we used to create colouring books for their loved ones. Indeed, colouring has been proven to strengthen cognitive abilities in the elderly. Since it is a pressing social issue, we also made a donation to the

** Source: Internal survey 2022

Spominčica Association. And since the responses were extremely positive, we decided to continue the campaign in the coming year and contribute as much as possible to raising awareness of this disease, which has become one of the greatest medical challenges of modern society.

9.2 CUSTOMER CARE AND SUPPORT

Direct contact with customers, monitoring of their satisfaction and sales support may be implemented via a series of opportunities, the central toll-free number 080 70 77, email address info.si@generali.com, My Generali Portal, Facebook, Chat and personal contact in branch offices.



502,098
communications with clients via
all communications channels.

By providing individual consulting and asset management consultation in the area of life and pension insurance, in 202 we retained a total of EUR 56,611,145 of surrender value. We assisted patients in ordering health services as part of the national tender for improving accessibility to medical services and assisted them in ordering all services of the Specialists with Assistance insurance.



90%
of the policyholders are
satisfied with the Customer
Care and Support Centre.**



9.3 HEALTH INSURANCE ASSISTANCE

We help customers to assert their rights arising from additional health insurance coverage Specialists with Assistance and Transitional Care. We arrange appointments for medical services in private healthcare with our contractual partners and help customers book appointments in the public healthcare system when they ask us. We offer information on the content of the insurance, health service providers and the method of asserting insurance rights. When they are unable to take care of themselves due to their health condition, we provide them with help at home, and we also arrange transportation for specialist check-ups or chemotherapy treatments. When they want to make sure that the treatment is taking place correctly, we provide them with a second medical opinion from abroad. In case of need for psychological help, we provide psychotherapy to the policyholders.

The number of medical services provided through our assistance center is increasing year by year. The reason for the large increase is the large number of new insurance contracts, people's awareness of the rights from individual coverages, as well as the challenges our public health system is facing.



18,059
cases dealt with
in 2022



+ 40%
as in 2021

Due to diseases and injuries of the musculoskeletal system, we intervened in almost half of the cases (approx. 9,000) and most examinations were arranged in the field of orthopaedics. This includes specialist examinations by orthopaedists, associated diagnostic tests such as X-rays and MRIs, as well as physiotherapy and surgeries. Following are, in approximately the same proportions (approx. 1,500 cases each), examinations and associated interventions in dermatology and plastic

surgery, cardiovascular health services (specialist cardiology and phlebology examinations, diagnostic ultrasound examinations, Holter monitoring, spirometry, vascular interventions...), gastroenterological services and proctological health services (specialist examinations and endoscopic examinations) and diseases of the nervous system (neurology). In 2022, the number of cases from prevention coverage also increased significantly, namely by approximately 60%, as the waiting period for these coverages expired for a larger number of policyholders.

Considering the increased volume of concluded insurance contracts and claims for asserting rights from coverages, the number of telephone calls and communications via electronic media also increased. We recorded 15% more calls and 37% more communications via electronic media than in 2021.



4.9 of 5
average rating of customer
satisfaction with Health
Insurance Assistance services

Customer satisfaction with the services of the Health Insurance Assistance was at an extremely high level for the second year in a row, with a average rating of 4.9 out of 5, which is the highest possible (4.9 in 2021 as well)*. The same rating was given by the policyholders to our contractual partners who provide medical services.

9.4 MOJ GENERALI

The Moj Generali (My Generali) Portal enables the customers to conduct comprehensive digital business on all devices. The customers may independently check their policies, check the status of payments, report and monitor claim settlement progress and establish contact with the Insurance Company. The Portal also provides easy and quick viewing of the state of financial assets of pension and life policies, which ensures better control and easier planning for the future. E-commerce simplifies and speeds up communication with the customer, and at the same time significantly helps to preserve the environment by reducing the amount of paper used.

9.5 SECURITY FIRST

By establishing the Secure Communication system since 2021, we guarantee all users a simple, fast, but at the same time the most secure exchange of sensitive documents and messages via digital channels. In addition to security, the process of handling received requests, complemented by the optimization and automation of most internal processes depending on the type of requests received, is also crucial. Secure communication is closely related to the Moj Generali Portal, as the entire communication with the customer, once registered, remains visible on the Portal.

9.6 GENERALI LOYALTY PROGRAMME ZAME

The year 2022 was marked by the launch of the Generali ZAME (For Me) loyalty programme, which introduces something new, something special, something tailored to the needs of each individual, for our existing customers but also for those who are yet to become customers. The common thread of the loyalty program is ensuring safety, providing more affordable insurance and rewarding a healthy and active lifestyle. The Programme also includes a wide network of loyal partners, thus providing its members with the best offer of various benefits. The best and exclusive benefits are reserved for our most loyal customers. We have combined existing insurance products and services into a transparent scoring method. The number of points is reflected in the level of loyalty (basic, bronze, silver and gold) and allows rapid progression between levels. The ZAME mobile application also helps Programme members to monitor their active life, as it further rewards a healthy lifestyle and offers plenty of useful advice and content (from advice on nutrition, choosing trips and sports challenges, to daily fresh healthy tips for good mood and even better fitness).

*Source: Generali zavarovalnica Internal customer satisfaction survey (Medallia NPS), 2022, N=26.339 | ** Aragon, BrandTrack online survey, commissioned by Generali zavarovalnica, March - April 2022, representative sample of the general Slovenian population, N=1,000 | *** Epiphany, Brand Health and RNPS Tracking online survey, commissioned by Generali zavarovalnica, August - September 2022, representative sample of financial decision makers in a household with at least one insurance policy, N=651.

9.7 MONITORING CUSTOMER SATISFACTION

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

Based on customer feedback, in 2022 we introduced a number of changes in our business and paved the way for a lifetime partnership. For example, we enabled customers to have a video inspection of the vehicle and to report previous damage before taking out or renewing car insurance online.

NPS index 71 in 2022

The customer satisfaction NPS index of the Company* has improved compared to the previous year and reached a value of 71 (66.7 in 2021), which confirms that customers are very satisfied with our work

Our work is also confirmed by the good perception of the Company. In 2022, compared to the previous year, we improved our position in terms of experience and stability** and, compared to all insurance companies, we achieved the best perception in offering the best value for money (premium)***.

*Source: Internal survey 2021, 2022



Generali has the best value for money on the Slovenian insurance market.

On the path of the lifetime partnership, we also strive to improve the user experience of our customers and to simplify processes. In 2022, we achieved the highest satisfaction index among customers of insurance companies who submitted a claim to their insurance company in the last two years*.



The highest satisfaction index of customers with claim settlement processes in Slovenia.

9.8 SIMPLE CLAIM SETTLEMENT PROCESS

2022 was marked by a gradual return to the pre-covid way of working, however retaining components that became relevant during the epidemic. The new present of working in claim settlement is a combination of hybrid work and on-site work, which employees accept as a positive option that allows them to better balance their private and work lives (source: Engagement survey, October 2022). In addition to rapidly increasing inflation and measures against it, the loss events were marked by numerous natural disasters (hail, storms, downpours) occurring from May to September. The most affected areas were Celje and its surroundings, Prekmurje and finally Ljubljana and its surroundings. Despite the extremely increased amount of claims, we organized the work very successfully. We perceive as the biggest success the fact that the number of loss events, which consequently leads to difficulties in overcoming the clogging in the claims settlement

process, was not reflected in the level of customer satisfaction. In terms of customer satisfaction, we thus reached an enviable level and customers recognize us as an insurance company that successfully fulfils its promises made when insurance is taken out.

The Company NPS customer satisfaction index** of 76 during the period of increased number of loss events, is comparable to the NPS satisfaction index in the entire 2022 (77)***.

In our work, precedence was directed towards the internal and external simplification of claim settlement processes based on a greater interaction with customers, who respect this and reward it with an evaluation of our service. A lot of our activities was focused on reporting damage as quickly and efficiently as possible. The online application for claim reporting was simplified, and the so-called quick damage report was implemented to facilitate working in claims centres. In this the user experience was further simplified for our customers.

Progress was made in assistance services, which we see as one of the important priorities and which we intend to enrich in the future. With the support of digitization and automation, we are already implementing further process simplifications.

10. SUSTAINABLE DEVELOPMENT

Our commitment is to ensure long-term financial performance and to 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's and Generali zavarovalnica's strategy.

Investment is a key aspect of our business. It has a significant impact on the real economy, thus it can be actively linked 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 capital strength and financial return, as well as demonstrate social responsibility towards the wider community and thereby gain social value.

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 which guides the conduct of the Generali Group and which will be implemented throughout the entire organization of the Generali Group. That the Generali Group's efforts in this direction are correct is also shown by the AAA credit rating which the Generali Group received in 2022 from Morgan Stanley Capital International Inc. (MSCI Inc.). It is the highest possible rating, which confirmed that the Generali Group adopts the best practices in the industry to mitigate climate risks in the area of insurance risk taking, business models and adaptation of products to climate change.

Generali zavarovalnica will also pursue this goal and include it in its regular operations.

Pursuant to the requirements of Regulation (EU) 2019/2088, which sets out harmonized rules for financial market participants and financial advisers regarding transparency in relation to the integration of sustainability risks in their processes, by taking into account adverse impacts regarding sustainability in their processes and providing sustainability-related information with respect to financial products, Generali zavarovalnica published on its website (www.generali.si) disclosures about integration of sustainability risks in its investment decision-making process. We have also published a statement on our due diligence policies regarding the main adverse impacts of investment decisions on sustainability factors, and disclosed information on how our remuneration policies are consistent with integrating sustainability risks; in 2022 the existing information was additionally supplemented with information regarding the carbon footprint and

* Valicon, online survey Insight into insurance companies customers, commissioned by Generali zavarovalnica, June 2022, insurance company customers who submitted a claim in the last two years, N=378. | ** Internal customer satisfaction survey of Generali zavarovalnica (Medallia NPS), June - August 2022, contact point: claims, N=1,124 | *** Internal customer satisfaction survey of Generali zavarovalnica (Medallia NPS), 2022, contact point: claims, N=4,377



the main adverse impacts on sustainability within pre-contractual disclosures for insurance investment products.

Integration sustainability risks in our investment decision-making processes as well as due diligence policies regarding the main adverse impacts of investment decisions on sustainability factors are disclosed below.

10.1 HOW GENERALI INTEGRATED SUSTAINABLE RISKS IN ITS INVESTMENT PROCESS

Sustainability risk is the risk associated with environmental, social and governance (ESG) events or conditions that, if materialised, may have a significant negative impact on the invested assets of companies and their liability, which in turn negatively affects the value or performance of investments. Identifying sustainable risks that can significantly affect the value of our investments is a duty we owe to our stakeholders and investors.

ESG Factors

Environmental, Social and Governance factors provide insight into the stability of a company's operations. They refer to factors which characterize the company's sustainable, responsible or ethical 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.

The environmental factor (Factor E) shows how a company takes care of the natural environment in its operations. Issues related to carbon emissions, waste management, water management, extraction and consumption of raw materials, and the impact of climate change are included.



Environmental violations 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, because by doing so, they negate their responsibility regarding performance of work, protection of data privacy, protection of health and general safety, and respect for diversity, equality and inclusion.

Such violations affect the company's reputation, can burden it with fines and penalties, and lead to worse business opportunities.

The governance factor (Factor G) includes information in the areas of business ethics, management, executive salaries, audits, internal controls, protection of intellectual property and copyrights, and shareholder/owner rights.

Inconsistent actions within the framework of this factor (example of corruption) expose companies to high risks, namely ethical, business but also cost.

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

Risks related to environmental aspects are increasing year by year both in terms of probability and strength of impact. Among the various risks associated with environmental factors, including reduced biodiversity and water and soil pollution, the risk due to climate

change is particularly important. Failure to act and extreme events are considered the most important risks today. Climate change affects the transformation of our planet and affects food and water supplies and human health. We are all exposed to risk.

With respect to climate change and rising global temperatures, two main categories of risk are used – transition risk and physical risk. A change in the structure of the economy (which includes energy, production, transport and agricultural systems) is required to limit global warming to less than 2°C. In this context, transition risk is defined as the risk arising from humanity's actions to limit global warming by transitioning to a low-carbon economy. On the other hand, the absence or appropriate introduction of measures to limit global warming would have an impact on climate change such as floods, strong storms, droughts, etc., which can cause damage and business disruptions.

In any case, both climate change risks pose a major societal risk. The Generali Group and Generali zavarovalnica take all these factors into account in the assessment they carry out in order to integrate sustainable risks in the process of investment decision making.

The transition risk stems from the transition to a low-carbon economy. Companies which have significantly 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, 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, therefore 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. Being 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 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 investors, the Generali Group and Generali zavarovalnica 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

Measurement of the main adverse impacts is not yet possible due to the lack of data, however, based on the available data, Generali zavarovalnica takes into account the possibility of adverse impacts in its investment decisions and assesses their potential extent of harm, taking into account generally known indicators.

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). Monitoring 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.

The Generali Group has developed its own methodology for assessing and improving the climate sensitivity of portfolios. The methodology is used to identify companies that are leading or lagging behind in climate protection and to optimize portfolios according to different climate strategies, as recommended by best practices.

For the purpose of implementing the Generali Sustainability Risk Policy, Generali zavarovalnica follows the Generali Group and has entered into an agreement with MSCI Inc. to use the data acquisition license to produce a report showing the carbon footprint of the investment portfolio.

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 zavarovalnica 2022 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.

The Company believes that ESG risks will have a significant impact on macroeconomic risk factors and thus on risks and portfolio returns. We are focused on achieving high credit ratings for the entire portfolio.

The sustainability risk determination process ensures the correct determination, assessment and consideration of all significant risks to which the company is exposed, based on the probability of their occurrence and their severity. The process also helps to determine and correctly implement mitigation measures.

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.

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, whereby investments in financial instruments of those government or corporate issuers (economic sectors, companies or projects) which 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 objectives are 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 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

The new business strategy of the Generali Group focuses on the company's sustainable approach, which we want to implement internally with the help of our employees, but also transfer and encourage it in the environment. The Company focused on long-term partnerships in the fields of sports, healthy lifestyle, traffic safety, culture and charity, to enrich the social environment and improve the lives of people in the community. As an important supporter, we stood by our sponsors again this year and provided space and attention to Slovenian visual artists in the Generali Gallery.

As a socially responsible company, we pursued our charitable attitude and, as part of The Human Safety Net initiative, we continued to support the 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 Company evinces its support for the highest values, such as caring, humanity and a respectful attitude towards patients by supporting the contest of the magazine *Viva Medicina & ljude* for the most eminent Slovenian doctors in 2022, for the 20th year in a row.

As a lifetime partner, the Company wants to encourage policyholders and the general public to take preventive action. For the third year (since 2020), we continue to publish the broadest educational and preventive content, which is presented on the special online portal *Najboljše Zavarovanje Je Tvoje Ravnanje* (Best insurance is your conduct) (#NZJTR).

Zavarovalnica Generali has for many years been one of the key supporters of Slovenian sports with donations and sponsorships.

The Company is the general sponsor of the Alpine ski national team of the Ski Association of Slovenia, a long-time supporter of the Vitranc Cup and sponsor of the Grubin Memorial, and it also supports the men's and women's handball national teams, the Volleyball and Sailing Associations of Slovenia. Generali is also 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 one of the best football teams in Slovenia – the pride of Prekmurje, the football club NŠ Mura, and the sponsor of the premier league club NK Bravo from Ljubljana. In 2022, Generali was also the general sponsor of the first recreational cycling race, L'Étape by Tour de France. Generali also sponsors numerous sports clubs, associations and organizations, teams and individuals at both national and local levels.

The Company is particularly pleased to support initiatives aimed at enabling children's sports development. In 2021 we thus became supporters of the Goran Dragić Foundation. Generali zavarovalnica are proud that Slovenian athletes achieve success also with our support. At the same time, we develop and adapt insurance products tailored to athletes.

As a local partner of Women's EHF Euro 2022, Generali supported the 15th European Women's Championship, which was the largest "women's" sports event in the history of independent Slovenia. Generali is not a newcomer on the Slovenian handball court. It has supported both handball national teams for many years, as we are the platinum sponsor of the women's and men's member national teams for 2022 and 2023. The European Women's Championship was not only a sporting event, but much more. Sustainability and empowerment of women in sports and society in general were important pillars of the entire event.

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.

At the end of the year, with the project Paint Your Memories, we shed light on the too often overlooked topic of dementia in a positive and warm way and encouraged a wider social discussion about this increasingly widespread phenomenon.

Generali Gallery

In our own art gallery at Dunajska 63 in Ljubljana, we have been exhibiting artefacts by the best Slovenian and occasionally foreign artists since 2013. 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 2022, the Gallery hosted high-profile exhibitions of established academic painters Matej Čepin, Maruša Šuštar and Robert Lozar, as well as Umanotere, the Slovenian foundation for sustainable development. In addition to the exhibitions, the Generali Gallery takes care of a collection of more than a thousand works of art, mostly paintings and some sculptural exhibits, mainly by Slovenian authors. These were initially presented in the Gallery, but regular gallery activity was established later.

In the field of 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

Our commitment is to ensure long-term financial performance and to change the society 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 Strategy of the Generali Group and Generali zavarovalnica.

While the Company is not among the major polluters, it is aware of the importance of caring for the protection of the natural environment. In this aspect, the Company wants to contribute to a better and above all cleaner living environment for everyone. To this end, in 2022 the Company joined the **Environmental Management**

System (EMS), managed by the Generali Group. With the help of this System, the Company monitors its carbon footprint and the amount of greenhouse gases (emissions) in detail. The System also helps to determine measures to reduce emissions, as it offers an in-depth overview of emissions by area and even by some individual office buildings.

In 2021, the Generali Group approved a new climate strategy for direct business. This strategy is science-based, and the targets are consistent with the requirements of the Paris Agreement's goal to limit the average global warming to 1.5°C. Science-based targets were used to set the minimum emission reduction target (by 25%) . The areas in which the stated goal is pursued (business premises, data centres, car fleet) were also defined.

The Generali Group has set the following goals:

1. By year 2025 - reduction of the greenhouse gas emissions related to offices, data centres, and company car fleet by at least **25%** against the 2019 baseline, which will be supported through
 - purchasing 100% "green" energy where possible,
 - improving the energy efficiency,
 - minimum 35% of hybrid and electric vehicles in the company car fleet and initiatives to reduce car use.
2. Be a climate negative company by 2040, through:
 - transition to renewable energy sources (in countries of the Group where it does apply yet),
 - various investments and projects within the Group to reduce emissions.
3. By 2025, at least 80% of Generali Group employees to be included in the EMS.



Generali Group
pledged to be
climate negative
by 2040.



Upon accessing in the Environmental Management System in 2022, the Company collected data on the amount of different energy sources and other factors that cause emissions for the 2019 to 2022 period. The year 2019 represents the baseline year against which 2025 data will be compared. The full set of data is entered into the online tool Sphera, which calculates the amount of greenhouse gases (GHG) based on the entered data. The amounts are calculated in real time, which means that data regarding the amount of GHG is available immediately after energy consumption data is entered.

Emissions are measured in accordance with the Greenhouse Gas Protocol (GHG Protocol). It is an internationally recognized standard for measuring and managing GHG emissions.

Reducing the carbon footprint

Analyses show that the carbon footprint has been steadily decreasing since 2019, as shown in the table below. The 2020 drastic reduction in emissions

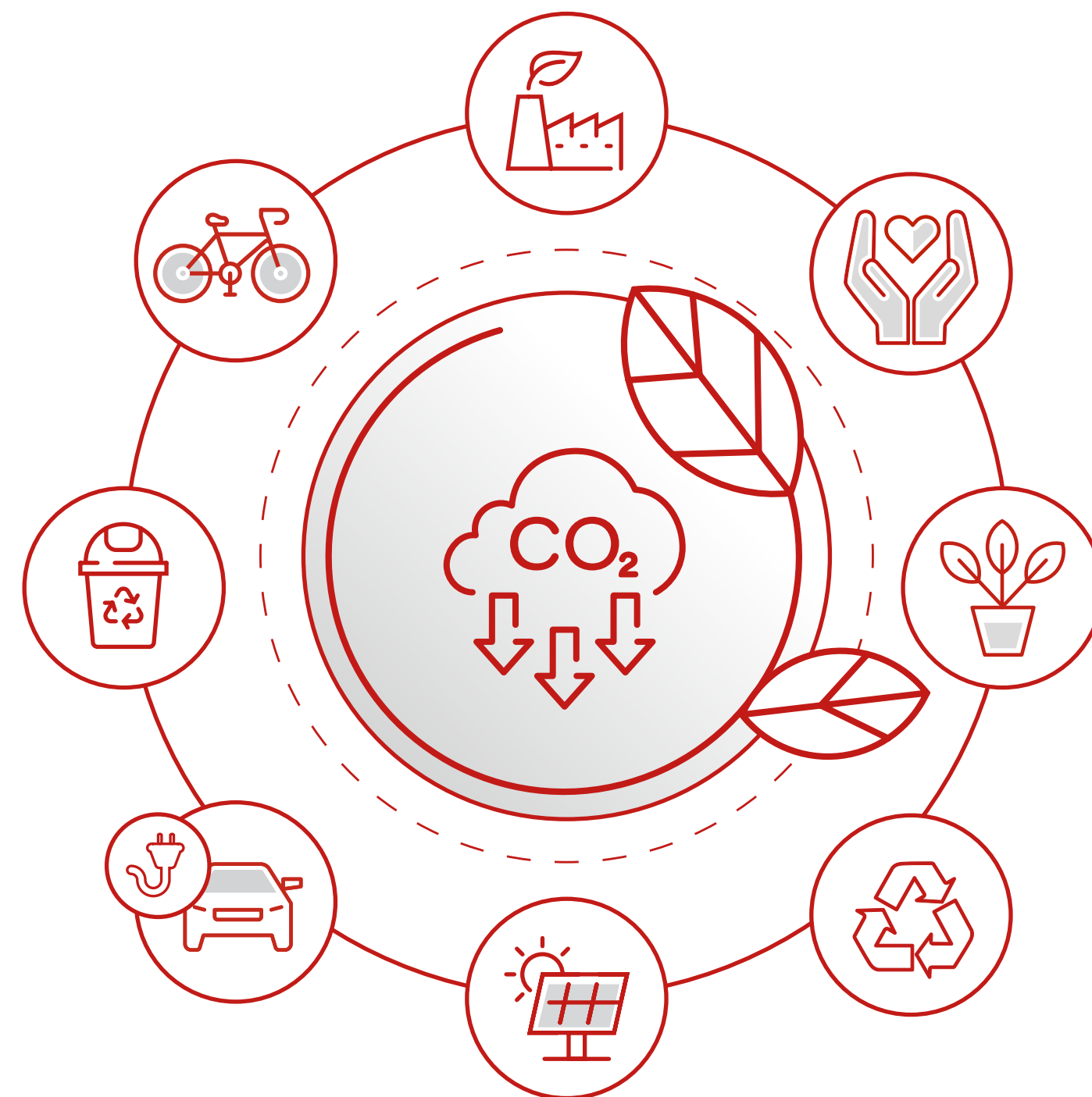
was the result of the pandemic and the introduction of hybrid working. However, the downward trend continued in 2022, which we are extremely proud of.

Breakdown of greenhouse gas data by year, scope and source

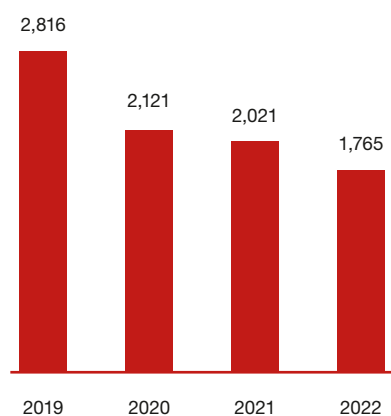
Greenhouse gas emissions are measured within three scopes.

- Scope 1: emissions from sources owned or directly controlled by the organization (e.g. emissions from car fuel)
- Scope 2: indirect emissions related to the purchase of electricity, heating, cooling. These are emissions created by the suppliers of the energy used by the organization.
- Scope 3: all indirect emissions not included in Scope 2 and part of the organization's value chain (e.g. paper consumption, water, airplane flights...).


Individual activities by scope	CO ₂ emissions (in t)				Indeks
	2022	2021	2020	2019	2022/2019
Scope 1 - energy consumption for heating	389	389	388	354	110
Scope 1 – fuel consumption for company cars	510	372	379	677	75
Scope 1 - direct emissions	899	761	767	1,031	87
Scope 2 – indirect emissions	199	679	747	864	23
Scope 3 - energy consumption for heating	78	82	79	76	103
Scope 3 - electric energy consumption	71	76	82	93	76
Scope 3 – paper consumption	48	53	66	96	50
Scope 3 - water consumption and waste management	54	56	66	59	92
Scope 3 - business trips (vehicle, plane, train)	417	315	314	597	70
Scope 3 - other direct emissions	668	582	607	921	73
Total - emissions 1-3	1,766	2,022	2,121	2,816	63



The graph shows the total amount of emissions for all Scopes and business premises.



* tCO₂e – tonnes of carbon dioxide equivalents > the unit contains, in addition to carbon dioxide, other greenhouse gases (e.g. methane), which have a different impact on climate change than carbon dioxide. In order to compare them with the influence of carbon dioxide, they are therefore converted to carbon dioxide.

 **37.3% less tCO₂e than in 2019**

Measures which will most significantly contribute to reducing the footprint and are already being implemented are:

Car fleet is being modernised and energy-optimized. In December 2021, four electric cars were bought and four charging stations built, while in 2022 ten new cars were ordered to lease, to be delivered in early 2023, and the construction of four new charging stations for electric vehicles was also ordered. At the same time, older vehicles with a higher carbon footprint are sold. In 2022, we concluded an agreement with a provider of sharing of electric cars, which can be used by employees for both work and private purposes.



14 electric vehicles



8 charging stations for electric cars

Electricity: we received most of our electricity from conventional sources until the end of 2020. However, we concluded an agreement with the electricity supplier for the years 2022 and 2023 for the supply of electricity exclusively from renewable sources (the so-called green energy) for the vast majority of our business premises. These are business premises where we can influence costs and the choice of suppliers.



> 50% electricity from renewable sources only

Energy efficiency: we combined the business premises of the branches in Maribor and Murska Sobota - we combined two branches in both locations, which reduced the area of the premises and the amount of energy used. In 2023, we are planning to renovate the heating and cooling system in Maribor.



On 90% of all surfaces in our business premises only electricity obtained from renewable sources is used, which means at as many as 65% of our locations.

We estimate that, following the implementation of all measures, we will be able to reduce the carbon footprint by 42% by 2025 compared to 2019, which will significantly contribute to achieve the Generali Group's target, i.e. the reduction of the carbon footprint by 25%.

The picture below shows the expected reductions in the carbon footprint in Slovenia

GHG emissions (in tCO ₂ e)	Baseline level 2019	Assessment 2025 (conservative scenario)	Reduction (in %)
Buildings	1.541	632	- 59
Mobility	1.502	1.141	- 24
Total	3.043	1.773	- 42

In 2022, Slovenia was among the first 10 organizational units (countries) in the Generali Group with examples of best practices in reducing carbon footprint.

The Company educates and raises awareness among employees (via the EKO Generali section of the weekly newsletter for employees) about the importance of environmental protection and encourages them to save energy and water resources and to properly separate waste. The Company as a whole, and especially the IT sector, promotes and ensures digital business, which, in addition to remote taking out insurance, inspection and claim reporting, also provides employees with all the conditions for smooth and efficient work from home, and conditions for separate waste collection at the workplace, which the Company has been separating for decades.

We are convinced that each individual can contribute at least a small stone to the mosaic of measures for a better and cleaner world, which is why we will continue the ongoing education of employees about environmental protection.



-9% less paper used in 2022

Types and quantities of collected separate waste

Types of separated waste – quantity in kg	2021 (AS + Generali)	2020	2021	2022
Electronic waste	No data	2.940	0	4.260
Toners	No data	75	467	175
Battery packs	No data	45	80	59
Paper*	87.491	59.954	48.436	44.816

* New reporting methodology to the Generali Group in the Sphera application (sustainability performance monitoring - ESG), the reference year is 2019.

In 2022, the Company continued to reduce paper consumption, which was radically reduced in 2021 thanks to the effective digitization of processes. We estimate that we have reduced the total consumption of paper by 50% in the 2019 to 2022 period. The reduction in paper consumption in 2022 compared to 2021 was 9%.



11. INSURANCE AND SERVICES DEVELOPMENT

When developing insurance and services, we strive to adapt them to the needs of customers in various target groups: from individuals and families to companies or corporate users. Special attention is turned to the development of new and enhanced assistance services, thus, for example, in 2022 we offered customers cyber and IT assistance. In addition to offering high-quality insurance products, we also devote a lot of effort to communication with the customer. An omni-channel approach to taking out insurance and dealing with claims enables a more comprehensive user experience – customers may choose the way of doing business that suits them best - in person or remotely via modern video communication solutions. Generali has simplified the path to insurance and services, which have become even more accessible. We expanded electronic business and simplified dealings involving the Company - from taking out insurance and reporting claims to providing assistance services. Digital tools thus enable a faster communication and perfectly complement physical contacts.

11.1 NON-LIFE INSURANCE

We have made progress in simplifying the user experience, especially in reporting claims remotely, where we perfected and simplified online claims reporting, as well as in work in claims centres where we implemented the so-called quick claim reporting, aiming at the fastest and most effective claim reporting possible. We have prioritized the internal and external simplification of claim settlement processes based on a greater interaction with customers, who respect this and reward it with an evaluation of our service. In 2022, we placed great emphasis on additional consolidation of unformed insurance products as well as sales and back-office processes. In addition, taking into account the guidelines and rules of the Group, we improved the products and as a lifetime partner listened to the needs of the sales and the market and adapted renewed products and information systems to them.

In order to adapt to the changing market circumstances, at the end of the year we offered a redesigned home product that also includes cyber and IT assistance for our customers. The service includes professional remote IT assistance for private devices, which is provided by an external contracted IT service provider through its network of IT experts.

Cyber Assistance



New:
Cyber Assistance

Cyber and IT assistance is a service that provides 24-hour assistance and support for troubleshooting problems

with a customer's computer, printer, tablet, mobile phone or other electronic devices that are connected to the Internet and are used daily at home for private purposes.

Progress was made in the provisions of assistance services, which are seen as one of the important priorities for the future, and whose offering is to be expanded. With the support of digitization and automation, we continue to simplify processes. We are intensively continuing other activities, among them: unification of system solutions of the product development process, adaptation and coordination of insurance bases, unification of sales support processes, reinsurance, unification and regulation of back-end processes, adaptation of reporting systems, unification of provisioning systems and preparation of joint information solutions, etc.

11.2 LIFE INSURANCE

2022 saw the continuation of activities aimed at a lifetime partnership with our customers. New regulations and national projects in Europe accelerate the transformation into a "green economy", which is why ESG factors are considered in life insurance by determining the client's ESG preferences regarding insurance and investments when checking the client's needs and requirements.

In this time of high inflation and still extremely low interest rates at banks, active asset management is one of the most efficient ways of increasing the value of money. The investments that customers can choose from Generali's investment insurances are actively monitored by the experts of the subsidiary company Generali Investments. Assets are appropriately redistributed in order to optimize the safety of and return on investments. In 2022, due to the changed and unpredictable geopolitical conditions in Ukraine and Russia and their impact on the wider region, the share of investments in these regions was reduced or sold. The investment fund Generali Eastern Europe, equity, was merged with the investment fund Generali New Markets, equity.

The Company offers life insurance (risk) and investment insurance for every period of life, thus enabling customers to take care of their own security and the security of their loved ones, and to save in selected investments.

MOJ ŽIVLJENJSKI KASKO (My fully comprehensive life insurance) is a life insurance product, suitable for customers in the active life period, which 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 for cases of accidents or illness 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.

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.

Our offer also includes life insurance for borrowers, which we offer through bank sales channels. By taking out life insurance, the borrower protects his loved ones and himself, because in the worst case (death, incapacity for work) the loan is repaid from the insurance taken out.

MOJ ŽIVLJENJSKI BONUS (My life bonus) is an investment insurance for those who want to ensure financial security in the future. Payment in instalments allows you to save for long-term goals. The advantage of investment 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. An additional benefit for the customer is a bonus that is credited for the duration of the insurance, it is first credited after three years of paying the premium. The client is rewarded for each year of savings, thus saving even more.

ENKRATNI ŽIVLJENJSKI BONUS (One-off life bonus) is an investment insurance with a one-off payment, as insurance in the event of death. At the same time, the funds are enriched in investments which enable the achievement of the set goals.

ZLATA LETA (Golden years) is an investment insurance for people aged 60 years or over, which allows the client to offer security to the loved ones in the event of his death and to save at the same time. It offers security in the event of serious injury or cancer. 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.

All insurance products provide customers with great flexibility throughout the duration of the insurance based on their current needs and requirements. They are also suitable for companies that want to ensure social and financial security for company employees, as well as the security of their loved ones and/or the company.

11.3 PENSION INSURANCE

Developments in pension funds in 2022 were closely related to situation in global capital markets. Russia's attack on Ukraine has shaken the commodity and energy markets, and the sharp rise in interest rates and inflationary pressure have brought a lot of uncertainty to business operations.

The Company responded to the extraordinary situation with a customized investment policy for the management of pension fund portfolios, which ensures long-term capital growth and long-term, risk-adjusted returns. Currently, Generali zavarovalnica manages the PN-A01 Guaranteed Return Guarantee Fund and two umbrella pension funds that implement a life cycle investment policy: the Pokojninsko varčevanje AS 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.

Due to the situation on the capital markets, Generali zavarovalnica had to create provisions for non-achievement of the guaranteed return in 2022 for pension funds with a guaranteed return in accordance with the Management Rules for individual supplementary pension insurance policies. Despite the difficult situation in the past year, our view of the future remains very positive, as in 2023 we expect the economic situation to calm down and the situation in the capital markets to normalize. We follow our efforts to be a long-term, lifetime partner to our business partners and policyholders-members. We dedicated attention to both existing employers who already make payments into our supplementary pension insurance for their employees, and policyholders -

members, as well as to those with whom we wish to cooperate in supplementary pension insurance. Our activities are presented in more detail below.

Marketing of supplementary pension insurance (SPI)

For marketing purposes, we have prepared a graphic, concise and clearly-worded brochure of collective supplementary pension insurance, which client administrators use very successfully as presentation material for existing and potential clients. We continued with the set marketing strategy and ended the year with a more than 10% increase in supplementary pension insurance membership.



10%
more new policyholders
in 2022

To facilitate communication with foreign business partners and their members, we supported the preparation of the offer for cooperation, contracts on accessing the pension plan, the LEON 2K pension plan and the Management Rules, all in English. This also brings us closer to the manager's goal that the documentation is comprehensible to all members, which until now has been difficult for members whose first language is not Slovenian.

Informing business partners

Throughout the year, we regularly published news, stories and quarterly reports on the operations of pension funds on our website to inform existing employers about the legal requirements, advantages and benefits of paying into supplementary pension insurance and also about the operation of pension funds. In 2022, in accordance with the law and the contract on accession to the pension plan, we upgraded the current notification of employers by sending a quarterly e-newsletter to our customers' email addresses.

We provided the administrators of our business partners and other users of the GENERALI B2B portal for exchanging data with business partners with a brief overview of the main advantages of using the portal and with a presentation film for easy registration on the GENERALI B2B online portal. This provides them with simple communication with the Company and

with a safe and easy exchange of files with confidential content - data on employees and paid premiums of supplementary pension insurance every day of the year.

Notifying members of pension funds

Legislation requires that pension fund managers provide their members with information on the value of the supplementary pension - annuities that they can expect upon their retirement - in addition to all data related to savings. The managers strongly support this, as it ensures transparency and promotes awareness of the need to save for a financially secure old age.

The notification of members in accordance with Article 251 of the Pension and Disability Insurance Act (ZPIZ-2) has already been harmonized with the new legal requirements in the Pension Benefit Statement for 2021 and the balance of funds in the member's personal pension account on 31 December 2021, and supplemented with the Projection of pension benefits upon regular termination or retirement. We emphasized that this contains an informative calculation of the estimate of the saved assets and an informative calculation of the expected supplementary pension - the annuity upon the member's retirement at age 65 or retirement age determined by a member. We have prepared them on the basis of the premium payments to date and the balance of the member's saved funds as of 31 December 2021, in accordance with the provisions of the Rules on the determination of assumptions on projections of pension benefits (Official Gazette of the Republic of Slovenia, No. 10/21 and 192/21 as amended). The informative calculation of the benefit in this projection will probably differ from the actual calculation that will be prepared for the member by the selected pension annuity payer upon the member's actual retirement, which has also been clearly disclosed to all members.

For members who were 58 years of age or older at the beginning of 2022, in accordance with the requirements of the regulator, the Insurance Supervision Agency, we have prepared informative projections of supplementary pension - annuity or of a one-time payment of SPI savings, in accordance with the law. The projection also contained additional explanations regarding the rights of a SPI member, which he will receive upon his regular termination of insurance - retirement. The informative calculation for a member of this age was prepared on the basis of the balance of the funds saved, if he were to exercise his right to supplementary pension - annuity on 31 December 2021.

Informing members of pension funds via Moj Generali Portal

At the beginning of the year, the My Pension tab was updated for our members on the new, modern online portal Moj Generali, as the old online applications My Pension Account and My Generali (ex Moj AS) were discontinued. Members can now access information about the premium paid, the balance of funds saved, the movement of assets and the chosen investment policy all days of the year. The Portal enables them to communicate directly with the Company's back office regarding the implementation of data changes from the member's supplementary pension insurance.

Changes to supplementary pension insurance documentation

No changes to the supplementary pension insurance documentation were made in 2022, next changes are scheduled for 2023.

Unification of pension annuities and pension schemes of supplementary pension insurance

The process of unifying the two pension annuities into a single business and information system was completed. In 2023, The unification of other business processes will continue in 2023 as well as regulation of the formalities for the unification of our pension schemes and pension funds, which depends upon the legal framework and procedures of the competent Ministry, including the opinions of the two regulators.

