

Generali Osiguranje Srbija

***ANNUAL  
INTEGRATED  
REPORT 2021***

190<sup>th</sup> year  
generali.rs



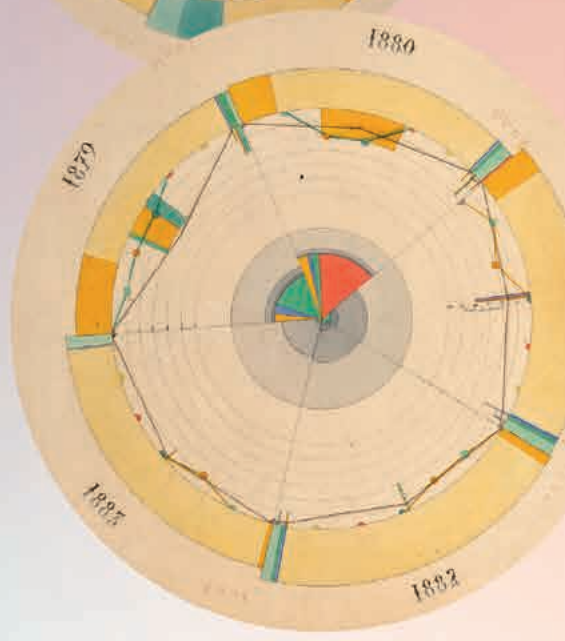
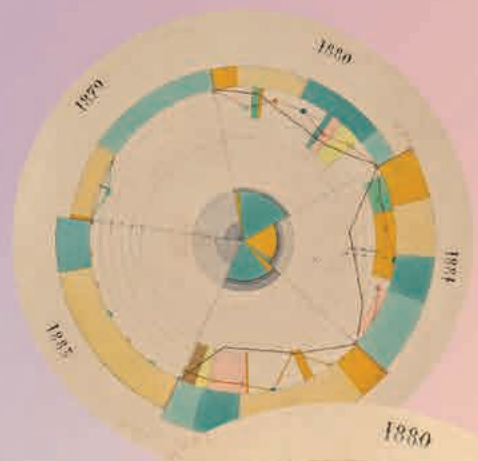


# ANNUAL INTEGRATED REPORT 2021

Generali Osiguranje Srbija

*The freedom and responsibility of each employee, regardless of their position, bring top results to Generali, and a sense of personal fulfilment and success. We strive for the best results and we achieve them through our values and behaviour.*

*That is who we are*



## GENERALI LIFE STORIES

In 2021, Generali celebrated its 190th anniversary with events, initiatives and projects involving the Group and its stakeholders.

One of the most innovative communication projects was 'Generali Life Stories'. This multimedia initiative featured podcasts, sophisticated infographics, historical fact sheets and art shots of objects and documents from Generali's heritage, telling the company's story from the point of view of people and the impact the company has had on their lives. It is a collective story, involving various countries and cultures in the spirit of cosmopolitanism and openness. The collection consists of 19 stories based on the values of innovation, the ability to respond to challenges, connection, internationalism and sustainability - values that we always hold and build upon.

The 190th anniversary celebration included the '190 Story Makers' project, in which our colleagues in Serbia also took part. The idea was for our employees to share with us their pleasant memories of working with Generali so we can look back at all the good times we spent together. After the voting for the best stories, our five lionesses were selected to go to Venice in September 2022 and share them with the world.

Read more about **Generali Life Stories**



# CORPORATE BODIES AS AT DECEMBER 31, 2021

## Supervisory Board

Gregor Pilgram (Chairman)  
Michele Ciriaco (Member)  
Toplica Spasojević (Independent Member)

## Executive Board

Dragan Filipović (Chairman)  
Gorana Rašić (Member)  
Veselin Danilovac (Member)  
Nataša Marjanović (Member)  
Maša Lalić (Member)

## Audit Committee

Rada Radović (Chairwoman, Independent Member)  
Renáta Šmejkalová (Member)  
Toplica Spasojević (Independent Member)

### Assicurazioni Generali S.p.A.

#### Parent company established in Trieste in 1831

Share capital €1,581,069,241 fully paid-up

Registered office in Trieste, piazza Duca degli Abruzzi, 2

Fiscal code and Companies' Register number: 00079760328

Company entered on the Register of Italian insurance and reinsurance companies under no. 1.00003

Parent company of the Generali Group entered on the Register of insurance groups under no. 026

Certified email (Pec) [assicurazionigenerali@pec.generaligroup.com](mailto:assicurazionigenerali@pec.generaligroup.com)

ISIN: IT0000062072

Reuters: GASL.MI

Bloomberg: G:IM



Contacts available at the end of this document

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# ABOUT THE REPORT

The Integrated Report has become our most important financial report. We published it in 2015 for the first time and it is available to our clients, shareholders and the general public in both Serbian and English.

In this report we present our results in an innovative and integrated way, which provides and consolidates the whole picture of **Generali Osiguranje Srbija**, through financial and non-financial indicators incorporated into the story of our Group's value creation system.

The integrated report promotes a coherent and efficient approach to corporate reporting. It relies on a large number of different reports and considers factors which affect the ability of the Company to create value in the course of time.

In addition to the Annual Integrated Report, Generali Osiguranje Srbija releases a set of financial reports which fully comply with the regulations and standards pertaining to reporting for insurance companies in Serbia. As a member of the Generali Group, the Company also draws up a set of financial reports conforming to the requirements of the Group and to IAS and IFRS requirements, available only to internal users within the Group as well as auditors and supervisory bodies.

Lastly, through the Integrated Report, the management of the Company wishes to complete the picture of our business in Serbia, using the reports previously cited as well as

a much broader set of financial and non-financial indicators which are necessary for both our shareholders and our clients in making decisions and creating a future together.

The financial indicators presented by Generali Osiguranje Srbija in this report are fully compliant with the International Standards of Financial Reporting (IFRS) and the requirements of the Generali Group, therefore in some areas they deviate from statutory financial reports in the Republic of Serbia.

Unless otherwise stated, all amounts shown in this report are in millions of euros. The official average exchange rate of the National Bank of Serbia for 2021 has been applied: €1 = 117.58 RSD. Amounts are rounded to the first decimal point, so it is possible that the sum of the individual rounded amounts in the tables does not correspond to the rounded total.

## Annual Integrated Report Sections



### WE, GENERALI

Our history  
Our strategy  
Vision, mission and values  
Our people  
Governance

### OUR PERFORMANCE

Key financial indicators

### BUSINESS ENVIRONMENT

Outlook  
Risks and opportunities



[www.generali.com](http://www.generali.com) for further information about the Generali Group  
[www.generali.rs](http://www.generali.rs) for further information about Generali Osiguranje Srbija





## Responsibility for the Annual Integrated Report

The local Chief Financial Officer (CFO) is responsible for drawing up the report and the information presented in it.

The report is presented in accordance with the Guiding Principles and Content Elements established by the International <IR> Framework, issued by the International Integrated Reporting Council (IIRC).

Generali Osiguranje Srbija has a great desire to improve reporting and thus meet the stakeholders' growing need for information. Please share with us your comments, opinions and questions by sending an email to: [integratedreporting@generali.rs](mailto:integratedreporting@generali.rs).

You may also contact us at this address if you would like a hard copy of the report.

Follow Generali at



# LETTER FROM THE CEO

## Our sense of responsibility is what reassures clients and employees

Dragan Filipović

CEO

Dear Reader,

Another challenging year is behind us. We have been working in a difficult, uncertain environment while continuing to cope with the ongoing pandemic. It is due to this uncertainty that we have realised the value, as well as the fragility, of life and the significance of insurance. We have witnessed a gradual economic recovery fuelled by successful economic and monetary policies and vaccination campaigns, both locally and globally. The events of the previous year also clearly showed us that we have a unique opportunity to redesign the future.

Last year brought rising inflation, slower market growth, reduced consumer spending, increased liquidity risk for our clients, deepening social inequality and severe difficulties in the global supply chain. In addition, there were international tensions in an increasingly critical geopolitical environment.

Despite the circumstances, Generali Osiguranje Srbija successfully completed the Generali 2021 strategic cycle, presented in 2018. This plan strongly emphasised digital innovation and sustainability, which are key elements of all the current recovery plans. We were able to successfully deliver our targets, maintain a solid position on the market and keep a strong number one position in profitability and in life and health insurance.

With our way of doing business, our prominence in the insurance sector and, above all, our two-way relationship of mutual trust with our customers, we have set the bar high and continue to be a symbol of reliability and lasting success.

Despite the turbulent times, over the course of the previous strategic cycle we managed to achieve the targets set. We consolidated the market positions we held and, in some cases, we even saw improvement. We still hold the number one position in life insurance (30% market share) and private health insurance (close to 40% market share), while in the motor business we are number two (19% market share). The results achieved during 2021 greatly contributed to the achievement of strategic goals. Our total assets amount to RSD 75 billion (2.7% growth) and therefore, as in previous years, we are the company with the highest assets and the highest investment assets. We also had excellent growth in property insurance, and especially in household and agriculture lines of business.

In 2021, we had a total premium of over RSD 23 billion, which is an increase of 6% compared to the previous year. In the Non-Life segment, the growth was close to 10%, and the realised premium amounted to more than 16 billion dinars. Our strongest growth (more than 23%) was in private health insurance, where we have been number one for sixteen years in a row, with a market share of over 38%.

An even more important indicator of successful and stable business is our Net Promoter Score, which we have been

measuring for almost seven years and which has been growing year after year. Over the course of last year, as many as 75% of our customers acted as our promoters, meaning that they would recommend our company to others.

During 2021, we received and processed over 303,000 claims and paid more than RSD 11 billion (€95.5 million) to our customers. Our claims handling rate is 95%, and the claim payment rate for all lines of business is as high as 100%.

In line with our Lifetime Partner ambition, in terms of the relationship with customers and partners, we have improved services through digitisation, automation, innovation, simple communication and customised solutions.

Our mission is to provide our customers with flexible coverage tailored to their needs, and to create an ecosystem of services focused on prevention, protection and assistance. All this with a proper combination of digital and physical interaction between customers and agents.

In accordance with the results achieved, this year we presented Lifetime Partner 24: Driving Growth, the new strategic plan for the period 2022-2024, which is based on sustainable growth and building a lifetime partnership with customers. Generali Osiguranje Srbija will continue to strengthen its sources of income, increase profitability, invest in digital and technological transformation and improve business efficiency.

Sustainability is integrated into all areas of our business and it is the cornerstone of our new strategic cycle. We have committed to continue operating as a responsible insurer, employer and member of the community in which we live and work. For us, sustainability also means promoting an innovative, open and inclusive corporate culture. We work every day to attract and retain talent and foster the well-being and constant development of employees, appreciating their uniqueness and diversity.

When it comes to social responsibility, we continued our commitment to the Human Safety Net initiative, the goal of which is to encourage people, especially children living in difficult circumstances, to reach their full potential.

We present to you the 2021 Integrated Report, proud of the fact that, in another year full of challenges, we managed to write a new page in the history of Generali Osiguranje Srbija. We continue our work, mindful of the key role the insurance sector can play in protecting and fostering innovative, sustainable and resilient business practices.

We thank our employees, clients and partners for their trust.







**WE, GENERALI**



# OUR HISTORY – GENERALI OSIGURANJE SRBIJA

Generali Osiguranje Srbija is the second largest insurance company in the national insurance market, where it has been carefully building the Generali world since 2006. Since our incorporation (1998) we have been recording rapid and stable development and today we are a market leader in life and health insurance.

We are the founders of Generali Reosiguranje Srbija, Generali Voluntary Pension Funds Management Company – the first company of this kind in Serbia, and Generali osiguranje Montenegro – a non-life insurance company in Montenegro. We are a part of the Generali Group, one of the largest global insurers.

## 1998-2006

The company was established as Delta Osiguranje a.d.o., a privately owned local company, with primary focus on the property segment.

In 2001 the Company started selling Life products and continued with its growth and strong development in both segments, becoming the third largest company in the market by 2004. The situation in the insurance market changed dramatically with the new Insurance Law (2004), when the National Bank of Serbia became the insurance supervisor and closed many local insurance companies with insufficient control or funds to meet the new legal requirements.

## 2006

The Generali Group entered the market, purchasing 50% + 1 share and became the majority owner of the newly registered Delta Generali Osiguranje a.d.o.

## 2011-2013

By establishing a new organisation and introducing new standards and products, the Company launched a new era and was on a path to modernisation, innovation and overall efficiency in customer service with the highest standards in the market.

With growth constantly above the market average, the Company became the market leader in Life, Health and Travel insurance and confirmed its second position in other segments of the business.

Along with growth, strong leadership and control, profitability grew in all segments of the business and the Company was named the most profitable company in the market in the previous five years. Regular dividend payments to shareholders did not decrease the capital adequacy and solvency position which was the focus and top priority of the management.

## 2014-2019

In September 2014, by purchasing the remaining share, Generali became the sole proprietor and changed the name of the company to Generali Osiguranje Srbija a.d.o. The new name, and a constant focus on clients and innovations become recognised in the market and gave the company a new, modern image.

The year 2015 was not only important because of the growth in premiums and profitability, but also because of the opening of the new headquarters of Generali Osiguranje Srbija in Belgrade.

In keeping with the strategy of the Generali Group, the key priorities in 2016 were the streamlining and upgrading of the organisation, products and services. We listened to the suggestions of clients and agents received through the NPS, and



streamlined products and documentation, introducing modern and innovative solutions.

Part of the initial phase of digitalisation in 2016 was the introduction of the first mobile apps for sales of travel insurance, claims, and the use of drones for risk assessment and claim settlement, which for us was an incentive to continue in 2017.

Following the first successes in online travel insurance sales, in 2017 we introduced sales of household insurance and many other options for customers, both in the app and on our website.

Thanks to better operation of our customer support units, we now provided faster and more efficient service to our customers. In Belgrade, in 2017, we introduced a modern and organised system of loss assessment scheduling, with no wait time, the first of its kind on our market.

In 2018, we offered our customers another suite of modern products called SMART, along with many new options on our digital platforms, website and mobile apps.

**We reaffirmed our focus on employee satisfaction**

**by introducing the Smart Working Policy**, based on which, along with many other measures and activities we implemented, at the end of 2018 we became the first financial institution in Serbia to receive the Family Friendly Enterprise certificate, which made us very proud.

In November 2018, the Generali Group disclosed a new strategy which, in addition to a solid financial and capital position, required further investments in digitalisation and business transformation. We spent the entire year of 2019 working towards meeting those requirements.

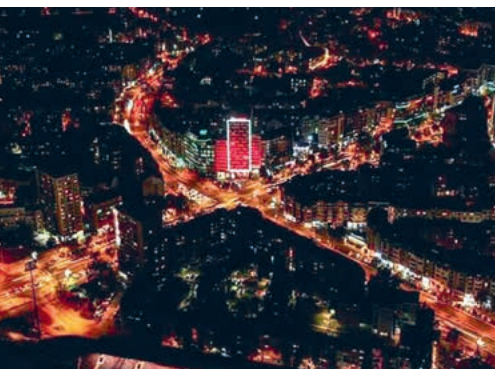
Commitment to customer needs is our most important strategic course, and our most important goal is creating lifetime partnerships with customers, which can only be achieved by employees empowered with new skills and knowledge.

Financially, 2019 was a year of great success, with record premium income and record profit, as well as a consistently high and solid capital position in the Life and Non-life segments.

## 2020-2021

It is almost impossible to begin talking about the years 2020 and 2021 without mentioning the impact of the COVID-19 pandemic on our lives and on our business. Immediately after the news of the coronavirus pandemic outbreak in March 2020, the Company took all necessary steps to protect its customers, employees and suppliers, ensuring the implementation of the highest safety measures recommended by government experts as well as the Generali Group's recommendations. Thanks to sound preparation and investments in digital business and equipment in previous years, we ensured business continuity and quickly resumed regular, uninterrupted operations by making a full transition to remote working, cancelling trips, gatherings and meetings, and managing work with online digital tools and state-of-the-art solutions.

All this made it possible to operate smoothly and take good care of our customers in all the important business segments, and to make sure all business processes in 2020 ran smoothly, equally or sufficiently, in terms of quality and scope, and the new circumstances in which we were working and living gave us an additional reason to significantly transform, in 2021, towards a more modern, faster and more efficient organisation, which would implement even more, and more quickly, the modern digital solutions, automation and robotisation, communication, sales and services we provide to customers with whom we foster a relationship of trust and lifetime partnership.







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# GENERALI OSIGURANJE SRBIJA IN NUMBERS

## GROSS WRITTEN PREMIUM

€199.0 m

+6.0%

NON-LIFE

LIFE

69.9%

30.1%

## OPERATING RESULT

€26.2 m

-20.0%

## COMBINED RATIO

81.7%

+9 p.p.

## ANNUAL PREMIUM EQUIVALENT (APE) - LIFE

€9.6 m

+17.9%

## OPERATING RESULT NON-LIFE

€20.4 m

-33.2%

## OPERATING RESULT LIFE

€5.7 m

+175.1%

## INVESTMENT PROPERTIES

€540.5 m

-0.6%

## NET RESULT

€26.0 m

-12.9%

## OUR PEOPLE

1,582

MEN

34%

WOMEN

66%

WOMEN IN TOP  
MANAGEMENT

60%

## OUR CUSTOMERS

628,180

+6.3%

# 2021 KEY FACTS

## JANUARY

We provided a private health insurance benefit to all employees who have been with the company for three years - a total of more than a thousand of our colleagues.

In addition to the annual bonus system, we launched a new system for rewarding exceptional results over the course of a year with spot bonuses.

Welcome notes to Casco customers. As part of the Notification System project, at the beginning of 2021, we began sending welcome notes from Generali Osiguranje Srbija to Casco customers.

Adopted Generali policies - Business Continuity Management Group Policy.

General regulations and business policies - Rulebook on maximum expense loading.

## FEBRUARY

Generali online event to mark the 190th anniversary of the Company.

## MARCH

Be Bold for Inclusion event – On International Women's Day, we organised the #BeBold-ForInclusion online event where we discussed inclusion and equality. The panel was dedicated to women entrepreneurs, as well as opportunities for women in business.

The Company's Articles of Association was amended - the number of members of the Executive Board was changed.

## APRIL

Change of organisational structure – a new organisational structure was presented, its design based on the desire to simplify the organisation and fully focus on customers and their needs.

We formed the Culture Board, a team that initiates and shapes cultural transformation.

We participated in the Girls' Day event in the ICT sector, organised by the Association of Business Women in Serbia.

The We Grow platform was launched - a place where you can find all open positions or international projects intended for talents within the Generali Group.

The launch of the Lion Power Mobility project which aims to provide all employees in the CEE region with an opportunity to gain international experience and career development.

Annual meetings, adoption of financial statements, decision on distribution of dividends to shareholders after attribution of part of the profit to insured persons based on life insurance policies.

Successfully passed the certification review for ISO standards for Generali Osiguranje Srbija. The following certificates were issued:

ISO 9001:2015  
 ISO 27001:2013  
 ISO 14001:2015  
 ISO 45001:2018  
 ISO 10002:2018  
 ISO 22301:2019  
 ISO 50001:2018

## MAY

Map2theNEW kick-off - After the great success of the MAP program, we announced the start of a new management program, MAP2theNEW, which will empower managers with key skills needed to lead hybrid teams in the "New Normal".

Maša Lalić was appointed as a new member of the Executive Board, the composition of the auxiliary bodies of the Executive Board was changed and a new Compliance Officer, AML Officer and deputy, FATCA Officer, DPO and Chief Security Officer were appointed.

We hosted the winners of our "Get It Insured and Drive Away" grand prizes and held a ceremony to present them with the keys to the cars they won.

Release of the Generali Group's financial statements in the first quarter.



## JUNE

Lifetime Partner Webinar - Generation 3.0 began to transform into lifetime partners for our clients.

The AFA Development Forum presented us with three awards in the following categories: Best Talent Development Company – Local Talent Program; Best Non-Academic Educator – Mentoring School; Best Talent Initiative - Program: First-time Managers.

Our company once again proved to be a leader in social responsibility in Serbia by winning the Đorđe Vajfert award for family support and development.

## JULY

We wrote our authentic **Culture Statement** – a story about the corporate culture we want to build.

Lion Power - The Ultimate Speed virtual event (At the Lion Power - The Ultimate Speed event, a great acceleration of our transformation was presented).

Generali Internship 5.0 – Another successful generation of four students who had three months of work experience in Generali. We hired three of them.

Half-yearly sessions were held, consolidated financial statements were adopted. An independent member of the Supervisory Board was appointed to be in charge of providing support to the Supervisory Board in supervision and monitoring of the internal control and risk management system - at the Internal Control Commission.

Compliance Week was held in all Generali Group member companies.

## AUGUST

Publication of the Generali Group consolidated results.

In order to encourage learning, the We LEARN team launched a mobile app that allows us to enjoy the finest digital experience and interactive journey anytime, anywhere.

## SEPTEMBER

Localisation of the Simba project - After a year of work at the regional level, we began the localisation phase of the Simba project, i.e. the implementation of Success Factors software in our daily work. This is a tool that provides our employees with a completely new digital experience in everyday HR activities.

New onboarding concept - We revised, enhanced and adapted the onboarding of new employees to new circumstances and a hybrid way of working.

Michele Ciriaco was appointed as a new member of the Supervisory Board, replacing Stefano Culos.

Generali Osiguranje Srbija was general sponsor of the International Agricultural Fair.



