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**Translation of the
UNAUDITED FINANCIAL REPORT OF THE
SAVA RE GROUP AND
POZAVAROVALNICA SAVA D.D.
FOR THE THREE MONTHS TO
31 MARCH 2014**

Ljubljana, 19 May 2014

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Glossary of selected terms and calculation methodologies for indicators 83

INTRODUCTION

1 INTRODUCTION

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Pozavarovalnica Sava, d.d. ("Sava Reinsurance Company"), with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Three Months to 31 March 2014.

The Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Three Months to 31 March 2014 will be available as a hardcopy for viewing at the Company's registered office at Dunajska 56, 1000 Ljubljana on every business day between 9:00 and 15:00, and as a softcopy on the Company's website as from 29 May 2014.

Declaration of the management board of Sava Reinsurance Company

To the best of our knowledge, the summary financial statements of the Sava Re Group with notes have been prepared to give a true and fair view of the assets, liabilities, financial position and profit/loss of the Group. The interim financial statements for the Sava Re Group and the separate financial statements of Sava Reinsurance Company, which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", adopted by the European Union, and should be read together with the annual financial statements for the financial year ended 31 December 2013. The interim financial statements have not been audited.

The business report gives a fair view of the development and performance of the Group and the Company, and their financial position, including a description of the principal risks that the consolidated companies are exposed to.

Zvonko Ivanušič, chairman of the management board



Srečko Čebren, member of the management board



Jošt Dolničar, member of the management board



Ljubljana, 19 May 2014

1.1 Summary of key figures

(€)	Sava Re Group		Sava Reinsurance Company	
	1–3/2014 1Q2014	1–3/2013 1Q2013	1–3/2014 1Q2014	1–3/2013 1Q2013
Gross premiums written	145,987,351	85,841,763	49,996,276	52,981,672
Year-on-year change	70.1%	-7.1%	-5.6%	-9.9%
Net premiums earned	106,464,352	57,595,580	24,843,829	29,256,215
Year-on-year change	84.8%	0.4%	-15.1%	-3.4%
Gross claims paid	69,728,196	32,682,967	20,398,652	17,981,695
Year-on-year change	113.3%	12.5%	13.4%	17.1%
Net claims incurred	64,520,819	32,088,772	12,194,772	15,737,409
Year-on-year change	101.1%	-9.5%	-22.5%	-19.4%
Net incurred loss ratio	63.2%	56.6%	49.1%	53.8%
Operating expenses, including reinsurance commission income	32,344,810	18,889,759	7,697,137	9,938,460
Year-on-year change	71.2%	2.5%	-22.6%	4.4%
Net expense ratio	30.4%	32.8%	31.0%	34.0%
Net combined ratio	95.9%	92.2%	81.4%	87.5%
Net investment income of the investment portfolio, including expenses for financial liabilities	8,663,099	5,374,586	1,374,748	2,447,127
Annualised investment return of the investment portfolio, including expenses for financial liabilities	3.8%	5.5%	1.3%	2.9%
Net investment income of the investment portfolio, excluding expenses for financial liabilities	9,040,433	5,706,017	1,613,736	2,757,144
Annualised investment return of the investment portfolio, excluding expenses for financial liabilities	4.0%	5.9%	1.6%	3.3%
Profit/loss, net of tax	7,546,126	7,796,380	5,180,787	5,158,566
Year-on-year change	-3.2%	111.3%	0.4%	202.1%
Comprehensive income	13,229,102	4,022,867	7,522,798	3,026,138
Return on equity, unannualised	3.1%	4.5%	2.1%	2.9%
	31.3.2014	31.12.2013	31.3.2014	31.12.2013
Total assets	1,440,691,497	1,378,300,387	568,544,070	530,636,968
% change on 31 Dec. of prior year	4.5%	115.2%	7.1%	14.6%
Shareholders' equity	253,328,398	240,099,321	253,711,568	246,188,770
% change on 31 Dec. of prior year	5.5%	40.1%	3.1%	40.8%
Net technical provisions	1,014,178,651	983,520,806	190,629,257	182,280,279
% change on 31 Dec. of prior year	3.1%	181.2%	4.6%	-1.1%
No. of employees (full-time equivalent basis)	2,468	2,411	73	67

Notes:

-For details on the calculation of ratios and the net investment income, see the appended glossary.

-The net investment income of the investment portfolio does not include the net investment income from assets pertaining to policyholders who bear the investment risk since such assets do not affect the income statement. The mathematical provision of policyholders who bear the investment risk moves in line with this line item.

Sava Reinsurance Company started consolidating Zavarovalnica Maribor as from 1 May 2013. The consolidated income statement for the four quarters of 2014 will not be comparable to 2013. However, the statement of financial position with figures at 31 March 2014 and 31 December 2013 is already comparable, since year-end 2013 figures of this statement already include Zavarovalnica Maribor as a subsidiary.

The table below gives realised 1Q2014 figures together with full year 2014 plan:

	1-3/2014	plan 2014	% plana
Consolidated gross premiums written	€ 145,987,351	€ 445,000,000	32.8%
Net profit/loss for the period	€ 7,546,126	€ 24,000,000	31.4%
Annualised return on equity	11.90%	>9.6%	124.0%
Net combined ratio	95.90%	< 98%	98%
Net expense ratio	30.40%	< 33%	92%
Net incurred loss ratio	63.20%	< 62%	102%
Annualised investment return	3.80%	> 2.3%	165%

1.3 Company Profile of Sava Reinsurance Company

Company name	Pozavarovalnica Sava, d.d., Sava Reinsurance Company
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 (1) 47 50 200
Facsimile	+386 (1) 47 50 264
E-mail	info@sava-re.si
Website	www.sava-re.si
Company ID number	5063825
Tax number	17986141
Share capital:	€ 71,856,376
Shares	17,219,662 no-par-value shares
Governing and supervisory bodies	<u>MANAGEMENT BOARD</u> Zvonko Ivanušič (chairman) Srečko Čebren Jošt Dolničar Mateja Treven <u>SUPERVISORY BOARD</u> Branko Tomažič (chairman) Mateja Lovšin Herič (deputy chairperson) Slaven Mičković Keith Morris Martin Albreht (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	28 Dec 1990 Ljubljana District Court
Certified auditor	Ernst & Young d.o.o., Dunajska 111 1000 Ljubljana, Slovenia
Largest shareholder and holding	Slovenska odškodninska družba, d.d. 25% + 1 share (4,304,917 no-par value shares)
AM Best credit rating	A- /stable/; February 2014
Standard & Poor's credit rating	BBB+ /stable/; July 2013
The Company has no branches.	

Bodies of the Company

Management board

In accordance with its articles of association, Sava Reinsurance Company is managed and represented by a two- to five-member management board. In order to transact business, the Company must be represented jointly by at least two members.

In the three months to 31 March 2014, there were no changes in the composition of the supervisory board.

Members of the management board as at 31 March 2014

Member	Title	Beginning of term of office	Term of office
Zvonko Ivanušič	chairman	1. 6. 2013	5 years
Srečko Čebtron	member	1. 6. 2013	5 years
Jošt Dolničar	member	1. 6. 2013	5 years
Mateja Treven	member	1. 6. 2013	5 years

Notes on membership of governance or supervisory bodies of third parties:

Jošt Dolničar:

-  Slovenian Rowing Federation, Župančičeva cesta 9, Bled – President.

Supervisory board

Pursuant to the Company's articles of association and the applicable legislation, the supervisory board is composed of six members, of which four (shareholder representatives) are elected by the Company's general meeting, and two (employee representatives) are elected by the workers' council.

In the three months to 31 March 2014, there were no changes in the composition of the supervisory board.

Composition of the supervisory board at 31 March 2014

Member	Title	Beginning of term of office	Term of office
Branko Tomažič	chairman	15. 7. 2013	4 years
Mateja Lovšin Herič	deputy chairperson	15. 7. 2013	4 years
Slaven Mičković	member	15. 7. 2013	4 years
Keith Morris	member	15. 7. 2013	4 years
Martin Albreht	member (employee representative)	10. 6. 2011	4 years
Andrej Gorazd Kunstek	member (employee representative)	23. 1. 2013	10. 6. 2015

Notes on membership of governance or supervisory bodies of third parties:

No member of the supervisory board is a member of a governance or supervisory body of any other legal entity.

Supervisory board committees

The audit committee

In the three months to 31 March 2014, there were no changes in the composition of the supervisory board audit committee.

Members of the supervisory board audit committee at 31 March 2014

Member	Title
Mateja Lovšin Herič	chairperson
Slaven Mičković	member
Ignac Dolenšek	external member

General meeting of shareholders

No general meeting of shareholders was held in the three months to 31 March 2014.

1.4 Significant events in the three months to 31 March 2014

- S** After the announcement that Sava Reinsurance Company would recognise impairment losses on its subordinated bonds of Slovenian banks in 2013, credit rating agency AM Best started a review of the Company's capitalisation, as measured under the agency's model, to examine whether it still supported the Company's credit rating. Upon completion of the review in February 2014, AM Best announced that it affirmed Sava Reinsurance Company's A- rating with a stable outlook, as the Company's capitalisation remained at a high level.
- S** In February 2014, Sava Reinsurance Company acquired the company Illyria Hospital from its subsidiary Illyria at a price of € 1.8 million, gaining 100 percent direct ownership of the company. The acquisition had no impact on the consolidated financial statements.
- S** On 3 February 2014, Sava Reinsurance Company jointly with certain other insurance companies filed a claim in the Administrative Court against the Bank of Slovenia, challenging the bank's decision on emergency measures leading to the expropriation of shareholders and subordinated bondholders of certain banks. The claim amount of Sava Reinsurance Company was € 8,338,000, and € 15,975,000 in respect of Zavarovalnica Maribor. The Administrative Court has yet to hear the case; however, the Bank of Slovenia, the defendant, filed an objection to the action and to the proposal for initiating proceedings for a constitutional review brought by certain other pension and insurance companies in response to the decisions on emergency measures.
- S** Based on loss surveys relating to the February ice damage carried out so far, Sava Reinsurance Company estimates that the gross loss for the entire Sava Re Group, including Zavarovalnica Maribor and Zavarovalnica Tilia, will total about € 20 million. This event had an impact of € 6 million on the operating result of the Group for the first quarter 2014. The lion's share of losses occurred on the railway infrastructure and electric power distribution lines. The damage is still being assessed so that the final data will not be known until after loss adjustments are completed.

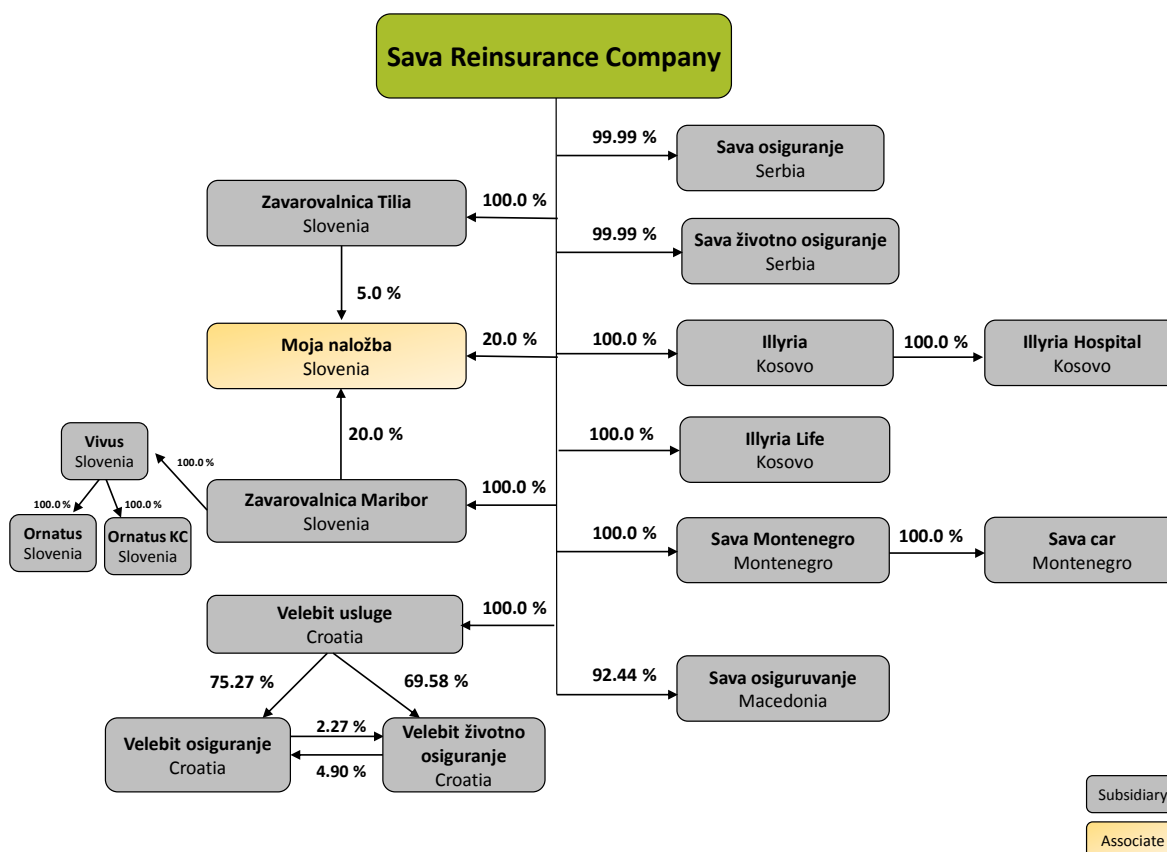
1.5 Significant events after the reporting period

- S** On 23 April 2014, the 28th general meeting of shareholders was held to decide on granting the management board authorisation to establish a fund for treasury shares. No challenging actions were announced in the general meeting. The general meeting authorisation conferred on the management board the power to purchase treasury shares in the amount of up to 10 percent of the Company's share capital, valid for a period of three years. Following the acquisition of treasury shares from Zavarovalnica Maribor, Sava Reinsurance Company held 346,643 POSR shares. The transaction was executed at the closing rate of the Ljubljana Stock Exchange, i.e. at the price of € 11.245 per share. After this transaction, Zavarovalnica Maribor no longer held any POSR shares in its portfolio.
- S** On 13 May 2014, the subsidiary Sava Montenegro acquired the Montagent insurance intermediary company.

1.6 Sava Re Group structure including associate companies

At 31 March 2013, the Sava Re Group comprised the reinsurer Sava Reinsurance Company as parent of the Group, ten subsidiaries – insurers based in Slovenia and other countries of the former Yugoslavia – and one associate company, a pension company based in Slovenia.

Sava Re Group structure including associate companies at 31 March 2014



Company names of subsidiary and associate companies

	Long name	Short name in this document
	skupina Sava Re, Sava Re Group	Sava Re Group
1	Pozavarovalnica Sava, d. d.	Sava Reinsurance Company
2	Zavarovalnica Tilia, d.d., Novo mesto	Zavarovalnica Tilia
3	Zavarovalnica Maribor d.d.	Zavarovalnica Maribor or ZM
4	Moja naložba pokojninska družba d.d.	Moja naložba
5	Sava osiguranje, a.d.o. Beograd	Sava osiguranje Belgrade
6	Sava životno osiguranje, a.d.o. Beograd	Sava životno osiguranje
7	Kompania e Sigurimeve Illyria sh.a.	Illyria
8	Kompania për Sigurimin e Jetës Illyria Life sh.a.	Illyria Life
9	Sava Montenegro AD Podgorica	Sava Montenegro
10	SAVA osiguruvanje, a.d. Skopje	Sava osiguruvanje Skopje
11	VELEBIT USLUGE d.o.o.	Velebit usluge
12	VELEBIT OSIGURANJE d.d.	Velebit osiguranje
13	VELEBIT ŽIVOTNO OSIGURANJE d.d.	Velebit životno osiguranje
14	Illyria Hospital sh.p.k.	Illyria Hospital
15	Sava Car doo	Sava Car
16	Vivus d.o.o.	Vivus
17	Ornatus d.o.o.	Ornatus
18	Ornatus KC d.o.o.	Ornatus KC

2 SHAREHOLDERS AND SHARE TRADING

Movements in the POSR share price in the period 1 April 2013 – 31 March 2014 compared to the SBITOP share index



Basic details about the POSR share

	31.3.2014	31.3.2013
Share capital	71,856,376	39,069,099
No. of shares	17,219,662	9,362,519
Ticker symbol	POSR	POSR
No. of shareholders	4,974	4,968
Type of share	ordinary	ordinary
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	346,643	210
Net earnings/loss per share (€)	0.31	0.55
Consolidated net earnings per share (€)	0.45	0.84
Book value of share (€)	15.04	18.99
Consolidated book value per share (€)	15.01	18.73
Share price at end of period (€)	9.91	7.15
	1. 4. 2013–31. 3. 2014	1. 4. 2012–31. 3. 2013
Average share price in reporting period (€)	8.38	6.23
Minimum share price in reporting period (€)	7.00	4.51
Maximum share price in reporting period (€)	10.35	8.40
Trade volume in reporting period (€)	14,327,129	3,903,835

*At 31 March 2014 Sava Reinsurance Company owned 210 treasury shares directly, and indirectly via Zavarovalnica Maribor a further 346,433 shares. Sava Reinsurance Company acquired all POSR shares held by Zavarovalnica Maribor. Thus, on the date this report was issued Zavarovalnica Maribor no longer held any POSR shares in its portfolio.

The Company paid no dividend and had no conditional equity in the first quarter 2014.

At 31 March 2014, 71.5 percent of shareholders were Slovenian and 28.5 percent non-Slovenian. The largest shareholder of the POSR share is the Slovenska odškodninska družba (Slovenian Restitution Fund), which holds 25 percent plus one share.

Shareholder structure of Sava Reinsurance Company at 31 March 2014

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.1%	3.1%
Insurers and pension companies	16.8%	0.1%
Natural persons	11.9%	0.2%
Banks	7.1%	24.1%
Investment funds and mutual funds	9.1%	1.0%
Other commercial companies	1.5%	0.0%
Total	71.5%	28.5%

The other financial institutions item includes the Slovenian Restitution Company with a holding of 25 percent plus one share.

Source: Central securities register KDD d.d. and own sources.

Top ten shareholders of Sava Reinsurance Company at 31 March 2014

Shareholder	No. of shares	Holding
Slovenska odškodninska družba, d.d.	4,304,917	25.0%
Societe Generale - Splitska banka d.d. - Fiduciary account	1,698,387	9.9%
European Bank for Reconstruction and Development	1,071,429	6.2%
Raiffeisen Bank Austria d.d. – Fiduciary account	764,606	4.4%
Modra zavarovalnica d.d.	714,285	4.1%
Abanka d.d.	655,000	3.8%
Sakaropel Limited	539,709	3.1%
SOP Ljubljana	509,006	3.0%
Adriatic Slovenica d.d., liability fund	500,791	2.9%
Skandinaviska Enskilda Banken S.A. Luxembourg	475,211	2.8%
Total	11,233,341	65.2%

SAVA RE GROUP INTERIM BUSINESS REPORT

3 SAVA RE GROUP RESULTS OF OPERATIONS

Sava Reinsurance Company started full consolidation of Zavarovalnica Maribor as of 1 May 2013, which means that the 2013 consolidated financial statements included only eight months of operations of this company and the consolidated income statement will not be directly comparable in all four quarters of 2014, while the consolidated statement of financial position will be comparable only from 30 June 2014 onwards. Due to said non-comparability, information on the consolidation effect on various performance aspects was included in this business report.

Because of the large impact of Zavarovalnica Maribor's inclusion into the Sava Re Group, operating segments were subsequently also broken down geographically ("Slovenia" and "International"). "Slovenia" includes Zavarovalnica Maribor and Zavarovalnica Tilia, while "International" includes the other subsidiaries. The reinsurance segment was not broken down geographically, as – after the elimination of transactions with Zavarovalnica Maribor and Zavarovalnica Tilia – the majority of the remaining transactions relate to Sava Reinsurance Company's business in international reinsurance markets. The income statement for 1Q2013 treated transactions with Zavarovalnica Maribor as non-group transactions, so figures are not comparable.

