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**TRANSLATION OF THE  
UNAUDITED FINANCIAL REPORT OF THE  
SAVA RE GROUP AND OF  
POZAVAROVANICA SAVA D. D.  
FOR THE NINE MONTHS TO 30 SEPTEMBER 2015**

**Ljubljana, 12 November 2015**



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# 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 Nine Months to 30 September 2015.

The Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Nine Months to 30 September 2015 will be available as a hardcopy for viewing at the registered office of Sava Reinsurance Company at Dunajska 56, 1000 Ljubljana on every workday between 9:00 and 15:00, and as a softcopy on the Company's website at [www.sava-re.si](http://www.sava-re.si) as from 19 November 2015.

### *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 or 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 2014. 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



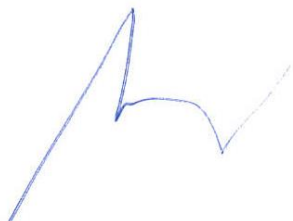
Srečko Čebren, member of the management board



Jošt Dolničar, member of the management board



Mateja Treven, member of the management board



Ljubljana, 12 November 2015



## 1.1 Key financials

(€)	Sava Re Group		Sava Reinsurance Company	
	1–9/2015	1–9/2014	1–9/2015	1–9/2014
<b>Gross premiums written</b>	<b>384,593,111</b>	<b>371,165,705</b>	<b>120,733,328</b>	<b>107,117,729</b>
Year-on-year change	3.6 %	27.2 %	12.7 %	-3.5 %
<b>Net premiums earned</b>	<b>334,899,849</b>	<b>321,333,777</b>	<b>89,233,545</b>	<b>76,540,500</b>
Year-on-year change	4.2 %	18.6 %	16.6 %	-19.2 %
<b>Gross claims paid</b>	<b>196,365,779</b>	<b>187,602,164</b>	<b>63,537,985</b>	<b>52,554,848</b>
Year-on-year change	4.7 %	25.2 %	20.9 %	-8.2 %
<b>Net claims incurred</b>	<b>208,225,120</b>	<b>189,314,184</b>	<b>65,309,653</b>	<b>44,607,980</b>
Year-on-year change	10.0 %	17.5 %	46.4 %	-23.2 %
<b>Net incurred loss ratio</b>	<b>62.6 %</b>	<b>60.2 %</b>	<b>73.2 %</b>	<b>58.3 %</b>
<b>Net incurred loss ratio, excluding the effect of exchange differences</b>	<b>61.8 %</b>	<b>59.4 %</b>	<b>70.8 %</b>	<b>55.4 %</b>
<b>Operating expenses, including reinsurance commission income</b>	<b>105,241,976</b>	<b>103,481,864</b>	<b>27,629,001</b>	<b>25,493,722</b>
Year-on-year change	1.7 %	15.6 %	8.4 %	-15.2 %
<b>Net expense ratio</b>	<b>31.4 %</b>	<b>32.2 %</b>	<b>31.0 %</b>	<b>33.3 %</b>
<b>Net combined ratio</b>	<b>97.2 %</b>	<b>97.0 %</b>	<b>103.6 %</b>	<b>92.0 %</b>
<b>Net combined ratio, excluding the effect of exchange differences</b>	<b>96.6 %</b>	<b>96.1 %</b>	<b>101.6 %</b>	<b>89.3 %</b>
Net inv. income of the investment portfolio	19,962,515	26,267,504	18,395,122	16,321,017
Return on the investment portfolio	2.7 %	3.6 %	4.6 %	4.2 %
Net inv. income of the investment portfolio, excluding exchange differences	18,003,194	24,216,353	16,391,483	14,404,555
Return on the investment portfolio, excluding exchange differences	2.4 %	3.4 %	3.9 %	3.6 %
<b>Profit/loss, net of tax</b>	<b>22,986,825</b>	<b>24,963,185</b>	<b>14,926,870</b>	<b>20,575,659</b>
Year-on-year change	-7.9 %	6.7 %	-27.5 %	0.6 %
<b>Comprehensive income</b>	<b>16,426,267</b>	<b>35,835,065</b>	<b>13,494,420</b>	<b>24,830,457</b>
<b>Annualized return on equity</b>	<b>11.2 %</b>	<b>13.0 %</b>	<b>6.1 %</b>	<b>9.6 %</b>
Net earnings/loss per share	1,39	1,48	0,91	1,22
	30/09/2015	31/12/2014	30/09/2015	31/12/2014
<b>Total assets</b>	<b>1,497,294,560</b>	<b>1,454,374,935</b>	<b>579,271,015</b>	<b>547,413,684</b>
% change on 31 Dec. of prior year	3.0 %	5.5 %	5.8 %	3.2 %
<b>Shareholders' equity</b>	<b>275,702,823</b>	<b>271,528,623</b>	<b>262,432,115</b>	<b>258,135,674</b>
% change on 31 Dec. of prior year	1.5 %	13.1 %	1.7 %	4.9 %
<b>Net technical provisions</b>	<b>1,083,456,079</b>	<b>1,026,994,619</b>	<b>212,794,612</b>	<b>185,794,402</b>
% change on 31 Dec. of prior year	5.5 %	4.4 %	14.5 %	1.9 %
No. of employees (full-time equivalent basis)	2,519	2,442	82	79
Book value per share	16.73	16,46	15,92	15,65

Notes:

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

-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.

In the period 1–9/2015, there was a large negative effect of exchange differences on the underwriting result of reinsurance business and a large positive effect on the net investment result. The net effect on net profit for the period, however, was relatively minor since the Company is following a strict asset-liability currency management policy.

The table below gives realized figures together with full-year 2015 planned figures:

(€ million)	1–9/2015	Plan 2015	As % of plan
Consolidated gross premiums written	384.6	477	80.7 %
Net profit/loss for the year	23.0	30	76.4 %
Shareholders' equity	275.7	283	97.5 %
Annualized return on equity	11.2 %	10.8 %	✓
Net combined ratio, excluding the effect of exchange differences	96.6 %	96.5 %	✓
Net expense ratio, excluding the effect of exchange differences	31.4 %	32.4 %	✓
Annualized investment return, excluding the effect of exchange differences	2.4 %	2.3 %	✓

The net combined ratio is calculated for the reinsurance and non-life insurance operating segments.

Since exchange differences had not been included in the plan, the table shows ratios, excluding the effect of exchange differences.

In the period 1–9/2015, the Group exceeded planned targets set in all operating segments of the result. Nevertheless, in view of potential interim fluctuations in loss ratios, projections indicate no significant deviations from the 2015 plan.

## 1.2 Basic details about 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	<a href="mailto:info@sava-re.si">info@sava-re.si</a>
Website	<a href="http://www.sava-re.si">www.sava-re.si</a>
Company ID number	5063825
Tax number	17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	€ 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<p><u>MANAGEMENT BOARD</u></p> <p>Zvonko Ivanušič (chairman) Srečko Čebren Jošt Dolničar Mateja Treven</p> <p><u>SUPERVISORY BOARD</u></p> <p>Branko Tomažič (chairman) Mateja Lovšin Herič (deputy chairperson) Slaven Mičković Keith Morris Helena Dretnik (employee representative) Andrej Gorazd Kunstek (employee representative)</p>
Date of entry into court register	28 December 1990, Ljubljana District Court
Certified auditor	Ernst & Young d.o.o. Dunajska 111 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenski državni holding, d.d. (Slovenian Sovereign Holding) 25 % + 1 share (no. of no-par value shares: 4,304,917)
A.M. Best credit rating	A– /stable/ October 2015
S&P credit rating:	A– /stable/ July 2015
The Company has no branches.	

## 1.3 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 nine months to 30 September 2015, there were no changes in the composition of the management board.

#### *Members of the management board as at 30 September 2015*

Member	Title	Beginning of term of office	Duration of term of office
Zvonko Ivanušič	chairman	01/06/2013	5 years
Srečko Čebtron	member	01/06/2013	5 years
Jošt Dolničar	member	01/06/2013	5 years
Mateja Treven	member	01/06/2013	5 years

#### Notes on memberships of management 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 of shareholders, and two (employee representatives) are elected by the workers' council.

In the nine months to 30 September 2015, there were some changes in the composition of the supervisory board. The term of office of the members representing employee interests, Martin Albrecht and Gorazd Andrej Kunstek, expired on 10 June 2015.

Pursuant to the Workers' Participation in Management Act, the workers' council of Sava Reinsurance Company elected Andrej Gorazd Kunstek and Helena Dretnik as their representatives to the supervisory board of Sava Reinsurance Company for a term of four years. Andrej Gorazd Kunstek and Helena Dretnik began their term of office on 11 June 2015.

#### *Composition of the supervisory board at 30 September 2015*

Member	Title	Beginning of term of office	Duration of term of office
Branko Tomažič	chairman	15/07/2013	4 years
Mateja Lovšin Herič	deputy chairperson	15/07/2013	4 years
Slaven Mičković	member	15/07/2013	4 years
Keith Morris	member	15/07/2013	4 years
Andrej Gorazd Kunstek	member (employee representative)	11/06/2015	4 years
Helena Dretnik	member (employee representative)	11/06/2015	4 years

#### Notes on membership of management or supervisory bodies of third parties:

The supervisory board members do not serve on any other management or supervisory body of any other legal entity.

#### *Supervisory board committees*

##### *Audit committee*

In the nine months to 30 September 2015, there were no changes in the composition of the supervisory board audit committee.

##### *Members of the supervisory board's audit committee at 30 September 2015*

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

#### *General meeting of shareholders*

There was one general meeting of shareholders held in the nine months to 30 September 2015.

On 28 May 2015 the 30th general meeting of shareholders took place. Among other things, the general meeting was presented the annual report for 2014, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2014 with the opinion of the supervisory board thereto. Furthermore, the general meeting was informed of the remuneration of the members of management and supervisory bodies and of the management report on own shares. The general meeting resolved that part of distributable profit in the amount of € 9,065,977.80 be appropriated for dividends, while the remaining part of distributable profit of € 12,769,645.81 be left unallocated. The general meeting discharged both the management and the supervisory boards from their liability for the financial year 2014. The general meeting appointed the auditing firm Ernst & Young d.o.o., Dunajska 111, Ljubljana, as auditor for the 2015 financial year.

#### 1.4 Significant events in the nine months to 30 September 2015

- S** On 14 January 2015, Sava Reinsurance Company jointly with a consortium of companies filed an action against the Bank of Slovenia, challenging the decision on the extraordinary measures issued to Banka Celje. The claim amount of Sava Reinsurance Company under this claim was € 1,700,000, and € 6,982,200 in respect of Zavarovalnica Maribor. The total amount of claims against the Bank of Slovenia relating to emergency measures totals € 10,038,000 for Sava Reinsurance Company and € 22,957,200 for Zavarovalnica Maribor.
- S** From 1 January 2015 to 30 September 2015, Sava Reinsurance Company bought 8,236 own shares for a total amount of € 132,001 on the Ljubljana Stock Exchange. The total

number of own shares at 30 September 2015 after the said purchases was 736,066, representing 4.2745 % of all issued shares.

- S** On 30 March 2015, Sava Reinsurance Company acquired 74,321 shares of Velebit osiguranje previously owned by Velebit životno osiguranje and 25,328 shares of Velebit životno osiguranje owned by Velebit osiguranje. In this way, Sava Reinsurance Company became the direct owner of these interests.
- S** On 28 May 2015 the 30th general meeting of shareholders took place. No challenging actions were announced in the general meeting. The general meeting resolved that shareholders be paid a dividend of € 0.55 gross per share, representing a 112 % increase over the previous year's dividend per share (€ 0.26 gross per share).
- S** In order to optimize the operations of the Sava Re Group, Sava Reinsurance Company decided to transfer the indirect ownership of both the Croatian insurance companies (Velebit osiguranje and Velebit životno osiguranje) to itself on a direct basis. Accordingly, on 7 July 2015 it initiated winding-up proceeding for Velebit usluge. Velebit usluge carried on no other activities apart from being the owner of the two insurers. Velebit usluge has been in liquidation proceedings since 17 July 2015.
- S** Sava Reinsurance Company had been acquiring shares of its Croatian subsidiaries up until 30 September 2015. On 30 September 2015, the Company held 90.58 % of Velebit osiguranje and 87.01 % of Velebit životno osiguranje.
- S** After its regular annual rating review, on 29 July 2015 rating agency Standard & Poor's (S&P) raised its long-term counterparty credit and insurer financial strength ratings on Sava Reinsurance Company to "A–" with a stable outlook.
- S** In September 2015, Sava Reinsurance Company (buyer) and Merkur zavarovalnica d.d. Ljubljana (seller) signed a contract on the sale of 1,510 shares of the pension company Moja naložba pokojninska družba d.d., representing 10 % of the pension company's issued shares. After the acquisition of this stake, the Sava Re Group will hold a total of 55 % of the company Moja naložba d.d. The contract was concluded subject to certain suspensive conditions related to relevant approvals from the Insurance Supervision Agency and the Competition Protection Agency.
- S** In the third quarter, there was a major loss event in the Chinese port of Tianjin that hit Sava Reinsurance Company's reinsurance portfolio with € 5 million (claims provision in this respect at 30 September 2015). Each year the Company is factoring into the budget one catastrophic event in the amount of € 5 million so after inclusion of this loss, the profit figure is at about the level included in the annual plan.