## OCTOBER

Opening of new premises at our Head Office – we reorganised our business premises within the central office building in Belgrade in order to adapt to the needs of our employees and customers. As of October 2021 we have had new amenities: **an area for customers and an area for employees.**



New Engagement Survey – The fourth employee engagement survey was conducted, helping us learn how our colleagues value the joint efforts to make our company the best possible place to work.

Psychological safety – the first workshop of the program was held for members of the Executive Board and members of the core team (the Psychological Safety Program was initiated with the aim of making managers aware of psychological safety for their teams and empowering them to provide it).

## NOVEMBER

The Most Gender-Sensitive Company award – We continued to work on creating a positive work environment without any discrimination. As in previous years, our results were recognised, and we won the third prize in the Most Gender-Sensitive Company category.

Diversity Week #OurDiversityMakesADifference. On the occasion of the International Day for Tolerance, from November 16-19, we held the Generali Diversity Week #OurDiversity-MakesADifference.

We received a full Family Friendly Enterprise certificate. The issue of the full FFE certificate proves that all measures contributing to the main goals of FFE certification have been implemented within the certification procedure.

Succession planning for IO, B-1 and control functions was implemented.

## DECEMBER

THSN New Year Fair (Charity Fair).

Generali Brand campaign was launched in Serbia.

Our colleagues celebrated 10th, 15th and 20th anniversaries at Generali companies in Serbia.

# CORPORATE CALENDAR AND IMPORTANT PROJECTS FOR 2022

## APRIL

Annual meetings of the Supervisory Board were held, and financial statements for the period up to December 31, 2021, were adopted. The report on the results of the first quarter of 2022 was adopted.

### Events after the reporting period

Considering the overall business operations, the stable position and overall liquidity, as well as the structure of the guarantee reserve, the Company will be able to deal with potential further problems facing the economy in the coming period, since the pandemic has continued in 2022.

The Company's management will continue to regularly monitor current and overall liquidity and simultaneously to work on the further development of digital tools and business improvement, so that potential new waves of crisis do not jeopardise the possibility of further servicing the Company's customers.

In addition, we have continued the maximum measures of prevention and safety of employees and customers, which are considered one of the most important priorities in the management's business policy. The company has undertaken additional activities on product changes that provide adequate coverage during the pandemic, up to the acceptable level of risk set out by the Generali Group.

Special attention has been paid to events related to the Russia-Ukraine conflict and updates about sanctions against Russia.

The Company is also required, in its operations, to apply both local regulations and the Group Rules regarding international sanctions (EU, UN and OFAC). According to the instructions of the Group, all the Company's pre-contract information documents, contracts, and all payment requests contain relevant sanctions clauses.

All employees are required to notify the Company's Compliance Department when there is Company exposure to international sanctions, before establishing a business relationship with a client, or before making any payments to a client. In certain situations, the establishment or continuation of business cooperation or payment requires the consent of the GAFC (Group Anti-Financial Crime Office), which deals with financial crime prevention.

All events are monitored on a daily basis and all employees, as well as senior management, are notified of significant changes.

On March 30, 2022, the NBS submitted to the Company Decision No. 4788 dated March 30, 2022, on imposing supervisory measures over business operation deficiencies identified in the inspection process. The Company has received the Decision on Supervisory Measures and is in the process of considering the operating activities it needs to undertake in order to align its operations with the NBS recommendations. Preliminary analyses of corrections arising from identified deficiencies in operations indicate that they do not have a significant impact on these financial statements.

There have been no other adjustments after the balance sheet date that could affect the Company's financial position and result as at December 31, 2021, or for the year ending on that date.

## MAY

After a little over two years, on May 25, at the Museum of Science and Technology in Belgrade, the management of the company gathered for a live meeting, where we launched a new local strategy: **Lifetime Partner 24 Driving Growth**, in order to achieve even a better relationship with customers, provide them with the best user experience and offer customised solutions.

## JULY

Half-yearly meeting of the Supervisory Board

01.07.2022. Simba was launched - a modern system that has brought a completely new experience to our employees in their daily HR activities and is the first step towards digitalisation of our procedures.

From the beginning of July, the Medic Call Centre began working again within Generali Osiguranje Srbija, providing the best service and an excellent user experience to our private health insurance customers.

## SEPTEMBER

Presentation of 2023-2025 plans to the management of the Generali CEE region and the Group, for the first time completely under the IFRS 17 regime, and the adoption of the Capital Management Plan.

## OCTOBER

Quarterly meeting of the Supervisory Board.

# OUR PEOPLE

## Our office is where our customers are

### New Smart Working concept

We have created a concept that allows our people flexibility, while respecting the specifics of each individual team.

Our people have an unlimited number of days available to work outside the office and we are allowed to choose the location from which we will work. We have the option of adjusting our working hours to our needs and to work flexibly if our work commitments allow it, and if it does not affect our colleagues.

To enable them to work efficiently from any location, we have provided our employees with tools and equipment - laptops, tablets, mobile phones, better Internet plans, Office 365 licenses, better VPN connection and much more. We also support new ways of working through training contents: Effective Meeting Management, the New Managerial Program, Remote Leadership, Tips and Tricks for remote work, and Toolkit with guidelines for the hybrid way of working.



In the business premises, we have introduced the "shared desk" concept and the "clean desk" policy and opened up space for new activities.

## New spaces at the company headquarters

We at Generali Osiguranje Srbija listen to the needs of our people.

For years we have been conducting engagement surveys through which we have learned that people want more flexibility, a kitchen and a space where they can take a break.

Now that we work from any location and have a "shared desk" concept, we have more space for new facilities within our offices. In this way, in our head office in Belgrade, we used this space to introduce new amenities for our employees and customers.

Since October 2021, our people have enjoyed a modern space on the 8th floor, which includes a kitchen. Our colleagues create new ideas and strengthen mutual cooperation over coffee and lunch, and there are quiet and semi-quiet zones for formal and informal meetings.

We haven't forgotten about our customers, who can quickly and easily take out a policy in a pleasant and friendly environment, over a cup of coffee.





## Our corporate culture

The current strategy related to the people employed by Generali, "GPeople 2021", identifies five priority areas on which we are focused:

- › The development of new skills that people need in the digital age,
- › Turning talents into leaders of the future and ambassadors of our transformation,
- › Strengthening meritocracy in order to recognise and reward top results,
- › Simplification of processes and the introduction of agile business principles to improve adaptability.
- › The fifth, but equally important area is the strengthening of our Generali culture. We have clearly said that we want Generali to be a place where people are open and dedicated to customers, where they accept differences and where everyone feels free to stand up for proper values, consistent behaviour and a common purpose. We had a serious task ahead of us: to clearly define the aspects of the culture that needed to be enhanced in order for the transformation to be successful, and to communicate this well. We have always had our values, mission and vision but, in order for our transformation to be successful, we all need to preserve and strengthen those aspects of the culture that have made our company strong. These are, first of all, the Lifetime Partner behaviour and the Generali values. We established our authentic "Culture Statement" in which we described what we should be like, how we should work, how we should behave, what kind of atmosphere we should create, how we should treat our customers, and how we should treat each other, in order for our transformation to succeed. This story should help our people be sure that they are doing the right things the right way.

Our "walk the talk" is also crucial for success. That's why in 2021 we proved once again that we are a culture in which it is important to achieve top results, but it is even more important to make people happy and show that caring for employees is our top priority.

When you enter the Generali premises, when you talk to employees, you feel energy, optimism and empathy. Trust, honesty and innovation are the foundations of our team's work.

Whichever location we work from, we feel we belong to the company and its positive energy. Ambition, teamwork and ownership are the reasons for our success. Generali is much more than a "job" because at Generali we grow together. We build relationships based on trust, transparency and respect for diversity, because for us this is a secure path leading to a strong team that lives Generali Values and promotes Generali Behaviour.

We are aware that we wouldn't be here without our clients. This is why efficiency in communication and procedures is our absolute priority. We know that the only satisfied customers are those who are enthusiastic, well informed at all points of contact with us, with the right coverage selected for their risks, to whom we are available and easy to reach 24/7. Precisely because we want to make a lasting impression on our customers, we tend to make an extra effort and even exceed their expectations. It's what we call "the extra mile", because we want our customers to become ambassadors for the Generali brand.

The freedom and responsibility of each employee, regardless of their position, bring top results to Generali, and a sense of fulfilment and success on a personal level. We strive for the best results and achieve those results solely through our values and behaviour.



# Organisational transformation

Although great results in premium and profit prove that we are strong and easily adapt to the market, we recognised the need to change our business model. In order to achieve our goals and be a Lifetime Partner to our customers, we decided to centralise all customer-related processes and boldly start the transformation process.

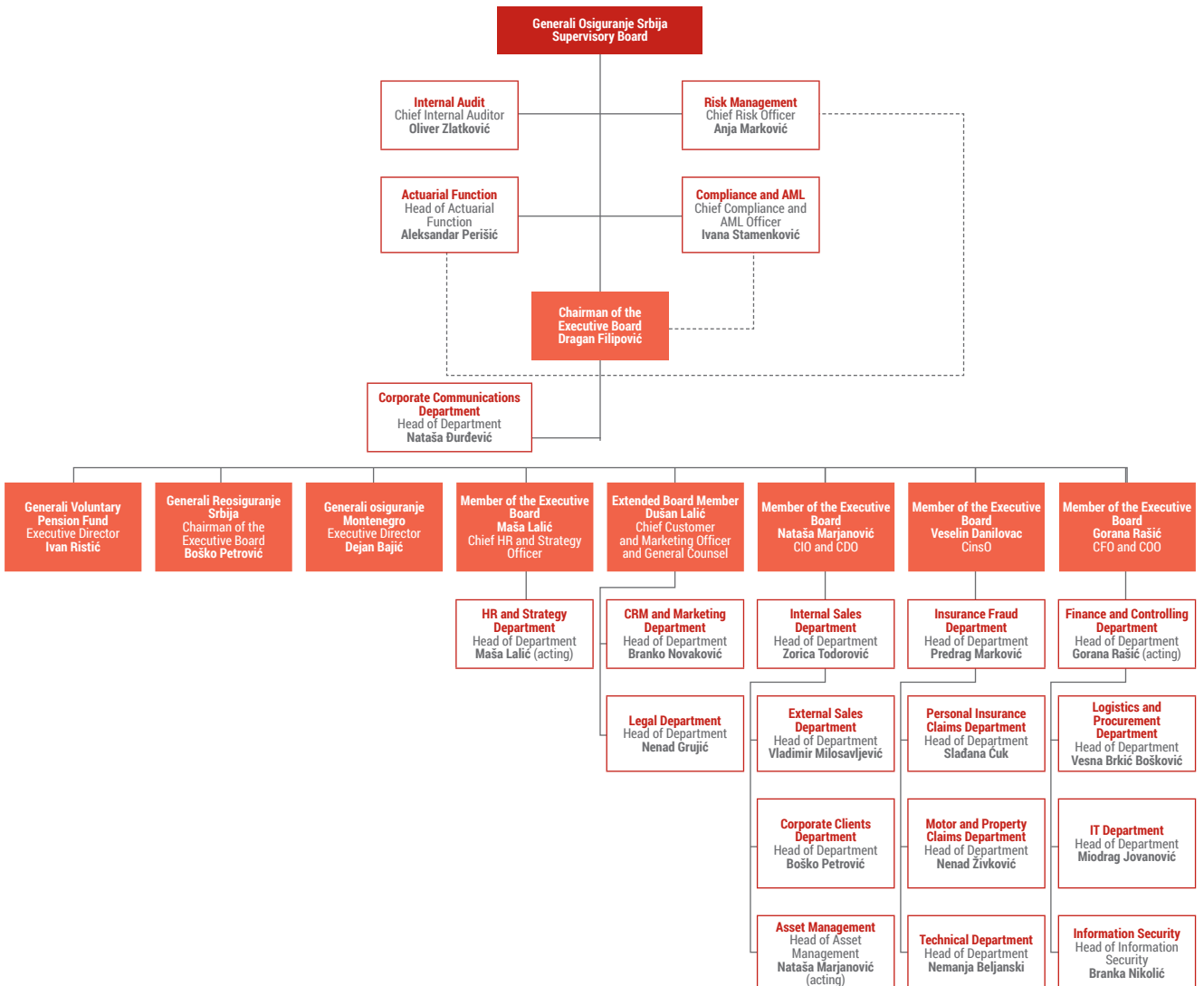
Our transformation process began with changes in organisational structure and responsibilities. We defined the key areas that will take us to being a customer-oriented organisation and that is why we have set up new top management functions:

- › **Chief Distribution Officer** – a function that unites all distribution channels and has a clear strategy for accessing clients.
- › **Chief Client Officer** – a new function within which all activities related to the customer experience are centralised and which helps us to be a better partner to our clients.
- › **Chief HR and Strategy Officer** – HR as a strategic partner and a new function that will help define the local strategy and lead strategic projects with a great impact on business.
- › **Product Development, Underwriting and Pricing** is united into one unit under CInsO, which puts a greater focus on the profitability and development of our products. The

synergy of the technical, strategic and marketing teams brings new value to clients.

In addition to the fact that the main idea guiding us in the transformation process was the experience we wanted to provide to our clients; the transformation also brought significant changes for our employees, primarily sales employees - improvement of working conditions, more stimulating and transparent reward systems, and new opportunities for career advancement and development.

Our transformation is the result of teamwork. We had a cross-functional team working to create an efficient organisation with specific responsibilities. When assigning roles in the new organisation, the emphasis was placed on talents, and care was taken to ensure that they were assigned to roles in which they would grow further and achieve a greater and more visible impact on the business. As of April, 2021, 100 people have taken on new roles, forty of whom are talents.



## Generali Academy development initiatives

"Docendo discimus" or "By teaching we learn" is a saying that dates back to Roman times and the words are attributed to the ancient philosopher Seneca. The Industrial Revolution 4.0 showed that, through the development initiatives of the Generali Academy, we have approached the development of our employees and the improvement of their skills and knowledge in a proper and timely manner.

Today, when the business environment is changing before our eyes, it has become obvious how crucial development is in a competitive business. In line with current trends, we organise and provide adequate development activities for our employees and ensure that they have the right skills in order to be able to constantly develop the company.

Over the course of 2021, we conducted a variety of development initiatives for employees in accordance with development needs.

We provided participation in the two-year MEMBA 2.0 program for key people in the company with vast experience, business potential and a strong motivation to advance. The program was created based on global best practice, and at the same time it was adapted for implementation at the local level, with experts as teachers who enable participants to develop personally and professionally through this program.

In addition, we have ensured our leaders attend the exclusive educational program at the Serbian Association of Managers – SAM Academy. Through the synergy of sharing experiences, know-how, and best practices, this program enables participants to improve their individual professional performance. The program was created in accordance with the latest educational trends in managerial practices that are oriented towards the future of business.

And for all employees, in accordance with their job requirements, external training was provided through which, in accordance with the current requirements of the market, they had the opportunity to acquire new knowledge and the skills necessary to achieve top results.

Many of our colleagues, working in a variety of positions, have been involved in our internal development initiatives, and we are proud of our contribution to the constant development of their skills and competencies.

"First-time Managers" is a program designed for managers who are working as "people" managers i.e. people who manage a team, for the first time. The goal of the program is that, after six months, they become empowered to manage team resources, people and priorities. The program includes mentoring by experienced managers and educational topics: Leadership, Psychological Safety, New Dimension of Feedback and Assertiveness. Within the program, there is also the option to include topics for a specific group, based on its needs. Support for program participants is covered through morning coffees, gathering new managers once a month to share experiences and map potential topics, with

coaching sessions at the end of the program, if needed. The tools provided for the participants are a manual for mentors and mentees, and an "e-toolkit" - a summary of all key activities. For this program, we were presented with the AFA Talent Development Forum Award in the "Best Talent Initiative" category.

Generali Academy, in cooperation with the IT and Integrated Management System Department, developed the "Art of Project Management" training. This training has been designed for colleagues who will lead company projects. The purpose of this training is for these colleagues to learn about the project process, and the tools and techniques necessary for the successful definition of project documentation and its implementation. The training is based on the Project Management Institute (PMI) methodology.



In 2021, we actively promoted the mentoring program as a development approach, and 200 of our employees had the opportunity to take on the role of a mentor or a mentee. We see the mentoring program as one of the best methods for sharing knowledge and skills, and as an opportunity to break down departmental silos, strengthen cooperation between departments and build a teamwork culture. Over the course of 2021, we also mapped the need for reverse mentoring as a program where experienced managers take on the role of mentees, and less experienced employees take on the role of mentors, and we plan to implement this form of mentoring during 2022.

In addition, through the Performance Management process development plan, Generali Academy offers many trainings that help employees constantly develop their skills and the competencies necessary for the successful growth and development of the employees, the team and the company.

## MAP2theNEW

MAP2theNEW is a new managerial training program designed to equip team managers with the key skills and knowledge to manage teams in the New Normal defined by the hybrid work setting. MAP2theNEW consists of three e-learning modules and three virtual sessions for joint analysis of content and ways of implementation in daily activities. The three modules cover three topics crucial for the future business of Generali Srbija. Module 1 explores approaches

and techniques for a manager to organise a team for a hybrid work setting. Module 2 is focused on how to develop a team to achieve joint success with motivation and a sense of common purpose. Module 3 empowers managers to create safe environments in their teams in order to drive innovation. During 2021, about 50% of managers (77 to be precise) completed the MAP2theNEW program and, during 2022, the plan is for all managers to complete the program.

## Mentoring School

Generali Academy set up and implemented the Mentoring School program, for mentors and talents in the life insurance sales force.

The idea is to provide our colleagues holding positions as mentors with the necessary knowledge and skills, as well as to motivate them at the same time to be dedicated in working with coworkers and to explore their own potential and the potential of their coworkers, with the aim of constant development and improvement.

The whole project is designed as a combination of lectures by teachers from different sectors of Generali, workshops, simulations and work in each mentor's actual work-related circumstances. We won the AFA Talent Development Forum Award for this program, in the Best Non-Academic Educator category.



## Reskilling Process

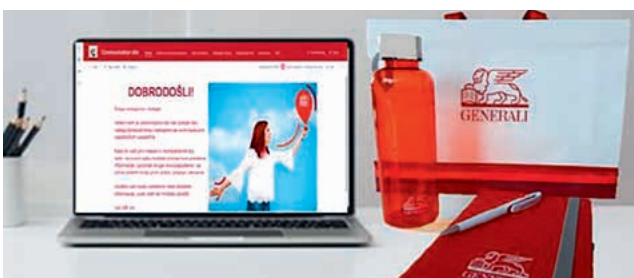
The World Economic Forum has estimated that over 54% of employees will begin necessary reskilling by the end of 2022. During 2021, Generali Srbija started the process of mapping the required skills and we successfully mapped more than 50 skills needed at Generali in order to bridge the gap between

the required skills and entirely new corporate roles. We believe that new skills are a safe pathway into the digital world that will enable us to achieve our long-term goal and become Lifetime Partners to our clients. During 2022, more than 50 of our colleagues will be reskilled to take on new responsibilities.

## New Onboarding

During the pandemic, we have all been forced to adapt to new, hybrid working conditions. Bearing in mind the challenges we face every day, we realised that new employees need the most support, and that's why we focused on enabling them to have a successful start at the company. We changed our onboarding and adapted it to the "new normal". In order to create an onboarding that corresponds to actual needs, we set up focus groups with new employees, and shared our previous onboarding experiences but, of course, we also took into account the needs and possibilities of the business. The new onboarding begins even before the first day at the office as, during this period, we try to prepare everything in order to welcome a new

colleague in the best way possible – we secure equipment for them, provide the necessary access and prepare a welcome gift. On their first day, each new employee has coffee with the HRBP and their supervisor, they meet the team and familiarise themselves with the workplace, by which time their workday is over. In the following days, the new colleague receives an adaptation plan which includes goals and tasks that they should master in the first three or six months. Along with the manager's support and monitoring, in this part of the adaptation process an important role is that of the "buddy" – an assigned colleague who has a dual role, both as a professional mentor, and also as a "buddy", someone who will help the new colleague fit in. We also prepared courses to be taken at the very beginning, all in e-learning format, suitable to the hybrid way of working. In the first couple of days on the job, the most important e-learning training is Meet Generali, because it includes all the important details every employee should know about the company, from Generali's history around the world and in this country, to current data, as well as all the information useful for them to start working: what the onboarding process looks like, the benefits of working with Generali, the



possibilities for professional development, and so on. However, we are most proud of the We, Generali training, a live and online training during which all new employees of the current month get to know each other, and in which key people from the company welcome them. At the very beginning of the training, they have the opportunity to meet and talk with the CEO, Mr. Filipović, who explains key information about the company and the insurance business to the colleagues pres-

ent, patiently answers questions and shares his experience. In addition to this opportunity to socialise, new colleagues can share their ideas and ask questions on a special web portal for new employees, Meet Generali, which contains a lot of useful work-related information. We are currently monitoring the effects of the new onboarding and listening for anything else that new employees would find useful when they first start working at Generali.

## Succession Planning

At the end of 2021, we successfully implemented the succession planning process for the members of the Executive Board, and also for the entire B-1 level, as well as control functions. This process is extremely important to us because now we have a complete picture of who the people are

that we can count on for Generali's operations in the future. It is up to us, in the period ahead, to make a sound plan for how we will focus our attention on potential deputies, with the aim of continuing to encourage their development, motivation and good results.

## Generali Internship 5.0

After a one-year break because of the Covid-19 pandemic, last year we held another student summer internship program, the fifth in total. Four students undertook three months of work experience, and three of these were hired after the internship, which makes us very proud.