Information on the integration of environmental, social and governance factors in the selection of pension fund investments

In addition to basic goals, such as optimal return and maximum security of members' assets in pension funds, we try to incorporate sustainability aspects in our investment decision-making as much as possible. We include available data on environmental, social and governance factors (ESG factors) in the assessment of investment decisions.

The Generali Group, as well as the investment manager Generali Investments, already follow the exclusion method based on its own investment guidelines. This limits investments in countries, companies or sectors based on selected sustainability criteria (such as a ban on investing in the military industry) and a best-in-class inclusion method, whereby investments in financial instruments of those government or corporate issuers (economic sectors,



companies or projects) that achieve better sustainability assessment results than comparable issuers (viewed from a sectoral or regional perspective) are selected.

In the case of supplementary pension insurance, 2023 will see the commencement of formal procedures to incorporate ESG factors and adverse impacts on sustainability, which all members will be informed about.

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 changing wishes of our policyholders. 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. With various publications on the Internet and other media, we constantly point out insurance options which facilitate faster treatment.

In 2022, the visibility of the already well-established insurance Specialists with Assistance, which we offer as part of the health insurance package **MOJ ZDRAVSTVENI KASKO** (My fully comprehensive health insurance), was further increased. In addition to Specialists with Assistance, the package also includes supplementary health insurance and complementary insurance Zdravila (Medicines), while in November 2022 the **Cancer** health insurance was added, and the package truly provides a comprehensive health and financial protection for the whole family.

We never cease to emphasize how important it is to take out a health insurance package, as the public health system is overburdened, waiting times are unacceptably long, and access to a personal doctor and health services is difficult. A timely diagnosis is key

to the start and course of treatment, as it significantly affects the quality of the policyholder's health and the speed of his recovery, prevents potential complications and consequences that could arise, and facilitates his faster return to the workplace and to everyday life.



53%
of policyholders confirmed that the call simplified their treatment. Policyholders did not need to visit the personal physician again to get a referral to a specialist. It was issued to them by a doctor within the Halo Doktor service (46% in 2021).



25%
of policyholders received enough medical advice to solve their problem (34% in 2021).



33%
of calls from policyholders were received by a doctor after 4 pm. This means that the policyholders solved their problem after the working hours of their GP (29% in 2021).

Due to the lack and poor accessibility of general practitioners, our customers especially appreciate the Halo Doktor service which enables them to contact a doctor immediately and without visiting the clinic. 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. Another, huge advantage of this service is that the doctor prepares a report for the patient with an explanation, but the doctor can also issue a referral for a specialist examination under the Specialists with Assistance insurance - a referral from the selected personal physician is not required. In this way, the policyholder can detect a health problem 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 health insurance Moje zdravje (My Health) and to the online insurance WIZ Specialists and G24 Specialists.

More and more people, and especially more and more young people, have become aware of the importance of health insurance Specialists with Assistance. Thus in 2022 we expanded our offer to meet their need as well. Until now, young people had the opportunity to take out insurance for the event of illness and accident. However, since they more and more often see the need for specialist treatment only because of an accident, we have offered young people up to and including the age of 30 a **new insurance package Nezgodni**, which is only valid in the event of injury due to an accident. Such a package is more affordable, but still includes all the important coverages.

We also make our customers aware of the importance of **preventive health services**, which are already included in their insurance, thus we invite them to make use of them. Preventive check-ups enable early detection of the risk of serious diseases and encourage policyholders to maintain their health.

Cancer is a disease that does not discriminate. Consistent participation in preventive and screening examinations and observation of one's own body are of crucial importance. Fortunately, today cancer is a beatable disease, especially if it is detected early enough. We cannot offer insurance against getting sick, but we can offer our clients insurance against the financial worries that come with a diagnosis.

The **Raki (Cancer) health insurance** is an upgrade to the MOJ ZDRAVSTVENI KASKO insurance package, which is recommended when the Specialists with Assistance insurance is taken out, as it is crucial in the early detection of diseases. The policyholder can check a possible diagnosis with second medical opinion, while in the case of a confirmed cancer diagnosis, he is also entitled to psychological help and, of course, to receive insurance payment. In a strong desire to survive, we resort to treatment with better or alternative drugs, food supplements and technical aids, we want better quality therapies and interventions, assistance at home during rehabilitation and sometimes we also try alternative treatment methods. All this can bring a great financial burden for the family. Regardless of the stage at which cancer is detected, it always brings a change in lifestyle. For medical reasons, we have to stop work at least temporarily, while a quality diet and comfort are more important than ever. The policy holder can cover the loss of income or new or higher costs from the insurance payment received. This insurance product is intended for adults and includes free coverage for the policyholder's children up to the age of 21. It can be concluded until the age of 80 and extended up to the age of 85. The insurance sum may be up to EUR 100,000.

The new Cancer health insurance was added to the customized health insurance package **Moje zdravje** (My Health), which we developed already in 2021 in cooperation with some agencies. The policyholders can combine coverage packages according to their needs and capacities, and thus have greater flexibility in choosing coverages and sums insured. Seniors up to the age of 85 now have the possibility to take out insurance, which can be extended up to the age of 100.

In 2022, the **personal accident insurance** was updated within the products for individual and family insurance and collective insurance. For this purpose, the permanent disability table was uniformed to make this insurance more user-friendly. Claims handling was also simplified and, as expected, the volume of complaints about disability assessments was reduced.

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

Next year will saw 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, and we strive for the best possible user experience for our policyholders.

11.5 INFORMATION TECHNOLOGY

The IT and business operations strategy has been adapted to the strategy of Generali zavarovalnica and the Generali Group for the period 2022 - 2024, to the Generali Group ICT Strategic Plan and to the Generali Group TD&D Programme.



As part of the lifetime partnership with our customers and partners, we always prioritized their satisfaction and concern for sustainable business and development when carrying out concrete activities. To make services as efficient as possible, on the one hand, we placed great emphasis on smart automation, and on the other hand, we adapted solutions to customers, employees and partners, continued to use modern technologies and develop competencies which enable us to agilely find solutions which best suit their needs. We renewed the methodology of project management and inventory of business processes and continued to develop the competences of insurance and information technologists. We placed great emphasis on increasing the maturity of IT management and improving the security of physical and information assets of the Company. The increasing digitalization of business operations necessitates increasingly complex and intertwined information solutions, thus we continued to pay special attention to optimization and control of business operations in order to ensure their uninterrupted and smooth running.

As part of the Generali ZAME loyalty programme, we provided customers with both the Generali ZAME online portal and the Generali ZAME mobile application. The online portal is intended for monitoring and using benefits, while the mobile application is a virtual personal assistant to help users to set personal goals for a healthier and more active life. We upgraded the Moj Generali online branch and claims reporting via the Company's website, from where an intuitive and friendly interactive questionnaire can be accessed, guiding the customer through the application without the help of the Company. Archiving of submitted documentation is also ensured. Insurance taking out online through the WIZ and G24 brands was expanded to include additional insurance products.

In the spirit of lifetime partnership, we want to maintain personal contact with our customers. We therefore put a lot of emphasis on upgrading digital tools which empower our colleagues and partners to work in a modern, hybrid work environment. Among other things, we made it possible to make simple changes to insurance policies via underwriting applications and prepared a mobile application that will optimize the work of personal account managers and exclusive agencies. The latter will have access to information relevant to their work even when in the field or not at the computer. The introduction of the new solution for the analysis of customer needs is in the final phase.

The Insurance Company support functions carry out back-office business processes which are not directly visible to customers, but whose effective implementation

is part of the comprehensive image of our Company on the insurance market. We continued integrating information solutions, automated new business rules and added new processes to the process management platform with the aim to achieve maximum standardization and automation of both sales and after-sales processes.

The rapidly changing business environment demands more and more agility from us, which is why we continue to strive to implement modern development models. Thus, we continued to use the DevOps software development methodology and launched the introduction of the Spring Boot platform for the development of online solutions and services. We also continued to develop agile project management competencies.

We used the Robotic Process Automation (RPA) tool for the first time to automate simple tasks.

2022 saw the continuation of the consolidation and renovation of information solutions and IT infrastructure. Among other things, a new central disk array based on all-flash technology was installed. The hybrid work model requires an ever-increasing bandwidth of Internet connections, these were upgraded appropriately and additional security mechanisms were added, such as e.g. protection against Distributed Denial of Service (DDoS).

The Generali Group dedicates increasing attention to information security, with a special emphasis on cyber security. Thus, in 2022, we implemented the Privileged Access Management (PAM) solution and the Database Activity Monitoring (DAM) solution, and carried out both internal and external security checks (penetration test) of the information environment, as well as the security check (penetration test) of selected information solutions. We renovated the Identity Access Management (IAM) system. The awareness of our employees of the importance of security is increased by means of "phishing" campaigns and regular training.

We are aware that only a modern working environment enables efficient and highly productive work of employees, therefore we carried on the implementation of services from the range of Microsoft cloud technology platform. We offered users the use of the latest version of tools from the Microsoft O365 family. We have set up a mobile device management system to securely manage identities, applications and devices with the help of the Microsoft Intune solution. Access to documents from anywhere and at any time also requires adequate security. We have introduced Azure Information Protection (AIP), which

enables us to tag, classify, protect and manage data no matter where the data are stored.

In the area of data management, we implement the Generali Group "Data Quality Policy" and "Data Management Policy". The Group's Prima system once again confirmed adequate indices of data quality.

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. The Generali Group is fully committed to meeting the highest anti-money laundering (AML) standards. For this reason, we upgraded and automated AML controls in 2022. Throughout the year, we continued performing activities to meet the requirements brought by the new IFRS17 accounting standard. The emphasis is primarily on providing data, appropriate adaptation of IT solutions and establishing a system that will enable long-term management of the IFRS17 environment.

We provided information support to companies owned by Generali zavarovalnica and provided hosting in the Company's private cloud, which further contributes to the sustainable operations of the Insurance Company.

In the next year, we expect to continue the path outlined in the Generali Group Strategy and the IT Strategy renewed in 2022.

11.6 BUSINESS INTELLIGENCE

We uniformed the platform of analytics tools for end users and eliminated post-merger duplicate reports. We continued to provide data, up-to-date analytical applications and analyses to various user groups, both internal and external, including reporting to the Group, auditors and supervisors, to furnish them with information necessary for decision-making in the design of a modern, market- and customer-oriented offer.

Reporting is based on Generali's unified organizational structure and provides information necessary for monitoring sales and claims trends. In the claims

section, all sources were combined into a single data warehouse. We supplemented the data for the unified list of insurance expiry dates (skadencar) and provided data for the new loyalty system which gives rise to new benefits for customers.

We continued upgrading the Data Lake in connection with IFRS17 and upgraded systems to meet the requirements in the field of personal data protection (GDPR) to render anonymous personal data of natural persons. We also introduced Anti Money Laundering automated controls and updated sources for the needs of actuarial reporting.



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 2022	Gross written premium in current year	Gross written premium in previous year	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in euros	in euros	index	in euros	in euros	index
1. Accident insurance	24,645,807	23,996,797	103	23,996,797	23,569,361	102
2. Health insurance (without complementary health insurance)	6,982,109	5,610,705	124	5,610,705	4,742,783	118
3. Land vehicle insurance	79,246,688	72,739,681	109	72,739,681	62,166,331	117
5. Aircraft insurance	503,983	292,122	173	292,122	283,094	103
6. Ship insurance	496,781	466,419	107	466,419	455,643	102
7. Goods in transit insurance	2,537,987	2,288,991	111	2,288,991	2,037,069	112
8. Fire and natural forces insurance	36,848,087	33,992,462	108	33,992,462	33,310,787	102
9. Other damage to property insurance	26,343,780	25,339,079	104	25,339,079	23,331,148	109
10. Vehicle liability insurance	58,087,284	54,793,459	106	54,793,459	54,029,109	101
11. Aircraft or other flying machine liability insurance	42,201	20,694	204	20,694	28,415	73
12. Liability for ship insurance	545,195	531,350	103	531,350	529,955	100
13. General liability insurance	18,408,217	17,146,089	107	17,146,089	16,253,480	105
14. Credit insurance shall be insurance covering:	(506)	654,505	-	654,505	(652)	-
15. Suretyship insurance	199,284	163,805	122	163,805	158,931	103
16. Miscellaneous financial loss insurance	1,297,874	1,034,881	125	1,034,881	1,418,796	73
17. Legal expenses insurance	808,493	957,346	84	957,346	468,720	204
18. Tourist assistance	10,295,636	8,314,162	124	8,314,162	7,440,543	112
Non-life insurance contracts	267,288,900	248,342,549	105	248,342,549	230,223,513	108
19. Life assurance	41,007,268	39,527,086	104	39,527,086	39,389,463	100
21. Life assurance linked to units of investment fund or to units of funds	46,341,788	43,678,570	106	43,678,570	44,984,499	97
Life insurance contracts	87,349,056	83,205,656	105	83,205,656	84,373,962	99
Complementary health insurance	126,164,605	118,590,450	113	118,590,450	111,476,189	106
Total	480,802,561	450,138,654	107	450,138,654	426,073,664	106

Net written premiums as % of gross written premiums

Net written premiums as % of gross written premiums	Net written premiums	Gross written premiums	Year 2022	Net written premiums	Gross written premiums	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in euros	in euros	in %	in euros	in euros	in %
1. Accident insurance	24,339,190	24,645,807	99	23,687,535	23,996,797	99
2. Health insurance (without complementary health insurance)	6,982,109	6,982,109	100	5,610,705	5,610,705	100
3. Land vehicle insurance	74,630,576	79,246,688	94	68,833,564	72,739,681	95
5. Aircraft insurance	24,613	503,983	5	12,714	292,122	4
6. Ship insurance	140,778	496,781	28	128,523	466,419	28
7. Goods in transit insurance	685,967	2,537,987	27	534,092	2,288,991	23
8. Fire and natural forces insurance	29,470,181	36,848,087	80	26,141,964	33,992,462	77
9. Other damage to property insurance	21,181,642	26,343,780	80	20,613,355	25,339,079	81
10. Vehicle liability insurance	56,433,106	58,087,284	97	53,194,306	54,793,459	97
11. Aircraft or other flying machine liability insurance	22,261	42,201	53	2,664	20,694	13
12. Liability for ship insurance	150,356	545,195	28	144,670	531,350	27
13. General liability insurance	14,513,761	18,408,217	79	12,924,366	17,146,089	75
14. Credit insurance shall be insurance covering:	(506)	(506)	100	654,505	654,505	-
15. Suretyship insurance	64,022	199,284	32	53,130	163,805	32
16. Miscellaneous financial loss insurance	877,997	1,297,874	68	483,988	1,034,881	47
17. Legal expenses insurance	770,736	808,493	95	900,566	957,346	94
18. Tourist assistance	8,590,937	10,295,636	83	7,305,323	8,314,162	88
Non-life insurance contracts	238,877,726	267,288,900	89	221,225,972	248,342,549	89
19. Life assurance	36,728,698	41,007,268	90	35,483,952	39,527,086	90
21. Life assurance linked to units of investment fund or to units of funds	46,341,788	46,341,788	100	43,678,570	43,678,570	100
Life insurance contracts	83,070,486	87,349,056	95	79,162,522	83,205,656	93
Complementary health insurance	126,164,605	126,164,605	100	118,590,450	118,590,450	100
Total	448,112,817	480,802,561	93	418,978,943	450,138,654	93



Movement in gross claims and benefits paid

Movement in gross claims and benefits paid	Gross claims and benefits paid in current year	Gross claims and benefits paid in previous year	Year 2022	Gross claims and benefits paid in current year	Gross claims and benefits paid in previous year	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in euros	in euros	in %	in euros	in euros	in %
1. Accident insurance	9,601,607	8,686,682	111	8,686,682	8,070,944	108
2. Health insurance (without complementary health insurance)	2,981,716	2,212,807	135	2,212,807	1,766,992	125
3. Land vehicle insurance	51,737,549	41,340,106	125	41,340,106	37,017,181	112
5. Aircraft insurance	617	6,429	10	6,429	9,246	70
6. Ship insurance	288,664	351,961	82	351,961	182,604	193
7. Goods in transit insurance	1,497,258	1,840,645	81	1,840,645	826,897	223
8. Fire and natural forces insurance	25,812,069	19,825,052	130	19,825,052	17,334,957	114
9. Other damage to property insurance	9,831,282	9,822,781	100	9,822,781	9,670,254	102
10. Vehicle liability insurance	35,264,526	30,403,870	116	30,403,870	25,786,432	118
11. Aircraft or other flying machine liability insurance	(392)	-	-	-	-	-
12. Liability for ship insurance	35,031	45,960	76	45,960	23,900	192
13. General liability insurance	4,733,353	5,890,930	80	5,890,930	4,077,980	144
14. Credit insurance shall be insurance covering:	17,453	32,444	54	32,444	17,558	185
15. Suretyship insurance	-	4,807	0	4,807	14,000	34
16. Miscellaneous financial loss insurance	213,326	267,070	80	267,070	666,922	40
17. Legal expenses insurance	1,928	354	545	354	919	39
18. Tourist assistance	6,071,709	4,800,125	126	4,800,125	3,726,346	129
Non-life insurance contracts	148,087,696	125,532,023	118	125,532,023	109,193,132	115
19. Life assurance	21,438,766	20,753,621	103	20,753,621	18,599,001	112
21. Life assurance linked to units of investment fund or to units of funds	33,345,485	32,423,501	103	32,423,501	29,417,975	110
Life insurance contracts	54,784,251	53,177,122	103	53,177,122	48,016,976	111
Complementary health insurance	115,158,699	95,574,570	120	95,574,570	83,729,837	114
Total	318,030,646	274,283,716	116	274,283,716	240,939,945	114

Claims ratio

Claims ratio	Gross claims and benefits paid	Gross written premiums	Year 2022	Gross claims and benefits paid	Gross written premiums	Year 2021
1	2	3	4=2/3	5	6	7=5/6
Results by class of insurance:	in euros	in euros	coefficient	in euros	in euros	coefficient
1. Accident insurance	9,601,607	24,645,807	38.96	8,686,682	23,996,797	36.20
2. Health insurance (without complementary health insurance)	2,981,716	6,982,109	42.71	2,212,807	5,610,705	39.44
3. Land vehicle insurance	51,737,549	79,246,688	65.29	41,340,106	72,739,681	56.83
5. Aircraft insurance	617	503,983	0.12	6,429	292,122	2.20
6. Ship insurance	288,664	496,781	58.11	351,961	466,419	75.46
7. Goods in transit insurance	1,497,258	2,537,987	58.99	1,840,645	2,288,991	80.41
8. Fire and natural forces insurance	25,812,069	36,848,087	70.05	19,825,052	33,992,462	58.32
9. Other damage to property insurance	9,831,282	26,343,780	37.32	9,822,781	25,339,079	38.77
10. Vehicle liability insurance	35,264,526	58,087,284	60.71	30,403,870	54,793,459	55.49
11. Aircraft or other flying machine liability insurance	(392)	42,201	-	-	20,694	0.00
12. Liability for ship insurance	35,031	545,195	6.43	45,960	531,350	8.65
13. General liability insurance	4,733,353	18,408,217	25.71	5,890,930	17,146,089	34.36
14. Credit insurance shall be insurance covering:	17,453	(506)	-	32,444	654,505	4.96
15. Suretyship insurance	-	199,284	0.00	4,807	163,805	2.93
16. Miscellaneous financial loss insurance	213,326	1,297,874	16.44	267,070	1,034,881	25.81
17. Legal expenses insurance	1,928	808,493	0.24	354	957,346	0.04
18. Tourist assistance	6,071,709	10,295,636	58.97	4,800,125	8,314,162	57.73
Non-life insurance contracts	148,087,696	267,288,900	55	125,532,023	248,342,549	51
19. Life assurance	21,438,766	41,007,268	52.28	20,753,621	39,527,086	52.50
21. Life assurance linked to units of investment fund or to units of funds	33,345,485	46,341,788	71.96	32,423,501	43,678,570	74.23
Life insurance contracts	54,784,251	87,349,056	62.72	53,177,122	83,205,656	63.91
Complementary health insurance	115,158,699	126,164,605	91.28	95,574,570	118,590,450	80.59
Total	318,030,646	480,802,561	66.15	274,283,716	450,138,654	60.93



Operating expenses as % of gross written premiums

Operating expenses as % of gross written premiums	Operating expenses	Gross written premiums	Year 2022	Operating expenses	Gross written premiums	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in euros	in euros	in %	in euros	in euros	in %
1. Accident insurance	7,695,925	24,645,807	31	8,044,639	23,996,797	34
2. Health insurance (without complementary health insurance)	1,857,282	6,982,109	27	1,117,807	5,610,705	20
3. Land vehicle insurance	20,731,059	79,246,688	26	19,303,792	72,739,681	27
5. Aircraft insurance	53,643	503,983	11	111,325	292,122	38
6. Ship insurance	192,678	496,781	39	162,201	466,419	35
7. Goods in transit insurance	810,939	2,537,987	32	565,403	2,288,991	25
8. Fire and natural forces insurance	12,340,636	36,848,087	33	10,969,330	33,992,462	32
9. Other damage to property insurance	9,049,077	26,343,780	34	8,026,125	25,339,079	32
10. Vehicle liability insurance	15,765,025	58,087,284	27	15,801,371	54,793,459	29
11. Aircraft or other flying machine liability insurance	1,287	42,201	3	14,466	20,694	70
12. Liability for ship insurance	178,060	545,195	33	320,898	531,350	60
13. General liability insurance	6,474,239	18,408,217	35	5,528,823	17,146,089	32
14. Credit insurance shall be insurance covering:	864	(506)	-	1,009	654,505	0
15. Suretyship insurance	94,926	199,284	48	31,632	163,805	19
16. Miscellaneous financial loss insurance	356,731	1,297,874	27	346,043	1,034,881	33
17. Legal expenses insurance	200,300	808,493	25	151,683	957,346	16
18. Tourist assistance	2,810,336	10,295,636	27	2,418,217	8,314,162	29
Non-life insurance contracts	78,613,007	267,288,900	29	72,914,764	248,342,549	29
19. Life assurance	17,329,853	41,007,268	42	15,685,347	39,527,086	40
21. Life assurance linked to units of investment fund or to units of funds	9,757,343	46,341,788	21	8,162,015	43,678,570	19
Life insurance contracts	27,087,196	87,349,056	31	23,847,362	83,205,656	29
Complementary health insurance	10,521,797	126,164,605	8	9,718,870	118,590,450	8
Total	116,222,000	480,802,561	24	106,480,996	450,138,654	24

Acquisition costs as % of gross written premiums

Acquisition costs as % of gross written premiums	Insurance acquisition costs	Gross written premiums	Year 2022	Insurance acquisition costs	Gross written premiums	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
Results by class of insurance:	in euros	in euros	in %	in euros	in euros	in %
1. Accident insurance	2,321,586	24,645,807	9	2,133,443	23,996,797	9
2. Health insurance (without complementary health insurance)	1,415,332	6,982,109	20	713,398	5,610,705	13
3. Land vehicle insurance	6,283,864	79,246,688	8	6,180,087	72,739,681	8
5. Aircraft insurance	1,087	503,983	0	1,902	292,122	1
6. Ship insurance	71,877	496,781	14	64,698	466,419	14
7. Goods in transit insurance	266,287	2,537,987	10	211,114	2,288,991	9
8. Fire and natural forces insurance	6,218,747	36,848,087	17	5,425,254	33,992,462	16
9. Other damage to property insurance	4,380,289	26,343,780	17	3,902,376	25,339,079	15
10. Vehicle liability insurance	4,437,172	58,087,284	8	4,274,117	54,793,459	8
11. Aircraft or other flying machine liability insurance	1,078	42,201	3	707	20,694	3
12. Liability for ship insurance	68,016	545,195	12	62,832	531,350	12
13. General liability insurance	2,729,362	18,408,217	15	2,378,780	17,146,089	14
14. Credit insurance shall be insurance covering:	-	(506)	0	-	654,505	0
15. Suretyship insurance	21,509	199,284	11	14,671	163,805	9
16. Miscellaneous financial loss insurance	160,953	1,297,874	12	140,321	1,034,881	14
17. Legal expenses insurance	66,183	808,493	8	66,905	957,346	7
18. Tourist assistance	689,675	10,295,636	7	600,019	8,314,162	7
Non-life insurance contracts	29,133,017	267,288,900	11	26,170,624	248,342,549	11
19. Life assurance	7,103,702	41,007,268	17	5,829,663	39,527,086	15
21. Life assurance linked to units of investment fund or to units of funds	3,101,404	46,341,788	7	1,883,762	43,678,570	4
Life insurance contracts	10,205,106	87,349,056	12	7,713,425	83,205,656	9
Complementary health insurance	1,405,673	126,164,605	1	1,330,419	118,590,450	1
Total	40,743,796	480,802,561	8	35,214,468	450,138,654	8



Net claims ratio

Net claims ratio	Net claims paid + change in claims provisions	Net earned premiums	Year 2022	Net claims paid + change in claims provisions	Net earned premiums	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
	in euros	in euros	in %	in euros	in euros	in %
Results by class of insurance:						
1. Accident insurance	10,082,168	24,092,111	42	9,543,820	23,564,756	41
2. Health insurance (without complementary health insurance)	3,173,110	6,973,797	46	2,225,327	5,581,256	40
3. Land vehicle insurance	54,986,591	72,223,655	76	43,693,070	66,235,189	66
5. Aircraft insurance	235	36,707	1	(2,584)	15,356	-
6. Ship insurance	85,165	133,742	64	63,808	128,529	50
7. Goods in transit insurance	268,235	674,558	40	332,875	512,464	65
8. Fire and natural forces insurance	16,476,691	28,607,680	58	15,826,040	25,662,483	62
9. Other damage to property insurance	8,325,893	20,387,400	41	9,562,642	20,076,381	48
10. Vehicle liability insurance	40,007,278	54,412,907	74	30,347,573	52,644,714	58
11. Aircraft or other flying machine liability insurance	433	25,175	2	-	1,301	0
12. Liability for ship insurance	9,761	142,609	7	(5,994)	147,108	-
13. General liability insurance	2,186,901	14,132,649	15	5,237,470	12,167,984	43
14. Credit insurance shall be insurance covering:	(4,250)	77,190	-	(7,554)	734,382	-
15. Suretyship insurance	(18,198)	117,653	-	20,286	44,730	45
16. Miscellaneous financial loss insurance	73,746	856,612	9	313,986	506,552	62
17. Legal expenses insurance	13,865	755,232	2	13,512	814,140	2
18. Tourist assistance	8,301,010	7,802,793	106	5,797,127	7,029,380	82
Non-life insurance contracts	143,968,635	231,452,470	62	122,961,405	215,866,706	57
19. Life assurance	21,002,924	36,683,364	57	20,257,685	35,353,733	57
21. Life assurance linked to units of investment fund or to units of funds	33,432,921	46,341,788	72	32,453,067	43,678,570	74
Life insurance contracts	54,435,845	83,025,152	66	52,710,752	79,032,303	67
Complementary health insurance	117,863,740	126,115,134	93	96,948,292	118,420,840	82
Total	316,268,220	440,592,757	72	272,620,448	413,319,849	66

Combined claims ratio

Combined claims ratio	Net claims paid + change in claims provisions + net operating expenses	Net earned premiums	Year 2022	Net claims paid + change in claims provisions + net operating expenses	Net earned premiums	Year 2021
1	2	3	4=2/3	5	6	7=5/6
	in euros	in euros	koeficient	in euros	in euros	koeficient
Non-life insurance contracts	356,571,965	357,567,605	100	307,073,202	334,287,546	92

Expense ratio

Expense ratio	Operating expenses	Net earned premiums	Year 2022	Operating expenses	Net earned premiums	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
	in euros	in euros	in %	in euros	in euros	in %
Life insurance contracts	27,087,196	83,025,152	33	23,847,362	79,032,303	30

Undewriting profitability ratio

Undewriting profitability ratio	(Life insurance claims paid + change in technical provisions)	Written net premium for life insurance	Year 2022	(Life insurance claims paid + change in technical provisions)	Written net premium for life insurance	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
	in euros	in euros	in %	in euros	in euros	in %
Life insurance contracts	110,219,559	83,070,486	133	113,870,126	79,162,522	144



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 2022	Investment income	(Balance of investments as at beginning of year + balance of investments as at year-end)/2	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
	in euros	in euros	in %	in euros	in euros	in %
Investments from Non-life insurance	(25,788,630)	287,001,582	-0.1	4,017,934	297,419,537	1.4
Life insurance investments	(34,360,968)	220,460,657	-0.2	(612,510)	238,113,515	-0.3
Unit-linked life insurance investments	(60,298,425)	412,249,798	-0.1	58,818,228	411,316,622	14.3
Complementary health insurance investments	(2,692,315)	29,828,133	-0.1	(196,598)	32,442,864	-0.6
Investments from other lines of business, for which mathematical provision is formed	(438,509)	3,745,196	-0.1	(14,439)	3,607,953	-0.4
Investments which are not financed from technical provisions	4,222,686	64,780,494	0.1	1,313,622	61,080,508	2.2
Total insurance	(119,356,161)	1,018,065,859	-0.1	63,326,237	1,043,980,999	6.1

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 2022	Net provisions for claims outstanding	Net earned premiums	Year 2021
1	2	3	4=2/3*100	5	6	7=5/6*100
	in euros	in euros	in %	in euros	in euros	in %
Results by class of insurance:						
1. Accident insurance	14,720,590	24,092,111	61	14,780,103	23,564,756	63
2. Health insurance (without complementary health insurance)	807,794	6,973,797	12	618,794	5,581,256	11
3. Land vehicle insurance	20,896,408	72,223,655	29	17,003,234	66,235,189	26
5. Aircraft insurance	448	36,707	1	2,703	15,356	18
6. Ship insurance	114,526	133,742	86	113,351	128,529	88
7. Goods in transit insurance	364,991	674,558	54	374,274	512,464	73
8. Fire and natural forces insurance	17,088,716	28,607,680	60	17,813,283	25,662,483	69
9. Other damage to property insurance	10,651,250	20,387,400	52	10,525,228	20,076,381	52
10. Vehicle liability insurance	77,481,998	54,412,907	142	70,908,622	52,644,714	135
11. Aircraft or other flying machine liability insurance	41	25,175	0	-	1,301	0
12. Liability for ship insurance	224,249	142,609	157	225,702	147,108	153
13. General liability insurance	24,409,056	14,132,649	173	26,303,798	12,167,984	216
14. Credit insurance shall be insurance covering:	3,523	77,190	5	-	734,382	0
15. Suretyship insurance	1	117,653	0	16,043	44,730	36
16. Miscellaneous financial loss insurance	431,805	856,612	50	614,269	506,552	121
17. Legal expenses insurance	28,475	755,232	4	20,232	814,140	2
18. Tourist assistance	3,229,820	7,802,793	41	1,834,052	7,029,380	26
Non-life insurance contracts, excluding health insurance	170,453,690	231,452,470	74	161,153,687	215,866,706	75
19. Life assurance	9,976,792	36,683,364	27	9,141,001	35,353,733	26
21. Life assurance linked to units of investment fund or to units of funds	2,452,199	46,341,788	5	2,852,522	43,678,570	7
Life insurance contracts	12,428,991	83,025,152	15	11,993,523	79,032,303	15
Complementary health insurance	10,082,466	126,115,134	8	8,088,456	118,420,840	7
Total	192,965,147	440,592,757	44	181,235,666	413,319,849	44



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 2022	Gross profit, or loss, of the current year	Net written premiums	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts (without complementary health insurance)	8,500,999	238,877,726	3.6	17,481,474	221,225,972	7.9
Life insurance contracts	8,926,551	83,070,486	10.7	8,258,334	79,162,522	10.4
Complementary health insurance	(3,585,713)	126,164,605	-	3,222,529	118,590,450	2.7
Total	13,841,837	448,112,817	3.1	28,962,338	418,978,943	6.9

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 2022	Gross profit or loss, of the current year	(Capital at beginning of year + capital at end of year)/2	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts	4,915,286	116,129,780	4.2	20,704,003	131,174,394	15.8
Life insurance contracts	8,926,551	28,221,180	31.6	8,258,334	32,256,001	25.6
Total	13,841,837	144,350,960	9.6	28,962,338	163,430,396	17.7

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 2022	Gross profit, or loss, of the current year	(Assets at beginning of year + assets at end of year)/2	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts	4,915,286	495,146,371	1.0	20,704,003	501,127,160	4.1
Life insurance contracts	8,926,551	730,771,432	1.2	8,258,334	737,828,824	1.1
Total	13,841,837	1,189,055,313	1.2	28,962,338	1,206,434,286	2.4

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 2022	Gross profit	Number of shares	Year 2021
1	2	3	4=2/3	2	3	4=2/3
	in euros		in euros	in euros		in euros
Non-life insurance contracts	4,915,286	2,364,563	2.1	20,704,003	2,364,563	8.8
Life insurance contracts	8,926,551	2,364,563	3.8	8,258,334	2,364,563	3.5
Total	13,841,837	2,364,563	5.9	28,962,338	2,364,563	12.2

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 2022	The insurer's capital	Receivables from reinsurance and technical provisions attributable to reinsurers	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts	39,062,728	98,165,998	39.8	39,813,688	134,093,562	29.7
Life insurance contracts	1,973,415	21,297,027	9.3	2,653,730	35,145,334	7.6
Total	41,036,143	119,463,024	34.4	42,467,418	169,238,896	25.1

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 2022	Gross written premium, net of reinsurance	Average capital + average balance of technical provisions	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts	365,042,331	390,621,140	93.5	339,816,421	386,189,513	88.0
Life insurance contracts	83,070,486	629,484,354	13.2	79,162,522	640,821,865	12.4
Total	448,112,817	1,020,105,494	43.9	418,978,943	1,027,011,378	40.8



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 2022	Average balance of technical provision, net of reinsurance	Net revenues from insurance contracts	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts	274,491,360	357,567,605	76.8	255,015,118	334,287,546	76.3
Life insurance contracts	601,263,173	83,025,152	724.2	608,565,864	79,032,303	770.0
Total	875,754,533	440,592,758	198.8	863,580,982	413,319,849	208.9

Equity as % of total equity and liabilities

Equity as % of total equity and liabilities	Equity	Total equity and liabilities	Year 2022	Equity	Total equity and liabilities	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts	98,165,998	481,325,324	20.4	134,093,562	508,967,419	26.3
Life insurance contracts	21,297,027	695,767,880	3.1	35,145,334	765,774,984	4.6
Total	119,463,024	1,135,545,981	10.5	169,238,896	1,242,564,646	13.6

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 2022	Technical provisions, net of reinsurance	Total equity and liabilities	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Non-life insurance contracts	282,572,736	481,325,324	58.7	266,409,984	508,967,419	52.3
Life insurance contracts	566,084,251	695,767,880	81.4	636,442,096	765,774,984	83.1
Total	848,656,987	1,135,545,981	74.7	902,852,080	1,242,564,646	72.7

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 2022	Net provisions (mathematical reserves)	Net technical provisions	Year 2021
1	2	3	4=2/3*100	2	3	4=2/3*100
	in euros	in euros	in %	in euros	in euros	in %
Life insurance contracts	566,084,251	848,656,987	66.7	636,442,096	902,852,080	70.5

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 2022	Gross written premiums	Number of full-time employees	Year 2021
1	2	3	4=2/3	2	3	4=2/3
	in euros		in euros	in euros		in euros
Aggregate insurance business - total	480,802,561	1,296	370,989.6	450,138,654	1,305	344,933.8



GENERALI ZAVAROVALNICA D.D. FINANCIAL STATEMENTS

FOR THE PERIOD FROM 1 JANUARY 2022
TO 31 DECEMBER 2022

2022

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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. for the year ended on 31 December 2022 and the applied accounting policies and notes to the financial statements.

The Management Board is responsible for the preparation of the Insurance Company's Annual Report in accordance with the International Financial Reporting Standards as adopted by the EU and with the requirements of the Companies Act and the Insurance Act, so that it presents a true and fair view of the financial position and performance results of the Insurance Company for the year ended on 31 December 2022.

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. In addition to the financial statements, the Management Board agrees to and confirms the content of other parts of the 2022 Annual Report.

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, 29 March 2023

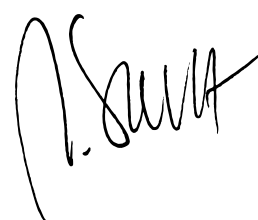
Management Board of the Company:

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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Independent Auditors' Report

To the shareholder of insurance company GENERALI zavarovalnica d.d.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GENERALI zavarovalnica d.d. (the »Insurance Company«), which comprise:

- the statement of financial position as at 31 December 2022;

and, for the period from 1 January to 31 December 2022:

- the income statement;
- the statement of other 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 Insurance Company as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (»IFRS as adopted by 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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vpis v sodni register: Okrožno sodišče v Ljubljani
št. reg. vl.: 0611/2062100
osnovni kapital: 54.882,00 EUR
ID za DDV: SI20437145
matična št.: 564856000





Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and EU 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 - EU 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 Insurance 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 separate opinion on these matters.

We have determined the following key audit matters:

Measurement of the life insurance contracts liabilities

As at 31 December 2022, Life insurance contract liabilities: EUR 177,887 thousand (as at 31 December 2021: EUR 201,135 thousand).

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 7.13 Insurance technical provisions; of the Insurance Company's financial statements.