In addition to said segment breakdown, the segment reporting information also reflects the effects of consolidation elimination and reallocations within certain income statement items:

- S** In the consolidation process, reinsurance effects were reallocated from the reinsurance segment to the non-life and life segments (Sava Reinsurance Company as the controlling company handles the reinsurance of most risks of the subsidiaries within the Sava Re Group): in the segment reporting information, reinsurance premiums received by the reinsurer from the subsidiaries were reallocated to the segment from where they arose (the same applied by analogy to reinsurance-related claims, commission income, change in unearned premiums, claims provisions and deferred acquisition costs). In the elimination process, the portion of business retroceded by Sava Reinsurance Company to foreign reinsurers was not allocated to the non-life and life segments. Retrocession-related expenses usually exceed income (except in the case of catastrophe claims). To provide a more adequate presentation of segment profitability, the result of the retroceded business was also allocated to the segment to which it related (non-life or life). All said items were corrected only in the part relating to the risks of subsidiaries retroceded by Sava Reinsurance Company to foreign reinsurers.
- S** Profits from investments in equity-accounted associates were reallocated to their source segments (attribution of profit earned by Zavarovalnica Maribor in 2013, accounted for using the equity method in the first three months of the year, was partly allocated to the non-life segment and partly to the life segment). Other operating expenses of the reinsurance segment were reduced by the portion of expenses attributable to the administration of the Sava Re Group. Sava Reinsurance Company operates as a virtual holding company so part of its expenses relate to the administration of the Group. This portion was reallocated from the reinsurance segment to other segments depending on gross premiums written.

In the statement of financial position, the following adjustments were made in addition to the eliminations made in the consolidation process:

- S** Intangible assets – goodwill was allocated to the segment from which it arose (it was reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).
- S** Reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – the same reasoning was applied as described in point one of corrections to income statement items.
- S** Equity was reallocated from the reinsurance segment to the non-life and life segments based on the carrying amount of investments in subsidiaries (the sum total of carrying amounts of non-life insurers was reallocated to the non-life segment, and that of life insurers was reallocated to the life segment).

The above-described reallocation has also been done on 1Q2013 data.

Reallocation of certain items will enhance transparency of profitability calculations for individual operating segments.

In the text below, we provide comments to unconsolidated amounts of operating segments as these are comparable to last year's figures.

Summary consolidated income statement

(€)	1–3/2014	1–3/2013	Index
Net premiums earned	106,464,352	57,595,580	184.8
Income from investments in associates	35,092	1,527,450	2.3
Investment income	13,553,337	5,869,880	230.9
- Net unrealised gains on investments of life insurance policyholders who bear the investment risk	3,460,974	972,485	355.9
Other technical income	2,251,950	1,175,597	191.6
Other income	1,065,747	275,320	387.1
Net claims incurred	-64,520,819	-32,088,772	201.1
Change in other technical provisions	-2,741,430	-529,958	517.3
Change in technical provisions for policyholders who bear the investment risk	-4,750,063	-1,444,389	328.9
Expenses for bonuses and rebates	-75,178	-99,148	75.8
Operating expenses	-33,282,279	-19,234,061	173.0
Expenses for financial assets and liabilities	-4,010,851	-1,259,625	318.4
- Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-2,536,409	-210,087	1,207.3
Other technical expenses	-4,268,776	-2,392,027	178.5
Other expenses	-370,462	-94,420	392.4
Profit/loss before tax	9,350,620	9,301,427	100.5
Underwriting result	3,827,820	4,427,211	86.5
Net investment income of the investment portfolio, including expenses for financial liabilities	8,663,099	5,374,586	161.2

Consolidated net earned premiums

(€)	1–3/2014	1–3/2013	Index
Gross premiums written	145,987,351	85,841,763	170.1
Net premiums written	134,248,470	76,106,551	176.4
Change in net unearned premiums	-27,784,118	-18,510,971	49.9
Net premiums earned	106,464,352	57,595,580	184.8

In 1Q2014, Zavarovalnica Maribor contributed € 79.8 million to the consolidated gross premiums written.

Consolidated net claims incurred

(€)	1–3/2014	1–3/2013	Index
Gross claims paid	69,728,196	32,682,967	213.3
Net claims paid	69,075,609	31,629,498	218.4
Change in the net provision for outstanding claims	-4,554,790	459,274	-991.7
Net claims incurred	64,520,819	32,088,772	201.1

In 1Q2014, Zavarovalnica Maribor contributed € 39.8 million to the consolidated gross claims paid.

Consolidated net operating expenses and the expense ratio

(€)	1–3/2014	1–3/2013	Index
Acquisition costs	10,907,856	11,930,353	91.4
Change in deferred acquisition costs (+/-)	-1,271,867	-3,381,350	37.6
Other operating expenses	23,646,290	10,685,058	221.3
Gross operating expenses	33,282,279	19,234,061	173.0
Income from reinsurance commission	-937,469	-344,302	272.3
Net operating expenses	32,344,810	18,889,759	171.2
Gross expense ratio	22.8%	22.4%	
Net expense ratio	30.4%	32.8%	

Consolidated net investment income

Consolidated income and expenses related to the investment portfolio

(€)	1–3/2014	1–3/2013	Index
Income from the investment portfolio	10,183,468	6,424,845	158.5
Expenses for the investment portfolio	1,143,035	718,828	159.0
Net investment income of the investment portfolio	9,040,433	5,706,017	158.4
Expenses for financial liabilities	377,334	331,431	113.8
Net investment income of the investment portfolio, including expenses for financial liabilities	8,663,099	5,374,586	161.2
Income from funds of policyholders who bear the investment risk	3,460,974	972,485	355.9
Expenses for funds of policyholders who bear the investment risk	2,536,409	210,087	1,207.3
Net investment income of funds of policyholders who bear the investment risk	924,565	762,398	121.3

*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.

Realised 1Q2014 financial income comprised interest income (€ 6.5 million), gains on the sale of investments (€ 2.8 million) and foreign exchange gains (€ 0.5 million). Realised 1Q2014 financial expenses comprised foreign exchange losses (€ 0.7 million) and other financial expenses (€ 0.4 million).

The net investment income of the investment portfolio is not comparable year-on-year, as the 1Q2014 net investment income includes income and expenses related to investments held by Zavarovalnica Maribor. The 2013 net investment income only included the net

investment income of Zavarovalnica Maribor accounted using the equity method because Zavarovalnica Maribor has been consolidated only since 1 May 2013.

3.1 Reinsurance operations

To a large degree, this segment reflects developments of business written abroad.

In the comparative period of 2013, intra-group income and expenses of Zavarovalnica Maribor relating to other Sava Re Group companies were not eliminated because Zavarovalnica Maribor only has been accounted for as a subsidiary since 1 May 2013.

Summary consolidated income statement; reinsurance business

(€)	1–3/2014	1–3/2013	Index
Net premiums earned	14,162,436	25,127,719	56.4
Investment income	1,915,227	3,250,318	58.9
Other technical income	256,446	595,461	43.1
Other income	231	5,298	4.4
Net claims incurred	-7,733,510	-14,755,015	52.4
Expenses for bonuses and rebates	4,627	18,176	25.5
Operating expenses	-4,286,073	-8,250,184	52.0
Expenses for financial assets and liabilities	-1,202,425	-889,840	135.1
Other technical expenses	-500,732	-252,185	198.6
Other expenses	-322	0	-
Profit/loss before tax	2,615,904	4,849,749	53.9
Underwriting result	1,903,193	2,483,973	76.6
Investment result	712,802	2,360,478	30.2

Net premiums earned

Consolidated net premiums earned; reinsurance business

(€)	1–3/2014	1–3/2013	Index
Gross premiums written	25,971,277	44,890,642	57.9
Net premiums written	25,850,593	37,806,586	68.4
Change in net unearned premiums	-11,688,157	-12,678,867	92.2
Net premiums earned	14,162,436	25,127,719	56.4

Unconsolidated net premiums earned; reinsurance business

(€)	1–3/2014	1–3/2013	Index
Gross premiums written	49,996,276	52,981,672	94.4
Net premiums written	41,375,784	43,961,224	94.1
Change in net unearned premiums	-16,531,955	-14,705,009	112.4
Net premiums earned	24,843,829	29,256,215	84.9

In the period 1Q2014, unconsolidated gross premiums written relating to the reinsurance segment decreased by 5.6 percent compared to the same period in 2013. Gross premiums written sourced from Slovenian cedants fell by 2.4 percent due to increased quota share retentions of cedants, while international gross premiums written shrank by 8.1 percent. The drop in foreign-sourced premiums written compared to the prior year is due to the cancellation of several major contracts that did not meet our profitability criteria, the decline in premium rates for non-proportional reinsurance coverage in international markets and a

reduced volume of offers following the AM Best rating review during the December 2013 reinsurance renewal after the announcement of impairment losses on subordinated bank bonds. Eventually, the credit rating was confirmed after the renewal period at an unchanged level of A- with a stable outlook.

Net premiums written moved in line with gross premiums written in 1Q2014.

Net claims incurred

Consolidated net claims incurred; reinsurance business

(€)	1-3/2014	1-3/2013	Index
Gross claims paid	13,878,805	15,619,818	88.9
Net claims paid	14,035,308	14,949,858	93.9
Change in the net provision for outstanding claims	-6,301,799	-194,843	3234.3
Net claims incurred	7,733,510	14,755,015	52.4

Unconsolidated net claims incurred; reinsurance business

(€)	1-3/2014	1-3/2013	Index
Gross claims paid	20,398,652	17,981,695	113.4
Net claims paid	20,297,940	17,199,151	118.0
Change in the net provision for outstanding claims	-8,103,168	-1,461,742	554.4
Net claims incurred	12,194,772	15,737,409	77.5

Unconsolidated gross claims paid relating to the reinsurance segment for 1Q2014 increased by 13.4 percent compared to the same period last year, reflecting growth in gross claims paid arising from reinsurance business of foreign cedants. Gross claims paid relating to Slovenian cedants decreased by 17.4 percent (at 31 March 2014, most claims relating to ice damage were still part of the claims provision). Gross claims paid in respect of foreign-sourced business rose by 38.0 percent, mostly relating to a large number of small claims of the 2013 underwriting year. Despite the relatively high increase, it should be noted that the provisions for these claims had been set aside already at the end of 2013 so they did not impact 1Q2014 results.

The change in the unconsolidated net claims provisions at 31 March 2014 compared to 31 December 2013 totalled € 8.1 million (positive impact on the financial statements). The gross provision for outstanding claims increased by € 3.5 million (increase in the claims provisions relating to Slovenian business of € 11.0 million due to ice damage; the claims provision for foreign-sourced business fell by € 7.5 million due to the above-mentioned claim payments relating to the Thai floods and the smaller volume of short-tail business). Despite the significant increase in the gross provision for outstanding claims relating to Slovenian cedants, the bulk of losses had been reinsured abroad, which largely defines the movement of the reinsurers' share of the claims provisions. It increased by € 11.6 million.

Operating expenses

Consolidated operating expenses; reinsurance business

(€)	1–3/2014	1–3/2013	Index
Acquisition costs	3,831,794	9,481,117	40.4
Change in deferred acquisition costs (+/-)	-513,719	-2,270,771	22.6
Other operating expenses	967,998	1,039,838	93.1
Gross operating expenses	4,286,073	8,250,184	52.0
Income from reinsurance commission	-36,105	-198,039	18.2
Net operating expenses	4,249,969	8,052,144	52.8

Unconsolidated operating expenses; reinsurance business

(€)	1–3/2014	1–3/2013	Index
Acquisition costs	8,401,766	11,334,796	74.1
Change in deferred acquisition costs (+/-)	-1,935,594	-2,675,487	127.7
Other operating expenses	1,762,424	1,607,670	109.6
Gross operating expenses	8,228,596	10,266,979	80.1
Income from reinsurance commission	-531,458	-328,519	38.2
Net operating expenses	7,697,138	9,938,460	77.4

Unconsolidated acquisition costs fell by 25.9 percent year-on-year (against a drop in gross premiums written of 5.6 percent). The ratio of acquisition costs to premiums declined year-on-year (mainly as a result of declining premium income from quota share reinsurance in Slovenia and increasing income from non-proportional treaties in the international portfolio). The change in deferred acquisition costs in 1Q2014 compared to the same period last year was lower primarily due to the drop in gross premiums written.

Other operating expenses rose slightly compared to 1Q2013, primarily due to costs associated with the Solvency II project and the increase in the number of employees.

Reinsurance commission income increased due to commission refunded by retrocessionaires of Sava Reinsurance Company that are supporting the reinsurance programme of Slovenian cedants. Commission calculated based on preliminary rates differed from the one calculated according to the sliding scale, as 2013 underwriting results were positive. Consequently, the result of retrocessionaires improved, which also lead to a larger commission income for Sava Reinsurance Company.

Net investment income

Consolidated income and expenses related to the investment portfolio; reinsurance business

(€)	1–3/2014	1–3/2013	Index
Income from the investment portfolio	1,915,227	3,250,318	58.9
Expenses for the investment portfolio	964,020	579,823	165.5
Net investment income of the investment portfolio	951,207	2,670,495	35.8
Expenses for financial liabilities	238,988	310,017	77.1
Net investment income of the investment portfolio, including expenses for financial liabilities	712,219	2,360,478	30.2

*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.








The net investment income of the investment portfolio relating to the reinsurance segment constitutes the net investment income of the investment portfolio of Sava Reinsurance Company, but on the consolidated level it excludes the net investment income from investments in Group companies (dividends, profit attribution under the equity method).

Compared to the same period last year, investment income decreased due to both lower foreign exchange gains on investments denominated in foreign currencies of € 0.5 million and lower interest income as a result of the restructuring of the portfolio towards increasing foreign investment with a high credit rating and lower return.

Investment expenses were higher due to both the sale of investments with a capital loss of € 0.2 million and foreign exchange losses on investments denominated in foreign currencies of € 0.7 million; such amounts are held for currency matching purposes and do not affect profit or loss as the impact is set off by an equal drop in technical provisions.

3.2 Non-life insurance business

The non-life insurance segment includes the following companies:

-  Zavarovalnica Maribor, non-life (only in 1Q2014)
-  Zavarovalnica Tilia, (non-life)
-  Sava Montenegro
-  Sava osiguranje Belgrade
-  Sava osiguruvanje Skopje
-  Velebit osiguranje
-  Illyria

Summary consolidated income statement; non-life insurance business

(€)	Non-life business – Slovenia		Non-life business – international	
	1–3/2014	1–3/2013	1–3/2014	1–3/2013
Net premiums earned	58,644,618	17,630,821	11,233,210	11,410,798
Investment income	2,593,726	516,622	700,790	800,335
Other technical income	1,368,675	217,596	359,599	341,313
Other income	578,674	5,335	257,238	224,727
Net claims incurred	-39,299,118	-10,572,444	-5,449,639	-5,439,962
Change in other technical provisions	-446,480	-132,419	-15,673	0
Expenses for bonuses and rebates	42,406	-118,272	-123,111	948
Operating expenses	-17,587,504	-3,836,975	-5,279,518	-5,594,338
Expenses for financial assets and liabilities	-185,377	-8,125	-10,416	-77,591
Other technical expenses	-2,339,548	-886,652	-1,204,313	-1,141,042
Other expenses	-215,983	-1,182	-151,605	-90,861
Profit/loss before tax	3,154,089	3,294,418	316,562	434,326
Underwriting result	383,049	2,301,655	-479,445	-422,284
Investment result	2,408,349	988,610	690,374	722,744

Net premiums earned

Consolidated net premiums earned; non-life insurance business

(€)	1–3/2014	1–3/2013	Index
Gross premiums written	97,492,526	37,516,127	259.9
Net premiums written	85,950,476	34,865,412	246.5
Change in net unearned premiums	-16,072,648	-5,823,794	276.0
Net premiums earned	69,877,828	29,041,618	240.6

Consolidated gross non-life premiums by region

(€)	1–3/2014	1–3/2013	Index
Slovenia	85,926,511	25,440,769	337.8
International	11,566,015	12,075,358	95.8
Total	97,492,526	37,516,127	259.9

Non-life premiums from Slovenia grew mainly because of the inclusion of Zavarovalnica Maribor into the Sava Re Group (not part of the Group in 1Q2013). Gross premiums written by Zavarovalnica Maribor included in the consolidated statements in 1Q2014 totalled € 60.8 million.

Unconsolidated gross non-life premiums of Sava Re Group companies

(€)	1–3/2014	1–3/2013	Index
Zavarovalnica Maribor (non-life)	60,780,540	61,215,776	99.3
Zavarovalnica Tilia (non-life)	25,223,687	25,537,194	98.8
Sava osiguranje Belgrade	2,478,179	2,373,670	104.4
Sava Montenegro	2,457,457	2,430,982	101.1
Sava osiguruvanje Skopje	2,421,515	2,600,875	93.1
Velebit osiguranje	2,208,477	2,447,097	90.2
Illyria	2,001,203	2,227,445	89.8
Total	97,571,058	98,833,039	98.7

*Zavarovalnica Maribor was included in the consolidated accounts only from 1 May 2013, while the table shows unconsolidated gross premiums written for 1Q2014 and 1Q2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

The total volume of unconsolidated non-life gross premiums written declined year-on-year. The two Slovenian insurers experienced the largest drop in gross premiums written. At Zavarovalnica Maribor this was both due to the market situation (decrease in average motor premiums) and more selective underwriting in unprofitable classes of insurance, with Zavarovalnica Tilia because of the cancellation of certain policies with corporate clients, in Croatia due to the liberalisation of the motor TPL market, and in Kosovo due to anticipated changes in the health insurance market. Slovenian non-life premiums were down 1 percent in 1Q2014.

Net claims incurred

Consolidated net claims incurred; non-life insurance

(€)	1–3/2014	1–3/2013	Index
Gross claims paid	43,747,633	15,743,943	277.9
Net claims paid	42,916,634	15,360,434	279.4
Change in the net provision for outstanding claims	1,832,123	651,972	281.0
Net claims incurred	44,748,757	16,012,406	279.5

Consolidated gross non-life claims paid by region

(€)	1–3/2014	1–3/2013	Index
Slovenia	38,882,424	10,435,710	372.6
International	4,865,209	5,308,233	91.7
Total	43,747,633	15,743,943	277.9

As with gross premiums written, the growth in Slovenian gross claims paid is a result of the inclusion of Zavarovalnica Maribor into the Group. Gross claims paid of Zavarovalnica Maribor included in the consolidated statements in 1Q2014 totalled € 29.6 million. Gross claims paid for foreign-sourced business were lower, partly reflecting continued favourable loss trends and partly the decline in premium volume of some Group companies.

Unconsolidated gross non-life claims paid of Sava Re Group companies

(€)	1–3/2014	1–3/2013	Index
Zavarovalnica Maribor (non-life)	29,592,981	28,831,059	102.6
Zavarovalnica Tilia (non-life)	9,294,210	10,441,401	89.0
Illyria	1,196,333	1,314,916	91.0
Sava osiguruvanje Skopje	1,107,995	1,159,344	95.6
Sava osiguranje Belgrade	1,049,315	1,068,081	98.2
Velebit osiguranje	808,907	847,592	95.4
Sava Montenegro	703,486	920,340	76.4
Total	43,753,227	44,582,733	98.1

*Zavarovalnica Maribor was included in the consolidated accounts only from 1 May 2013, while the table shows unconsolidated gross claims paid for 1Q2014 and 1Q2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

Zavarovalnica Tilia and all non-Slovenian Group companies recorded a decline in gross non-life claims paid. The largest drop in absolute terms was recorded by Zavarovalnica Tilia, the largest increase by Zavarovalnica Maribor. The increase in claims at Zavarovalnica Maribor was mainly due to claim payments relating to ice damage of € 5.0 million (the gross claims of all other major non-life classes were lower year-on-year). Most ice damage claims have not been paid out yet and are part of the claims provision at 31 March 2014.