## Development Initiatives for Group and Regional Talents

During 2021, our people continued their development through various regional and group initiatives:

- › **Future Owners:** This program is dedicated to the development of promising young people who are globally recognised as future leaders. Five of our colleagues are part of this program, which is expected to end in 2022.
- › **Peer-to-Peer Coaching:** Last year, two of our colleagues took part in this six-month program. The goal of the pro-

gram was for our regional talents to share experience with professionals from other industries on a regional level.

- › **Group Mentoring Program:** Set up for Group talents at the management level. Three of our colleagues took part.
- › **Elevate Circles Program:** The goal of this initiative was to strengthen the influence of women with an emphasis on ownership. One of our female colleagues took part in this.

## Engagement Survey 2021

In 2015, the Generali Group began conducting an employee engagement survey. Every two years we actively ask employees to share their honest impressions of various aspects of working with the company: working conditions, opportunities for growth, cooperation with superiors and colleagues, communication with clients and so on. As a result, we have clear guidelines on what our people want, we measure the progress we have achieved compared to the previous survey and, most importantly, we initiate changes in line with our employees' current needs.

Over the course of last year, we worked on the implementation of the action plan which resulted from the previous survey in 2019 and, at the end of the year, in October, the fourth Engagement Survey was conducted. As many as 99% of employees responded to the survey and shared their opinion on various topics that affect the level of engagement. This time, we used a survey to ask our people how they feel about working in the new hybrid conditions, the "New Normal". Given that hybrid working and, especially, the Covid-19 pandemic had brought significant changes to which we had to adapt, our engagement score of 90 shows that our people are still largely engaged, motivated and ready to put in extra effort. This engagement score is very high compared to the engagement score in other companies and, we can say, the highest or among the highest scores in the Generali Group. After cascading the re-

sults to all employees, we created an action plan which we will focus on until the next engagement survey. We want the topics we have addressed to show our people that we appreciate their input and value their needs, and that we are doing all we can to make them happy and content.



# GENERALI CUSTOMER SATISFACTION

The age of the pandemic - unknown, challenging, uncertain for all of us and for our customers.

The Lifetime Partner ambition, the promise we made to our customers, was suddenly and unexpectedly put to the test.

"It is important for us to know that you and your loved ones are safe. Is there anything else we can do to make you feel safer in these new circumstances?" These are the words our employees were saying to customers every day, through the customer satisfaction survey process, with a lot of hope, consolation and a genuine desire to help. We have proven to be a true support in difficult times. We have been involved in activities that were crucial for the lives of our customers in these challenging times. Grocery shopping for an elderly person, or enabling the purchase of protective masks, are just some of the activities that have become our daily routine.

We contacted **over 53,000 customers**.

Day after day we have been receiving confirmation that we

are doing the right thing. **72.4% of promoters** of our services show customer satisfaction for the period 2020/2021. Over the past two years, the NPS score has increased by 3.2 compared to 2019 and is now **63.1**, which is also the best result since the NPS process was introduced.

For the second year in a row, we were awarded the prestigious **We Value Our Clients** and **Superior Excellence** medals for outstanding relationships with clients and associates. The medals are awarded by the international organisation ICERTIAS (International Certification Association GmbH) as part of the **Customers' Friend** program.

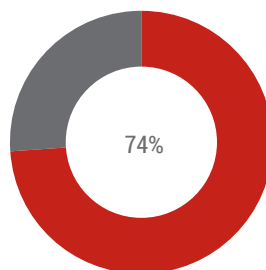
These important awards reaffirm our commitment to building good relationships with customers and colleagues and to continuous improvement of our services.



We have been focused on providing service through digital tools. Our commitment to the development of this segment has been critical to the smooth delivery of customer service over the past two years.

According to the customer satisfaction survey, regarding the use of digital tools, we were ranked in the top three among the Group countries in 2020. Sixty-six per cent of our users were satisfied with the digital tools.

Our ambition was to be even better. And we succeeded. In 2021, customers were even more satisfied with our tools and services. Seventy-four per cent of customers were satisfied with our digital tools and services.



+8 p.p.  
compared 2020

The big game we launched called **Get It Insured and Drive Away** is another activity we are very proud of. The prize pool was the largest ever provided by an insurance company. When they were announced, the winners of the top prizes could not hide their surprise, happiness, and even tears of joy.



Digitalisation is already well under way and the digital market is growing incredibly quickly. Increasingly, products are being sold and customers being reached on social media. Over the past few years, we have been working on making our agents digitally visible as part of the **Digital Visibility** project. Now we have **380 digital agents**, trained to present themselves and to communicate with customers on social media. **Eighty-four per cent of our digital agents are active on social media** where they post regularly, building customer trust.

Through a number of new innovative and digital solutions, we are improving the customer experience 24/7. In 2021, our Contact Centre recorded **140,000 conversations** with customers and more than **61,000 emails**. On those occasions, we were promoting new digital tools to our customers:

- › Vehicle damage virtual appraisal app (Snapsheet)
- › Home remote virtual inspection app (Livegenic)
- › Online video consultation with a doctor

With the support of our colleagues from the Generali Group, we improved the communication process with potential customers and carried out activities to create even greater interest in purchasing products and using insurance services. Not only were we the pioneers of a new process, but our results also show we are among the best in the CEE Region. Our agents were crucial in this process: they spoke to more than **28,000 potential customers**, **4,125 of whom put their trust in us** and became part of the big Generali family.

As in the past, in 2021 Generali Osiguranje was the general sponsor of the **88th International Agricultural Fair and Lorist Fair**.



## CUSTOMER PARAMETERS

	2020	2021	YoY
Number of customers/policyholders at the end of the period	590,893	628,180	+6%
Number of policies	844,902	916,228	+0.7%
Customer retention rate	67.5%	68.9%	+1.4 pp

## Lasting commitment to sustainability

Our commitment to sustainability is the third pillar of the Generali 2021 strategy and entails creating long-term value for all our stakeholders: not only shareholders, investors and customers, but also employees, suppliers, local communities, the environment and society in general.

Accordingly, every year we increase the amount of collected premium for green and social products. We offer products on the market that take into account the type of coverage and clients, whether they behave responsibly and address specific social and environmental issues properly. In this sense, we offer products that are intended for the elderly population, children, people who have lost their jobs, people suffering from serious diseases and people with temporary or permanent disabilities.

For people who take responsibility for their health, we have products that provide preventive exams and a product that includes nutrigenetic testing, that is it creates a diet and healthy lifestyle plan based on the individual's



DNA. When it comes to green products, we have natural catastrophe insurance aimed at large companies, small and medium-sized enterprises and homes, and crop insurance against floods, droughts, lightning, hail and other disasters.

Generali will continue to market green and social products which, along with our clients' products, will have a positive impact on society and the environment.

## We set new standards of social responsibility

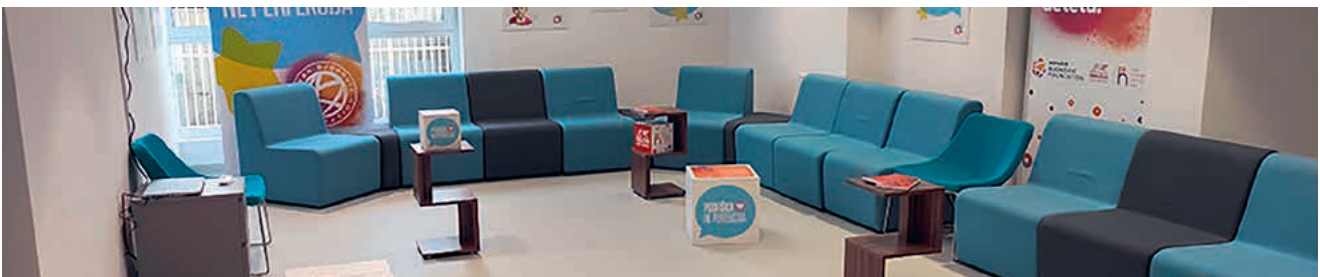
Responsibility for the environment and the local community is part of Generali Osiguranje Srbija's strategic goal. An important part of the company's corporate culture is fostering diversity and an inclusive work environment. Generali Osiguranje Srbija sets new standards of socially responsible business every year and strives to encourage social responsibility by setting an example.

The **Đorđe Vajfert** award for family support and development, given for the activities the company implements within the Human Safety Net initiative, proves that Generali Osiguranje Srbija stands out as a leader in the field of social responsibility.

The Human Safety Net is the Generali Group's initiative and Generali Osiguranje Srbija has proudly implemented the family program for the past four years, working with the Novak Đoković Foundation. The aim of this partnership is to help parents and caregivers of children up to six years of age overcome the daily challenges in raising children, through the "Support, not Perfection" foundation program, because this period is crucial for the child's further development. So far, over a thousand parents in more than twenty cities and towns in Serbia have taken part in this program. This year's award for the "Support, not Perfection" program from the prestigious European Journal of Developmental Psychology demonstrates how important this program is. It shows that







the results of the program are measurable and that they contribute to the quality of life of both children and parents.

In order to provide support to as many parents and caregivers in Serbia as possible, as part of The Human Safety Net initiative's **Scale-Up Impact** project, the Generali Group donated funds to open fifteen Centres for Parents in cities and towns across Serbia. In these, parents will be able to get expert advice, acquire new skills and share ideas and experiences. In 2021, Centres for Parents were launched together with the Novak Đoković Foundation and local governments. Centres were launched in Kovačica, Pančevo, Šabac, Vladimirci, Sremska Mitrovica, Užice, Jagodina, Bač, Belgrade, Novi Sad, Petrovac na Mlavi, Sjenica, Paraćin and Irig.

Thanks to the funds that Generali Osiguranje Srbija donates for each completed customer satisfaction survey, 42 tablets have been purchased for educational institutions for children. The goal is to enable children, under the guidance of an adult, to follow the training content, get to know the digital world, and learn while having fun, using various media.

As well as providing financial support, Generali Osiguranje Srbija encourages its employees to volunteer in various activities. During the month of June, as part of the first **Global Challenge**, the Generali Group's fundraising campaign, 400 employees from all over Serbia were running, rid-

ing bicycles or cleaning the streets. In this way we wanted to spread awareness of the importance of healthcare, the environment and support for disadvantaged people. At the same time, we wanted to encourage the citizens of Serbia to support the activities of the company's employees and contribute to equipping sensory rooms for children with developmental disabilities. The money raised was donated to sensory rooms in Zaječar, Kovačica and Sjenica in order to help children with sensory integration and learning disabilities to develop their senses and cognitive abilities.

Because the COVID-19 pandemic has also affected parent-child relationships, the Human Safety Net initiative, working with international experts, prepared advice for parents around the world to help them cope with stressful situations. Volunteers from Generali Osiguranje Srbija translated them and recorded videos, making them available to families in Serbia. These tips reached the participants of the "Support, not Perfection" program and, through the company's newsletter, social media and agents, they also reached our customers.

This year the employees of Generali Osiguranje Srbija set up an online Easter and Christmas charity auction. Christmas decorations and products made by employees were sold at the auction, and the money raised was given to the Novak Đoković Foundation.

# OUR RULES FOR DOING BUSINESS WITH INTEGRITY

We operate in accordance with the law, internal regulations and business ethics.

Sustainable business, striving for excellence in internal processes and living with the community play an active part in this, and go beyond regular day-to-day business practices. We are dedicated and devoted to the interests of all stakeholders and the entire community.

The Generali Group supports sustainable business with a collection of public policies and guidelines:

The **Code of Conduct** requires every employee in the company to comply with established rules of conduct. These rules are also incorporated in the promotion of diversity and inclusion, conflict of interest management, personal data protection and prevention of corruption.

The **Environment and Climate Group Policy** contains the guiding principles for establishing strategies and objectives for managing environmental impact.

The **Responsible Investment Guidelines** codify responsible investment at the Group level.

The **Code of Ethics for suppliers** sets general rules for the appropriate and profitable management of relations with suppliers.



Together, these policies and guidelines contribute to ensuring respect of human rights, which we have been particularly focusing on since 2017. The goal is to identify, prevent and mitigate the main direct risks of human rights violations and to identify areas and activities in need of improvement.

The Group also has a structured internal regulatory system, regulated by the Generali Internal Regulation System (GIRS) Policy. The Group regulations cover the internal control system and governance as well as the risk management system.

The primary compliance risks are monitored through specific programs spread across the Group. Through specific activities, including those aimed at preventing corruption, we regularly monitor our exposure to risks with the aim of minimising potential reputational and economic losses arising from the violation of legal provisions.

We condemn and combat all forms of corruption and financial crime. In accordance with the whistleblower policy we have implemented for years, we have enabled our employees, customers and suppliers to anonymously report possible human rights violations 24 hours a day through the Group Compliance Helpline, to ensure the objective and independent management of reported concerns. We have also adopted a rigorous anti-retaliation policy.

The Group's special focus is on compliance with legal and regulatory requirements relating to international sanctions in all jurisdictions in which Generali operates, as well as on implementation of the highest standards in anti-money laundering and counter-terrorism financing, along with preventing and hindering the proliferation and financing of weapons of mass destruction. In order to protect the Group's reputation and properly manage these risks, principles and rules have been set for the management of businesses that may be exposed to the risk of sanctions imposed by relevant international authorities and national governments, as well as for preventing the abuse of all legal entities within the Group for money laundering and terrorism financing.



# THE GENERALI 2021 STRATEGY

Being a Life-time Partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network.

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets.

## PROFITABLE GROWTH

**STRENGTHEN LEADERSHIP IN EUROPE:**  
reinforce #1 market position

**FOCUS ON HIGH POTENTIAL INSURANCE MARKETS:**  
15%-25% earnings CAGR 2018-2021 depending on country/segment

**DEVELOP GLOBAL ASSET MANAGEMENT PLATFORM:**  
15%-20% earnings CAGR 2018-2021

## CAPITAL MANAGEMENT AND FINANCIAL OPTIMIZATION

**INCREASE CAPITAL GENERATION:**  
> € 10.5 billion cumulative capital generation 2019-2021

**ENHANCE CASH REMITTANCE**  
+35% cumulative cash remitted to holding 2019-2021 compared to period 2016-2018

**REDUCE DEBT LEVEL AND COST:**  
€ 1.5-2.0 billion debt reduction by 2021;  
€ 70-140 million reduction in annual gross interest expense by 2021 vs 2017

## INNOVATION AND DIGITAL TRANSFORMATION

**BECOME LIFETIME PARTNER TO CUSTOMERS**

**ENABLE DIGITAL TRANSFORMATION OF DISTRIBUTION**

**TRANSFORM AND DIGITALIZE OPERATING MODEL**

about € 1 billion total investment in internal strategic initiatives 2019-2021

# 3

**KEY ENABLERS WHICH DRIVE THE EXECUTION OF THE STRATEGY**

# 01

**OUR PEOPLE**



## GENERALI 2021 FINANCIAL TARGETS

GROWING  
EARNINGS  
PER SHARE

**6%-8%**

EPS CAGR  
RANGE  
2018-2021

**7.6%**

ACHIEVED



GROWING  
DIVIDEND

**€ 4.5 - € 5 bln**  
CUMULATIVE DIVIDENDS  
2019-2021

**€ 4.52 bln**

ACHIEVED



HIGHER  
RETURN FOR  
SHAREHOLDERS

**>11.5%**  
AVERAGE RETURN  
ON EQUITY  
2019-2021

**12.4%**  
ACHIEVED

Roe 2019



**7.7%**

Impacted By Covid-19  
and ONE-OFF

Roe 2020



**12.1%**  
ACHIEVED

Roe 2021



**02**

A STRONG  
BRAND

**03**

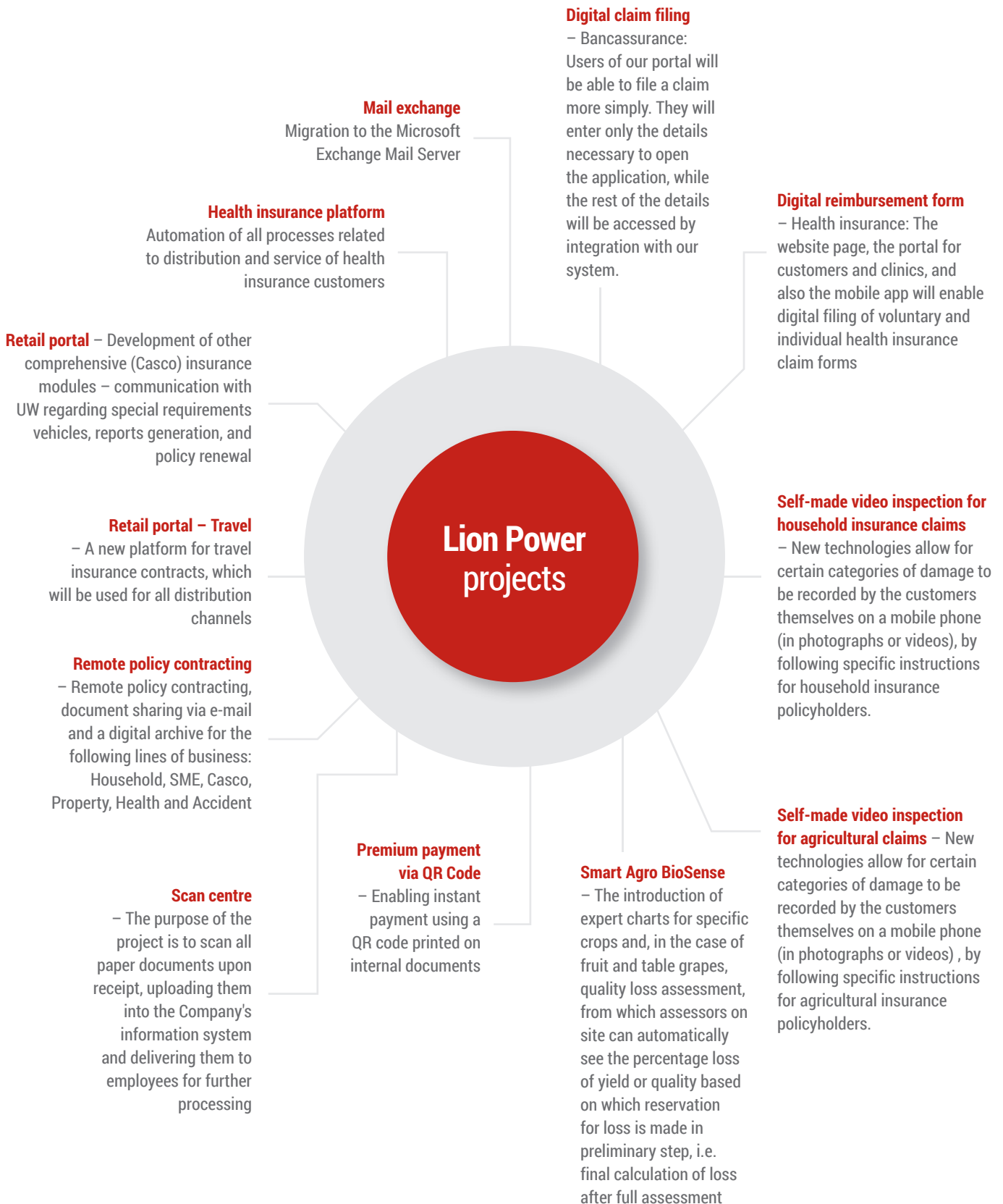
A CONTINUOUS COMMITMENT  
TO SUSTAINABILITY



# STRATEGY AT WORK

## Projects completed in 2021

The most important Lion Power projects we completed in 2021 are:





Other important projects we completed are:

- › Basic and Index funds applications portfolio – Automated calculation of investment units, reduction of calculation time, reduction of operating risk, automation of reports for the NBS.
- › Domotics (SmartHome) – In collaboration with the mobile operator VIP, we have a commercial campaign which is a giveaway of smoke, burglary and flood sensors, as an addition to our products, to HH and SME Generali customers.
- › New Digital Health Services – Teleconsultations – in cooperation with GDC and EA, provision of a new service of teleconsultations for people insured in group health insurance .
- › Implementation of SAP S/4 Hana – Process and information system development which will result in the transfer of the general ledger from the local information system to the SAP platform.
- › E-archive – Company electronic archive (structuring and upgrading the currently separate segments of the electronic archive implemented according to current needs of the business), archiving of new electronic invoices, structuring of the record-keeping process of qualified certificates, as well as enabling long-term storage of electronic documentation in accordance with current regulations.
- › E-invoices – Standardisation of invoices, meeting all the standard requirements and electronic signatures.
- › Kupipolisu.rs and Generali – Sale of digital policies through the Kupipolisu.rs. agency platform
- › Osiguranik.com – Sale of digital policies through the Osiguranik.com agency platform
- › "Our Hero" campaign – Generali Osiguranje Serbia, working with the Chamber of Commerce and Industry of Serbia, became part of the OUR HEROES support program, in which we provided special benefits for medical staff and volunteers who were on the front lines of COVID-19.



## Projects planned for 2022

The most important projects that we plan to initiate in 2022 are:

Unisex rates for Life and Health products - Introduction of unisex rates for Life (18 products) and Health (4 products) in compliance with the new Gender Equality Law, which comes into force on January 1, 2023.

Paperless claims administration system - Accident - An app which enables the allocation, processing and monitoring of claims settlement from various types of insurance in digital format, in connection with the existing (upgraded) claims processing and document management apps.

Retail portal - Household module - Continuing work on the Retail portal and enabling the sale of Household this way.

Retail Portal - Small and Medium-sized Enterprises - Agents can issue an online SME policy in one place, with a single contact.