Key audit matter	Our response
<p>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 board to exercise judgment and develop complex and subjective assumptions. These assumptions are used as inputs into the valuation model that uses standard actuarial methods.</p> <p>At each reporting date, the Insurance Company is also required to perform a liability adequacy test (hereinafter, »LAT«) with an aim to determine whether its recognized life insurance contract liabilities are adequate. 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</p>	<p>Our procedures in the area, performed, where relevant, with the assistance of our own actuarial specialists, included the following, among other things:</p> <ul style="list-style-type: none"> we critically assessed the method and models applied by the Insurance Company against current industry practice and relevant regulatory and financial reporting requirements; we evaluated the design, and implementation of selected controls over the Insurance 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 Insurance Company's records and experience analysis;

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<p>flows, the entire deficiency is recognized as additional life insurance contracts liability in correspondence with a profit or loss.</p> <p>Relatively insignificant changes in the assumptions applied by the Insurance 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.</p> <p>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.</p>	<ul style="list-style-type: none"> we assessed the results of the Insurance 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: <ul style="list-style-type: none"> (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 Insurance Company's liability adequacy test by comparing the predictions of the previous year's model with the actual outcomes; we assessed the Insurance Company's disclosures regarding the life insurance contracts liabilities against the requirements of the relevant financial reporting standards.
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Measurement of provisions for outstanding claims (life and non-life insurance)

As at 31 December 2022, provision for outstanding claims: EUR 227,905 thousand (as at 31 December 2021: EUR 214,162 thousand) (including provision for insurance claims incurred but not yet reported in the period (IBNR) of EUR 89,320 thousand (as at 31 December 2021: EUR 80,586 thousand) and provision for claims incurred and reported, but not yet settled (RBNS) of EUR 138,585 thousand (as at 31 December 2021 EUR: 133,576 thousand)).

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 7.13 Insurance technical provisions; of the Insurance Company's financial statements.

Key audit matter	Our response
<p>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.</p> <p>For the majority of classes of insurance, the Insurance Company uses the chain-ladder method or bornheuter-ferguson method based on the amount of insurance claims incurred or insurance claims paid (based on relevant portfolio). The Insurance Company calculates</p>	<p>Our procedures in the area, performed, where applicable, with the assistance of our own actuarial specialists, included the following, among other things:</p> <ul style="list-style-type: none"> we tested the design and implementation of selected manual controls over measurement of the provisions for outstanding claims, including those over determination of actuarial assumptions; in respect of the IBNR provision we: <ul style="list-style-type: none"> 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,

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best estimate of IBNR which is adjusted by prudence margin calculated based on Bootstrap analysis.

For MTPL (motor third party liability) and GTPL (general third party liability) 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.

- 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 Insurance Company. We also independently recalculated the best estimate of IBNR,
- critically assessed the method applied for calculating prudence 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 Insurance 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 Insurance Company about particular claims, such as loss adjuster 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 Insurance 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 Insurance Company's disclosures regarding the provisions for outstanding claims against the requirements of the relevant financial reporting standards.

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Other Information

Management is responsible for the other information. The other information comprises the »Letter from the President of the Management Board«, the »Report of Supervisory Board for business year 2022«, the »Business Report« and the »Appendix to the financial statements« 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 the Business Report includes the disclosures required by the Company's Act dated 4 May 2006 (official gazette of Republic of Slovenia No. 42/2006 with amendments - hereafter referred to as »the applicable legal requirements«). Based solely on the work required to be undertaken in the course of the audit of the 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 Insurance 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.

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 IFRS as adopted by 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 Insurance 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 Insurance Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Insurance 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 EU 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.

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As part of an audit in accordance with ISAs and EU 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 Insurance 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 Insurance 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 Insurance 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.

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Report on Other Legal and Regulatory Requirements

We were appointed by the shareholders of the on the shareholders meeting dated 21 April 2021 to audit the financial statements of the Insurance Company for the year ended 31 December 2022. Our total uninterrupted period of engagement is two years.

We confirm that:

- our audit opinion is consistent with the additional report presented to the Audit Committee of the Insurance Company dated 3 April 2023;
- we have not provided any prohibited non-audit services (NASs) referred in Article 5 of EU Regulation (EU) No 537/2014. We also remained independent of the Insurance 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 of the Insurance Company, we have not provided any other services to the Insurance Company.

On behalf of audit firm

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

Signed on the Slovenian original

Domagoj Vuković, FCCA
Certified Auditor

Partner

KPMG Slovenija, d.o.o.
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Ljubljana, 3 April 2023

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3. FINANCIAL STATEMENTS

3.1 STATEMENT OF FINANCIAL POSITION

Statement of financial position as at 31 December 2022

(in EUR)	Note	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Assets		1,135,545,980	1,242,564,646
Intangible assets	7.1	7,815,254	7,467,031
Property, plant and equipment	7.2	28,598,443	30,597,366
Deferred tax assets	7.27	13,428,083	2,656,567
Investment properties	7.3	9,885,908	10,064,777
Financial investments in subsidiaries and associates	7.4	41,338,002	43,379,160
Financial investments	7.5	520,197,452	582,165,824
In loans and deposits		5,500,033	7,948,281
In held-to-maturity financial assets		8,186,815	9,541,236
In available-for-sale financial assets		501,178,125	560,210,312
In financial assets measured at fair value through profit and loss		5,332,479	4,465,995
Unit-linked investments of policyholders	7.6	380,592,066	436,136,464
Amounts of technical provisions ceded to reinsurers	7.7	37,012,185	37,788,543
Assets from investment contracts	7.8	26,747,442	28,095,456
Receivables	7.9	50,990,389	43,483,790
Receivables from direct insurance business		37,855,019	33,729,406
Receivables from reinsurance and coinsurance		4,023,958	4,678,875
Income tax receivables		2,803,505	(0)
Other receivables		6,307,906	5,075,509
Other assets	7.10	9,877,062	9,063,918
Cash and cash equivalents	7.11	9,063,694	11,665,749

(in EUR)	Note	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Equity and liabilities		1,135,545,980	1,242,564,646
Equity	7.12	119,463,024	169,238,896
Share capital		39,520,347	39,520,347
Capital reserves		50,197,176	50,940,548
Reserve from profit		9,522,501	9,479,165
Reserve due to fair value measurement (Revaluation surplus)		(36,724,702)	11,619,961
Retained net earnings		43,669,509	33,153,482
Net profit or loss for the financial year		13,278,193	24,525,393
Technical provisions	7.13	508,783,685	506,272,422
Unearned premiums		90,637,638	83,055,051
Mathematical provisions		174,440,412	174,609,663
Outstanding claims provisions		227,905,032	217,014,439
Other technical provisions		15,800,604	31,593,269
Insurance technical provisions for unit-linked insurance	7.14	376,885,487	434,368,201
Other provisions	7.16	8,281,994	5,659,434
Deferred tax liabilities	7.27	-	1,735,239
Liabilities from investment contracts	7.15	26,747,442	28,095,456
Other financial liabilities	7.17	32,838,923	34,789,750
Operating liabilities	7.18	32,360,420	34,646,303
Liabilities from direct insurance contracts		22,201,199	21,058,782
Liabilities from reinsurance and coinsurance contracts		10,159,221	10,007,904
Income tax liabilities		0	3,579,617
Other liabilities	7.19	30,185,005	27,758,944

The accounting policies and notes set out on pages from 154 to 270 form an integral part of the financial statements.



3.2 INCOME STATEMENT

Income statement for the period from 1 January 2022 to 31 December 2022

(in EUR)	Note	GENERALI d.d. 2022	GENERALI d.d. 2021
NET PREMIUM INCOME	7.20	440,592,763	413,319,851
Gross written premiums		480,802,563	450,138,655
Premiums ceded to reinsurers and coinsurers		(32,689,742)	(31,159,710)
Change in unearned premiums		(7,520,058)	(5,659,094)
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	7.20	3,261,160	2,235,050
INCOME FROM INVESTMENTS, of which	7.20	18,601,373	68,351,201
- Interest income calculated using the effective interest method		5,152,285	5,008,710
OTHER INCOME FROM INSURANCE OPERATIONS, of which	7.20	7,831,728	6,189,116
- fee and commission income		7,831,728	6,189,116
OTHER INCOME	7.20	8,284,267	7,698,098
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	7.21	(321,368,703)	(277,230,824)
Gross amounts of claims and benefits paid		(319,677,349)	(274,739,684)
Reinsurers'/coinsurers' shares		10,038,127	10,902,543
Change in claims provisions		(11,729,481)	(13,393,683)
CHANGE IN OTHER TECHNICAL PROVISIONS	7.13	2,696,243	(5,758,852)
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	7.14	57,471,722	(59,524,179)
EXPENSES FOR BONUSES AND DISCOUNTS		(1,410,968)	(594,302)
OPERATING EXPENSES, of which	7.22	(113,734,774)	(104,370,344)
- acquisition costs		(39,973,197)	(34,868,920)
EXPENSES FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	7.20	-	(1,201,281)
EXPENSES INVESTMENTS, of which	7.20	(59,612,319)	(578,458)
- impairment losses of financial assets not measured at fair value through profit or loss		-	(192,196)
OTHER INSURANCE EXPENSES	7.23	(20,611,297)	(12,287,039)
OTHER EXPENSES, of which	7.24	(8,159,358)	(7,285,699)
- Expenses from financing activities		(3,895,854)	(2,827,014)
PROFIT/(LOSS) BEFORE TAX		13,841,837	28,962,338
CORPORATE INCOME TAX	7.26	(562,453)	(4,421,528)
NET PROFIT FOR THE REPORTING PERIOD		13,279,384	24,540,810

(in EUR)	Note	GENERALI d.d. 2022	GENERALI d.d. 2021
Basic net earnings/loss per share	7.28	5,62	10,38
Diluted net earnings/loss per share		5,62	10,38

The accounting policies and notes set out on pages from 154 to 270 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 2022 to 31 December 2022

(in EUR)	Note	GENERALI d.d. 2022	GENERALI d.d. 2021
NET PROFIT OR LOSS FOR THE FINANCIAL YEAR AFTER TAXATION		13,279,384	24,540,810
OTHER COMPREHENSIVE INCOME AFTER TAXATION	7.12	(47,637,062)	(1,037,118)
Items not to be allocated to profit or loss in subsequent periods		707,601	354,769
Actuarial net gain/loss for pension programmes		707,601	354,769
Items that may be allocated to profit or loss in subsequent periods	7.12	(48,344,662)	(1,391,887)
Net gain/loss from re-measurement of available-for-sale financial assets		(59,684,768)	(1,718,379)
Gain/loss, recognised in revaluation surplus		(53,283,731)	(466,792)
Transfer of gain/loss from revaluation surplus to income statement		(6,401,038)	(1,251,587)
Tax on items that may be allocated to profit or loss in subsequent periods		11,340,106	326,492
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION		(34,357,678)	23,503,692

The accounting policies and notes set out on pages from 154 to 270 form an integral part of the financial statements.



3.4 STATEMENT OF CASH FLOWS

Statement of cash flows for the period from 1 January 2022 to 31 December 2022

(in EUR)	Note	GENERALI d.d. 2022	GENERALI d.d. 2021
Cash flow from operating activities		19,843,576	50,551,105
Income statement items		37,899,398	65,227,998
Net income		13,278,193	24,540,810
Adjustments to net income for:		24,621,206	40,687,188
Depreciation and amortisation		6,647,183	6,520,576
Net income and expenses from investments		(2,982,443)	(5,160,559)
Changes in unearned premiums		7,520,058	5,659,094
Changes in claims provisions		11,729,481	13,393,683
Changes in other insurance-technical provisions		(60,111,507)	65,877,333
Changes in other provisions		2,714,795	683,601
Revaluation gains/losses		55,888,433	(50,377,058)
Tax expenses		562,453	
Net exchange difference		(453,799)	(434,753)
Mutual receivables and liabilities		(300,929)	(289,919)
Write-off of receivables		4,219,017	540,392
Deferred acquisition costs		(811,537)	(146,731)
Changes in net operating assets (receivables for insurance, other receivables, other assets and deferred tax assets and liabilities) of balance sheet items		(18,055,822)	(14,676,892)
Opening less closing receivables from direct insurance		(1,600,289)	(3,395,718)
Opening less closing receivables from reinsurance		857,444	(177,343)
Opening less closing other receivables from (re)insurance contracts		(1,115,373)	(815,673)
Opening less closing other receivables and assets		(3,514,272)	(2,039,790)
Opening less closing deferred tax assets		(10,771,516)	(152,282)
Closing less opening liabilities from direct insurance operations		1,142,417	4,693,118
Closing less opening liabilities from reinsurance		151,316	(11,711,300)
Closing less opening other operating liabilities		1,023,681	(204,513)
Closing less opening other liabilities (other than unearned premium)		(2,493,992)	(546,900)
Closing less opening deferred tax liabilities		(1,735,239)	(326,492)
Net cash from/(used in) operating activities		19,843,576	50,551,105

(in EUR)	Note	GENERALI d.d. 2022	GENERALI d.d. 2021
Cash flows from investing activities		(6,862,050)	(15,531,990)
Cash inflows from investing activities		169,353,958	40,657,750
Cash inflows from interest received from investing activities		9,747,709	5,910,782
Cash inflows from dividends and participations in profit of others		5,433,199	4,285,927
Cash inflows from disposal of intangible assets		-	113,812
Cash inflows from disposal of property, plant and equipment		68,420	335,063
Cash inflows from disposal of financial investments		154,104,630	30,012,165
Cash outflows from investing activities		(176,216,008)	(56,189,740)
Cash outflows for acquisition of intangible assets		(3,151,649)	(3,065,244)
Cash outflows for acquisition of property, plant and equipment		(1,080,666)	(2,590,829)
Cash outflows for acquisition of financial investments		(171,983,693)	(50,533,668)
Net cash from /(used in) investing activities		(6,862,050)	(15,531,990)
Cash flows from financing activities		(15,583,582)	(33,830,606)
Cash inflows from financing activities		-	30,000,000
Cash inflows from long-term loans and issued bonds		-	30,000,000
Cash outflows from financing activities		(15,583,582)	(63,830,606)
Cash outflows for interest paid		(876,000)	(1,960,500)
Cash outflows for payments of long-term financial liabilities		-	(50,000,000)
Cash outflows for dividends and profit sharing		(14,707,582)	(11,870,106)
Net cash from/(used in) financing activities		(15,583,582)	(33,830,606)
Closing balance of cash and cash equivalents	7.11	9,063,694	11,665,749
Net cash flow for the period		(2,602,056)	1,188,509
Opening balance of cash and cash equivalents	7.11	11,665,749	10,477,241

The accounting policies and notes set out on pages from 154 to 270 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 2022 to 31 December 2022

(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	7,736,766	11,619,961	33,153,482	24,525,393	169,238,896
OPENING BALANCE IN THE FINANCIAL PERIOD		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 change at acquisition of subsidiary		-	(743,372)	-	-	-	-	-	(743,372)
Comprehensive income net of tax	7.12	-	-	-	-	(48,344,662)	707,601	13,278,193	(34,358,869)
a. Net profit/loss for the year		-	-	-	-	-	-	13,278,193	13,278,193
b. Other comprehensive income	7.12	-	-	-	-	(48,344,662)	707,601	-	(47,637,062)
Allocation of net profit/loss for the preceding year to retained profit/loss		-	-	-	-	-	24,525,393	(24,525,393)	-
Payment (accounting) of dividends/bonuses in the form of shares		-	-	-	-	-	(14,707,582)	-	(14,707,582)
Other		-	-	-	43,336	-	(9,385)	-	33,951
CLOSING BALANCE AS AT 31 DECEMBER		39,520,347	50,197,176	1,742,399	7,780,102	(36,724,702)	43,669,509	13,278,193	119,463,024

The accounting policies and notes set out on pages from 154 to 270 form an integral part of the financial statements.

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 preceding 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 154 to 270 form an integral part of the financial statements.

Statement of accumulated profit for 2022*

(in EUR)	Note	GENERALI d.d. 2022	GENERALI d.d. 2021
Net profit/(loss) for the financial year		13,278,193	24,525,393
Net profit carried forward (+) / net loss carried forward (-)	7.12	43,669,509	33,153,482
- result for the current year under effective standards		43,669,509	33,153,482
Balance-sheet profit allocated by the Annual General Meeting as follows:		56,947,702	57,678,875
- to the shareholder			14,707,582

*Statement of accumulated profit it is not an integral part of the previous statements.



4. GENERAL INFORMATION

4.1 BASIC INFORMATION CONCERNING 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 is registered with 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 2022

GENERALI zavarovalnica is owned by the Generali CEE Holding B.V. having its registered office in Amsterdam, the Netherlands, De Entree 91, 11014 BH Amsterdam Group and is included in the consolidated financial statements of the parent company Generali CEE Holding B. V., where the consolidated financial statements of the company Assicurazioni Generali S.p.A., which compiles the consolidated annual report for the widest range of companies in the Group.

Assicurazioni Generali S. p. A., the ultimate parent company having its registered office in Trieste, Piazza Duca degli Abruzzi 2, Italy, where the consolidated report for the entire Generali Group (hereinafter the Generali Group (Italy) can be obtained, 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 (until 12 April 2022)
- 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 2022

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

4.3 STATEMENT ON COMPLIANCE

Financial Statements and the Annual Report for GENERALI zavarovalnica d.d. for 2022 have been prepared in accordance with the provisions of International Financial Reporting Standards (IFRS), as adopted by the EU. 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 29. March 2023. 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 valued at fair value and assets valued at amortized values (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 5.24.).

4.5 CONSOLIDATION

GENERALI zavarovalnica d.d., as the parent company of three subsidiaries from Slovenia and five indirect subsidiaries, does not prepare consolidated financial statements because it meets the IFRS requirements and the requirements referred to in Article 56(6) of the Companies Act (ZGD-1), since the Insurance Company's securities are not traded on a regulated securities market.

Subsidiaries are included in the consolidated financial statements of Assicurazioni Generali S.p.A having its registered office in Trieste, Piazza Duca degli Abruzzi 2, Italy, which is the parent company of Generali CEE Holding B.V. established in Amsterdam, and the indirect parent company of GENERALI zavarovalnica d.d.

The consolidated financial statements of the insurance group are publicly available on the website:

- for the Assicurazioni Generali S. p. A. Group on Generali Group.



Subsidiaries of GENERALI zavarovalnica d.d. as at
31 December 2022

Subsidiary name	Equity Interest 31.12.2022	Equity Interest 31.12.2021
PROSPERA družba za izterjavo d.o.o., Slovenija	-	100%
Ambulanta ZDRAVJE zdravstvene storitve d.o.o., Slovenija	100%	100%
Generali Investments, družba za upravljanje, d.o.o. Ljubljana, Slovenija	100%	100%
LEV Registracija d.o.o. , Slovenija	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, very small differences may arise from summing up certain items (EUR ±1).

4.6.2 FOREIGN CURRENCY TRANSACTIONS AND ITEMS

The translation of items of assets and liabilities in foreign currency into the functional currency is made at the at the reference exchange rates of the European Central Bank - ECB (for currencies for which the ECB does not publish reference exchange rates, the reference exchange rates of the Bank of Slovenia are applied) 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 and translated 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 the event, 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 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 comprehensive income.

4.7 CHANGES IN THE STRUCTURE OF OPERATIONS

Acquisition of the company PROSPERA družba za izterjavo d.o.o.

In 2022, the Management Board of GENERALI zavarovalnica d.d. and the management of the subsidiary PROSPERA družba za izterjavo d.o.o. decided to initiate procedures for the merger of the subsidiary with the parent company after the cut-off date of merger 30 June 2022.

Accordingly, at the 64th session of the General Meeting of GENERALI d.d., consent was given to the conclusion of the merger agreement concluded on 7 June 2022 by and between GENERALI d.d. (as the acquiring company) and PROSPERA d.o.o. (as the acquired company).

The merger was carried out by transferring the entire assets and rights and obligations of the acquired company to the acquiring company GENERALI d.d., in accordance with the merger agreement and the provisions of the Companies Act. 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 December 2022, the merger of PROSPERA d.o.o. with GENERALI zavarovalnica d.d. was formally completed. The acquired company ceased to exist on that day, while the acquiring company, as the universal legal successor, entered into all legal relations which the acquired company was subject to.



Acquired assets and assumed liabilities as at 1 July 2022

(in EUR)	GENERALI d.d.	GENERALI d.d.	Merger assets and liabilities 1.7.2022			After merger	
	GENERALI d.d. 31.12.2021	GENERALI d.d. 30.6.2022	Merger Prospera d.o.o.	Exclusions Prospera d.o.o. - GENERALI d.d.	Merger effect	GENERALI d.d. 01.07.2022	GENERALI d.d. 31.12.2022
Assets	1,242,564,646	1,155,814,946	1,149,392	(1,791,158)	(641,766)	1,155,173,180	1,135,545,980
Intangible assets	7,467,031	8,157,223	51	-	51	8,157,274	7,815,254
Property, plant and equipment	30,597,366	29,316,798	-	-	-	29,316,798	28,598,443
Deferred tax assets	2,656,567	6,455,745	207,606	-	207,606	6,663,351	13,428,083
Investment properties	10,064,777	9,984,383	-	-	-	9,984,383	9,885,908
Financial investments in subsidiaries and associates	43,379,160	42,321,174	-	(1,791,158)	(1,791,158)	40,530,016	41,338,002
Financial investments	582,165,824	522,318,662	-	-	-	522,318,662	520,197,452
In loans and deposits	7,948,281	7,821,573	-	-	-	7,821,573	5,500,033
In held-to-maturity financial assets	9,541,236	8,060,333	-	-	-	8,060,333	8,186,815
In available-for-sale financial assets	560,210,312	501,079,874	-	-	-	501,079,874	501,178,125
In financial assets measured at fair value	4,465,995	5,356,882	-	-	-	5,356,882	5,332,479
Unit-linked investments of policyholders	436,136,464	387,667,948	-	-	-	387,667,948	380,592,066
Amounts of technical provisions ceded to reinsurers	37,788,543	36,832,853	-	-	-	36,832,853	37,012,185
Assets from investment contracts	28,095,456	26,002,431	-	-	-	26,002,431	26,747,442
Receivables	43,483,790	39,878,065	188,268	-	188,268	40,066,333	50,990,389
Receivables from direct insurance business	33,729,406	25,470,639	-	-	-	25,470,639	37,855,019
Receivables from reinsurance and coinsurance	4,678,875	5,611,598	-	-	-	5,611,598	4,023,958
Income tax receivables	-	2,404,546	-	-	-	2,404,546	2,803,506
Other receivables	5,075,509	6,391,281	188,268	-	188,268	6,579,549	6,307,906
Other assets	9,063,918	11,857,121	-	-	-	11,857,121	9,877,062
Cash and cash equivalents	11,665,749	35,022,542	753,467	-	753,467	35,776,009	9,063,694

(in EUR)	GENERALI d.d.	GENERALI d.d.	Merger assets and liabilities 1.7.2022			After merger	
	GENERALI d.d. 31.12.2021	GENERALI d.d. 30.6.2022	Merger Prospera d.o.o.	Exclusions Prospera d.o.o. - GENERALI d.d.	Merger effect	GENERALI d.d. 01.07.2022	GENERALI d.d. 31.12.2022
Equity and liabilities	1,242,564,646	1,155,814,946	1,149,392	(1,791,158)	(641,766)	1,155,173,180	1,135,545,980
Equity	169,238,896	133,611,884	1,047,785	(1,791,158)	(743,372)	132,868,511	119,463,024
Share capital	39,520,347	39,520,347	100,000	(100,000)	-	39,520,347	39,520,347
Capital reserves	50,940,548	50,940,548	1,820,934	(2,564,307)	(743,372)	50,197,176	50,197,176
Reserve from profit	9,479,165	9,509,657	10,000	(10,000)	-	9,509,657	9,522,501
Reserve due to fair value measurement (Revaluation surplus)	11,619,961	(10,936,708)	-	-	-	(10,936,708)	(36,724,702)
Retained net earnings	33,153,482	42,971,293	55,221	(55,221)	-	42,971,293	43,669,509
Net profit or loss for the financial year	24,525,393	1,606,746	(938,371)	938,371	-	1,606,746	13,278,193
Technical provisions	506,272,422	513,272,784	-	-	-	513,272,784	508,783,685
Unearned premiums	83,055,051	96,620,518	-	-	-	96,620,518	90,637,638
Mathematical provisions	174,609,663	172,991,479	-	-	-	172,991,479	174,440,412
Outstanding claims provisions	217,014,439	229,280,639	-	-	-	229,280,639	227,905,032
Other technical provisions	31,593,269	14,380,147	-	-	-	14,380,147	15,800,604
Insurance technical provisions for unit-linked insurance	434,368,201	384,906,700	-	-	-	384,906,700	376,885,487
Other provisions	5,659,434	6,772,109	29,129	-	29,129	6,801,239	8,281,994
Deferred tax liabilities	1,735,239	-	-	-	-	-	-
Liabilities from investment contracts	28,095,456	26,002,431	-	-	-	26,002,431	26,747,442
Other financial liabilities	34,789,750	35,118,351	-	-	-	35,118,351	32,838,923
Operating liabilities	34,646,303	22,089,962	-	-	-	22,089,962	32,360,420
Liabilities from direct insurance contracts	21,058,782	12,655,525	-	-	-	12,655,525	22,201,199
Liabilities from reinsurance and coinsurance contracts	10,007,904	9,434,437	-	-	-	9,434,437	10,159,221
Income tax liabilities	3,579,617	-	-	-	-	-	-
Other liabilities	27,758,944	34,040,725	72,478	-	72,478	34,113,202	30,185,005

In the PROSPERA d.o.o. merger process, on the cut-off date, there was a difference between the net value of acquired assets and assumed liabilities and the book value of the investment shown in the Company's books. The resulting difference of the merger process

totalled EUR 743,372. GENERALI d.d. recognized this effect of the merger in the statement of financial position among capital reserves, and reduced the balance of capital reserves by EUR 743,372.



5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used for the preparation of the financial statements are presented in the text below, and were followed consistently in the preparation of the financial statements for the financial year 2022.

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	Amortisation rate	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 life of intangible assets is the period in which it is possible to expect economic benefits from the asset. It is 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 assessment is performed for all significant intangible assets, if their carrying amount exceeds their recoverable amount. The assessment 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 the 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 are accounted for as well as the costs which increase future economic benefits from its use (modernisation costs, enhancement costs, costs increasing the capability of the fixed asset).

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

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

Depreciation rates and useful lives of property, plant and equipment

Property, plant and equipment by depreciation groups	Depreciation rate	Useful life
Buildings	1.3 -1.8%	56–77
Motor vehicles	12.5-15.5%	6–8
Computer equipment	20.0%-50.0%	2–5
Office equipment	10 -25%	4–10
Other equipment (furniture, fittings & fixtures)	10 -33.3%	3–10

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

The management believes that in normal - expected business conditions, the carrying amount of property held

for own use is at least equal to the recoverable amount of property. Operating conditions deviate from normal if in the past three years the cash-generating unit has reached a negative profit, which in each case exceeds the amount of the insurance company's significance and there are no prospects for improving its business in the coming years.

The management assesses the values of these properties in the case the business circumstances significantly change or deviate from normal (expected) business conditions (an individual cash-generating unit has been operating for the last three years) or if 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 can be 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, i.e. whether the contract contains all elements of 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, which is 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 one 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	Depreciation rate	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 criteria are taken into account. If the actual return of an individual property exceeds the required return of property, the property does not show signs of impairment. Otherwise, the recoverable amount is determined for the property, using the following property valuation methods (also defined in valuation methods in the section on Fair value):

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

Of the valuation methods used, the Company gives priority to the market approach. 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 trading. 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 contracts and 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 appraisals of companies or using internal assessments and evaluations.

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 if 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 present 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 holds a significant but not controlling influence, which is 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 form 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 fair value 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

These 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) and the “upon initial recognition” (FVD):

- 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 measured at fair value through profit or loss upon initial recognition, also include, following their initial recognition, 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. Financial assets measured at fair value through profit or loss also comprise 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, while costs of acquisition are recognised in the income statement. Gains or losses arising from changes in the fair value of these financial assets are included in the income statement during the period in which they occur.

Fair Value

Financial assets measured at fair value through profit or loss at initial recognition and available-for-

sale financial assets are carried at fair value. Loans, deposits, receivables and held-to-maturity financial assets are stated at amortised cost using the method of future cash flow value discounting using effective interest rates, reduced by impairments.

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

In fair value assessment of equity securities, the Management continuously assesses the market activity, where the final rate of the last day of trading with the security must not be older than ten 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. If 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 an exchange rate based on the closing price published on the stock exchange on the balance sheet date. If there is no information about the closing price on the balance sheet date for an individual debt security, the closing price from the last day, on which the debt security was traded, will be used, but this closing price may not be older than 14 days. The market price used is based on the use of closing prices of publicly published sources in the following order. Non-market or Unlisted securities and securities whose the price is older than 14 days, meet the definition of a non-active market and are valued under the internal model.

With regard to debt securities traded on a regulated securities market, their fair value for valuation at the balance sheet date is determined on the basis of the below criteria, whereby price determination is done in the following order:

- 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 according to 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 their 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 value of the unit on the day of valuation published in the Bloomberg system or if the price is not published in the Bloomberg system, 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			<ul style="list-style-type: none"> • Valued at amortized cost.
Loans received			
Loans received			<ul style="list-style-type: none"> • 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 of the group of available-for-sale financial assets 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. In the case of financial investments in equity instruments whose price does not reflect the fair value in an active market and are shown at cost, the amount of impairment loss is measured as the difference between the financial asset's carrying amount and its value determined by an officially authorized appraiser.

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, following debt reprogramming or in case of possibility of bankruptcy. If there are such 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 2022, there were no changes in the Company activities, thus the Company continues the application of the IFRS 9 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	93.00
Deferred tax liabilities	1,483,857	1.00
Operating liabilities	14,580,770	6.00
Total	253,294,716	100.00

Below are disclosures that enable users of the Group's and Companies' financial statements to compare with companies which apply IFRS 9. The table below shows the analysis of the fair value of financial assets at the end of the reporting period and changes in fair value during the reporting period. Financial assets are divided into assets whose contractual cash

flows represent 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 2022

(in EUR)	SPPI financial assets			Other financial assets		
	Fair value as at 1.1.2022	Fair value as at 31.12.2022	Fair value change	Fair value as at 1.1.2022	Fair value as at 31.12.2022	Fair value change
Debt securities	516,053,476	453,221,451	(62,832,025)	7,557,429	4,946,754	(2,610,675)
Equity securities	-	-	-	53,927,370	57,431,327	3,503,957
Loans and deposits	-	-	-	4,468,150	4,632,849	164,699
Financial receivables	-	-	-	310,470	181,519	(128,951)
Cash and cash equivalents	-	-	-	7,629,856	5,328,523	(2,301,333)
Total	516,053,476	453,221,451	(62,832,025)	73,893,274	72,520,971	(1,372,303)

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. 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 31.12.2022
AAA	24,760,661	-	24,760,661
AA/A	295,873,911	2,595,510	298,469,421
BBB	89,159,704	2,351,244	91,510,947
BB/B	34,732,169	-	34,732,169
Unrated	7,792,894	67,574,217	75,367,111
Total as at 31.12.2022	452,319,338	72,520,971	524,840,309

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 31.12.2022

(in EUR)	Fair value as at 31.12.2022	Carrying amount as at 31.12.2022
Debt securities	135,439,348	135,272,164
Loans and deposits	4,632,849	4,632,849
Financial receivables	181,519	181,519
Cash and cash equivalents	5,328,523	5,328,523
Total	145,582,238	145,415,054

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

Receivables from insurance operations are recognised on the basis of the issued insurance policy or when policyholders are charged insurance premiums, except for unit-linked insurance contracts, where receivables are 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, and are on reduced for impairment due to values 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. For such claims, the validity of the policy is terminated and any outstanding instalments are cancelled. Accordingly, value adjustments of receivables are reversed.

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

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

5.10 OTHER ASSETS

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

Deferred acquisition costs

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

Under the heading of subordinate liabilities, the Company disclosed liabilities arising from the issuance of subordinated bonds. 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

In line with IFRS 4, insurance contracts comprise contracts containing a significant share of insurance risk, however they may also contain financial risk, while investment contracts do not contain insurance risk.

An insurance risk is significant if there is the possibility that the insurer would have to pay significant additional benefits on the occurrence of an insured event. A significant additional benefit is defined as the difference between the benefits payable on the occurrence of an insured 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. The Company general guideline outs the benchmark at 10%. 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 significance of the risk lasts at least one year.

Part of insurance contracts held by the Company as at 31 December 2022 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 have a significant share in the total contract benefits;
- benefits whose amount or time frame is specified by the insurer; and
- benefits which are contractually based on:
 - the success of a given category of contracts or certain types of contracts;
 - realised and/or unrealised investment returns on a specified pool of assets held by the issuer, or
 - the profit of the company, guarantee fund or other entity that issues the contract.

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



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

Reinsurance contracts

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

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 life cycle 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 with a maturity of more than one year, taking into account the legal basis prescribed by the Slovenian finance minister for the calculation of the minimum return.

5.16 INSURANCE TECHNICAL PROVISIONS

The Company must establish appropriate insurance technical provisions for liabilities arising from its business. The purpose of technical provisions is to cover future liabilities arising under insurance and any losses arising from risks, which arise out of insurance contracts. Insurance technical provisions are established in accordance with the Insurance Act (ZZavar) 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.

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 amount of provisions under the Zillmer method 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 the 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 ten 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). Provisions were increased by any advance payments in consideration of the insurance product.

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 of 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 one 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 fair value 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 incurred. Considering past developments in operations, the management can estimate the expenses that will

incur for the period concerned, even though they did not yet receive appropriate documents. Based on this estimate, the amount is taken into account in the financial statement. When the business event occurs, accrued expenses are decreased and the difference between accrued and actual expenses is recognised through profit or loss. Apart from that, expenses for unused annual leave are carried under short-term accrued expenses.

5.21 REVENUES AND EXPENSES

Revenues include fair value of received compensation or receivables for the sale of services under the normal operating conditions of the Company. All categories of revenues and expenses for non-life, health and life insurance are presented separately. Revenues from insurance services (gross written premiums) are carried at invoiced amounts excluding tax on insurance contracts (DPZP), 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 classified 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

Other net insurance revenues and revaluation operating revenues are classified under other revenues. 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 which 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 accrued 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 2022 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 2022, 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 2022, 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 2022, the Company decided not to apply them earlier.

The Company expects that the Standards IFRS 17 – Insurance Contracts and IFRS 9 - Financial Instruments will significantly affect the financial statements of the Company, therefore the nature and effect of the key changes resulting from the transition to IFRS 17 and IFRS 9 are presented below:

5.23.1 THE IMPACT OF THE INTRODUCTION OF IFRS 17 AND IFRS 9

Based on the information available at the date of preparation of this Report, the Company has assessed the impact of both standards on its financial statements. The financial effects are presented in the table below:

In 000 EUR	1 January 2022
Assessment of increase or decrease in total Capital	in 000 EUR
IFRS 17 Transition Adjustments	
Life insurance contracts	46,797
Non-life insurance contracts	25,397
	72,195
IFRS 9 Transition Adjustments	
Classification and revaluation of financial investments	9,631
Impairment of financial investments (ECL)	419
	10,050
Effect of deferred taxes	15,627
Assessment of the impact of the transition to IFRS 17 and IFRS 9 after taxes	66,618

The Company has assessed that the transition to the IFRS 17 and IFRS 9 upon opening on 1 January 2022 will have the effect of increasing the capital after tax by EUR 66,618 thousand. The above impact assessment is preliminary and has not been revised. The Company is still applying the final solutions for implementing the requirements of both standards.

IFRS 17 Insurance contracts

On 18 May 2017, the IASB issued Standard IFRS 17 - Insurance Contracts, replacing the current IFRS 4 - Insurance Contracts. Originally, the standard applied to annual periods beginning on or after 1 January 2021, with early application permitted provided the company also reports in accordance with IFRS 15 Revenue from Contracts with Customers and IFRS 9 Financial Instruments. In March 2020, the International Accounting Standards Board decided to defer the effective date of the standard to 1 January 2023.

On 13 May 2022, the European Securities and Markets Authority (ESMA) issued a Public Statement on the



implementation of IFRS 17 to promote its consistent application and high-quality implementation by the issuers. ESMA requires from the insurance undertakings to provide key elements of IFRS 17 requirements in their financial statement to the users, pointing out the main differences with the current accounting practice. In accordance with the ESMA requirements, the following paragraphs aim to provide the main impacts deriving from the application of IFRS 17 based on reasonable information available on 31 December 2022.

IFRS 17 Insurance Contracts sets out principles for the recognition, measurement, presentation and disclosure of insurance contracts issued. At the same time, the standard requires the application of similar principles to reinsurance contracts and investment contracts with discretionary participation features.

The new standard thus introduces the General Measurement Model (GMM) of insurance contracts, which is structured on the basis of the Building Block Approach (BBA). The General Measurement Model is based on Fulfilment Cash Flows (FCF), which comprise the present value of future cash flows, weighted by the probability of occurrence (Present Value of Future Cash Flows - PVFC), and the adjustment for non-financial risks (Risk Adjustment - RA) and on the expected value of the unearned profit for the services rendered (Contractual Service Margin - CSM). The adoption of a simplified approach (Premium Allocation Approach - PAA) is allowed if the contractual coverage period is less than one year or if the model used for measurement provides a reasonable approximation with respect to the Building Block Approach (BBA). The simplification applies to the measurement of the Liability for Remaining Coverage (LRC), which does not have to be broken down into PVFCF, RA and CSM, but is essentially based on the premium received net of acquisition costs. As regards the Liability for Incurred Claims (LIC), it is consistently measured by applying the General Measurement Model (GMM), where all claims incurred are discounted and the calculation of the Risk Adjustment is performed accordingly.

The Variable Fee Approach (VFA) is envisaged for contracts entailing the direct participation of the policyholders in the Company's financial and/or insurance results; this is an alternative model to GMM, which provides for a different treatment of changes in cash flows linked to financial variables whose impact is reported in the CSM rather than directly in the statement of comprehensive income.

The IFRS 17 will also affect the presentation of revenues from insurance contracts, which will no longer include

the premiums written, until now included in the premiums, claims and changes in technical provisions. In addition, insurance revenues and costs for insurance services gross of reinsurance will be presented with the reinsurance result included in the costs of the insurance service. Pursuant to the IFRS 17, insurance assets and liabilities are subject to discounting, with the financial effect to be included in the financial result.

On 9 December 2021, the IASB published a limited amendment to the transition requirements of IFRS 17, as regards the application of the requirements of IFRS 9 to the comparative periods. The proposed amendment allows for a better alignment of the presentation of comparative information pursuant to IFRS 17 and IFRS 9, by means of a classification overlay, which effectively applies to all financial instruments, including assets sold in 2022, the rules envisaged by IFRS 9 for the purposes of classification and measurement.