## 1.5 Significant events after the reporting period

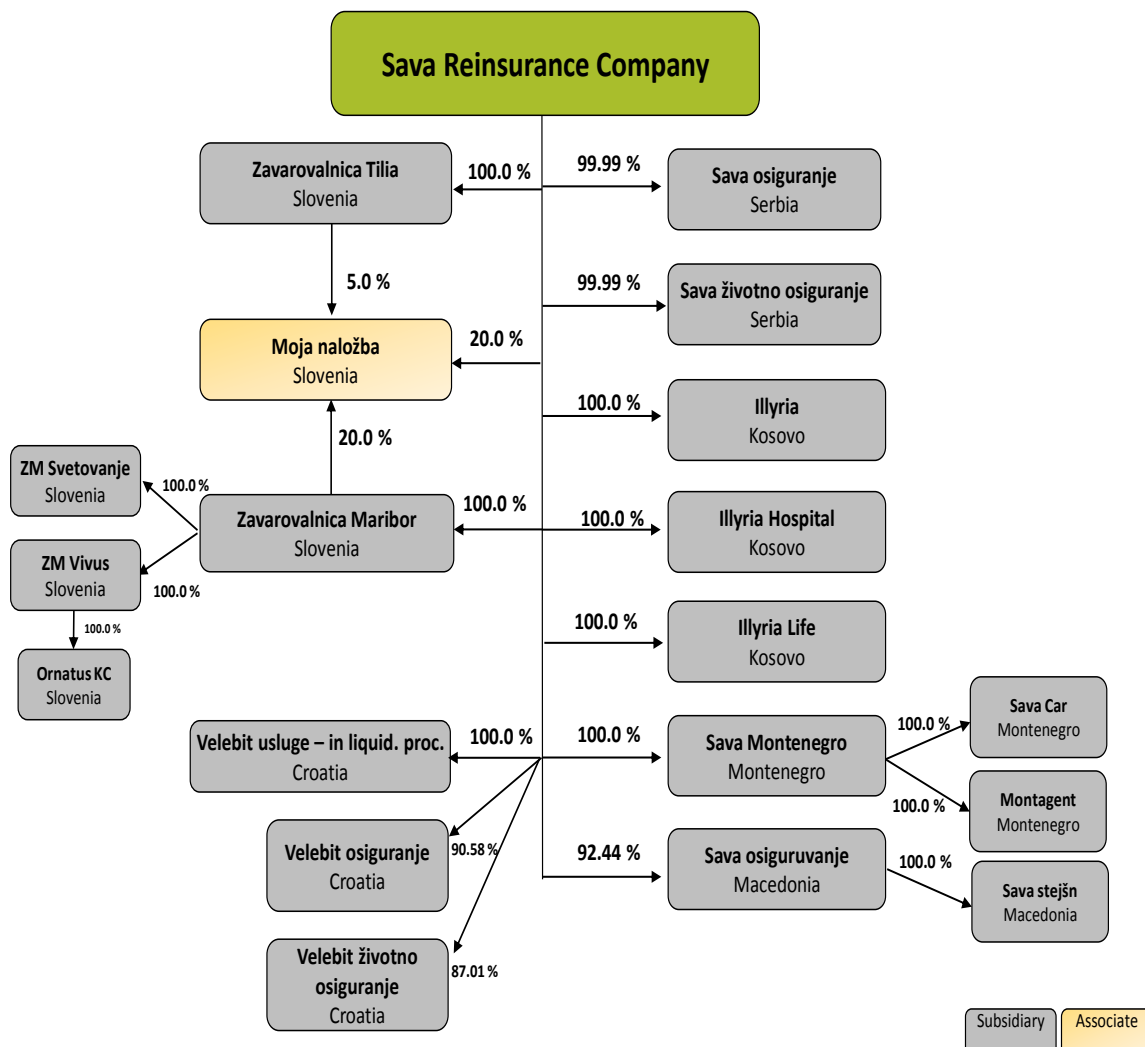
- S** In October 2015, Sava Reinsurance Company announced its vision of its future development in the markets of the European Union. The vision includes the formation of a new insurance company encompassing all Sava Re Group insurers in Slovenia and Croatia in order to take advantage of further development opportunities in EU markets. The transformation of the Sava Re Group will provide the Group with a better competitive position in the two markets, both due to its greater cost-effectiveness and greater responsiveness to client needs. Furthermore, it is part of the Sava Re Group's long-term strategy to consolidate its position as the second largest insurance group in the region.
- S** In October 2015, rating agency A.M. Best affirmed the financial strength rating and issuer credit rating of Sava Reinsurance Company of A– (Excellent) with a stable outlook.

According to A.M. Best, the ratings reflect the Company's strong consolidated risk-adjusted capitalization, good operating performance and a solid business profile in the Slovenian insurance market. The rating agency expects risk-adjusted capitalization to remain strong, supported by solid earnings retention and a cautious growth strategy.

## 1.6 Sava Re Group structure, including associate companies

At 30 September 2015, in addition to the controlling company Sava Reinsurance Company, the insurance part of the Sava Re Group comprised ten insurers based in Slovenia and other Western Balkan countries as well as one associate company, a pension company based in Slovenia.

*Sava Re Group structure, including associates, as at 30 September 2015*



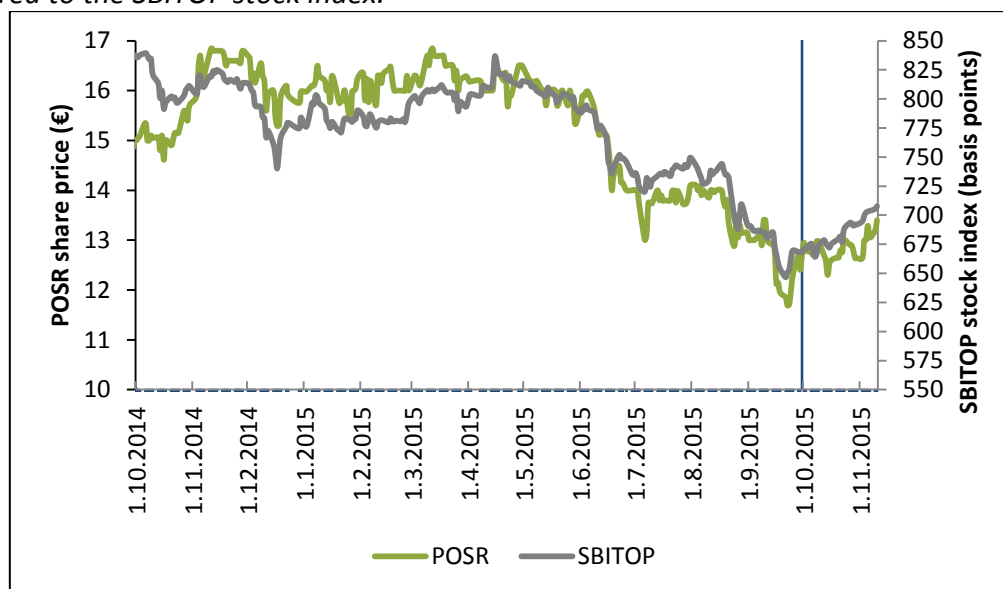
Winding-up proceedings for Velebit usluge started on 17 July 2015.

### Company names of subsidiary and associate companies

	Long name	Short name in this document
	Sava Re Group	Sava Re Group
1	Sava Reinsurance Company 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. Belgrade	Sava osiguranje Belgrade
6	Sava životno osiguranje, a.d.o. Belgrade	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	ZM VIVUS d.o.o.	ZM Vivus
17	ZM Svetovanje d.o.o.	ZM Svetovanje
18	ORNATUS KC, d.o.o.	Ornatus KC
19	Montagent DOO	Montagent
20	SAVA STEJŠN DOOEL Skopje	Sava stejšn

## 2 SHAREHOLDERS AND SHARE TRADING

*Movement in the POSR share price in the period 1 October 2014 to 30 September 2015 compared to the SBITOP stock index.*



The market price on 31 December 2014 was € 15.98 against € 12.70 at 30 September 2015, representing a 20.5 % decline over the period.



### Basic details about the POSR share

	30/09/2015	30/09/2014
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	5,057	5,210
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	736,066	347,683
Net earnings/loss per share (€)	0.91	1.22
Consolidated net earnings per share (€)	1.39	1.48
Book value per share (€)	15.92	15.57
Consolidated book value per share (€)	16.73	16.16
Share price at end of period (€)	12.70	15.15
	1–9/2015	1–9/2014
Average share price in reporting period (€)	15.04	9.60
Minimum share price in reporting period (€)	11.69	7.00
Maximum share price in reporting period (€)	16.85	15.40
Trade volume in reporting period (€)	7,181,372	14,301,612

In 1–9/2015, the Company did not have conditional equity.

At 30 September 2015, 70.2 % of shareholders were Slovenian and 29.8 % were foreign. The largest shareholder of the POSR share is the Slovenian Sovereign Holding (Slovenski državni holding d.d.) with 25 % plus one share.

### Shareholder structure of Sava Reinsurance Company at 30 September 2015

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.1 %	0.0 %
Insurers and pension companies	14.4 %	0.2 %
Natural persons	9.3 %	0.2 %
Banks	6.6 %	22.1 %
Investment funds and mutual funds	8.4 %	6.4 %
Other commercial companies	6.4 %	0.9 %
<b>Total</b>	<b>70.2 %</b>	<b>29.8 %</b>

The other financial institutions item includes the Slovenian Sovereign Holding with a stake of 25 % plus one share.

Bank investors also include fiduciary accounts the ultimate owners of which are not known.

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

### Top ten shareholders of Sava Reinsurance Company at 30 September 2015

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	4,304,917	25.0 %
Societe Generale – Splitska banka d.d. (fiduciary account)	1,712,327	9.9 %
European Bank for Reconstruction and Development	1,071,429	6.2 %
Raiffeisen Bank Austria d.d. (fiduciary account)	765,839	4.4 %
Sava Reinsurance Company (own shares)	736,066	4.3 %
Modra Zavarovalnica d.d.	714,285	4.1 %
Abanka d.d.	655,000	3.8 %
Adriatic Slovenica d.d., liability fund	500,891	2.9 %
Balkan Fund	488,211	2.8 %
KD Galileo	430,073	2.5 %
<b>Total</b>	<b>11,379,038</b>	<b>66.1 %</b>

\*Own shares do not carry voting rights.

## Own shares

As at 30 September 2015, the Company held 736,066 treasury shares, representing 4.27 % of share capital. The total value of purchases made in the period 1–9/2015 was € 132,001. All shares were acquired on the regulated market.

The Company neither purchased nor sold any own shares in the period 30 September 2015 to 12 November 2015.

## Dividends

### *Details on dividends*

(€)	For 2014	For 2013
Dividend payouts	9,065,978	4,386,985
Dividend/share	0.55	0.26
Dividend yield	3.5 %	2.0 %

Sava Reinsurance Company paid out dividends in the amount of 30 % of the net profit of the Sava Re Group (consolidated profit) with the management board having made adjustments to their proposal for dividend payout taking into account the Company's capitalization, new development projects to engage additional capital, capital requirements for the support of organic growth and other major factors that affect the financial position of the Company.

# SAVA RE GROUP INTERIM BUSINESS REPORT



### 3 SAVA RE GROUP REVIEW OF OPERATIONS

#### *Summary of the consolidated income statement*

(€)	1–9/2015	1–9/2014	Index
Net earned premiums	334,899,849	321,333,777	104.2
Income from investments in associates	138,685	181,817	76.3
Investment income	28,705,378	29,137,910	98.5
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	16,957,603	16,129,973	105.1
Other technical income	12,910,095	6,999,911	184.4
- Of which investment property	203,735	95,054	214.3
Other income	4,470,000	1,579,463	283.0
- Of which investment property	144,780	112,748	128.4
Net claims incurred	-208,225,120	-189,314,184	110.0
Change in other technical provisions	-2,722,328	-5,915,035	46.0
Change in technical provisions for policyholders who bear the investment risk	-4,685,605	-22,178,977	21.1
Expenses for bonuses and rebates	-620,085	-360,028	172.2
Operating expenses	-108,051,924	-105,726,609	102.2
Expenses for financial assets and liabilities	-9,134,004	-3,137,838	291.1
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-21,207,757	-4,607,920	460.2
Other technical expenses	-14,927,122	-12,106,257	123.3
- Of which investment property	61,467	69,044	89.0
Other expenses	-1,480,895	-1,135,829	130.4
- Of which investment property	34,592	53,143	65.1
<b>Profit/loss before tax</b>	<b>27,026,770</b>	<b>30,880,174</b>	<b>87.5</b>

The changes in net premiums earned, claims incurred, expenses and investments are explained later in the report. The increase in consolidated other technical income and expenses was mainly a result of exchange differences of Sava Reinsurance Company, while the increase in other income was due to Zavarovalnica Maribor's decrease in allowance for receivables as a result of improved claims collection, particularly with regard to recourse receivables.