Remote Client Identification - This identification is used for the sale of life insurance policies and for filing any life insurance claims, including surrenders and expirations.

Insurance for vulnerable families in Serbia - Enrolment of vulnerable categories of the population, families with children with disabilities.

CRM software - Greater efficiency of internal sales force employees dealing with sales and other points of communication with customers.

Claims Tracking - Upgrade of the current claim status check options on the website by implementing new functions.

Medic Call Centre - MCC takeover.

Customer Portal upgrade – The Customer Portal user registration process has been improved.



## Security upgrades in 2021

Concerning security upgrades, we note the following:

- › Because of COVID-related circumstances, **the VPN capacity has been increased** and **additional monitoring** of IT system activities has been implemented.
- › **McAfee FDE** (Full Drive Encryption - removable media encryption module) The module has been updated on all workstations. Encryption means protection of hard drives from unauthorised manipulation as well as data protection in the event of loss of a laptop.
- › Implementation of **two-factor authentication (2FA)** tools and introduction of mandatory 2FA for VPN users and O365 users and for access to production servers.
- › Security assessment completed (vulnerability testing of all hosts in the computer network and a pen test of web applications).
- › New incident management process implemented through the Pythagoras platform, aligned with the new Group Technical Measures as well as the local and regional SOC (Security Operation Centre) which actively implements this process.
- › Identification and assessment of risks potentially affecting the Generali Group's tangible assets has been completed, a server-room video surveillance system has been introduced accordingly, and the server-room access control system has been replaced.
- › Implementation of the **Network Access Control (NAC)** tool for computer network access and device antivirus software check has been completed.
- › Implementation of the Secure Application Development Methodology and the Cloud Services Management Methodology has been completed.

## Security upgrades planned for 2022

We note the following **Security projects in 2022**:

- › Connecting the Identity Access Management (IAM) automation tool and upgrading the process of assigning rights and privileges to IT system users with applications.
- › **Privilege Access Management (PAM)** tool implementation project - a tool for privileged user management. The tool is used for the mandatory management of the access rights and activities of privileged users, both internal and external, in compliance with all Group requirements.
- › **Shared Folder Monitoring tool** implementation project –This tool monitors shared folders in accordance with best security practices and Group requirements.
- › **APT and Malware Protection tool** implementation project (antivirus and antimalware protection tool).
- › **Crowd Strike** Group tool on all workstations and servers in the IT system, in line with Group requirements.
- › Upgrade of **Anti DDoS** protection on Internet links in line with Group requirements.
- › Upgrade the process of vulnerability management process over the IT infrastructure and applications in line with Group requirements and implementation of the Pythagora platform.
- › Security testing of the administrative setup of **O 365 Cloud Service** and **Active Directory**, and alignment with testing recommendations in accordance with best security practices and Group requirements.
- › Introduction of third-party IT security check procedures which include risk assessment as well as security testing according to Group requirements.

# THE VALUE CREATION PROCESS

We operate in a global context characterized by financial and geopolitical instability, digital revolution, cybersecurity issues, climate change, demographic aging and new welfare systems as well as the pandemic. We are committed to leveraging our capitals, classified according to The International <IR> Framework's principles. By leveraging our solid and resilient business model, we create value in the short, medium and long term for all our stakeholders, from our customers to shareholders, employees, agents, distributors, partners and the community, in order to guarantee a safer and sustainable future.





**FINANCIAL CAPITAL**  
**HUMAN CAPITAL**  
**SOCIAL AND RELATIONSHIP CAPITAL**

**INTELLECTUAL CAPITAL**  
**MANUFACTURED CAPITAL**  
**NATURAL CAPITAL**

## OUR PURPOSE




Enable people to shape a safer future  
 by caring for their lives and dreams

### VALUES

-  Deliver on the promise
-  Value our people
-  Live the community
-  Be open

 [www.generali.com/who-we-are/our-culture](http://www.generali.com/who-we-are/our-culture)

### OUR BEHAVIOURS

-  Ownership
-  Simplification
-  Innovation
-  Human touch

### BRAND



## THE GENERALI 2021 STRATEGY

Being a Lifetime Partner to customers, offering innovative, personalized solutions thanks to an unmatched distribution network

Leading the European insurance market for individuals, professionals and SMEs, while building a focused, global asset management platform and pursuing opportunities in high potential markets

## OUR GOVERNANCE

Within a challenging economic and financial environment, we believe that our governance - which complies with the best international practices as well as the principles and recommendations of the Corporate Governance Code - is adequate for effectively pursuing our strategy and the **sustainable success** of the Company..



## EXTERNAL CONTEXT

- GEOPOLITICAL AND FINANCIAL INSTABILITY
- PANDEMICS AND EXTREME EVENTS
- DIGITAL REVOLUTION AND CYBERSECURITY

- CLIMATE CHANGE
- AGING AND NEW WELFARE

## OUR BUSINESS MODEL

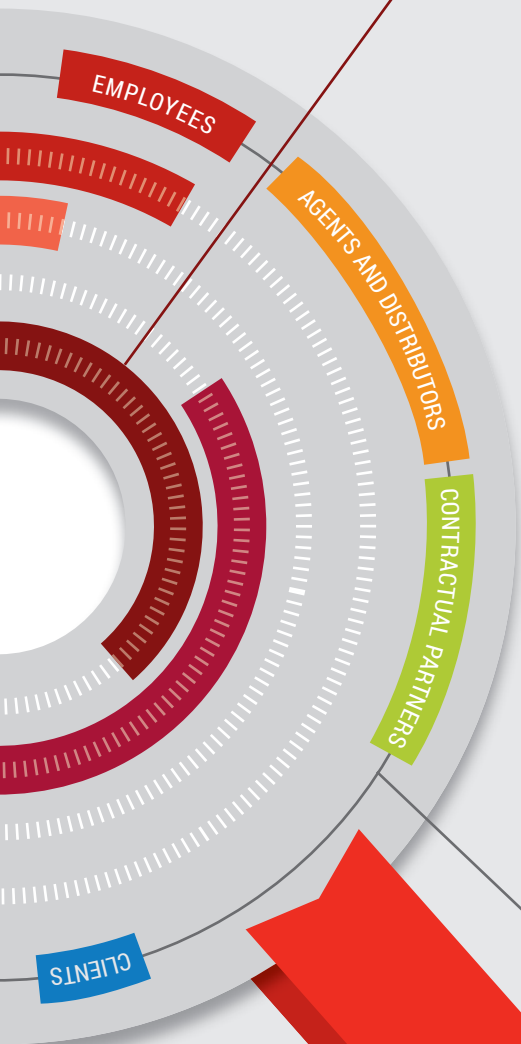
We effectively face the challenges of the market context, by leveraging our core strengths: a clear strategy, a focus on technical excellence, a strong distribution network, the Group's solid capital position and a **diversified business model**, that proved resilient even in a complex context like the pandemic one.

We develop simple, integrated, customized and competitive Life and Property&Casualty **insurance solutions** for our customers: the offer ranges from savings, individual and family protection policies, unit-linked policies, as well as motor third-party liability (MTPL), home, accident and health policies, to sophisticated coverage for commercial and industrial risks and tailored plans for multinational companies. We expand our offer to **asset management solutions** addressed to institutional (such as pension funds and foundations) and retail third-party customers. We rely on **innovation** as a key driver for future growth to allow for tailored solutions and quicker product development. We are also committed to **high value-added solutions from a social and environmental perspective**. Rigorous criteria for the risk selection are applied in the underwriting process.

We distribute our products and we offer our services based on a **multi-channel strategy**, while also relying on **new technologies**: not only through a global network of agents and financial advisors, but also through brokers, bancassurance and direct channels that allow customers to obtain information on alternative products, compare options for the desired product, acquire the preferred product and rely on excellent after-sales service and experience. Proprietary networks are a key and valuable asset for our business model. Their role is to regularly dialogue with and assist customers at their best, striving for customer experience excellence and promoting the Generali brand.

We receive premiums from our customers to enter into insurance contracts. They are responsibly invested in high quality **assets**, with a particular attention to the impact that such assets may have on the environment and society.

We pay **claims and benefits** to our policyholders or their beneficiaries after death, accidents or the occurrence of the insured event. The payment is guaranteed also through appropriate asset-liability management policies.



FINANCIAL CAPITAL  
HUMAN CAPITAL  
SOCIAL AND RELATIONSHIP CAPITAL

INTELLECTUAL CAPITAL  
MANUFACTURED CAPITAL  
NATURAL CAPITAL

# LIVING OUR VALUES

## Caring for our employees

Like the year which preceded it, 2021 was again challenging in terms of the consequences of the Covid-19 pandemic. Guided by the idea that the health of our employees and our customers is our top priority, we have created all the necessary conditions to minimise the risk of the virus spreading among our colleagues. We made it possible for our colleagues to work from home, and we provided full

salaries for periods of absence caused by Covid-19, as well as financial support for medical supplements if needed. In line with the efforts invested by the Government of the Republic of Serbia to promote the vaccination of the population with the aim of preventing the spread of the virus, we provided a day off for all of our colleagues who were vaccinated.

## Benefits

We continued working to ensure Generali is and remains our favourite place to work. For that purpose, following our colleagues' suggestions shared during the Engagement Survey, we provided our colleagues with new benefits. More than a thousand of our colleagues received a private health insurance benefit, one of the most highly rated benefits companies provide to their employees. In addition to our regular annual bonus system for all employees, we introduced a new spot bonus system that employees can count on throughout the year. The system is aimed at rewarding the results of our colleagues over the course of a year, as demonstrated in their daily efforts to achieve our Lifetime Partner ambition. The number of posts included in the annual bonus system has been expanded, so that today we have more than two hundred colleagues who may be rewarded with an additional three or more monthly salaries for their contribution to the achievement of strategic corporate goals.

New ideas, new benefits, new inspiration. In addition to all the popular and mass benefits for employees, we have focused our attention particularly on colleagues who have three or four children. There are as many as sixty of these in our company. We recognised the specific needs of their large families and created a new Family Friendly benefit. As of January 1, 2022, both male and female colleagues will have the opportunity to use additional days of paid leave, have a Classic policy with coverage of EUR 30,000 and EUR 40,000 and, in addition, our colleagues who have four children can also count on the company's financial aid to the amount of €1,000 whenever necessary, for the things that are important to them.

We are building a strong culture of empathy and this is why we are constantly looking for new benefits that will further improve the lives of our people and their families.

## Lifetime Partner Webinar

For the past three years, we have been working on our goal of becoming a Lifetime Partner for our customers.

Our Lifetime Partner webinars have been set up for participants to fully adapt their way of thinking and working to the customer-centric mindset, meaning that the customer is at the heart of our business.

In order to achieve our strategic goal, over the course of three years, more than 1,200 of our employees have taken part in an event that helps employees experience and understand what it means and how it appears when they are responsible, innovative and straightforward, and show a human touch and empathy to one another.

## Coffee to Grow – a concept of strong feedback culture among colleagues

It's enough to meet on a coffee break, at lunch or in some other situation and share impressions of our cooperation.

Conversation topics?

Personal relationships and feelings, discussions about mutual expectations, talking about how to overcome challenges, sharing good practices that help us do our jobs, and analysing the situations and behaviour that sometimes hinder collaboration.



## A full Family Friendly certificate

Our company is the first in the financial sector to be awarded the full Family Friendly Enterprise certificate.

Having a full certificate shows that caring for employees and their families is our company's priority. Generali Osiguranje Srbija provides its employees with benefits that make it easier for them to have work-life balance. The full certificate was awarded to us for introducing fifteen new measures that have laid the foundation for strengthening the culture of employee care.

With this certificate, Generali Osiguranje Srbija continues to push boundaries and set an example for good implementation of the latest trends on the market of the Republic of Serbia.

TMS CEE consulting company representatives Vladimir Radić and Katarina Pešić presented the full certificate to

representatives of our company's top management: Gorana Rašić, Nataša Marjanović, Veselin Danilovac, Maša Lalić and Dušan Lalić, and to the organisational culture manager, Ivana Mulić.



# Anniversaries

We continued our good practice of marking milestone anniversaries, and this year we organised a virtual celebration and a trip to Venice in honour of our colleagues who have been sharing common values with us for ten, fifteen or twenty years.





*Putovanje u centar  
tradicije i elegancije*



## Diversity Week #OurDiversityMakesADifference

We are proud to cherish diversity among our employees and to have diverse teams working on our corporate initiatives. Our company pays great attention to the development of young talents and to having women in managerial positions. When it comes to employee gender equality, we set a good example to the market.

On the occasion of International Tolerance Day, November 16, we continued the dialogue on diversity and inclusion. From November 16-19, we organised the Generali Diversity Week #OurDiversityMakesADifference, during which we pointed out the importance of these topics through a variety of resources.

From video materials, we learned about various topics relating to people with limited abilities through the experience of our colleagues from the Generali Group. They reminded us and educated us on why it is important to constantly promote this topic and build an inclusive workplace. At an open online workshop, our D and I ambassadors spoke with Dra-

gan Filipović, Chairman of the Executive Board, and Dušan Lalić, Extended Board Member, reminding us of all the activities we have initiated to build an environment where diversity is welcome.

For digital format fans, we produced a podcast featuring Executive Board Member Gorana Rašić and influencer Teodora Miljković, discussing women leaders and the challenges women face on a daily basis, both at work and at home, as well as the importance of the role of men in positioning women in business. Tips and tricks as a special, quick reminder of what each of us can do, prepared by our Executive Board members, Gorana Rašić, Maša Lalić and Nataša Marjanović.

## Girls in ICT Day 2021

We participated in the Girls in ICT Day event, organised by the Association of Business Women in Serbia. The purpose of the event was to encourage schoolgirls attending the last two grades of elementary school not to succumb to stereotypes when choosing their profession, but to be guided by their own interests and talents. We are always there for the younger generations to encourage and

motivate them to listen to their own voice when making decisions about their future. This year, we arranged for seventh and eighth-graders from Sveti Sava Elementary in Vrčin to meet our successful female managers who presented the world of IT in an amusing way, in order to demonstrate that being a woman in IT is not mission impossible.

## Awards

At the Success Flower Award 2021 event, hosted by the Association of Business Women in Serbia, our company won third prize in the Most Gender-Sensitive Company category. For the second year in a row, the Association of Business Women in Serbia has recognised and rewarded our work. The Most Gender-Sensitive Company Award is proof that we have been taking good care of our employees, their needs and ambitions, and that Generali is an equal-opportunity employer that rewards only expertise, commitment and performance.



## Digitalisation

The “new normal” triggered by the Covid-19 pandemic has further accelerated the digital transformation we began a few years ago. One part of this process occurs in the HR Department through the Simba project, the implementation of a new tool for implementing crucial HR processes from the moment of candidate selection through all the subsequent stages of their career. This project will provide our employees with a brand-new digital experience, 24/7 access from their computers or mobile phones to platforms containing all HR data.



# OUR MANAGEMENT

## Corporate bodies on December 31, 2021

The Supervisory Board has three members. They are appointed by the Shareholders' Meeting for a term of four years with the prior consent of the National Bank of Serbia.

### SUPERVISORY BOARD



**Gregor Pilgram**  
Chairman

He began his career at Generali Slovenia in 1999. From 2013-2020, he was a member of the Board of Directors of CEE Holding. He has been Chairman of the Supervisory Board of Generali Osiguranje Srbija a.d.o. since July 19, 2016, and sits on the Supervisory Boards of many Generali Group members. Since May 2020, he has been the Chairman of the Board of Directors and CEO of Generali Versicherung Austria.



**Michele Ciriaco**  
Member

From 2006-2011, he was Chairman of the Board of Directors of Generali Osiguranje d.d. Croatia, while serving as Head of Life ISC in the CEE region for over six years. Since April 2021, he has been the Head of Business Analysis and Technical Support in the CEE region and a member of the Board of Directors of Generali osiguranje Montenegro. Since September 6, 2021, he has been a member of the Supervisory Board of Generali Osiguranje Srbija a.d.o.



**Toplica Spasojević**  
Independent Member

Co-founder of ITM, President of the Association of Corporate Directors, Vice-President of the Advisory Board of NALED, Member of the Assembly of the Belgrade Chamber of Commerce.

The Executive Board has five members. Members of the Executive Board are appointed by the Supervisory Board for a period of four years with the prior consent of the National Bank of Serbia.

### EXECUTIVE BOARD



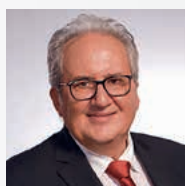
**Dragan Filipović**  
Chairman

Chairman of the Executive Board of Generali Osiguranje Srbija, Chairman of the Board of Directors of Generali osiguranje Montenegro, Vice-chairman of the Board of Directors of the Association of Serbian Insurers, Member of the Board of Directors of the Italian-Serbian Chamber of Commerce.



**Gorana Rašić**  
Member

Member of the Executive Board of Generali Osiguranje Srbija a.d.o. responsible for finance, actuarial, logistics, IT and information security functions, and member of the Board of Directors of Generali osiguranje Montenegro.



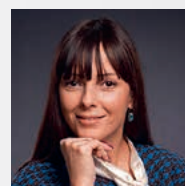
**Veselin Danilovac**  
Member

Member of the Executive Board of Generali Osiguranje Srbija a.d.o. responsible for claims, insurance fraud prevention and product development.



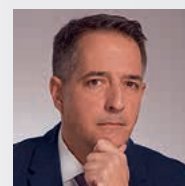
**Nataša Marjanović**  
Member

Member of the Executive Board of Generali Osiguranje Srbija a.d.o. responsible for investments and sales, as well as for coordination of the Generali Voluntary Pension Fund Management Company.



**Maša Lalić**  
Member

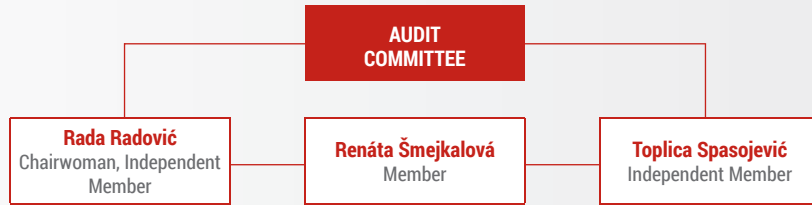
Member of the Executive Board Generali Osiguranje Srbija a.d.o. responsible for HR and Strategy.



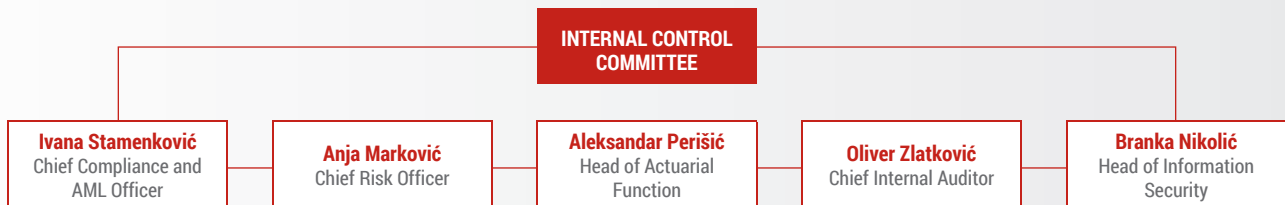
**Dušan Lalić**  
Extended member

Extended Member of the Executive Board responsible for clients and legal matters, until April 2021, served as Chief Compliance Officer, AML Officer and Data Protection Officer.

The Supervisory Board has a permanent auxiliary body - the Audit Committee, and can also form other auxiliary bodies.



In addition to the Audit Committee, the Supervisory Board appointed an independent member, Toplica Spasojević, as the person responsible for supporting the Supervisory Board in carrying out supervision and monitoring of internal control and risk management systems – as an Internal Control Committee. Assistance in carrying out these tasks will be provided to the designated person by the heads of the company's control functions.



The Executive Board may have permanent auxiliary bodies whose composition of competences, obligations and responsibilities are determined based on the decision of the Executive Board.

Permanent auxiliary bodies of the Executive Board are:

Product and Underwriting Committee (LP and UW Committee),  
Risk Committee,

Information Security Committee,

Management, Classification and Protection of Information Assets Committee,  
Terms and Conditions Simplification Committee.