The Company intends to restate the comparative period to the first application of IFRS 9 and envisages the application of this amendment to all financial instruments, in order to produce 2022 comparative information consistent with the IFRS 17 and IFRS 9 requirements, in line with the financial information from 1 January 2023 onwards.

Implementation of the standard

The Company expects a significant change in the financial statement information both in terms of evaluation of the technical provisions and in the presentation of the economic performance and the notes to the financial statements. In light of the significance of the changes introduced by the standard, very relevant impacts are also expected in terms of resources, processes and information systems to support the under the new accounting standard.

During 2021, the focus of the IFRS 17 project was mainly upon the implementation and testing of the new model, while in 2022 the main objective was the transition to the new standard, which provides for the determination of the new opening balances as at 1 January 2022 and the comparative information preparatory to entry into force.

The quantitative information about the expected impact on the financial position of the GENERALI Insurance Company are provided in the previous Clause, however it must be mentioned again that the values may change significantly at the beginning of 2023 and the parallel beginning of accounting according to IFRS 17 and IFRS 9.

IFRS 17: most relevant accounting requirements and policy choice

The following paragraphs summarize the most significant insurance accounting requirements of IFRS 17 and policy choice made adopted by the GENERALI Insurance Company.

Scope, classification and components of contracts

IFRS 17 is applied to contracts that meet the definition of an insurance contract, which generally include:

- a. insurance contracts, including reinsurance contracts (i.e., assumed business), the insurance company issues;
- b. reinsurance contracts held by the insurance company.

Insurance contract is contract under which one party (the issuer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder.

Reinsurance contract is a contract issued by one entity (the reinsurer) to compensate another entity for claims arising from one or more insurance contracts issued by that other entity (underlying contracts).

Insurance contracts create a bundle of rights and obligations which work together to generate a package of cash flows. While some types of insurance contracts only provide insurance coverage (e.g. most short-term non-life contracts), other types of insurance contracts may contain one or more components which would be within the scope of another standard if they were separate contracts. Some insurance contracts may contain:

- investment components (e.g., pure deposits, such as financial instruments whereby an entity receives a specified sum and undertakes to repay that sum with interest);
- good and service components (e.g., services other than insurance contract services, such as pension administration, risk management services, asset management or custody services); and
- financial derivatives (e.g., financial derivatives, such as interest rate options or options linked to an equity index).

In certain cases, specifically defined by IFRS 17, the above-mentioned components must be separately considered and measured under another IFRS standard. Generali zavarovalnica has none of the above components.

IFRS 17 requires separating a distinct investment component from the host contract. In fact, an investment component is distinct if, and only if, both the following conditions are met:

- the investment component and the insurance component are not highly interrelated. The two components are highly interrelated if the value of one component varies with the value of the other component and hence the entity is unable to measure each component without considering the other one. The components are also highly interrelated if the policyholder is unable to benefit from one component unless the other is also present;
- a contract with terms equivalent to the investment component is sold, or could be sold, separately in the same market or same jurisdiction.

If the investment component does not satisfy the two conditions above, it would be identified as non-distinct and IFRS 17 would apply on the contract as a whole (no separation from host contract) whereby the effect of the investment component is excluded from insurance revenue and insurance expenses.

The Company does not expect significant impacts on the insurance contract classification when compared to IFRS 4, nor on the separation of distinct investment components, except for pension insurance contracts during the saving period, which are treated in accordance with IFRS 9.

Level of Aggregation and Initial Recognition

IFRS 17 requires that the Company should aggregate contracts at inception in groups for recognition, measurement, presentation and disclosure. The Company must establish the groups at initial recognition and must not reassess the composition of the groups subsequently.

The starting point for aggregating contracts is to identify portfolios of insurance contracts. A portfolio comprises contracts subject to similar risks and managed together.

The assessment of "similar risks" should take into consideration the prevailing risks of the contracts. In case the prevailing risks are similar, then the two contracts can be considered as exposed to similar risks.



IFRS 17 thus requires the Company to divide, at initial recognition, the contracts in each portfolio into the following groups

- a group of contracts that are onerous at initial recognition;
- a group of contracts that at initial recognition have no significant possibility of becoming onerous subsequently; and
- a group of the remaining contracts in the portfolio.

IFRS 17 prescribes that an entity must not include contracts issued more than one year apart in the same group. With regard to life insurance, the Company will disaggregate each portfolio into annual cohorts or cohorts consisting of periods of less than one year. The Company applies the PAA for the valuation of non-life insurance contracts and reinsurance contracts (for life and non-life insurance) and does not disaggregate portfolios into cohorts.

As per amendment done in the endorsement phase of IFRS 17, Article 2 of the Commission Regulation (EU) 2021/2036 grants an entity applying IFRS 17 the option (i.e. the Carve-out option) not to apply the requirement laid down in Paragraph 22 of the IFRS 17 (i.e., annual cohort requirement) to:

- groups of insurance contracts with direct participation features and groups of investment contracts with discretionary participation features as defined in Appendix A to the Annex to the Regulation, and with cash flows that affect or are affected by cash flows to policyholders of other contracts as laid down in paragraphs B67 and B68 of Appendix B of the Annex;
- groups of insurance contracts that are managed across generations of contracts and which meet the conditions laid down in Article 77b of Directive 2009/138/EC and have been approved by supervisory authorities for the application of the *matching adjustment*.

GENERALI zavarovalnica will not adopt the exemption for applying the annual cohort to most of its profit-sharing contracts valued according to the VFA model, and which are characterized by mutuality among the cash flows of the different generations of policyholders. The Company divides the portfolios of reinsurance contracts held in the same way as for insurance contracts issued, whereby the references to onerous contracts

in those paragraphs are replaced with a reference to contracts on which there is a net gain on initial recognition.

The Company recognises a group of insurance contracts in accordance with the Standard.

Contract Boundary

The measurement of a group of insurance contracts includes all the expected cash flows within the boundary of each contract within the group. Cash flows are within the boundary of an insurance contract if they arise from substantive rights and obligations that exist during the reporting period in which the entity can compel the policyholder to pay the premiums or in which the entity has a substantive obligation to provide the policyholder with insurance contract services. In the case of reinsurance contracts, cash flows are within the boundary of a contract if the insurance company can require the reinsurance company to provide coverage and other services, or if there is a significant obligation of the insurance company to pay a reinsurance premium to the reinsurance company.

GENERALI zavarovalnica considers the contract boundary requirements as linked to the insurance company's ability to fully reprice a contract. All future premiums and policyholder options should be included in the initial projections if the Company does not have the ability to fully reprice the contract when the premium is paid/the option is exercised. According to this requirement, the contract boundaries will be set considering the insurance contract as a whole rather than considering each single component independently, leading to a difference compared to the current approach applied under Solvency II, with particular reference to multi-risk contracts, where different risk components may have different contract boundaries.

Measurement

According to the provisions of the standard, the General Measurement Model (GMM) or the Building Block Approach (BBA) was used as the basic method for measuring insurance contracts. Under certain conditions, the standard allows for the use of the premium allocation approach (PAA). In the case of insurance contracts with direct participation features, the use of the Variable Fee Approach (VFA) is mandatory. The criteria for classifying an insurance contract as an insurance contract with direct participation are as follows:

- the contractual terms specify that the policyholder participates in a share of a clearly identified pool of underlying items;

- the entity expects to pay to the policyholder an amount equal to a substantial share of the fair value returns on the underlying items; and
- the entity expects a substantial proportion of any change in the amounts to be paid to the policyholder to vary with the change in fair value of the underlying items.

GENERALI zavarovalnica uses the PAA method for the valuation of non-life insurance contracts and reinsurance contracts (for both life and non-life insurance). Within the framework of life insurance, Generali zavarovalnica applies the GMM to contracts relating to standard life insurance, and the VFA for insurance contracts with direct participation.

Expected future cash flows

Expected Future Cash Flows are the first element of Fulfilment Cash Flows (FCF) and represents an estimate of future cash flows within the contract boundary. The estimate of future cash flows must:

- incorporate, in an unbiased way, all reasonable and supportable information available;
- reflect the perspective of the Insurance Company, provided that the estimates of any relevant market variables are consistent with observable market prices for those variables
- be current and
- be explicit.

Generally, the operating assumptions underlying the projections of Expected Future Cash Flows are in line with the ones adopted within the Solvency II framework. However, as regard expense perimeter, differences may arise because of the IFRS 17 requirement envisaging that only expenses directly attributable to insurance and reinsurance contracts must be considered for the measurement of Expected Future Cash Flows.

Time value of money

The second element of FCF is represented by the time value of money. IFRS 17 requires adjusting the estimates of expected cash flows to reflect the time value of money and the financial risks associated with those cash flows to the extent that the financial risks are not already included in the cash flow estimates. The Insurance Company applies appropriate discount rates to determine the present value of the cash flows

The discount rates must:

- reflect the time value of money, the characteristics of the cash flows and liquidity characteristics of the insurance contracts;
- be consistent with observable current market prices (if any) for financial instruments with cash flows whose characteristics are consistent with those of the insurance contracts (e.g., timing, currency and liquidity);
- exclude the effect of factors that influence such observable market prices but do not affect the future cash flows of the insurance contracts;
- In case of cash flows that vary according to any financial underlying items, reflect that variability.

The Company will apply a bottom-up approach to define the discount rates to apply to insurance and reinsurance contracts. In detail, the Company's position is to apply a risk neutral approach for IFRS 17 for the purpose of fulfilling market consistency requirements. In this context, the discount rates should be determined using a risk-free curve with an allowance for an illiquidity premium. With reference to contracts with direct participation features, Generali zavarovalnica does not apply the illiquidity premium.

Risk adjustment

The Risk Adjustment (RA) is the last element included within the FCF. The RA for non-financial risk provides information to users of financial statements about the amount the entity charges for bearing the uncertainty over the amount and timing of cash flows arising from non-financial risk. The RA considers risks arising from an insurance contract other than financial risk. This includes insurance risk and other non-financial risks such as lapse and expense risk. Entities are required to account for a risk adjustment explicitly, while time value of money and financial risk remains implicit in the Present Value Future Cash Flows (PVFCF).

The RA reflects:

- the degree of diversification benefit that the entity includes when determining the compensation that it requires for bearing that risk; and
- the entity's degree of risk aversion, reflected by both favourable and unfavourable outcomes.



Differently from Solvency II framework for which the Cost of Capital approach is applied to quantify the Risk Margin, IFRS 17 does not prescribe a specific method to calculate the Risk Adjustment.

In order to determine the Risk Adjustment for life and health insurance in accordance with IFRS 17, Generali zavarovalnica intends to apply stress tests referred to in Solvency 2 to IFRS 17 PVFCF, thus obtaining separate capital-at-risk for each insurance risk. The stress tests are calibrated for each relevant risk using the selected fixed percentile, which differs from the 99.5th percentile (Solvency 2 SCR); the percentile was defined centrally at the Group level (the 75th percentile) and is generally used within the Group to ensure homogeneity among the companies in the Group. The resulting amounts would then be aggregated using the correlation matrix provided by Solvency 2, in order to obtain the RA required by ISFR 17.

Contractual Service Margin The Contractual Service Margin (CSM) reflects the unearned profit in the group of insurance contracts that has not yet been recognized in profit or loss at each reporting date, because it relates to future service to be provided.

The pattern of release of the CSM may be different to the straight-line basis and may require judgement. The CSM is released on the basis of coverage units that are determined by considering for each contract the quantity of the benefits provided under a contract and its expected coverage duration.

Depending on the type of service provided, the coverage unit and the related quantity of benefit could be defined in different ways. GENERALI zavarovalnica applies:

- in case of contracts with an investment component, the coverage units are generally defined as a function of the assets under management (AuM);
- in case of other contracts, the coverage units are generally defined as a function of the sum assured.

Variable Fee Approach (VFA)

- The VFA is the mandatory measurement model for contracts with direct participation features.
- The Company expects that a very significant portion of its insurance liabilities (e.g., those relating to profit-sharing contracts and unit linked contracts) will qualify as direct participation contracts pursuant to the IFRS 17 and will be measured under VFA.

- It is to be noted, that the method of valuation under the measurement model according to the VFA differs from the accounting policy according to MSRP 4 of the statement Shadow Accounting where both the insurance liabilities and the backing underlying items are typically measured at fair value. In future, any change in fair value of the underlying items will be reflected within the measurement of FCF and CSM.

Premium Allocation Approach (PAA)

- The PAA is an optional simplification for the measurement of the liability for remaining coverage for insurance contracts with short-term coverage.
- The Company expects that most of its non-life insurance and reinsurance contracts in force at the transition date will be eligible for the application of this approach (PAA) and therefore intends to apply the simplified approach (PAA) thereto, pursuant to the IFRS 17.

With reference to life insurance, the application of this measurement model by the Company will be limited to reinsurance contracts only.

Presentation and Disclosure

Assets and liabilities

The Company will present separately in the statement of financial position the carrying amount of portfolios of:

- insurance contracts issued that are assets;
- insurance contracts issued that are liabilities;
- reinsurance contracts held that are assets; and
- reinsurance contracts held that are liabilities.

Statement of profit or loss

The Company will disaggregate the amounts recognised in the statement of profit or loss and other comprehensive income into:

- an insurance service result, comprising insurance revenue and insurance service expenses; and
- insurance finance income or expenses.

The Company will present income or expenses from reinsurance contracts held separately from the expenses or income from insurance contracts issued.

The Company will present in profit or loss insurance revenue arising from the groups of insurance contracts issued. Insurance revenue shall depict the provision of services arising from the group of insurance contracts at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services. The Standard requires the amount of insurance revenue recognised in a period to depict the transfer of promised services at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those services.

The Company will present in profit or loss insurance service expenses arising from a group of insurance contracts issued, comprising incurred claims (excluding repayments of investment components), other incurred insurance service expenses and other amounts.

The Company will determine insurance revenue related to insurance acquisition cash flows by allocating the portion of the premiums that relate to recovering those cash flows to each reporting period in a systematic way on the basis of the passage of time. An entity shall recognise the same amount as insurance service expenses.

When the Company applies the premium allocation approach, insurance revenue for the period will be the amount of expected premium receipts (excluding any investment component and adjusted to reflect the time value of money and the effect of financial risk, if applicable) allocated to the period. The Company will allocate the expected premium receipts to each period of insurance contract services on the basis of the passage of time.

Insurance revenue and insurance service expenses presented in profit or loss will exclude any investment components. The Company will not present premium information in profit or loss.

IFRS 17 requires an entity to decide on the accounting policy regarding the disaggregation of insurance finance income or expenses between profit or loss and other comprehensive income. The selected accounting policy will have to be consistently applied at the level of the portfolio of insurance contracts issued and reinsurance contracts held.

When deciding whether to select the disaggregation accounting policy, an entity must evaluate the combinations of different methods of measurement

of insurance liabilities in accordance with IFRS 17 and underlying financial instruments in accordance with IFRS 9, which methods could cause accounting mismatch, and possible ways to mitigate them.

The Company will apply the disaggregation approach to the majority of its existing insurance contracts issued and to the portfolio of reinsurance contracts to mitigate potential accounting mismatch and related profit and loss volatility.

The Standard further requires from the Company to disclose detailed additional qualitative and quantitative information that, together with the information provided in the financial statements, gives a basis for users of financial statements to assess the effect that contracts within the scope of IFRS 17 have on the operations of the Company. To achieve that objective, the Company discloses qualitative and quantitative information about the amounts recognised in the financial statements for contracts within the scope of IFRS 17. Additionally, the Company discloses information about significant judgments and changes in those judgments made when applying IFRS 17 and the nature and extent of the risks from contracts within the scope of IFRS 17.

Transition

IFRS 17 will be applied starting from the 1 January 2023. However, the transition date is identified by the beginning of the annual reporting period immediately preceding the date of initial application (i.e., 1 January 2022).

IFRS 17 envisages the following methods to recognize and measure insurance and reinsurance contracts for transition purposes:

- Full Retrospective Approach (FRA): this method requires the Company:
 - to identify, recognise and measure each group of insurance and reinsurance contracts as if IFRS 17 had always been applied;
 - to identify, recognise and measure any assets for insurance acquisition cash flows as if IFRS 17 had always applied;
 - to derecognise any existing balances that would not exist had IFRS 17 always applied; and
 - to recognise any resulting net difference in equity,
- Modified Retrospective Approach (MRA): if FRA is impracticable, an entity can choose to apply MRA that introduces a set of simplifications to the general Standard's requirements having regard to the level of aggregation, discount rate, recognition of CSM



and allocation of insurance finance income and expenses. However, the objective of the Modified Retrospective Approach, similarly to the Fully Retrospective Approach, is to determine CSM at initial recognition (allowing for some simplification) and to carry it forward to the transition date;

- Fair Value Approach (FVA): if FRA is impracticable, an entity can choose to apply FVA. This transition method relies on the possibility to determine the contractual service margin at the transition date as the difference between the fair value of a group of insurance contracts at that date and the fulfilment cash flows measured at that date.

The Company expects to apply Full Retrospective Approach (FRA) in case full historical data exists and hindsight is not required. The Company will apply the FRA to all portfolios of non-life insurance and to all reinsurance contracts. The listed portfolios are short-term contracts measured by applying PAA.

As for long-term life insurance contracts where FRA is impracticable, MRA is considered as the preferred transition method since it is more in line with the Company's estimation of the underlying unearned profit and more aligned to valuation of insurance contracts that will be sold after transition date. The Company will apply MRA to the portfolio of risk life insurance (policies issued in 2021), to policies issued in 2021 or later. The Company will adjust the adjustment for non-financial risk at the transition date by the expected release of risk before this date. The reasons for applying MRA are as follows:

- historical information necessary for the calculation is not available in the appropriate form or at the required level of granularity,
- historical information on assumptions and estimates as well as changes in these assumptions and estimates are not available,
- obtaining such information would require excessive effort and cost.

In case MRA is not practicable (e.g., in case of lack of historical information), FVA should be applied. Due to the above-mentioned limitations in obtaining historical information, the Company will apply FVA to most portfolios of long-term life insurance at the date of transition. In applying Fair Value Approach the Company has, based on the information available at the date of transition:

- defined groups of insurance contracts;
- judged whether the insurance contract meets the definition of an insurance contract with direct participation features, and
- defined discretionary cash flows for insurance contracts without direct participation features.

In applying the Fair Value Approach the Company will, at the transition date, define the contractual service margin or the loss component of the Liability for Remaining Coverage as the difference between the fair value of the groups of insurance contracts and the value of expected cash flows (including risk adjustment for non-financial risk) and additional profit components, measured at the transition date.

To estimate the fair value of future cash flows the Company will use the same assumptions and information on cash flows as in the assessment of liabilities from insurance contracts within IFRS 17, while excluding non-attributable expenses from cash flows within IFRS 17. In applying the Fair Value Approach to most portfolios, the Company also included contracts issued more than one year apart in the same group of insurance contracts.

IFRS 9 Financial Instruments

The new accounting standard IFRS 9, issued by the IASB in July 2014 and endorsed by the European Commission through Regulation No. 2067/2016, replaced IAS 39 which until 31 December 2017 governed the classification and measurement of financial instruments, as from 1 January 2018. Insurance companies deferred the implementation of IFRS 9 due to simultaneous application alongside IFRS 17.

IFRS 9 is divided into three different areas:

- Classification and measurement of financial instruments,
- Impairment and
- Hedge accounting.

In the classification and measurement area, IFRS 9 provides that the classification of a financial asset be guided by the characteristics of the contractual cash flows and by the business model within which the Company holds the asset. Under IFRS 9 financial assets may be classified into three categories:

- Financial assets at amortised cost,
- Financial assets measured at fair value through other comprehensive income,
- Financial assets measured at fair value through profit or loss.

Debt financial instruments are measured or valued in the first two categories at amortized cost and at fair value and are recognized in equity, provided that they meet the SPPI test (Solely Payment of Principal and Interest - SPPI), meaning that the cash flows consist solely of payments of principal and interest.

A debt financial instrument which does not meet the SPPI test is valued at fair value through profit and loss.

Equity securities can be valued at fair value through other comprehensive income and through profit or loss. Equity securities that are not held for trading are valued through other comprehensive income. On derecognition, realised losses and gains are recognized through equity and are never transferred to the income statement, as is the case for debt financial instruments.

Mutual funds are valued at fair value through profit or loss.

Financial assets intended to cover liabilities arising from unit-linked policies are measured and evaluated at fair value through profit or loss.

Financial assets that cover liabilities from pension policies are measured and valued at fair value through the profit or loss. The assets of the PNA01 pension fund are considered in accordance with IFRS 9 Financial Contracts.

As regards financial liabilities, no substantial changes have been introduced by the new standard concerning their classification and measurement. The Company continues to measure financial liabilities at amortised cost.

IFRS 9 introduces the impairment of financial assets measured at amortized cost and at fair value through equity by applying the Expected Credit Loss (ECL) model instead of loss or impairment based on objective and realized events. IFRS 9 requires the calculation of the expected loss in the following 12-month horizon right from the initial recognition of the financial instrument, the so-called Stage 1, where the credit quality of the financial instrument has undergone significant deterioration compared with the initial measurement upon recognition, the so-called Stage 2, or when the financial instrument is in default, the so-called Stage 3,

the Expected Credit Loss model is extended over the remaining life-time horizon of the financial instrument.

The Company has no derivative financial instruments, hence hedge accounting is not included in the new accounting policies according to IFRS 9.

Transition to IFRS 9

For the purposes of the transition, the Company has defined

- Business models for categories of assets according to their purpose and objectives. The Company has classified financial instruments to cover the liabilities of the life, non-life and health funds as well as own funds in the "Hold to collect cash flows and to sell" business model. Financial investments resulting from unit-linked investment products and investments of guarantee pension savings funds and pension funds with a guaranteed return have been classified in other business models. The business model "Hold to collect contractual cash flows at transition" has not been selected for any category of financial instruments. At the transition date, debt securities from the measured at amortised cost (Held to Maturity - HTM) category are classified into the at fair value through comprehensive income category, the difference between the amortized cost and fair value is recognized in equity.
- Classification of assets according to the characteristics of contractual cash flows, the so-called SPPI test; All debt securities, except one, passed the SPPI test. Debt securities that have passed the so-called SPPI test were, at transition, classified, i.e. qualified, for valuation at fair value through other comprehensive income. A debt security that failed the SPPI test was reclassified, i.e. qualified, from the as available-for-sale (AFS) category into the category of valuation at fair value through profit or loss.
- Equity instruments have been classified and measured at fair value through comprehensive income, whereby the permanent impairment from previous years having an impact on retained earnings has been reversed.
- Mutual funds have been classified and measured at fair value through profit or loss, and have been transferred from the available-for-sale (AFS) category at transition date.
- Impairment of debt financial instruments has been considered at transition date according to the ECL assessment model. The model has been formed at the level adopted from the Generali Group.



- All financial instruments related to unit-linked funds, guarantee funds for pension savings and guarantee funds with a guaranteed return are reclassified from the existing valuation categories (HTM and AFS) to categories at fair value through profit or loss.
- There have been no changes and no impact on capital on the financial liabilities side.

Amendments to IAS 1 Presentation of Financial Statements and to IFRS Practice Statement 'Making Materiality Judgements'

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments to IAS 1 require entities to disclose their material accounting policies rather than their significant accounting policies. The Company has assessed that the amendments, when initially applied, will not have an impact on the financial statements of the Company, but on the disclosure of material accounting policies. This effect however cannot be estimated reliably at this time.

Amendments to IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors

The amendments are effective for annual periods beginning on or after 1 January 2023. Early application is permitted. The amendments introduced 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. The Company will apply the amendments from 1 January 2023. The Company is still assessing the effects of the amendment to the standard on the financial statements.

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

The amendments are effective for annual 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 (e.g. leases and decommissioning liabilities). 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. In relation to any other transaction, the amendments apply to transactions that occur on or after the beginning of the earliest period presented.

The Company has assessed that the amendments will not have an impact on the financial statements of the Company because no deferred taxes are accrued on lease transactions.

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 (Amendments to IAS 1)
- Classification of Liabilities as long-term and current (Amendments to IAS 1);
- Long-term liabilities and covenants (Amendments to IAS 1);
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

5.24 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

5.24.1 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)

IBNR provisions are determined by the Company based on analysis of past loss events, and the assumption that claims development in the future will be realised similarly as in the past. In doing so, the Company takes into account perceived trends and deviations as well as expected future factors (increasing inflation, etc.).

The provisions for IBNR liabilities are calculated by applying the triangle method.

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.

Within the calculations of provisions for claims, assessments of success of future subrogation and level of future claims settlement costs are also made. The adequacy of provisions made and of assumptions and assessments applied is periodically reviewed, while any 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 2022, the Company did not modify the assumptions used for the calculation of liabilities arising from life insurance contracts.

Other technical provisions

In 2022, pursuant to the Act on emergency measures to contain the spread and to mitigate the consequences of COVID-19 in the field of healthcare (ZNUNBZ), the Company commenced releasing the formed 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). The provisions are released to pay for claims of medical services in the share of supplementary health insurance. These provisions have been formed within other technical provisions under provisions for unexpired risks.

5.24.2 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 2022

(in EUR)	as at 31 Dec 2022	Carrying amount	Fair value	Level 1	Level 2	Level 3
Financial assets measured at fair value through profit or loss, at initial recognition		5,332,479	5,332,479	2,551,583	93,600	2,687,296
Debt securities		5,332,479	5,332,479	2,551,583	93,600	2,687,296
Available-for-sale financial assets		501,178,125	501,178,125	395,361,336	14,372,075	91,444,714
Equity securities		19,539,308	19,539,308	35	-	19,539,273
Debt securities		443,746,798	443,746,798	390,962,017	3,752,198	49,032,582
Investment coupons of mutual funds		37,892,019	37,892,019	4,399,283	10,619,877	22,872,859
Unit-linked investments of policyholders		364,912,988	364,912,988	303,217,194	-	61,695,793
Assets from investment contracts		24,515,425	24,515,425	23,494,117	677,850	343,458
Total financial assets measured at fair value		895,939,017	895,939,017	724,624,230	15,143,526	156,171,261
Held-to-maturity financial assets		8,186,815	9,088,927	8,519,139	-	569,788
Debt financial instruments		8,186,815	9,088,927	8,519,139	-	569,788
Assets from investment contracts		2,232,017	2,232,017	-	-	2,232,017
Loans and deposits		5,500,033	5,500,033	-	-	5,500,033
Unit-linked investments of policyholders		15,679,078	15,679,078	-	-	15,679,078
Total financial assets for which the fair value is disclosed		31,597,943	32,500,055	8,519,139	-	23,980,916
TOTAL ASSETS		927,536,960	928,439,072	733,143,370	15,143,526	180,152,177
Loans		30,583,235	29,719,085	-	-	29,719,085
Total liabilities for which the fair value is disclosed		30,583,235	29,719,085	-	-	29,719,085
TOTAL LIABILITIES		30,583,235	29,719,085	-	-	29,719,085



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

Level 3 financial assets and liabilities

Financial assets and liabilities categorised in the fair value hierarchy – Level 3 movement in 2022

(in EUR)	1. 1. 2022	Total profit/loss in profit or loss	Total profit/loss in comprehensive income	Purchase	Sale	Transfers (to) from Level 3	Exchange rate differences	GENERALI d. d. 31.12.2022
Assets measured at fair value								
Financial assets measured at fair value through profit or loss, at initial recognition	3,966,520	(130,794)	-	276,850	-	(1,425,280)	-	2,687,296
Debt securities	3,966,520	(130,794)	-	276,850	-	(1,425,280)	-	2,687,296
Available-for-sale financial assets	405,123,120	-	(43,375)	5,744,141	(37,170,398)	(282,208,773)	-	91,444,714
Equity securities	17,581,965	-	814,949	1,443,421	(301,061)	-	-	19,539,273
Debt securities	368,405,080	-	(3,545,008)	3,250,620	(36,869,337)	(282,208,773)	-	49,032,582
Investment coupons of mutual funds	19,136,075	-	2,686,684	1,050,100	-	-	-	22,872,859
Unit-linked investments of policyholders	70,024,425	(10,652,729)	-	4,600,128	(2,276,031)	-	-	61,695,793
Assets from investment contracts	6,642,757	(50,106)	-	-	(415,646)	(5,833,548)	-	343,458
Total assets	485,756,823	(10,833,629)	(43,375)	10,621,119	(39,862,076)	(289,467,601)	-	156,171,261

In 2022, the Company reclassified EUR 289,467,601 financial assets from Level 3 to Level 1, of these

There was no other reclassification carried out.

- EUR 282,208,773 available for sale assets,
- EUR 1,425,280 assets measured at fair value through profit or loss,
- EUR 5,833,548 assets from investment contracts.



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	Exchange rate differences	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	27,960,166	(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	11,961,751	-	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

Level 3 movements are shown only for financial assets measured at fair value. Movements and reclassifications to the Level 3 are not shown for financial assets whose fair value is checked or which are measured at cost.

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)	31.12.2022	31.12.2021
Value of Debt securities	52,063,336	379,014,357
Estimated value deviation	614,286 / -614,286	12,062,985 / -12,062,985
Value of Equity securities	22,872,859	19,136,075
Estimated value deviation	3,430,929 / - 3,430,929	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	Change
Interest rate change	0.5

Reclassification of financial assets between Levels 1 and 2

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Reclassification from Level 1 to Level 2	-	233,612
Reclassification from Level 2 to Level 1	-	-

Until 31 December 2022, 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 2022

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 respect to its portfolio, among insurance risks the Company identifies risks arising from non-life insurance, health insurance and life insurance. 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	The Insurance Company regularly monitors operational risks and take measures to manage them. In 2022, the identified key risks comprised risks in the field of information technology, thus the measures for their identification, measurement, reduction and reporting, which started in 2021, continued. The capital requirement for operational risks has remained stable.

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, the Company remains 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 significant difference occurs 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 risks which the Company faces during its principal activity - acceptance of risk from a policyholder.

Given the type 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 materialise 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, the risk of changes in the economic environment, which can lead to a lower number of policies signed due to a lower purchasing capacity on the one hand and a higher number of contract surrenders and of claims enforced on the other hand.

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 an individual 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, and
- flood.

The analyses show that, according to its structure, the portfolio of the Company 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 also 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 2022	With reinsurance 2022	Net of reinsurance 2021	With reinsurance 2021
0–9,999 euros	375,484,938	362,558,653	368,693,249	335,148,145
10,000–29,999 euros	991,960,514	924,057,046	1,052,361,454	968,454,681
30,000–59,999 euros	1,122,337,345	778,818,667	1,060,593,468	706,019,512
60,000–99,999 euros	913,296,357	360,727,575	888,141,518	328,847,681
Over 100,000 euros	813,451,774	212,365,779	677,849,920	161,881,782
Total	4,216,530,928	2,638,527,720	4,047,639,610	2,500,351,801

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)	TOTAL ANNUAL ANNUITY PAYMENTS IN 2022		TOTAL ANNUAL ANNUITY PAYMENTS IN 2021	
	amount	%	amount	%
Annual annuity payments to the insured person as at 31 December				
EUR 0–999	308,090	10.65	338,832	11.92
EUR 1,000–1,999	793,519	27.42	804,351	28.30
EUR 2,000–2,999	533,524	18.44	510,699	17.97
EUR 3,000–3,999	411,262	14.21	411,742	14.48
Over EUR 4,000	847,556	29.29	777,012	27.33
Total	2,893,952	100	2,842,636	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.

Liability adequacy test for insurance contracts

The Company carries out a liability adequacy test (LAT-test) with the aim to determine whether its provisions set up at the balance sheet date are sufficient to cover its liabilities. The test is carried out

by calculating the best estimate of provisions such as the current value of all cash flows arising from the in-force insurance contracts. The calculation for the test is made by using the current estimates of future cash flows. At the balance sheet date, this calculation is compared with the technical provisions formed.

If the liability adequacy test shows a deficiency, the Company recognises such deficiency as increased liability in the income statement.

The liability adequacy test is carried out separately for the life and non-life business.



Life Insurance

The Company determines the adequacy of provisions for life insurance for all types of life insurance together. The expected cash flows are formed under:

- premiums (life insurance and additional accident cover);
- claims paid (death, endowment, annuities, surrender, accident claims);
- expenses (other payments of fees and commissions, administrative costs, claim handling costs);
- any other expected cash flows arising from insurance contracts:
 - costs of external fund managers (if material),
 - partial reimbursement by external fund managers,
 - reinsurance result.

With regard to individual cash flows, the following assumptions have been taken into account:

- provisions in individual insurance policies (amount of the premium, the schedule of premium payments, the sum insured for death and maturity, amount of annuities);
- technical bases of the relevant products (mortality/morbidity tables, interest rate, costs of front-end fees, other administrative expenses),
- assumptions (mortality rates, lapse rates, future inflation, claims paid under accident policies).

The cash flows for individual years are discounted on the last day of the accounting period.

Economic and operating assumptions

Risk discount rate

For the purpose of calculating the present value of the expected future cash flows based on the risk-free interest rate, the yield curve calculated using the all euro area central government bonds dataset (i.e. not only the AAA-rated bonds) published by the ECB on 31 December 2022 is used the same as in 2021.

Inflation

In line with the Generali Group's 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 2022

The liability adequacy test (LAT) results of 31 December 2022 showed no deficiencies in the group of life insurance, also in 2021 showed no deficiencies.

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 variables 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 occur and would lead to significant changes in the Company's liabilities.

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. 31.12.2022	GENERALI d.d. 31.12.2021
Factor		
Discount rate + 0.50%	7,675,189	7,124,250
Discount rate - 0.50%	(8,276,782)	(7,853,076)
Costs/expenses +5%	(11,019,769)	(12,463,670)
Costs/expenses -5%	11,019,769	12,463,670
Assurance mortality + 10%	(1,714,681)	(1,877,215)
Assurance mortality - 10%	1,710,074	1,855,450

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.

The Company predicts the expected claims on the basis of the claims ratio of the current year.

Expected costs include future underwriting commission costs from future premiums, DAC and administrative costs based on cost ratios in 2022. 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.

Results of the non-life insurance liability adequacy test for the financial year 2022

Further to the LAT as of 31 December 2022, the Company formed provisions for unexpired risks in assistance insurance in the amount of EUR 168,286. The LAT as of 31 December 2021 showed no deficits on any of non-life insurance classes.

Sensitivity analysis

By analysing the sensitivity of non-life insurance (including health insurance), the Company verifies the impact of changes in the factors listed below on its profit or loss on the last day of the accounting year.

Sensitivity test – parameters

Sensitivity factor	Description of sensitivity factor applied
Costs/Expenses	Impact on increase/reduction in all expenses, other than acquisition expenses by $\pm 5\%$
Loss ratio in relation to premium	Impact of an increase in loss 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. 2022	31. 12. 2021
Factor		
Costs/expenses +5%	(4,323,932)	(4,016,129)
Costs/expenses -5%	4,323,932	4,016,129
Loss ratio +5%	(17,878,381)	(16,714,377)
Loss ratio -5%	17,878,381	16,714,377

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 CEE Region, however taking into account local needs. Most reinsurance contracts are concluded with reinsurers of the Generali Group.

The Company plans the amount of maximum own shares based on the portfolio structure, risk appetite, available capital, reinsurance guidelines, reinsurance policy and other risk-mitigation techniques. 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.

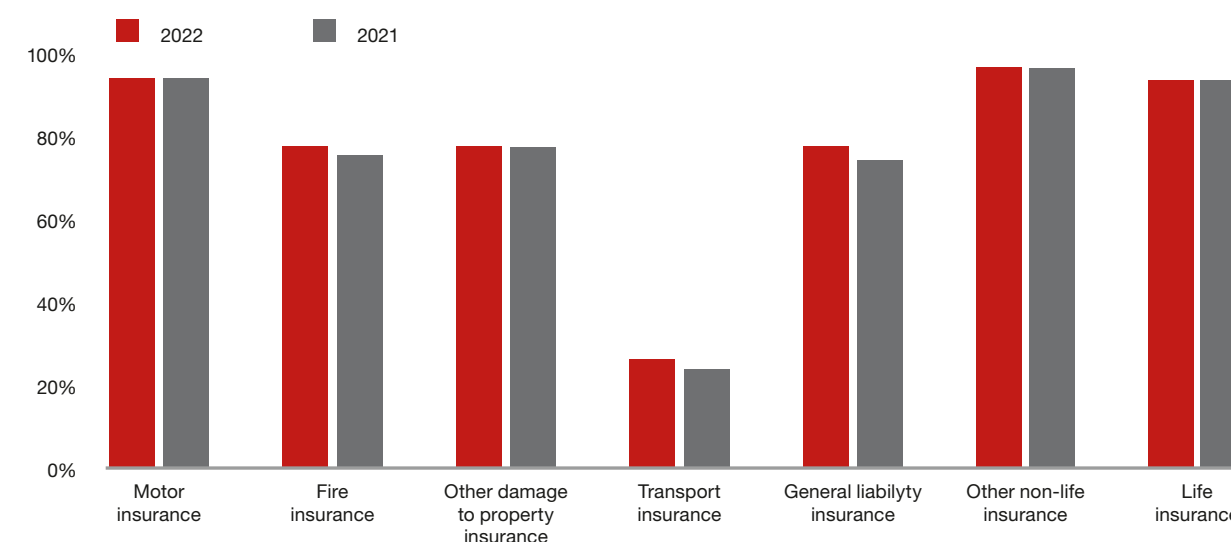
For exceptional risks, which exceed the limits of contractual reinsurance protection, the Company ensures facultative reinsurance protection. The programme of the planned reinsurance is composed of traditional proportional and non-proportional forms of facultative reinsurance protection.

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 (in %)	Difference (in EUR)	Re(co) insurance share (in %)
31 December 2022					
Motor insurance	137,333,972	131,063,682	95.4	6,270,290	4.6
Fire insurance	35,116,554	27,738,648	79.0	7,377,906	21.0
Other damage to property insurance	25,856,886	20,274,871	78.4	5,582,015	21.6
Transport insurance	3,523,407	920,545	26.1	2,602,862	73.9
General liability insurance	17,961,858	14,067,402	78.3	3,894,456	21.7
Other non-life insurance	36,477,232	33,793,587	97.9	2,683,645	2.1
Life insurance	87,349,056	83,070,486	95.1	4,278,570	4.9
Total	343,618,965	310,929,221	90.5	32,689,744	9.5
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



In 2022, the share of net written premiums in gross written premiums remained within last year's range. The largest decrease of the share occurred in General liability insurance and Fire insurance. The slightly higher share of motor insurance arises from the growth of gross premium and higher premium rates for certain reinsurance contracts.