#### *Consolidated operating ratios*

	1–9/2015	1–9/2014
Net incurred loss ratio (reins. + non-life ins.)	62.6 %	60.2 %
<i>Net incurred loss ratio, excluding the effect of exchange differences (reins. + non-life ins.)</i>	<i>61.8 %</i>	<i>59.4 %</i>
Net expense ratio	31.4 %	32.2 %
Return on the investment portfolio	2.7 %	3.6 %
<i>Return on the investment portfolio, excluding exchange differences</i>	<i>2.4 %</i>	<i>3.4 %</i>
Annualized return on equity	11.2 %	13.0 %

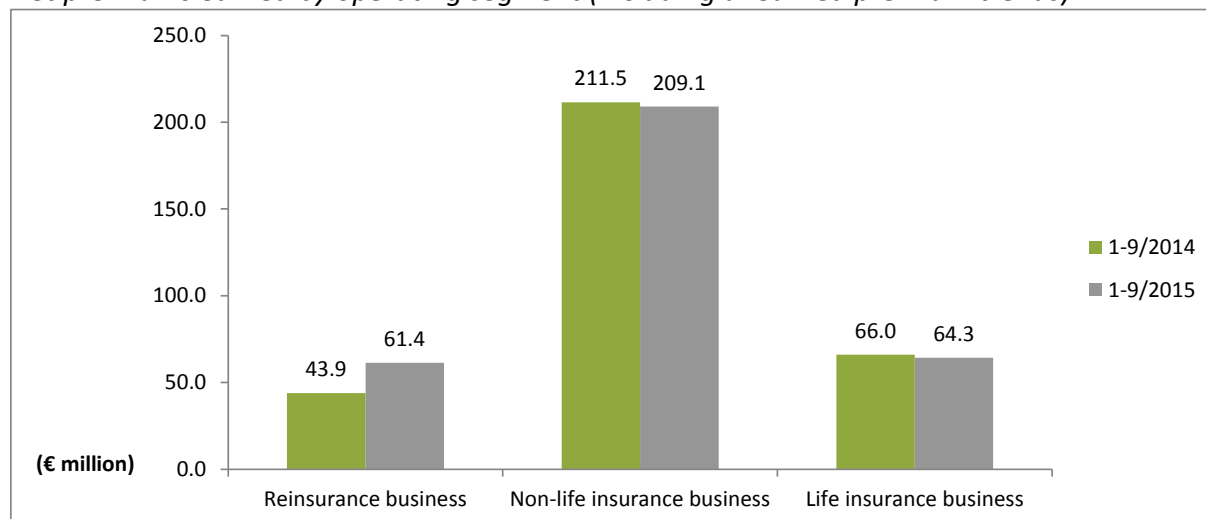
In the period 1–9/2015, exchange rate differences had a negative impact on the underwriting result of reinsurance business of € 2.1 million, and a positive effect of € 2.0 million on the investment result. The net effect on the net profit for the period, however, was relatively minor since the Company is following a strict asset-liability currency management policy. As both effects on profit mainly relate to international reinsurance operations, detailed figures are presented in the section covering reinsurance business later in this report.

## Consolidated net earned premiums

### Consolidated net earned premiums

(€)	1-9/2015	1-9/2014	Index
Gross premiums written	384,593,111	371,165,705	103.6
Net premiums written	358,668,105	347,373,078	103.3
Change in net unearned premiums	-23,768,256	-26,039,301	91.3
<b>Net earned premiums</b>	<b>334,899,849</b>	<b>321,333,777</b>	<b>104.2</b>

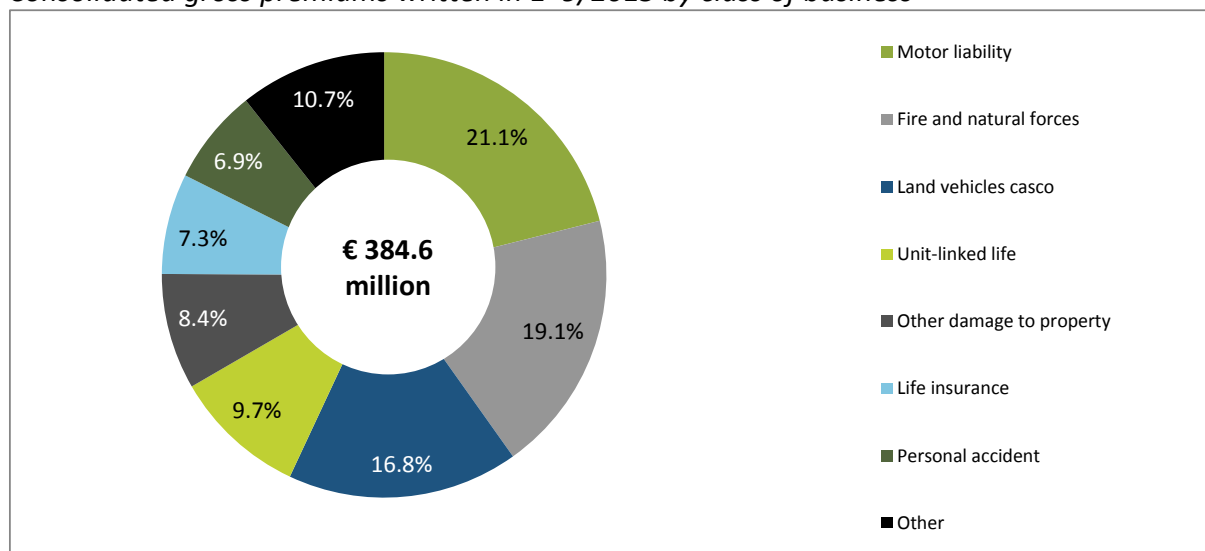
### Net premiums earned by operating segment (including unearned premium trends)



### Consolidated net premiums earned by class of business (including unearned premium trends)

(€)	1-9/2015	1-9/2014	Index
Personal accident	25,621,670	24,542,983	104.4
Health	2,736,022	1,453,104	188.3
Land vehicles casco	61,358,237	59,367,302	103.4
Railway rolling stock	55,232	0	-
Aircraft hull	453,715	312,908	145.0
Ships hull	3,282,846	2,988,319	109.9
Goods in transit	4,426,232	2,867,049	154.4
Fire and natural forces	51,774,214	46,191,530	112.1
Other damage to property	25,708,953	20,752,254	123.9
Motor liability	76,204,072	77,505,233	98.3
Aircraft liability	37,165	6,817	545.2
Liability for ships	349,582	392,749	89.0
General liability	11,735,944	12,125,179	96.8
Credit	1,850,382	1,970,739	93.9
Suretyship	282,112	334,275	84.4
Miscellaneous financial loss	1,019,830	966,463	105.5
Legal expenses	188,766	278,972	67.7
Assistance	3,959,520	3,454,870	114.6
<b>Total non-life</b>	<b>271,044,494</b>	<b>255,510,746</b>	<b>106.1</b>
Life insurance	26,736,523	27,306,120	97.9
Unit-linked life	37,105,847	38,505,276	96.4
Capital redemption	12,985	11,635	111.6
<b>Total life</b>	<b>63,855,355</b>	<b>65,823,031</b>	<b>97.0</b>
<b>Total</b>	<b>334,899,849</b>	<b>321,333,777</b>	<b>104.2</b>

### Consolidated gross premiums written in 1–9/2015 by class of business

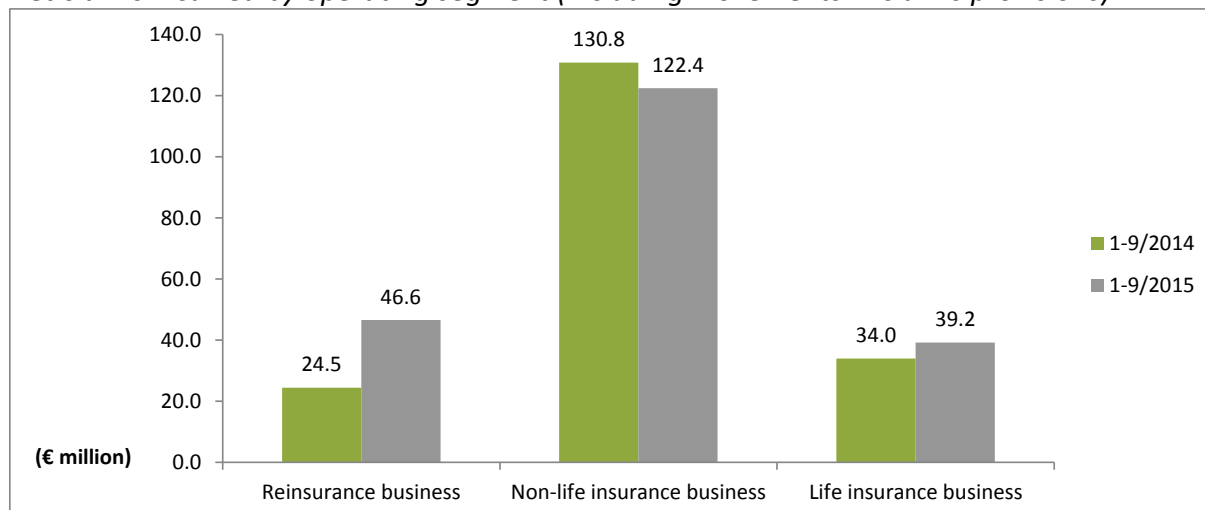


### Consolidated net claims incurred

#### Consolidated net claims incurred

(€)	1–9/2015	1–9/2014	Index
Gross claims paid	196,365,779	187,602,164	104.7
Net claims paid	183,018,152	179,565,782	101.9
Change in the net provision for outstanding claims	25,206,968	9,748,402	258.6
Net claims incurred	208,225,120	189,314,184	110.0

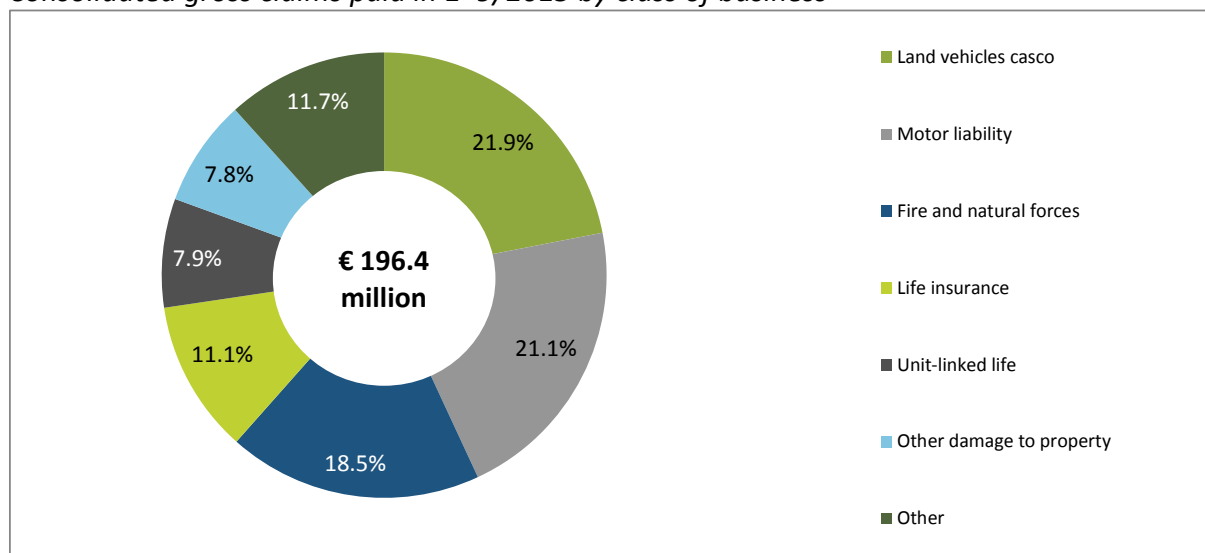
#### Net claims incurred by operating segment (including movements in claims provisions)



*Consolidated net claims incurred by operating segment (including movements in claims provisions)*

(€)	1–9/2015	1–9/2014	Index
Personal accident	19.501.116	12.995.649	150,1
Health	1.696.153	1.122.815	151,1
Land vehicles casco	43.703.974	42.625.735	102,5
Railway rolling stock	1.383	1.076	128,5
Aircraft hull	473.065	296.519	159,5
Ships hull	2.206.399	1.862.666	118,5
Goods in transit	2.300.400	242.003	950,6
Fire and natural forces	30.494.441	36.960.563	82,5
Other damage to property	14.722.176	7.960.702	184,9
Motor liability	44.926.803	43.302.963	103,7
Aircraft liability	65.004	133.757	48,6
Liability for ships	83.553	80.080	104,3
General liability	7.041.835	5.795.121	121,5
Credit	218.646	232.576	94,0
Suretyship	272.604	242.045	112,6
Miscellaneous financial loss	841.599	474.175	177,5
Legal expenses	2.589	986	262,6
Assistance	416.907	381.401	109,3
<b>Total non-life</b>	<b>168.968.647</b>	<b>154.710.832</b>	<b>109,2</b>
Life insurance	22.554.074	21.793.927	103,5
Unit-linked life	16.702.399	12.808.349	130,4
Capital redemption	0	1.076	-
<b>Total life</b>	<b>39.256.473</b>	<b>34.603.352</b>	<b>113,4</b>
<b>Total</b>	<b>208.225.120</b>	<b>189.314.184</b>	<b>110,0</b>

*Consolidated gross claims paid in 1–9/2015 by class of business*





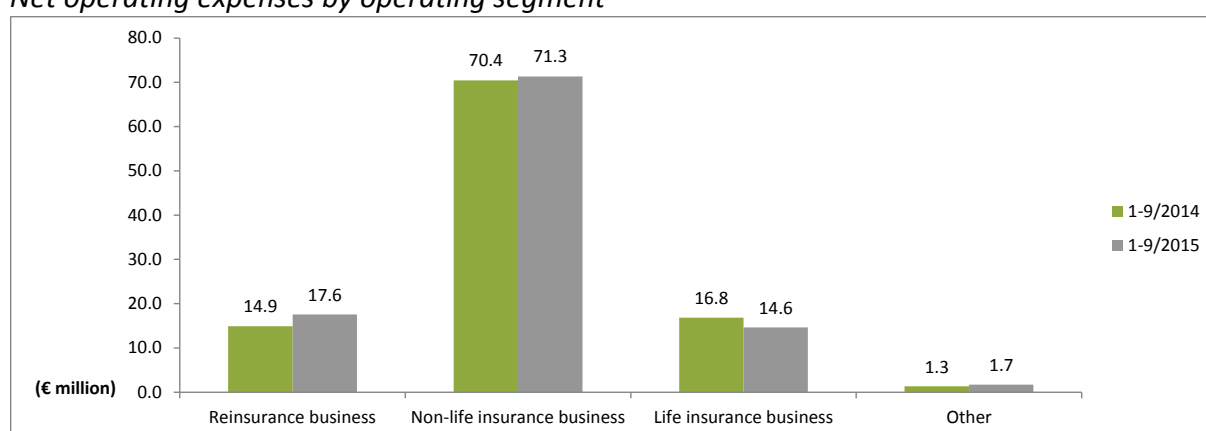
## Consolidated operating expenses

### Consolidated operating expenses

(€)	1-9/2015	1-9/2014	Index
Acquisition costs	38,044,983	35,827,285	106.2
Change in deferred acquisition costs (+/-)	-3,089,332	-2,014,996	153.3
Other operating expenses	73,096,273	71,914,320	101.6
Gross operating expenses	108,051,924	105,726,609	102.2
Income from reinsurance commission	-2,809,948	-2,244,745	125.2
Net operating expenses	105,241,976	103,481,864	101.7
Gross expense ratio	28.1 %	28.5 %	
Net expense ratio	31.4 %	32.2 %	

Consolidated other operating expenses rose mainly due to the increased number of employees.