# OUR PERFORMANCE



# OUR PERFORMANCE

## Insurance market overview

17.7% MARKET SHARE  
GENERALI NON-LIFE

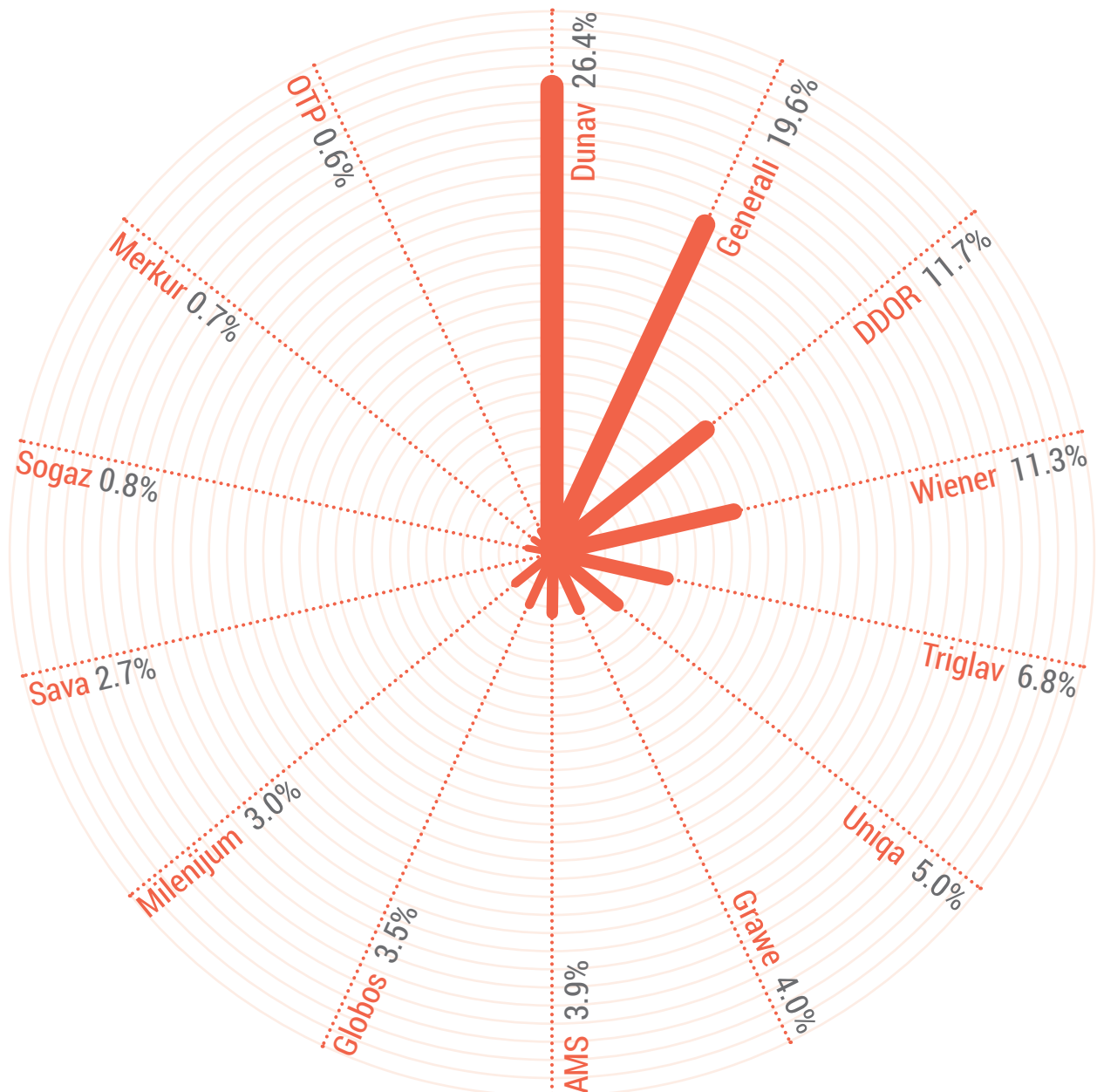
> 2nd

25.9% MARKET SHARE  
GENERALI LIFE

> 1st

€1,016 million

TOTAL MARKET  
GROSS WRITTEN PREMIUM



## Company highlights

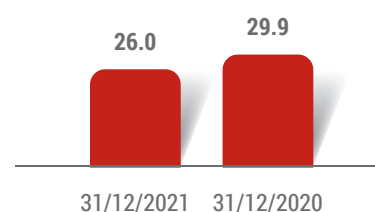
All numbers in the charts are presented as millions of euros, unless otherwise stated. The average FX rate for 2021 was used: €1 = 117.58 RSD. Amounts are rounded to the first decimal place and therefore the rounded amounts may not always correspond to the rounded total.

The financial statements disclosed are reported and presented in accordance with the International Financial Reporting Standards (IFRS) and Generali Group requirements, which may differ from the statutory financial reports.

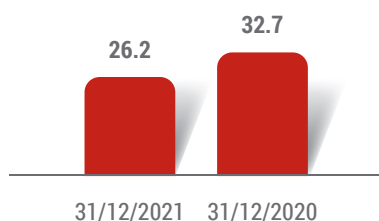
### Gross written premium



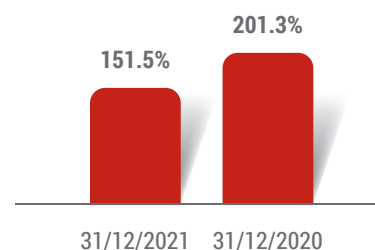
### Net result



### Operating result



### Solvency I ratio



The gross written premium reached €199 million, which is a 6.0% growth compared to 2020. The non-life insurance premium increased by 9.8%. Premium growth was recorded in all non-life insurance lines of business, while in life insurance there were fewer premiums than in 2020, primarily for single-payment products. In property insurance, more premium was realised compared to the previous year, especially in the corporate insurance sector, but also in credit insurance, agriculture, household and SME. A large growth in health insurance premium was achieved, continuing the long-term double-digit rise in premium in this line of business. In motor insurance, premium was 7.2% higher than the previous year, largely thanks to the faster growth in Casco insurance. In life insurance premiums, there was a 1.8% drop, mainly due to the small sales volume of single-payment products.

Over the course of 2021, from the month of April, the Company reorganised distribution channels and three new sales departments were formed: Internal Sales Department, External Sales Department and Corporate Clients Department - insurance and coinsurance (bancassurance and brokers).

The volume of sales in these channels has been fairly balanced.

The Internal Sales Department accounts for 34.6% of the total realised premiums of the Company, and in 2021 it was selling mainly life insurance but with an ambitious plan to increase non-life insurance. The External Sales Department mainly sells motor insurance, but also other types of non-life and life insurance, and accounts for 36.6% of the premium. The Corporate Clients Department mainly sells property and health insurance and accounts for 28.8% of realised premiums in 2021.

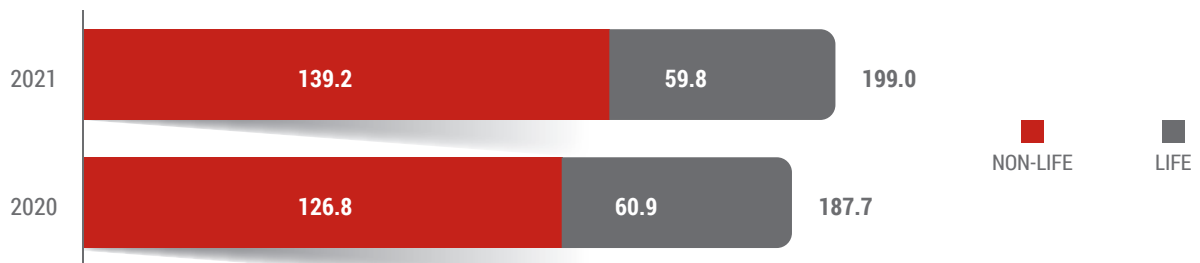
The company has invested in the development of the sales network, both internal and external, developing the tools necessary for faster and easier proposal generation, sales agent digitalisation, software integration with agencies and other sales-related activities.

The year 2021 was successful in terms of profitability, although the results were below the levels achieved in previous years. The operating result reached €26.2 million. In non-life insurance we had a 33.2% drop, while in life insurance the operating result increased by 175.1%. In the non-life segment, the main reason for the drop was the technical result, which will be further analysed in the next chapter.

Investment income from regular operations increased by 10.6% in 2021 compared to the previous year.

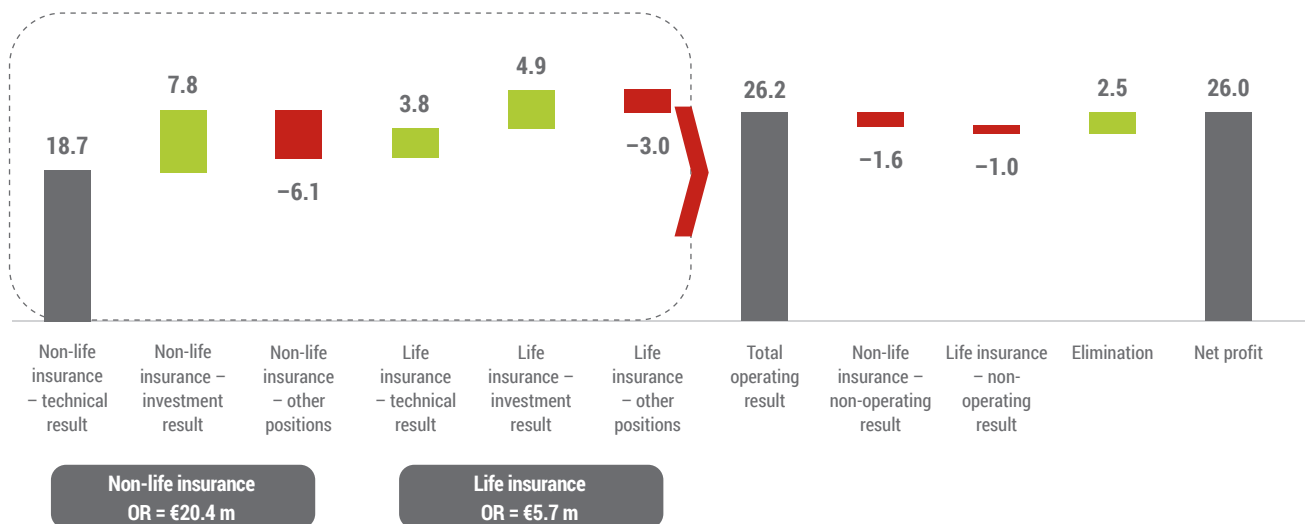
The Company had a net result of €26.0 million. A strong capital position, based on Solvency I methodology, was confirmed in 2021, primarily due to the result achieved. The solvency ratio for 2021 is 152.8%.

### Gross written premium - structure



The share of non-life insurance in the total premium has increased due to the dynamic growth in health and other lines of non-life insurance on the one hand, and the drop in life insurance premiums due to lower realisation of a single-payment savings product, on the other. As in previous years, the technical result contributed most to the overall result, primarily in non-life insurance. The technical result is still much lower compared to 2020. In fact, insurance acquisition expenses have increased significantly, along with the deterioration of the loss ratio in agriculture and Casco lines of business. The main goal in 2021 and for the coming years has been and will be to deliver a good technical result in all lines of business, as this contributes to the Company's long-term goals such as sustainable operations and a strong capital position, especially with the downward trend of investment income.

### Composition of current year net profit, in millions of euros

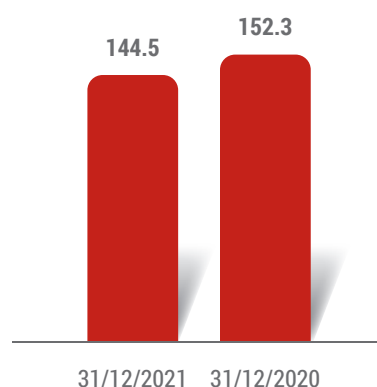




General expenses, apart from commissions, have increased primarily due to the costs of salaries, which accounted for more than half of the cost structure. The costs of office space rental and related costs come second at our Company, while IT costs continue to rise due to investments in infrastructure and information security. The rising cost of salaries is the result of reorganisation, changes in positions in the Company and alignment with market conditions. The non-salary costs have also increased, but below inflation, and are largely the result of increased spending on projects that improve business and marketing activities.

Through an active investment policy, optimising portfolio allocation and the securities maturity period, and seeking new opportunities in a given market context, the Company continues to generate impressive investment results. Even though the majority of gross investment income is generated in life insurance, after the allocation of part of the results to policyholders, as guaranteed under the insurance contract through the guaranteed rate of interest, and after allocation of part of the profit, through the option of participation in the positive result above, guaranteed interest, the net income from investing in life insurance, at the end of the year, is lower than the investment income from non-life insurance. The average rate of return on invested assets is 4.0%, somewhat below the rate in 2020.

### Equity



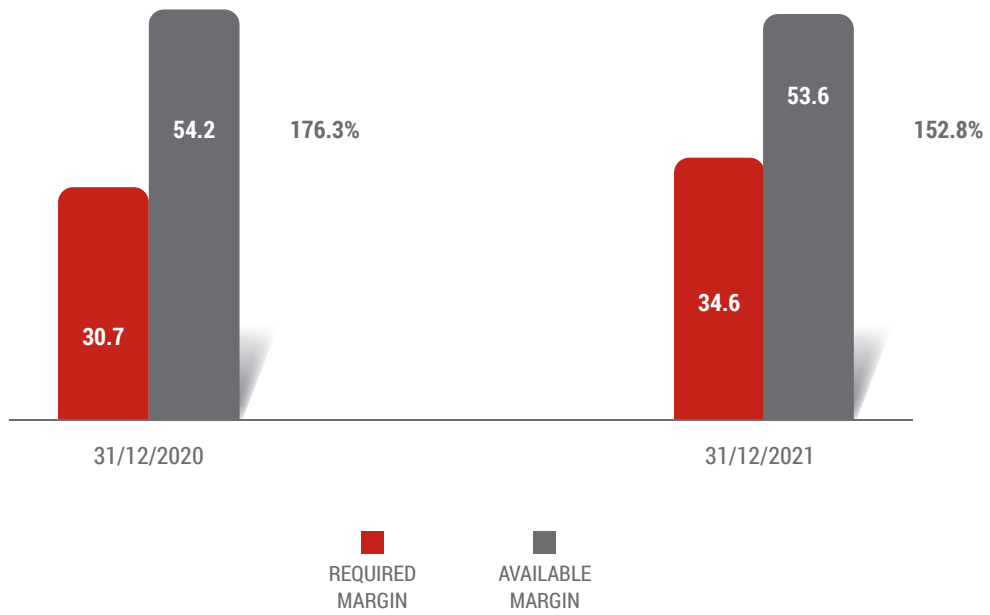
The total capital is lower by 5.1% due to the reduction of unrealised gains in the available-for-sale reserves portfolio. The dividend payment policy remains unchanged.

From 2011 to the end of 2021 we paid out around €24 million in dividends. Following the adoption of the 2021 financial statements, the dividend payment was temporarily postponed.

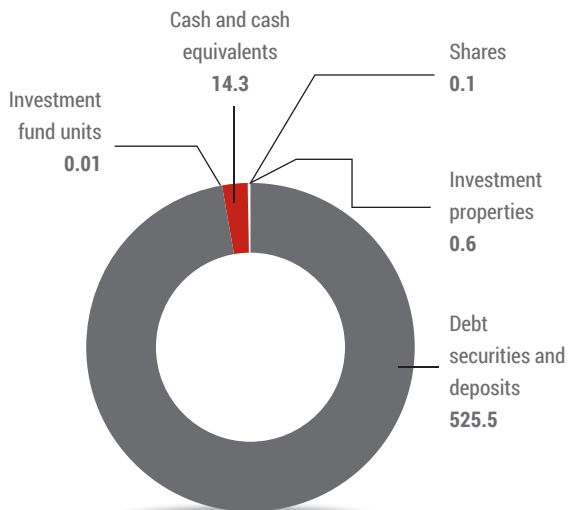
#### Rollforward of Shareholder equity

(€ million)	31/12/2021	31/12/2020
Shareholder equity at the end of the previous year	18.1	18.1
Reserves	94.1	85.5
Result for the period	26.0	29.8
Dividends distributed	-21.0	-21.9
Unrealised gains / losses	27.3	40.7
<b>Shareholder equity at the end of the period</b>	<b>144.5</b>	<b>152.3</b>

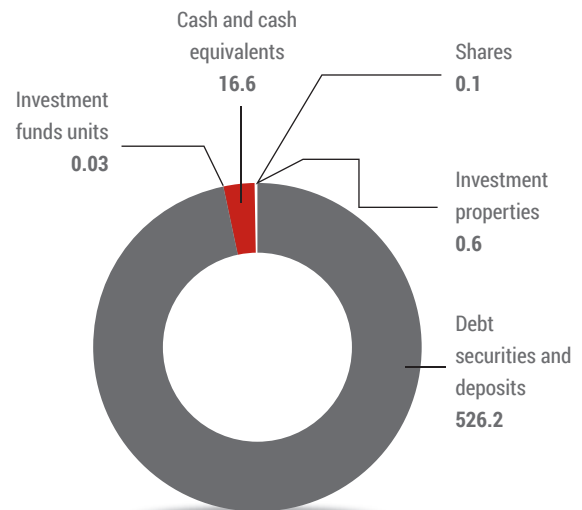
### Solvency I



### Investments as at January 1, 2021



### Investments as at January 1, 2020



The investment portfolio consists predominantly of Government bonds, classified as available for sale. Equity instruments are practically minimised due to low stock-exchange volume and high volatility.

## Liquidity

The decrease in cash flow from operations is the result of an increase in acquisition costs and an increase in the amount of net settled claims, along with increases in other costs. During 2021, we had considerable inflow from investment activities, primarily due to interest received.

Thanks to record results at the end of 2020, the Company paid over €21 million in dividends to shareholders.

### Cash flows

(€ million)	31/12/2021	31/12/2020
Cash flows from operating activities	5.5	27.4
Cash flows from investment activities	15.3	0.5
Cash flows from financial activities	-23.1	-21.9
<b>Cash flows total</b>	<b>-2.3</b>	<b>5.9</b>

## Non-life insurance

Generali Osiguranje Srbija remains steady at number two in the Serbian market in non-life insurance, with a market share of 17.7% (-0.1 pp). This small drop in market share mainly comes from property and accident insurance while, on the other hand, we continued to achieve double-digit growth in private health insurance.

MTPL remains the most significant insurance on the market, since this line of business accounts for 40.0% of all non-life insurance premiums. This is a high percentage for one class of insurance, although this percentage has been gradually decreasing year after year. Compared to the previous year, there has been a drop of three percentage points.

In Serbia, the fastest-growing segment is health insurance (27.5%), in which Generali has been a leader for many years. Casco had high growth rates in 2021, as in previous years (10.4%).

In the case of property insurance, primarily fire and other property damage, the market's dynamic growth continued (16.6%). Agricultural insurance increased by 21.0%, continuing the strong growth from previous years, while household insurance recorded a growth rate of about 9%.

Like many other participants in the insurance market, Generali Osiguranje Srbija earns most of its premiums from MTPL. However, in 2021, there was a significant reduction in the share of this class of insurance in our portfolio: from 45% of the share of MTPL in the total non-life insurance premium at the end of 2020, the percentage dropped to 42.6% at the end of 2021.

We are focused on other lines of business, especially retail. We are striving to significantly expand the sale of credit insurance (CPI), household and SME. In the corporate sector, we have seen remarkable growth in property insurance (9.3%) and health insurance (23.3%).

More important than premium growth rates is profit growth, which we want to maintain in the longer term.

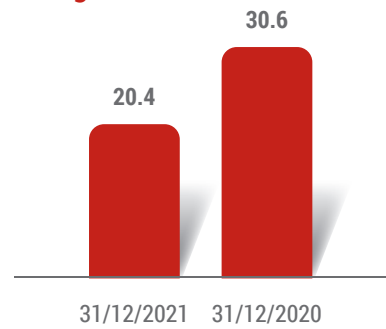
The Company is committed to increasing the amount of premiums and improving profitability in all lines of business by providing better proposals (creating new products), and raising the level of service to our customers in order to make them satisfied, to make them our promoters and to become their Lifetime Partner.

New technologies will help us provide easier and faster interaction with customers, and leave more room for our sales force to be good financial advisers and available to our customers, helping them achieve their dreams.