The structure of the reinsurance programme did not change in 2022, as it follows the guidelines of the Group and the characteristics of the Company's portfolio. The growth of the reinsurance premium is not proportional to the growth of the gross premium due to the different forms of reinsurance that protect a particular portfolio.

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 year 2022 was extremely challenging in the capital markets. The capital markets were significantly affected by the war in Ukraine, the introduction of sanctions and the embargo on the import of energy products from Russia by Western countries, the steep rise in prices of energy products and food, disrupted supply chains and, as a result, a drastic increase in inflation.

The growth of inflation to the highest levels since 1980 forced central banks to sharply raise interest rates. Russia's attack on Ukraine has shaken raw and energy markets, added inflationary pressure and brought great uncertainty to business operations.

After three years, the Covid pandemic has subsided in most of the world, with the exception of China. Throughout the year, the main focus was given to central banks and their monetary policy. Hopes of a reversal in the trend of rising interest rates kept equity markets in a state of uncertainty, thus marking 2022 as one of the most volatile in the last 20 years. But most of the attention was paid to the bond markets.

The end of the cheap money policy brought a strong correction to the bond markets (falling prices) and required yields rose sharply and shifted to levels not seen in the last decade.

GENERALI zavarovalnica d.d. has effective policies, procedures and controls in place, enabling compliance with the restrictive measures and a timely detection of violations of the restrictive measures.

Since the beginning of the Russian-Ukrainian conflict, the Company has further strengthened its activities in the field of restrictive measures. On 25 February 2022, all Company employees received the first information related to the conflict and to the compliance with restrictive measures, and this communication continued at different levels and as needed. Employees, as well as special target groups in the Insurance Company, were further given detailed instructions on how to act in case of detection of any of the elements related to the Decree on restrictive measures in respect of Russia's actions in connection with situation in Ukraine and on the implementation of Regulations (EU) as regards these restrictive measures (hereinafter "Decree") and/or other regulations. These instructions, however, were updated on an ongoing basis whenever required by the introduction of new or additional restrictive measures by the international community (EU, OFAC, Great Britain).

Taking into account that the management of the area of restrictive measures is systemically comprehensively regulated by internal acts, that appropriate automatic controls have been implemented in information systems to detect every case related to restrictive measures and block them accordingly, that other controls that are carried out by employees in the first and second line of defence have been implemented, and that a process of actions by an authorized person for PML (Prevention of Money Laundering) is in place for instances when a case related to restrictive measures is detected, as well as mandatory further reporting to the Generali Group has been established, the Company assesses that its policies, procedures and controls have been established in such a way that it can effectively detect and take action whenever a possible violation of the provisions of the "Decree" or other regulations in the field of restrictive measures is detected.

The Insurance Company places particular emphasis on restrictive measures in the area of investment management. Investment management is excluded and is fully entrusted to the subsidiary Generali investments d.o.o.

Similarly to the points highlighted for the Insurance Company, Generali Investments d.o.o. has established effective policies, procedures and controls that enable compliance with restrictive measures and timely detection of violations of restrictive measures.

In 2022, no transaction was identified in the Insurance Company which would be prohibited pursuant to the provisions of the "Decree".

The Insurance Company has no direct exposure to investments in Russia, Ukraine and Belarus in its portfolios.

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 insurance contract group level.

The first table presents the balance of all assets and liabilities by individual item and how the amount of particular financial assets and all assets aggregated by individual insurance and investment contract matches the amount of liabilities. The tables containing the results of the asset and liability analysis for financial risk management for 2022 and 2021 show that the sum of assets and liabilities is not equal to the sum of individual amounts by insurance class, since in the category "loans, other operating receivables, other assets and liabilities" assets and liabilities were offset also at the aggregate level.



Analysis of assets and liabilities for financial risk management as at 31 December 2022

(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	252,610,981	24,509,665	180,145,446	8,676,810	60,826,767	526,769,669
At fair value through profit or loss	-	-	5,332,479	8,676,810	60,826,767	74,836,056
Available for sale	252,610,981	24,509,665	166,626,151	-	-	443,746,798
Held to maturity	-	-	8,186,815	-	-	8,186,815
Equity securities	33,599,928	663,515	23,167,884	15,838,615	304,086,221	377,356,163
At fair value through profit or loss	-	-	-	15,838,615	304,086,221	319,924,836
Available for sale	33,599,928	663,515	23,167,884	-	-	57,431,327
Investments in subsidiaries and associates	8,124,451	3,212,409	30,001,142	-	-	41,338,002
Loans, deposits and financial receivables	623,847	-	672,828	-	15,679,078	16,975,754
Total financial investments	294,959,208	28,385,590	233,987,299	24,515,425	380,592,066	962,439,588
Receivables from insurance business and other receivables	74,780	-	-	-	-	74,780
Other nonfinancial assets	46,290,716	-	246,080	-	-	46,536,796
Total long-term assets	341,324,704	28,385,590	234,233,379	24,515,425	380,592,066	1,009,051,163
Current assets						
Loans, deposits and financial receivables	85,153	-	3,432,539	10,186	685,665	4,213,544
Total financial investments	85,153	-	3,432,539	10,186	685,665	4,213,544
Amount (technical provisions), transferred to reinsurers	35,334,501	-	1,677,684	-	-	37,012,185
Receivables from insurance business and other operating receivables	37,240,753	16,917,506	30,165,566	-	8,139,008	50,915,609
Cash and cash equivalents	3,431,700	902,916	993,906	1,848,976	3,735,171	10,912,670
Other nonfinancial assets	16,212,047	1,490,454	5,365,308	372,855	145	23,440,809
Total current assets	92,304,154	19,310,876	41,635,004	2,232,017	12,559,990	126,494,817
Total assets	433,628,857	47,696,466	275,868,383	26,747,442	393,152,056	1,135,545,980
LIABILITIES						
Liabilities from insurance contracts	291,230,189	26,677,046	188,424,249	-	379,337,687	885,669,171
- non-current liabilities	99,217,020	5,373,884	164,404,881	-	338,277,683	607,273,468
- current liabilities	192,013,168	21,303,162	24,019,367	-	41,060,004	278,395,703
Liabilities from investment contracts	-	-	-	26,698,517	-	26,698,517
- non-current liabilities	-	-	-	26,698,517	-	26,698,517
Equity capital	89,043,344	9,122,653	20,997,040	-	299,986	119,463,024
Other liabilities	53,355,324	11,896,766	66,447,094	48,925	13,514,383	103,715,267
- non-current liabilities	7,794,367	-	33,329,968	-	-	41,124,335
- current liabilities	45,560,957	11,896,766	33,117,126	48,925	13,514,383	62,590,932
Total liabilities	433,628,857	47,696,466	275,868,383	26,747,442	393,152,056	1,135,545,980

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
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 liabilities	448,885,438	60,081,980	289,682,288	28,095,456	447,997,240	1,242,564,646



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

(in EUR)	GENERALI d.d. 2022	Structure	GENERALI d.d. 2021	Structure	Absolute difference 2022-2021	Structural change 2022-2021
Non-current assets		in %		in %		in %
Debt securities	526,769,669	49.4	596,810,837	50.5	(70,041,168)	(1.0)
At fair value through profit or loss	74,836,056	7.0	80,986,659	6.8	(6,150,603)	0.2
Available for sale	443,746,798	41.6	506,282,942	42.8	(62,536,144)	(1.2)
Held to maturity	8,186,815	0.8	9,541,236	0.8	(1,354,421)	(0.0)
Equity securities	377,356,163	35.4	422,711,054	35.8	(45,354,891)	(0.3)
At fair value through profit or loss	319,924,836	30.0	368,783,684	31.2	(48,858,848)	(1.2)
Available for sale	57,431,327	5.4	53,927,370	4.6	3,503,957	0.8
Investments in subsidiaries and associates	41,338,002	3.9	43,379,160	3.7	(2,041,158)	0.2
Loans, deposits and financial receivables	16,975,754	1.6	19,364,794	1.6	(2,389,040)	(0.0)
Total financial investments	962,439,588	90.3	1,082,265,845	91.5	(119,826,257)	(1.2)
Receivables from insurance business and other receivables	74,780	0.0	74,780	0.0	-	0.0
Total non-current assets	962,514,368	90.3	1,082,340,625	91.5	(119,826,257)	(1.2)
Current assets		in %		in %		in %
Loans, deposits and financial receivables	4,213,544	0.4	6,408,261	0.5	(2,194,717)	(0.1)
Total financial investments	4,213,544	0.4	6,408,261	0.5	(2,194,717)	(0.1)
Amount (technical provisions), transferred to reinsurers	37,012,185	3.5	37,788,543	3.2	(776,358)	0.3
Receivables from insurance business and other operating receivables	50,915,609	4.8	43,409,010	3.7	7,506,600	1.1
Cash and cash equivalents	10,912,670	1.0	12,400,115	1.0	(1,487,446)	(0.0)
Total current assets	103,054,008	9.7	100,005,929	8.5	3,048,079	1.2
Total assets	1,065,568,375	100.0	1,182,346,554	100.0	(116,778,178)	

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 2022

(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	457,266,092	-	62,336,821	264,509,054	157,177,319	22,680,041	58,201,103	564,904,338
Financial assets at fair value through income statement	5,332,479	-	3,708,065	246,373	1,422,282	356,651	-	5,733,371
Financial assets held to maturity	8,186,815	-	415,908	6,551,716	1,345,557	1,732,228	1,347,893	11,393,301
Financial assets available for sale	443,746,798	-	58,212,848	257,710,965	154,409,481	20,591,162	56,853,211	547,777,666
Equity financial instruments	57,431,327	57,431,327	-	-	-	-	-	57,431,327
Financial assets available for sale	57,431,327	57,431,327	-	-	-	-	-	57,431,327
Loans, deposits and financial receivables	5,500,033	2,768,253	1,422,777	358,776	247,655	284,233	492,336	5,574,031
Assets of policyholders who bear investment risk	380,592,066	308,147,279	20,562,895	35,123,061	10,312,391	2,810,099	3,685,775	380,641,500
Assets from investment contracts	26,747,442	17,687,591	1,308,702	4,686,022	3,766,445	250,764	332,175	28,031,698
Total financial investments	927,536,960	386,034,449	85,631,195	304,676,912	171,503,809	26,025,138	62,711,390	1,036,582,894
Amount (technical provisions), transferred to reinsurers	37,012,185	-	15,011,251	11,760,798	4,275,304	1,449,627	4,515,205	37,012,185
Receivables from insurance business and other receivables	50,990,389	-	50,915,609	74,780	-	-	-	50,990,389
Cash and cash equivalents	9,063,694	-	9,063,694	-	-	-	-	9,063,694
Total assets	1,024,603,228	386,034,449	160,621,749	316,512,491	175,779,114	27,474,765	67,226,595	1,133,649,163
Liabilities from insurance contracts	493,009,354	-	237,335,699	106,447,809	54,389,244	27,673,960	67,162,641	493,009,353
Unit-linked life insurance	379,337,686	-	41,060,004	72,977,708	72,810,211	80,201,777	112,287,985	379,337,686
Liabilities from investment contracts	26,747,442	-	661,986	1,786,086	4,969,795	5,374,226	13,906,424	26,698,517
Other financial liabilities	32,838,923	-	1,082	2,254,606	30,583,235	-	-	32,838,923
Total Liabilities	931,933,405	-	279,058,772	183,466,210	162,752,485	113,249,963	193,357,050	931,884,479

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	3,852,107	820,549	169,143	191,202	356,544	7,789,458
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	1,139,335,827	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



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 existing 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 2022

(in EUR)	AAA/AA+	AA/A+	A/(A or A-)	BBB/(B++ or B+)	less than BBB/(B++ or B+)	Not rated	Total 2022
Financial assets at fair value through profit or loss	991,900	3,013,079	961,097	264,640	101,763	-	5,332,479
Debt securities	991,900	3,013,079	961,097	264,640	101,763	-	5,332,479
Held-to-maturity financial assets	528,765	695,932	5,466,053	1,496,065	-	-	8,186,815
Debt securities	528,765	695,932	5,466,053	1,496,065	-	-	8,186,815
Available- for-sale financial assets	28,950,316	37,293,336	243,252,735	98,499,853	34,630,406	1,120,151	443,746,798
Debt securities	28,950,316	37,293,336	243,252,735	98,499,853	34,630,406	1,120,151	443,746,798
Loans, deposits and financial receivables	-	-	-	-	-	5,500,033	5,500,033
Assets from investment contracts	182,441	967,920	4,733,256	2,223,918	668,687	(99,412)	8,676,810
Debt securities	182,441	967,920	4,733,256	2,223,918	668,687	(99,412)	8,676,810
Unit-linked investments of policyholders	-	60,441,201	-	385,566	-	-	60,826,767
Total financial investments	30,653,421	102,411,469	254,413,141	102,870,043	35,400,856	6,520,772	532,269,701
Receivables from insurance business and other receivables	160,085	195,928	1,263,286	1,958,957	-	47,412,134	50,990,389
Reinsurers' share of technical provisions	5,507,762	4,579,073	5,732,375	19,376,810	-	1,816,165	37,012,185
Cash and cash equivalents	-	-	7,849	5,284,517	3,198,725	572,603	9,063,694
Total assets exposed to credit risk	36,321,268	107,186,470	261,416,650	129,490,327	38,599,581	56,321,673	629,335,970

Share of assets by credit rating in %	5.77	17.03	41.54	20.58	6.13	8.95	100.00
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Investments in debt securities which remained non-rated in 2022 comprise debt securities of Slovenian and European issuers (for available-for-sale financial assets). The largest exposure from loans granted by an individual non-rated issuer is a loan granted to a company, which represents 3.39% of all granted loans, deposits and financial receivables without a credit rating. All given loans are adequately collateralized.

A share of 71.74% of given loans, deposits and financial receivables without a credit rating are advances collateralized with surrender value of insurance policies.

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 2021
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	100.00

Investments in debt securities which remained non-rated in 2021 comprise, as a structured product, major European banks (financial assets as at fair value through profit or loss) and debt securities issued by mostly Slovenian issuers (under the heading Available-for-sale financial assets). The largest exposure from loans granted by 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 surrender 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. 31.12.2022				
Financial investments (debt securities)	518,092,859	-	-	518,092,859
Assets from investment contracts (debt securities)	8,676,810	-	-	8,676,810
Loans and financial receivables	5,045,923	-	27,401	5,073,323
Amount (technical provisions) ceded to reinsurers	37,012,185	-	-	37,012,185
Receivables	17,656,475	1,133,504	32,200,412	50,990,390
Receivables from direct insurance and re(co)insurance operations	11,021,830	767,148	43,047,476	54,836,453
Value adjustment	-	-	(12,957,475)	(12,957,475)
Other receivables	6,634,645	366,356	8,185,768	15,186,769
Value adjustment	-	-	(6,075,356)	(6,075,357)
Total	586,484,251	1,133,504	32,227,813	619,845,568
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

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. 31.12.2022						
Receivables from direct insurance and re(co) insurance operations	11,021,830	30,145,058	712,090	41,878,977	30,527,826	327,973
Gross value	11,021,830	37,695,205	6,119,418	54,836,453	42,806,327	1,006,947
Value adjustment	-	(7,550,147)	(5,407,328)	(12,957,475)	(12,278,502)	(678,974)
Other receivables	6,634,645	1,031,008	1,445,760	9,111,413	1,770,537	688,889
Gross value	6,634,645	1,268,199	7,283,925	15,186,769	4,761,841	3,772,941
Value adjustment	-	(237,191)	(5,838,165)	(6,075,356)	(2,991,304)	(3,084,052)
Total	17,656,475	31,176,066	2,157,850	50,990,390	32,298,363	1,016,862
Total gross value	17,656,475	38,963,404	13,403,343	70,023,222	53,625,488	443,748
Total value adjustment	-	(7,787,338)	(11,245,493)	(19,032,831)	(18,388,003)	(426,122)
Total receivables	17,656,475	31,176,066	2,157,850	50,990,390	35,237,484	17,627
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

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 Company maintains a sector and geographic spread of share capital investments, does not cross

the allowed limitations of exposure towards individual issuers and invests its 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 2022 by ± 15%.

Sensitivity analysis to changes in prices of equity securities

(in EUR)	Effect on profit	Effect on equity
GENERALI d.d.		
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)
31 December 2022		
Change in prices of equities +15%	48,063,708	5,608,825
Change in prices of equities -15%	(48,063,708)	(5,608,825)

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 33,242,993. 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. 31.12.2022	GENERALI d.d. 31.12.2021
Investment properties	9,885,908	10,064,777
Properties (buildings and land)	23,357,085	25,215,174
to perform insurance activities	21,148,767	21,435,066
assets arising from a lease	2,208,318	3,780,108
TOTAL	33,242,993	35,279,951

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 into the group of 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)	Effect on profit	Effect on equity
GENERALI d.d.		
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
31 December 2022		
Interest rate change of +50 bp	(386,993)	(10,001,616)
Interest rate change of -50 bp	386,993	10,001,616

Risk of guaranteed return

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, mainly in life insurance, also in global equity securities. In 2022, the classic life insurance fund achieved a return of 4.45%, which is 147 percentage points above the guaranteed one of 2.71%.

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 negative return of 15.65%, while the guaranteed return was 0.05%.

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 policy, investments are made primarily in bond mutual funds and ETFs, as well as in corporate and government bonds. In 2022, the fund achieved a return of -12.88%, while the guaranteed return was 0.05%.

Actual exposure to risk of guaranteed return

Pension insurance scheme/ plan	GENERALI d.d. 2022	GENERALI d.d. 2021
LIFE INSURANCE	in %	in %
Traditional life insurance		
Average return on investment for the period	4.45%	2.57%
Average guaranteed return	2.71%	2.79%
Difference in interest rates	1.74%	-0.22%
PENSION INSURANCE	in %	in %
Pension saving AS Zajamčeni od 60		
Average return on investment for the period	-12.88%	-1.55%
Required (guaranteed) return	0.05%	0.16%
Difference in interest rates	-12.93%	-1.71%
Pension insurance PN-A01		
Average return on investment for the period	-15.65%	-2.96%
Required (guaranteed) return	0.05%	0.16%
Difference in interest rates	-15.70%	-3.12%

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 2022

	EUR	USD	HRK	Other	Total 2022
ASSETS					
Financial assets measured at fair value through profit or loss	5,332,479	-	-	-	5,332,479
Debt securities	5,332,479	-	-	-	5,332,479
Held-to-maturity financial assets	8,186,815	-	-	-	8,186,815
Debt securities	8,186,815	-	-	-	8,186,815
Available-for-sale financial assets	493,508,930	5,473,216	-	2,195,978	501,178,125
Equity securities	55,235,349	-	-	2,195,978	57,431,327
Debt securities	438,273,582	5,473,216	-	-	443,746,798
Loans, deposits and financial receivables	5,500,033	-	-	-	5,500,033
Investments in subsidiaries and associates	41,338,002	-	-	-	41,338,002
Unit-linked investments of policyholders	377,750,070	914,752	836,488	1,090,758	380,592,066
Assets from investment contracts	19,985,650	5,656,220	-	1,105,572	26,747,442
Total financial investment	951,601,979	12,044,187	836,488	4,392,308	968,874,962
Receivables from insurance business and other receivables	50,990,389	-	-	-	50,990,389
Amount (technical provisions) transferred to reinsurers	37,012,185	-	-	-	37,012,185
Cash and cash equivalents	9,062,928	373	-	393	9,063,694
Other assets	69,604,750	-	-	-	69,604,750
Total assets	1,118,272,231	12,044,561	836,488	4,392,701	1,135,545,980
LIABILITIES					
Liabilities arising from insurance contracts	506,331,486	-	-	-	506,331,486
Unit-linked life insurance	379,738,010	-	-	-	379,738,010
Liabilities from investment contracts	26,747,442	-	-	-	26,747,442
Other liabilities	103,666,342	-	-	-	103,666,342
Total liabilities	1,016,483,280	-	-	-	1,016,483,280

Currency risk as at 31 December 2021

	EUR	USD	HRK	Other	Total 2022
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	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	1,073,325,750	-	-	-	1,073,325,750

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 shown in euros and are not particularly exposed to currency risk.

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. With regard to the Insurance Company, the Insurance Act stipulates that it must reconcile the investments of the guarantee fund

having long-term guarantees with its liabilities arising from insurance contracts whose amount depends on changes in exchange rates at least up to 80%. As the Company keeps its liabilities in euros, it follows that it invests the majority of its investments in securities in euros and that its exposure to currency risk is very low.

6.2.4 OPERATIONAL RISK AND STRATEGIC RISK

Operational risk

Operational risk mostly includes the risk of loss as a result of ineffectiveness, failure or errors in the



business process implementation, malfunction or non-existence of internal controls. Operational risks may materialise 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 companies. The realisation of these risks can crucially affect the ability of the Company to reach its strategic goals. In order to eliminate these risks, it is of utmost importance that the Company has clearly determined responsibilities and competences, an effective communication and reporting system, and constant monitoring of fulfilment of the set goals. In order to manage the strategic risks as effectively as possible, operating categories of the business plan are designed in line with the Company's accepted risk appetite. Before the final

approval, the business plan is being tested in order to find out if the risk appetite and capital adequacy, as required by the Solvency II principles, are reached.

Reputational risk is the risk of potential losses due to deterioration of the reputation or negative perceptions of the 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.

As part of the regular annual review and update of the umbrella Risk Management Policy, the Company included new provisions relating to sustainable risks, as defined by the Commission's Delegated Regulation, in the current version of this Policy.

The new provisions thus provide an explanation of sustainable risks, include them in the map of risks to which the Company is exposed, and define roles and responsibilities regarding the management of sustainable risks. The responsibilities and responsibilities of the key risk management functions now extend to the identification and assessment of sustainable risks related to investment and risk-taking processes, as determined by this and other relevant Company policies and guidelines. The Own Risk and Solvency Assessment Report, which the Company prepared in 2022, has already been prepared in accordance with the provisions of the Regulation and addresses sustainable risks.

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 2021	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)
Balance as at 31 Dec 2021	66,666	34,717,717	0	34,784,383
New balance as at 1 Jan	66,666	34,717,717	0	34,784,383
Increases due to acquisition of companies	-	21,384	-	21,384
Direct increases - investments	-	3,151,587	-	3,151,587
Other changes	-	11	-	11
Balance as at 31 Dec 2022	66,666	37,890,699	0	37,957,365
VALUE ADJUSTMENT				
Balance as at 1 Jan 2021	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
New balance as at 1 Jan	44,445	27,272,908	-	27,317,352
Increases due to acquisition of companies	-	21,333	-	21,333
Depreciation during the year	-	2,790,093	-	2,790,093
Decreases during the year	13,333	-	-	13,333
Balance as at 31 Dec 2022	57,778	30,084,333	-	30,142,111
BOOK VALUE				
Balance as at 31 Dec 2021	22,221	7,444,809	0	7,467,030
Balance as at 31 Dec 2022	8,888	7,806,365	0	7,815,253



At the end of 2022, the balance of intangible assets was higher by EUR 348,223.00 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 3,151,587. The decrease in 2022 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 2022, the Company had unsettled operating liabilities to suppliers of intangible assets worth EUR 30,202. 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 2027. The Company uses the straight line method of depreciation and did not change depreciation rates in 2022. 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 2021	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
New balance as at 1 Jan	27,371,471	19,963,654	338,550	6,453,709	1,042,388	55,169,772
Direct increases - investments	-	1,080,666	170,022	1,117,192	-	2,367,880
Decreases during the year	-	(535,203)	(146,238)	(1,229,164)	-	(1,910,604)
Balance as at 31 Dec 2022	27,371,471	20,509,117	362,334	6,341,737	1,042,388	55,627,048
VALUE ADJUSTMENT						
Balance as at 1 Jan 2021	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
New balance as at 1 Jan	5,936,405	15,124,462	-	2,673,601	837,938	24,572,406
Depreciation during the year	286,299	1,118,652	-	2,219,726	58,212	3,682,889
Decreases during the year	-	(466,782)	-	(759,908)	-	(1,226,690)
Balance as at 31 Dec 2022	6,222,703	15,776,332	-	4,133,420	896,150	27,028,605
BOOK VALUE						
Balance as at 31 Dec 2021	21,435,066	4,839,192	338,550	3,780,108	204,450	30,597,366
Balance as at 31 Dec 2022	21,148,767	4,732,785	362,334	2,208,318	146,238	28,598,443



At the end of 2022, compared to the previous year, the balance of property, plant and equipment is lower by EUR 1,998,924, mainly caused by the reduction of the rights to use assets, depreciation and, to a lesser extent, the sale of fixed assets.

Sales in 2022 relate mainly to the sale of means of transport (cars), computer equipment and other assets of lesser value. In 2022, the Company totalled a profit of EUR 23,755 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 2022 the Company invested mainly in computer equipment in the amount of EUR 866,037.

Among fixed assets, as at 31 December 2022, fully depreciated assets worth EUR 19,360 are in use. The gross carrying amount of these assets amounts to EUR 14,193,340.

As at 31 December 2022, the Company had EUR 7,865 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 buildings, which have longer useful lives and are expected to be fully depreciated by 2076, it is expected that all other items of property, plant and equipment at the disposal of the Company will be fully depreciated based on the determined useful lives and depreciation rates by the year 2032. The Company applies the straight-line depreciation method and in 2022 it did not change the depreciation rates. Depreciation of property, plant and equipment is posted in the income statement among operating costs.

In 2022, the Management assessed whether there were grounds for impairment of the real property needed for the performance of activities in the way described in the guidelines given in Sections 5.2 or 5.3. The last appraisal of the recoverable amount of property intended for own use was performed by an external certified appraiser in October 2022.

Based on the assessment, at the end of 2022 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 shown as a separate item under the heading of other financial liabilities

In 2022, 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 2022.

Leases in the statement of financial position

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
ASSETS		
Right to use real estate (land and buildings)	289,091	573,230
Right to use vehicles	691,133	562,337
Rights to use business premises and car parks	1,228,095	2,644,541
Right to use lease assets	2,208,318	3,780,108
LIABILITIES		
Short-term lease liabilities with a term of less than 1 year	801,088	119,228
Long-term lease liabilities with a term between 1 and 5 years	1,453,518	3,713,457
Total lease liabilities	2,254,606	3,832,685

The balance of rights to use lease assets as at 31 December 2022 amounted to EUR 2,208,318 and is EUR 1,571,790 lower than in the previous year due to the termination of leases. In 2022, the depreciation of these assets amounted to EUR 2,219,726. EUR 54,567 of financial expenses for lease interest were recognized.

Leases in the income statement

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Profit of loss - Leases		
Lease income	689,641	616,559
Sublease income	-	-
Operating expenses	86,907	293,694
Short-term lease expense and low-value lease expense	86,907	293,694
Depreciation of the right of use	(2,219,726)	(2,193,915)
Right to use real estate (land and buildings)	(306,293)	(356,565)
Right to use vehicles	(480,923)	(390,089)
Rights to use business premises and car parks	(1,432,509)	(1,447,261)
Other expenses	(54,567)	(73,663)
Financial expenses for lease interests	(54,567)	(73,663)
Profit or loss recognized in financing	(1,449,312)	(1,357,325)

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. 2022	GENERALI d.d. 2021
AT COST VALUE		
Balance as at 1 Jan	14,893,450	15,163,210
Direct increases - investments	21,994	-
Decreases during the year	(99,015)	(180,004)
As at 31 Dec	14,816,430	14,893,450
VALUE ADJUSTMENT		
Balance as at 1 Jan	4,828,673	4,277,228
Depreciation in the financial year	160,869	172,618
Decreases during the year	(59,020)	(76,768)
As at 31 Dec	4,930,522	4,828,673
BOOK VALUE		
As at 31 Dec	9,885,908	10,064,777

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 lease agreement is EUR 136 and the lowest rent per m² is 4.21 EUR/m² while in 2022 the average rent for business premises was 11.29 EUR/m².

Following the sale of two investment properties and the depreciation of buildings, the balance of investment properties decreased by EUR 178,869 at the end of 2022 compared to the previous year. The two investment properties were sold under market conditions, generating a profit on sales of EUR 75,382.



In 2022, 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 for December 2022 was carried out by an external certified appraiser in October 2022 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 8.83% and 9.73%. The capitalisation rate was assessed based on market returns.

Based on the appraisal, at the end of 2022 the Company management assessed that no impairing of investment property was necessary at 2022 year-end.

The fair value of investment property as at 31 December 2022 was EUR 10,789,000 and was higher than the carrying amount of EUR 9,885,908.

The straight-line depreciation is used for the depreciation of investment property; in 2022 no changes were made to depreciation rates. Depreciation of investment property is recognised in the income statement under the heading 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. 2022	GENERALI d.d. 2021
Revenues from investment properties	765,023	636,830
Other revenues arising from rents charged on investment properties	689,641	616,559
Gains on the disposal of investment properties	75,382	20,271
Expenses for investment properties	(614,685)	(1,034,207)
Depreciation	(160,869)	(172,618)
Direct operating expenses for investment properties that generate rental income	(444,217)	(353,676)
Direct operating expenses for investment properties that do not generate rental income	(9,598)	(8,001)
Expenses from impairment of investment properties.	-	(499,913)

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 2022, the control of all subsidiaries was based on a majority or 100% share of voting rights.

Interests in subsidiaries and associates

	Equity interest (%) 31.12.2022	Equity interest (%) 31.12.2021	Change (in %)	Note
Direct subsidiary				
PROSPERA družba za izterjavo 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	-	
LEV Registracija d.o.o.	100	100	-	
Associate				
NAMA trgovsko podjetje d.d., Slovenia	48.51	48.51	-	-
MEDIFIT d.o.o., Slovenia	24.99	24.99	-	-
IDORU inteligentni analitični sistemi d.o.o.	25	25	-	-

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

Carrying amount of the equity interest

Carrying amount of the equity interest (in EUR)	2022	2021
Subsidiaries		
PROSPERA družba za izterjavo d.o.o., Slovenija	-	2,091,158
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.	159,162	159,162
Generali Investments, družba za upravljanje, d.o.o. Ljubljana	29,326,008	29,326,008
LEV Registracija d.o.o.	114,783	64,783
Total subsidiaries	29,599,952	31,641,110
Associates		
Nama trgovsko podjetje d.d., Slovenija	11,705,901	11,705,901
MEDIFIT d.o.o., Slovenija	32,148	32,148
IDORU inteligentni analitični sistemi d.o.o.	-	-
Total associates	11,738,050	11,738,050



The account balance of investments in subsidiaries decreased in 2022 year-end compared to 2021 year-end by EUR 2,041,158, mainly due to the merger of the subsidiary PROSPERA družba za izterjavo d.o.o. with the parent company in the second half of 2022.

Changes in subsidiaries and associates

Movement in investments in subsidiaries and associates

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Subsidiaries		
As at 1 January	31,641,110	33,216,942
Recapitalisation	50,000	60,000
Decreases during the year	(2,091,158)	(652,000)
Impairments	-	(983,832)
As at 31 December	29,599,952	31,641,110
Associates		
As at 1 January	11,738,050	11,955,499
Impairments	-	(217,449)
As at 31 December	11,738,050	11,738,050

PROSPERA d.o.o.

In June 2022, GENERALI d.d., as the sole shareholder of PROSPERA d.o.o., received from the subsidiary EUR 300,000 in capital payment.

The Parent Company began the merger process on 1 July 2022, and the process ended on 1 December 2022, when the company was erased from the court register. Details of the merger of the company are presented in Section 4.8. Changes in the structure of operations.

LEV Registracija d.o.o.

In 2022, the Company converted a loan given to LEV Registracija in the amount of EUR 50,000 into a share in the company.

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

At the end of the financial year, pursuant to internal valuations and with the help of external appraisers, on the basis of external valuations of companies, the Management examines the need for impairment of the company Generali Investments d.o.o. In 2022, the external appraisers carried out the valuation of the company as of 30.06.2022. 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: 12,8%
- Required rate of return on total (equity + debt) capital WACC: 10,6%
- Control premium 0%
- Liquidity discount rate of 20%

Sensitivity analysis of subsidiary Generali Investments d.o.o. Ljubljana

Assessed value as at 30 June 2022	Value of equity in 000 EUR
Best-case scenario – higher limit of the range	39,191
Realistic scenario	33,068
Worst-case scenario – lower limit of the range	29,240

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 2022, external appraisers performed an appraisal as at 30 June 2022.

Measuring of the recoverable amount is made using the net asset value method, whereby the recoverable

amount of properties owned by NAMA d.d. was assessed on the basis of the market approach and the income approach using the following assumptions:

- Required rate of return on equity: 9.5%
- Required rate of return on total (equity + debt) capital WACC: 7.7%
- Control premium 0%
- Liquidity discount rate of 20%

In line with the company strategy, the company may, in addition to performing its principal activity, also lease and sell Nama's real property. Pursuant to the appraisal, the Management assessed that no impairments were required in 2022.

MEDIFIT d.o.o.

In 2022, following the assessment of the operation of the company, the Company management judged the need for company impairment and assesses that no impairment was required.

IDORU d.o.o.

The company IDORU inteligentni analitični sistemi d.o.o., Celovška cesta 206, 1000 Ljubljana, ceased to operate pursuant to the decision of the Company's General Meeting, because the needs and conditions for carrying out the activities for which the company was founded ceased to exist. The book value of the investment in the company IDORU d.o.o. was already fully impaired before 2022. The liquidation process of the company began on 20 November 2022.

Company name	(in EUR)	Assets		Capital		Revenues		Profit or loss for the year	
		2022	2021	2022	2021	2022	2021	2022	2021
Subsidiary									
PROSPERA družba za izterjavo d.o.o.		-	2,386,456	-	2,283,172	2,855,105	783,454	(938,371)	1,426
Ambulanta ZDRAVJE zdravstvene storitve d.o.o.		196,200	195,944	161,977	165,113	503,094	357,824	(3,136)	(24,791)
Generali Investments, d.o.o. Ljubljana		16,292,101	17,027,483	13,815,334	13,888,212	14,519,167	14,279,930	3,104,218	3,182,504
LEV Registracija d.o.o.		141,017	124,709	62,563	49,537	195,655	220,733	(36,974)	(18,054)
Associates									
Nama Group		13,320,613	13,751,455	11,206,898	11,011,857	11,336,442	11,002,629	431,207	229,928
IDORU inteligentni analitični sistemi d.o.o.		2,482	2,787	2,410	2,787	0	86	(377)	(1,935)
MEDIFIT d.o.o., Slovenija		307,732	297,210	173,840	170,058	1,101,345	643,944	3,783	(198,398)

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. Financial statements and the final report for the company IDORU d.o.o. were prepared on the day before the start of the liquidation procedure, i.e. 20 November 2022. Company Prospera was merged to GENERALI zavarovalnica with 1.7.2022.



7.5 FINANCIAL INVESTMENTS

Financial investment assets

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Financial assets measured at fair value through profit or loss - at initial recognition	5,332,479	4,465,995
Debt securities	5,332,479	4,465,995
Listed securities	2,848,627	2,836,041
Government bonds	2,483,853	1,629,954
Available-for-sale financial assets	501,178,125	560,210,312
Equity securities	57,431,327	53,927,370
Listed securities	15,019,195	17,209,330
Non-listed securities	42,412,132	36,718,040
Debt securities	443,746,798	506,282,942
Listed securities	102,322,917	110,830,987
Non-listed securities	22,211,429	26,286,611
Government bonds	319,212,451	369,165,344
Financial assets held-to-maturity	8,186,815	9,541,236
Debt securities	8,186,815	9,541,236
Listed securities	938,799	940,635
Government bonds	7,248,016	8,600,602
Loans and deposits with banks	4,632,849	4,468,150
Loans	4,206,139	3,908,427
Long-term	869,966	992,592
Short-term	3,336,173	2,915,835
Monetary assets - deposits redeemable at notice	426,709	559,723
Long-term	426,709	557,618
Short-term	-	2,105
Financial receivables	867,184	3,480,131
Total	520,197,452	582,165,824

At the end of 2022, the balance of financial assets decreased by EUR 61,968,372 compared to the previous year. This was particularly influenced by unfavourable developments on the capital 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 mainly due to new purchases of debt securities (government bonds).

Available-for-sale financial assets

Financial assets allocated to the "Available for sale" group were lower in 2022 mainly due to the value adjustment of debt securities (marketable debt securities and government bonds).

Held-to-maturity financial assets

The balance of financial assets held to maturity decreased in 2022, 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. 31.12.2022	GENERALI d.d. 31.12.2021
Debt securities	%	%
held-to-maturity	5.73	5.77

For the fair value of the held-to maturity assets see Section 5, Table: Financial assets by fair value hierarchy.

Movement in financial investments

(in EUR)	Fair value through profit or loss	Held to maturity	Available for sale	Loans, deposits and financial receivables	Total
Balance as at 1 Jan	3,727,003	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	9,541,236	560,210,312	7,948,281	582,165,824
Balance as at 1 Jan	4,465,995	9,541,236	560,210,312	7,948,281	582,165,824
Exchange rate differences	-	-	331,091	-	331,091
Increase	1,373,523	45,808	108,975,437	186,502,726	296,897,494
Change of fair value (+/-) through profit or loss (market rates)	(505,282)	-	(67,888,727)	-	(68,394,009)
Increase due to interest	75	(57,142)	(572,208)	(71,854)	(701,129)
Decrease	(1,832)	(1,343,087)	(99,877,781)	(188,879,119)	(290,101,819)
Balance as at 31 Dec 2022	5,332,479	8,186,815	501,178,125	5,500,033	520,197,452

Financial receivables

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Financial receivables arising from investment properties	32,417	43,931
Other financial receivables	834,767	3,436,200
Total	867,184	3,480,131

Short-term receivables from securities trading predominate among financial receivables. As at 31 December 2022, these amounted to EUR 338,439 and were not yet due.