Operating expenses

Consolidated operating expenses; non-life insurance business

(€)	1–3/2014	1–3/2013	Index
Acquisition costs	5,221,100	2,018,996	258.6
Change in deferred acquisition costs (+/-)	-965,646	-1,133,217	85.2
Other operating expenses	18,611,568	8,545,534	217.8
Gross operating expenses	22,867,022	9,431,313	242.5
Income from reinsurance commission	-896,570	-146,263	613.0
Net operating expenses	21,970,452	9,285,051	236.6

Acquisition costs attributable to Zavarovalnica Maribor totalled € 3.1 million in 1Q2014. With the effect of Zavarovalnica Maribor excluded, the level of acquisition costs remained about the same year-on-year.

Other operating expenses increased by € 10.1 million, almost entirely due to the consolidation of Zavarovalnica Maribor (€ 9.6 million).

Total consolidated gross non-life operating expenses rose by 142.5 percent against a 159.9 percent increase in gross premiums written, resulting in an improved expense ratio year-on-year.

Net investment income

Consolidated income and expenses related to the investment portfolio; non-life insurance business






(€)	1–3/2014	1–3/2013	Index
Income from the investment portfolio	3,350,451	1,797,070	186.4
Expenses for the investment portfolio	108,489	71,576	151.6
Net investment income of the investment portfolio	3,241,962	1,725,494	187.9
Expenses for financial liabilities	132,313	14,854	890.8
Net investment income of the investment portfolio, including expenses for financial liabilities	3,109,649	1,710,640	181.8

*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.

In 2014 most of the net investment income of the investment portfolio related to interest income (€ 2.5 million) and gains on the sale of investments (€ 0.7 million).

3.3 Life insurance business

The life insurance segment includes the following companies:

-  Zavarovalnica Maribor, life (only 1Q2014)
-  Zavarovalnica Tilia, life
-  Sava životno osiguranje
-  Illyria Life
-  Velebit životno osiguranje

Summary consolidated income statement; life insurance business

(€)	Life insurance, Slovenia		Life insurance, international	
	1–3/2014	1–3/2013	1–3/2014	1–3/2013
Net premiums earned	21,113,131	2,437,836	1,310,958	988,407
Income from investments in associates	0	1,013,451	0	0
Investment income	8,169,509	1,129,570	173,809	173,035
- Net unrealised gains on investments of life insurance policyholders who bear the investment risk	3,460,944	972,453	30	32
Other technical income	257,213	2,075	10,018	19,151
Other income	159,531	0	19,153	17,585
Net claims incurred	-11,861,789	-1,189,771	-176,763	-131,580
Change in other technical provisions	-1,752,467	-48,865	-526,810	-348,674
Change in technical provisions for policyholders who bear the investment risk	-4,746,097	-1,444,405	-3,966	16
Operating expenses	-4,905,718	-658,844	-803,888	-823,921
Expenses for financial assets and liabilities	-2,578,113	-211,756	-34,520	-71,789
- Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-2,536,387	-210,039	-22	-48
Other technical expenses	-103,676	-4,260	-120,482	-107,888
Other expenses	-27	0	-1,924	-1,346
Profit/loss before tax	3,752,396	1,025,031	-154,415	-287,004
Underwriting result*	-1,073,947	-143,820	-310,925	-404,505
Investment result	4,666,839	1,168,851	139,281	101,262

*The underwriting result includes unrealised gains and losses of policyholders who bear the investment risk.

Net premiums earned

Consolidated net premiums earned; life insurance business

(€)	1–3/2014	1–3/2013	Index
Gross premiums written	22,523,548	3,434,994	655.7
Net premiums written	22,447,401	3,434,553	653.6
Change in net unearned premiums	-23,313	-8,310	280.5
Net premiums earned	22,424,089	3,426,243	654.5

Consolidated gross life insurance premiums by region

(€)	1–3/2014	1–3/2013	Index
Slovenia	21,188,912	2,440,898	868.1
International	1,334,636	994,096	134.3
Total	22,523,548	3,434,994	655.7

Life premiums from Slovenia grew significantly because of the inclusion of Zavarovalnica Maribor into the Sava Re Group. Gross premiums written by Zavarovalnica Maribor included in the consolidated statements in 1Q2014 totalled € 19.0 million.

Gross unconsolidated life premiums of Sava Re Group companies

(€)	1–3/2014	1–3/2013	Index
Zavarovalnica Maribor (life)	19,006,268	19,080,652	99.6
Zavarovalnica Tilia (life)	2,182,644	2,440,898	89.4
Velebit životno osiguranje	614,169	403,142	152.3
Illyria Life	450,685	374,249	120.4
Sava životno osiguranje	269,782	216,705	124.5
Total	22,523,548	22,515,646	100.0

*Zavarovalnica Maribor was included in the consolidated accounts only from 1 May 2013, while the table shows unconsolidated gross premiums written for 1Q2014 and 1Q2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

Gross life premiums written in 1–3/2014 increased in all non-Slovenian Group companies, while Zavarovalnica Maribor and Zavarovalnica Tilia wrote less gross premiums. Slovenian life premiums were down 4.3 percent in 1Q2014 year-on-year.

Net claims incurred and change in provisions related to life insurance business

Consolidated net claims incurred and change in provisions related to life insurance business; life insurance business

(€)	1–3/2014	1–3/2013	Index
Gross claims paid	12,101,758	1,319,206	917.4
Net claims paid	12,123,666	1,319,206	919.0
Change in the net provision for outstanding claims	-85,114	2,145	-3968.0
Net claims incurred	12,038,552	1,321,351	911.1
Change in other technical provisions*	2,279,277	397,539	573.3
Change in technical provisions for policyholders who bear the investment risk	4,750,063	1,444,389	328.9
Net claims incurred, including change in mathematical and unit-linked provisions	19,067,892	3,163,279	602.8

*The bulk comprises mathematical provisions.

Consolidated gross life insurance premiums by region

(€)	1–3/2014	1–3/2013	Index
Slovenia	11,918,660	1,213,508	982.2
International	183,098	105,698	173.2
Total	12,101,758	1,319,206	917.4

As with gross premiums written, the growth in Slovenian gross claims paid is primarily a result of the inclusion of Zavarovalnica Maribor into the Group. Gross claims paid of Zavarovalnica Maribor included in the consolidated statements in 1Q2014 totalled € 10.2 million. Gross claims on foreign-sourced business also went up partly because Serbian and Kosovan life insurers saw an increase in surrenders and partly because policies written in initial years started to mature.

Unconsolidated gross life insurance claims paid of Sava Re Group companies

(€)	1–3/2014	1–3/2013	Index
Zavarovalnica Maribor (life)	10,191,616	10,829,004	94.1
Zavarovalnica Tilia (life)	1,727,044	1,213,508	142.3
Velebit životno osiguranje	89,030	50,116	177.6
Sava životno osiguranje	57,827	27,404	211.0
Illyria Life	36,241	28,178	128.6
Total	12,101,758	12,148,210	99.6

*Zavarovalnica Maribor was included in the consolidated accounts only from 1 May 2013, while the table shows unconsolidated gross claims paid for 1Q2014 and 1Q2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

Gross claims relating to 1Q2014 life business increased in all Group companies, except in Zavarovalnica Maribor, where measures have been taken to limit surrenders in the prior year and where they recorded a drop in the average benefits/claims paid.

Operating expenses

Consolidated operating expenses; life insurance business

(€)	1–3/2014	1–3/2013	Index
Acquisition costs	1,854,962	430,240	431.1
Change in deferred acquisition costs (+/-)	207,498	22,638	916.6
Other operating expenses	3,647,146	1,029,887	354.1
Gross operating expenses	5,709,606	1,482,765	385.1
Income from reinsurance commission	-4,795	0	-
Net operating expenses	5,704,811	1,482,765	384.7

Acquisition costs attributable to Zavarovalnica Maribor totalled € 1.5 million. The reduction in these costs in the other companies is related to portfolio development, especially in Tilia, where there are fewer new policies written.

Other operating expenses increased by € 2.6 million, mostly due to the consolidation of Zavarovalnica Maribor (€ 2.5 million).

The growth index of consolidated gross operating expenses relating to the life segment stood at 385.1; the index of consolidated gross life premiums written was 655.7. The ratio of expenses to premiums improved as a result of the consolidation of Zavarovalnica Maribor as the company has a mature and relatively large portfolio of life insurance policies compared to other non-Slovenian Group life insurers.

Net investment income

Consolidated income and expenses related to the investment portfolio; life insurance business

(€)	1–3/2014	1–3/2013	Index
Income from the investment portfolio	4,882,422	1,343,571	363.4
Expenses for the investment portfolio	70,526	67,429	104.6
Net investment income of the investment portfolio	4,811,896	1,276,142	377.1
Expenses for financial liabilities	6,033	6,036	100.0
Net investment income of the investment portfolio, including expenses for financial liabilities	4,805,863	1,270,106	378.4
Income from funds of policyholders who bear the investment risk	3,460,974	972,485	355.9
Expenses for funds of policyholders who bear the investment risk	2,536,409	210,087	1,207.3
Net investment income of funds of policyholders who bear the investment risk	924,565	762,398	121.3

*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.

In 2014 most of the net investment income of the investment portfolio related to interest income (€ 2.9 million) and gains on the sale of investments (€ 1.9 million).

3.4 Realisation of the 2014 plan

Realisation of plans of the Sava Re Group during the first quarter 2014

(€ million)	1–3/2014	Plan 2014	%
Consolidated gross premiums written (€)	146.0	> 445 million	32.8%
Net profit/loss for the period (€)	7.5	> 24 million	31.4%
Shareholders' equity (€)	253.3	> 250 million	101.3%
Return on equity	3.1%*	> 9.6%	32.3%
Net combined ratio	95.9%	< 98%	✓
Net expense ratio	30.4%	< 33%	✓
Net incurred loss ratio	63.2%	< 62%	✗
Annualised investment return	3.8%	> 2.3%	✓
Total assets (€)	1,440.7	> 1,400 million	✓

* Unannualised figure; the annualised ROE would be 12.4% and would exceed the target return figure for 2014.

In 1Q2014 altogether 32.8 percent of the planned annual consolidated gross premiums written were realised. Sava Reinsurance Company estimates that the premium volume target will be achieved by the end of the year. In addition, the consolidated net profit reached 31.4 percent of the annual target.

Most 1Q2014 ratios were according to plan, some were better.

The net incurred loss ratio (which includes the movement of the claims provision) was slightly less favourable than planned as a result of the ice damage, which impacted the consolidated first quarter result by € 6 million. One catastrophe event has been factored into the planned ratios so we do not expect any deviations from planned targets at the year-end.

4 FINANCIAL POSITION OF THE SAVA RE GROUP

At 31 March 2014, total assets of the Sava Re Group stood at € 1.440.7 million, an increase of 4.5 percent over 2013. Below we set out items of assets and liabilities in excess of 10 percent of total assets/liabilities at 31 March 2014.

4.1 Assets

Consolidated total assets by type

(€)	31. 3. 2014	Structure 31. 3. 2014	31. 12. 2013	Structure 31. 12. 2013
ASSETS	1,440,691,497	100.0%	1,378,300,387	100.0%
Intangible assets	39,128,249	2.7%	40,226,072	2.9%
Property and equipment	45,175,103	3.1%	46,042,572	3.3%
Deferred tax assets	4,905,588	0.3%	3,496,592	0.3%
Investment property	5,521,425	0.4%	5,567,006	0.4%
Financial investments in associates	2,846,284	0.2%	2,866,665	0.2%
Financial investments	920,702,504	63.9%	931,121,110	67.6%
Funds for the benefit of policyholders who bear the investment risk	182,634,711	12.7%	175,776,228	12.8%
Reinsurers' share of technical provisions	51,061,528	3.5%	33,490,712	2.4%
Receivables	162,722,051	11.3%	116,212,767	8.4%
Deferred acquisition costs	19,310,117	1.3%	17,752,316	1.3%
Other assets	1,940,960	0.1%	1,593,291	0.1%
Cash and cash equivalents	4,035,669	0.3%	3,432,720	0.2%
Non-current assets held for sale	707,308	0.0%	722,336	0.1%

4.1.1 Financial investments and financial investments in associates

Financial investments decreased by € 10.4 million compared to 31 December 2013. The investment portfolio decreased by € 9.9 million compared to 31 December 2013. Although the Group had a positive cash flow from core activities of € 10.8 million in 1Q2014, the increase in investments in this regard was set off by receivables booked in respect of matured securities of Zavarovalnica Maribor (€ 11.1 million). These receivables were set due to maturing Slovenian government bonds for which cash flows only realised in early April. Thus the change was a result of a decrease in financial investments of Sava Reinsurance Company mostly as a result of payments made under the contract on the partial redemption of subordinated debt of December 2013.

The consolidated investment portfolio

(€)	31.3.2014	31.12.2013	Index
Deposits and CDs	138,979,648	113,256,253	122.7
Government bonds	482,899,361	517,929,608	93.2
Corporate bonds	264,989,431	259,635,233	102.1
Shares	20,881,393	19,632,282	106.4
Mutual funds	6,445,018	9,192,936	70.1
Loans granted and other	1,242,326	1,283,781	96.8
Deposits with cedants	5,265,327	10,191,017	51.7
Total financial investments	920,702,504	931,121,110	98.9
Financial investments in associates	2,846,284	2,866,665	99.3
Investment property	5,521,425	5,567,007	99.2
Cash and cash equivalents	4,035,669	3,432,720	117.6
Total investment portfolio	933,105,882	942,987,502	99.0
Investments for the benefit of life-insurance policyholders who bear the investment risk	182,634,711	175,776,228	103.9

Reinsurance operations

Compared to 31 December 2013, the investment portfolio of the reinsurance segment decreased by € 10.0 million. The decrease is largely associated with the payment under the contract on the partial redemption of subordinated debt in December 2013.

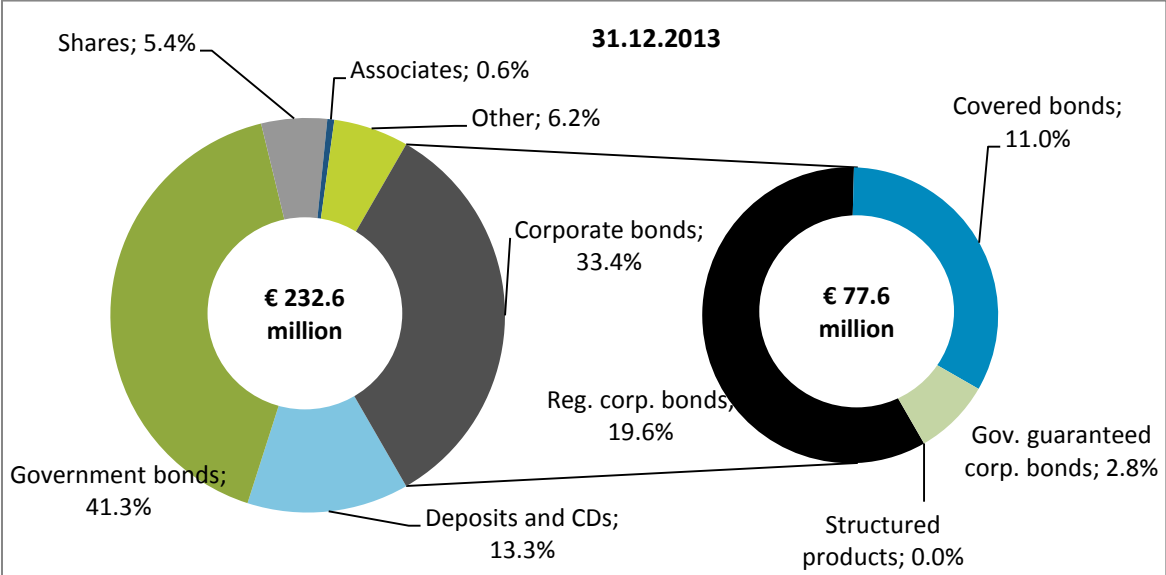
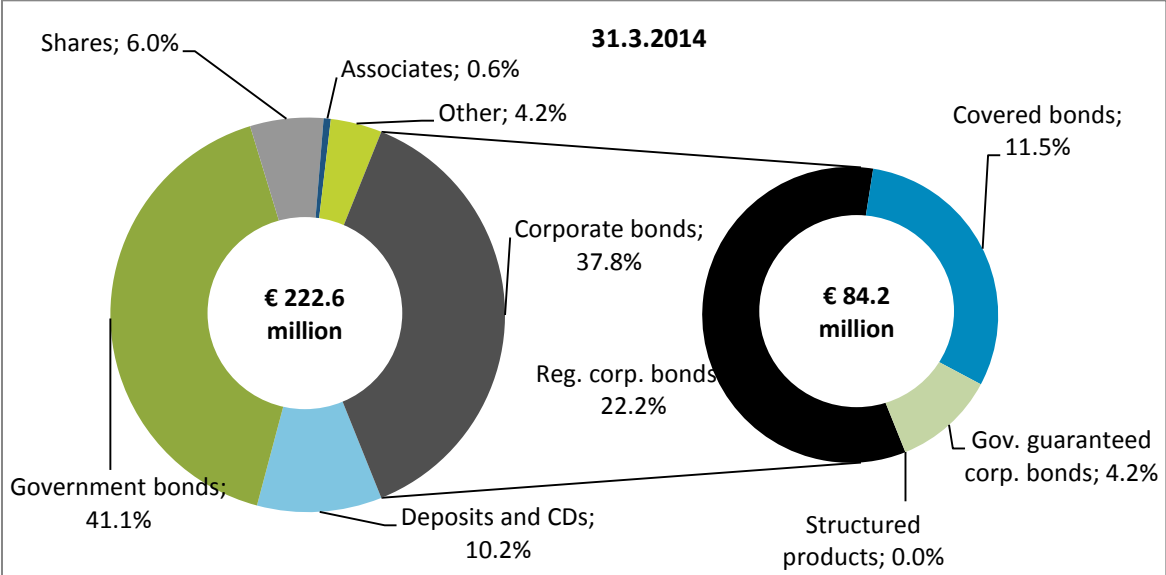
The consolidated investment portfolio; reinsurance business

(€)	31.3.2014	31.12.2013	Index
Deposits and CDs	22,770,012	30,837,544	73.8
Government bonds	91,562,362	95,968,151	95.4
Corporate bonds	84,178,595	77,567,167	108.5
Shares	13,367,018	12,537,924	106.6
Mutual funds	3,539,827	3,855,136	91.8
Loans granted and other	167	333	50.2
Deposits with cedants	5,265,327	10,191,017	51.7
Total financial investments	220,683,308	230,957,272	95.6
Financial investments in associates	1,305,107	1,325,488	98.5
Investment property	153,337	153,920	99.6
Cash and cash equivalents	416,412	128,265	324.6
Total investment portfolio	222,558,164	232,564,945	95.7

The structure of the investment portfolio compared to 31 December 2013 changed for the following asset classes:

- deposits and certificates of deposit (down 3 percentage points) due to early redemption of subordinated debt and
- corporate bonds (up 4 percentage points) due to reinvestment of maturing investments.

Structure of the consolidated investment portfolio; reinsurance business



Non-life insurance business

The investment portfolio decreased by € 3.3 million compared to 31 December 2013.