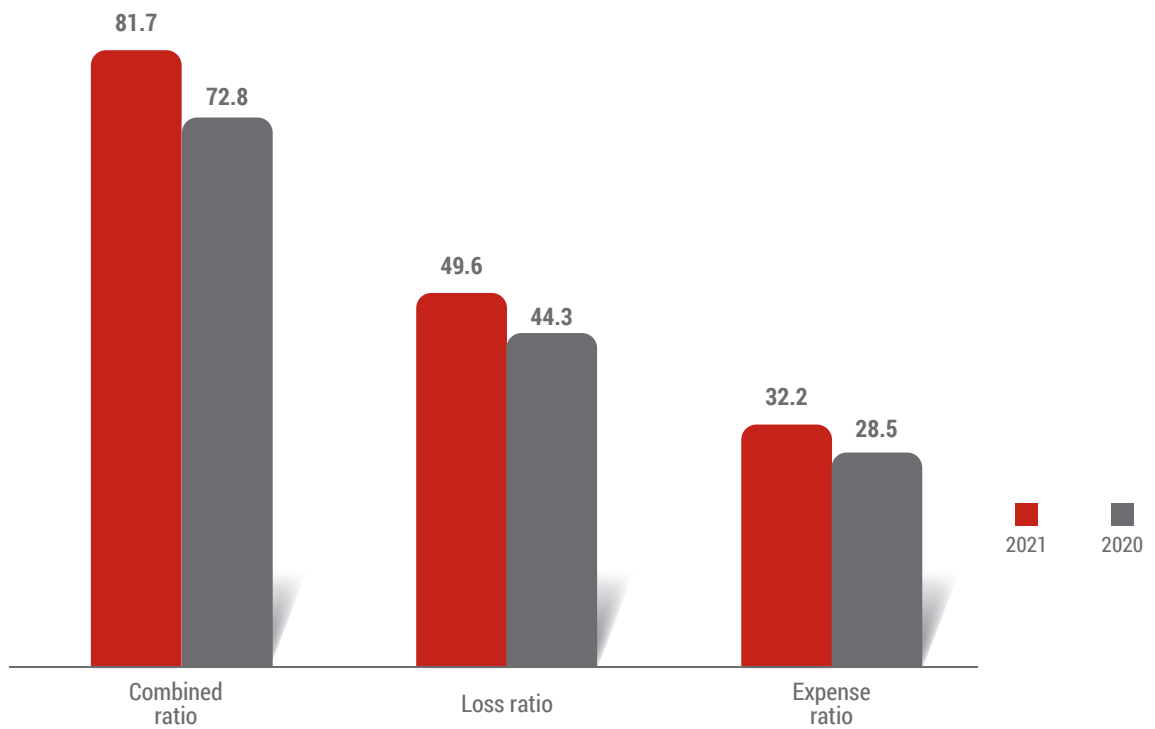
## Gross written premium



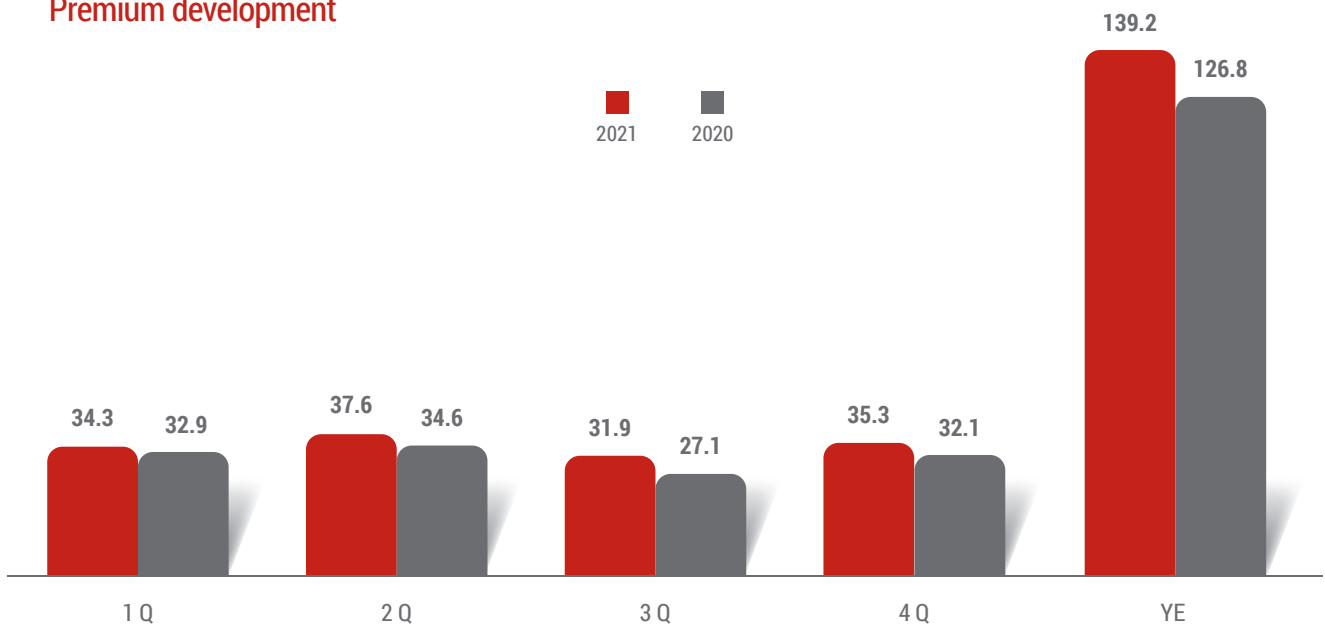
## Operating result



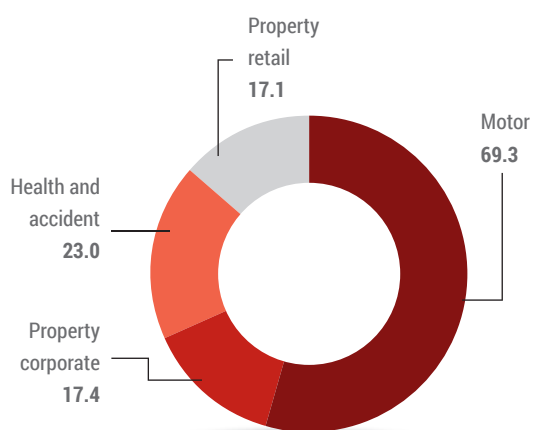
## Combined ratio



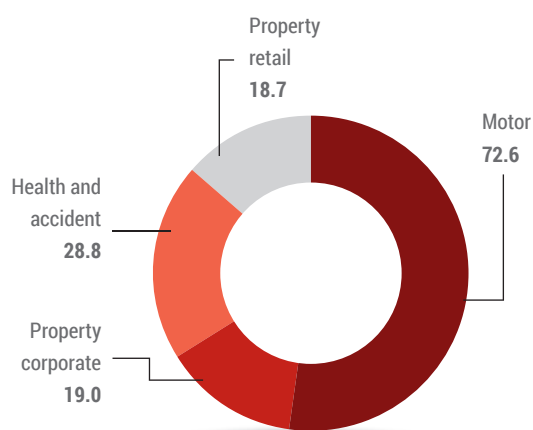
## Premium development



### Gross written premium by line of business for 2021



### Gross written premium by line of business for 2020



#### Non-life technical result

(€ million)	31/12/2021	31/12/2020
Technical result	18.7	27.8
Net earned premium	107.9	106.0
Net claims	(53.5)	(46.9)
Net acquisition and administration costs	(34.7)	(30.2)
Other net technical income	(1.0)	(1.1)

#### Non-life net combined ratio

	31/12/2021	31/12/2020	Change
Loss ratio	49.6%	44.3%	5.3%
Cost ratio	32.2%	28.5%	3.7%
<b>Combined ratio</b>	<b>81.7%</b>	<b>72.8%</b>	<b>9.0%</b>

## Life insurance

The life insurance market grew by 3.6% in 2021. This is a smaller growth than the previous year and the years before that.

Generali Osiguranje Srbija has retained the number one position in this segment. It is important for our Company to monitor, alongside the premium, new life-insurance production, in terms of whether it is a savings or protection insurance product and whether the premiums come from single payments or payments in instalments.

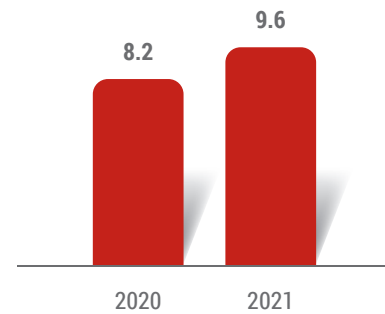
In 2021, minimal growth in protection insurance was recorded: 1.0% compared to 2020, but at the same time we had fewer savings and endowment insurance premiums (-2.6%, i.e. €1.2 million less). The main cause of the fall in the savings insurance premium is lower realisation of single-payment policies, Premium profit by 21.7%. The focus of the Company is primarily on risk/protection products. We strive, through our sales advisers, to offer our prospective clients the best solutions according to their needs and capacity. Since in addition to the main product we also offer additional insurance for critical illnesses and accident, the realised insurance premium for additional risks, as life-insurance riders, increased by 4.7%.

In 2021, new production, i.e. APE, grew as much as 17.9%. The internal sales channel was the most significant distribution channel, accounting for 72% of new production, and the growth recorded compared to the preceding year was 16.1%.

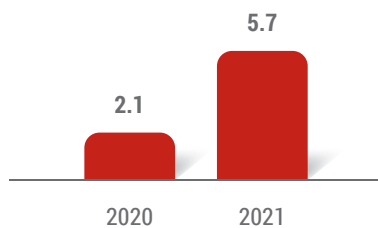
### Gross written premium



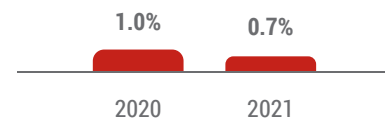
### Annual premium equivalent (APE)



### Life insurance operating result



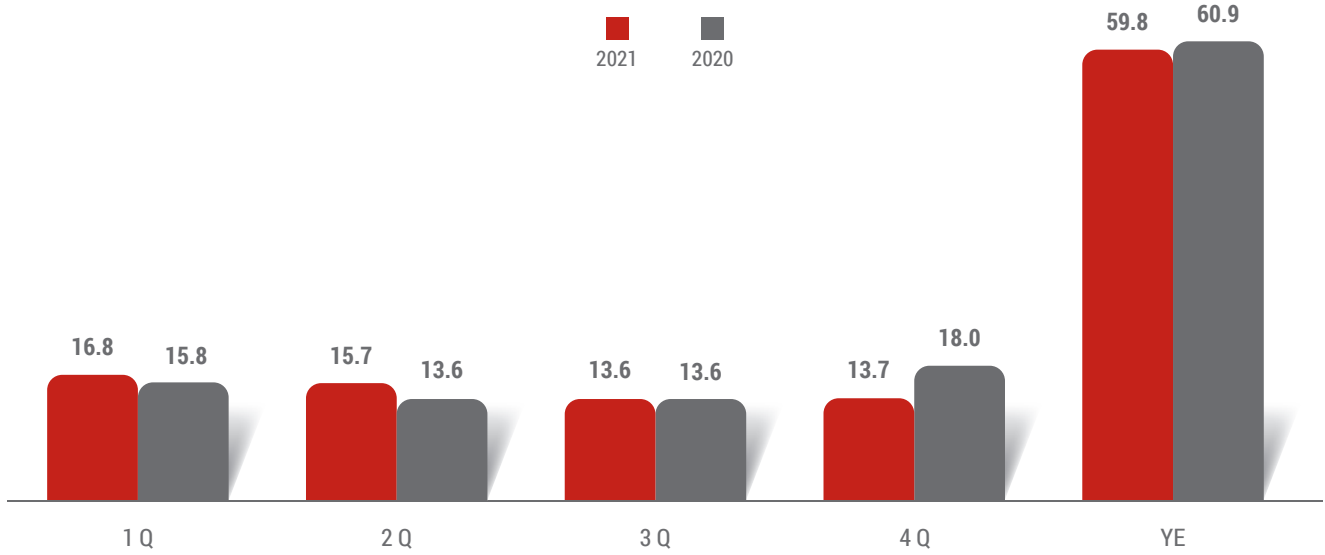
### Profitability of the new portfolio



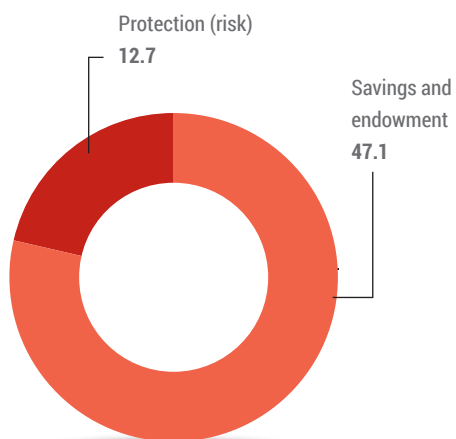
Risk/protection products account for 21.3% of the total life insurance premium. Our goal is to continue increasing the share of risk/protection products in our portfolio. When it comes to new production, risk/protection products accounted for 37.3%.

Compared to the preceding year, €5.7 million in net operating results is a significant growth, both in the investment and technical results. The profitability of the new portfolio is slightly lower compared to the preceding year, which was primarily affected by costs per product unit and financial assumptions used in the calculation.

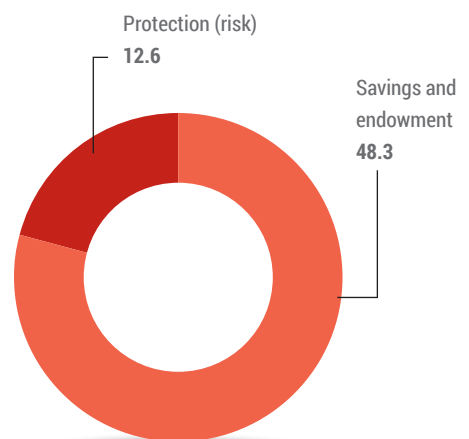
### Premiums development



Gross written premium by product features 31.12.2021



Gross written premium by product features 31.12.2020







# OUTLOOK



## Recent economic developments in Serbia

The Serbian economy has recovered well from the mild recession of 2020, which was linked to the impact of COVID-19. The economy grew by 7.4% in 2021, mainly due to consumer spending, thanks to a strong increase in wages and consumer credit. The economic recovery in 2021 was broad, except in the agriculture sector, where production fell by 5.4 % in real terms.

Poverty (defined as income below US\$5.5/day in the revised 2011 purchasing power parity) is estimated to have fallen from 10.2% in 2020 to 9.8% in 2021. Wages continued to grow in 2021 by as much as 9.6% in nominal terms.

Consolidated fiscal deficit was reduced significantly in 2021 to an estimated 4.1% of GDP from 8.0% in 2020. Public debt at the end of December 2021 was 57.1% of GDP.

Inflation has been rising gradually since the summer of 2021 and the consumer price index reached 8.8% in February 2022 (year-on-year) compared to 1.2% in February 2021. In Serbia, food inflation has increased more than in any other EU country, affecting most of the poorest population. Energy tariffs for households in Serbia are regulated and remain unchanged despite the increase in energy costs. The current account deficit rose to an estimated 4.4% of GDP in 2021 from 4.1% in 2020.

## Economic prospects

The World Bank predicts that the Serbian economy will grow by about 4-4.5 % annually in 2022. However, the war in Ukraine and the resulting sanctions imposed on Russia will have an impact on Serbian exports, foreign direct investments, remittances and tourism revenues. Because of this, economic growth for 2022 has been revised down to 3.2%. In the medium term, the economy is expected to grow steadily at around 3% per year.

The ongoing domestic energy crisis has highlighted the importance of improved governance of state-owned enterprises. Looking ahead, potential liabilities could affect public finances in Serbia, indicating the need to complete the reforms undertaken so far to make state-owned enterprises financially sound and sustainable. The Serbian government can also take advantage of the opening of new chapters of the EU acquis to speed up reforms and align Serbia's legal and institutional system with the EU.

Poverty reduction is expected to stagnate in 2022. The ongoing war in Ukraine poses a significant negative risk to the well-being of Serbian households. While the Serbian economy is expected to continue growing, rising inflation will limit purchasing power. Rising energy prices, translated into household energy prices, will have a disproportionate impact on the poor. The Serbian economy has recovered well from the mild recession of 2020, which was linked to the impact of COVID-19. The economy grew by 7.4% in 2021, mainly due to consumer spending, thanks to a strong increase in wages and consumer credit.

Overall, the World Bank expects economic growth to slow in 2022 compared to the previous two years.

The World Bank Group is finalising a new Country Partnership Framework (CPF) for 2022-2026, with comprehensive support objectives for Serbia to achieve a strong recovery from the COVID-19 impact, and growth that will be sustainable through generations. The strategy is twofold: (a) growth that is greener and more resilient; and (b) more inclusive service delivery. Key areas of the proposed World Bank Group support for Serbia include strengthening public sector institutions and efficiency for a higher quality of service, promoting green and clean development in all sectors and moving to clean energy, and fostering economic and financial resilience and market development. The framework complies with the findings of the 2020 Systematic Country Diagnostic Update and with the Government of Serbia's 2020-2022 Action Plan.

Next-generation reforms are focused on the Green Agenda for Serbia and the transition to a low-carbon economy, improving the provision of public services and promoting economic initiative, entrepreneurship and innovation, and the digital economy. To support these reforms, the new World Bank credit activities include a series of green

transition development policy loans aimed at accelerating reforms that will help ensure a stable macro-fiscal framework for green recovery and promote clean energy transition and climate change implementation. The World Bank is also engaged in strengthening the institutional, legal and regulatory framework for capital market development.

Similar projections were provided by the Government of the Republic of Serbia, as announced by the National Bank in June 2022.

Due to the negative effects of the Ukraine-Russia conflict and uncertainty over the duration of the conflict and the economic effects of further EU sanctions against Russia, they revised the GDP growth projection for 2022 by 0.5 pp downwards (from 4-5% to 3.5-4.5%). For the same reason, the new (May) inflation projection is higher (9.2% in 2022). After reaching the peak during the second quarter of 2022, inflation is expected to go down, and return to within the target range in the second half of 2023.

In June, the reference interest rate of NBS increased by 0.5 pp to 2.5% following the continuing conflict in Ukraine, which affected the deepening of the global energy crisis, further increases in the prices of primary agricultural products and industrial raw materials, as well as production, and the difficult functioning of international supply chains.

The stability of the banking sector is preserved and further strengthened. A credit rating of BB+ was confirmed by Fitch and S&P, while under the circumstances of increased geopolitical tensions, prospects have been changed to stable.

The insurance market was also stable and moderate growth continued in 2021.

Under the circumstances of increasing and restructuring risks caused by the pandemic, climate change, digitalisation and so on, the insurance market has shown a certain degree of resilience. This was, among other things, the result of a change of awareness of these risks, namely the need for adequate property coverage, as a result of working from home, the importance of investment in financial security and the importance of our health and the health of our families.

In terms of development, the insurance sector in the Republic of Serbia is significantly below the average for European Union member states. This is supported by insurance market development indicators – the ratio between the total premium and the GDP. Based on the 2.0% share of premium in the estimated GDP in 2020, the Republic of Serbia ranks 63rd in the world, while for EU member states this indicator is as high as 6.9%. In 2021, per capita premium amounted to US\$175 or €148.

In terms of the impact of growing global uncertainty in 2022, as well as the impact of the Coronavirus pandemic, which has continued for more than two years, the role of the insurance sector in providing protection to people, i.e. insured persons, and continuity of insurance services is even more important.

In this respect, the National Bank of Serbia responded to the international challenges in 2022 by gradually increasing monetary policy restrictions, as well as the reference interest rate, to ensure the movement of inflation in the medium term remains low and stable.





# **RISKS AND OPPORTUNITIES**



In an operating context characterised by countless challenges, including the persistence of the pandemic, we continued to monitor several megatrends that present significant risks and opportunities for the Group and for our stakeholders. The integration within the Generali 2021 strategy of the challenges, the systematic assessment of risks, and the consequent definition of their monitoring, allowed us to support our ability to create value over time, confirming the resilience of our strategic plan.

## Geopolitical and financial instability

The year 2021 continued to be characterised by the Covid-19 pandemic, alternating between the positive impact of vaccination, enabling the reduction in new cases and hospitalisations, and renewed uncertainties following the spread of new variants. The rebound of production activities led to global economic recovery, which reached its peak in the second quarter; it suffered a setback in the second half of 2021 due to a new surge in cases and the impact on supply chains, which lasted much longer than policymakers expected. In 2021, GDP grew by 4.6% in the Eurozone and 5.5% in the United States. The increase in commodity prices drove inflation up, negatively impacting consumers' buying propensity. Expectations, which followed news on the effectiveness of measures implemented to counter the pandemic, influenced financial market volatility which, in any event, continued to record much lower levels than those observed in 2020. In the later part of 2021, several monetary policy decisions, such as the FED's announcement on the start of tapering and on the new strategy for average inflation targeting, generated operator uncertainty and expectations of higher volatility than in the past. Furthermore, the peak of inflation lasted longer than predicted by the monetary policy authorities, leading to more uncertainties as to the decisions of the central banks.

### ► Our management

The Group's asset allocation strategy is still mostly guided by consistency between liability management and the Group's targets on return and solvency.

The situation of uncertainty due to the persistent health emergency, the constraints of the regulatory system and the continued low interest rates make it essential to manage assets in a rigorous and careful manner that is consistent with liabilities. More specifically, the long-term matching of liabilities to policyholders is performed above all through government bonds with a high credit rating.

Geographical diversification and selective focus on private investments (private equity and private debt) and on real assets (real estate and/or infrastructure investments, both direct and indirect) continue to be important factors in current investment activities which aim to contain portfolio risks and sustain current return; the multi-boutique platform developed by the Group aims to enhance investment capacity in these market sectors.

We have also further integrated ESG dimensions in the process of strategic investment allocation, specifically focusing on climatic change, backing companies that have a lower impact in terms of fossil fuel emissions and which are focused on sustainable development, both environmental and social.

### Risks

We are exposed to market risks arising from fluctuations in the value of investments, and to credit risks linked to the risk of counterparties' non-fulfilment, as well as to expansion of the credit spread. We are handling these risks by following the principles of sound and prudent management, in line with the Prudent Person Principle and with the Group Investment Governance Policy and risk guidelines. The Group measures financial and credit risks using the Internal Model and Standard Formula, which offers better representation of the risk profile.

For the purposes of Group reporting, we have been calculating the capital requirement for the said risks under Solvency II for several years, although this framework has not yet been implemented locally. We also measure market risks by calculating value at risk (VaR) on a daily basis.

## Pandemics and extreme events

The rapid spread of Covid-19 has been one of the greatest global challenges in decades. Spreading in China at the end of 2019, the virus quickly transformed into a pandemic in the first few months of 2020, with a global count of 318 million cases and more than 5.5 million deaths at the beginning of 2022. The mass distribution of vaccines resulted in 79% of the population being fully vaccinated in Italy, 75% in France and 73% in Germany at the beginning of 2022. The vaccination campaign continues, although the spread of more contagious variants has slowed the recovery down.

As regards the **insurance sector** in Europe, the economic recovery, which was particularly strong around mid-2021, had a positive impact on the Life segment, which had suffered most from the pandemic crisis. The uncertainty linked to the duration of the pandemic and its economic consequences (especially in terms of labour market prospects) increased the risk aversion of households, making their consumption more cautious and increasing their propensity for precautionary saving.

The Life, savings and pension line showed a recovery in terms of new business at Generali Group level. With respect to protection policies, growing interest was observed in insurance solutions for personal and household protection, both at an individual level and in respect of company welfare.

In the Property and Casualty segment, the non-motor line posted excellent performance, particularly relating to the health line. With the return to normality and the freedom to circulate, claims frequency has increased.

The continuation of the pandemic into 2021, together with the expectations which followed news on the effectiveness of the measures implemented to counter it, impacted financial market volatility.