### Net operating expenses by operating segment



## Consolidated net investment income

### Net inv. income of the investment portfolio

	1-9/2015	1-9/2014	Nominal change
Income from financial investments	28,705,378	29,137,910	-432,532
Expenses for financial investments	9,134,004	3,116,357	6,017,647
Net investment income of financial investments	19,571,374	26,021,553	-6,450,179
Net investment income from investments in associates	138,685	160,336	-21,651
Net investment income of investment property	252,456	85,615	166,841
Net inv. income of the investment portfolio	19,962,515	26,267,504	-6,304,989
Net inv. income of the investment portfolio, excluding exchange differences	18,003,194	24,216,353	-6,213,159
Net inv. income from investments for the benefit of life-insurance policyholders who bear the investment risk	-4,250,154	11,522,053	-15,772,207

Compared to the same period last year, the net investment income on the investment portfolio, excluding the impact of exchange differences, decreased by € 6.2 million, mainly as a result of lower interest income (€ -2.8 million) resulting from lower market interest rates for (re)investing funds and less gains realized on the disposal of investments (€ -2.7 million).

*Income and expenses of the investment portfolio by type*

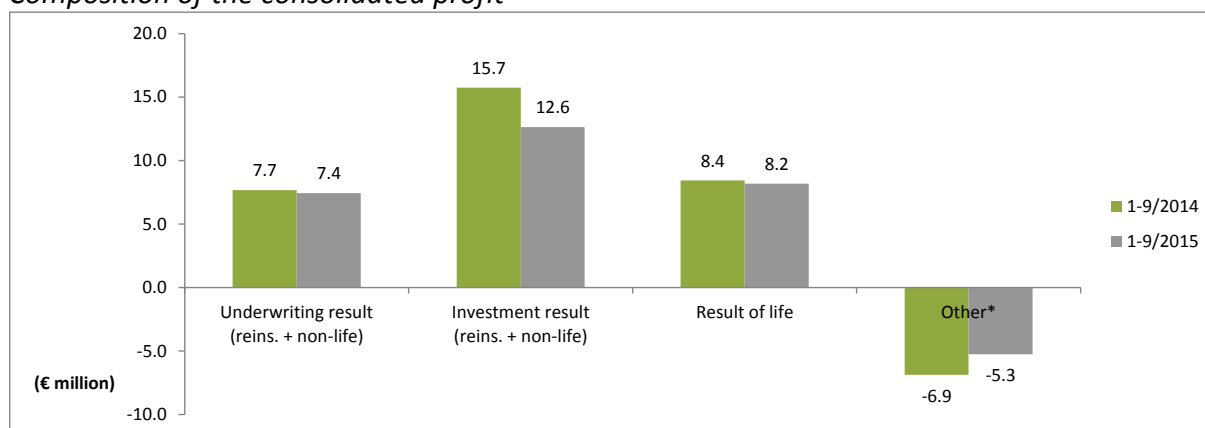
(€)	1–9/2015	1–9/2014	Nominal change
<b>Income</b>			
Interest income	16,979,688	19,779,815	-2,800,127
Change in fair value and gains on disposal of FVPL assets	975,665	1,210,931	-235,266
Gains on disposal of other IFRS asset categories	877,872	3,529,632	-2,651,760
Income from associate companies	138,685	181,817	-43,132
Income from dividends and shares – other investments	1,209,359	944,412	264,947
Exchange gains	8,549,995	3,444,214	5,105,781
Other income	461,314	436,708	24,606
<b>Income from the investment portfolio</b>	<b>29,192,578</b>	<b>29,527,529</b>	<b>-334,951</b>
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	16,957,603	16,129,973	827,630
<b>Expenses</b>			
Interest expenses	955,639	1,072,897	-117,258
Change in fair value and losses on disposal of FVPL assets	1,029,410	318,505	710,905
Losses on disposal of other IFRS asset categories	301,380	227,370	74,010
Impairment losses on investments	233,469	31,131	202,338
Exchange losses	6,590,674	1,393,063	5,197,611
Other	119,491	217,059	-97,568
<b>Expenses for the investment portfolio</b>	<b>9,230,063</b>	<b>3,260,025</b>	<b>5,970,038</b>
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	21,207,757	4,607,920	16,599,837

The largest proportion of income in the period 1–9/2015 constitutes interest income of € 17.0 million. A major item is exchange differences, resulting from currency matching of assets and liabilities. In the period 1–9/2015, the Group realized € 2.0 million of net exchange gains, unchanged year-on-year.

At 30 September 2015 assets and liabilities were 95.5 % matched, which is why the realized exchange losses from liabilities were largely offset by exchange gains from investments so profits were affected only to a minor degree. The impact on profit for the period was merely € 0.1 million.

## Consolidated net profit/loss

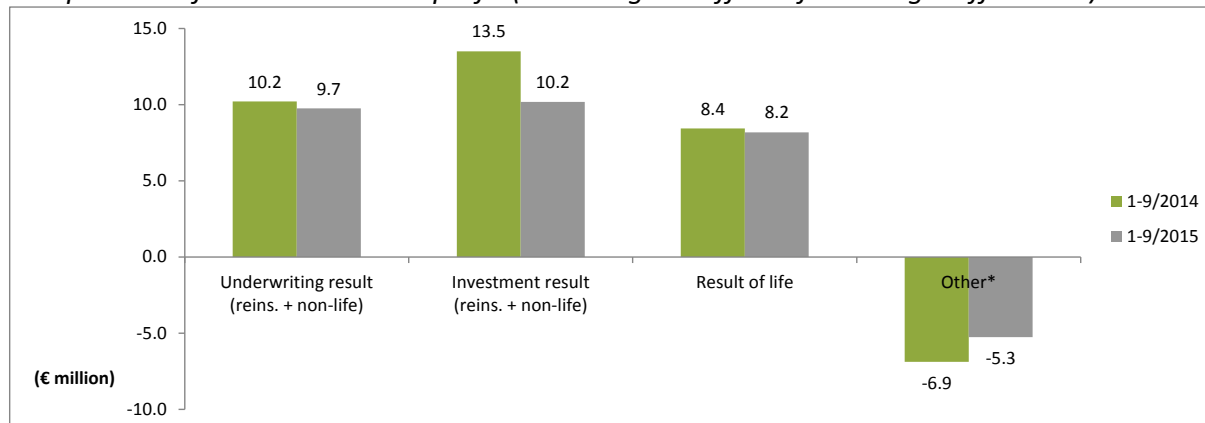
### Composition of the consolidated profit



\*The "other" item includes the net profit/loss of the "other" operating segment and tax relating to all operating segments.

In 1–9/2015, exchange differences had a significant impact on the composition of the result, so below we set out results, excluding the effect of exchange differences. The impact on the result by operating segment was as follows: from technical categories € 2.1 million negative impact on the result (1–9/2014: € 2.3 million); from investment activities € 2.0 million positive impact on the result (1–9/2014: € 1.9 million); from other items € 0.2 million negative impact on the result (1–9/2014: € 0.1 million). The total positive effect of exchange differences on the result of 1–9/2015 amounted to € 0.1 million (1–9/2014: € 0.3 million).

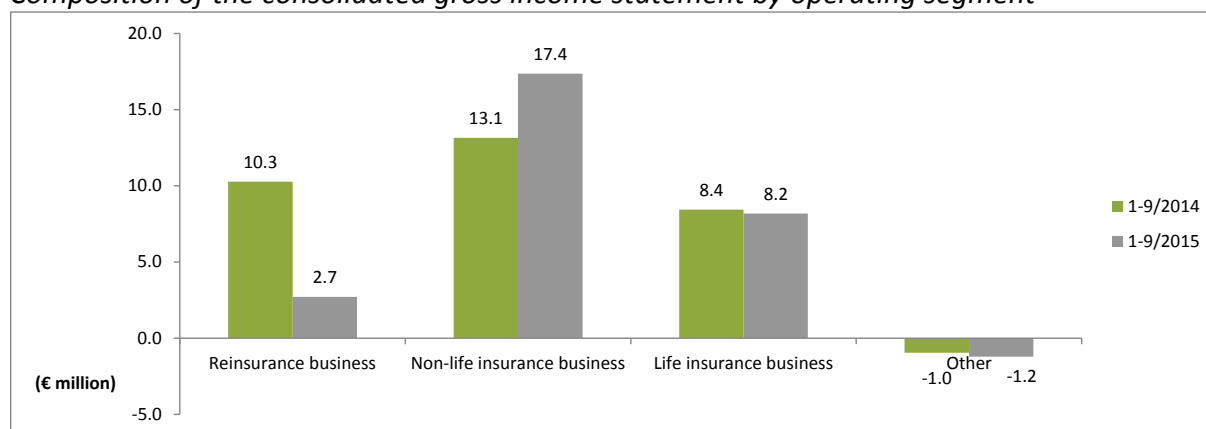
### Composition of the consolidated profit (excluding the effect of exchange differences)



In the period 1–9/2015, the underwriting result was at about the same level as year-on-year. The Slovenian non-life insurers generated a better underwriting result as last year, while the reinsurance company's underwriting result declined due to losses on the foreign-sourced portfolio. The result of Zavarovalnica Maribor for the period 1–9/2015 significantly improved as the year was benign in terms of losses comparable to the ice damage loss in early 2014.

The investment result for 1–9/2015 was marginally lower because of a lower realization of gains on sales of investments and due to falling interest rates in the market.

### Composition of the consolidated gross income statement by operating segment



In the period 1–9/2015, the reinsurance segment generated a lower result than year-on-year. The good result of 2014 was due to a benign claims development relating to underwriting year 2012. In the period 1–9/2015, the foreign-sourced portfolio was hit by a catastrophe loss (explosion at a port in China), amounting to approximately € 5 million (amount still reserved), and certain other losses that are also still reserved. Non-life insurers (both Slovenian and foreign) generated better underwriting results in the period 1–9/2015 than in the same period last year. Life insurers performed slightly worse than last year. The bulk of the result of life insurers was contributed by Zavarovalnica Maribor.

## 4 PERFORMANCE OF THE GROUP BY OPERATING SEGMENT

Business is presented by operating segments (non-life insurance, life insurance, reinsurance business and the "other" segment) and by geography (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 relates to Sava Reinsurance Company's business in international reinsurance markets.

In addition to said segment breakdown, the segment reporting information also reflects the effects of consolidation elimination and reallocation 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 applies 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 adjusted 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 associate companies were reallocated to the "other" 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 based on gross premiums written. Other operating expenses include costs relating to the management of the Group. In the period 1–9/2015, Sava Reinsurance Company allocated 46.8 % of other operating expenses to operating segments as monitored (non-life and life business) by premium structure (1–9/2014: 47.5 %).

*Reallocation of group management costs to business segments*

(€)	Reinsurance business	Non-life business Slovenia	Non-life, international	Life, Slovenia	Life, intern.
1–9/2015	-3,110,903	2,050,707	407,556	610,391	42,249
1–9/2014	-2,712,997	1,789,143	343,164	547,397	33,293

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

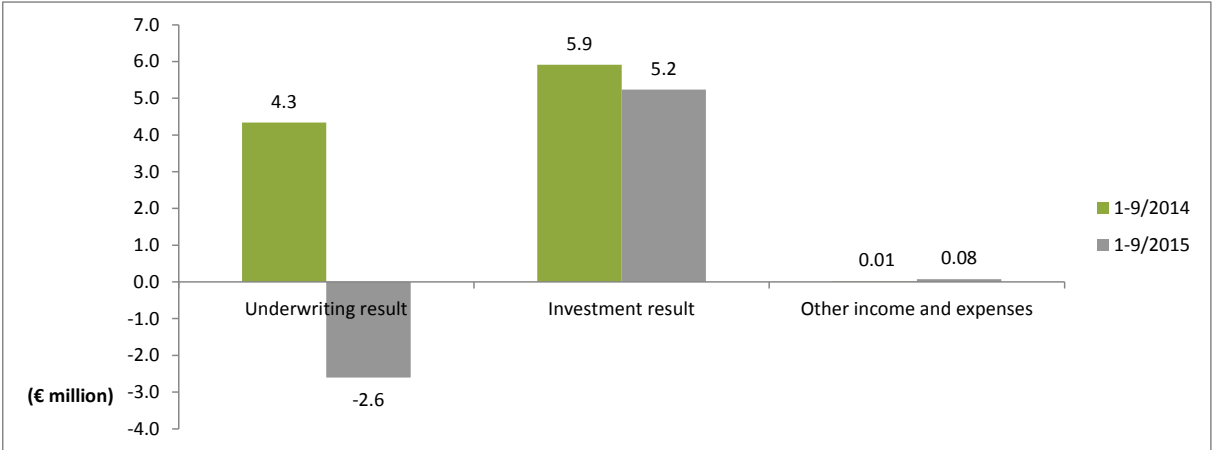
- S** Intangible assets – goodwill was allocated to the segment from which it arose (it was reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).
- S** Reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – in the same way as described in point one of adjustments 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).