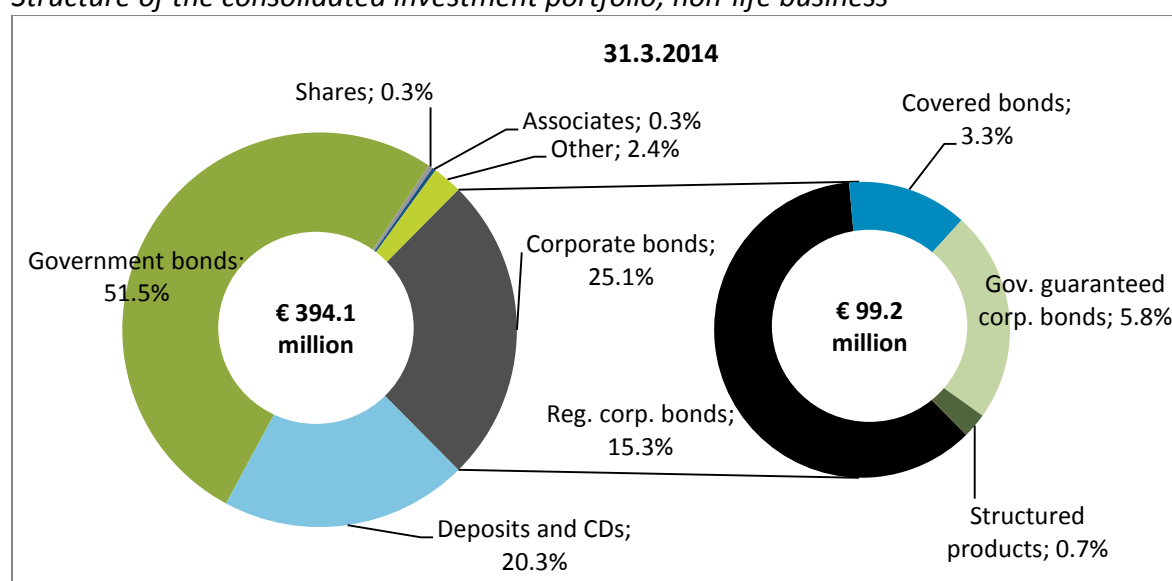
The consolidated investment portfolio; non-life business

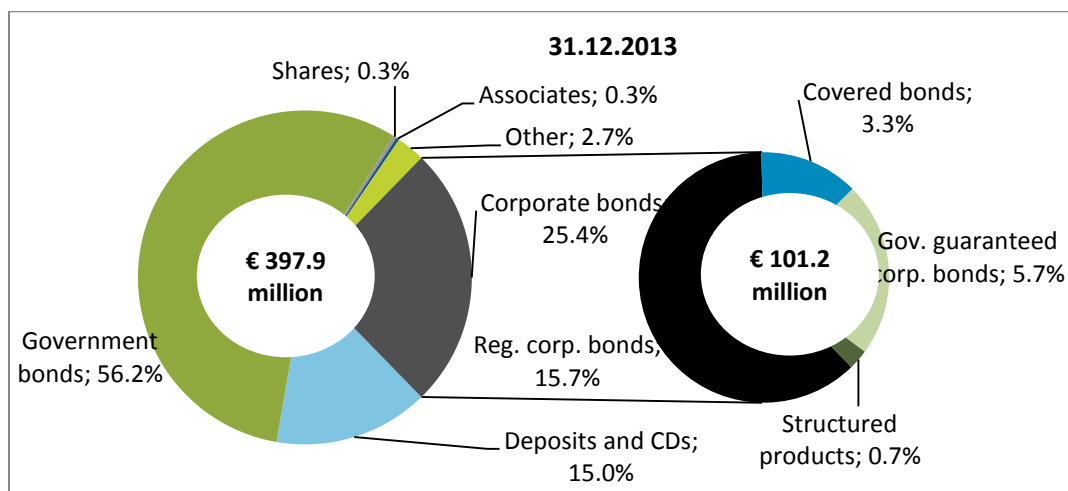
(€)	31.3.2014			31.12.2013			Index		
	Slovenia	International	Total	Slovenia	International	Total	Slovenia	International	Total
Deposits and CDs	53,818,528	26,315,562	80,134,090	31,645,823	28,110,622	59,756,445	170.1	93.6	134.1
Government bonds	173,917,038	29,202,004	203,119,042	195,874,283	27,611,977	223,486,260	88.8	105.8	90.9
Corporate bonds	99,176,265	25,914	99,202,179	101,129,931	25,404	101,155,335	98.1	102.0	98.1
Shares	1,140,853	258,648	1,399,501	1,137,451	262,156	1,399,607	100.3	98.7	100.0
Mutual funds	1,346,987	64,787	1,411,774	2,441,099	213,123	2,654,222	55.2	30.4	53.2
Loans granted and other	612,599	224,069	836,668	695,843	229,911	925,754	88.0	97.5	90.4
Deposits with cedants	0	0	0	0	0	0	0.0	0.0	0.0
Total financial investments	330,012,270	56,090,984	386,103,254	332,924,430	56,453,193	389,377,623	99.1	99.4	99.2
Financial investments in associates	1,240,728	0	1,240,728	1,240,728	0	1,240,728	100.0	0.0	100.0
Investment property	709,366	4,450,907	5,160,273	687,509	4,516,814	5,204,323	103.2	98.5	99.2
Cash and cash equivalents	414,395	1,744,885	2,159,280	445,211	1,669,569	2,114,780	93.1	104.5	102.1
Total investment portfolio	332,376,759	62,286,776	394,663,535	335,297,878	62,639,576	397,937,454	99.1	99.4	99.2

Compared to 31 December 2013, the structure of the investment portfolio relating to non-life insurance business changed significantly in respect to:

- government bonds (down 4.6 percentage points) due to maturing investments and
- deposits and certificates of deposits (up 5.2 percentage points) due to a temporary increase in call deposits, which were reinvested in other types of investments after the end of the quarter.

Structure of the consolidated investment portfolio; non-life business





Life insurance business

The investment portfolio relating to life insurance business grew by € 3.3 million compared to 31 December 2013.

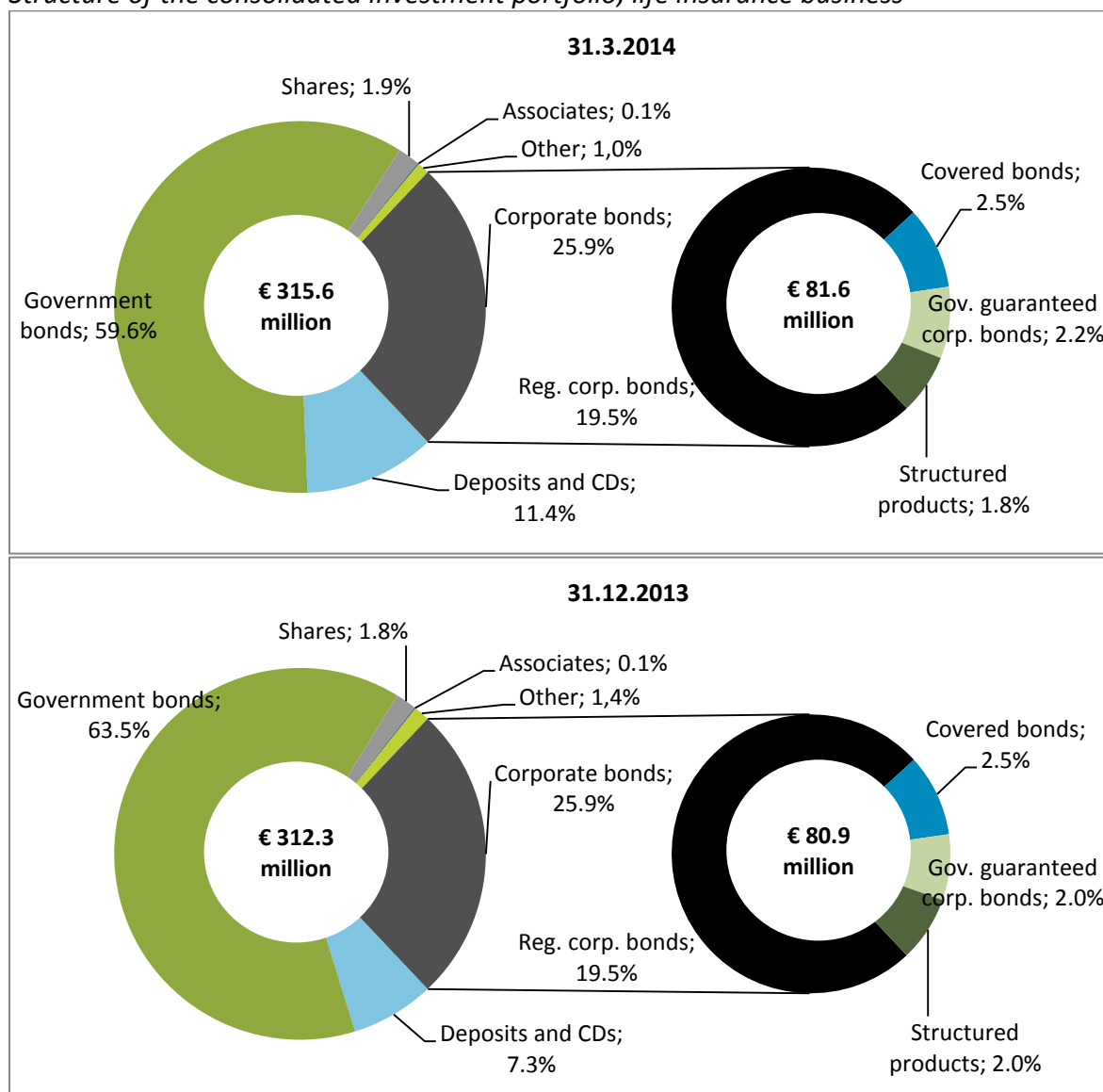
The consolidated investment portfolio; life insurance business

(€)	31.3.2014			31.12.2013			Index		
	Slovenia	International	Total	Slovenia	International	Total	Slovenia	International	Total
Deposits and CDs	29,763,951	6,311,595	36,075,546	16,138,825	6,523,439	22,662,264	184.4	96.8	159.2
Government bonds	183,209,808	5,008,149	188,217,957	193,463,501	5,011,696	198,475,197	94.7	99.9	94.8
Corporate bonds	81,222,859	385,798	81,608,657	80,912,731	0	80,912,731	100.4	0.0	100.9
Shares	5,955,752	159,122	6,114,874	5,519,437	175,314	5,694,751	107.9	90.8	107.4
Mutual funds	1,493,417	0	1,493,417	2,683,578	0	2,683,578	55.7	0.0	55.7
Loans granted and other	0	298,346	298,346	0	310,549	310,549	0.0	96.1	96.1
Deposits with cedants	0	0	0	0	0	0	0.0	0.0	0.0
Total financial investments	301,645,787	12,163,010	313,808,797	298,718,072	12,020,998	310,739,070	101.0	101.2	101.0
Financial investments in associates	300,449	0	300,449	300,449	0	300,449	100.0	0.0	100.0
Investment property	45,982	161,833	207,815	46,317	162,447	208,764	99.3	99.6	99.5
Cash and cash equivalents	109,575	1,155,611	1,265,186	72,602	976,977	1,049,579	150.9	118.3	120.5
Total investment portfolio	302,101,793	13,480,454	315,582,247	299,137,440	13,160,422	312,297,862	101.0	102.4	101.1
Investments for the benefit of life-insurance policyholders who bear the investment risk	182,619,668	15,043	182,634,711	175,765,101	11,127	175,776,228	103.9	135.2	103.9

Compared to 31 December 2013, the structure of the investment portfolio relating to life insurance business changed significantly in respect to:

- government bonds (down 3.9 percentage points) due to maturing investments and
- deposits and certificates of deposits (up 4.2 percentage points) due to a temporary increase in call deposits, which were reinvested in other types of investments after the end of the quarter.

Structure of the consolidated investment portfolio; life insurance business



4.1.2 Funds for the benefit of policyholders who bear the investment risk

Funds for the benefit of policyholders who bear the investment risk were the second largest asset item.

At 31 March 2014, these funds totalled € 182.6 million, up € 6.9 million compared to 31 December 2013. The following Sava Re Group insurers market life products under which policyholders bear the investment risk: Zavarovalnica Maribor, Zavarovalnica Tilia and Velebit životno osiguranje. Zavarovalnica Maribor held the largest portfolio of this kind of business: € 152.4 million at 31 March 2014 (up € 6.7 million from year-end 2013).

4.1.3 Receivables

Receivables are a major asset item, which increased by 40.0 percent or 46.5 million compared to year-end 2013. This asset item also increased relatively compared to other items.

The increase in receivables was driven both by increased receivables arising out of primary insurance operations as well as increased receivables arising out of reinsurance and co-insurance operations. Receivables arising out of primary insurance operations increased by € 16.7 million due to the renewal of annual insurance contracts with legal entities. Receivables arising out of reinsurance and co-insurance business increased by € 16.1 million, which is also due to the annual renewal of reinsurance contracts with cedants and partly because of the timing of making estimates of reinsurance transactions.

Other receivables rose by € 13.5 million. The major part of these receivables (€ 11.1 million) relates to maturing securities.

4.2 Liabilities

Consolidated equity & liabilities by type

(€)	31. 3. 2014	Structure 31. 3. 2014	31. 12. 2013	Structure 31. 12. 2013
EQUITY AND LIABILITIES	1,440,691,497	100.0%	1,378,300,387	100.0%
Equity	253,328,398	17.6%	240,099,321	17.4%
<i>Share capital</i>	<i>71,856,376</i>	<i>5.0%</i>	<i>71,856,376</i>	<i>5.2%</i>
<i>Capital reserves</i>	<i>42,423,360</i>	<i>2.9%</i>	<i>42,423,360</i>	<i>3.1%</i>
<i>Profit reserves</i>	<i>101,625,620</i>	<i>7.1%</i>	<i>102,023,219</i>	<i>7.4%</i>
<i>Treasury shares</i>	<i>-2,821,391</i>	<i>-0.2%</i>	<i>-2,821,391</i>	<i>-0.2%</i>
<i>Fair value reserve</i>	<i>13,566,291</i>	<i>0.9%</i>	<i>7,739,714</i>	<i>0.6%</i>
<i>Retained earnings</i>	<i>20,082,225</i>	<i>1.4%</i>	<i>15,018,066</i>	<i>1.1%</i>
<i>Net profit/loss for the period</i>	<i>7,929,711</i>	<i>0.6%</i>	<i>5,023,423</i>	<i>0.4%</i>
<i>Translation reserve</i>	<i>-3,269,024</i>	<i>-0.2%</i>	<i>-3,128,947</i>	<i>-0.2%</i>
<i>Equity attributable to owners of the controlling company</i>	<i>251,393,168</i>	<i>17.4%</i>	<i>238,133,820</i>	<i>17.3%</i>
<i>Non-controlling interest in equity</i>	<i>1,935,230</i>	<i>0.1%</i>	<i>1,965,501</i>	<i>0.1%</i>
Subordinated liabilities	28,675,779	2.0%	30,466,967	2.2%
Technical provisions	889,453,542	61.7%	846,224,719	61.4%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	175,786,637	12.2%	170,786,799	12.4%
Other provisions	6,074,384	0.4%	5,878,803	0.4%
Deferred tax liabilities	6,581,270	0.5%	4,008,876	0.3%
Other financial liabilities	392,700	0.0%	5,006,946	0.4%
Liabilities from operating activities	57,096,004	4.0%	44,991,418	3.3%
Other liabilities	23,302,783	1.6%	30,836,538	2.2%

4.2.1 Technical provisions

Gross technical provisions are the largest item of liabilities. These increased by 5.1 percent or € 43.2 million compared to year-end 2013. The largest increase was with the provision for unearned premiums (€ 33.7 million).

Gross technical provisions relating to the reinsurance segment rose by 2.9 percent. The increased amount of provisions compared to year-end 2013 is due to the increase in unearned premiums, which are high at the beginning of the year and gradually decrease towards the end of the year.

The gross technical provisions attributable to the non-life insurance segment increased by 8.2 percent at year-end 2013. The largest growth was recorded in unearned premiums, but there was also an increase in provisions for outstanding claims (ice damage).

The gross technical provisions attributable to the life insurance segment increased by 0.8 percent at year-end 2013. Similarly to the other two segments, the largest increase was with unearned premiums.

Movements in consolidated gross technical provisions

(€)	31. 3. 2014	31. 12. 2013	Index
Gross unearned premiums	178,319,834	144,611,911	123.3
Gross mathematical provisions	253,040,081	250,559,649	101.0
Gross provision for claims	444,409,581	437,267,628	101.6
Gross provision for bonuses, rebates and cancellations	704,319	832,938	84.6
Other gross technical provisions	12,979,727	12,952,593	100.2
Total gross technical provisions	889,453,542	846,224,719	105.1

4.2.2 Equity

The second largest item on the liabilities side is equity, which increased by 5.5 percent or € 13.2 million from year-end 2013. The increase in equity is a result of movements in equity components as follows:

- S the fair value reserve increased by € 5.8 million to € 13.6 million at 31 March 2013 (as a result of trends in capital markets);
- S the net profit for the period totalled € 7.9 million;
- S profit reserves dropped by € 0.4 million due to movements in reserves for credit risks and catastrophe equalisation.

4.2.3 Technical provision for the benefit of life insurance policyholders who bear the investment risk

Technical provisions for the benefit of policyholders who bear the investment risk at 31 December 2014 grew by 2.9 percent or € 5.0 million compared to year-end 2013. Zavarovalnica Maribor has a strong market position in life products. Most of this business comprises policies where policyholders bear the investment risk.

4.3 Insolvency risk

Sava Reinsurance Company meets capital adequacy requirements and so do all its subsidiary companies under local regulations. Sava Reinsurance Company's surplus of available solvency margin over the required solvency margin increased by € 7.0 million compared to 31 December 2013. Available capital exceeded the required solvency margin by € 23.0 million at 31 March 2014.

At year-end 2013, the solvency ratio stood at 168.8 percent, on 31 March 2014 at 198.5 percent.

Statement of capital adequacy for Sava Reinsurance Company

(€)		31.3.2014	31.12.2013
CORE CAPITAL (Article 106 of the Slovenian Insurance Act ("ZZavar"))			
Paid-up share capital, other than paid-up share capital arising from cumulative preference shares, or initial capital	1	71,856,376	71,856,376
Capital reserves, other than capital reserves arising from cumulative preference shares	2	54,239,757	54,239,757
Profit reserves, other than the reserve for treasury shares and the reserves for credit and catastrophe risk equalisation	3	88,939,518	88,939,518
Net profit brought forward from previous years	4	20,100,024	12,717,998
Fair value reserve relating to assets not financed from technical provisions	5	1,090,260	755,747
Treasury shares and own interests	6	3,434,924	2,821,391
Intangible assets	7	127,097	134,952
Core capital (1+2+3+4+5-6-7)	8	232,663,914	225,553,053
Guarantee fund	9	7,768,743	7,725,010
Compliance with Article 106 (4) of the ZZavar (8 – 9)	10	224,895,171	217,828,043
ADDITIONAL CAPITAL (Article 107 of the ZZavar)			
Subordinated debt instruments	11	5,826,557	5,793,757
Additional core capital (15), however not more than 50% of the lower of core capital or required solvency margin	12	5,826,557	5,793,757
AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL ADEQUACY (Article 108 of the ZZavar)			
Total of core and additional capital (8 + 12)	13	238,490,471	231,346,810
Participations within the meaning of Article 108 (1), point 1 of the ZZavar	14	191,481,452	191,481,452
Participations within the meaning of Article 108 (1), point 2 of the ZZavar	15	734,952	734,952
Available solvency margin of insurer (13 – 14 – 15)	16	46,274,067	39,130,406
Required solvency margin	17	23,306,230	23,175,031
Surplus/deficit of available solvency margin (16 – 17)	18	22,967,837	15,955,375

4.4 Capital structure

At 31 March 2014, the Sava Re Group's capital comprised € 253.3 million of equity, € 28.7 million of subordinated liabilities and € 0.4 million of other financial liabilities. Thus debt accounted for 10.3 percent of total equity and debt capital.

Subordinated liabilities mainly relate to the subordinated loan of Sava Reinsurance Company taken out to expand to the Western Balkans. Zavarovalnica Maribor also holds subordinated debt of € 5.2 million (in 1Q2014 Zavarovalnica Maribor redeemed € 1.8 million of subordinated debt).

4.5 Cash flow

Net cash from operating activities of the Sava Re Group in the period 1Q2014 totalled € 10.8 million (1Q2013: € 5.4 million).

Net cash used in financing activities in 1Q2014 amounted to € 13.1 million (1Q2013: net cash of € 6.2 million). In the first quarter of 2014, Sava Reinsurance Company and Zavarovalnica Maribor redeemed part of their subordinated debt, while Zavarovalnica Tilia redeemed a short-term loan of € 4.7 million.

4.6 Credit rating

Sava Reinsurance Company has two credit ratings, from Standard & Poor's and AM Best.

Credit ratings of Sava Reinsurance Company

	Standard & Poor's		A.M. Best	
	Rating ¹	Outlook	Rating ²	Outlook
Pozavarovalnica Sava	BBB+	stable	A-	stable

A summary of the two reports is posted on the Company's website: www.sava-re.si.