The Asset Management (AM) market emerged stronger, despite the pandemic, with assets that continued to rise in both the US and the European markets. The continued pressure on commissions and operating costs needed to guarantee business continuity and compliance with regulatory requirements indicate that the world AM market is entering a new phase, which will require new ways of doing business. In the coming years, the competitive advantage will be increasingly dependent on the use of Advanced Analytics in all business processes, with the objective of predicting trends and better understanding business development. In terms of growth, the new asset classes, with specific reference to the private and alternative markets, will be of fundamental importance and will mean that strategic lines will have to be redefined and the business model and processes will have to be adapted.

### ► Our management

Despite the persistence of the pandemic in 2021, we confirmed the Group's strategy and contributed to the implementation of several initiatives aimed at ensuring the achievement of the targets set, both financial and non-financial.

The Group demonstrated its resilience, although the key markets of the Life business in Europe were significantly affected by the pandemic over 2021. New business slowed down as for traditional products, in line with the strategic objective of rebalancing our Life portfolio. Protection products reported good performance in terms of new business, driven by the growing need for insurance protection. In this regard, from the beginning of the pandemic we rapidly set several initiatives in motion to support our customers, both financially and by launching new value-added services, ranging from the care of physical and mental well-being to remote medicine.

The Group confirmed growth in the Property and Casualty segment. In continuity with 2020, it increased the range of products with new coverage and services, adapting contractual terms and conditions and improving, with the extensive use of digital technology, the operating procedures for underwriting policies and settling claims.

In all business segments, the organisational response of Generali to boost its digitalisation process was a decisive factor from the beginning of the pandemic. As well as managing sales and renewal processes remotely, we introduced new ways and occasions for interaction with our customers (for example, virtual events and loyalty campaigns) and provided support for our agents to be more visible on digital channels. The omnichannel approach continues and will continue to underlie our future digital development. More specifically, digitalisation should be leveraged to boost and extend the abilities of the sales force of our physical network. In this regard, our objective is to continue to develop the following areas:

- to improve Customer Relationship Management (CRM) tools and promote the remote consulting model in order to understand the needs of our customers in a more structured manner, and to suggest the best possible solutions;
- to provide support for agents in managing changes in our network, in a gradual process, towards increasing awareness of the benefits of digital transformation;
- to spread and extend the use of digital tools, which enable any indications of interest by prospects in our products and services to be collected and redirected to the physical network;
- to boost the presence and visibility of our agents on social media and the web, for example by publishing content that is relevant to their customers;
- to simplify processes, accelerating their automation thanks to redesign and the adoption of new technologies;
- to customise offers and services based on customer needs;

Given the persistence of low interest rates, investment in the Group's insurance portfolio in 2021 was based on maintaining the return on portfolios, while keeping a solid solvency position and adequate matching with liabilities.

## Risks

The pandemic may have direct and indirect effects on underwriting risks.

The direct effects on the Life and Health underwriting risks concern the potential increase in claims paid due to the pandemic. The indirect effects concern the potential need of customers for liquidity, generated by the economic crisis, which may imply higher surrender payments. In both cases, the impact observed on the Group to date has been fairly insignificant. To continue effectively managing these risks, we adopt adequate controls and monitor changes in claims and, for the purpose of Group reporting, we assess the lapse risk and mortality risk, including the catastrophe risk resulting from a pandemic event, using the Standard formula of the Solvency II framework.

The possible impact of the pandemic on P and C underwriting risks is represented by a possible increase in the reserving risk which, however, we monitor in terms of changes in claims and risk assessment through the Standard formula of the Solvency II framework.

The pandemic is included in the Group's operational risk management framework as an event which can seriously compromise business continuity and, as such, is continuously assessed, mitigated and monitored. The pandemic event in progress has increased exposure to several risks that affect the people, processes and IT systems of the Group and, clearly, the external environment. To manage the emergency caused by the Covid-19 pandemic, a common approach was adopted Group-wide, based on the measures adopted in Italy as a benchmark, as this was the first area in Europe to be affected. The combined adoption of all these mitigating measures is the real key to their effectiveness, guaranteed through monitoring developments and coordinated action. This means that the risk profile related to operational risk is impacted by the pandemic to a limited extent. As regards our people, in order to manage the emergency, at both Group and local level, dedicated task forces were put in place to monitor developments in the situation and to guarantee coordinated action on the measures to be implemented:

- Remote working was envisaged where possible, depending on the type of work, and was extended to most administrative employees during the emergency phase;
- A system to categorise the level of risk for all countries was established, on the basis of which international business trips were blocked or limited;
- Group events were suspended or, where possible, held in virtual or hybrid mode using various technical solutions;
- Rules of access to company offices were established, along with measures to limit the risk of the virus spreading;



Guaranteeing our people an effective working experience, including remote working, through the support of digital and flexible tools, was key during the pandemic crisis in order to preserve the safety of people and their engagement as well as business continuity. A hybrid work model will also be fundamental for the future of working in Generali, the "new normal".

To manage the crisis triggered by Covid-19, ad hoc measures were put in place to guarantee the continuity of operating processes. More specifically, IT infrastructures were adapted to be able to withstand the extensive use of remote working. Therefore, investments were made to:

- provide employees with equipment to enable them to work remotely;
- increase connection speed;
- strengthen the tools to manage remote connections safely;
- increase processing capacity to make IT systems more efficient as a whole.

The extensive use of remote working has also led to a greater threat of cybercrime. For this reason, changes in the types of attack have been constantly monitored, and the tools in place to identify attacks and manage the most appropriate and prompt responses have been promptly updated. In addition, campaigns were conducted to increase employee awareness of potential cyber threats related to suspicious and malicious communications. Potential new vulnerabilities affecting the solutions used to facilitate remote work have been constantly monitored; in particular, the procedures for updating company PCs have been enhanced to ensure the installation of the latest updates to both operating systems and Office Automation tools, reducing their vulnerability.

In the event of a further worsening of the crisis, liquidity could become a subject of concern for the insurance sector. To date, the impact observed on the Group's liquidity position has been insignificant, which is also due to the precautionary management measures taken and to the implementation of the financial optimisation strategy.

## Digital revolution and cyber security

We are facing a profound change guided by the interaction, cumulative effects and rapid evolution of various technologies: the Internet of Things, Cloud services, cognitive computing, advanced analytics, Robotic Process Automation (RPA), Artificial Intelligence, 5G and the development of mobile networks are elements that contribute to creating an environment in which to operate in order to optimise efficiency, operations and the relationship with customers, agents and employees. We are particularly witnessing the spread of public and context data, the progressive digitalisation of interactions with customers and the growing appetite for personalised products, also thanks to computing power and storage space available at low prices. These elements allow insurance companies to transform their way of doing business and interact with what are known as digital ecosystems, where the borderlines between businesses which were once different and distinct are becoming ever fainter, in order to offer customers a mix of innovative services and traditional products.

Technological evolution also involves exponential growth in cyberthreats, such as attacks aimed at stealing information or blocking operational procedures. Adequate management of high-tech risks is therefore fundamental in order to limit potential effects of an economic and operational nature, as well as to preserve, in particular, the confidence of customers in the processing of their data, which is frequently sensitive. The issue is also increasingly relevant for regulators, which have in recent years introduced specific safety measures as well as reporting processes relating to security incidents (for example, personal data protection regulations, [Law on Information Security](#)).

### ► Our management

Our digital ambition is to provide our customers, agents and employees with a superior experience, transforming Generali into an agile, innovative, digital organisation based on good data processing.

We want digital to accelerate the change in paradigm we have identified: for example, moving from a traditional world of insurance coverage, policy renewal upon expiry and reimbursement of any claim, to an

innovative world where we offer tailor-made solutions, which integrate the insurance component, which remains central, to services with a high technological content of prevention and customer support. In order to fuel and accelerate our journey to becoming true Lifetime Partners and digitise the operating model, we have defined the Generali Digital Strategy which relies on five key enabling factors.



The digital path is enriched by particular attention to convergence, a fundamental strategy for a Group with a global presence like Generali. Convergence towards Group standards, common taxonomy, centres of excellence and selected solutions that we adopt in specific areas identified as priorities of the digital world. Our goal is to increase what is known as “time to value”, i.e. speed and flexibility in implementation, while respecting our Generali Group organisational model, **as well as the security requirements of the appropriate security best practices and Group regulations.**

We are committed to guaranteeing to our customers that the Group is constantly equipped with appropriate security systems, both in terms of customer access through our applications and in the internal information system, thus becoming increasingly more reliable for our stakeholders. To be able to effectively manage the increasing complexity of security-related risks, we have adopted the One-Security approach, based on the strong integration of Information and Cyber with Physical and Corporate Security, **including IT risks and security management.** The adoption of this holistic approach leads to the integration of processes and tools for the identification, assessment and management of security risks and to an increasing resilience against adverse events.

The **Generali Group IT Security Strategy** aims to further increase security through the adoption of innovative and advanced solutions and progressive standardisation and centralisation of the Group security services. We are strengthening Group resilience thanks to the enhancement of our ability to prevent, identify and respond to potential cyberattacks, and through assessments to ensure adequate security levels for our business initiatives based on new technologies, such as Cloud and Internet of Things technologies. **We adopt various security tools, methodologies and processes, and implement actions through which we guarantee constant protection from security threats.**

As part of the group, Generali Osiguranje Srbija adopts and implements all technological and security trends to protect its business from new threats. Compliance with Group requirements is a continuous process, with the aim of standardising and implementing adequate security solutions against high-tech threats in all Group member companies.

## Climate change

Climate change is a material megatrend, with more limited potential effects over the short term, but the potential to be catastrophic over the long term. Associated with this megatrend is a high degree of uncertainty in accurately determining the time frame and magnitude of the impact in various geographies. Climate change risks can be classified as follows:

- Physical risks, arising from the worsening of catastrophic events that result from climate change, such as storms, floods and heat waves;
- Transition risks, arising from economic developments generated by the transition to a greener economy, with lower or virtually zero levels of greenhouse gas emissions.

Climate change also generates opportunities for companies that are able to develop financial products and solutions which sustain and support the transition to a climate resilient economy and which increase its resilience through adaptation. As for the insurance industry, the worsening of climate-related weather phenomena – as part of physical risks – may impact the P and C segment in terms of pricing and the occurrence of catastrophic events, impacting - conditions being equal - the number and cost of the claims and their management expenses, as well as reinsurance costs. The **Life segment** might also be impacted. The intensification of heat waves, the increased frequency of floods and the expansion of habitats suitable for hosting carriers of tropical diseases may indeed worsen the expected mortality and morbidity rates.

The physical risks caused by climate change, which worsen the living conditions of the population and increase damages not covered by insurance, might also lead to a deterioration of socio-political stability and macroeconomic and geopolitical conditions, with cascade effects on the financial system and on the overall economy

The transition to a greener economy (transition risks) is driven by changes in national or international public policies, in technologies and in consumer preferences that might affect different sectors, especially those with a higher energy intensity, leading to the phenomenon of “stranded assets”, that is the complete loss of value of financial assets relating to carbon intensive sectors. A good portion of the impact of these risks depends on the speed of stricter environmental standards coming on line, and on public support. The transition risks are therefore influenced by factors with a high degree of uncertainty, such as political, social and market dynamics and technological changes. Even though the speed of transition and its risks are hard to determine today, they will probably have wide-ranging consequences, especially in several sectors such as energy. Financing or insuring companies operating in sectors characterised by high greenhouse gas emissions which do not have adequate decarbonisation strategies might also bring exposure to reputational risks.

Climate mitigation and adaptation strategies offer investment opportunities as well as opportunities for the development of the insurance market. As weather phenomena and extreme natural events evolve and intensify, a related increase in the demand for protection through specific insurance solutions and risk management is plausible. The new regulations and the public plans launched in Europe aimed at creating incentives for transition to a green economy, together with changes in consumer preferences, are supporting the demand for insurance products tied to the sector of renewable energy, energy efficiency and sustainable mobility. They are increasing retail demand for green insurance products linked to sustainable lifestyles and strengthening the demand for investment products linked to green finance. Decarbonisation of the economy and the large-scale spread of systems producing energy from renewable sources require substantial investments that are only partly covered with public funds, in this way increasing investment opportunities for private parties.

### ► Our management

The Generali Group has defined processes and tools to mitigate climate risks and to seize the opportunities arising from the green transition. These include monitoring the adequacy of the actuarial models to assess and rate risks, recourse to risk transfer mechanisms, periodical analysis of the investments, product and service innovation processes, dialogue with stakeholders and the development of partnerships to share knowledge and identify effective solutions. Particularly noteworthy is our participation in the Net-Zero Asset Owner Alliance, the Net-Zero Insurance Alliance, the UNEP- PSI TCFD18 working group, the PRI (Principles for Responsible Investments) Climate Action 100+ network, the PRI and LSE (The London School of Economics and Political Science) Investing in a Just Transition project, and the Investors Leadership Network.

## Risks

We manage short-term physical risks by adopting risk monitoring and careful selection aimed at optimising the insurance strategy with the use of actuarial models that are periodically updated in order to estimate potential damage, including natural catastrophe damage, influenced by climate change.

The Generali Group is turning to reinsurance contracts and alternative risk transfer instruments, such as the issue of insurance securities protecting against natural catastrophe risks, i.e. cat bonds, like Lion III Re. In order to reduce the exposure to physical risks of our corporate customers in the Property and Casualty segment, we provide consulting services to introduce technical-organisational improvements capable of increasing the protection of the insured assets even from extreme natural events, and we define claim prevention programs and periodically monitor them. Special procedures have been established to speed up damage appraisal and claims settlement in the case of natural catastrophes and extreme events so as to strengthen the resilience of the territories affected and to facilitate the phase of post-emergency assistance and a return to normality.

As for transition risk management, we are reducing the already limited exposure of the investment portfolio to issuers of the coal sector in order to reach zero exposure in OECD countries by 2030. A gradual exclusion approach is also applied to the tar sand sector. The Group has also set the target of making our investment portfolio climate neutral by 2050, in line with the Paris Agreement's goal of limiting global warming to 1.5°C compared to pre-industrial levels.

The exposure of our client portfolio to the fossil fuel sector is low: we exclude underwriting risks associated with coal, gas and oil exploration and extraction – conventional and unconventional – and since 2018 we no longer offer insurance coverage for the construction of new coal-fired power plants, for existing coal-fired power plants of new customers or for the construction of new coal mines.

Also, for underwriting, we have set the goal of gradually reducing our current limited exposure to the thermal coal sector in order to reach zero exposure in OECD countries by 2030 and in the rest of the world by 2038.

In those countries where coal accounts for more than 45% of the domestic electricity mix, in order to limit the negative social impact deriving from our decision to quit this sector, we are carrying out engagement activities with the companies with whom we have trade relations to implement the principle of just transition which combines the need to protect the climate with minimisation of the social consequences for local employment and energy procurement. This engagement activity is focused on monitoring GHG emission reduction, worker protection and retraining, and community support plans, by analysing their costs and investments allocated for these purposes.

To demonstrate consistency with the commitments required by our customers, issuers and business partners, we are reducing greenhouse gas emissions from our sites and business trips by optimising spaces, purchasing green energy and promoting the use of more sustainable means of transport.

In order to seize the investment and development opportunities arising from mitigation and adaptation to climate change, we offer insurance solutions to protect customers from natural catastrophe damage including damage influenced by climate change, coverage for industrial power generation plants from renewables, and insurance solutions to support customers in adopting sustainable lifestyles. The Group is also expanding the offer of thematic investment products linked to green finance for the retail segment. We are increasing our direct investments in green and sustainable assets.

In 2021 we issued our first Sustainability Bond with the aim of financing or refinancing Eligible Sustainability Projects. These are identified according to the eligibility criteria relating to green building, renewable energy, energy efficiency and clean transportation.

## Ageing and new welfare

Modern communities continue to be influenced by distinct demographic and social phenomena with a strong impact on their socio-economic balance.

In more mature economies, we are witnessing a continual process of population ageing, driven by an increase in life expectancy, net of the still uncertain pandemic effects, and a decrease in birth rates. International migration phenomena only partially counterbalance this trend, which is in any case also influenced by socio-political initiatives adopted locally.

In many European countries, younger age groups are affected by a reduced and often discontinuous capacity to generate average income. This is strongly influenced by a flexible but precarious labour market that does not ensure reasonable certainty for financing the public welfare system.

The pandemic will have some impact – although not yet well defined – on the community's demographic structure: Covid-19 mostly affected the elderly but, at the same time, it increased the weakness of singles and young families, who are part of that unstable labour market most heavily affected. Thus it is expected to result in unbalanced communities, in which the increase in the demand for social security and healthcare is not matched by appropriate funding and coverage of public systems by the active population. Healthcare demand naturally evolves towards increasingly sophisticated, hence costlier, supplies and services, which have to face new, and even extreme and emergency, needs, as the pandemic has highlighted. At the same time, enhanced awareness of the link between health, lifestyle and the environmental context is developing, thanks to both public social initiatives and greater proactivity and promotion from the private market.

Erratic local political choices are burdening the resilience of welfare systems. A greater perception of uncertainty affects the coverage of the immediate healthcare and public welfare access requirement, so it is altering system balances that can only take shape over the long-term horizon.

In the context described above, the limited financial resources produced by the younger categories of the population, or from private savings in general, have to be directed and valued more carefully.

### ► Our management

We actively engage in creating more stable communities while monitoring and tackling the effects of a changing society. We develop and offer flexible, modular pension and welfare solutions for the coverage of healthcare costs and other potential current and future needs for individuals, families and communities. We are committed to becoming a Lifetime Partner to our customers, strengthening the dialogue with customers by providing streamlined services accessible 24/7.

The pandemic scenario has further highlighted the way in which the availability of appropriate services and easily accessible information can be a key element of differentiation. We are increasingly paying attention to the digital transformation, both as a communication channel and as a lever to enhance the efficiency of services to our customers and our distribution network. Through its digital approach, Generali stood beside its customers and its network even in the lockdown phases.

We provide customers with complete and easily accessible information on products and services, while helping them to understand the primary factors that may affect their income capacity and quality of life, and assisting them in accurately assessing their capacity to save as well as identifying their current and future needs. We believe that insurance coverage is the most suitable tool to forecast and rapidly respond to the potential needs of people of all ages; we therefore formulate and present offers even in less developed markets.

### Risks

Life and Health products, including pension and welfare products, imply the Group's acceptance of biometric underwriting risks, typically mortality, longevity and health. Thus we need to manage these through updated assessment of the socio-demographic changes in order to understand their relative trends. We also have pricing and product approval processes that offer a preliminary analysis in terms of biometric factors, in line with Local Product Oversight Governance Policies. These processes are part of the structured governance defined in the Group Policy on Life underwriting. Lastly, at Group level, we measure mortality, longevity and health risks using the Partial Internal Model, while locally contributing to the Generali Group by calculations based on the Standard Formula of the Solvency II framework.



# FINANCIAL STATEMENTS



# FINANCIAL STATEMENTS

All numbers in the tables are presented as millions of euros, unless stated otherwise. The average FX rate for 2021 was used: €1 = 117.58 RSD. Amounts are rounded to the first decimal place, and therefore the rounded amounts may not always correspond to the rounded total.

The financial statements disclosed are reported and presented in accordance with International Financial Reporting Standards (IFRS) and Generali Group requirements, which may differ from the statutory financial reports.