Following are commentaries to the results of each operating segment.

### 4.1 Reinsurance business

The income statement and the statement of financial position by operating segment are given in the notes to the financial statements, section 10.7. The reinsurance segment reflects developments of the reinsurance portfolio written by Sava Reinsurance Company abroad.

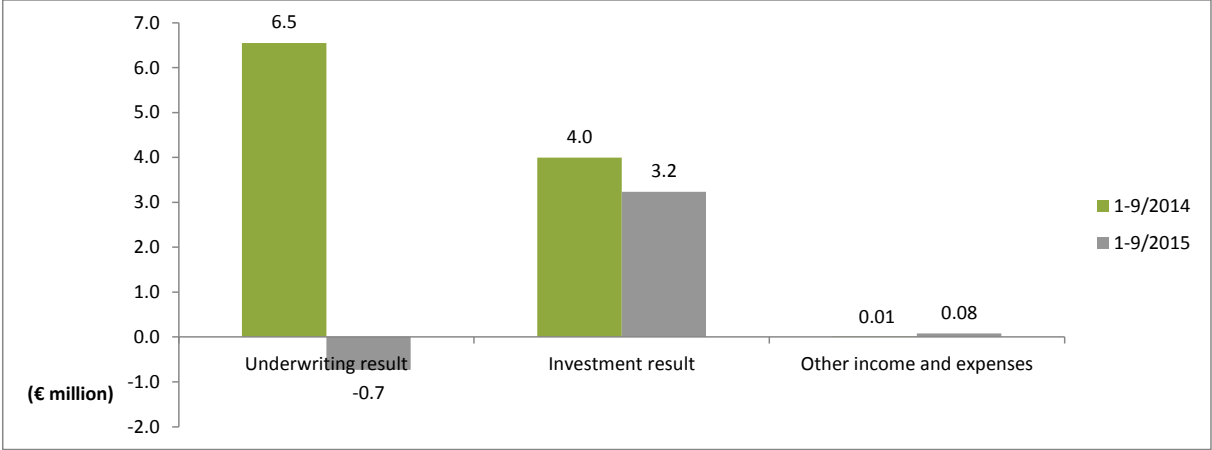
*Composition of the consolidated gross income statement; reinsurance business*



The income statement of the reinsurance segment for the period 1–9/2015 was significantly impacted by the catastrophe loss in China and exchange differences. The impact of exchange difference is set out in section 3 under the heading Consolidated net profit and refers to the reinsurance segment shown here.

The following graph shows profits, excluding the impact of exchange differences.

*Composition of the consolidated gross income statement; reinsurance business, excluding the effect of exchange differences*



The underwriting result, excluding the impact of exchange differences, was also negative, mainly due to losses from abroad that hit the reinsurance portfolio. The investment result (excluding the effect of exchange differences) for the period 1–9/2015 was slightly lower than year-on-year primarily due to a lower realization of gains on the disposal of investments.

## Net premiums earned

### Consolidated gross premiums written by region; reinsurance business

(€)	1–9/2015	1–9/2014	Index
Slovenia	398,054	365,757	108.8
International	77,087,363	61,726,540	124.9
Total	77,485,417	62,092,297	124.8

### Net premiums earned; reinsurance business

(€)	1–9/2015	1–9/2014	Index
Gross premiums written	77,485,417	62,092,297	124.8
Net premiums written	73,086,652	57,626,537	126.8
Change in net unearned premiums	-11,646,461	-13,764,088	84.6
Net earned premiums	61,440,190	43,862,449	140.1

Gross premiums written in this segment grew due to growth in international markets, with the largest growth contribution coming from South Korea (approximately € 8 million).

After nine months of 2015, net premiums earned recorded a slightly larger growth than gross premiums written, due to changes in unearned premiums. The change in net unearned premiums for the period 1–9/2015 (an increase compared to year-end 2014) was lower than last year.

Premiums from Slovenia consist of only non-group business, which is why the amount is relatively small.

## Net claims incurred

### Consolidated gross claims paid by region; reinsurance business

(€)	1–9/2015	1–9/2014	Index
Slovenia	227,047	466,409	48.7
International	37,404,352	31,602,224	118.4
Total	37,631,398	32,068,633	117.3

### Net claims incurred; reinsurance business

(€)	1–9/2015	1–9/2014	Index
Gross claims paid	37,631,398	32,068,633	117.3
Net claims paid	36,013,737	23,547,296	152.9
Change in the net provision for outstanding claims	10,605,125	933,348	1136.2
Net claims incurred	46,618,863	24,480,645	190.4

Consolidated gross reinsurance claims rose by 17.3 % in the first nine months of 2015 year-on-year, reflecting the growth of this operating segment. International gross claims paid grew slower than gross premiums written, indicating a favourable gross loss ratio (the paid loss ratio fell by 3.5 p.p. year-on-year).

After nine months of 2015, the change in the net claims provision was higher year-on-year because in 1–9/2014, the Company was paying out claims relating to the Thai floods for which claims provisions had been set aside before; in addition, provisions for outstanding claims decreased due to a favourable development of underwriting year 2012. The growth in

claims provisions in the period 1–9/2015 was primarily due to the China explosion catastrophe loss and certain other losses from abroad. As in the period 1–9/2014, claims provisions were declining (settlement of Thai losses, reserve releases in respect of underwriting year 2012), but rising in the period 1–9/2015 (loss in China), the effect of the movement in the claims provision is rather significant.

The net incurred loss ratio for the reinsurance segment stood at 75.9 % for the period 1–9/2015, a deterioration by 20.1 percentage points year-on-year. Excluding the impact of exchange differences, the ratio would have stood at 72.4 %, a deterioration of 21.5 percentage points. The deterioration is due to a favourable development in 2014 (as described earlier) and the setting aside of additional reserves for claims reported. There were no specific impacts of reserve releases in the period 1–9/2015.

Gross claims paid from Slovenia (like gross premiums) comprise relatively small amounts because they relate to claims on Slovenian non-group business.

### *Operating expenses*

#### *Consolidated operating expenses; reinsurance business*

(€)	1–9/2015	1–9/2014	Index
Acquisition costs	16,709,161	14,074,916	118.7
Change in deferred acquisition costs (+/-)	-2,202,476	-1,727,590	127.5
Other operating expenses	3,536,326	2,998,576	117.9
Gross operating expenses	18,043,011	15,345,902	117.6
Income from reinsurance commission	-485,314	-442,737	-90.4
Net operating expenses	17,557,697	14,903,164	117.8

In the first nine months of 2015, acquisition costs grew by 18.7 % as a result of the growth of the international portfolio (gross premiums grew by 24.9 %). The proportion of acquisition costs as a percentage of premiums dropped by 1.1 percentage points year-on-year.

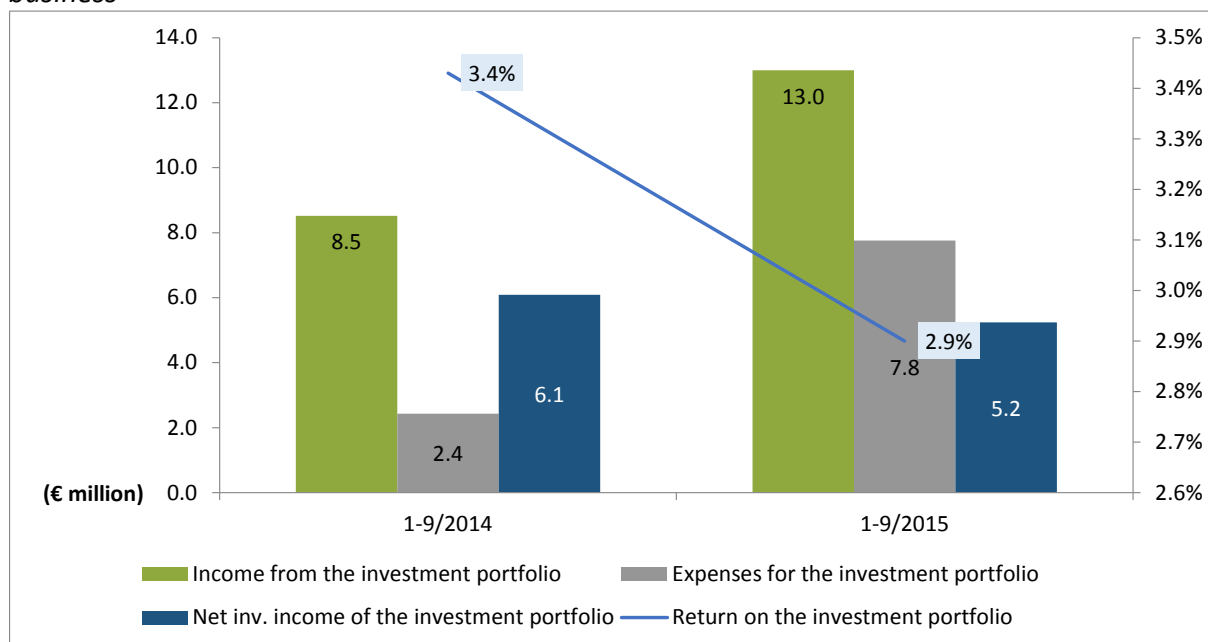
After nine months of 2015, the change in deferred acquisition costs was larger than year-on-year because of a larger volume of premiums and, consequently, higher acquisition costs (and unearned premiums) for proportional business from abroad with higher commission rates.

Other operating expenses increased mainly due to the increase in personnel costs as a result of new recruitments at Sava Reinsurance Company. Primarily actuaries were employed to ensure timely compliance with Solvency II regulations.



## Net investment income








Income, expenses and the net inv. income relating to the investment portfolio; reinsurance business



Compared to the same period last year, the net investment income of the investment portfolio decreased by € 0.9 million. This is mainly due to a smaller realization of gains on the disposal of investments (which depend on conditions in capital markets and the judgement of asset managers after the portfolio restructuring). Higher income and expenses compared with the same period of the previous year were due to the impact of exchange differences arising from currency matching activities of Sava Reinsurance Company (which due to similar movements of exchange differences on the liabilities side, virtually had no impact on the income statement).

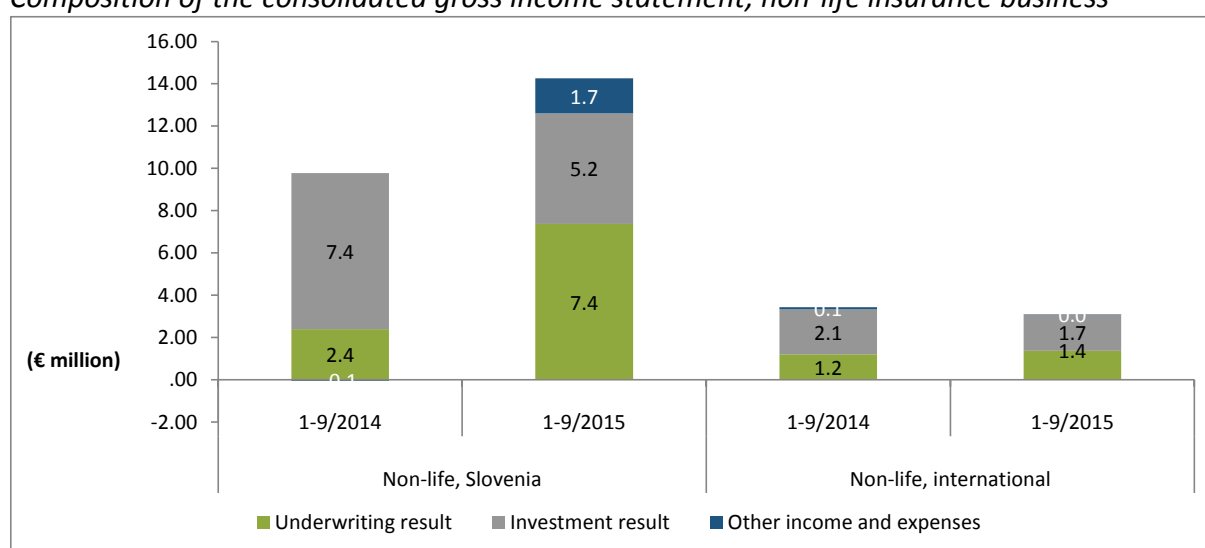
## 4.2 Non-life insurance business

The non-life insurance segment comprises the operations of the following companies:

-  Zavarovalnica Maribor, non-life
-  Zavarovalnica Tilia, non-life
-  Sava Montenegro
-  Sava osiguranje Belgrade
-  Sava osiguruvanje Skopje
-  Velebit osiguranje
-  Illyria

The income statement and the statement of financial position by operating segment are given in the notes to the financial statements, section 10.7.