¹ Standard & Poor's credit rating agency uses the following ratings to evaluate financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

² A.M. Best uses the following credit rating categories to evaluate the financial strength: A++, A+ (superior), A, A- (excellent), B++, B+ (Good), B, B- (fair), C++, C+ (marginal), C, C- (weak), D (poor), E (under regulatory supervision), F (in liquidation), S (suspended).

5 PERSONNEL

Employment figures for Group members

	31. 3. 2014	31. 12. 2013	Change
Zavarovalnica Maribor	804	822	-18
Zavarovalnica Tilia	357	362	-5
Sava osiguranje Belgrade	295	273	22
Illyria	174	164	10
Sava osiguruvanje Skopje	161	126	35
Velebit osiguranje	152	151	1
Sava Montenegro	149	145	4
Illyria Life	122	120	2
Sava životno osiguranje	84	83	1
Sava Reinsurance Company	73	67	6
Velebit životno osiguranje	72	74	-2
Sava Car	25	24	1
Total	2,468	2,411	57

The table above shows the number of employees calculated on a full-time equivalent basis.

In the non-Slovenian companies, there was some hiring of sales personnel in order to achieve premium growth targets.

6 RISK MANAGEMENT

6.1 Underwriting risk

All Group subsidiaries assume risks from policyholders and mostly transfer excess risks to Sava Reinsurance Company. Sava Reinsurance Company also assumes risks from other cedants; any excess is retroceded to other reinsurers.

Due to underwriting process risk, losses may be incurred because of incorrect selection and approval of risks to be assumed for (re)insurance. This risk is mainly mitigated by following established or prescribed underwriting procedures, underwriting guidelines and instructions, by having in place a system of powers, an adequate pricing and reinsurance policy, and through actuarial review.

In the Sava Re Group, pricing risk is mainly controlled by using actuarial analyses of loss ratios, monitoring their trends, and by making adequate corrections.

Claims risk is managed by appropriate insurance conditions and pricing, adequate underwriting, controlling risk concentration, and especially adequate reinsurance programs for subsidiaries and an adequate retrocession programme for Sava Reinsurance Company.

Sava Re Group members mitigate net retention risk by setting appropriate maximum net retention limits and by designing adequate reinsurance or retrocession programmes.

Sava Re Group members manage reserving risk by comparing historic reserving figures with actual amounts, by applying the latest actuarial methods and by adopting a prudent approach in setting the levels of technical provisions.

6.2 Financial risks

In the course of their financial operations, individual Group companies are exposed to financial risks, such as market risk, liquidity risk and credit risk.

The investment policy of the Sava Re Group must comply with local legal requirements governing investment diversification, limits and valuation, asset-liability matching and internal measures for mitigating financial risks.

6.2.1 Market risks

The Group makes estimates for the following risks under the market risks heading: interest rate risk, equity securities risk and currency risk.

At 31 March 2014, assets of € 920.7 million were exposed to market risks (31 December 2013: € 931.1 million).

The table below shows our own estimates of the risks involved in each class of assets. The level of risk is determined according to the characteristics of the assets held by the Sava Re Group and does not constitute a risk assessment of types of financial instruments.

Own risk assessment

Type of investment	Market risk			Liquidity risk	Credit risk
	Interest rate risk	Equity risk	Currency risk		
Deposits and CDs					
Government bonds					
Corporate bonds					
Shares (excluding strategic shares)					
Mutual funds					
Bonds funds					
Mixed funds					
Equity funds					
Loans granted and other financial investments					
Deposits with cedants					
Total financial investments sensitive to market risk					
Low risk		Moderate risk		High risk	

6.2.1.1 Interest rate risk

Interest rate risk sensitivity is monitored by the Group through calculating the loss in the bond portfolio if interest rates rose by two percentage points. The bond portfolio includes government bonds, corporate bonds, bond mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5. The analysis does not include bonds classified by the Group as held-to-maturity.

A sensitivity analysis for non-life insurance investments (including the reinsurance segment) showed that if interest rates had increased by two percentage points, the value of the investment portfolio sensitive to interest rate risk would have decreased by € 14.9 million or by 3.6 percent (31 December 2013: € 16.5 million or by 3.8 percent).

Interest rate risk in life business affects both mathematical provisions and the value of investments covering mathematical provisions. An increase in interest rates would result in a decrease in both the mathematical provision as well as in invested assets. Such an increase in invested assets would fully offset the increase in mathematical provisions only if maturities and amounts of liabilities and investments were fully matched.

A sensitivity analysis for life insurance investments showed that if the interest rate had increased by two percentage points, the value of the investment portfolio sensitive to interest rate risk would have decreased by € 10.5 million or by 5.8 percent (31 December 2013: € 12.4 million or 6.6 percent).

6.2.1.2 Equity risk

Equity risk is measured through a stress test assuming a 10-percent drop in equity prices. Equity risk affects equities, equity mutual funds and mixed mutual funds (half of the amount is included in stress tests).

To assess the sensitivity of investments to equity risk, we assumed a 10 percent drop in the value of all equity securities. This would have decreased the value of the portfolio by € 2.6 million at 31 March 2014 (31 December 2013: € 2.6 million). The risk remained on the same level as at year-end 2013.

Equity risk changes linearly with equity prices. The greater the drop in equity prices, the greater the decrease in the value of investments sensitive to equity risk.

6.2.1.3 Currency risk

Currency risk is the risk that changes in exchange rates will decrease foreign investments or increase liabilities denominated in foreign currencies.

The Sava Re Group manages currency risk through the efforts of each Group member to optimise asset-liability currency matching.

Sava Reinsurance Company is the Sava Re Group member with the largest exposure to currency risk. Due to the increased business volume from abroad (and the increasing number of foreign currencies), Sava Reinsurance Company adopted a currency matching

policy in 2013 introducing a co-ordinated approach to the currency matching of assets and liabilities in order to reduce currency risk.

Group companies whose local currency is the euro (companies based in Slovenia, Montenegro and Kosovo) have all liabilities and investments denominated in euro, meaning that these companies are not affected by currency risk. Other Group companies whose local currency is not the euro, transact most business in their respective local currencies, while due to Group relations, they are to a minor extent subject to euro-related currency risk.

We estimate that currency risk at Group level in 1Q2014 did not change significantly compared to end-of-2013.

6.2.2 Liquidity risk

The Group mitigates liquidity risk by having Group companies draw up annual liquidity plans with daily planned cash-flows (cash-flows relating to investments, reinsurance, expenses). In addition, the Group mitigates liquidity risk by diversifying the maturities of deposits, which serve to meet day-to-day liquidity needs. The bond portfolio consists mainly of highly liquid listed bonds.

Large loss events trigger cash call provisions in reinsurance contracts and provide for immediate payments in the chain: cedant – controlling company – retrocessionaire.

For extraordinary liquidity situations, the controlling company has arranged a credit line with a commercial bank in the total amount of € 5 million.

Sudden liquidity needs arising in any Group subsidiary in excess of its own capacity could be met by the controlling company through short-term bridge loans.

6.2.3 Credit risk

We estimate credit risk for the investment portfolio based on issuer credit ratings for deposits, bonds and financial investments of reinsurers with cedants based on reinsurance contracts. At 31 March 2014, on this part of the investment portfolio 40 percent of the portfolio sensitive to market risk was rated A– by Standard & Poor's or better (31 December 2013: 41.3 percent). As much as 74.4 percent of the portfolio exposed to market risk is rated BBB by Standard & Poor's or better (31 December 2013: 76.7 percent).

The Group is also exposed to credit risk in relation to its retrocession programme. As a rule, subsidiaries conclude reinsurance contracts directly with the controlling company, unless they are subject to localisation requirements. Even if this is the case, the subsidiary would still transfer at least part of its risk exposure to the controlling company so that the actual exposure of reinsurers to credit risk is smaller than the otherwise correctly reported one.

Retrocession programmes are mostly placed with first-class reinsurers with an adequate credit rating. This is at least A– according to Standard & Poor's for long-tail business, and at least BBB+ for short-tail business. Reinsurers rated A– or better accounted for over 80 percent of the credit risk exposure relating to reinsurers.

6.2.3.1 Concentration risk

The Group's investment portfolio is reasonably diversified in order to avoid heavy concentration in any one asset class, counterparty, industry or in any other category. Assets are diversified by asset class (e.g. time deposits, debt and equity securities, structured products, mutual funds), maturity and currency.

In terms of geography, the Group is most heavily exposed to Slovenia (31 March 2014: 47.3 percent; 31 December 2013: 45.7 percent) followed by the EU (31 March 2014: 39.5 percent; 31 December 2013: 42.2 percent). In terms of industry, the Group is most heavily exposed to the government (31 March 2014: 52.6 percent; 31 December 2013: 55.7 percent) and the banking sector (31 March 2014: 29.3 percent; 31 December 2013: 23.4 percent). Concentration by geography and industry increased compared to year-end 2013 due to maturing government bonds that were kept as call deposits before being reinvested.

We consider that concentration risk on the Group level did not change significantly in the first quarter 2014 compared to year-end 2013.

6.3 Operational risks

Operational risk includes human capital risk, management control risk, system risk, process risk, legal risk and such like.

Sava Re Group members mitigate operational risk by setting up adequate IT-supported procedures and controls in the most important business areas. In addition, this risk is managed through the internal audit function and through staff training.

6.4 Exposure to risks up until the end of 2014

We expect that in the remaining nine months of the year, the exposure of Sava Reinsurance Company and the Sava Re Group to risks will not change significantly. Due to the nature of its business, the main risks that the Group is exposed to are underwriting risks followed by market risks. The realisation of underwriting risks is fortuitous and only for certain classes of insurance seasonal. A major increase in realised risks could be expected as a result of an increased frequency of storms with massive losses or as a result of unfavourable trends in financial markets.

**SAVA RE GROUP SUMMARY
FINANCIAL STATEMENTS
WITH NOTES**

7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 Unaudited consolidated statement of financial position

(€)	31.3.2014	31.12.2013
ASSETS	1,440,691,497	1,378,300,387
Intangible assets	39,128,249	40,226,072
Property and equipment	45,175,103	46,042,572
Deferred tax assets	4,905,588	3,496,592
Investment property	5,521,425	5,567,006
Financial investments in associates	2,846,284	2,866,665
Financial investments:	920,702,504	931,121,110
- Loans and deposits	144,929,766	124,155,090
- Held to maturity	160,902,458	164,086,323
- Available for sale	576,792,091	608,760,093
- At fair value through profit or loss	38,078,189	34,119,604
Funds for the benefit of policyholders who bear the investment risk	182,634,711	175,776,228
Reinsurers' share of technical provisions	51,061,528	33,490,712
Receivables	162,722,051	116,212,767
Receivables arising out of primary insurance business	73,536,243	56,871,392
Receivables arising out of reinsurance and co-insurance business	64,406,952	48,273,297
Current tax assets	1,901,544	1,707,675
Other receivables	22,877,312	9,360,403
Deferred acquisition costs	19,310,117	17,752,316
Other assets	1,940,960	1,593,291
Cash and cash equivalents	4,035,669	3,432,720
Non-current assets held for sale	707,308	722,336
EQUITY AND LIABILITIES	1,440,691,497	1,378,300,387
Equity	253,328,398	240,099,321
Share capital	71,856,376	71,856,376
Capital reserves	42,423,360	42,423,360
Profit reserves	101,625,620	102,023,219
Treasury shares	-2,821,391	-2,821,391
Fair value reserve	13,566,291	7,739,714
Retained earnings	20,082,225	15,018,066
Net profit/loss for the period	7,929,711	5,023,423
Translation reserve	-3,269,024	-3,128,947
Equity attributable to owners of the controlling company	251,393,168	238,133,820
Non-controlling interest in equity	1,935,230	1,965,501
Subordinated liabilities	28,675,779	30,466,967
Technical provisions	889,453,542	846,224,719
Unearned premiums	178,319,834	144,611,911
Mathematical provisions	253,040,081	250,559,649
Provision for outstanding claims	444,409,581	437,267,628
Other technical provisions	13,684,046	13,785,531
Technical provision for the benefit of life insurance policyholders who bear the investment risk	175,786,637	170,786,799
Other provisions	6,074,384	5,878,803
Deferred tax liabilities	6,581,270	4,008,876
Other financial liabilities	392,700	5,006,946
Liabilities from operating activities	57,096,004	44,991,418
Liabilities from primary insurance business	12,563,861	12,951,255
Liabilities from reinsurance and co-insurance business	42,744,691	31,423,916
Current income tax liabilities	1,787,452	616,247
Other liabilities	23,302,783	30,836,538

7.2 Unaudited consolidated income statement

(€)	1–3/2014	1–3/2013
Net premiums earned	106,464,352	57,595,580
Gross premiums written	145,987,351	85,841,763
Written premiums ceded to reinsurers and co-insurers	-11,738,881	-9,735,212
Change in net unearned premiums	-27,784,118	-18,510,971
Income from investments in associates	35,092	1,527,450
Profit from investments in equity-accounted associate companies	35,092	1,527,450
Investment income	13,553,337	5,869,880
Interest income	6,476,514	3,002,593
Other investment income	3,615,849	1,894,802
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	3,460,974	972,485
Other technical income	2,251,950	1,175,597
Commission income	937,469	344,302
Other technical income	1,314,481	831,295
Other income	1,065,747	275,320
Net claims incurred	-64,520,819	-32,088,772
Gross claims paid less income from recourse receivables	-69,728,196	-32,682,967
Reinsurers' and co-insurers' share of claims paid	652,587	1,053,469
Change in the net provision for outstanding claims	4,554,790	-459,274
Change in other technical provisions	-2,741,430	-529,958
Change in technical provisions for policyholders who bear the investment risk	-4,750,063	-1,444,389
Change in liabilities under financial contracts		
Expenses for bonuses and rebates	-75,178	-99,148
Operating expenses	-33,282,279	-19,234,061
Acquisition costs	-9,635,989	-11,498,174
Other operating expenses	-23,646,290	-7,735,887
Expenses for financial assets and liabilities	-4,010,851	-1,259,625
Impairment losses on financial assets not at fair value through profit or loss	-27,345	-49,829
Interest expense	-375,338	-331,431
Other investment expenses	-1,071,759	-668,278
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-2,536,409	-210,087
Other technical expenses	-4,268,776	-2,392,027
Other expenses	-370,462	-94,420
Profit/loss before tax	9,350,620	9,301,427
Income tax expense	-1,804,494	-1,505,047
Net profit/loss for the period	7,546,126	7,796,380
Net profit/loss attributable to owners of the controlling company	7,572,871	7,876,735
Net profit/loss attributable to non-controlling interests	-26,745	-80,355
Net diluted earnings/loss per share	0.45	0.62

7.3 Unaudited consolidated statement of comprehensive income

(€)	1–3/2014			1–3/2013		
	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	7,572,871	-26,745	7,546,126	7,876,735	-80,355	7,796,380
OTHER COMPREHENSIVE INCOME, NET OF TAX	5,686,501	-3,525	5,682,976	-3,770,820	-2,692	-3,773,512
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	5,686,501	-3,525	5,682,976	-3,770,820	-2,692	-3,773,512
Net change in fair value of available-for-sale financial assets	7,205,403	164	7,205,567	-3,405,762	3,863	-3,401,900
Gains/losses recognised in fair value reserve	9,139,971	164	9,140,135	-3,236,759	3,863	-3,232,896
Net change transferred from fair value reserve to profit or loss	-1,934,568	0	-1,934,568	-169,003	0	-169,003
Net gains/losses attributable to the Group recognised in fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies	-55,473	0	-55,473	-939,687	0	-939,687
Tax on other comprehensive income	-1,323,352	0	-1,323,352	454,976	-261	454,715
Net gains/losses from translation of financial statements of non-domestic companies	-140,077	-3,689	-143,766	119,654	-6,294	113,360
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	13,259,371	-30,270	13,229,102	4,105,914	-83,047	4,022,867
Attributable to owners of the controlling company	13,259,371	0	13,259,371	4,105,914	0	4,105,914
Attributable to non-controlling interest	0	-30,270	-30,270	0	-83,047	-83,047

7.4 Unaudited consolidated statement of cash flows

(€)		1-3/2014	1-3/2013
A.	Cash flows from operating activities		
a.)	Items of the income statement	29,400,013	28,321,401
1.	Net premiums written	134,248,470	76,106,551
2.	Investment income (other than financial income), financed from:	60,523	2,795,987
	- technical provisions	43,841	2,697,762
	- other sources	16,682	98,225
3.	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	3,317,697	1,450,917
4.	Net claims paid	-69,075,609	-31,629,498
5.	Expenses for bonuses and rebates	-75,178	-99,148
6.	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-32,601,713	-15,383,720
7.	Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-30,445	-928,194
	- technical sources	-23,766	-898,939
	- other sources	-6,679	-29,255
8.	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-4,639,238	-2,486,447
9.	Tax on profit and other taxes not included in operating expenses	-1,804,494	-1,505,047
b.)	Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement	-18,637,053	-22,887,430
1.	Change in receivables from primary insurance	-16,664,851	-7,683,154
2.	Change in receivables from reinsurance	-16,133,655	-21,363,861
3.	Change in other receivables from re/insurance business	-94,984	-103,745
4.	Change in receivables and assets	569,937	-2,971,273
5.	Change in deferred tax assets	-1,408,996	-461,435
6.	Change in inventories	-42,889	-16,939
7.	Change in liabilities arising out of primary insurance	-387,394	619,283
8.	Change in liabilities arising out of reinsurance business	11,320,775	8,883,659
9.	Change in other operating liabilities	1,171,205	256,082
10.	Change in other liabilities (except unearned premiums)	329,975	-47,108
11.	Change in deferred tax liabilities	2,703,824	1,061
c.)	Net cash from/used in operating activities (a + b)	10,762,960	5,433,971
B.	Cash flows from investing activities		
a.)	Cash receipts from investing activities	212,541,095	97,865,671
1.	Interest received from investing activities relating to:	6,471,444	3,002,593
	- investments financed from technical provisions	6,195,379	2,825,710
	- other investments	276,065	176,883
2.	Cash receipts from dividends and from participation in the profit of others, relating to:	59,644	71,300
	- investments financed from technical provisions	24,552	23,163
	- other investments	35,092	48,137
3.	Proceeds from sale of intangible assets, financed from:	276,738	9,317
	- other sources	276,738	9,317
4.	Proceeds from sale of property and equipment, financed from:	291,055	3,698
	- other sources	291,055	3,698
5.	Proceeds from sale of long-term financial investments, financed from:	83,660,303	30,456,468
	- technical provisions	77,392,672	13,796,933
	- other sources	6,267,631	16,659,535
6.	Proceeds from sale of short-term financial investments, financed from:	121,781,911	64,322,295
	- technical provisions	102,869,201	62,124,846
	- other sources	18,912,710	2,197,449
b.)	Cash disbursements in investing activities	-207,740,383	-109,097,882
1.	Purchase of intangible assets	-172,911	-31,391
2.	Purchase of property and equipment, financed from:	-483,729	-142,818
	- technical provisions	-85,857	0
	- other sources	-397,872	-142,818
3.	Purchase of long-term financial investments, financed from:	-46,310,924	-32,541,550
	- technical provisions	-41,975,601	-38,093
	- other sources	-4,335,323	-32,503,457
4.	Purchase of short-term financial investments, financed from:	-160,772,819	-76,382,123
	- technical provisions	-150,347,326	-71,600,742
	- other sources	-10,425,493	-4,781,381
c.)	Net cash from/used in investing activities (a + b)	4,800,712	-11,232,211
C.	Cash flows from financing activities		
a.)	Cash receipts from financing activities	0	6,500,000
1.	Proceeds from short-term borrowing	0	6,500,000
b.)	Cash disbursements in financing activities	-13,121,294	-331,431
1.	Interest paid	-375,338	-331,431
2.	Repayment of long-term financial liabilities	-8,020,956	0
3.	Repayment of short-term financial liabilities	-4,725,000	0
c.)	Net cash from/used in financing activities (a + b)	-13,121,294	6,168,569
C2.	Closing balance of cash and cash equivalents	4,035,669	4,428,819
	Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	2,442,378	370,329
	Opening balance of cash and cash equivalents	1,593,291	4,058,488

7.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the three months to 31 March 2014

(€)	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interest in equity	Total (14 + 15)
			Contingency reserve	legal reserves and reserves provided for in the articles of association	reserve for treasury shares	Reserves for credit risks	catastrophe equalisation reserve	other								
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
Opening balance in the financial period	71,856,376	42,423,360	0	11,138,541	2,821,391	800,075	12,070,719	75,192,493	7,739,714	15,018,066	5,023,423	-2,821,391	-3,128,947	238,133,820	1,965,501	240,099,321
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	5,826,577	0	7,572,871	0	-140,077	13,259,371	-30,270	13,229,102
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	16,074	-413,673	0	0	40,761	356,837	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	5,023,419	-5,023,419	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	-23	0	0	0	-23	0	-23
Closing balance in the financial period	71,856,376	42,423,360	0	11,138,541	2,821,391	816,149	11,657,046	75,192,493	13,566,291	20,082,225	7,929,711	-2,821,391	-3,269,024	251,393,168	1,935,230	253,328,398

Unaudited consolidated statement of changes in equity for the three months to 31 March 2013

(€)	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interest in equity	Total (14 + 15)
			Contingency reserve	legal reserves and reserves provided for in the articles of association	reserve for treasury shares	Reserves for credit risks	catastrophe equalisation reserve	other								
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
Opening balance in the financial period	39,069,100	25,352,645	0	16,677,980	1,774	753,026	9,950,193	69,542,800	1,527,689	4,016,817	5,461,807	-1,774	-3,014,477	169,337,580	2,015,862	171,353,442
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	-3,890,473	0	7,876,735	0	119,654	4,105,915	-83,047	4,022,867
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	-224,631	28,863	0	0	0	195,768	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	5,461,807	-5,461,807	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	-48	0	0	0	-48	0	-48
Closing balance in the financial period	39,069,100	25,352,646	0	16,677,980	1,774	528,395	9,979,056	69,542,800	-2,362,784	9,478,577	8,072,505	-1,774	-2,894,823	173,443,449	1,932,815	175,376,264

8 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The selected notes to the financial statements for the three months to 31 March 2014 are significant to an understanding of the changes in financial position and performance of the Group in the first three months of 2014 as compared to both the first three months of 2013 and end-of-year 2013.