## BALANCE SHEET

(€ million)	31/12/2021	31/12/2020
<b>ASSETS</b>	<b>628.4</b>	<b>625.7</b>
<b>INTANGIBLE ASSETS</b>	<b>0.6</b>	<b>0.8</b>
Goodwill	0.0	0.0
Other intangible assets	0.6	0.8
<b>TANGIBLE ASSETS</b>	<b>12.7</b>	<b>14.7</b>
Land and buildings	9.1	10.9
Other tangible assets and inventories	3.6	3.8
<b>INSURANCE PROVISIONS CEDED</b>	<b>21.8</b>	<b>19.4</b>
<b>INVESTMENTS</b>	<b>533.5</b>	<b>534.2</b>
Land and buildings (investment properties)	0.6	0.6
Investments in subsidiaries, associated companies and JV	7.3	7.3
Loans and receivables	12.3	24.6
Available-for-sale financial assets	513.2	501.7
Financial assets at fair value through profit or loss	0.0	0.0
<b>RECEIVABLES</b>	<b>22.8</b>	<b>21.8</b>
Receivables arising out of direct insurance operations	19.1	18.3
Receivables arising out of reinsurance operations	1.1	0.9
Other receivables	2.6	2.7
<b>OTHER ASSETS</b>	<b>22.7</b>	<b>18.1</b>
Deferred acquisition costs	18.4	14.1
Tax receivables	1.8	2.1
Deferred tax assets	0.0	0.0
Other assets	2.5	1.9
<b>CASH AND CASH EQUIVALENTS</b>	<b>14.3</b>	<b>16.6</b>



(€ million)	31/12/2021	31/12/2020
<b>SHAREHOLDER EQUITY AND LIABILITIES</b>	<b>628.4</b>	<b>625.7</b>
<b>SHAREHOLDER EQUITY</b>	<b>144.5</b>	<b>152.3</b>
Shareholder equity attributable to the Group	144.5	152.3
Shareholder equity attributable to minority interests	0.0	0.0
<b>OTHER PROVISIONS</b>	<b>2.0</b>	<b>1.2</b>
<b>INSURANCE PROVISIONS</b>	<b>433.2</b>	<b>422.5</b>
Deferred policyholder liabilities	0.0	0.0
Provision for unearned premiums	70.7	65.8
Provision for unexpired risks	0.0	0.0
Provision for outstanding claims	51.2	53.0
Other insurance provision	8.3	13.2
Mathematical provision	303.1	290.5
<b>FINANCIAL LIABILITIES</b>	<b>6.0</b>	<b>8.0</b>
Financial Liabilities at fair value through profit or loss	0.0	0.0
Financial liabilities at amortised cost	6.0	8.0
<b>PAYABLES</b>	<b>25.4</b>	<b>24.6</b>
Payables arising out of direct insurance operations	2.5	1.4
Payables arising out of reinsurance operations	15.6	14.3
Other operating liabilities	7.3	8.9
<b>OTHER LIABILITIES</b>	<b>17.2</b>	<b>17.0</b>
Tax payable	2.1	2.7
Deferred tax liability	5.0	7.1
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0.0	0.0
Other liabilities	10.1	7.2

**BALANCE SHEET NON-LIFE**

(€ million)	31/12/2021	31/12/2020
<b>ASSETS</b>	<b>243.7</b>	<b>253.9</b>
<b>INTANGIBLE ASSETS</b>	<b>0.6</b>	<b>0.8</b>
Goodwill	0.0	0.0
Other intangible assets	0.6	0.8
<b>TANGIBLE ASSETS</b>	<b>10.1</b>	<b>11.5</b>
Land and buildings	7.0	8.5
Other tangible assets and inventories	3.1	3.1
<b>INSURANCE PROVISIONS CEDED</b>	<b>19.8</b>	<b>17.9</b>
<b>INVESTMENTS</b>	<b>160.9</b>	<b>170.5</b>
Land and buildings (investment properties)	0.4	0.4
Investments in subsidiaries, associated companies and JV	6.2	6.2
Loans and receivables	4.2	5.9
Available-for-sale financial assets	150.2	158.0
Financial assets at fair value through profit or loss	0.0	0.0
<b>RECEIVABLES</b>	<b>20.5</b>	<b>18.4</b>
Receivables arising out of direct insurance operations	16.1	15.2
Receivables arising out of reinsurance operations	1.0	0.8
Other receivables	3.5	2.3
<b>OTHER ASSETS</b>	<b>27.2</b>	<b>24.6</b>
Deferred acquisition costs	18.4	14.1
Tax receivables	1.8	2.1
Deferred tax assets	0.0	0.0
Other assets	7.0	8.4
<b>CASH AND CASH EQUIVALENTS</b>	<b>4.7</b>	<b>10.2</b>

(€ million)	31/12/2021	31/12/2020
<b>SHAREHOLDER EQUITY AND LIABILITIES</b>	<b>243.7</b>	<b>253.9</b>
<b>SHAREHOLDER EQUITY</b>	<b>90.2</b>	<b>97.3</b>
Shareholder equity attributable to the Group	90.2	97.3
Shareholder equity attributable to minority interests	0.0	0.0
<b>OTHER PROVISIONS</b>	<b>0.2</b>	<b>0.2</b>
<b>INSURANCE PROVISIONS</b>	<b>120.5</b>	<b>120.8</b>
Deferred policyholder liabilities	0.0	0.0
Provision for unearned premiums	70.1	65.2
Provision for unexpired risks	0.0	0.0
Provision for outstanding claims	48.9	51.4
Other insurance provisions	1.5	4.1
Mathematical provision	0.0	0.0
<b>FINANCIAL LIABILITIES</b>	<b>3.9</b>	<b>5.9</b>
Financial liabilities at fair value through profit or loss	0.0	0.0
Financial liabilities at amortised cost	3.9	5.9
<b>PAYABLES</b>	<b>23.0</b>	<b>22.8</b>
Payables arising out of direct insurance operations	2.5	1.4
Payables arising out of reinsurance operations	14.3	13.4
Other payables	6.2	8.0
<b>OTHER LIABILITIES</b>	<b>5.9</b>	<b>7.0</b>
Tax payables	2.1	2.7
Deferred tax liabilities	0.8	1.8
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0.0	0.0
Other liabilities	3.0	2.6

**BALANCE SHEET LIFE**

(€ million)	31/12/2021	31/12/2020
<b>ASSETS</b>	<b>389.9</b>	<b>378.3</b>
<b>INTANGIBLE ASSETS</b>	<b>0.0</b>	<b>0.1</b>
Goodwill	0.0	0.0
Other intangible assets	0.0	0.1
<b>TANGIBLE ASSETS</b>	<b>2.6</b>	<b>3.1</b>
Land and buildings	2.1	2.4
Other tangible assets and inventories	0.5	0.7
<b>INSURANCE PROVISIONS CEDED</b>	<b>2.0</b>	<b>1.5</b>
<b>INVESTMENTS</b>	<b>372.5</b>	<b>363.7</b>
Land and buildings (investment properties)	0.2	0.2
Investments in subsidiaries, associated companies and JV	1.1	1.1
Loans and receivables	8.2	18.7
Available-for-sale financial assets	363.0	343.7
Financial assets at fair value through profit or loss	0.0	0.0
<b>RECEIVABLES</b>	<b>3.1</b>	<b>3.4</b>
Receivables arising out of direct insurance operations	3.0	3.1
Receivables arising out of reinsurance operations	0.1	0.0
Other receivables	0.0	0.3
<b>OTHER ASSETS</b>	<b>0.0</b>	<b>0.0</b>
Deferred acquisition costs	0.0	0.0
Tax receivables	0.0	0.0
Deferred tax assets	0.0	0.0
Other assets	0.0	0.0
<b>CASH AND CASH EQUIVALENTS</b>	<b>9.6</b>	<b>6.4</b>

(€ million)	31/12/2021	31/12/2020
<b>SHAREHOLDER EQUITY AND LIABILITIES</b>	<b>389.9</b>	<b>378.3</b>
<b>SHAREHOLDER EQUITY</b>	<b>54.3</b>	<b>55.0</b>
Shareholder equity attributable to the Group	54.3	55.0
Shareholder equity attributable to minority interests	0.0	0.0
<b>OTHER PROVISIONS</b>	<b>1.8</b>	<b>1.0</b>
<b>INSURANCE PROVISIONS</b>	<b>312.7</b>	<b>301.8</b>
Deferred policyholder liabilities	0.0	0.0
Provision for unearned premiums	0.0	0.0
Provision for unexpired risks	0.0	0.0
Provision for outstanding claims	2.3	1.6
Other insurance provision	6.8	9.1
Mathematical provision	303.7	291.1
<b>FINANCIAL LIABILITIES</b>	<b>2.1</b>	<b>2.1</b>
Financial liabilities at fair value through profit or loss	0.0	0.0
Financial liabilities at amortised cost	2.1	2.1
<b>PAYABLES</b>	<b>3.2</b>	<b>1.8</b>
Payables arising out of direct insurance operations	0.0	0.0
Payables arising out of reinsurance operations	1.3	0.9
Other payables	1.9	0.9
<b>OTHER LIABILITIES</b>	<b>15.8</b>	<b>16.5</b>
Tax payables	0.0	0.0
Deferred tax liabilities	4.2	5.3
Liabilities directly associated with non-current assets and disposal groups classified as held for sale	0.0	0.0
Other liabilities	11.5	11.2

**INCOME STATEMENT**

(€ million)	2021	2020
<b>TOTAL INCOME</b>	<b>192.5</b>	<b>192.8</b>
NET EARNED PREMIUMS	164.1	163.6
Gross earned premiums	194.1	189.1
Earned premiums ceded	-30.0	-25.5
FEE AND COMMISSION INCOME	0.0	0.0
NET INCOME FROM FINANCIAL INSTRUMENTS AT FVTHPL	0.0	0.0
Net income investments FVthPL backing unit linked business	0.0	0.0
Other financial instruments	0.0	0.0
INCOME FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	2.5	1.5
INCOME FROM OTHER FINANCIAL INSTRUMENTS, AND LAND AND BUILDINGS	23.7	24.0
Interest income	21.7	22.5
Other income	0.2	0.1
Realised gains on financial instruments	0.6	0.7
Unrealised gains	0.0	0.0
Reversal of impairment	1.2	0.8
OTHER INCOME	2.1	3.7
<b>TOTAL EXPENSES</b>	<b>-164.8</b>	<b>-161.3</b>
NET INSURANCE BENEFITS AND CLAIMS	-103.8	-102.8
Claims paid and change in the insurance provisions	-112.7	-104.2
Reinsurer's share	8.9	1.4
FEE AND COMMISSION EXPENSES	0.0	0.0
EXPENSES FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JV	0.0	0.0
EXPENSES FROM OTHER FIN. INSTRUMENTS, AND LAND AND BUILDINGS (IP)	-2.7	-4.2
Interest expenses	-0.2	-0.2
Other expenses	0.0	0.0
Realised losses	-0.4	0.0
Unrealised losses	0.0	0.0
Impairment losses	-2.0	-4.0
ACQUISITION AND ADMINISTRATION COSTS	-45.6	-41.1
Net acquisition costs and other commissions	-37.0	-32.9
Investment management expenses	0.0	0.0
Other administration costs	-8.7	-8.2
OTHER EXPENSES	-12.7	-13.3
<b>EARNINGS BEFORE TAX</b>	<b>27.7</b>	<b>31.5</b>
INCOME TAX	-1.7	-1.6
<b>RESULT OF DISCONTINUED OPERATIONS</b>	<b>0.0</b>	<b>0.0</b>
<b>RESULT OF THE PERIOD</b>	<b>26.0</b>	<b>29.9</b>

**INCOME STATEMENT NON-LIFE**

(€ million)	2021	2020
<b>TOTAL INCOME</b>	<b>121.2</b>	<b>119.6</b>
NET EARNED PREMIUMS	107.9	106.0
Gross earned premiums	134.3	128.1
Earned premiums ceded	(26.4)	(22.1)
FEE AND COMMISSION INCOME	-	-
NET INCOME FROM FINANCIAL INSTRUMENTS AT FVTHPL	0.0	-
Net income investments FVthPL backing unit linked business	-	-
Other financial instruments	0.0	-
INCOME FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	1.6	0.7
INCOME FROM OTHER FINANCIAL INSTRUMENTS, AND LAND AND BUILDINGS	9.8	10.1
Interest income	7.8	9.1
Other income	0.2	0.1
Realised gains on financial instruments	0.6	0.2
Unrealised gains	-	-
Reversal of impairment	1.2	0.7
OTHER INCOME	2.0	2.7
<b>TOTAL EXPENSES</b>	<b>(99.2)</b>	<b>(89.4)</b>
NET INSURANCE BENEFITS AND CLAIMS	(53.5)	(46.9)
Claims paid and change in the insurance provisions	(60.4)	(46.9)
Reinsurer's share	6.9	(0.0)
FEE AND COMMISSION EXPENSES	-	-
EXPENSES FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JV	-	-
EXPENSES FROM OTHER FIN. INSTRUMENTS, AND LAND AND BUILDINGS (IP)	(1.6)	(2.6)
Interest expenses	(0.2)	(0.2)
Other expenses	(0.0)	(0.0)
Realised losses	(0.4)	-
Unrealised losses	-	-
Impairment losses	(1.0)	(2.4)
ACQUISITION AND ADMINISTRATION COSTS	(34.7)	(30.2)
Net acquisition costs and other commissions	(28.6)	(24.5)
Investment management expenses	-	-
Other administration costs	(6.1)	(5.7)
OTHER EXPENSES	(9.4)	(9.6)
<b>EARNINGS BEFORE TAX</b>	<b>22.1</b>	<b>30.2</b>
INCOME TAX	(1.7)	(1.6)
<b>RESULT OF DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>
<b>RESULT OF THE PERIOD</b>	<b>20.4</b>	<b>28.5</b>

**INCOME STATEMENT LIFE**

(€ million)	2021	2020
<b>TOTAL INCOME</b>	<b>71.2</b>	<b>73.2</b>
NET EARNED PREMIUMS	56.2	57.5
Gross earned premiums	59.8	60.9
Earned premiums ceded	(3.6)	(3.4)
FEE AND COMMISSION INCOME	-	-
NET INCOME FROM FINANCIAL INSTRUMENTS AT FVTHPL	0.0	(0.0)
Net income investments FVthPL backing unit linked business	0.0	(0.0)
Other financial instruments	0.0	-
INCOME FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES	0.9	0.8
INCOME FROM OTHER FINANCIAL INSTRUMENTS, AND LAND AND BUILDINGS	13.9	13.9
Interest income	13.9	13.4
Other income	0.0	0.0
Realised gains on financial instruments	-	0.5
Unrealised gains	-	-
Reversal of impairment	0.0	0.0
OTHER INCOME	0.1	1.0
<b>TOTAL EXPENSES</b>	<b>(65.6)</b>	<b>(71.9)</b>
NET INSURANCE BENEFITS AND CLAIMS	(50.3)	(55.8)
Claims paid and change in the insurance provisions	(52.3)	(57.2)
Reinsurer's share	2.0	1.4
FEE AND COMMISSION EXPENSES	-	-
EXPENSES FROM SUBSIDIARIES, ASSOCIATED COMPANIES AND JV	-	-
EXPENSES FROM OTHER FIN. INSTRUMENTS, AND LAND AND BUILDINGS (IP)	(1.1)	(1.6)
Interest expenses	(0.0)	(0.1)
Other expenses	(0.0)	(0.0)
Realised losses	-	-
Unrealised losses	-	-
Impairment losses	(1.1)	(1.6)
ACQUISITION AND ADMINISTRATION COSTS	(10.9)	(10.8)
Net acquisition costs and other commissions	(8.4)	(8.4)
Investment management expenses	-	-
Other administration costs	(2.6)	(2.5)
OTHER EXPENSES	(3.3)	(3.6)
<b>EARNINGS BEFORE TAX</b>	<b>5.6</b>	<b>1.3</b>
INCOME TAX	0.0	0.0
<b>RESULT OF DISCONTINUED OPERATIONS</b>	<b>-</b>	<b>-</b>
<b>RESULT OF THE PERIOD</b>	<b>5.6</b>	<b>1.3</b>



# NOTES TO THE FINANCIAL STATEMENTS

Average exchange rate	
Currency	2021
EURO	117.58

## INVESTMENTS

(€ million)	2021	2020
<b>Available-for-sale financial assets</b>	<b>513.2</b>	<b>501.7</b>
Shares	0.1	0.1
Bonds	513.2	501.5
<b>Financial assets at fair value through profit or loss</b>	<b>0.0</b>	<b>0.0</b>
Shares	0.0	0.0
Bonds	0.0	0.0
Investment fund units	0.0	0.0
<b>Held-to-maturity investments</b>	<b>0.0</b>	<b>0.0</b>
<b>Real estate investments</b>	<b>0.6</b>	<b>0.6</b>
<b>Other investments</b>	<b>19.7</b>	<b>31.9</b>
Investment in subsidiaries, associated companies and joint ventures	7.3	7.3
Derivatives	12.3	24.6
<b>Cash and cash equivalents</b>	<b>14.3</b>	<b>16.6</b>
<b>Total investments</b>	<b>547.8</b>	<b>550.8</b>

## INSURANCE PROVISION

(€ million)	2021	2020
<b>Non-life insurance provision</b>	<b>120.5</b>	<b>120.8</b>
Provision for unearned premiums	70.1	65.2
Provision for outstanding claims	48.9	51.4
Other insurance provision	1.5	4.1
<b>Life insurance provision</b>	<b>312.8</b>	<b>301.8</b>
Provision for unearned premiums	0.6	0.6
Provision for outstanding claims	2.3	1.6
Mathematical provision	303.1	290.5
Provision for policies where the risk is borne by the policyholder	0.0	0.0
Other insurance provision	6.8	9.1
<i>of which, provision for liability adequacy test</i>	5.0	7.1
<b>Total</b>	<b>433.2</b>	<b>422.5</b>

**PROVISION FOR OUTSTANDING CLAIMS**

Gross reserves

(€ million)	31/12/2021	31/12/2020
<b>Motor</b>	39.4	41.9
<b>Non-motor</b>	9.4	9.5
Accident/Health	4.0	3.7
Other Non-motor	5.4	5.8
<b>Total</b>	48.9	51.4

**SHAREHOLDER EQUITY**

(€ million)	31/12/2021	31/12/2020
<b>Share capital</b>	18.1	18.1
<b>Capital reserves</b>	0.0	0.0
<b>Reserves</b>	73.1	63.6
<b>Own shares</b>	0.0	0.0
<b>Reserve for unrealised gains and losses on available-for-sale financial assets</b>	0.0	0.0
Bonds	27.2	40.7
Shares	0.0	0.1
<b>Result of the period</b>	26.0	29.9
<b>Total</b>	144.5	152.3

**EMPLOYEES**

	31/12/2021	31/12/2020
Managers	20	18
Middle Managers	171	192
Employees	391	359
Others	1	1
Sales attendants	999	1,139
<b>Total</b>	1,582	1,709

<b>PROPERTIES</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
Land and buildings (investment properties)	0.6	0.6
Land and buildings (in Company use)	3.0	3.0
<b>Total</b>	<b>3.5</b>	<b>3.6</b>

#### **INVESTMENTS IN SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURE**

<b>(€ million)</b>	<b>31/12/2021</b>	<b>31/12/2020</b>
Investments in subsidiaries included in line-by-line consolidation	7.3	7.3
Investments in non-consolidated subsidiaries	0.0	0.0
Investments in associated companies valued at equity	0.0	0.0
Investments in joint ventures	0.0	0.0
Investments in other associated companies	0.0	0.0
<b>Total</b>	<b>7.3</b>	<b>7.3</b>

# GLOSSARY

## General definitions

### **Integrated report**

– concise communication that illustrates how the strategy, governance and future prospects of an organisation, in the external environment in which it operates, are used to create value in the short, medium and long term.

**GOS** – Generali Osiguranje Srbija.

**CEE** – region comprising Central and Eastern Europe.

**Customer** – either a physical person or a legal entity that holds at least one active insurance policy and pays a premium to Generali accordingly.

**NPS** – Net Promoter System – an approach to obtaining systematic feedback from customers after specific transactions (purchase, claim handling, etc.). A survey is sent by email to customers to assess the likelihood of them recommending us to the people closest to them, on a scale of 0 to 10. Based on this feedback the company is able to identify detractors (0-6), passives (7-8) and promoters (9-10). When we receive the score, we contact all survey participants.

**Sales channel** – a channel used to distribute product to customers.

**D&I – short for diversity and inclusion** – promotes diversity and inclusion and opposes any form of discrimination leading to the targeted behaviour in order to prevent inequality.

**Employee engagement** – strengthening the motivation and commitment of employees through dialogue, listening, and sharing information as key aspects of their engagement.

**Environmental products and social products** – known as green and social products. Social products are aimed at protecting vulnerable populations such as the young and the elderly against adverse events, including job loss and occupational disease (accident, health and life insurance). These products also promote sustainable development (small and medium-sized enterprises) and a healthy lifestyle. Green products are products aimed at reducing the negative impact of human activities on the environment, energy efficiency and the risks of natural and environmental disasters.

**HRBP** – Human Resources Business Partner – the person from the Human Resources and Strategy Department, specifically dedicated to supporting one or more departments.

**Stakeholder** – common term for all interested parties, who may be individuals, businesses, the social community or the state, who have any interest in the existence and business of the Company.

**SME** – specific segment of the economy, which the company classifies as "small and medium-sized enterprises" according to internal methodology.

**Retail segment** – segment involving individuals.

**HR** – Human Resources, the organisational function of the Company which deals with personnel matters.

**MCC** – short for Medic Call Centre is the organisational function of the Company which deals with customer support in health insurance.

**ESG** – short for Environmental, Social and Corporate Governance. ESG means the Company's aspiration to respect the principles of sustainable and responsible business.

## Technical components

**MTPL** – Motor Third-Party Liability, compulsory in Serbia.

**Combined ratio (CoR)**

– Technical performance indicator of the property and casualty segment, calculated as the ratio of net insurance benefits and claims as well as administration and acquisition costs to earned premiums, net of reinsurance.

**Gross written premiums**

– gross written premiums of direct business and accepted by third parties.

**Gross direct premiums**

– gross written premiums of direct business.

**Net cash inflow** – amount of premiums collected net of benefits paid and insurance expenses.

**New business annual premium equivalent (APE)**

– equivalent to the sum of new annual premium policies, plus one tenth of premiums in single premium policies.

**New business value (NBV)**

– obtained by discounting, at the date of new contracts, the corresponding expected profits net of the cost of capital.

**Profitability of the new portfolio (NBM)** – the NBV / APE ratio.

**Current year loss ratio:**

– current year incurred claims

+ related claims management costs net of recoveries and reinsurance, and

– net earned premiums

**Previous year loss ratio:**

– previous year incurred claims + related claims management costs, net of recoveries and reinsurance, and

– net earned premiums

**Solvency ratio I** – equal to

the ratio of the available margin and the required margin.

**Earnings per share**

– equal to the ratio of Group net result and the weighted average number of ordinary shares outstanding.

## Alternative performance measures

**Operating result**

– obtained by reclassifying the components making up earnings before tax (EBIT) in P and C and Life, taking into account the specific characteristics of each segment. In the Life segment, the following are considered non-operating items: realised gains and losses from the sale of intangible assets, impairment, and other specific non-recurring income and expenses. In the P and C segment, the following are considered non-operating items: all realised gains and losses, impairment, effects of exchange rate differences, and other specific non-recurring income and expenses.

**Operating return on investments** – the ratio between the operating result and the average investments, calculated on the basis of the financial statement figures.

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