### Composition of the consolidated gross income statement; non-life insurance business



The non-life insurance segment recorded a better consolidated net result in 1–9/2015 than in the same period last year. This is mainly because of the more favourable underwriting result of Zavarovalnica Maribor, Sava Montenegro and Sava osiguranje Belgrade. In addition to these companies, the companies Velebit osiguranje and Sava osiguruvanje Skopje also improved their underwriting results year-on-year. The investment results of Slovenian non-life insurers declined by € 2.1 million, while that of non-Slovenian insurers dropped by € 0.4 million, which is a result of both less realized gains on sales of investments and lower interest rates in domestic and international markets. In the period 1–9/2015, Zavarovalnica Maribor recorded higher other income due to reversal of interest adjustments for recourse receivables and recognized income as a result of lower allowances for receivables.

### Net premiums earned

#### Consolidated gross non-life premiums by region

(€)	1–9/2015	1–9/2014	Index
Slovenia	202,445,346	203,824,995	99.3
International	40,233,873	39,094,306	102.9
<b>Total</b>	<b>242,679,219</b>	<b>242,919,301</b>	<b>99.9</b>

*Net premiums earned; non-life insurance business*

(€)	Slovenia		International	
	1–9/2015	1–9/2014	1–9/2015	1–9/2014
Gross premiums written	202,445,346	203,824,995	40,233,873	39,094,306
Net premiums written	183,797,526	187,179,399	37,615,956	36,698,319
Change in net unearned premiums	-10,340,504	-11,935,191	-1,953,252	-479,534
Net earned premiums	173,457,022	175,244,208	35,662,704	36,218,786

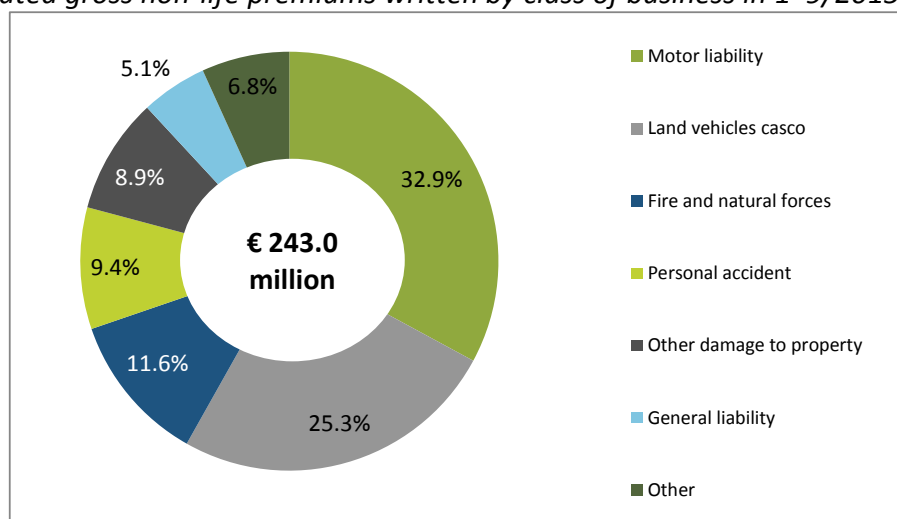
*Unconsolidated gross non-life premiums of Sava Re Group companies*

(€)	1–9/2015	1–9/2014	Index
Zavarovalnica Maribor (non-life)	144,584,701	143,793,973	100.5
Zavarovalnica Tilia (non-life)	58,145,372	60,273,997	96.5
Sava osiguranje Belgrade	11,141,183	9,248,936	120.5
Sava osiguruvanje Skopje	8,806,167	8,445,799	104.3
Sava Montenegro	8,625,628	8,881,505	97.1
Illyria	6,398,531	6,729,250	95.1
Velebit osiguranje	5,268,778	5,792,806	91.0
Total	242,970,360	243,166,267	99.9

In the period 1–9/2015, gross non-life premiums from Slovenia declined by 0.7 % due to lower premium income of Zavarovalnica Tilia (certain policies renewable in January 2015 were renewed as early as December 2014, terminated cooperation with its largest agency, loss of some major clients after acquisition by foreign owners, bankruptcy, cancellations, price cuts – especially in MTPL), while Zavarovalnica Maribor recorded a growth in gross non-life premiums written year-on-year (increase in non-life premiums for same coverages of a major client and amended tariffs for MTPL). Among the non-Slovenian insurers with increases in gross premiums written year-on-year were the Serbian non-life insurer (after a market-wide increase in motor liability premiums) and Macedonian insurer (new major client, launch of new product in other damage to property), while the remaining non-life insurers from abroad experienced a decline in gross premiums written. The total increase in non-Slovenian gross premiums written was 2.9 %.

Total unconsolidated gross non-life insurance premiums were approximately on the same level year-on-year. The largest nominal decline in gross premiums written was recorded by Zavarovalnica Tilia and Velebit osiguranje (mainly because of the liberalization of the motor insurance market and the resulting price cuts).

*Unconsolidated gross non-life premiums written by class of business in 1–9/2015*



*Net claims incurred*

*Consolidated gross non-life claims by region*

(€)	1–9/2015	1–9/2014	Index
Slovenia	108,019,545	106,749,286	101.2
International	14,465,061	14,123,196	102.4
<b>Total</b>	<b>122,484,606</b>	<b>120,872,482</b>	<b>101.3</b>

*Net claims incurred; non-life insurance business*

(€)	Slovenia		International	
	1–9/2015	1–9/2014	1–9/2015	1–9/2014
Gross claims paid	108,019,545	106,749,286	14,465,061	14,123,196
Net claims paid	96,869,895	107,275,975	13,961,893	13,992,574
Change in the net provision for outstanding claims	10,265,257	8,072,951	1,268,566	1,462,444
<b>Net claims incurred</b>	<b>107,135,151</b>	<b>115,348,926</b>	<b>15,230,460</b>	<b>15,455,018</b>

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

(€)	1–9/2015	1–9/2014	Index
Zavarovalnica Maribor (non-life)	77,869,852	77,402,585	100.6
Zavarovalnica Tilia (non-life)	30,545,584	29,416,098	103.8
Sava osiguranje Belgrade	3,754,401	3,402,090	110.4
Sava osiguruvanje Skopje	3,307,816	3,072,866	107.6
Sava Montenegro	2,620,743	2,632,950	99.5
Velebit osiguranje	2,482,562	2,569,432	96.6
Illyria	2,375,987	2,640,632	90.0
<b>Total</b>	<b>122,956,945</b>	<b>121,136,653</b>	<b>101.5</b>

In the period 1–9/2015, Slovenian business recorded a larger volume of gross claims paid year-on-year, in particular due to a higher growth in gross claims paid of Zavarovalnica Tilia (more non-life claims) and to a smaller extent due to the growth in claims of Zavarovalnica Maribor (payments on motor and assistance policies, in motor business more claims with an international element, and claim payments relating to ice damage and floods). Gross claims paid of non-Slovenian business increased year-on-year primarily due to the growth in claims of the Serbian insurer (especially relating to MTPL, motor casco, fire and goods in transit)

and the Macedonian non-life insurer (large losses relating to general liability, legal claims for motor liability, property claims and crop claims).

### *Operating expenses*

#### *Consolidated operating expenses; non-life insurance business*

(€)	1–9/2015	1–9/2014	Index
Acquisition costs	17,361,251	17,445,988	99.5
Change in deferred acquisition costs (+/-)	-962,569	-842,777	114.2
Other operating expenses	57,250,452	55,615,501	102.9
Gross operating expenses	73,649,134	72,218,712	102.0
Income from reinsurance commission	-2,321,816	-1,797,213	129.2
Net operating expenses	71,327,318	70,421,499	101.3

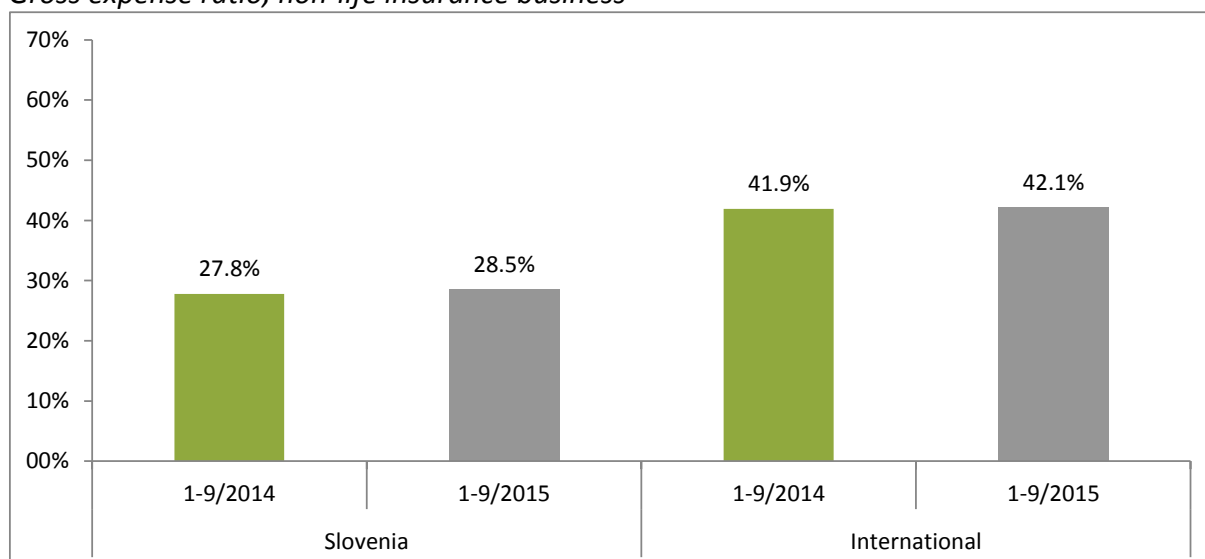
Total gross operating expenses of non-life business increased slightly as a result of the increase in other operating expenses (especially because of payroll increases following implementation of new sales system).

Consolidated gross expenses (net of changes in deferred acquisition costs) of non-life business grew by 2.1 %, while consolidated gross premiums written were approximately on the same level year-on-year. Thus the ratio of expenses to premiums deteriorated in 1–9/2015 by 0.6 percentage points year-on-year.

#### *Unconsolidated gross non-life operating expenses of Sava Re Group companies*

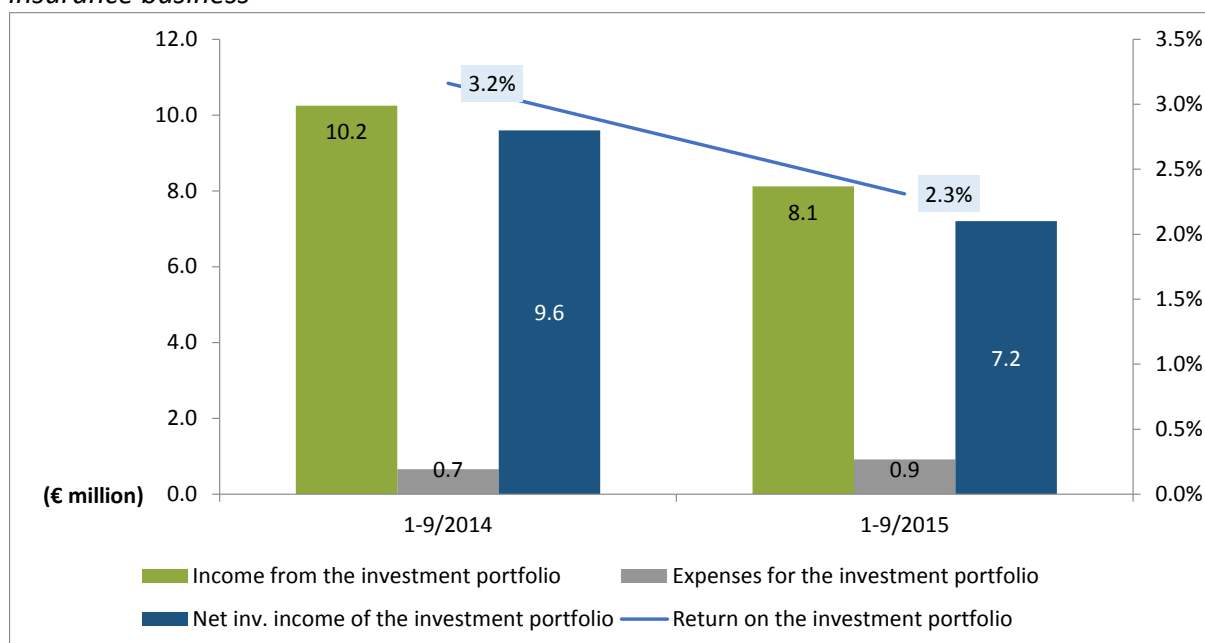
(€)	1–9/2015	1–9/2014	Index
Zavarovalnica Maribor (non-life)	36,685,793	36,089,934	101.7
Zavarovalnica Tilia (non-life)	16,829,997	16,594,728	101.4
Other Group insurers	17,162,835	16,421,083	104.5

### Gross expense ratio; non-life insurance business



### Net investment income






Income, expenses and the net inv. income relating to the investment portfolio; non-life insurance business



The net investment income of the investment portfolio of non-life insurance business declined by € 2.4 million year-on-year. The net investment income declined mainly due to lower interest income (€ -1.9 million) as a result of lower interest rates in capital markets.

### 4.3 Life insurance business

The life insurance segment comprises the operations of the following companies:

-  Zavarovalnica Maribor, life business
-  Zavarovalnica Tilia, life business
-  Sava životno osiguranje
-  Illyria Life
-  Velebit životno osiguranje

The income statement and the statement of financial position by operating segment are given in the notes to the financial statements, section 10.7.