8.1 Overview of major accounting policies

The financial statements with notes have been prepared in compliance with IAS 34 "Interim Financial Reporting".

Pursuant to IAS 34, notes are provided in relation to major business events that are required to understand the financial position and performance of the Group compared to the most recent annual report, prepared for 2013.

The financial statements with notes as at and for the three months to 31 March 2014 have not been audited.

The interim financial statements at 31 March 2014 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2013.

8.2 Seasonality and cyclicity of interim operations

The operations of the Group are not seasonal in nature. Pursuant to technical rules, Group insurance companies defer costs/expenses and income that, by their nature, may or is required to be deferred also at the year-end.

8.3 The nature and amount of unusual items

There were no items unusual because of their nature, size or incidence that would materially affect assets, liabilities, equity, net profit or cash flows in the three months to 31 March 2014.

8.4 Materiality

The materiality threshold for the consolidated financial statements has been determined as 2 percent of the Sava Re Group's shareholders' equity, amounting to € 5.1 million at 31 March 2014. Changes in statement of financial position items that do not exceed the materiality threshold in interim financial statements are not discussed in detail. Disclosures and notes required under IAS 34 or by law have been presented in the report regardless of the materiality threshold.

8.5 Issues, repurchases, and repayments of debt and equity securities

The Group neither issued new debt securities nor repaid the existing subordinate debt.

8.6 Key accounting estimates and judgements

The Group is predominately composed of financial companies that invest their assets (those supporting liabilities as well as capital funds) in financial instruments. If the fair value of any financial instrument falls below its cost, the Group – pursuant to applicable accounting rules – considers whether the decrease is a significant and long-term one, in the event of which the financial instrument is impaired.

8.7 Analysis of operating segments

Operating segments disclosed and monitored were determined based on the various activities carried out in the Group. Segments have been formed based on similar services provided by companies (features of insurance products, market networks and the environment in which companies operate).

Depending on the nature, scope and organisation of work, the CODM (Chief Operating Decision Maker) is a group composed of management board members, director of finance, director of controlling and director of risk management. CODM can monitor quarterly the results of operations by segments. These results include technical results, net investment income and other aggregated performance indicators, as well as the amounts of assets, equity and technical provisions. All figures reviewed by the CODM are included in the quarterly financial report submitted to the management board.

Operating segments include reinsurance business, non-life insurance business, life insurance business, and other. Performance of these segments is monitored based on different indicators, a common performance indicator for all segments being net profit, calculated in accordance with IFRSs.

With the inclusion of Zavarovalnica Maribor in the Sava Re Group, we have started presenting operating segments by region, so that there is a separate presentation of life and non-life insurance business in Slovenia and international markets.

Statement of financial position by operating segment – assets; 31 March 2014

31.3.2014	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	313,967,204	495,945,328	108,621,699	604,567,027	500,877,350	18,642,831	519,520,181	2,637,084	1,440,691,497
Intangible assets	104,358	17,572,955	13,529,583	31,102,538	5,644,201	2,067,640	7,711,841	209,511	39,128,249
Property and equipment	2,353,191	24,270,254	11,168,904	35,439,158	2,648,534	2,696,766	5,345,300	2,037,454	45,175,103
Deferred tax assets	1,380,537	1,189,104	0	1,189,104	2,334,861	1,086	2,335,947	0	4,905,588
Investment property	153,337	709,366	4,450,907	5,160,273	45,982	161,833	207,815	0	5,521,425
Financial investments in associates	1,305,107	1,240,728	0	1,240,728	300,449	0	300,449	0	2,846,284
Financial investments:	220,683,308	330,012,270	56,090,984	386,103,254	301,645,787	12,163,010	313,808,797	107,145	920,702,504
- Loans and deposits	28,035,506	54,379,484	26,539,631	80,919,115	29,258,059	6,609,941	35,868,000	107,145	144,929,766
- Held to maturity	1,997,003	61,489,552	6,058,622	67,548,174	90,058,670	1,298,611	91,357,281	0	160,902,458
- Available for sale	175,211,407	199,542,341	22,434,577	221,976,918	176,299,021	3,304,745	179,603,766	0	576,792,091
- At fair value through profit or loss	15,439,392	14,600,893	1,058,154	15,659,047	6,030,037	949,713	6,979,750	0	38,078,189
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	182,619,668	15,043	182,634,711	0	182,634,711
Reinsurers' share of technical provisions	16,254,339	30,323,693	4,170,700	34,494,394	312,077	718	312,795	0	51,061,528
Receivables	66,902,801	76,940,876	13,609,673	90,550,549	4,871,054	352,334	5,223,388	45,313	162,722,051
- Receivables arising out of primary insurance business	0	62,774,027	9,550,416	72,324,443	1,081,005	119,765	1,200,770	11,030	73,536,243
- Receivables arising out of reinsurance and co-insurance business	63,139,461	449,655	817,836	1,267,491	0	0	0	0	64,406,952
- Current tax assets	431,276	0	255,698	255,698	1,214,570	0	1,214,570	0	1,901,544
- Other receivables	3,332,064	13,717,194	2,985,723	16,702,917	2,575,479	232,569	2,808,048	34,283	22,877,312
Deferred acquisition costs	4,119,125	11,841,156	3,056,609	14,897,764	291,012	2,216	293,228	0	19,310,117
Other assets	294,689	1,171,038	351,639	1,522,677	54,150	26,574	80,724	42,870	1,940,960
Cash and cash equivalents	416,412	414,395	1,744,885	2,159,280	109,575	1,155,611	1,265,186	194,791	4,035,669
Non-current assets held for sale	0	259,493	447,815	707,308	0	0	0	0	707,308

Statement of financial position by operating segment – equity and liabilities; 31 March 2014

31.3.2014	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	290,051,944	526,057,377	108,108,924	634,166,301	496,174,025	18,451,530	514,625,555	1,847,697	1,440,691,497
Equity	90,344,705	69,222,967	37,895,796	107,118,763	42,970,838	11,197,852	54,168,690	1,696,240	253,328,398
Equity attributable to owners of the controlling company	90,344,705	69,222,967	37,338,552	106,561,519	42,970,838	9,819,866	52,790,704	1,696,240	251,393,168
Non-controlling interest in equity	0	0	557,244	557,244	0	1,377,986	1,377,986	0	1,935,230
Subordinated liabilities	23,475,779	5,200,000	0	5,200,000	0	0	0	0	28,675,779
Technical provisions	131,351,622	426,061,181	63,758,101	489,819,282	261,692,374	6,590,264	268,282,638	0	889,453,542
- Unearned premiums	30,300,909	125,238,290	21,832,938	147,071,228	808,927	138,770	947,697	0	178,319,834
- Mathematical provisions	0	0	0	0	246,749,949	6,290,132	253,040,081	0	253,040,081
- Provision for outstanding claims	101,037,503	287,249,191	41,828,027	329,077,218	14,133,498	161,362	14,294,860	0	444,409,581
- Other technical provisions	13,210	13,573,700	97,136	13,670,836	0	0	0	0	13,684,046
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	175,771,594	15,043	175,786,637	0	175,786,637
Other provisions	372,364	3,999,464	516,672	4,516,136	1,188,684	0	1,188,684	-2,800	6,074,384
Deferred tax liabilities	0	4,072,826	43,625	4,116,451	2,464,369	0	2,464,369	450	6,581,270
Other financial liabilities	715	301	113,157	113,458	275,000	3,527	278,527	0	392,700
Liabilities from operating activities	40,963,553	6,290,106	1,583,470	7,873,576	8,101,120	155,303	8,256,423	2,452	57,096,004
- Liabilities from primary insurance business	0	4,097,705	813,528	4,911,233	7,547,678	104,950	7,652,628	0	12,563,861
- Liabilities from reinsurance and co-insurance business	40,295,144	1,779,750	669,797	2,449,547	0	0	0	0	42,744,691
- Current income tax liabilities	668,409	412,651	100,145	512,796	553,442	50,353	603,795	2,452	1,787,452
Other liabilities	3,543,206	11,210,532	4,198,103	15,408,635	3,710,046	489,541	4,199,587	151,355	23,302,783

Statement of financial position by operating segment – assets; 31 December 2013

31.12.2013	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	307,219,115	454,818,907	108,505,148	563,324,055	486,878,937	18,351,581	505,230,518	2,526,698	1,378,300,387
Intangible assets	112,212	18,413,841	13,570,233	31,984,074	5,835,160	2,080,868	7,916,028	213,757	40,226,072
Property and equipment	2,341,711	25,032,108	11,294,869	36,326,977	2,611,969	2,743,079	5,355,048	2,018,836	46,042,572
Deferred tax assets	1,833,254	1,189,104	728	1,189,832	472,982	524	473,506	0	3,496,592
Investment property	153,920	687,509	4,516,813	5,204,322	46,317	162,447	208,764	0	5,567,006
Financial investments in associates	1,325,488	1,240,728	0	1,240,728	300,449	0	300,449	0	2,866,665
Financial investments:	230,957,272	332,924,430	56,453,193	389,377,623	298,718,072	12,020,998	310,739,070	47,145	931,121,110
- Loans and deposits	41,028,894	32,290,023	28,340,533	60,630,556	15,614,507	6,833,988	22,448,495	47,145	124,155,090
- Held to maturity	2,073,728	63,369,954	5,763,238	69,133,192	91,206,086	1,673,317	92,879,403	0	164,086,323
- Available for sale	174,820,862	226,344,198	21,280,331	247,624,529	183,764,440	2,550,262	186,314,702	0	608,760,093
- At fair value through profit or loss	13,033,788	10,920,255	1,069,091	11,989,346	8,133,039	963,431	9,096,470	0	34,119,604
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	175,765,101	11,127	175,776,228	0	175,776,228
Reinsurers' share of technical provisions	17,905,592	11,217,326	4,081,517	15,298,843	284,916	1,361	286,277	0	33,490,712
Receivables	47,936,419	52,410,997	13,069,540	65,480,537	2,427,940	317,520	2,745,460	50,351	116,212,767
- Receivables arising out of primary insurance business	0	46,924,361	8,873,467	55,797,828	930,617	121,654	1,052,271	21,293	56,871,392
- Receivables arising out of reinsurance and co-insurance business	46,949,541	523,400	797,292	1,320,692	0	3,064	3,064	0	48,273,297
- Current tax assets	431,000	0	257,982	257,982	1,018,580	0	1,018,580	113	1,707,675
- Other receivables	555,878	4,963,236	3,140,799	8,104,035	478,743	192,802	671,545	28,945	9,360,403
Deferred acquisition costs	4,179,298	10,152,439	3,104,019	13,256,458	314,622	1,938	316,560	0	17,752,316
Other assets	345,684	838,029	289,516	1,127,545	28,807	34,742	63,549	56,513	1,593,291
Cash and cash equivalents	128,265	445,211	1,669,569	2,114,780	72,602	976,977	1,049,579	140,096	3,432,720
Non-current assets held for sale	0	267,185	455,151	722,336	0	0	0	0	722,336

Statement of financial position by operating segment – equity and liabilities; 31 December 2013

31.12.2013	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	260,834,230	507,480,238	108,327,363	615,807,601	481,598,548	18,154,801	499,753,349	1,905,207	1,378,300,387
Equity	70,740,259	80,590,876	38,469,914	119,060,790	37,149,992	11,405,724	48,555,716	1,742,556	240,099,321
Equity attributable to owners of the controlling company	70,740,259	80,590,876	37,912,076	118,502,952	37,149,992	9,998,061	47,148,053	1,742,556	238,133,820
Non-controlling interest in equity	0	0	557,838	557,838	0	1,407,663	1,407,663	0	1,965,501
Subordinated liabilities	23,466,967	7,000,000	0	7,000,000	0	0	0	0	30,466,967
Technical provisions	127,590,901	388,535,141	64,010,214	452,545,355	260,016,395	6,072,068	266,088,463	0	846,224,719
- Unearned premiums	19,202,208	102,130,353	22,385,018	124,515,371	778,571	115,761	894,332	0	144,611,911
- Mathematical provisions	0	0	0	0	244,771,550	5,788,099	250,559,649	0	250,559,649
- Provision for outstanding claims	108,370,854	273,123,094	41,139,198	314,262,292	14,466,274	168,208	14,634,482	0	437,267,628
- Other technical provisions	17,839	13,281,694	485,998	13,767,692	0	0	0	0	13,785,531
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	170,775,672	11,127	170,786,799	0	170,786,799
Other provisions	220,033	4,019,643	437,351	4,456,994	1,201,776	0	1,201,776	0	5,878,803
Deferred tax liabilities	0	3,956,962	42,692	3,999,654	7,075	1,697	8,772	450	4,008,876
Other financial liabilities	549	4,275,300	2,016	4,277,316	725,000	0	725,000	4,081	5,006,946
Liabilities from operating activities	29,617,675	5,482,486	1,757,124	7,239,610	7,966,143	165,312	8,131,455	2,678	44,991,418
- Liabilities from primary insurance business	0	3,910,666	1,090,204	5,000,870	7,830,569	119,816	7,950,385	0	12,951,255
- Liabilities from reinsurance and co-insurance business	29,617,675	1,248,947	554,088	1,803,035	0	3,206	3,206	0	31,423,916
- Current income tax liabilities	0	322,873	112,832	435,705	135,574	42,290	177,864	2,678	616,247
Other liabilities	9,197,846	13,619,830	3,608,052	17,227,882	3,756,495	498,873	4,255,368	155,442	30,836,538

Income statement by operating segment 1Q2014

2014	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total
Net premiums earned	14,162,436	58,644,618	11,233,210	69,877,828	21,113,131	1,310,958	22,424,089	0	106,464,352
Gross premiums written	25,971,277	85,926,511	11,566,015	97,492,526	21,188,912	1,334,636	22,523,548	0	145,987,351
Written premiums ceded to reinsurers and co-insurers	-120,684	-10,661,255	-880,795	-11,542,050	-75,512	-635	-76,147	0	-11,738,881
Change in gross unearned premiums	-11,098,700	-22,874,443	470,880	-22,403,563	-27,494	-23,043	-50,537	0	-33,552,800
Change in unearned premiums for the reinsurance and co-insurance part	-589,457	6,253,805	77,110	6,330,915	27,224	0	27,224	0	5,768,682
Income from investments in subsidiary and associate companies	0	0	0	0	0	0	0	35,092	35,092
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	35,092	35,092
Investment income	1,915,227	2,593,726	700,790	3,294,516	8,169,509	173,809	8,343,318	276	13,553,337
Interest income	1,078,461	1,847,433	678,063	2,525,496	2,743,261	129,020	2,872,281	276	6,476,514
Other investment income	836,766	746,293	22,727	769,020	1,965,304	44,759	2,010,063	0	3,615,849
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	3,460,944	30	3,460,974	0	3,460,974
Other technical income	256,446	1,368,675	359,599	1,728,274	257,213	10,018	267,231	0	2,251,950
Commission income	36,105	767,274	129,296	896,570	4,795	0	4,795	0	937,469
Other technical income	220,341	601,401	230,303	831,704	252,418	10,018	262,436	0	1,314,481
Other income	231	578,674	257,238	835,912	159,531	19,153	178,684	50,920	1,065,747
Net claims incurred	-7,733,510	-39,299,118	-5,449,639	-44,748,757	-11,861,789	-176,763	-12,038,552	0	-64,520,819
Gross claims paid less income from recourse receivables	-13,878,805	-38,882,424	-4,865,209	-43,747,633	-11,918,660	-183,098	-12,101,758	0	-69,728,196
Reinsurers' and co-insurers' share of claims paid	-156,503	855,024	-24,025	830,999	-21,908	0	-21,908	0	652,587
Change in the gross claims provision	7,333,351	-14,035,180	-453,296	-14,488,476	78,779	6,335	85,114	0	-7,070,011
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-1,031,552	12,763,462	-107,109	12,656,353	0	0	0	0	11,624,801
Change in other technical provisions	0	-446,480	-15,673	-462,153	-1,752,467	-526,810	-2,279,277	0	-2,741,430
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-4,746,097	-3,966	-4,750,063	0	-4,750,063
Expenses for bonuses and rebates	4,627	42,406	-123,111	-80,705	900	0	900	0	-75,178
Operating expenses	-4,286,073	-17,587,504	-5,279,518	-22,867,022	-4,905,718	-803,888	-5,709,606	-419,578	-33,282,279
Acquisition costs	-3,831,794	-4,283,511	-937,589	-5,221,100	-1,579,604	-275,358	-1,854,962	0	-10,907,856
Change in deferred acquisition costs	513,719	1,000,841	-35,195	965,646	-207,776	278	-207,498	0	1,271,867
Other operating expenses	-967,998	-14,304,834	-4,306,734	-18,611,568	-3,118,338	-528,808	-3,647,146	-419,578	-23,646,290
Expenses for financial assets and liabilities	-1,202,425	-185,377	-10,416	-195,793	-2,578,113	-34,520	-2,612,633	0	-4,010,851
Impairment losses on financial assets not at fair value through profit or loss	-11,384	-582	-493	-1,075	-604	-14,282	-14,886	0	-27,345
Interest expense	-238,988	-129,230	-1,087	-130,317	-2,166	-3,867	-6,033	0	-375,338
Other investment expenses	-952,053	-55,565	-8,836	-64,401	-38,956	-16,349	-55,305	0	-1,071,759
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-2,536,387	-22	-2,536,409	0	-2,536,409
Other technical expenses	-500,732	-2,339,548	-1,204,313	-3,543,861	-103,676	-120,482	-224,158	-25	-4,268,776
Other expenses	-322	-215,983	-151,605	-367,588	-27	-1,924	-1,951	-601	-370,462
Profit/loss before tax	2,615,904	3,154,089	316,562	3,470,651	3,752,396	-154,415	3,597,981	-333,916	9,350,620
Income tax expense	-948,637	-239,934	-100,060	-339,994	-515,863	0	-515,863	0	-1,804,494
Net profit/loss for the period	1,667,267	2,914,155	216,502	3,130,657	3,236,533	-154,415	3,082,118	-333,916	7,546,126
Net profit/loss attributable to owners of the controlling company	11,170,429	-7,291,860	749,471	3,134,977	3,437,302	-123,463	3,104,543	-369,008	7,572,871
Net profit/loss attributable to non-controlling interest	0	0	-4,320	-4,320	0	-22,425	-22,425	0	-26,745