7.6 UNIT-LINKED LIFE INSURANCE ASSETS

Developments in the stock markets and negative returns in 2022, due to the sharp rise in the prices of raw materials and energy, were also reflected in the investments of the policyholders of unit-linked life insurance who have most of their assets invested in equity funds.

Long-term investments of the investment risk fund into units of investment funds, are disclosed under the item of unit-linked life insurance assets, classified in the group of financial investments valued at fair value. All investments are market investments. Unit-linked life insurance assets are related to fund items denominated in euros and stated at fair value.

Structure of unit-linked life insurance assets

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Financial assets measured at fair value through profit or loss - at initial recognition	364,912,988	418,321,881
Equity securities	304,086,221	349,166,482
Listed securities	304,086,221	349,166,482
Debt securities	60,826,767	69,155,398
Listed securities	60,826,767	69,155,398
Loans and deposits with banks	15,679,078	17,814,584
Deposits placed with banks	15,679,078	17,814,584
Total	380,592,066	436,136,464

The investments made for the benefit of unit-linked life insurance policyholders amounted to EUR 380,592,066. These are units of mutual funds, market ETFs funds, internal funds Dirigent, Aktivni naložbeni paket, Vrhunski, Aktivna naložba, Drzna naložba, Dinamična naložba, Uravnotežena 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 385,566

and assets invested in BNP Paribas products totalled EUR 60,826,767. 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. 31.12.2022	GENERALI d.d. 31.12.2021
Balance as at 1 Jan	436,136,464	377,152,599
Increase	61,546,874	68,250,343
Decrease	(62,642,075)	(65,271,935)
Change of fair value (+/-) through profit or loss (market rates)	(54,449,197)	56,001,192
Exchange rate differences	-	4,265
Balance as at 31 Dec	380,592,066	436,136,464

In 2022, payments in the amount of EUR 61,546,874 as well as EUR 62,642,075 worth reductions in assets (advances, surrenders, endowment, death) were made in relation to the investments of unit-linked life insurance policyholders. As a result of the correction in the financial market, which affected both equity and bond investments, the assets of unit-linked life insurance policyholders fell by EUR 54,449,197.

7.7 AMOUNT OF INSURANCE TECHNICAL PROVISIONS TRANSFERRED TO REINSURERS/ COINSURERS

Reinsurers/co-insurers' share in insurance technical provisions

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
- unearned premiums	959,500	635,981
- from insurance contracts for incurred and reported claims	30,073,867	30,422,668
- from insurance contracts for incurred, but not reported claims	4,294,266	4,808,468
- from insurance contracts for bonuses and discounts	6,868	6,868
Total non-life insurance	35,334,501	35,873,985
- unearned premiums	1,107,246	1,368,237
- from insurance contracts for incurred and reported claims	570,438	546,321
Total life insurance	1,677,684	1,914,559
Total re(co)insurers' share in technical provisions	37,012,185	37,788,543

7.8 ASSETS FROM INVESTMENT CONTRACTS

Assets from investment contracts

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Financial investments	24,525,611	26,992,658
Cash and cash equivalents	1,848,976	734,366
Other assets	372,855	368,433
Total assets from investment contracts	26,747,442	28,095,456

Assets from investment contracts – assets structure

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Financial assets measured at fair value through profit or loss	24,515,425	26,982,467
Equity securities	15,838,615	19,617,201
Listed securities	15,838,615	19,617,201
Debt securities	8,676,810	7,365,266
Listed securities	563,335	502,349
Non-listed securities	343,458	393,563
Government bonds	7,770,017	6,469,353
Financial receivables	10,186	10,191
Total financial assets	24,525,611	26,992,658

Movement in assets from investment contracts

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Balance as at 1 Jan	26,992,658	21,595,023
Increase (purchase)	6,512,510	12,612,375
Change of fair value (+/-) through profit or loss (market rates)	(3,072,031)	2,859,335
Increase due to interest	-	85,119
Decrease (sale)	(5,907,526)	(10,163,531)
Exchange rate differences	-	4,337
Balance as at 31 Dec	24,525,611	26,992,658



7.9 RECEIVABLES

Balance of receivables

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Receivables from direct insurance operations	37,855,019	33,729,406
gross value	50,210,352	48,610,064
value adjustment	(12,355,333)	(14,880,657)
Receivables from reinsurance and coinsurance	4,023,958	4,678,875
gross value	4,626,101	5,483,545
value adjustment	(602,142)	(804,670)
Income tax receivables	2,803,506	-
OTHER RECEIVABLES	6,307,906	5,075,509
Other current receivables from insurance operations	3,746,131	2,992,993
gross value	3,870,452	3,116,600
value adjustment	(124,321)	(123,607)
Recourse receivables	1,033,443	869,608
gross value	3,729,589	3,368,067
value adjustment	(2,696,145)	(2,498,460)
Operating receivables from the state	700,727	732,528
gross value	700,714	732,553
value adjustment	12	(25)
Operating receivables for advances given	25,768	6,882
gross value	68,274	50,500
value adjustment	(42,505)	(43,617)
Other current operating receivables	727,057	398,718
gross value	3,939,455	861,807
value adjustment	(3,212,397)	(463,088)
Long-term receivables	74,780	74,780
Total receivables	50,990,389	43,483,790

Compared to the previous year, the balance of receivables as at 31 December 2022 was higher by EUR 7,506,600 or by 17%, mainly as the result of higher balance of receivables from direct insurance operations, which predominate in the structure of all receivables with a 74%

share and relate to receivables arising from underwritten premium that the Company discloses to policyholders.

In 2022, the increase in receivables from premiums was influenced by both the increased volume of contracts

taken out and the rise in insurance premium prices. Adjustments of the value of receivables decreased by EUR 2,525,324 within the item Receivables from direct insurance operations, at the end of 2022, mainly due to the write-off of older, fully impaired receivables. Receivables related to these adjustments also decreased.

At the end of the year, the increase in receivables was also fostered by corporate income tax receivables in the amount of EUR 2,803,506. The corporate income tax receivables increased due to the corporate income tax advance payment in

2022 based on the accounting year 2021, when the operating result was higher than the result in 2022.

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 and 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 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
Balance as at 1 Jan 2022	15,685,327	2,498,460	630,338	18,814,125
Increases due to acquisition of companies	-	-	188,268	188,268
Changes during the year	(201,166)	312,822	(46,615)	65,042
Balance as at 31 Dec 2022	12,957,475	2,696,145	3,379,211	19,032,832



7.10 OTHER ASSETS

Other assets – total balance

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Deferred acquisition costs	8,791,678	7,980,141
Deferred expenses and accrued revenues	1,085,385	1,083,777
Total	9,877,062	9,063,918

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 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
Balance as at 1 Jan 2022	308,279	7,671,862
Utilised in 2022	(71,087)	(6,964,634)
Formed in 2022	-	7,847,259
Balance as at 31 Dec 2022	237,191	8,554,486

7.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Cash on hand and cheques received	-	56
Balances on accounts	7,527,206	9,430,089
Other cash	1,536,488	2,235,605
Total	9,063,694	11,665,749

7.12 EQUITY

Balance of equity

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Share capital	39,520,347	39,520,347
Capital reserves	50,197,175	50,940,547
Reserves from profit	9,522,501	9,479,165
Legal reserves	1,742,399	1,742,399
Other reserves from profit	7,780,102	7,736,766
Reserve due to fair value measurement (Revaluation surplus)	(36,724,702)	11,619,961
Retained net profit	43,669,509	33,153,482
Net profit for the financial year	13,278,193	24,525,393
TOTAL	119,463,023	169,238,895

Share capital

The share capital consists of 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 2022, nor did the number of shares.

Distribution of accumulated profits

The 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 use of accumulated profits at the General Meeting. At the General Meeting of Shareholders held in April 2022, the sole shareholder decided on the distribution of the accumulated profits established on 31 December 2021. A part of the accumulated profits in the amount of EUR 14,707,582 (EUR 6.22 per share) was allocated for dividend payments. The rest of accumulated profits in the amount of EUR 42,971,293 remained unallocated and was transferred to the accumulated profits for 2022. The dividend was paid in full.

Distribution of accumulated profit and loss coverage

The Company ended 2022 with a profit before tax totalling EUR 13,841,837 and a net profit for the year amounting to EUR 13,279,384.

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 2022, 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 13,278,193. Together with the unallocated profit brought forward from previous years amounting to EUR 43,669,509, the balance sheet profit to be distributed at the General Meeting of Shareholders amounted to EUR 56,947,702.

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 2022, the Company did not change or form additional reserves from profit.

Capital reserves

Capital reserves consist of EUR 42,256,156 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. In 2022, the subsidiary PROSPERA d.o.o. merged with the Insurance Company and the effect of the merger was recognized among capital reserves by reducing the balance of capital reserves by EUR 743,372.

Treasury shares

In 2022, 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 2022 neither the Company nor any third party for the account of the Company held any treasury shares as security. The Insurance Company has no treasury shares.



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 7.20.3. 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. 31.12.2022	GENERALI d.d. 31.12.2021
Specific revaluation of equity	(36,724,702)	11,619,961
from reinforcement/ impairment of available-for-sale financial assets	(45,236,838)	14,447,931
from net actuarial gains / losses for pension programs	(82,863)	(82,863)
from adjustment for deferred taxes	8,594,999	(2,745,107)
Total revaluation surplus	(36,724,702)	11,619,961

Movements in revaluation surplus from available-for-sale financial assets with profit

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Balance as at 1 Jan	11,619,961	13,011,848
Profits (losses) recognised in revaluation surplus	(43,159,822)	(378,101)
Net change due to revaluation	(53,283,731)	(466,792)
Change in deferred taxes due to revaluation	10,123,909	88,690
Transfer of profits (losses) from revaluation surplus to profit or loss	(5,184,840)	(1,013,785)
Change in revaluation surplus transferred on disposal to profit or loss	(6,401,038)	(1,443,783)
Change in deferred taxes on realisation of revaluation surplus	1,216,197	274,319
Transfer of negative revaluation surplus to profit or loss on impairment	-	192,196
The change deferred taxes from impairments through profit or loss	-	(36,517)
Balance as at 31 Dec	(36,724,702)	11,619,961

7.13 INSURANCE TECHNICAL PROVISIONS

Insurance technical provisions (liabilities arising from insurance contracts) – gross and net

(in EUR)	Gross + received co- insurance as at 31.12.2022	Reinsurance + ceded co- insurance as at 31.12.2022	Net as at 31.12.2022	Gross + received co- insurance as at 31.12.2021	Reinsurance + ceded co- insurance as at 31.12.2021	Net as at 31.12.2021
Unearned premiums	80,940,553	959,500	79,981,053	73,200,092	635,981	72,564,111
Claims provisions for	204,015,139	34,368,133	169,647,006	195,767,145	35,231,136	160,536,009
- reported claims	129,992,175	30,073,867	99,918,308	127,962,937	30,422,668	97,540,269
- not reported claims	74,022,964	4,294,266	69,728,698	67,804,208	4,808,468	62,995,740
Other insurance technical provisions	6,274,497	6,868	6,267,629	4,830,694	6,868	4,823,827
Provisions for profit sharing and premium refund	6,106,211	6,868	6,099,343	4,830,694	6,868	4,823,827
Other insurance technical provisions (Unexpired risk provisions and provisions for unpaid commissions)	168,286	-	168,286	-	-	-
Total non-life insurance	291,230,189	35,334,501	255,895,688	273,797,931	35,873,985	237,923,946
Unearned premiums	6,812,144	-	6,812,144	6,754,362	-	6,754,362
Claims provisions for	10,890,465	-	10,890,465	8,707,449	-	8,707,449
- reported claims	752,682	-	752,682	960,725	-	960,725
- not reported claims	10,137,782	-	10,137,782	7,746,725	-	7,746,725
Other insurance technical provisions	8,974,439	-	8,974,439	13,024,227	-	13,024,227
Provisions for bonuses and discounts	256	-	256	288	-	288
Other insurance technical provisions (Unexpired risk provisions and provisions for unpaid commissions)	8,974,183	-	8,974,183	13,023,939	-	13,023,939
Total health insurance	26,677,048	-	26,677,048	28,486,038	-	28,486,038
Unearned premiums	2,884,940	1,107,246	1,777,694	3,100,597	1,368,237	1,732,360
Claims provisions for	10,547,229	570,438	9,976,792	9,687,322	546,321	9,141,001
- reported claims	5,387,696	570,438	4,817,258	4,652,746	546,321	4,106,424
- not reported claims	5,159,534	-	5,159,534	5,034,577	-	5,034,577
Mathematical provisions	174,440,412	-	174,440,412	174,609,663	-	174,609,663
Other insurance technical provisions	551,668	-	551,668	13,738,348	-	13,738,348
Provisions for profit sharing and premium refund	551,668	-	551,668	416,216	-	416,216
Share of available for sale revaluation reserve that belongs to classic life DPF insurance contract policyholders.	-	-	-	13,322,132	-	13,322,132
Total life insurance with DPF	188,424,249	1,677,684	186,746,565	201,135,931	1,914,559	199,221,372
Total liabilities arising from insurance contracts	506,331,486	37,012,185	469,319,301	503,419,899	37,788,543	465,631,356



The disclosure of insurance technical provisions does not include claims provisions for unit-linked life insurance in the amount of EUR 2,452,199. These claims provisions are included separately in disclosures of insurance technical provisions for unit-linked life insurance in the next section (see Section 7.14).

The share of revaluation surplus from financial investments classified in the group of financial investments classified in the group of available-for-sale financial assets, which share belongs to the policyholders under the traditional life insurance contracts with the right to participate in the profit.

The share of revaluation surplus from financial investments classified as available-for-sale financial assets and belonging to policyholders under traditional life insurance contracts represents 75% of unrealized gains and losses

on financial assets valued as available-for-sale. In the event that these investments achieve positive returns, the share of the revaluation surplus is kept among insurance technical provisions. Due to the negative developments on the capital markets, there was no positive revaluation surplus at the end of 2022 (in 2021, the share of the revaluation surplus was included under other insurance 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.

Movements in insurance technical provisions

(in EUR)	Gross 2022	Reinsurance 2022	Net 2022	Gross 2021	Reinsurance 2021	Net 2021
Movements in unearned premium						
Balance as at 1 Jan	83,055,049	2,004,218	81,050,831	77,576,931	2,209,986	75,366,945
Increase in liabilities	88,735,585	1,099,335	87,636,250	80,901,110	838,181	80,062,929
Decrease in liabilities	81,152,996	1,036,807	80,116,190	75,422,991	1,043,949	74,379,042
Balance as at 31 Dec	90,637,638	2,066,747	88,570,891	83,055,049	2,004,218	81,050,831
Movements in mathematical reserves						
Balance as at 1 Jan	174,609,663	-	174,609,663	173,006,698	-	173,006,698
Increase in the period	18,950,821	-	18,950,821	21,970,987	-	21,970,987
Decrease in the period	19,120,072	-	19,120,072	20,368,023	-	20,368,023
Balance as at 31 Dec	174,440,412	-	174,440,412	174,609,663	-	174,609,663
Movements in claims outstanding						
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 1 Jan	214,161,918	35,777,457	178,384,461	200,759,132	36,158,399	164,600,733
Decrease in provisions due to payments	65,115,788	8,766,081	56,349,707	54,098,271	8,846,252	45,252,019
Change in provisions from preceding years +/-	(23,712,125)	88,919	(23,801,044)	(21,049,115)	(1,511,460)	(19,537,655)
Increase in provisions in the current year	100,120,145	7,838,275	92,281,870	88,550,172	9,976,770	78,573,402
Reported claims	136,132,552	30,644,304	105,488,248	133,576,409	30,968,989	102,607,420
Not reported claims	89,320,280	4,294,266	85,026,014	80,585,509	4,808,468	75,777,041
Balance as at 31 Dec	225,452,832	34,938,570	190,514,262	214,161,918	35,777,457	178,384,461
Movements in other technical provisions - Profit sharing and premium refund						
Balance as at 1 Jan	5,247,198	6,868	5,240,331	4,652,777	6,868	4,645,909
Increase in the period	3,998,317	-	3,998,317	3,505,062	-	3,505,062
Decrease in the period	2,587,380	-	2,587,380	2,910,641	-	2,910,641
Balance as at 31 Dec	6,658,135	6,868	6,651,267	5,247,198	6,868	5,240,331
Movements in other technical provisions - Unexpired risk provisions and provisions for unpaid commissions						
Balance as at 1 Jan	13,023,939	-	13,023,939	9,232,415	-	9,232,415
Increase in the period	168,286	-	168,286	3,791,524	-	3,791,524
Decrease in the period	4,049,757	-	4,049,757	-	-	-
Balance as at 31 Dec	9,142,468	-	9,142,468	13,023,939	-	13,023,939
Movements in other technical provisions - Payables client						
Balance as at 1 Jan	13,322,132	-	13,322,132	19,387,833	-	19,387,833
Change of corresponding share of fair value of financial assets available for sale	(13,322,132)	-	(13,322,132)	(6,065,701)	-	(6,065,701)
Balance as at 31 Dec	-	-	-	13,322,132	-	13,322,132



7.13.1 CLAIM DEVELOPMENT 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 non-life insurance 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.

Claim development tables for non-life insurance in 2022

(in EUR)	Accident/loss year											
	before 2013	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Cumulative claim payment												
At the end of loss year	-	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	163,224,250	
1 year after loss year	-	130,558,246	125,043,322	119,366,886	123,588,719	137,775,733	122,734,944	123,143,100	114,289,255	135,042,861	-	
2 years after loss year	-	127,336,047	122,460,487	117,349,837	121,404,109	135,731,601	120,890,229	122,727,723	112,656,701	-	-	
3 years after loss year	-	126,222,667	119,800,990	115,697,672	120,739,599	134,514,960	119,512,391	120,164,429	-	-	-	
4 years after loss year	-	125,832,612	118,688,659	115,197,106	121,717,915	135,032,181	119,808,641	-	-	-	-	
5 years after loss year	-	124,795,279	118,873,586	114,129,177	123,131,387	132,415,449	-	-	-	-	-	
6 years after loss year	-	124,091,266	118,336,310	114,180,207	121,217,286	-	-	-	-	-	-	
7 years after loss year	-	124,542,225	118,445,238	111,734,543	-	-	-	-	-	-	-	
8 years after loss year	-	124,499,989	116,500,257	-	-	-	-	-	-	-	-	
9 years after loss year	-	123,100,739	-	-	-	-	-	-	-	-	-	
Cumulative loss estimate	-	123,100,739	116,500,257	111,734,543	121,217,286	132,415,449	119,808,641	120,164,429	112,656,701	135,042,861	163,224,250	
Total	-	119,097,427	112,758,971	107,821,989	111,919,884	125,111,918	110,048,540	108,763,731	96,676,640	108,645,064	81,975,299	
RBNS	13,623,437	3,177,725	2,226,690	2,467,431	7,355,668	5,694,012	8,122,884	9,320,592	10,533,788	16,493,689	44,997,332	
IBNR	7,653,906	825,587	1,514,596	1,445,122	1,941,735	1,609,520	1,637,218	2,080,106	5,446,273	9,904,109	36,251,619	
CHE	1,334,397	312,319	253,497	284,560	614,065	598,800	735,533	832,353	1,192,710	1,998,940	5,659,184	
Total liabilities	22,611,739	4,315,631	3,994,784	4,197,113	9,911,467	7,902,332	10,495,635	12,233,051	17,172,771	28,396,737	86,908,135	

Claims provisions do not include appraisal costs.



Claim development tables for non-life insurance in 2021

(in EUR)	Accident/loss year											
	Before 2012	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	
Cumulative claim payment												
At the end of loss 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 loss 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 loss 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 loss 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 loss year	-	129,056,750	125,832,612	118,688,659	115,197,106	121,717,915	135,032,181	-	-	-	-	
5 years after loss year	-	127,592,494	124,795,279	118,873,586	114,129,177	123,131,387	-	-	-	-	-	
6 years after loss year	-	127,288,834	124,091,266	118,336,310	114,180,207	-	-	-	-	-	-	
7 years after loss year	-	126,185,992	124,542,225	118,445,238	-	-	-	-	-	-	-	
8 years after loss year	-	125,369,159	124,499,989	-	-	-	-	-	-	-	-	
9 years after loss year	-	125,125,948	-	-	-	-	-	-	-	-	-	
Cumulative loss estimate	-	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	

Claims provisions do not include appraisal costs.



7.14 INSURANCE TECHNICAL PROVISIONS FOR UNIT-LINKED LIFE INSURANCE

Insurance technical provisions for unit-linked life insurance

(in EUR)	Gross + received co- insurance as at 31.12.2022	Reinsurance + ceded co- insurance as at 31.12.2022	Net as at 31.12.2022	Gross + received co- insurance as at 31.12.2021	Reinsurance + ceded co- insurance as at 31.12.2021	Net as at 31.12.2021
Claims provisions	2,452,199	-	2,452,199	2,852,522	-	2,852,522
- reported claims	2,452,199	-	2,452,199	2,852,522	-	2,852,522
Provisions for unit-linked life insurance policyholders	376,885,487	-	376,885,487	434,368,201	-	434,368,201
Total unit-linked life insurance	379,337,686	-	379,337,686	437,220,724	-	437,220,724

Movements in insurance technical provisions for unit-linked life insurance

(in EUR)	Gross 2022	Reinsurance 2022	Net 2022	Gross 2021	Reinsurance 2021	Net 2021
Movements in claims outstanding						
Reported claims	2,852,522	-	2,852,522	3,242,567	-	3,242,567
Balance as at 1 Jan	2,852,522	-	2,852,522	3,242,567	-	3,242,567
Decreased provisions due to payments	899,528	-	899,528	1,200,229	-	1,200,229
Change in provisions from preceding years +/-	(98,504)	-	(98,504)	(35,393)	-	(35,393)
Increase in provisions in the current year	597,709	-	597,709	845,577	-	845,577
Reported claims	2,452,199	-	2,452,199	2,852,522	-	2,852,522
Balance as at 31 Dec	2,452,199	-	2,452,199	2,852,522	-	2,852,522
Movements in provisions for unit-linked life insurance policyholders						
Balance as at 1 Jan	434,368,201	-	434,368,201	374,826,788	-	374,826,788
Increase in the period	42,217,311	-	42,217,311	97,019,984	-	97,019,984
Decrease in the period	99,700,025	-	99,700,025	37,478,571	-	37,478,571
Balance as at 31 Dec	376,885,487	-	376,885,487	434,368,201	-	434,368,201

7.15 LIABILITIES ARISING FROM INVESTMENT CONTRACTS

7.15.1 LIABILITIES ARISING FROM INVESTMENT CONTRACTS

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Liabilities to pension savers (policyholders)	26,698,517	28,046,611
Liabilities from financial contracts for payments	26,052,152	23,260,655
Liabilities from financial contracts for fund return	646,365	4,785,956
Other liabilities	48,925	48,846
Total liabilities from financial contracts	26,747,442	28,095,456

As at 31 December 2022, liabilities from savers' payments amount to EUR 26,052,152 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 2022, EUR 33,339 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 pension insurance guarantee funds management costs. Short-term operating liabilities are recorded under other liabilities.

Movement in liabilities to savers from investment contracts

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Liabilities from financial contracts for payments and achieved return	-	-
As at 1 January	28,046,611	22,682,490
Increase in the period	11,136,917	6,585,176
for payments	7,974,207	3,208,132
for achieved return	3,162,709	3,377,043
Decrease in the period	12,485,010	1,221,055
for payouts (surrender)	5,182,711	554,341
for achieved return	7,302,300	666,714
As at 31 December	26,698,517	28,046,611

Annual gain of savers for which the liability of the Group increases varied in 2022 depending on the type of AS pension savings, as follows:

- 13.21% for the guarantee fund Pokojninsko varčevanje AS Drzni do 50,
- 11.09% for the guarantee fund Pokojninsko varčevanje AS Umirjeni med 50 do 60,
- 12.88% achieved (0.05% guaranteed) for the guarantee fund Pokojninsko varčevanje AS Zajamčeni od 60.

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. In 2022, the guaranteed return was 0.05%. Due to a failure in achieving the return in 2022, the Company (as a pension insurance manager) formed long-term liabilities of EUR 546,748 charged to own fund life insurance assets, in line with the Pension and Disability Insurance Act (ZPIZ-2).



7.16 OTHER PROVISIONS

7.16.1 OTHER PROVISIONS

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Provisions for termination benefits	4,875,725	5,259,465
Provisions for jubilee benefits	3,406,269	399,969
Total	8,281,994	5,659,434

7.16.2 PROVISIONS FOR EMPLOYEE BENEFITS

Provisions for employee benefits

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Provisions for employee benefits	4,114,770	4,456,193
Other non-current provisions	760,956	803,272
Total	4,875,725	5,259,465

Movements in provisions for employee benefits

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
As at 1.1.	5,259,465	5,486,896
Increases due to acquisition of companies	29,129	-
Increase in current period	462,861	399,679
Decrease due to paid provisions for termination and jubilee benefits	(104,127)	(94,564)
Actuarial gains and losses	(771,603)	(532,546)
Adjustments arising from past experience	(217,992)	(283,411)
Effect of change of assumptions	(553,611)	(249,134)
As at 31 December	4,875,725	5,259,465

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:

- 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 2022, 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 2021 the ECB curve dated 30 November 2021 was applied.
- 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 3.49% and real growth of 5.26%). Inflation of 2% and real growth of 2% was taken into account for the calculation made on 31 December 2021.
- 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 December 2021.
- 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 December 2021.
- 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 553,611.

Analysis of sensitivity to changes in parameters

Parameters	Parameter changes	GENERALI d.d. 2022	GENERALI d.d. 2021
Discount rate	discount curve move by +0.25%	(131,853)	(157,211)
	discount curve move by -0.25%	137,781	164,645
Salary increase	change in annual salary increase by +0.5%	262,617	311,562
	change in annual salary increase by -0.5%	(243,072)	(287,363)
Mortality	permanent increase in mortality by +20%	(39,583)	(45,418)
	permanent increase in mortality by -20%	40,092	46,015
Early termination of employment	expense curve move by +20%	(190,987)	(226,573)
	expense curve move by -20%	206,451	245,804

7.16.3 OTHER LONG-TERM PROVISIONS

Movements in other long-term provisions

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
As at 1.1.	399,969	491,360
Decrease	(3,006,300)	91,391
As at 31.12.	3,406,269	399,969

7.17 OTHER FINANCIAL LIABILITIES

Financial liabilities

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Balance as at 1 Jan	34,789,750	4,194,793
Increase	173,547,080	160,800,034
Decrease	(175,536,342)	(160,749,877)
Received loans	-	30,000,000
Interest accrued	914,435	544,800
Paid interest	(876,000)	-
Balance as at 31 Dec	32,838,923	34,789,750

Long-term financial liabilities include loans and liabilities from the rights to use lease assets.

The Company keeps the subordinated loan received from a related party, GP Reinsurance EAD, Bulgaria, in the amount of EUR 30,000,000, in the loans item. 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. Interest is paid once a year in May. In May 2022, GENERALI d.d. paid interest on the



loan received in the amount of EUR 876,000. As at 31 December 2022, EUR 583,235 of interest was accrued.

Movements in increase and decrease items relate mostly to the trade (purchase/sale) in investments of unit-linked policyholders in internal funds.

7.18 OPERATING LIABILITIES

The Company has no liabilities secured by real securities.

Operating liabilities

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Liabilities arising from direct insurance contracts	22,201,199	21,058,782
Liabilities arising from reinsurance and co-insurance	10,159,221	10,007,904
Tax liability	0	3,579,617
Total	32,360,420	34,646,303

The balance of operating liabilities of the Company is lower by EUR 2,285,883 or 7% than in the previous year, mainly due to the current tax liability (corporate tax).

For 2022, the Company calculated the current tax liability (corporate tax) at the applicable tax rate of 19%. In 2022, the Company achieved a lower profit than in 2021, thus the advance payment of corporate tax, which the Company paid during the year, exceeded the established liability and on 31 December 2022 the Company had no outstanding liabilities for the payment of corporate income tax.

Despite the overall lower balance, liabilities arising from direct insurance contracts were higher compared to the previous year by EUR 1,142,417, mainly due to the increased volume of claims.

7.19 OTHER LIABILITIES

Other liabilities

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Other operating (trade) liabilities	11,069,843	10,257,515
Accrued costs/expenses and deferred revenues	19,115,163	17,501,429
Total	30,185,005	27,758,944

7.19.1 OTHER OPERATING LIABILITIES

Other operating liabilities

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Long-term operating liabilities	4,500	6,439
Other long-term operating liabilities	4,500	6,439
Current operating liabilities	11,065,343	10,251,075
Current operating liabilities to suppliers	1,042,751	1,779,288
Current operating liabilities to employees	3,425,382	3,306,631
Other current liabilities from insurance operations	4,835,974	3,812,293
Current operating liabilities to the state (except for income tax)	677,501	646,690
Other current operating liabilities	1,083,735	706,174
Total	11,069,843	10,257,515

At the end of 2022, the balance of other operating liabilities was higher than in the previous year by EUR 812,328 or 8%. The higher balance was mainly due to higher current operating liabilities from insurance operations and other current operating liabilities.

The structure of other operating liabilities is dominated by other current liabilities from insurance operations with a 44% share, which are EUR 1,023,681 higher compared to the previous year. These current liabilities relate mainly to:

- liabilities for insurance premium tax in the amount of EUR 1,768,771 (last year EUR 1,570,441),
- 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 1,875,732 (last year EUR 1,334,587);
- fire tax liability in the amount of EUR 324,693 (last year EUR 215,398);
- liabilities for the repayment of reinsurance commissions advances in the amount of EUR 869,094 (last year EUR 691,303).

The long-term operating liabilities of the Company include the long-term liability in the amount of EUR 4,500 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).

7.19.2 ACCRUED COSTS AND DEFERRED REVENUE

Accrued costs and deferred revenue

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Accrued expenses - operating	6,776,176	5,964,978
Accrued expenses - for unused annual holidays	7,860,400	8,624,152
Accrued expenses - for unused annual holidays	1,853,511	1,654,465
Accrued expenses from equalisation scheme for supplementary health insurance	2,419,444	1,110,583
Accrued expenses - acquisition costs and unexpired commissions	(50,322)	(22,557)
Accrued expenses from equalisation scheme for supplementary health insurance	255,954	169,808
Total	19,115,163	17,501,429

Compared to the previous year, the balance of accrued costs at the end of 2022 was higher by EUR 1,613,734. The increase is present particularly in Accrued expenses from equalisation scheme for supplementary health insurance which are higher by EUR 1,308,861 than in the previous year. Despite the increase in these expenses, of the total accrued costs, the Operating accrued expenses decreased by EUR 763,752 compared to the previous year.

7.20 REVENUE

7.20.1 PREMIUM REVENUE FROM INSURANCE CONTRACTS

Net premium revenue from insurance contracts

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
NON-LIFE INSURANCE		
Gross written premiums	256,255,613	238,305,718
Premium written accepted co-insurance	4,051,260	4,426,092
Premium written co-insured	(124,532)	(211,785)
Reinsurers' share in premium written	(28,286,641)	(26,904,791)
Net written premiums	231,895,700	215,615,234
Change in gross unearned premiums	(7,740,462)	(5,316,888)
Change in unearned premium for reinsurance/coinsurance share	323,520	(12,929)
Net premium income on non-life insurance	224,478,758	210,285,418
HEALTH INSURANCE		
Gross written premiums	133,146,635	124,201,188
Net written premiums	133,146,635	124,201,188
Change in gross unearned premiums	(57,783)	(199,058)
Net premium income on health insurance	133,088,853	124,002,130
LIFE INSURANCE		
Gross written premiums	87,349,055	83,205,656
Reinsurers/Coinsurers' share in gross written premium	(4,278,570)	(4,043,134)
Net written premiums	83,070,486	79,162,523
Change in gross unearned premiums	215,657	37,826
Change in unearned premium for reinsurance/coinsurance share	(260,991)	(168,046)
Net premium income on life insurance	83,025,152	79,032,303
TOTAL NET PREMIUM INCOME	440,592,763	413,319,851



7.20.2 PREMIUM REVENUE AT THE LEVEL OF INSURANCE CLASSES

Premium revenue at the level of insurance classes in 2022

(in EUR)	Written gross insurance premiums	Premium written accepted co-insurance	Premium written co-insured	Reinsurers' share in premium written	Own share
Accident insurance	24,645,889	-	(41,147)	(265,469)	24,339,273
Land vehicle insurance	79,246,688	-	-	(4,616,112)	74,630,576
Aircraft insurance	503,983	-	-	(479,370)	24,613
Ship insurance	496,781	-	-	(356,003)	140,778
Goods in transit insurance	2,481,431	56,556	-	(1,852,020)	685,967
Fire and natural forces insurance	35,109,241	1,738,846	(8,859)	(7,369,047)	29,470,181
Other damage to property insurance	24,764,459	1,579,321	(25,684)	(5,136,454)	21,181,642
Vehicle liability insurance	58,087,284	-	-	(1,654,178)	56,433,106
Aircraft or other flying machine liability insurance	24,535	17,666	-	(19,940)	22,261
Liability for ship insurance	545,195	-	-	(394,839)	150,356
General liability insurance	17,959,818	448,399	(11,080)	(3,883,376)	14,513,761
Credit insurance shall be insurance covering:	(506)	-	-	-	(506)
Suretyship insurance	199,284	-	-	(135,262)	64,022
Miscellaneous financial loss insurance	1,087,477	210,397	(5)	(419,872)	877,997
Legal expenses insurance	808,418	75	(37,757)	-	770,736
Tourist assistance	10,295,636	-	-	(1,704,699)	8,590,937
Insurance contracts for non-life insurance, excluding health insurance	256,255,613	4,051,260	(124,532)	(28,286,641)	231,895,700
Health insurance contracts	133,146,635	-	-	-	133,146,635
Life insurance	41,007,268	-	-	(4,278,570)	36,728,698
Unit-linked insurance contracts	46,341,788	-	-	-	46,341,788
Life insurance contracts	87,349,056	-	-	(4,278,570)	83,070,486
Total	476,751,304	4,051,260	(124,532)	(32,565,211)	448,112,821

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	19,368	-	(1,599,153)	52,316,090
Aircraft or other flying machine liability insurance	20,694	7,519	-	(18,030)	10,183
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



7.20.3 FINANCIAL REVENUE AND EXPENSES FROM INVESTMENTS AND INVESTMENTS IN ASSOCIATES

Financial revenue and expenses from investments

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Income from financial investments measured at FVTPL	(58,311,191)	56,132,371
Held for sale	-	68
Interest and net exchange differences	-	68
At initial recognition	(58,311,191)	56,132,304
Dividends	21,996	24,591
Interest and net exchange differences	90,978	48,200
Net sales income	(3,418,595)	4,196,418
Revaluation income	(55,005,571)	51,863,094
Income from financial investments held to maturity (HTM)	455,812	525,952
Interest and net exchange differences	455,812	525,952
Income from financial investments available-for-sale (AFS)	15,694,962	9,585,221
Dividends	2,126,780	1,999,760
Interest and net exchange differences	5,979,114	5,755,720
Sales income	7,589,068	1,829,741
Income from loans and receivables	2,337,624	2,107,656
Interest	641,446	401,700
Net exchange differences	399,682	1,745
Other income	1,296,496	1,704,211
INCOME FROM INVESTMENTS	(39,822,792)	68,351,201
Income from investments - associates	78,656	-
Income from investments - subsidiaries	3,182,504	2,235,050
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	3,261,160	2,235,050
Expenses for financial investments measured at FVTPL	(123)	(304)
At initial recognition	(123)	(304)
Net sales expenses	(123)	(304)
Expenses for financial investments available-for-sale (AFS)	(1,188,030)	(578,154)
Realised losses	(1,188,030)	(385,958)
Impairment	-	(192,196)
EXPENSES FOR INVESTMENTS	(1,188,153)	(578,458)
Expenses for investments - associates	-	(217,449)
Expenses for investments - subsidiaries	-	(983,832)
EXPENSES FOR INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	-	(1,201,281)
Net financial result - investments measured at FVTPL	(58,311,314)	56,132,068
Net financial result - investments held to maturity (HTM)	455,812	525,952
Net financial result - available-for-sale investments (AFS)	14,506,932	9,007,067
Net financial result from loans and receivables	2,337,624	2,107,656
Net financial result - investments in subsidiaries and associates	3,261,160	1,033,768
NET FINANCIAL RESULT FROM INVESTMENTS	(37,749,786)	68,806,511

Financial revenue and expenses also include net financial revenue/expenses for unit-linked insurance. In 2022, the net financial result of these investments was negative and amounted to EUR 57,660,780. In the same period, the insurance technical provisions for these funds decreased; 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 7.14) in 2022 represents a provision lower by EUR 57,883,037.

Net gains (losses) on financial assets at initial recognition through profit or loss

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Realised profits	133,268	4,352,448
Unrealised profits	1,917,692	55,658,956
Realised losses	(3,551,986)	(156,333)
Unrealised losses	(56,923,263)	(3,795,862)
Total	(58,424,288)	56,059,209

In the total amount of net losses on financial assets at initial recognition through profit or loss pertaining to unit-linked life insurance, the loss amounted to EUR -57,918,883.

Impairment of securities of available-for-sale financial assets

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Equity securities	-	192,196
Total	-	192,196

In 2022, there was no permanent impairment of investments in market equity securities as part of investments of the group of available-for-sale financial assets.

7.20.4 OTHER INSURANCE REVENUE

Other insurance revenue

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Revenue from insurance contracts	7,778,038	6,133,561
Revenues from reinsurance fees/commissions and from shares in positive technical result	6,481,263	5,185,597
Revenues from front-end/entry costs for insurance contracts	630,057	588,143
Other fee income for management of insurance contracts	666,718	359,822
Revenue from investment contracts	53,690	55,554
Other fee income for management of investment contracts	53,690	55,554
Total fee and commission revenue	7,831,728	6,189,116

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.