#### *Net premiums earned*

##### *Consolidated gross life insurance premiums by region*

(€)	1–9/2015	1–9/2014	Index
Slovenia	60,257,650	62,361,219	96.6
International	4,170,825	3,792,888	110.0
<b>Total</b>	<b>64,428,475</b>	<b>66,154,107</b>	<b>97.4</b>

##### *Net premiums earned; life insurance business*

(€)	Slovenia		International	
	1–9/2015	1–9/2014	1–9/2015	1–9/2014
Gross premiums written	60,257,650	62,361,219	4,170,825	3,792,888
Net premiums written	59,999,307	62,077,212	4,168,664	3,791,611
Change in net unearned premiums	160,794	124,399	11,166	15,112
<b>Net earned premiums</b>	<b>60,160,102</b>	<b>62,201,611</b>	<b>4,179,830</b>	<b>3,806,723</b>

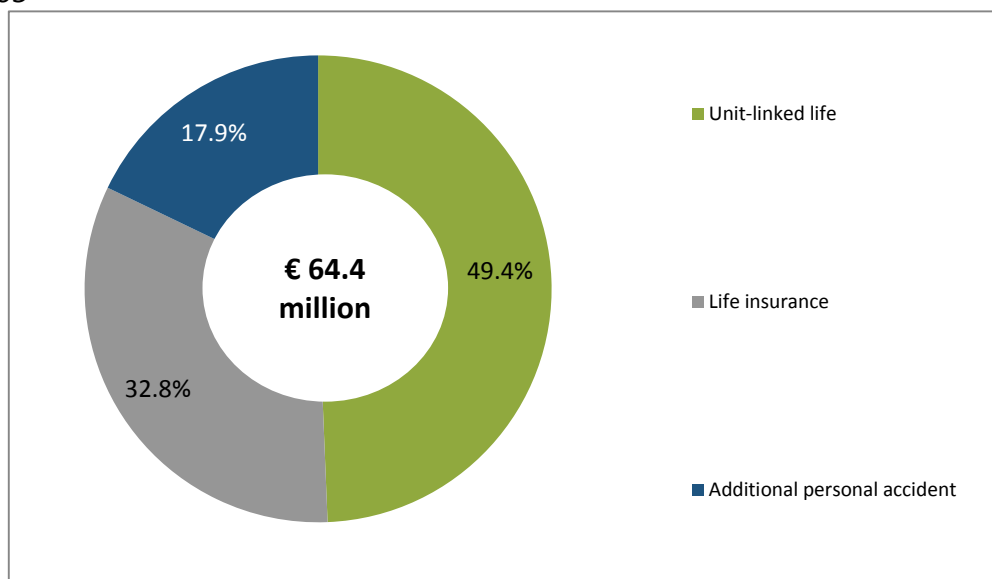
Life insurance premiums from Slovenia were lower in both Zavarovalnica Tilia as well as in Zavarovalnica Maribor. Premiums were lower because new business was not sufficient to offset expired business (through maturity or terminations).

Gross premiums written by Group life insurance companies outside Slovenia declined only in the Kosovan life insurer, while they increased in Croatia and Serbia. The highest growth in life premiums was recorded by the Croatian insurer, up 21.4 %.

##### *Unconsolidated gross life premiums written by Sava Re Group companies*

(€)	1–9/2015	1–9/2014	Index
Zavarovalnica Maribor (life)	54,272,243	56,006,706	96.9
Zavarovalnica Tilia (life)	5,985,407	6,354,514	94.2
Velebit životno osiguranje	2,237,541	1,842,595	121.4
Illyria Life	1,068,321	1,151,537	92.8
Sava životno osiguranje	864,965	798,755	108.3
<b>Total</b>	<b>64,428,477</b>	<b>66,154,107</b>	<b>97.4</b>

*Unconsolidated gross life insurance premiums by class of business  
1–9/2105*



**Net claims incurred**

*Consolidated gross life insurance premiums by region*

(€)	1–9/2015	1–9/2014	Index
Slovenia	35,285,707	34,082,084	103.5
International	964,068	578,965	166.5
<b>Total</b>	<b>36,249,775</b>	<b>34,661,049</b>	<b>104.6</b>

*Net claims incurred; life insurance business*

(€)	Slovenia		International	
	1–9/2015	1–9/2014	1–9/2015	1–9/2014
Gross claims paid	35,285,707	34,082,084	964,068	578,965
Net claims paid	35,208,559	34,170,972	964,068	578,965
Change in the net provision for outstanding claims	3,032,591	-741,877	35,429	21,537
<b>Net claims incurred</b>	<b>38,241,149</b>	<b>33,429,094</b>	<b>999,497</b>	<b>600,502</b>
Change in other technical provisions*	911,120	5,846,120	1,541,425	1,520,782
Change in technical provisions for policyholders who bear the investment risk	4,669,382	22,173,010	16,223	5,967
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>43,821,651</b>	<b>61,448,224</b>	<b>2,557,145</b>	<b>2,127,251</b>

\*The bulk of these provisions comprises mathematical provisions.

The growth in gross claims paid relating to Slovenian business is due to increased claims by Zavarovalnica Maribor (more maturities); Zavarovalnica Tilia recorded a decline in gross claims paid. International gross claims paid rose in all non-Slovenian Group companies. Velebit životno osiguranje recorded the largest growth in gross claims paid among non-Slovenian insurers, which was due to a surrender of a policy with a high sum insured and a few large claims. There was a large increase in Serbia in general as a result of a large number of surrenders caused by the difficult economic situation in Serbia (redundancies, public sector wage cuts and pension cuts).



With Slovenian insurers there has been a significant change compared to the same period in the previous year in technical provisions for policyholders who bear the investment risk, as a result of falling prices of mutual funds.

*Unconsolidated gross claims paid for life business by Sava Re Group companies*

(€)	1–9/2015	1–9/2014	Index
Zavarovalnica Maribor (life)	30,870,894	29,568,246	104.4
Zavarovalnica Tilia (life)	4,414,813	4,513,837	97.8
Velebit životno osiguranje	486,605	269,475	180.6
Sava životno osiguranje	341,213	196,583	173.6
Illyria Life	136,250	112,907	120.7
<b>Total</b>	<b>36,249,775</b>	<b>34,661,048</b>	<b>104.6</b>

*Operating expenses*

*Consolidated operating expenses; life insurance business*

(€)	1–9/2015	1–9/2014	Index
Acquisition costs	3,974,571	4,306,381	92.3
Change in deferred acquisition costs (+/-)	75,713	555,371	13.6
Other operating expenses	10,596,256	11,976,980	88.5
<b>Gross operating expenses</b>	<b>14,646,540</b>	<b>16,838,732</b>	<b>87.0</b>
Income from reinsurance commission	-2,818	-4,795	58.8
<b>Net operating expenses</b>	<b>14,643,722</b>	<b>16,833,938</b>	<b>87.0</b>

Acquisition costs were lower because of the smaller volume of new premiums written and the lowering of the commission expense burden on the current portfolio of Zavarovalnica Maribor, which is a consequence of the portfolio's age profile.

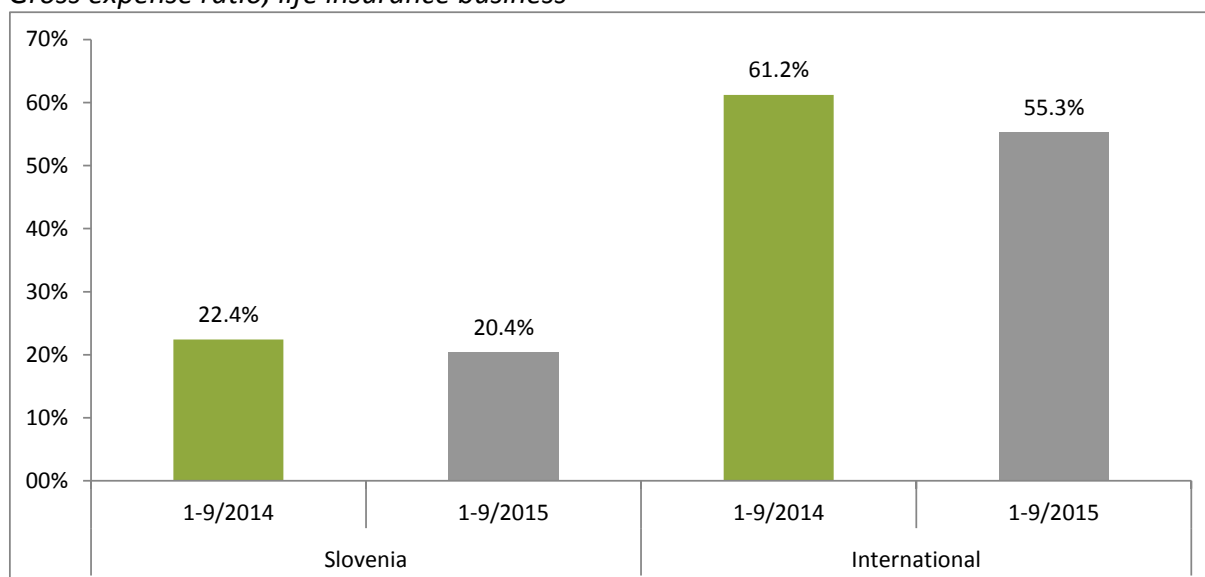
In this segment, insurers managed to lower other operating costs through optimization and rationalization of costs.

Consolidated gross expenses (excluding changes in deferred acquisition costs) as a percentage of premiums declined by 2.0 percentage points year-on-year.

*Unconsolidated gross life operating expenses of Sava Re Group companies*

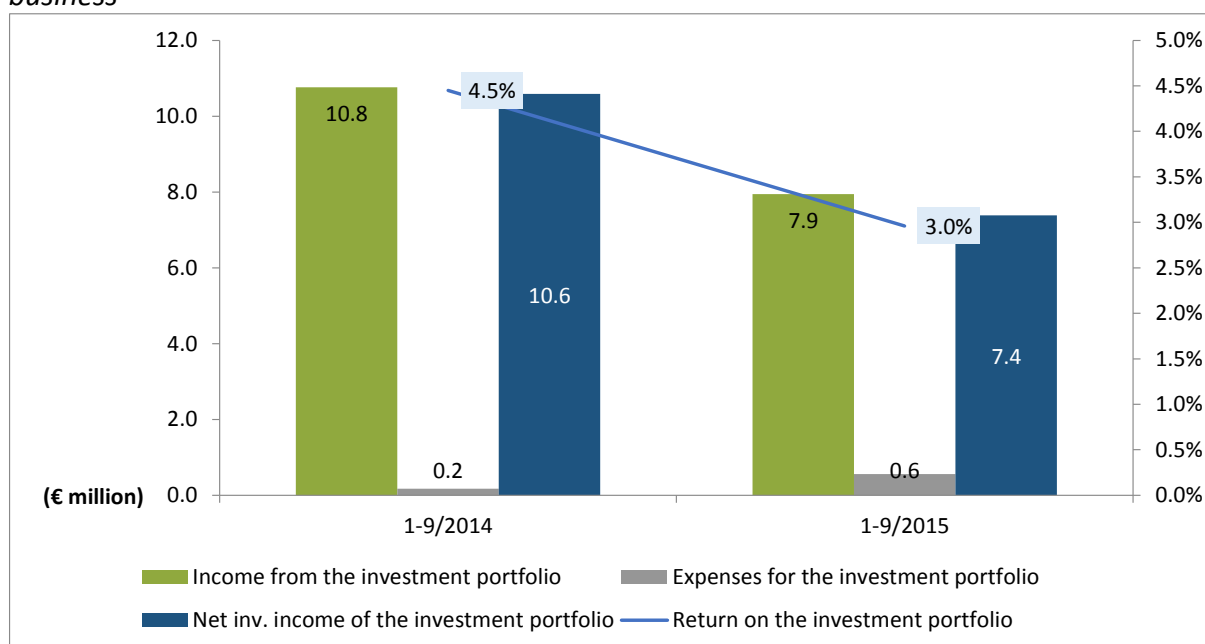
(€)	1–9/2015	1–9/2014	Index
Zavarovalnica Maribor (life)	11,058,753	12,747,286	86.8
Zavarovalnica Tilia (life)	1,450,543	1,526,619	95.0
Other Group insurers	2,300,802	2,321,912	99.1

### Gross expense ratio; life insurance business



### Net investment income

Income, expenses and the net inv. income relating to the investment portfolio; life insurance business



The net investment income of the investment portfolio of life insurance business declined by € 3.2 million year-on-year. The net investment income declined mainly due to lower interest income (€ -0.7 million) and lower realized gains on the sale of investments (€ -1.9 million).

## 5 FINANCIAL POSITION OF THE SAVA RE GROUP

At 30 September 2015, total assets of the Sava Re Group stood at € 1,497.3 million, an increase of 3.0 % over year-end 2014. Below we set out items of assets and liabilities in excess of 10 % of total assets/liabilities at 30 September 2015.