Income statement by operating segment 1Q2013

2013	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total
Net premiums earned	25,127,719	17,630,821	11,410,798	29,041,618	2,437,836	988,407	3,426,243	0	57,595,580
Gross premiums written	44,890,642	25,440,769	12,075,358	37,516,127	2,440,898	994,096	3,434,994	0	85,841,763
Written premiums ceded to reinsurers and co-insurers	-7,084,056	-1,691,068	-959,647	-2,650,715	0	-441	-441	0	-9,735,212
Change in gross unearned premiums	-16,084,938	-7,640,143	118,105	-7,522,038	-3,062	-5,248	-8,310	0	-23,615,286
Change in unearned premiums for the reinsurance and co-insurance part	3,406,071	1,521,263	176,981	1,698,244	0	0	0	0	5,104,315
Income from investments in subsidiary and associate companies	0	480,113	0	480,113	1,013,451	0	1,013,451	33,886	1,527,450
Profit from investments in equity-accounted associate companies	0	480,113	0	480,113	1,013,451	0	1,013,451	33,886	1,527,450
Investment income	3,250,318	509,286	807,671	1,316,957	1,129,570	173,035	1,302,605	0	5,869,880
Interest income	1,457,267	487,979	784,078	1,272,057	146,981	126,288	273,269	0	3,002,593
Other investment income	1,793,051	21,307	23,593	44,900	10,136	46,715	56,851	0	1,894,802
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	972,453	32	972,485	0	972,485
Other technical income	595,461	224,932	333,977	558,910	2,075	19,151	21,226	0	1,175,597
Commission income	198,039	16,090	130,172	146,263	0	0	0	0	344,302
Other technical income	397,422	208,842	203,805	412,647	2,075	19,151	21,226	0	831,295
Other income	5,298	5,335	224,727	230,062	0	17,585	17,585	22,375	275,320
Net claims incurred	-14,755,015	-10,572,444	-5,439,962	-16,012,406	-1,189,771	-131,580	-1,321,351	0	-32,088,772
Gross claims paid less income from recourse receivables	-15,619,818	-10,435,710	-5,308,233	-15,743,943	-1,213,508	-105,698	-1,319,206	0	-32,682,967
Reinsurers' and co-insurers' share of claims paid	669,960	177,079	206,429	383,509	0	0	0	0	1,053,469
Change in the gross claims provision	1,888,159	-920,477	-642,036	-1,562,513	23,737	-25,882	-2,145	0	323,501
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-1,693,316	606,664	303,877	910,541	0	0	0	0	-782,775
Change in other technical provisions	0	-132,419	0	-132,419	-48,865	-348,674	-397,539	0	-529,958
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-1,444,405	16	-1,444,389	0	-1,444,389
Expenses for bonuses and rebates	18,176	-118,272	948	-117,324	0	0	0	0	-99,148
Operating expenses	-8,250,184	-3,836,975	-5,594,338	-9,431,313	-658,844	-823,921	-1,482,765	-69,799	-19,234,061
Acquisition costs	-9,481,117	-1,055,978	-963,018	-2,018,996	-160,137	-270,103	-430,240	0	-11,930,353
Change in deferred acquisition costs	2,270,771	1,511,745	-378,528	1,133,217	-22,768	130	-22,638	0	3,381,350
Other operating expenses	-1,039,838	-4,292,742	-4,252,792	-8,545,534	-475,939	-553,948	-1,029,887	-69,799	-10,685,058
Expenses for financial assets and liabilities	-889,840	-8,125	-77,591	-85,716	-211,756	-71,789	-283,545	-524	-1,259,625
Impairment losses on financial assets not at fair value through profit or loss	-35,002	0	13,548	13,548	0	-28,375	-28,375	0	-49,829
Interest expense	-310,017	-8,125	-6,729	-14,854	-1,717	-4,319	-6,036	-524	-331,431
Other investment expenses	-544,821	0	-84,410	-84,410	0	-39,047	-39,047	0	-668,278
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-210,039	-48	-210,087	0	-210,087
Other technical expenses	-252,185	-886,652	-1,141,042	-2,027,694	-4,260	-107,888	-112,148	0	-2,392,027
Other expenses	0	-1,182	-90,861	-92,043	0	-1,346	-1,346	-1,031	-94,420
Profit/loss before tax	4,849,748	3,294,418	434,326	3,728,744	1,025,031	-287,004	738,027	-15,093	9,301,427
Income tax expense	-1,051,118	-437,247	0	-437,247	-16,682	0	-16,682	0	-1,505,047
Net profit/loss for the period	3,798,630	2,857,171	434,326	3,291,497	1,008,349	-287,004	721,345	-15,093	7,796,380
Net profit/loss attributable to owners of the controlling company	3,798,630	2,857,171	468,973	3,326,144	1,008,349	-241,296	767,053	-15,093	7,876,735
Net profit/loss attributable to non-controlling interest	0	0	-34,647	-34,647	0	-45,708	-45,708	0	-80,355

Inter-segment business

(€)	Reinsurance operations		Non-life insurance business		Life insurance business		Other	
	1-3/2014	1-3/2013	1-3/2014	1-3/2013	1-3/2014	1-3/2013	1-3/2014	1-3/2013
Net premiums earned	24,024,999	8,091,030	140,074	101,136	0	0	0	0
Net claims incurred	-6,519,847	-2,361,877	-5,594	-7,731	0	0	0	0
Operating expenses	-3,175,756	-1,472,722	-385,160	-35,848	-10,593	-11,952	0	0
Investment income	53,781	82,825	2,040	0	0	0	0	0
Other income	4,775	43,736	16,967	23,395	12	10	376,126	30,000

8.8 Notes to significant changes in the statement of financial position

8.8.1 Property and equipment

Movements in cost and accumulated depreciation of property and equipment assets

(€)	Land	Buildings	Equipment	Other property and equipment	Total
Cost					
1.1.2014	7,174,821	45,344,479	23,624,554	442,183	76,586,037
Additions	0	110,338	471,709	0	582,047
Disposals	-21,415	-111,917	-604,764	0	-738,096
Foreign exchange differences	-2,805	-55,122	-18,163	-5,334	-81,424
31.3.2014	7,150,601	45,287,778	23,473,336	436,849	76,348,564
Accumulated depreciation and impairment losses					
1.1.2014	0	13,708,736	16,633,514	201,215	30,543,465
Additions	0	280,462	674,547	9,047	964,056
Disposals	0	-14,662	-289,658	0	-304,320
Impairment losses	0	0	0	0	0
Foreign exchange differences	0	-15,953	-11,565	-2,222	-29,740
31.3.2014	0	13,958,582	17,006,838	208,040	31,173,461
Carrying amount at 1.1.2014	7,174,821	31,635,743	6,991,040	240,968	46,042,572
Carrying amount at 31.3.2014	7,150,601	31,329,196	6,466,498	228,809	45,175,103

8.8.2 Financial investments

In 1Q2014 financial investments decreased by € 10.4 million compared to year-end 2013. The main reason for this is that at the end of 2013, Sava Reinsurance Company entered a contract for the redemption of part of its subordinated debt, while the actual repayment from deposits was carried out in January 2014. In addition, part of the sold investments was still booked as receivables relating to maturing securities.

Financial investments at 31 March 2014

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Held for trading	Designated to this category			
31.3.2014						
Long-term financial assets	160,121,083	0	12,086,138	543,507,346	42,092,086	757,806,653
Shares and other variable income securities and mutual funds				19,632,974		19,632,974
Debt securities and other fixed income securities	159,615,191		12,086,138	519,660,308		691,361,637
Shares in investment funds				4,162,421		4,162,421
Mortgage loans					538,614	538,614
Other financial investments				51,643	104,614	156,257
Other loans granted					188,867	188,867
Bank deposits	505,892				41,259,991	41,765,883
Short-term financial investments	781,375	9,195,008	16,797,043	33,284,745	102,837,680	162,895,851
Held-for-trading shares and interests			1,537,286	1,993,729		3,531,015
Held-for-trading securities or securities with a remaining maturity of less than one year	781,375	9,195,008	15,259,757	31,291,016		56,527,156
Short-term loans granted					358,588	358,588
Bank deposits					97,213,765	97,213,765
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants					5,265,327	5,265,327
Total	160,902,458	9,195,008	28,883,181	576,792,091	144,929,766	920,702,504
Funds for the benefit of policyholders who bear the investment risk	9,953,929		160,540,724	134,013	12,006,045	182,634,711

Financial investments at 31 December 2013

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Held for trading	Designated to this category			
31.12.2013						
Long-term financial assets	162,270,901	1,272,277	11,225,654	580,210,969	42,403,596	797,383,397
Shares and other variable income securities and mutual funds	0	0	0	18,620,506	0	18,620,506
Debt securities and other fixed income securities	161,746,583	1,272,277	11,225,654	555,187,918	0	729,432,432
Shares in investment funds	0	0	0	6,350,902	0	6,350,902
Mortgage loans	0	0	0	0	556,681	556,681
Other financial investments	0	0	0	51,643	113,585	165,228
Other loans granted	0	0	0	0	202,584	202,584
Bank deposits	524,318	0	0	0	41,530,746	42,055,064
Short-term financial investments	1,815,422	8,404,819	13,216,854	28,549,124	81,751,494	133,737,713
Held-for-trading shares and interests	0	176,915	1,034,589	2,642,306	0	3,853,810
Held-for-trading securities or securities with a remaining maturity of less than one year	1,815,422	8,227,904	12,182,265	25,906,818	0	48,132,409
Short-term loans granted	0	0	0	0	359,288	359,288
Bank deposits	0	0	0	0	71,201,189	71,201,189
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	0	10,191,017	10,191,017
Total	164,086,323	9,677,096	24,442,508	608,760,093	124,155,090	931,121,110
Funds for the benefit of policyholders who bear the investment risk	10,137,733	11,127	155,290,766	133,934	10,202,668	175,776,228

8.8.3 Technical provisions ceded to reinsurers

Technical provisions ceded to reinsurers

(€)	31.3.2014	31.12.2013
From unearned premiums	11,553,407	5,673,885
From mathematical provisions	37	100
From provisions for claims outstanding	39,284,697	27,561,112
From other technical provisions	223,387	255,615
Total	51,061,528	33,490,712

The reinsurers' share of unearned premiums in the first quarter is, as ordinarily, higher than at year-end 2013. This is because retrocession contracts are written and renewed mostly at the beginning of the year.

Losses relating to the ice damage in Slovenia resulted in increased claims provisions ceded to reinsurers, as the major part of these losses is reinsured abroad.

8.8.4 Receivables

Receivables increased by € 46.5 million compared to year-end 2013. Receivables arising out of primary insurance operations increased by € 16.7 million due to the renewal of annual insurance contracts with legal entities. Receivables arising out of reinsurance and co-insurance business increased by € 16.1 million, which is also due to the annual renewal of reinsurance contracts with cedants and partly because of the timing of estimates of reinsurance transaction. Other receivables rose by € 13.5 million. The major part of receivables (€ 11.1 million) relates to receivables due from maturing securities.

Receivables by type

(€)	31.3.2014			31.12.2013		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	101,629,652	-32,612,212	69,017,440	84,693,324	-31,631,699	53,061,625
Receivables from insurance brokers	4,911,941	-574,353	4,337,588	4,226,493	-584,375	3,642,118
Other receivables arising out of primary insurance business	620,993	-439,778	181,215	551,591	-383,942	167,649
Receivables arising out of primary insurance business	107,162,586	-33,626,343	73,536,243	42,125,715	-16,438,332	56,871,392
Receivables for premiums arising out of reinsurance and co-insurance	61,182,530	-546,889	60,635,641	44,062,745	-527,782	43,534,963
Receivables for shares in claims	2,522,151	-85,282	2,436,869	4,280,239	-96,438	4,183,801
Other receivables from co-insurance and reinsurance	1,334,443	0	1,334,443	554,533	0	554,533
Receivables arising out of reinsurance and co-insurance business	65,039,124	-632,171	64,406,952	48,897,517	-624,220	48,273,297
Current tax assets	1,901,544	0	1,901,544	1,707,675	0	1,707,675
Other short-term receivables arising out of insurance business	30,526,420	-26,295,953	4,230,467	30,239,794	-26,104,311	4,135,483
Receivables arising out of investments	3,168,587	-1,270,394	1,898,193	2,247,073	-1,285,966	961,107
Other receivables	18,615,184	-1,866,532	16,748,652	5,912,078	-1,648,265	4,263,813
Other receivables	52,310,191	-29,432,879	22,877,312	38,398,945	-29,038,542	9,360,403
Total	226,413,445	-63,691,393	162,722,051	131,129,852	-46,101,094	116,212,767

Movements in allowances for receivables

(€)	31.1.2014	Additions	Use	Write-offs	Foreign exchange differences	31.3.2014
Receivables due from policyholders	-31,631,699	-1,137,415	129,327	0	27,575	-32,612,212
Receivables from insurance brokers	-584,375	-6,592	14,099	0	2,515	-574,353
Other receivables arising out of primary insurance business	-383,942	-55,535	0	0	-301	-439,778
Receivables arising out of primary insurance business	-32,600,016	-1,199,542	143,426	0	29,789	-33,626,343
Receivables for premiums arising out of reinsurance and co-insurance	-527,782	-19,107	0	0	0	-546,889
Receivables for shares in claims	-96,438	0	0	11,156	0	-85,282
Other receivables from co-insurance and reinsurance	0	0	0	0	0	0
Receivables arising out of reinsurance and co-insurance business	-624,220	-19,107	0	11,156	0	-632,171
Other short-term receivables arising out of insurance business	-26,104,311	-261,171	67,298	7,321	-5,090	-26,295,953
Receivables arising out of investments	-1,285,966	0	0	0	15,572	-1,270,394
Other short-term receivables	-1,648,265	-241,991	4,792	8,089	10,843	-1,866,532
Other receivables	-29,038,542	-503,162	72,090	15,410	21,325	-29,432,879
Total	-62,262,778	-1,721,811	215,516	26,566	51,114	-63,691,393

Ageing structure of receivables

(€)	Not past due	Past due up to 180 days	Past due more than 180 days	Total
31.3.2014				
Receivables due from policyholders	51,185,530	12,538,300	5,293,610	69,017,440
Receivables from insurance brokers	3,577,715	619,902	139,971	4,337,588
Other receivables arising out of primary insurance business	127,275	19,823	34,117	181,215
Receivables for premiums arising out of assumed reinsurance and co-insurance	45,778,133	10,316,226	4,541,282	60,635,641
Receivables for reinsurers' shares in claims	1,542,376	324,685	569,808	2,436,869
Other receivables from co-insurance and reinsurance	1,314,312	18,449	1,682	1,334,443
Other short-term receivables arising out of insurance business	3,603,887	389,669	236,911	4,230,467
Short-term receivables arising out of investments	1,605,754	130,185	162,254	1,898,193
Current tax assets	1,754,807	78,708	68,029	1,901,544
Other short-term receivables	14,689,280	1,436,128	623,244	16,748,652
Total	125,179,069	25,872,075	11,670,908	162,722,051

8.8.5 Technical provisions

Technical provisions grew by € 43.3 million compared to 31 December 2013. The largest increase relates to the increase in gross unearned premiums, which are normally larger at the beginning of the year.

Movements in gross technical provisions

(€)	1.1.2014	Additions	Uses and releases	Foreign exchange differences	31.3.2014
Gross unearned premiums	144,611,911	106,634,087	-72,698,346	-227,818	178,319,834
Mathematical provisions	250,559,649	9,623,724	-7,111,595	-31,697	253,040,081
Gross provision for claims	437,267,628	55,183,176	-47,508,528	-532,696	444,409,581
Gross provision for bonuses, rebates and cancellations	832,938	646,517	-775,229	93	704,319
Other gross technical provisions	12,952,593	3,576,472	-3,548,578	-760	12,979,727
Total	846,224,719	175,663,976	-131,642,276	-792,878	889,453,542
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	170,786,799	9,760,677	-4,760,789	-50	175,786,637

8.8.6 Liabilities from operating activities

In 1Q2014 liabilities from operating activities rose by € 12.1 million compared with 31 December 2013, primarily due to an increase in liabilities from reinsurance business, which similarly to receivables due from reinsurance business, is related to the timing of estimates of reinsurance transaction made by the controlling company.

(€)	Maturity		
	1–5 years	Up to 1 year	Total
31.3.2014			
Liabilities to policyholders	0	2,359,637	2,359,637
Liabilities due to insurance intermediaries	0	1,929,167	1,929,167
Other liabilities from primary insurance business	5,291	8,269,766	8,275,057
Liabilities from primary insurance business	5,291	12,558,570	12,563,861
Liabilities for reinsurance and co-insurance premiums	0	10,251,333	10,251,333
Liabilities for shares in reinsurance claims		21,457,033	21,457,033
Other liabilities due from co-insurance and reinsurance		11,036,325	11,036,325
Liabilities from reinsurance and co-insurance business		42,744,691	42,744,691
Current tax liabilities		1,787,452	1,787,452
Total	5,291	57,090,713	57,096,004

(€)	Maturity		
	1–5 years	Up to 1 year	Total
31.12.2013			
Liabilities to policyholders	0	2,098,594	2,098,594
Liabilities due to insurance intermediaries	0	1,832,785	1,832,785
Other liabilities from primary insurance business	5,343	9,014,533	9,019,876
Liabilities from primary insurance business	5,343	12,945,912	12,951,255
Liabilities for reinsurance and co-insurance premiums		4,648,902	4,648,902
Liabilities for shares in reinsurance claims		15,969,447	15,969,447
Other liabilities due from co-insurance and reinsurance		10,805,567	10,805,567
Liabilities from reinsurance and co-insurance business		31,423,916	31,423,916
Current tax liabilities		616,247	616,247
Total	5,343	44,986,075	44,991,418

8.8.7 Earnings per share

The weighted average number of shares outstanding in the financial period was 13,117,664. At 31 March 2014, Zavarovalnica Maribor still owned 346,433 shares of the controlling company, which (in addition to the 210 treasury shares held by the controlling company) are deducted in the calculation of the weighted average number of shares.

Net earnings/loss per share

(€)	31.3.2014	31.12.2013
Net profit/loss for the period	7,546,126	7,796,380
Net profit/loss for the period attributable to owners of the controlling company	7,572,871	7,876,735
Weighted average number of shares	16,873,019	12,770,109
Net earnings/loss per share	0.45	0.62

Comprehensive income per share

(€)	31.3.2014	31.12.2013
Comprehensive income for the period	13,229,102	4,022,867
Comprehensive income for the period attributable to owners of the controlling company	13,259,371	4,105,914
Weighted average number of shares	16,873,019	12,770,109
Comprehensive income per share	0.79	0.32

9 RELATED-PARTY DISCLOSURES

Key management personnel

Fixed remuneration for the performance of the function of management board member for 1Q2014 totalled € 111,540 (1–3/2013: € 147,390). No variable remunerations were paid out. Fringe benefits amounted to € 6,669 (1–3/2013: € 5,435).

Remunerations paid to supervisory board members and members of the supervisory board audit committee in 1Q2014 totalled € 36,855 (1–3/2013: € 32,154).