7.20.5 OTHER REVENUE

Other revenue

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Other net insurance revenues	2,839,028	2,516,687
Revenue from reversal of impairment	3,331,374	992,719
Excess on acquisitions	-	21,011
Other financial and other revenues	1,841,633	4,068,045
Other operating revenues	272,231	99,635
Total	8,284,267	7,698,098

Other net revenue from insurance operations is shown in a separate table below.



Other net insurance revenue

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Income from management of mutual pension funds	115,571	258,914
Revenue from insurance services provided to foreign insurance companies	1,082,434	777,734
Revenue from rent on parking lot and cars	437,860	310,274
Revenue from Green Card sales	591,394	603,982
Revenue from other services	611,770	565,783
Total	2,839,028	2,516,687

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 2,967,204 and the write-off of liabilities from previous years in the amount of EUR 364,171.

Other financial and other revenue

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Revenues arising from rents charged for investment properties	689,641	616,559
Revenues arising from disposals of investment properties	75,382	20,271
Bad Debt Recovered	(1,266)	8,841
Penalties and Claims	14,066	-
Other income	794,728	605,699
Other financial revenues	269,082	2,816,675
Total	1,841,633	4,068,045

Compared to the same period last year, other financial and other revenue decreased by EUR 2,226,412, mainly due to other financial revenues which arise mainly from the revaluation of loans granted to policyholders for the Fond Polica due to changes in stock exchange prices at the time of valuation.

At the same time, the insurance technical provisions of these funds decreased during this period, and it is therefore necessary that the returns of unit-linked funds take into account the changes in insurance technical provisions, which affect the realistic presentation of return statements.

7.21 NET CLAIMS INCURRED

Net claims incurred

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Gross claims paid	(140,867,205)	(118,902,351)
Gross claims	(143,810,448)	(121,401,656)
Reduction for subrogated receivables	2,943,243	2,499,305
Re(Co)Insurers' share in claims paid	9,186,940	9,886,857
Co-insurance claims paid (+/-)	(663,113)	(115,177)
Re-insurance claims paid (+/-)	9,850,053	10,002,035
Net claims paid	(131,680,265)	(109,015,494)
Claims reported	(2,378,039)	(17,967,740)
Change of provisions for gross outstanding claims and gains from derecognition	(2,029,238)	(15,897,150)
Change in claims provisions for re/co-insurer's share	(348,801)	(2,070,590)
Claims not reported	(6,732,958)	6,269,905
Change in gross claims provisions and gains from derecognition	(6,218,756)	4,489,317
Change of provisions for gross outstanding claims co-insurance and re-insurance	(514,202)	1,780,588
Change in claims provisions	(9,110,997)	(11,697,836)
Net claims incurred on non-life insurance	(140,791,262)	(120,713,329)
Gross claims paid	(123,958,581)	(102,714,525)
Gross claims	(118,874,090)	(98,147,814)
Equalisation scheme income/expenses	(5,100,483)	(4,610,378)
Reduction for subrogated receivables	15,992	43,667
Net claims paid	(123,958,581)	(102,714,525)
Claims reported	208,042	67,614
Change of provisions for gross outstanding claims and gains from derecognition	208,042	67,614
Claims not reported	(2,391,058)	(1,159,833)
Change in gross claims provisions and gains from derecognition	(2,391,058)	(1,159,833)
Change in claims provisions	(2,183,016)	(1,092,219)
Net claims incurred on health insurance	(126,141,597)	(103,806,744)
Gross claims paid	(54,851,563)	(53,122,809)
Gross claims	(54,851,563)	(53,122,809)
Re(Co)Insurers' share in claims paid	851,187	1,015,686
Re-insurance claims paid (+/-)	851,187	1,015,686
Net claims paid	(54,000,376)	(52,107,122)
Claims reported	(310,511)	12,581
Change of provisions for gross outstanding claims and gains from derecognition	(334,627)	103,521
Change in claims provisions for re/co-insurer's share	24,116	(90,940)
Claims not reported	(124,957)	(616,210)
Change in gross claims provisions and gains from derecognition	(124,957)	(616,210)
Change in claims provisions	(435,468)	(603,629)
Net claims incurred on life insurance	(54,435,844)	(52,710,751)
TOTAL NET CLAIMS INCURRED	(321,368,703)	(277,230,824)



Net claims incurred classified into expenses for the current year and expenses for previous years

(in EUR)	Gross 2022	Reinsurance 2022	Net 2022	Gross 2021	Reinsurance 2021	Net 2021
Expenses for claims and benefits paid for current year	297,032,796	9,800,435	287,232,361	252,186,017	11,968,425	240,217,592
Claims and benefits paid	198,003,618	2,213,600	195,790,017	165,348,301	2,270,729	163,077,572
Change in outstanding claim provisions	93,928,695	7,586,835	86,341,860	82,227,338	9,697,696	72,529,642
Expenses from equalisation scheme	5,100,483	-	5,100,483	4,610,378	-	4,610,378
Expenses for claims and benefits paid for previous years	(20,178,510)	120,992	(20,299,502)	(17,252,404)	(1,554,885)	(15,697,519)
Claims and benefits paid	63,319,175	8,570,829	54,748,346	52,474,882	8,432,814	44,042,068
Change in outstanding claim provisions	(83,497,685)	(8,449,838)	(75,047,847)	(69,727,286)	(9,987,699)	(59,739,587)
Total	276,854,286	9,921,427	266,932,859	234,933,613	10,413,541	224,520,073

7.22 COSTS

7.22.1 COSTS BY FUNCTIONAL GROUP

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Costs related to acquisition of insurance and investment contracts	39,973,197	34,868,920
Costs related to financial asset management	2,123,104	2,160,859
Costs related to PPE management	649,887	591,576
Other costs for management fees	8,279,171	7,518,183
Costs of sale	31,854,055	30,320,753
Other costs/expenses	30,855,359	28,910,052
Total costs/expenses by functional groups	113,734,774	104,370,344

7.22.2 COSTS BY NATURAL GROUP

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Operating costs for material	1,408,182	1,101,625
Acquisition costs	39,973,197	34,868,920
Operating costs for services	22,979,229	20,929,280
Depreciation/amortisation	6,486,315	6,347,958
Labour costs	42,887,850	41,122,560
Payroll – wages and salaries	28,472,450	28,806,226
Social security costs	224,291	256,798
Pension insurance costs	4,725,109	4,855,996
Other labour cost	9,056,074	6,551,126
Provisions for termination benefits and jubilee benefits	409,927	652,414
Total	113,734,774	104,370,344

Depreciation/amortisation costs also include depreciation/amortisation amounts arising from long-term assets in use, which in 2022 amounted to EUR 2,219,726.77 (last year EUR 2,193,915).

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.



7.22.3 COSTS BY SEGMENT

Costs by segment

(in EUR)	Life insurance	Non-life insurance	Health insurance	GENERALI d.d. 2022	Life insurance	Non-life insurance	Health insurance	GENERALI d.d. 2021
Costs of services	16,603,026	40,393,528	5,955,872	62,952,426	13,720,970	36,888,754	5,188,476	55,798,201
Costs of transportation and postal services	612,676	1,605,763	542,144	2,760,583	351,747	717,847	342,590	1,412,185
Costs of rents and maintenance of assets	481,128	1,708,434	588,361	2,777,924	310,545	1,181,172	549,494	2,041,211
Reimbursement of labour-related costs to employees	77,038	549,110	184,365	810,513	67,497	533,503	155,934	756,934
Payment of transactions costs and bank charges	325,437	451,452	225,711	1,002,599	403,527	485,119	211,338	1,099,984
Costs for insurance premiums	64,100	266,385	17,637	348,122	63,040	260,466	13,735	337,242
Costs of trade fairs, advertising and entertainment	1,204,790	2,832,535	460,822	4,498,148	1,308,460	2,111,570	555,867	3,975,897
Costs of securities brokerage	565,274	325,280	39,809	930,363	612,755	340,737	42,762	996,254
Acquisition costs	10,460,686	26,709,107	2,803,404	39,973,197	7,713,334	25,158,609	1,996,977	34,868,920
Costs of intellectual and personal services	593,010	1,273,063	184,923	2,050,997	618,106	1,154,642	373,905	2,146,653
Costs of printing	221,839	537,327	156,648	915,813	280,915	772,926	212,924	1,266,765
Costs of education	91,600	241,626	32,467	365,694	72,054	262,006	19,342	353,401
Costs of IT services	1,187,660	2,134,934	462,198	3,784,791	1,195,517	2,272,148	461,726	3,929,392
Costs of other services	695,588	1,692,578	247,257	2,635,422	704,285	1,596,285	238,256	2,538,826
Costs of services by natural persons under employment contracts or author's contracts	22,200	65,935	10,125	98,260	19,187	41,724	13,626	74,537
Labour costs	9,106,043	28,194,380	5,587,427	42,887,850	8,916,850	27,131,863	5,073,847	41,122,560
Costs of wages and salaries	6,142,683	18,657,354	3,672,414	28,472,450	6,341,595	18,863,416	3,601,215	28,806,226
Social security and pension insurance costs	1,062,910	3,245,657	640,833	4,949,400	1,124,921	3,373,683	614,190	5,112,794
Pension insurance costs	1,018,730	3,091,844	614,535	4,725,109	1,080,347	3,179,135	596,514	4,855,996
Social security costs	44,180	153,812	26,298	224,291	44,574	194,548	17,676	256,798
Other labour cost	1,823,446	6,014,657	1,217,970	9,056,074	1,319,531	4,411,945	819,649	6,551,126
Provisions for employee benefits, unused leave included	77,004	276,712	56,210	409,927	130,803	482,819	38,793	652,414
Costs of material and goods	316,606	1,043,108	48,467	1,408,182	232,922	807,198	61,505	1,101,625
Costs of material, raw material and energy	316,606	1,043,108	48,467	1,408,182	232,922	807,198	61,505	1,101,625
Costs of material and raw material	139,117	325,194	11,802	476,113	104,963	299,279	36,508	440,750
Costs of energy	177,490	717,914	36,665	932,069	127,959	507,918	24,997	660,875
Depreciation and amortisation	1,230,452	5,044,626	211,238	6,486,315	1,177,025	4,955,562	215,372	6,347,958
Total operating expenses	27,256,128	74,675,642	11,803,005	113,734,774	24,047,767	69,783,376	10,539,200	104,370,344



7.22.4 AUDITOR'S REMUNERATION

The audit of the annual financial statements of GENERALI zavarovalnica d.d. for 2022 was performed by the audit firm KPMG Slovenija d.o.o., as also in 2021.

Fees paid for auditor's services

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Statutory audit of the annual report	458,220	162,220
Other audit services	38,280	38,280
Total fees for independent auditor's services	496,500	200,500

In 2022, auditor's remuneration increased due to auditing the transition to the new international standards IFRS 17 and IFRS 9 (auditing opening statements and statements prepared according to IFRS 17 and IFRS 9).

7.23 OTHER INSURANCE EXPENSES

Other insurance expenses

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Expenses for preventive activities	2,632,802	2,396,944
Contribution for covering losses caused by uninsured and unknown vehicles	671,713	233,580
Other net insurance expenses	17,306,783	9,656,516
Total	20,611,297	12,287,039

Expenses for preventive activities relate to expenses for payment of fire fees. Insurance companies that contract 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 2022, these expenses went up by 9.8% 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 2022, the Company paid EUR 671,713 taxes for this item.

Other net insurance expenses increased by EUR 7,650,267 compared to the previous year, mainly due to higher write-offs of receivables and expenses due to failure to achieve the guaranteed return on pension insurance.

In the structure of other net insurance expenses, the following expenses represent an important part:

- 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. These expenses amounted to EUR 4,581,157 (last year EUR 4,581,157),
- subrogation receivables write-offs, receivables write-offs from insurance premiums and write-offs of other receivables in the amount of EUR 4,219,017 (last year EUR 1,024,067),
- expenses for bonuses, discounts and cancellations in the amount of EUR 3,098,659 (last year EUR 2,279,419),
- expenses for failure to achieve the guaranteed return of pension insurance in the amount of EUR 2,888,006 (last year EUR 1,383),
- expenses of supervisory bodies in the amount of EUR 684,769 (last year 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 decision of the Management Board. In 2022, compared to the previous year, the Company recorded higher expenses for the write-off of receivables on account of written-off old premium receivables by a 100% adjustment.

7.24 OTHER EXPENSES

Other expenses

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Expenses for impairment	145,988	484,238
Expenses for investment properties	614,685	1,034,207
Depreciation of investment properties	160,869	172,618
Impairment - investment properties	-	499,913
Other expenses for investment properties	453,816	361,676
Other operating expenses	3,502,832	2,940,239
Finance expenses	3,895,854	2,827,014
Total	8,159,358	7,285,699

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 338,250 mainly due to lower expenses for impairment of receivables from premiums.

Compared to the previous year, expenses for investment properties were lower by EUR 419,523 and they amounted to EUR 614,685. These expenses include depreciation, possible impairment, losses-upon disposal and other expenses. Other expenses for investment properties include management, maintenance and material costs. In 2022, the Company did not impair investment properties.

Other operating expenses are presented in a separate table.

Other operating expenses

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Payments for charity and cultural purposes	380,790	211,923
Benefits not depending on operating profit or loss	253,537	277,784
Financial penalties and compensations	-	87,100
Operating expenses	2,749,981	2,351,977
The rest of other operating expenses	118,524	11,456
Total	3,502,832	2,940,239

Compared to the previous year, other operating expenses increased by EUR 562,593, mainly due to higher operating expenses and expenses for charity and cultural purposes. Operating expenses mainly consist of expenses for a licence for the use of trademarks, administrative and court fees, membership fees to the Chamber of Commerce and associations, and expenses for the protection of the human environment.

Finance Expenses

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Finance expenses for interest - issued bonds	-	2,181,192
Finance costs - interest	969,094	618,463
Other financial expenses	2,926,759	27,358
Finance expenses arising from other financial liabilities	2,449,440	0
Finance expenses arising from operating liabilities	477,320	27,358
Total	3,895,854	2,827,014

Finance expenses are higher by EUR 1,068,840 compared to the previous year primarily due to other financial expenses. Other financial expenses arise mainly from the revaluation of loans given to policyholders for the Fond policy due to changes in stock exchange prices at the time of valuation.

In 2022, the Company had no financial expenses for interests arising from the issued bond, as the bond was repaid early in May 2021. In order to repay the bond, the Company received a loan in 2021 and accrued EUR 914,435 in interest in 2022. Interest expenses also include interest expenses arising from liabilities for rights to use lease assets.



7.25 REINSURANCE RESULT

Reinsurance result in the table below shows the net reinsurance result by insurance type.

Reinsurance result for non-life insurance in 2022

Insurance class	(in EUR)	Reinsurance premiums	Reinsurance claims	Changes in unearned reinsurance premiums	Changes in reinsurance claims provisions	Reinsurance commissions	Net reinsurance result
Accident insurance		(265,470)	53,077	(357)	159,265	36,360	(17,125)
Land motor vehicle insurance		(4,616,112)	1,173,422	-	66,911	(1,534)	(3,377,312)
Aircraft insurance		(479,370)	-	(170,221)	-	23,968	(625,622)
Marine loss insurance		(356,003)	114,343	-	8,741	114,356	(118,562)
Transportation (goods in transit) insurance		(1,852,020)	620,576	245	(12,320)	566,183	(677,336)
Fire and natural disaster insurance		(7,369,047)	4,703,665	(13,870)	2,164,674	1,201,327	686,749
Other damage to property insurance		(5,136,454)	1,370,493	(123,090)	(41,661)	808,805	(3,121,907)
Motor vehicle liability insurance (MTPL)		(1,654,178)	1,064,732	-	(1,649,807)	141,031	(2,098,221)
Aircraft liability insurance		(19,940)	(392)	(775)	-	(493)	(20,397)
Ship/boat liability insurance		(394,839)	13,161	-	1,202	125,630	6,575
General liability insurance		(3,883,376)	537,348	24,643	262,624	1,171,449	(2,149,935)
Suretyship insurance		(135,262)	-	(67,184)	-	55,024	(147,423)
Miscellaneous financial loss insurance		(419,872)	(17,873)	(9,107)	4,882	48,567	(393,403)
Legal expenses insurance		-	-	-	8	16,771	16,779
Insurance of assistance		(1,704,699)	217,501	7,496	(101,516)	1,297,345	(283,872)
Total non-life insurance		(28,286,641)	9,850,053	(352,219)	863,003	5,604,789	(12,321,014)

Reinsurance result for non-life insurance in 2021

Insurance class	(in EUR)	Reinsurance premiums	Reinsurance claims	Changes in unearned reinsurance premiums	Changes in reinsurance claims provisions	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)



7.26 CORPORATE INCOME TAX

Taxes

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Corporate income tax charge	(1,521,497)	(4,573,810)
Deferred tax income/(expense)	959,044	152,282
Total	(562,453)	(4,421,528)

Adjustment between the actual and the calculated tax expense by applying the effective tax rate

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Profit or loss before taxation	13,841,837	28,962,338
Rate used for income tax calculation	19	19
Tax calculated by using official tax rate	(2,629,949)	(5,502,844)
Income excluded from the tax base and other reductions in the tax base	3,000,701	2,350,739
Expenses not recognised in the tax base and other increases in the tax base	(2,320,422)	(2,133,093)
Use of tax allowance in the current year	428,174	711,389
Changes in deferred taxes in the income statement	-	152,282
Changes in potential deferred tax assets:	-	152,282
Increase of deductible temporary differences	959,044	152,282
Profit or loss after taxation	(562,453)	(4,421,528)
Effective tax rate (in %)	4.06	15.27

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 2022 is 4.06% (2021: the effective tax rate was 15.27%).

According to local tax legislation in Slovenia, the applicable tax rate in 2022 was 19% (as in 2021).

Tax expense recognized in other comprehensive income

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
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	11,340,106	326,492
Total	11,340,106	326,492

7.27 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 consolidated financial statements of the Company in the case of the same tax authority.

Recognised deferred tax amounts

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Deferred tax assets	13,428,083	2,656,567
Receivables for deferred tax to be recovered	13,428,083	3,670,400
Receivables from deductible temporary differences - provisions made but not recognised	360,584	370,561
Receivables from unused tax losses	558,072	-
Receivables from unused tax credits	330,546	-

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Offset of deferred tax assets	-	(1,013,833)
Deferred tax liabilities	-	1,735,239
Liabilities for deferred taxes pending payment	-	2,749,072
Liabilities from strengthening of financial investments	-	2,749,072
Offset of deferred tax liabilities	-	(1,013,833)

Movements in deferred tax assets and liabilities

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Deferred tax assets as at 1 Jan	2,656,567	2,562,695
Changes during the year	10,771,516	93,872
Deferred tax assets as at 31 Dec	13,428,083	2,656,567
Deferred tax liabilities as at 1 Jan	1,735,239	3,071,605
Changes during the year	(1,735,239)	(1,336,365)
Deferred tax liabilities as at 31 Dec	-	1,735,239

7.28 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 with the weighted average number of ordinary outstanding shares for the reporting period.

Earnings (loss) per share

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Net profit or loss for the financial year	13,279,384	24,540,810
Weighted average number of ordinary shares outstanding	2,364,563	2,364,563
Basic and adjusted net earnings / loss per share (in euros)	5.62	10.38

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. 2022	GENERALI d.d. 2021
As at 1 Jan	2,364,563	2,364,563
As at 31 Dec	2,364,563	2,364,563

7.29 ISSUES, SURRENDERS AND PAYOUTS OF SECURITIES AND DIVIDENDS

In 2022, 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. 2022	GENERALI d.d. 2021
Amount of dividends (in euros)	14,707,582	11,870,106
Dividend per share (in euros)	6.22	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 63rd session, the General Meeting of GENERALI zavarovalnica d.d. adopted the resolution to pay the dividend to the sole shareholder, Generali CEE Holding B.V., in the amount of EUR 14,707,581.86 (EUR 6.22 per share). The dividend was paid in full.

7.30 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 2022, the related party transactions included:

- insurance contract operations – taking out insurance, claims settlement and payments of underwriting commissions;
- lease of business premises and renting of parking spaces;
- investment portfolio management;
- financial services.

In 2022, 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 GENERALI d.d. in 2022. 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 GENERALI zavarovalnica d.d.

8.2 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						
SLOVENIJA						
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%	SI66862221	General public administration activities	Calendar year
Associates						
SLOVENIA						
NAMA trgovsko podjetje d.d., Slovenia	Tomšičeva ulica 1, 1000 Ljubljana	48.51%	19%	SI22348174	Retail trade services of food and non-food products	Calendar year
MEDIFIT d.o.o., Slovenia	Tržaška cesta 116, 1000 Ljubljana	24.99%	19%	SI12848999	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

Total other related companies

Assicurazioni Generali S. p. A., established 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.

8.3 RELATED PARTY TRANSACTIONS

Transactions with the owner Generali CEE Holding B.V.

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Intangible assets	152,188	152,188
Other short-term receivables	510	-
Payment of dividends	14,707,582	11,870,106
INCOME STATEMENT ITEMS:		
Other operating expenses	19,116	15,520

Transactions with subsidiaries

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	114,783	2,155,941
Short-term loans given	50,000	50,001
Short-term receivables from direct insurance business	1,881	1,739
Short-term receivables from financing	146	260,393
Other short-term receivables	1	3,407
Short-term financial liabilities	-	50,000
Other short-term liabilities	(2)	168,383
INCOME STATEMENT ITEMS:		
Expenses due to impairments	129,777	362,994
Income from insurance business	10,846	9,238
Expenses from insurance business	118,285	95,580
Other operating revenue	156,512	156,750
Interest income	183	531
Financial income	141,565	141,565
Other operating expenses	1,050,277	1,040,810
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	29,485,169	29,485,169
Short-term receivables from financing	97,153	100,120
Other short-term receivables	9	389
Loan received	-	60,000
INCOME STATEMENT ITEMS:		
Expenses due to impairments	-	620,838
Dividends received	3,182,504	2,235,050
Income from insurance business	50,595	46,942
Expenses from insurance business	9,504	8,529
Other operating revenue	4,309	4,848
Financial income	1,147,156	1,135,971

In 2022 GENERALI d.d. did not purchase or sell investment property to related parties.



Loans given and dividend received

In 2022, the Company received a dividend from its subsidiary Generali Investments, družba za upravljanje, d.o.o. in the amount of EUR 3,182,504. The dividend was fully paid in the first half of 2022.

On 31 December 2022, the Company had an outstanding loan, namely the loan granted to the company LEV

Registracija d.o.o. in the amount of EUR 50,000. The short-term loan was concluded at the end of 2022 and bears interest at an annual fixed market interest rate of 4.11%. The loan is secured by bills of exchange. Interest is paid monthly and the principal at maturity.

The Company did not do business with banks which would be related parties in 2022.

Transactions with associates

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Intangible assets	85,118	40,280
Financial investments	11,222,077	11,222,077
Short-term receivables from direct insurance business	149	136
Other short-term receivables	1	-
Other short-term liabilities	2,000	2,000
INCOME STATEMENT ITEMS:		
Expenses due to impairments	-	217,449
Dividends received	75,189	
Income from insurance business	885	956
Other expenses from insurance business	275,000	
Expenses from insurance business	1,532	40
Other operating revenue	12,000	12,000
Other operating expenses	163,221	309,581
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	515,972	515,972
INCOME STATEMENT ITEMS:		
Dividends received	3,467	-

GENERALI d.d. received the dividend in the amount of EUR 78,656 from the associated NAMA d.d. in 2022. The dividend was fully paid in the first half of 2022.

Transaction with related parties

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
NON-LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	4,636,293	2,678,985
Receivables from reinsurers arising from reinsurance ceded	3,011,911	3,583,941
Short-term receivables for reinsurance premiums accepted	319,352	81,657
Other receivables arising from reinsurance business	(766)	67,929
Short-term liabilities for reinsurance premiums ceded	2,701,102	6,299,607
Liabilities to reinsurers arising from reinsurance accepted	25,756	115,507
Short-term receivables from direct insurance business	511,628	557,197
Other short-term receivables from insurance business	393,429	188,854
Other short-term receivables	360,897	-
Short-term liabilities from direct insurance business	199,435	194,686
Short-term financial liabilities	54,551	130,142
Other short-term liabilities	1,912,613	3,173,959
INCOME STATEMENT ITEMS:		
Claims paid - reinsurance share	8,210,887	6,593,790
Accepted reinsurance premiums	597,266	718,260
Reinsurance commission and other income	5,279,940	4,793,302
Reinsurers' share of premiums	23,178,398	24,368,387
Accepted reinsurance claims	348,978	190,862
Accepted reinsurance commission expenses	42,668	64,497
Income from insurance business	3,421	158
Other income from insurance business	181,228	92,620
Other expenses from insurance business	76,755	(10,354)
Expenses from insurance business	13,456,840	9,728,960
Other operating revenue	124,496	150,687
Other operating expenses	4,108,031	2,957,344
Financial expenses	2,195	2,157
LIFE INSURANCE		
ITEMS IN THE STATEMENT OF FINANCIAL POSITION:		
Financial investments	10,012,452	11,296,339
Receivables from reinsurers arising from reinsurance ceded	198,376	298,031
Short-term liabilities for reinsurance premiums ceded	749,000	586,593
Short-term receivables from financing	-	307,113
Other short-term receivables	27,855	18,086
Short-term financial liabilities	218,278	364,324
Loan received	30,000,000	30,000,000
Long-term financial liabilities	583,235	544,800
INCOME STATEMENT ITEMS:		
Claims paid - reinsurance share	54,222	169,987
Reinsurance commission and other income	504,783	307,600
Reinsurers' share of premiums	1,483,130	1,183,100
Other operating revenue	360,259	137,679
Financial income	123,361	98,462
Financial expenses	914,435	544,800

GENERALI zavarovalnica d.d. has a subordinated loan received from a related party, GP Reinsurance EAD, Bulgaria, in the amount of EUR 30,000,000. More information about the loan can be found in Section 7.18.



8.4 SHAREHOLDERS

As at 31 December 2022, with a 100% equity interest, Generali CEE Holding B. V., established in Amsterdam, the Netherlands, is the sole shareholder of GENERALI zavarovalnica d.d.

Remuneration of members of management and supervision bodies and employees on individual employment agreements in 2022

Remuneration type	(in EUR)	Remuneration of management board and board of directors members	Remuneration of supervisory board members	Remuneration of employees on individual employment agreements	Procuration holders
Gross salary		563,453	77,123	6,497,640	150,116
Variable part of remuneration		455,020	-	1,012,990	37,960
Holiday allowances		8,029	4,016	235,971	4,016
Reimbursements of costs*		6,940	5,197	288,425	4,258
Meeting attendance fees		-	2,970	-	-
Insurance premiums		19,500	3,580	389,196	9,460
Commissions, bonuses and other additional payments		28,924	13,434	333,035	5,493
Total remuneration		1,081,866	106,320	8,757,256	211,303

*Including travel expenses for transport by own means of transport.

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

8.5 MANAGEMENT

The management consists of the members of the Management Board and the Supervisory Board and the employees on individual employment agreements.

does not apply) in 2022 for the period in which they carried out the function of management and/or supervision in GENERALI zavarovalnica d.d. In 2022, 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 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 for transport by own means of transport.

As at the 2022 year-end, GENERALI d.d. carries the following current operating receivables and liabilities

- EUR 313 of receivables and EUR 55,536 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 142 of receivables and EUR 7,766 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 12,229 of receivables and EUR 642,931 of liabilities for remuneration (salaries) related to the employees employed on the basis of contracts 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 2023.

In 2022, 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 Supervision Boards and the Audit Committee

In 2022, the Company GENERALI zavarovalnica d.d. did not enter into transactions with the immediate family members of the members of the Management Board, the Supervisory Board and procuration holders, other than insurance transactions (EUR 4,772 from the premium received and EUR 60 for the payment of claims).

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 2022, the Company did not receive any payments from or made any payments to the senior management. As at 31 December 2022, there were no outstanding receivables from or liabilities to the senior management.



9. CONTINGENT RECEIVABLES AND LIABILITIES

Contingent receivables and liabilities include contingent receivables and liabilities held in off-balance sheet items.

Contingent receivables and liabilities

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
Outstanding recourse receivables	8,390,087	8,350,138
Received pledged guarantees	110,800	110,800
Other receivables	235,266	235,266
Contingent RECEIVABLES	8,736,153	8,696,204
Liabilities - disputes and litigations (labour and insurance)	52,500	291,298
Liabilities for guarantees	2,083,997	2,010,553
Liabilities for bill of exchange	(1,227,576)	(1,137,219)
Liability for guaranteed return	546,748	1,934
Other liabilities	7,941,052	10,428,014
Contingent LIABILITIES	9,396,721	11,594,581
Total contingent receivables and liabilities	18,132,874	20,290,785

Contingent receivables include 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 last year, the balance of contingent receivables is higher by EUR 39,949, mainly due to an increase in the value of as yet unenforced subrogations.

Contingent liabilities include contingent liabilities arising from labour and commercial disputes and litigations, liabilities for bank guarantees and bills of exchange and liabilities from investment contracts due to failure to achieve the guaranteed return concerning policyholders of Pokojninsko varčevanje AS Zajamčeni od 60. The remaining 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 7,919,974 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 lower than at the end of the previous year, especially due to lower liabilities for payments of inputs to the Generali Growth SIS d.o.o. k. d. and Lion River funds (in the amount of EUR 2,493,520), and lower assessment the of contingent liability arising from a commercial dispute.

10. EVENTS AFTER THE BALANCE SHEET DATE

No events occurred after the balance sheet date and before the date of approval of the 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 2022.

Events after the balance sheet date, important for business operations in 2023

- The Insurance Company will start applying the IFRS 17 and IFRS 9 on 1 January 2023. In 2023, both standards will have a significant impact on the operating review from an accounting point of view, as the financial statements and the accounting of insurance and reinsurance contracts and financial instruments will undergo changes.
- Upon the transition to the standards, the Insurance Company recalculated the comparative data of the items in the statement of financial position as of 1 January 2022. The nature and effects of the key changes resulting from the transition to the IFRS 17 and IFRS 9 standards are detailed in Section 5.23.



APPENDIX TO THE FINANCIAL STATEMENTS

03



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1. APPENDIX TO THE ANNUAL FINANCIAL REPORT

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 - UNAUDITED

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 2022 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 2022 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	695,767,880	433,628,857	43,568,332	4,128,134	1,135,545,980
Intangible assets	8,889	7,806,365	-	-	7,815,254
Property, plant and equipment	-	28,598,443	-	-	28,598,443
Deferred tax assets	4,615,433	7,585,392	1,124,514	102,743	13,428,083
Investment properties	-	9,885,908	-	-	9,885,908
Financial investments in subsidiaries and associates	30,001,142	8,124,451	3,212,409	-	41,338,002
Financial investments	208,104,361	286,919,910	21,836,641	3,336,539	520,197,452
In loans and deposits	4,791,032	709,001	-	-	5,500,033
In held-to-maturity financial assets	8,186,815	-	-	-	8,186,815
In available-for-sale financial assets	189,794,035	286,210,909	21,836,641	3,336,539	501,178,125
In financial assets measured at fair value through profit and loss	5,332,479	-	-	-	5,332,479
Unit-linked investments of policyholders	380,592,066	-	-	-	380,592,066
Amounts of technical provisions ceded to reinsurers	1,677,684	35,334,501	-	-	37,012,185
Assets from investment contracts	26,747,442	-	-	-	26,747,442
Receivables	38,304,574	37,315,533	16,259,594	657,912	50,990,389
Receivables from direct insurance business	613,316	21,846,416	14,897,643	497,643	37,855,019
Receivables from reinsurance and coinsurance	295,731	3,728,227	-	-	4,023,958
Income tax receivables	3,102,476	4,303,537	671,991	-	2,803,505
Other receivables	34,293,050	7,437,352	689,960	160,269	6,307,906
Other assets	987,211	8,626,654	257,261	5,936	9,877,062
Cash and cash equivalents	4,729,077	3,431,700	877,913	25,004	9,063,694

(in EUR)	Life insurance	Non-life insurance	Complementary health insurance	Other health insurance	Total
Equity and liabilities	695,767,880	433,628,857	43,568,333	4,128,134	1,135,545,980
Equity	21,297,027	89,043,344	6,543,133	2,579,521	119,463,024
Share capital	17,690,167	21,830,180	-	-	39,520,347
Capital reserves	15,357,729	34,839,447	-	-	50,197,176
Reserve from profit	-	4,646,620	4,782,443	93,438	9,522,501
Reserve due to fair value measurement (Revaluation surplus)	(18,501,216)	(15,834,878)	(2,080,523)	(308,085)	(36,724,702)
Retained net earnings	(1,498,245)	36,640,368	6,744,930	1,782,456	43,669,509
Net profit or loss for the financial year	8,248,592	6,921,606	(2,903,717)	1,011,712	13,278,193
Technical provisions	190,876,448	291,230,189	25,606,624	1,070,424	508,783,685
Unearned premiums	2,884,940	80,940,553	6,549,523	262,622	90,637,638
Mathematical provisions	174,440,412	-	-	-	174,440,412
Outstanding claims provisions	12,999,428	204,015,139	10,082,672	807,792	227,905,032
Other technical provisions	551,668	6,274,497	8,974,429	10	15,800,604
Insurance technical provisions for unit-linked insurance	376,885,487	-	-	-	376,885,487
Other provisions	2,746,734	5,535,261	-	-	8,281,994
Liabilities from investment contracts	26,747,442	-	-	-	26,747,442
Other financial liabilities	30,583,341	2,255,582	-	-	32,838,923
Operating liabilities	9,717,629	18,574,936	8,980,131	362,223	32,360,420
Liabilities from direct insurance contracts	2,280,712	10,821,662	8,980,131	118,694	22,201,199
Liabilities from reinsurance and coinsurance contracts	3,690,313	6,468,908	-	-	10,159,221
Income tax liabilities	3,746,604	1,284,366	-	243,529	0
Other liabilities	36,913,773	26,989,545	2,438,445	115,967	30,185,005

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 41,547,224 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 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	-	-	50,940,548
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.



Income statement for GENERALI d.d. for the period from 1 January 2022 to 31 December 2022 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	83,025,152	224,478,758	126,115,134	6,973,718	440,592,763
Gross written premiums	87,349,055	260,306,873	126,164,605	6,982,030	480,802,563
Premiums ceded to reinsurers and coinsurers	(4,278,570)	(28,411,172)	-	-	(32,689,742)
Change in unearned premiums	(45,334)	(7,416,942)	(49,471)	(8,312)	(7,520,058)
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, of which	3,185,971	53,820	21,369	-	3,261,160
INCOME FROM INVESTMENTS of which	11,533,064	6,754,999	300,754	12,556	18,601,373
- interest income calculated using the effective interest method	3,759,502	1,266,084	123,246	3,452	5,152,285
OTHER INCOME FROM INSURANCE OPERATIONS, of which	2,226,940	5,604,789	-	-	7,831,728
- fee and commission income	2,226,940	5,604,789	-	-	7,831,728
OTHER INCOME	3,141,176	4,959,129	171,244	12,717	8,284,267
NET EXPENSES FOR CLAIMS AND BENEFITS PAID	(54,435,844)	(140,791,262)	(122,948,240)	(3,193,357)	(321,368,703)
Gross amounts of claims and benefits paid	(54,851,563)	(140,867,205)	(120,954,225)	(3,004,356)	(319,677,349)
Reinsurers/coinsurers' shares	851,187	9,186,940	-	-	10,038,127
Change in claims provisions	(435,468)	(9,110,997)	(1,994,015)	(189,000)	(11,729,481)
CHANGE IN OTHER TECHNICAL PROVISIONS	(1,185,227)	(168,286)	4,049,757	-	2,696,243
CHANGE IN TECHNICAL PROVISIONS FOR THE BENEFIT OF UNIT-LINKED INSURANCE POLICYHOLDERS	57,471,722	-	-	-	57,471,722
EXPENSES FOR BONUSES AND DISCOUNTS	(135,451)	(1,275,517)	-	-	(1,410,968)
OPERATING EXPENSES, of which	(27,256,128)	(74,675,642)	(9,961,496)	(1,841,508)	(113,734,774)
- acquisition costs	(10,460,686)	(26,709,107)	(1,388,854)	(1,414,549)	(39,973,197)
EXPENSES INVESTMENTS, of which	(58,927,390)	(202,706)	(390,640)	(91,583)	(59,612,319)
OTHER INSURANCE EXPENSES	(5,358,437)	(14,333,416)	(330,809)	(588,636)	(20,611,297)
OTHER EXPENSES which	(4,358,997)	(3,155,227)	(612,786)	(32,348)	(8,159,358)
- expenses from financing activities	(3,625,269)	(270,584)	-	-	(3,895,854)
PROFIT/(LOSS) BEFORE TAX	8,926,551	7,249,440	(3,585,713)	1,251,559	13,841,837
INCOME TAX EXPENSES	(676,768)	(327,834)	681,996	(239,847)	(562,453)
NET PROFIT FOR THE REPORTING PERIOD	8,249,783	6,921,606	(2,903,717)	1,011,712	13,279,384

Statement of other comprehensive income for GENERALI d.d. for the period from 1 January 2022 to 31 December 2022 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 FINANCIAL YEAR AFTER TAXATION	8,249,783	6,921,606	(2,903,717)	1,011,712	13,279,384
OTHER COMPREHENSIVE INCOME NET OF TAX	(22,087,514)	(23,158,063)	(2,100,304)	(291,181)	(47,637,062)
Items not to be allocated to profit or loss in subsequent periods	-	707,601	-	-	707,601
Actuarial net gain/loss for pension programmes	-	707,601	-	-	707,601
Items that may be allocated to profit or loss in subsequent periods	(22,087,514)	(23,865,664)	(2,100,304)	(291,181)	(48,344,662)
Net gain/loss from re-measurement of available-for-sale financial assets	(27,268,536)	(29,463,782)	(2,592,968)	(359,483)	(59,684,768)
Gain/loss, recognised in revaluation surplus	(23,087,249)	(26,789,562)	(2,955,855)	(451,066)	(53,283,731)
Transfer of gain/loss from revaluation surplus to income statement	(4,181,287)	(2,674,221)	362,887	91,583	(6,401,038)
Tax on items that may be allocated to profit or loss in subsequent periods	5,181,022	5,598,118	492,664	68,302	11,340,106
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, AFTER TAXATION	(13,837,731)	(16,236,457)	(5,004,021)	720,531	(34,357,678)



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)
INCOME FROM INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES	2,235,050	-	-	-	2,235,050
INCOME FROM INVESTMENTS of which	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 of which	(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 THE REPORTING PERIOD FINANCIAL YEAR AFTER TAXATION	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



Statement of cash flows for the period from 1 January 2021 to 31 December 2022

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Cash flows from operating activities	19,843,576	50,551,105
Items from the income statement	37,899,398	65,227,997
Net premiums written in the reporting period	448,149,680	418,978,945
Income from investments (other than financial income)	14,001,451	12,262,244
Other income from ordinary activities (other than income arising from revaluation and decrease in provisions) and financial income from operating receivables	12,386,302	13,156,455
Net claims and benefits paid in the reporting period	(298,737,594)	(263,837,141)
Net operating costs, other than depreciation costs and change in deferred acquisition costs	(118,406,683)	(97,486,056)
Investment charges (excluding depreciation and financial expenses)	(1,357,060)	(3,342,604)
Other operating costs excluding depreciation (other than for revaluation and without increase in provisions)	(18,136,698)	(14,503,847)
Changes in net current assets (receivables for insurance, other receivables, other assets and deferred tax assets and liabilities) of balance sheet items	(18,055,822)	(14,676,892)
Opening less closing balance of operating receivables from direct insurance business	(1,600,289)	(3,395,718)
Opening less closing balance of receivables from reinsurance	857,444	(177,343)
Opening less closing balance of other receivables from (re)insurance contracts	(1,115,373)	(815,673)
Opening less closing balance of other receivables and assets	(3,514,272)	(2,039,790)
Opening less closing balance of deferred tax assets	(10,771,516)	(152,282)
Closing less opening balance of debts/liabilities from direct insurance business	1,142,417	4,693,118
Closing less opening balance of debts/liabilities from reinsurance	151,316	(11,711,300)
Closing less opening balance of other operating debts/liabilities	1,023,681	(204,513)
Closing less opening liabilities (other than unearned premiums)	(2,493,992)	(546,900)
Closing less opening deferred tax liabilities	(1,735,239)	(326,492)
Net cash from operating activities	19,843,576	50,551,105

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Cash flows from investing activities	(6,862,050)	(15,531,990)
Cash receipts from investing activities	169,353,958	47,756,182
Cash receipts from interest received from investing activities	9,747,709	5,910,782
Cash receipts from dividends and participations in profit of others	5,433,199	4,285,927
Cash inflows from disposal of intangible assets	-	113,812
Cash inflows from disposal of property, plant and equipment	68,420	335,063
Cash receipts from disposal financial investments	154,104,630	37,110,598
Cash inflows from disposal of financial investments	154,104,630	37,110,598
Cash disbursements from investing activities	(176,216,008)	(63,288,172)
Cash disbursements to acquire intangible assets	(3,151,649)	(3,065,244)
Cash disbursements to acquire property, plant and equipment, financed from:	(1,080,666)	(2,590,829)
Cash disbursements to acquire financial investments	(171,983,693)	(57,632,100)
Other cash disbursements to acquire financial investments	(171,983,693)	(57,632,100)
Net cash from investing activities	(6,862,050)	(15,531,990)
Cash receipts from financing activities	(15,583,582)	(33,830,606)
Cash inflows from financing activities	-	30,000,000
Cash inflows from long-term loans and issued bonds	-	30,000,000
Cash disbursements from financing activities	(15,583,582)	(63,830,606)
Cash disbursements for interest paid	(876,000)	(1,960,500)
Cash outflows for payments of long-term financial liabilities	-	(50,000,000)
Cash disbursements to pay out dividends and other participations in profit	(14,707,582)	(11,870,106)
Net cash from financing activities	(15,583,582)	(33,830,606)
Closing balance of cash and cash equivalents	9,063,694	11,665,749
Cash flow for the reporting period	(2,602,056)	1,188,509
Opening balance of cash and cash equivalents	11,665,749	10,477,241



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

Life insurance register	Registration number
Uravnotežene naložbe internal fund	5186684009
Preudarne naložbe	5186684010
Varne naložbe internal fund	5186684006
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, 2022 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 2022, 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 2022

(in EUR)	Assets	Net asset value	Management fee	Company other revenue	Liabilities for difference in guaranteed return
KPS LEON 2-Zajamčeni	40,049,734	39,888,494	390,317	17,618	41,362
KPS LEON 2-Preudarni	7,201,541	7,192,721	63,909	3,590	-
KPS LEON 2-Dinamični	10,464,491	10,441,797	91,662	6,965	-
Total 2022	57,715,767	57,523,012	545,888	28,174	41,362

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

Life insurance in 2022 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, Uravnotežene 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. 2022	Unit-linked life insurance – FOND POLICA 31 Dec. 2022	Unit-linked life insurance – Naložbeni sklad 31.12.2022	Unit-linked life insurance 31 Dec. 2021	Unit-linked life insurance – FOND POLICA 31 Dec. 2021	Unit-linked life insurance – Naložbeni sklad 31.12.2021
ASSETS	17,547,591	212,992,056	31,318,383	22,936,231	254,300,360	31,001,286
A. Investment property and financial investments	16,519,541	212,068,034	23,579,503	21,666,082	250,691,624	26,907,789
III. Other financial investments	16,519,541	212,068,034	23,579,503	21,666,082	250,691,624	26,907,789
3. Investment funds	16,519,541	212,068,034	23,579,503	21,666,082	250,691,624	26,907,789
B. Receivables	61,311	769,655	7,301,236	68,044	3,218,699	3,772,834
I. Receivables from insurance business	40,043	114,433	-	41,638	111,463	-
1. Receivables from policyholders	40,043	114,433	-	41,638	111,463	-
II. Other receivables	21,268	655,222	7,301,236	26,405	3,107,236	3,772,834
C. Other assets	966,738	154,367	437,644	1,202,105	389,824	320,663
I. Cash and cash equivalents	966,738	154,367	437,644	1,202,105	389,824	320,663
D. Short-term deferred expenses and accrued revenues	-	-	-	-	213	-
2. Short-term deferred acquisition costs	-	-	-	-	213	-
LIABILITIES	16,867,470	213,604,492	31,264,531	22,254,302	254,691,228	31,859,869
A. Revaluation surplus	-	-	-	-	-	-
B. Gross insurance technical provisions	346,104	1,378,533	-	421,284	1,394,819	-
III. Gross claims provisions	346,104	1,378,533	-	421,284	1,394,819	-
C. Gross insurance technical provisions for unit-linked life insurance contracts	16,469,220	207,597,778	30,763,723	21,766,790	248,158,661	31,317,488
E. Other liabilities	12,441	4,513,748	500,808	67,074	5,026,285	542,381
I. Liabilities from insurance business	(4,024)	528,007	329,415	(252)	537,956	438,010
1. Liabilities to policyholders	-	-	264,646	-	10	351,529
3. Other liabilities from insurance business	(4,024)	528,007	64,769	(252)	537,946	86,481
III. Other liabilities	16,464	3,985,740	171,394	67,326	4,488,329	104,371
F. Accrued expenses and deferred revenues	39,705	114,433	-	(846)	111,463	-



Income statement of unit-linked funds

(in EUR)	Unit-linked life insurance 2022	Unit-linked life insurance – FOND POLICA 2022	Unit-linked life insurance – Naložbeni sklad 2022	Unit-linked life insurance 2021	Unit-linked life insurance – FOND POLICA 2021	Unit-linked life insurance – Naložbeni sklad 2021
I. Gross written premium	1,122,051	17,659,272	7,268,078	1,244,065	18,720,825	5,095,641
II. Investment revenue	15,184	1,549,437	209,224	3,885,455	33,709,017	3,169,224
1. Revenues from dividends and shares	-	-	188,588	-	-	45,585
2. Revenue from other investments	15,184	1,549,437	20,636	3,885,455	33,709,017	3,123,640
2.2. Interest revenue	4,500	22,500	409	4,500	5,416	3
2.3. Other investment revenue	10,684	1,526,937	20,227	3,880,955	33,703,602	3,123,637
2.3.1. Revaluation financial revenues	10,684	1,379,437	17,675	3,880,955	33,703,602	3,121,194
2.3.2. Other financial revenues	-	147,500	2,553	-	-	2,443
III. Expenses from payments of sum insured or surrender value	(3,626,518)	(19,851,702)	(3,039,546)	(2,892,971)	(17,317,099)	(3,447,765)
1. Ordinary termination (maturity)	(2,682,129)	(5,653,972)	(159,447)	(2,181,732)	(4,696,007)	(112,733)
2. Extraordinary termination	(944,389)	(14,197,731)	(2,880,100)	(711,239)	(12,621,092)	(3,335,031)
2.1 Withdrawal from contract	(779,270)	(13,906,383)	(2,829,817)	(686,781)	(12,379,657)	(3,302,830)
2.3 Death of policyholder	(165,119)	(291,347)	(50,283)	(24,458)	(241,435)	(32,201)
V. Change in other insurance technical provisions, net of reinsurance (+/-)	5,372,749	40,577,169	544,125	(1,796,922)	(30,893,320)	(4,086,924)
1. Change in mathematical provisions (+/-)	5,297,569	40,560,883	544,125	(1,759,197)	(30,795,183)	(4,086,924)
2. Change in other insurance technical provisions, net of reinsurance (+/-)	75,180	16,285	-	(37,725)	(98,137)	-
VI. Expenses and commissions	(158,364)	(3,051,774)	(1,702,871)	(185,968)	(3,458,802)	(1,121,425)
1. Entry fees	-	(252,829)	(1,270,092)	-	(474,124)	(715,460)
2. Exit fees	(9,846)	(151,039)	(62,520)	(9,082)	(161,146)	(73,020)
3. Management fees	(148,518)	(2,647,907)	(370,259)	(176,886)	(2,823,532)	(332,944)
VII. Investment expenses	(2,726,910)	(37,111,173)	(2,689,293)	(33,900)	(1,195,291)	(106,584)
2. Expenses arising from asset management, interest expenses and other financial expenses	-	(185,091)	(2)	-	(3,760)	-
3. Financial expenses from revaluation	(2,726,910)	(36,926,082)	(2,689,291)	(33,900)	(1,191,531)	(106,584)
VIII. Profit/loss of unit linked fund (I + II - III + IV + V - VI - VII)	(1,808)	(228,773)	589,717	219,758	(434,670)	(497,832)



1.4 INTERNAL UNIT-LINKED FUNDS

Assets and liabilities of internal unit-linked funds

(in EUR)	Internal unit-linked fund – DIRIGENT 31 Dec. 2022	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 31 Dec. 2022	Internal unit-linked fund – VRHUNSKI 31 Dec. 2022	Internal unit-linked fund – Aktivni AS 31.12.2022	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
ASSETS								
III. Financial assets	3,410,928	26,627,035	3,269,831	25,248,534	3,728,785	31,254,962	4,245,995	23,910,531
1. Financial assets at fair value through profit or loss	3,410,928	26,627,035	3,269,831	25,248,534	3,728,785	31,254,962	4,245,995	23,910,531
IV. Receivables	2,169	-	120	-	1,863	-	16,370	-
4. Other receivables	2,169	-	120	-	1,863	-	16,370	-
V. Cash and cash equivalents	45,094	241,227	34,294	364,474	465,805	263,045	33,439	117,590
VII. TOTAL ASSETS	3,458,191	26,868,262	3,304,245	25,613,008	4,196,453	31,518,006	4,295,804	24,028,121
I. Operating liabilities	5,666	135,823	24,147	70,833	101,247	197,187	42,348	12,656
1. Liabilities arising from the purchase of securities and other financial instruments	-	-	-	-	56	-	-	-
3. Liabilities to custodian	3,309	13,688	4,599	10,729	76,423	16,756	6,193	12,656
4. Other operating liabilities	2,357	122,135	19,548	60,103	24,769	180,430	36,155	-
III. Liabilities to policyholders from insurance contracts	3,918,817	31,371,999	3,991,162	28,273,378	3,339,681	26,029,627	3,537,212	20,359,624
1. Nominal value of premiums paid	(1,844,750)	20,326,550	(501,136)	23,117,184	(1,668,362)	20,275,370	(238,842)	18,859,271
3. Net profit/loss brought forward from previous years	5,763,567	11,045,450	4,492,298	5,156,194	5,008,043	5,754,257	3,776,054	1,500,354
IV. Undistributed net profit/loss for the financial year	(466,291)	(4,639,560)	(711,064)	(2,731,203)	755,524	5,291,193	716,244	3,655,840
V. TOTAL LIABILITIES	3,458,191	26,868,262	3,304,245	25,613,008	4,196,453	31,518,006	4,295,804	24,028,121
NET ASSETS OF THE INTERNAL FUND = ASSETS-OPERATING LIABILITIES-FINANCIAL LIABILITIES	3,479,647	26,732,439	3,280,098	25,542,175	4,095,205	31,320,820	4,253,456	24,015,465



(in EUR)	Internal unit-linked fund - Drzne naložbe 2022	Internal unit-linked fund - Dinamične naložbe 2022	Internal unit-linked fund - Uravnotežene naložbe 2022	Internal unit-linked fund - Preudarne naložbe 2022	Internal unit-linked fund - Varne naložbe 2022	Internal unit-linked fund - Drzne naložbe 2021	Internal unit-linked fund - Dinamične naložbe 2021	Internal unit-linked fund - Uravnotežene naložbe 2021	Internal unit-linked fund - Preudarne naložbe 2021	Internal unit-linked fund - Varne naložbe 2021
ASSETS										
III. Financial assets	24,758,159	16,708,013	11,740,931	3,291,530	5,657,801	27,599,264	18,075,413	11,170,806	3,219,040	5,085,082
1. Financial assets at fair value through profit or loss	24,758,159	16,708,013	11,740,931	3,291,530	5,657,801	27,599,264	18,075,414	11,170,806	3,219,040	5,085,082
IV. Receivables	16,440	1,516	3,581	569	2,462	18,909	3,100	1,926	262	14,967
1. Receivables from policyholders from insurance contracts	-	-	-	-	-	-	-	80	-	-
4. Other receivables	16,440	1,516	3,581	569	2,462	18,909	3,100	1,846	262	14,967
V. Cash and cash equivalents	306,468	170,270	97,834	46,877	93,535	290,371	106,501	78,212	17,929	47,480
VII. TOTAL ASSETS	25,081,595	16,879,798	11,842,345	3,338,977	5,753,798	27,908,544	18,185,014	11,250,944	3,237,231	5,147,529
I. Operating liabilities	306,468	161,471	94,049	44,792	108,351	323,952	115,804	83,197	19,064	62,494
3. Liabilities to custodian	458	311	218	62	106	511	336	207	60	94
4. Other operating liabilities	306,011	161,160	93,831	44,730	108,245	323,441	115,468	82,990	19,004	62,399
III. Liabilities to policyholders from insurance contracts	29,680,827	19,582,035	13,279,360	3,754,103	6,023,983	24,145,269	15,830,249	9,917,100	2,984,443	5,140,608
1. Nominal value of premiums paid	17,449,249	10,772,465	7,178,525	2,253,338	5,939,595	16,156,947	9,853,646	5,917,308	1,899,862	4,956,456
2. Revaluation surplus	4,202,403	4,062,075	3,654,757	1,010,092	94,309	5,159,275	4,378,540	3,160,195	911,445	178,875
3. Net profit/loss brought forward from previous years	8,029,175	4,747,494	2,446,078	490,673	(9,921)	2,829,048	1,598,063	839,597	173,136	5,277
IV. Undistributed net profit/loss for the financial year	(4,905,702)	(2,863,706)	(1,531,063)	(459,918)	(378,536)	3,439,321	2,238,962	1,250,647	233,724	(55,576)
V. TOTAL LIABILITIES	25,081,593	16,879,799	11,842,345	3,338,977	5,753,798	27,908,542	18,185,015	11,250,943	3,237,231	5,147,525
NET ASSETS OF THE INTERNAL FUND = ASSETS-OPERATING LIABILITIES-FINANCIAL LIABILITIES	24,775,127	16,718,327	11,748,297	3,294,185	5,645,447	27,584,592	18,069,211	11,167,746	3,218,167	5,085,035

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 2022	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 2022	Internal unit-linked fund – VRHUNSKI 2022	Internal unit-linked fundT -Aktivni AS 2022	Internal unit-linked fund – DIRIGENT 2021	Internal unit-linked fund – AKTIVNI NALOŽBENI PAKET 2021	Internal unit-linked fund – VRHUNSKI 2021	Internal unit-linked fund AS 2021
A. Income statement for the internal fund								
I. Financial revenues	87,229	13,579	30,036	555,266	578,520	5,887,060	1,470,188	4,229,725
1. Revenues from dividends and shares	9,777	-	10,903	-	5,520	-	11,364	-
3. Realised gains on financial investments	-	13,579	-	555,266	143,407	1,163,285	818,542	561,977
4. Net revenue from financial investments, measured at fair value through profit and loss	39,405	-	3,851	-	409,129	4,723,775	385,992	3,667,748
5. Other financial revenue	38,046	-	15,282	-	20,463	-	254,290	-
IV. Financial expenses	(511,385)	4,481,506	681,018	3,137,164	(85,991)	420,320	681,876	447,507
1. Interest expenses	-	-	118	-	-	-	-	-
2. Realised loss on financial investments	(5,283)	494,583	53,441	100,440	-	35,769	10,433	38,457
3. Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(506,028)	3,986,924	625,016	3,036,724	(64,655)	384,551	366,262	409,049
4. Other financial expenses	(73)	-	2,443	-	(21,336)	-	305,181	-
VI. Management and operating expenses	(42,135)	171,633	60,082	149,305	(21,003)	175,547	72,068	126,377
1. Expenses relating to custodian	(42,135)	171,633	60,082	149,305	(21,003)	175,547	72,068	126,377
VII. Net profit/loss for the period	(466,291)	(4,639,560)	(711,064)	(2,731,203)	471,525	5,291,193	716,244	3,655,840
MOVEMENTS IN THE VALUE OF UNITS								
1. Opening 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
2. Assets (units) paid in	-	2,484,500	-	5,064,490	-	2,408,500	-	2,975,500
3. Assets (units) paid out	(126,961)	(2,433,321)	(262,294)	(806,577)	(119,870)	(2,736,500)	(1,533,773)	(707,096)
4. Net profit or loss of the internal fund	(488,568)	(4,639,560)	(711,064)	(2,731,203)	471,525	5,291,193	716,244	3,655,840
6. Closing balance of (units) assets	3,479,647	26,732,439	3,280,098	25,542,175	3,966,959	31,320,820	4,253,456	24,015,465
MOVEMENTS IN THE NUMBER OF UNITS								
1. Opening 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
2. Number of units paid in	-	178,291	-	382,835	-	171,408	-	229,094
3. Number of units paid out	(6,115)	(174,870)	(16,525)	60,980	(6,105)	(194,485)	(97,045)	(54,900)
4. Closing number of units in circulation	178,234	2,051,780	221,496	2,028,943	191,644	2,048,359	238,021	1,707,088
Deposits and financial instruments in percentages (%) by issuer								



(in EUR)	Internal unit-linked fund - Drzne naložbe 2022	Internal unit-linked fund - Dinamične naložbe 2022	Internal unit-linked fund - Uravnotežene naložbe 2022	Internal unit-linked fund - Preudarne naložbe 2022	Internal unit-linked fund - Varne naložbe 2022	Internal unit-linked fund - Drzne naložbe 2021	Internal unit-linked fund - Dinamične naložbe 2021	Internal unit-linked fund - Uravnotežene naložbe 2021	Internal unit-linked fund - Preudarne naložbe 2021	Internal unit-linked fund - Varne naložbe 2021
A. Income statement for the internal fund										
I. Financial revenues	28,984,682	17,572,040	9,411,086	2,073,403	766,105	23,942,513	12,894,141	5,943,534	1,243,375	302,232
3. Realised gains on financial investments	-	-	-	-	-	391,615	81,917	18,603	3,437	-
4. Net revenue from financial investments, measured at fair value through profit and loss	28,984,682	17,572,040	9,411,086	2,073,403	766,105	23,550,897	12,812,224	5,924,931	1,239,938	302,232
IV. Financial expenses	(33,884,587)	(20,431,941)	(10,939,691)	(2,532,612)	(1,143,486)	(20,497,424)	(10,651,586)	(4,690,756)	(1,009,049)	(356,800)
2. Realised loss on financial investments	(819,383)	(211,824)	(66,358)	(10,031)	(648)	-	-	-	-	-
3. Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(33,065,204)	(20,220,117)	(10,873,333)	(2,522,582)	(1,142,838)	(20,497,424)	(10,651,586)	(4,690,756)	(1,009,049)	(356,800)
VI. Management and operating expenses	(5,796)	(3,805)	(2,458)	(709)	(1,155)	(5,768)	(3,593)	(2,132)	(602)	(1,009)
1. Expenses relating to custodian	(5,796)	(3,805)	(2,458)	(709)	(1,155)	(5,768)	(3,593)	(2,132)	(602)	(1,009)
VII. Net profit/loss for the period	(4,905,702)	(2,863,706)	(1,531,063)	(459,918)	(378,536)	3,439,321	2,238,962	1,250,647	233,724	(55,576)
MOVEMENTS IN THE VALUE OF UNITS										
1. Opening balance of (units) assets	27,584,594	18,069,213	11,167,747	3,218,167	5,085,036	22,143,414	13,882,003	8,188,205	2,329,911	4,207,134
2. Assets (units) paid in	6,000,618	2,844,316	2,887,288	757,311	1,805,899	5,640,596	3,006,161	2,340,452	821,081	1,527,969
3. Assets (units) paid out	(3,904,386)	(1,331,495)	(775,676)	(221,373)	(866,862)	(3,638,738)	(1,057,914)	(611,556)	(166,550)	(594,491)
4. Net profit or loss of the internal fund	(4,905,702)	(2,863,706)	(1,531,063)	(459,918)	(378,536)	3,439,321	2,238,962	1,250,647	233,724	(55,576)
6. Closing balance of (units) assets	24,775,124	16,718,328	11,748,296	3,294,186	5,645,449	27,584,594	18,069,213	11,167,747	3,218,167	5,085,036
MOVEMENTS IN THE NUMBER OF UNITS										
1. Opening number of units in circulation	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. Number of units paid in	3,954,041	1,726,341	1,709,444	497,238	1,868,939	3,469,208	1,739,237	1,313,978	502,621	1,482,711
3. Number of units paid out	(2,661,739)	(807,522)	(448,226)	(143,762)	(885,799)	(2,232,463)	(611,581)	(344,564)	(101,968)	(577,108)
4. Closing number of units in circulation	17,449,249	10,772,465	7,178,525	2,253,338	5,939,595	16,156,947	9,853,646	5,917,308	1,899,862	4,956,456
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. 2022	AS – UMIRJENI 31 Dec. 2022	AS – ZAJAMČENI 31 Dec. 2022	Lifecycle group	AS – DRZNI 31 Dec. 2021	AS – UMIRJENI 31 Dec. 2021	AS – ZAJAMČENI 31 Dec. 2021	Lifecycle group
ASSETS	12,389,134	9,631,124	5,273,931	27,294,190	14,888,135	8,792,341	4,416,915	28,097,391
Financial investments	11,279,890	8,812,255	4,423,280	24,515,425	14,285,859	8,639,417	4,057,191	26,982,467
Measured at fair value through the income statement, of which:	11,279,890	8,812,255	4,423,280	24,515,425	14,285,859	8,639,417	4,057,191	26,982,467
– Debt securities	717,831	4,157,713	3,801,266	8,676,810	1,084,305	3,021,250	3,259,710	7,365,266
– Equity securities	10,562,059	4,654,542	622,014	15,838,615	13,201,553	5,618,167	797,481	19,617,201
Receivables	211,958	129,747	41,336	383,041	212,423	127,374	38,827	378,624
Other receivables	211,958	129,747	41,336	383,041	212,423	127,374	38,827	378,624
Cash and cash equivalents	897,287	689,122	262,567	1,848,976	389,854	25,550	318,962	734,366
Off-balance-sheet assets	-	-	546,748	546,748	-	-	1,934	1,934
Other off-balance-sheet assets	-	-	546,748	546,748	-	-	1,934	1,934
LIABILITIES	12,389,095	9,630,467	5,273,407	27,292,969	14,888,129	8,792,310	4,416,922	28,097,361
Insurance technical provisions	12,370,432	9,613,622	4,714,463	26,698,517	14,866,496	8,776,154	4,403,961	28,046,611
Mathematical provisions for attributed return on assets covering mathematical provisions	1,095,613	7,285	(456,532)	646,365	3,459,755	1,185,582	140,619	4,785,956
Technical provisions where the assets covering mathematical provisions are split to units (VEP)	11,274,819	9,606,337	5,170,995	26,052,152	11,406,741	7,590,572	4,263,342	23,260,655
Operating liabilities	13,375	11,558	6,910	31,844	15,533	10,056	4,927	30,516
Liabilities arising from the purchase of securities and other financial instruments	-	-	514	514	-	-	397	397
Liabilities to the managing company of the assets covering mathematical provisions	10,117	7,790	3,819	21,725	12,219	7,211	3,638	23,069
Liabilities arising from redemption value to the members of the assets covering mathematical provisions	-	1,479	-	1,479	-	1,646	-	1,646
Other operating liabilities	3,259	2,289	2,577	8,125	3,314	1,198	892	5,403
Other liabilities	5,287	5,287	5,287	15,860	6,100	6,100	6,100	18,300
Off-balance-sheet liabilities	-	-	546,748	546,748	-	-	1,934	1,934
Other off-balance-sheet liabilities	-	-	546,748	546,748	-	-	1,934	1,934



Income statement of ring-fenced lifecycle pension insurance funds – Pokojninsko varčevanje AS

(in EUR)	AS – DRZNI 2022	AS – UMIRJENI 2022	AS – ZAJAMČENI 2022	Lifecycle group	AS – DRZNI 2021	AS – UMIRJENI 2021	AS – ZAJAMČENI 2021	Lifecycle group
Financial revenue	1,379,123	597,282	109,139	2,085,545	2,599,946	1,009,583	140,521	3,750,050
Revenue from dividends and shares	99,958	37,663	-	137,621	79,393	26,827	-	106,220
Interest revenue	819,504	121,288	28,358	969,150	389,781	153,754	29,087	572,622
Gains on disposals of financial investments	119,631	25,821	-	145,452	127,396	31,531	-	158,927
Net revenue from financial investments, measured at fair value through profit and loss	340,031	246,951	80,782	667,763	2,003,377	797,470	111,434	2,912,282
Other financial revenue	-	165,559	-	165,559	-	-	-	-
Financial expenses	(3,231,133)	(1,415,677)	(659,417)	(5,306,228)	(308,993)	(218,441)	(148,092)	(675,525)
Interest expenses	(600,182)	-	-	(600,182)	(3,150)	-	-	(3,150)
Losses on disposal of financial investments	(503,687)	(115,208)	(15,483)	(634,377)	(115,614)	(36,021)	(9,721)	(161,356)
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(2,109,237)	(1,300,470)	(643,935)	(4,053,641)	(190,228)	(182,119)	(138,371)	(510,718)
Other financial expenses	(18,027)	-	-	(18,027)	-	(301)	-	(301)
Result of investing activities	(1,852,010)	(818,395)	(550,278)	(3,220,683)	2,290,954	791,142	(7,571)	3,074,525
Other revenue	547	-	-	547	1,964	-	-	1,964
Expenses relating to the management and operation of the guarantee fund	(154,484)	(285,553)	(59,114)	(499,151)	(149,620)	(97,591)	(59,917)	(307,128)
Management fees	(134,037)	(87,882)	(42,946)	(264,865)	(128,757)	(79,566)	(43,247)	(251,570)
Expenses relating to custodian bank	(7,774)	(6,600)	(6,600)	(20,974)	(10,528)	(8,511)	(7,958)	(26,996)
Expenses relating to auditing	(4,464)	(4,464)	(4,464)	(13,392)	(6,091)	(6,091)	(6,091)	(18,273)
Expenses relating to mediation in the purchase and sale of securities	(414)	(180,169)	(13)	(180,596)	-	-	(4)	(4)
Other expenses charged directly to guarantee funds in accordance with management rules	(7,794)	(6,439)	(5,091)	(19,324)	(4,244)	(3,423)	(2,618)	(10,285)
Other expenses	-	87	-	87	(1,845)	(228)	-	(2,073)
Net profit available to policyholders	(2,005,947)	(1,103,862)	(609,392)	(3,719,201)	2,141,453	693,323	(67,487)	2,767,289

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. 2022	GENERALI d.d. 31. 12. 2021
ASSETS	8,673,325	10,656,349
Financial investments	8,518,902	10,070,385
Measured at amortised cost, of which:	820,340	822,287
– Loans and deposits	13,326	18,653
– Debt securities	807,014	803,633
Measured at fair value through other comprehensive income, of which:	4,961,593	7,323,343
– Debt securities	4,461,709	6,791,065
– Equity securities	499,885	532,276
Measured at fair value through the income statement, of which:	2,736,969	1,924,755
– Debt securities	2,736,969	1,924,755
Receivables	44,438	32
Receivables to the managing company failing to achieve a guaranteed return	44,406	-
Other receivables	32	32
Cash and cash equivalents	109,985	585,932
LIABILITIES	8,673,444	10,656,371
Insurance technical provisions	8,656,961	10,640,403
Mathematical provisions for payable net premiums	7,607,571	7,987,320
Mathematical provisions for attributed return on assets covering mathematical provisions	1,049,390	2,653,083
Operating liabilities	7,943	9,868
Liabilities to the managing company of the assets covering mathematical provisions	7,177	8,867
Other operating liabilities	766	1,001
Other liabilities	8,540	6,100

Income statement of the PNA01 ring-fenced pension insurance guarantee fund

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
Financial revenue	267,626	288,728
Interest revenue	198,819	217,576
Gains on disposals of financial investments	37,742	-
Revaluation financial revenue arising from a change in the fair value of a financial asset through profit and loss	31,063	71,151
Other financial revenue	1	-
Revenue from payment of management company due to failing to achieve guaranteed return	(419,352)	(114,980)
Losses on disposal of financial investments	(8,737)	(1,256)
Net expenses arising from a change in the fair value of financial investment recognised at fair value through profit or loss	(410,615)	(113,724)
Result of investing activities	(151,727)	173,748
Revenue from payments from the manager due to failure to achieve guaranteed return	123,535	-
Expenses relating to the management and operation of the guarantee fund	(117,586)	(129,177)
Management fees	(93,492)	(109,016)
Expenses relating to custodian bank	(6,600)	(9,298)
Expenses relating to auditing	(10,965)	(6,094)
Other expenses charged directly to guarantee funds in accordance with management rules	(6,530)	(4,769)
Other expenses	1	(1)
Net profit available to policyholders	(145,777)	44,570



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. 31.12.2022	GENERALI d.d. 31.12.2021
ASSETS	359,798	484,354
A. Investment property and financial investments	299,562	462,473
III. Other financial investments	299,562	462,473
2. Debt securities and other securities with fixed return	299,562	462,473
B. Receivables	25,757	1,282
II. Other receivables	25,757	1,282
C. Other assets	34,478	20,600
I. Cash and cash equivalents	34,478	20,600
LIABILITIES	351,399	457,300
A. Fair value reserve	(91,153)	14,221
B. Gross insurance technical provisions	431,528	426,595
II. Gross mathematical provisions	431,528	426,595
E. Other liabilities	11,024	16,484
I. Liabilities from direct insurance operations	795	2,950
1. Liabilities to policyholders	771	2,950
3. Other liabilities to direct insurance operations	25	-
III. Other liabilities	10,228	13,534

Income statement of the 1 GAS ring-fenced supplementary pension insurance fund during the annuity payout period

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
I. Transfer of funds from the pension scheme of additional pension insurance	22,173	-
1. This legal entity	22,173	-
II. Investment revenue	6,776	11,830
1.1. Revenue from dividends and shares in subsidiaries	6,776	7,036
1.3. Revenues from dividends and shares in other companies	6,776	7,036
2.2. Interest revenue	-	4,795
2.3. Other investment revenue	(39,822)	(41,768)
2.3.1. Revaluation financial revenues	(39,822)	(41,768)
3. Value re-adjustments on investments	(4,933)	25,691
4. Gains on the realisation on investments	(4,933)	25,691
1. Claims paid	(972)	(967)
1. Change in mathematical provisions (+/-)	(972)	(967)
VI. Investment expenses	(6,253)	(1,532)
4. Losses on the realisation of investments	(6,253)	(1,532)
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(23,031)	(6,745)
VII.a. Profit/loss of guarantee fund (I. + II. - III. + IV. - Va. - VI.)	(22,059)	(5,778)



Assets and liabilities of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	GENERALI d.d. 31.12.2022	GENERALI d.d. 31.12.2021
ASSETS	294,720	347,984
A. Investment property and financial investments	214,221	258,845
III. Other financial investments	214,221	258,845
2. Debt securities and other securities with fixed return	214,221	258,845
B. Receivables	5,892	1,008
II. Other receivables	5,892	1,008
C. Other assets	74,608	88,131
I. Cash and cash equivalents	74,608	88,131
LIABILITIES	307,338	352,996
A. Fair value reserve	(17,512)	3,298
B. Gross insurance technical provisions	324,272	336,676
II. Gross mathematical provisions	324,272	336,676
C. Gross insurance technical provisions for unit-linked life insurance contracts	-	12,138
E. Other liabilities	578	884
I. Liabilities from direct insurance operations	77	-
3. Other liabilities to direct insurance operations	77	-
III. Other liabilities	501	884

Statement of the ring-fenced guarantee fund for supplementary pension insurance during annuity payout

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
II. Investment revenue	3,255	8,026
2. Revenue from other investments	3,255	8,026
2.2. Interest revenue	3,218	5,860
4. Realised gains from investments	37	2,166
III. Claims expenses	(25,012)	(25,120)
1. Claims paid	(25,012)	(25,120)
IV. Change in other net insurance technical provisions (+/-)	12,404	12,632
1. Change in mathematical provisions (+/-)	12,404	12,632
VI. Investment expenses	(37)	(192)
4. Losses on the realisation of investments	(37)	(192)
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(9,390)	(4,654)
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	(9,390)	(4,654)

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. 31.12.2022	GENERALI d.d. 31.12.2021
ASSETS	2,705,752	2,077,394
A. Investment property and financial investments	2,506,444	1,805,223
III. Other financial investments	2,506,444	1,805,223
2. Debt securities and other securities with fixed return	2,506,444	1,805,223
B. Receivables	60,386	5,711
II. Other receivables	60,386	5,711
C. Other assets	138,922	266,460
I. Cash and cash equivalents	138,922	266,460
LIABILITIES	2,746,343	2,106,981
A. Revaluation surplus	(246,432)	856
B. Gross insurance technical provisions	2,929,080	2,025,520
II. Gross mathematical provisions	2,929,080	2,025,520
E. Other liabilities	63,695	80,605
I. Liabilities from direct insurance operations	60,632	80,329
3. Other liabilities to direct insurance operations	60,632	80,329
III. Other liabilities	3,063	276

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. 2022	GENERALI d.d. 2021
I. Transfer of funds from the pension scheme of additional pension insurance	1,256,621	867,425
1. this legal entity	1,256,621	867,425
II. Investment revenue	8,748	3,065
2. Revenue from other investments	8,748	3,065
2.2. Interest revenue	8,748	3,065
III. Claims expenses	(302,273)	(183,341)
1. Claims paid	(302,273)	(183,341)
IV. Change in other net insurance technical provisions (+/-)	(903,560)	(672,121)
1. Change in mathematical provisions (+/-)	(903,560)	(672,121)
V. Expenses included in policies	(73,123)	(45,085)
1. Entry fees	(59,856)	(37,123)
3. Costs of claims settlement	(13,267)	(7,962)
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	(13,586)	(30,057)
VII. a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	59,537	15,028



Assets and liabilities of the ring-fenced guarantee fund for supplementary pension insurance during annuity - ZPIZ-2 (PN)

(in EUR)	GENERALI d.d. 2022	GENERALI d.d. 2021
ASSETS	278,351	364,000
A. Investment property and financial investments	239,455	299,075
III. Other financial investments	239,455	299,075
2. Debt securities and other securities with fixed return	239,455	299,075
B. Receivables	10,385	20,845
I. Receivables from direct insurance operations	2,308	19,420
1. Receivables from policyholders	-	19,420
3. Other receivables from direct insurance operations	2,308	-
II. Other receivables	8,078	1,426
C. Other assets	28,510	44,079
I. Cash and cash equivalents	28,510	44,079
LIABILITIES	282,369	369,797
A. Revaluation surplus	(34,436)	3,241
B. Gross insurance technical provisions	281,461	310,445
II. Gross mathematical provisions	281,461	310,445
C. Gross insurance technical provisions for unit-linked life insurance contracts	-	12,005
E. Other liabilities	35,344	44,106
I. Liabilities from direct insurance operations	3,644	20,922
1. Liabilities to policyholders	2,308	-
3. Other liabilities to direct insurance operations	1,336	20,922
III. Other liabilities	31,700	23,184

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. 2022	GENERALI d.d. 2021
II. Investment revenue	3,200	5,199
2. Revenue from other investments	3,200	5,199
2.2. Interest revenue	3,200	3,220
4. Realised gains from investments	-	1,979
III. Claims expenses	(28,026)	(28,026)
1. Claims paid	(28,026)	(28,026)
IV. Change in other net insurance technical provisions (+/-)	28,984	26,257
1. Change in mathematical provisions (+/-)	28,984	26,257
V. Expenses included in policies	(1,962)	(1,962)
2. Collection, administrative expenses	(1,799)	(1,962)
3. Costs of claims settlement	(164)	-
VII. Profit/loss of guarantee fund (I. + II. - III. + IV. - V. - VI.)	2,197	1,469
VII.a. Profit/loss of pension fund (I. + II. - III. + IV. - Va. - VI.)	4,159	3,431

The ring-fenced guarantee fund ceased operations in 2020.