Remuneration paid to management board members in 1Q2014

(€)	Gross salary – fixed amount	Gross salary - variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Zvonko Ivanušič	39,840	0	1,550	834	42,224
Jošt Dolničar	35,850	0	1,292	882	38,024
Srečko Čebtron	35,850	0	1,301	810	37,961
Mateja Treven	0	0	0	0	0
Total	111,540	0	4,143	2,526	118,209

Liabilities to management board members

(€)	31.3.2014	31.12.2013
Zvonko Ivanušič	6,237	6,094
Jošt Dolničar	5,858	5,446
Srečko Čebtron	4,635	5,799
Mateja Treven	0	5,662
Total	16,730	23,000

Remuneration paid to members of the supervisory board and the audit committee in 1Q2014

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total	
Supervisory board members						
	Branko Tomažič	chairman of the SB	825	4,875	705	6,405
	Mateja Lovšin Herič	deputy chair of the SB	825	3,575	127	4,527
	Slaven Mičković	member of the SB	825	3,250	0	4,075
	Martin Albreht	member of the SB	825	3,250	0	4,075
	Gorazd Andrej Kunstek	member of the SB	0	3,250	0	4,075
	Keith William Morris	member of the SB	825	3,250	3,859	7,934
	Total supervisory board members		4,950	21,450	4,692	31,092
Audit committee members						
	Mateja Lovšin Herič	chair of the AC	440	1,219	0	1,659
	Slaven Mičković	member of the AC	440	812	0	1,253
	Ignac Dolenšek	external member of the AC	0	2,813	39	2,851
	Total audit committee members		880	4,844	39	5,763
Nomination committee members						
	Mateja Lovšin Herič	member	0	0	0	0
	Branko Tomažič	member	0	0	0	0
	Vesna Razpotnik	member	0	0	0	0
	Total – nomination committee members		0	0	0	0

Liabilities to member of the supervisory board and audit committee

As at 31 March 2014, liabilities to the members of the supervisory board and audit committee totalled € 13,560 (31 December 2013: € 7,284).

Transactions with subsidiaries

Investments in and amounts due from Group companies

(€)		31.3.2014	31.12.2013
Debt securities and loans granted to Group companies	gross	4,534,953	5,634,953
	allowance	0	0
	net	4,534,953	5,634,953
Receivables for premiums arising out of reinsurance assumed	gross	26,285,177	15,862,222
	allowance	0	0
	net	26,285,177	15,862,222
Short-term receivables arising out of investments	gross	42,248	34,070
	allowance	0	0
	net	42,248	34,070
Other short-term receivables	gross	457	1,359
	allowance	0	0
	net	457	1,359
Short-term deferred acquisition costs	gross	5,940,593	4,518,719
	allowance	0	0
	net	5,940,593	4,518,719
Total		36,803,428	26,051,322

Liabilities to Group companies

(€)	31.3.2014	31.12.2013
Liabilities for shares in reinsurance claims due to Group companies	7,924,571	10,041,333
Other liabilities due from co-insurance and reinsurance	5,217,930	3,274,481
Other short-term liabilities	1,097	6,070
Total (excl. provisions)	13,143,598	13,321,883

Income and expenses relating to Group companies

(€)	1–3/2014	1–3/2013
Gross premiums written	24,024,999	8,091,030
Gross claims paid	-8,324,548	-2,450,905
Income from gross recourse receivables	1,804,701	89,028
Other operating expenses	-27,658	-23,397
Dividend income	606,501	0
Other investment income	3,824	3,824
Interest income	53,781	82,825
Acquisition costs	-4,569,970	-1,853,679
Other non-life income	951	39,912
Total	13.572.580	3.978.638

Transactions with associates

Operating income and expenses relating to associate companies

(€)	1–3/2014	1–3/2013
Gross premiums written	0	16,541,001
Gross claims paid	0	-5,929,363
Acquisition costs	0	-3,054,894
Supplementary pension insurance premiums	-16,731	-16,226
Total	-16,731	7,540,519

Transactions with the state and majority state-owned entities

Investments in and receivables due from the state and companies that are majority state-owned

(€)	31.3.2014	31.12.2013
Interests in companies	6,833,821	6,081,823
Debt securities and loans	43,159,359	44,809,389
Receivables due from policyholders	535,756	0
Total	50,528,936	50,891,212

Liabilities to the state and majority state-owned companies

(€)	31.3.2014	31.12.2013
Liabilities for shares in claims	24,092	0

Income and expenses relating to majority state-owned companies

(€)	1–3/2014	1–3/2013
Gross premiums written	5,371,222	16,541,001
Gross claims paid	-5,527,948	-5,929,363
Dividend income	0	48,137
Interest income	443,904	567,405
Income from shares in associates	35,092	1,527,450
Acquisition costs	0	-3,054,894
Total	443,904	2,336,062

Related-party transactions were conducted on an arms-length basis.

**UNAUDITED CONDENSED
SEPARATE FINANCIAL STATEMENTS
OF POZAVAROVALNICA SAVA D.D.
WITH NOTES**

10 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

10.1 Unaudited statement of financial position

(€)	31.03.2014	31.12.2013
ASSETS	568,544,070	530,636,968
Intangible assets	104,358	112,212
Property and equipment	2,353,191	2,341,711
Deferred tax assets	1,380,537	1,833,254
Investment property	153,337	153,920
Financial investments in subsidiaries and associates	191,740,592	189,940,275
Financial investments:	225,218,261	236,592,225
- Loans and deposits	32,570,459	46,663,847
- Held to maturity	1,997,003	2,073,728
- Available for sale	175,211,407	174,820,862
- At fair value through profit or loss	15,439,392	13,033,788
Reinsurers' share of technical provisions	42,704,028	26,342,964
Receivables	93,230,684	63,834,070
Receivables arising out of reinsurance and co-insurance business	89,424,639	62,811,763
Current tax assets	431,276	431,000
Other receivables	3,374,769	591,307
Deferred acquisition costs	10,947,981	9,012,388
Other assets	294,689	345,684
Cash and cash equivalents	416,412	128,265
EQUITY AND LIABILITIES	568,544,070	530,636,968
Equity	253,711,568	246,188,770
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	99,750,025	99,741,367
Treasury shares	-1,774	-1,774
Fair value reserve	2,595,032	253,020
Retained earnings	20,100,024	12,717,998
Net profit/loss for the period	5,172,128	7,382,026
Subordinated liabilities	23,475,779	23,466,967
Technical provisions	233,333,285	208,623,243
Unearned premiums	59,120,958	37,825,792
Provision for outstanding claims	174,019,863	170,525,177
Other technical provisions	192,464	272,274
Other provisions	372,364	220,033
Other financial liabilities	717	550
Liabilities from operating activities	54,106,055	42,933,488
Liabilities from reinsurance and co-insurance business	53,437,646	42,933,488
Current income tax liabilities	668,409	0
Other liabilities	3,544,302	9,203,917

10.2 Unaudited income statement

(€)	1–3/2014	1–3/2013
Net premiums earned	24,843,829	29,256,215
Gross premiums written	49,996,276	52,981,672
Written premiums ceded to reinsurers and co-insurers	-8,620,492	-9,020,448
Change in net unearned premiums	-16,531,955	-14,705,009
Income from investments in subsidiaries and associates	606,501	0
Investment income	1,969,009	3,332,634
Interest income	1,132,243	1,540,092
Other investment income	836,766	1,792,542
Other technical income	755,623	769,257
Commission income	531,458	328,519
Other income	224,165	440,738
Other income	1,182	6,227
Net claims incurred	-12,194,772	-15,737,409
Gross claims paid less income from recourse receivables	-20,398,652	-17,981,695
Reinsurers' and co-insurers' share of claims paid	100,712	782,544
Change in the net provision for outstanding claims	8,103,168	1,461,742
Change in other technical provisions	0	0
Expenses for bonuses and rebates	79,809	-8,236
Operating expenses	-8,228,595	-10,266,979
Acquisition costs	-6,466,171	-8,659,309
Other operating expenses	-1,762,424	-1,607,670
Expenses for investments in subsidiaries and associates	0	0
Expenses for financial assets and liabilities	-1,202,425	-889,257
Impairment losses on financial assets not measured at fair value through profit or loss	-11,384	-35,002
Interest expenses	-238,988	-310,017
Diverse other expenses	-952,053	-544,238
Other technical expenses	-500,732	-252,768
Other expenses	-5	0
Profit/loss before tax	6,129,424	6,209,684
Income tax expense	-948,637	-1,051,118
Net profit/loss for the period	5,180,787	5,158,566
Net diluted earnings/loss per share	0.31	0.55

10.3 Unaudited statement of comprehensive income

(€)	1–3/2014	1–3/2013
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	5,180,787	5,158,566
OTHER COMPREHENSIVE INCOME, NET OF TAX	2,342,011	-2,132,428
ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS	2,342,011	-2,132,428
Net change in fair value of available-for-sale financial assets	2,821,700	-2,518,497
Gains/losses recognised in fair value reserve	2,472,163	-2,349,494
Net change transferred from fair value reserve to profit or loss	349,537	-169,003
Tax on other comprehensive income	-479,689	386,069
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	7,522,798	3,026,138

10.4 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the three months to 31 March 2014

(€)	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1–12)
			Contingency reserve	Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Credit risk equalisation reserve	Catastrophe equalisation reserve	Other					
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Opening balance in the financial period	71,856,376	54,239,757	0	14,986,525	1,774	800,075	10,000,000	73,952,993	253,020	12,717,998	7,382,026	-1,774	246,188,770
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	2,342,011	0	5,180,787	0	7,522,798
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	8,658	0	0	0	0	-8,658	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	7,382,026	-7,382,026	0	0
Closing balance in the financial period	71,856,376	54,239,758	0	14,986,525	1,774	808,733	10,000,000	73,952,993	2,595,032	20,100,024	5,172,128	-1,774	253,711,568
Distributable profit	0	0	0	0	0	0	0	0	0	20,100,024	5,172,128	0	25,272,152

Unaudited statement of changes in equity for the three months to 31 March 2013

(€)	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1–12)
			Contingency reserve	Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Credit risk equalisation reserve	Catastrophe equalisation reserve	Other					
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Opening balance in the financial period	39,069,099	33,003,752	0	14,986,525	1,774	753,026	8,314,716	68,303,300	-2,358,606	7,915,508	4,802,490	-1,774	174,789,811
Comprehensive income for the year, net of tax	0	0	0	0	0	0	0	0	-2,132,428	0	5,158,566	0	3,026,137
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	-224,631	0	0	0	0	224,631	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	4,802,490	-4,802,490	0	0
Closing balance in the financial period	39,069,099	33,003,752	0	14,986,525	1,774	528,395	8,314,716	68,303,300	-4,491,034	12,717,998	5,383,197	-1,774	177,815,949
Distributable profit	0	0	0	0	0	0	0	0	0	12,717,998	5,383,197	0	18,101,195

10.5 Unaudited statement of cash flows

(€)	1-3/2014	1-3/2013
A. Cash flows from operating activities		
a.) Items of the income statement	10,336,593	14,516,507
Net premiums written	41,375,784	43,961,224
Investment income (other than financial income), financed from:	3,232	1,725,575
- technical provisions	1,578	1,630,785
- other sources	1,654	94,790
Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	756,805	771,151
Net claims paid	-20,297,940	-17,199,151
Expenses for bonuses and rebates	79,809	-8,236
Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-10,112,971	-12,886,515
Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-18,752	-544,238
- technical sources	-12,073	-542,426
- other sources	-6,679	-1,812
Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-500,737	-252,185
Tax on profit and other taxes not included in operating expenses	-948,637	-1,051,118
b.) Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position	-10,204,197	-15,516,656
Change in receivables from reinsurance	-26,612,876	-25,419,584
Change in receivables and assets	-1,072,579	366,447
Change in deferred tax assets	452,717	-391,739
Change in liabilities arising out of reinsurance business	10,504,158	10,266,029
Change in other operating liabilities	5,996,368	-254,154
Change in other liabilities (except unearned premiums)	528,015	-83,655
c.) Net cash from/used in operating activities (a + b)	132,396	-1,000,148
B. Cash flows from investing activities		
a.) Cash receipts from investing activities	83,557,975	53,584,155
Interest received from investing activities relating to:	1,132,243	1,540,092
- investments financed from technical provisions	971,158	1,294,240
- other investments	161,085	245,852
Cash receipts from dividends and from participation in the profit of others, relating to:	631,053	71,300
- investments financed from technical provisions	24,552	23,163
- other investments	606,501	48,137
Proceeds from sale of intangible assets, financed from:	0	0
- technical provisions	0	0
- other sources	0	0
Proceeds from sale of property and equipment, financed from:	40	0
- technical provisions	0	0
- other sources	40	0
Proceeds from sale of long-term financial investments, financed from:	16,148,130	30,441,143
- technical provisions	15,046,960	13,781,608
- other sources	1,101,171	16,659,535
Proceeds from sale of short-term financial investments, financed from:	65,646,508	21,531,620
- technical provisions	47,687,201	19,857,620
- other sources	17,959,306	1,674,000
b.) Cash disbursements in investing activities	-76,942,280	-57,138,584
Purchase of intangible assets	-1,773	-3,688
Purchase of property and equipment, financed from:	-52,190	-2,368
- technical provisions	0	0
- other sources	-52,190	-2,368
Purchase of long-term financial investments, financed from:	-14,330,685	-32,461,078
- technical provisions	-11,530,368	0
- other sources	-2,800,317	-32,461,078
Purchase of short-term financial investments, financed from:	-62,557,631	-24,671,450
- technical provisions	-58,897,057	-20,878,450
- other sources	-3,660,574	-3,793,000
c.) Net cash from/used in investing activities (a + b)	6,615,695	-3,554,430
C. Cash flows from financing activities		
a.) Cash receipts from financing activities	0	5,000,000
Proceeds from short-term borrowing	0	5,000,000
b.) Cash disbursements in financing activities	-6,459,944	-734,348
Interest paid	-238,988	-310,017
Repayment of long-term financial liabilities	-6,220,956	0
Repayment of short-term financial liabilities	0	-424,331
c.) Net cash from/used in financing activities (a + b)	-6,459,944	4,265,652
C2. Closing balance of cash and cash equivalents	416,412	723,746
Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	288,147	-288,926
. Opening balance of cash and cash equivalents	128,265	1,012,672

**APPENDIX – Glossary of selected
terms and calculation
methodologies for indicators**

Appendix – Glossary of selected terms and calculation methodologies for indicators

Administrative expense ratio. The ratio of operating expenses net of acquisition costs and change in deferred acquisition costs as a percentage of gross premiums written.

Associate. An entity over which the investor has significant influence (the power to participate in the financial and operating policy decisions) and that is neither a subsidiary nor an interest in a joint venture.

Book value per share. Ratio of total equity to number of shares outstanding.

Capital fund. Assets representing the capital of the Company.

Cedant, cede, cession. A cedant is the client of a reinsurance company. To cede is to transfer part of any risk an insurer has underwritten to a reinsurer. The part thus transferred to any reinsurer is called a cession.

Chief Operating Decision Maker (CODM). CODM may refer to a person responsible for monitoring an operating segment or to a group of persons responsible for allocating resources, and monitoring and assessing performance. CODM is a function and not a title.

Claims incurred. Claims paid in the period (including loss adjustment expenses) gross of the change in the provision for outstanding claims and net of recourse receivables in the period.
Gross/net – before/after deduction of reinsurance.

Claims paid. Claims and benefits liquidated during a given period for claims resolved either fully or in part including loss adjustment expenses. Gross/net – before/after deduction of reinsurance.
Gross claims paid referred to in the business report are net of recourse receivables.

Claims risk. The risk that the number of claims or the average claim amount will be higher than expected.

Combined ratio. Calculated using the S&P computation method: ratio of total expenses net of investment expenses as a percentage of total income net of investment income.

Composite insurer. Insurer that writes both life and non-life business.

Concentration risk. The risk that due to excessive concentration of investments in a geographic area, economic sector or issuer, unfavourable movements could result in a concurrent decrease in the value of investments.

Credit risk. The risk that issuers or other counter-parties will fail to meet their obligations to the Group. The Group assesses concentration risk as part of credit risk.

Currency risk. The risk that changes in exchange rates will decrease the value of assets denominated in foreign currencies or increase liabilities denominated in foreign currencies.

Earnings per share. Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.

Equity risk. The risk that the value of investments will decrease due to fluctuations in equity markets. Also equity securities risk.

Excess of loss reinsurance. A type of reinsurance in which the insurer agrees to pay a specified portion of a claim and the reinsurer agrees to pay all or a part of the claim above the specified currency amount or "retention".

Expense ratio (gross). The ratio of operating expenses as a percentage of (gross) premiums written.

Expense ratio (net). The ratio of operating expenses, net of commission income, as a percentage of (net) earned premiums

Facultative reinsurance. A type of reinsurance under which the ceding company has the option to cede and the reinsurer has the option to accept or decline individual risks of the underlying policy. Typically used to reinsure large individual risks or for amounts in excess of limits on risks already reinsured elsewhere.

Gross/net. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.

Guarantee fund. One third of the required solvency margin.

IBNER – provision for claims that are Incurred But Not Enough Reported.

IBNR – provision for claims that are Incurred But Not Reported.

Insurance density. The ratio of gross premiums written as a percentage of the number of inhabitants.

Insurance penetration. The ratio of gross premiums written as a percentage of gross domestic product.

Interest rate risk. The risk of exposure to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities.

Liability fund. Assets covering technical provisions.

Life insurance liability fund. Assets covering mathematical provisions.

Liquidity risk. The risk that an entity will not have sufficient liquid assets to meet its obligations as they fall due,

and will have to sell its less liquid assets at an inopportune time or raise loans outside the schedule.

Loss ratio, incurred / "Loss ratio". The net incurred loss ratios calculated as net claims incurred gross of change in other technical provisions as a percentage of net premiums earned

Gross incurred loss ratio = gross claims incurred / gross premiums earned

Loss ratio, paid. The ratio of (gross/net) claims paid as a percentage of (gross/net) premiums written.

Market risks. Include interest rate risk, equity risk and currency risk.

Net investment income. Investment income less investment expenses of the portfolio, including expenses for financial liabilities.

Net retention risk. The risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience.

Net/gross. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.

Non-proportional reinsurance (excess reinsurance). A reinsurance arrangement whereby the reinsurer indemnifies a ceding company above a specified level (usually a monetary amount) of losses that the ceding company has underwritten. A deductible amount is set and any loss exceeding that amount is paid by the reinsurer.

Premiums earned. The portion of premiums written that relates to the expired portion of the policy period for a given period adjusted for change in unearned premiums.

Gross/net – before/after deduction of reinsurance.

Premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned.

Gross/net – before/after deduction of reinsurance.

Pricing risk. The risk that (re)insurance premiums charged will be insufficient to cover future obligations arising from (re)insurance contracts.

Primary insurer. Insurance company that has a direct contractual relationship with the holder of the insurance policy (private individual, firm or organization).

Proportional reinsurance. A reinsurance arrangement whereby the reinsurer indemnifies a ceding company for a pre-agreed proportion of premiums and losses of each policy that the ceding company has underwritten. It can be subdivided into two main types: quota-share reinsurance and surplus reinsurance.

RBNS – provision for claims that are Reported But Not Settled.

Recourse receivables. Amount of recourse claims which were recognised in the period as recourse receivables based on (i) any agreement with any third parties under recourse issues, (ii) court decisions, or (iii) for credit business – settlement of insurance claim.

Required solvency margin. The minimum solvency margin capital requirement calculated in accordance with the rules based on Solvency I. The capital level representing the first threshold that triggers measures related to the Insurance Supervision Agency in the event that it is breached.

Reserving risk. The risk that technical provisions will be inadequate.

Retention ratio. Ratio of net premiums written as a percentage of gross premiums written.

Retention. The amount or portion of risk (loss) that a ceding company retains for its own account, and does not reinsure. Losses and loss expenses in excess of the retention level are then paid by the reinsurer to the ceding company up to the limit of indemnity, if any, set out in the reinsurance contract. In proportional reinsurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention is usually a monetary amount of loss, a percentage of loss or a loss-to-premium ratio.

Retrocession. The reinsurance bought by reinsurers; a transaction by which a reinsurer cedes risks to another reinsurer.

Return on equity (ROE). The ratio of net profit for the period as a percentage of average equity in the period.

Return on investments. The ratio of net investment income to annualised average invested assets. The average invested assets are calculated based on monthly figures.

Solvency ratio. The ratio of the available solvency margin as a percentage of the required solvency margin.

Subsidiary entity. An entity that is controlled by another entity.

Underwriting result. Profit or loss realised from insurance operations as opposed to that realised from investments or other items.

Unearned premiums. The portion of premiums written that applies to the unexpired portion of the policy period and is attributable to and recognised as income in future years.