### 5.1 Assets

#### *Consolidated total assets by type*

(€)	30/09/2015	As % of total at 30/09/2015	31/12/2014	As % of total at 31/12/2014
<b>ASSETS</b>	<b>1,497,294,560</b>	<b>100.0 %</b>	<b>1,454,374,935</b>	<b>100.0 %</b>
Intangible assets	32,656,882	2.2 %	34,940,960	2.4 %
Property and equipment	47,467,592	3.2 %	44,473,638	3.1 %
Deferred tax assets	2,544,743	0.2 %	1,202,381	0.1 %
Investment property	4,940,335	0.3 %	5,103,325	0.4 %
Financial investments in associates	3,164,477	0.2 %	3,072,497	0.2 %
Financial investments	987,454,061	65.9 %	974,668,382	67.0 %
Funds for the benefit of policyholders who bear the investment risk	212,715,445	14.2 %	202,913,059	14.0 %
Reinsurers' share of technical provisions	28,946,261	1.9 %	38,672,645	2.7 %
Receivables	149,964,792	10.0 %	124,395,153	8.6 %
Deferred acquisition costs	19,614,103	1.3 %	17,489,101	1.2 %
Other assets	1,685,987	0.1 %	1,351,244	0.1 %
Cash and cash equivalents	5,732,518	0.4 %	5,643,200	0.4 %
Non-current assets held for sale	407,364	0.0 %	449,350	0.0 %

#### 5.1.1 Investment portfolio

The investment portfolio consists of the following statement of financial position items: financial investments, investments in associates, investment property and cash.

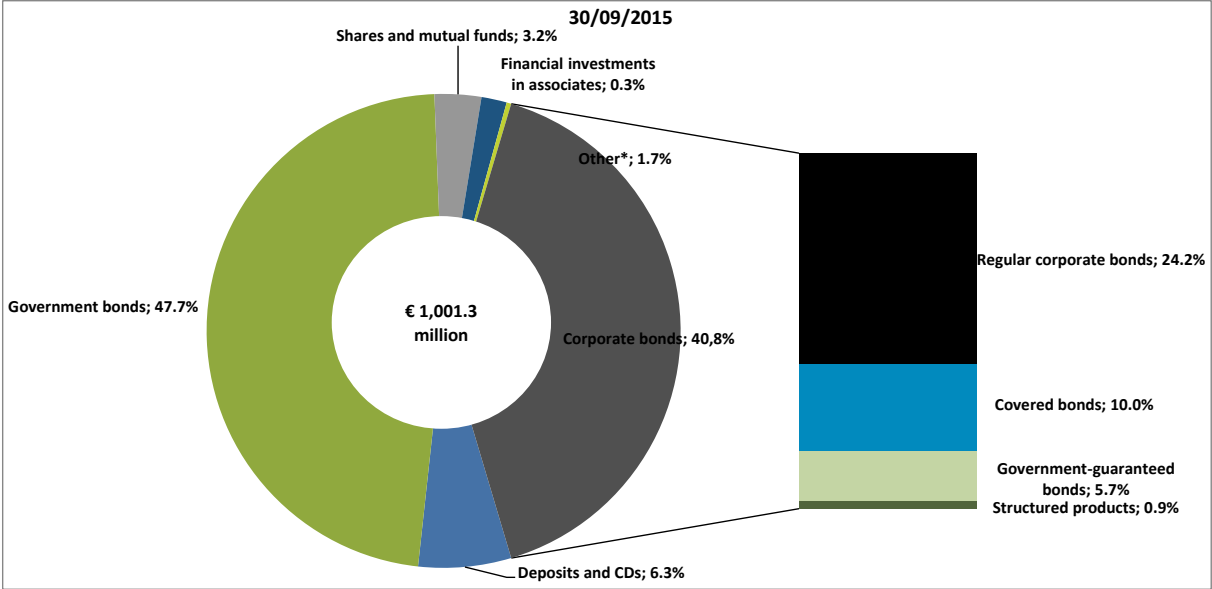
#### *Sava Re Group investment portfolio by class of asset*

(€)	30/09/2015	31/12/2014	Nominal change	Index
Deposits and CDs	63,359,308	95,569,619	-32,210,311	66.3
Government bonds	477,211,005	486,946,870	-9,735,865	98.0
Corporate bonds	408,391,066	358,991,267	49,399,799	459.1
Shares	18,618,355	21,030,349	-2,411,994	182.4
Mutual funds	13,255,418	5,671,611	7,583,807	411.8
Loans granted and other	916,134	871,156	44,978	152.7
Deposits with cedants	5,702,775	5,587,510	115,265	102.1
<b>Total financial investments</b>	<b>987,454,061</b>	<b>974,668,382</b>	<b>12,785,679</b>	<b>101.3</b>
Financial investments in associates	3,164,477	3,072,497	91,980	103.0
Investment property	4,940,335	5,103,325	-162,990	96.8
Cash and cash equivalents	5,732,518	5,643,200	89,318	101.6
<b>Total investment portfolio</b>	<b>1,001,291,391</b>	<b>988,487,404</b>	<b>12,803,987</b>	<b>101.3</b>
Funds for the benefit of policyholders who bear the investment risk	212,715,445	202,913,059	9,802,386	104.8

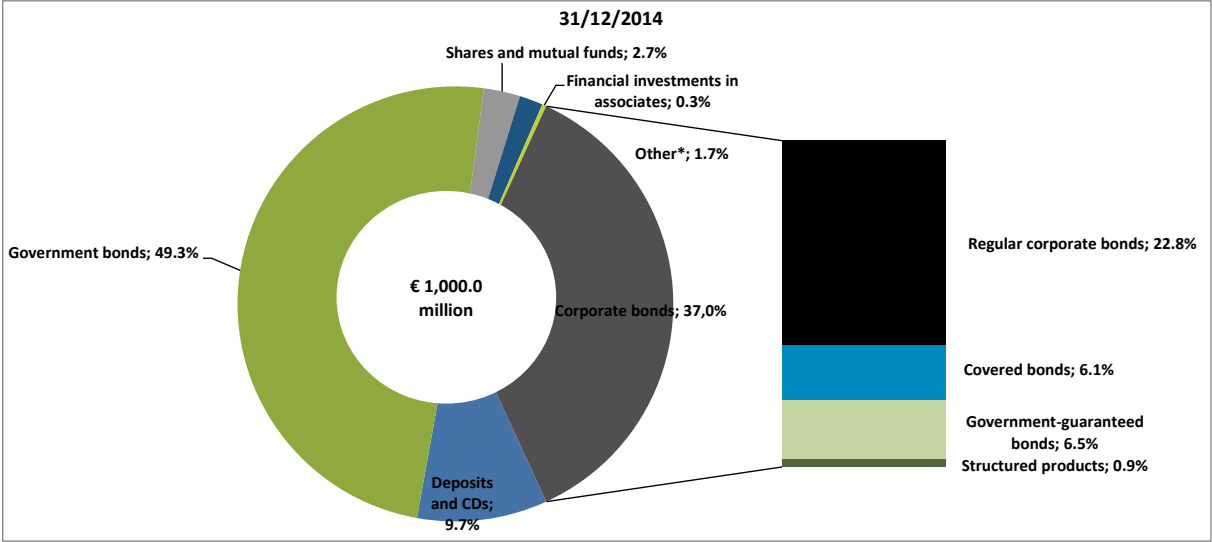
In 2015 the Group investment portfolio grew by € 12.8 million to € 1.0 billion at 30 September 2015. The main driver of the increase in the investment portfolio was positive cash flow from reinsurance business.

Compared to the prior year-end, there was a pronounced shift in the composition of the investment portfolio towards a smaller share of government bonds and deposits, as these were reinvested in other asset classes, primarily in covered bonds, accounting for 10.0 % of the investment portfolio at 30 September 2015.

*Composition of investments at 30 September 2015*



*Composition of investments at 30 September 2014*



**5.1.2 Funds for the benefit of policyholders who bear the investment risk**

Funds for the benefit of policyholders who bear the investment risk is a major asset item. Compared to 31 December 2014, these funds increased by 4.8 %, or € 9.8 million, to € 212.7 million at 30 September 2015. The bulk of these funds relates to the portfolio of Zavarovalnica Maribor. The movement of these funds largely depends on generated positive

cash flow from these funds (€ 13.8 million) and the price movements of fund units in which the client assets are invested.

### **5.1.3 Receivables**

Receivables, the third largest assets item, increased by 20.6 % or € 25.6 million compared to year-end 2014. This asset type also increased in relative terms.

The increase was mainly due to the increase in premium receivables arising out of reinsurance and coinsurance business (an increase of € 11,6 million), which is related to the growth in international reinsurance business by Sava Re. These receivables, however, have been recorded as non-past due receivables.

Receivables arising out of primary insurance operations increased by € 5.7 million, other receivables and deferred tax assets by € 3.6 million.

A detailed breakdown of receivables is provided in the notes to the financial statements in section 10.8.4 "Receivables".

## 5.2 Liabilities

### Consolidated equity & liabilities by type

(€)	30/09/2015	As % of total at 30/09/2015	31/12/2014	As % of total at 31/12/2014
<b>EQUITY AND LIABILITIES</b>	<b>1,497,294,560</b>	<b>100.0 %</b>	<b>1,454,374,935</b>	<b>100.0 %</b>
Equity	275,702,823	18.4 %	271,528,623	18.7 %
Share capital	71,856,374	4.8 %	71,856,376	4.9 %
Capital reserves	43,487,484	2.9 %	44,638,799	3.1 %
Profit reserves	115,522,786	7.7 %	115,146,336	7.9 %
Own shares	-10,247,024	-0.7 %	-10,115,023	-0.7 %
Fair value reserve	11,847,013	0.8 %	18,448,741	1.3 %
Retained earnings	22,859,476	1.5 %	15,652,780	1.1 %
Net profit/loss for the period	22,716,124	1.5 %	17,474,558	1.2 %
Translation reserve	-3,441,061	-0.2 %	-3,489,433	-0.2 %
Equity attributable to owners of the controlling company	274,601,172	18.3 %	269,613,133	18.5 %
Non-controlling interest in equity	1,101,651	0.1 %	1,915,490	0.1 %
Subordinated liabilities	23,523,490	1.6 %	28,699,692	2.0 %
Technical provisions	910,919,771	60.8 %	869,982,633	59.8 %
Technical provision for the benefit of life insurance policyholders who bear the investment risk	201,482,569	13.5 %	195,684,631	13.5 %
Other provisions	7,535,824	0.5 %	6,940,650	0.5 %
Deferred tax liabilities	4,729,986	0.3 %	5,749,180	0.4 %
Other financial liabilities	98,299	0.0 %	78,870	0.0 %
Liabilities from operating activities	51,414,920	3.4 %	49,364,797	3.4 %
Other liabilities	21,886,878	1.5 %	26,345,859	1.8 %

\*Net profit/loss for the period differs from net profit/loss in the income statement due to purchases of own shares and setting aside credit risk and catastrophe equalization reserves.

### 5.2.1 Technical provisions

Gross technical provisions are the largest item of liabilities. The figure at 30 September 2015 was an increase of 4.7 % or € 40.9 million compared to year-end 2014. The largest increase was in unearned premiums (€ 27.0 million) as a result of the underwriting dynamics in the year, this was followed by an increase in claims provisions of € 11.2 million.

#### Movements in consolidated gross technical provisions

(€)	Sava Re Group		
	30/09/2015	31/12/2014	Index
Gross unearned premiums	175,152,763	148,169,690	118.2
Gross mathematical provisions	258,714,066	256,292,141	100.9
Gross provision for claims	465,932,874	454,759,004	102.5
Gross provision for bonuses, rebates and cancellations	1,051,893	854,819	123.1
Other gross technical provisions	10,068,175	9,906,979	101.6
Gross technical provisions	910,919,771	869,982,633	104.7

The gross technical provisions attributable to the reinsurance segment grew by 17.4 % or € 22.6 million compared to year-end 2014. The increase is due to both the seasonal patterns in the movement of unearned premiums (increase of € 12.5 million) and increase in

provisions for outstanding claims (increase of € 10.1 million). The increase in claims provisions was contributed by a major loss event relating to the contracts affected by the Tianjin loss, an explosion at a port in China, for which € 5 million had been set aside. Another contribution to higher claims provisions were exchange differences (€ 2.7 million). The balance to the overall increase in the claims provision of € 2.4 million relates to the increase in the business volume.

The gross technical provisions attributable to the non-life insurance segment recorded an increase of 3.0 % or € 14.2 million compared to year-end 2014. Unearned premiums rose by € 14.5 million, while claims provisions decreased by € 0.6 million (as a result of ice damage).

The gross provision for traditional life policies increased by 1.5 % (€ 4.1 million) compared to year-end 2014.

### **5.2.2 Equity**

The second largest item on the liabilities side is equity, which increased by 1.5 % or € 4.2 million from year-end 2014.

A positive impact on the equity figure came mainly from the net profit for the period 1–9/2015 in the amount of € 22.7 million.

Negative impacts on the movement of equity came from:

- S** the dividend payout of € 9.1 million;
- S** the change in the fair value reserve of € 6.6 million;
- S** the change in capital reserves of € 1.2 million due to the transfer of ownership stakes in both Croatian subsidiaries to Sava Reinsurance Company (formerly Velebit usluge) with a view to the winding up of Velebit usluge;
- S** the adjustment in the accounting policies of Sava Montenegro with regard to establishing deferred acquisition costs of € 1.1 million;
- S** own share repurchases of € 0.1 million;
- S** miscellaneous items totalling € 0.4 million.

### **5.2.3 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 30 September 2015 grew by 3.0 % or € 5.6 million compared to year-end 2014. This provision moves in line with funds of policyholders who bear the investment risk (depending on amounts and value of points of funds where assets are invested).

### 5.3 Capital adequacy

Sava Reinsurance Company meets capital adequacy requirements and so do all its subsidiary companies under local regulations. At 30 September 2015 the available solvency margin of Sava Reinsurance Company exceeded the required solvency margin by € 23.3 million. Sava Reinsurance Company's surplus of available solvency margin over the required solvency margin decreased by € 6.1 million compared to 31 December 2014. This is mainly a result of a decline in the retained earnings item. This item decreased as a result of the dividend payout – in line with the resolution of the general meeting of Sava Reinsurance Company – of € 9.1 million and the prescribed methodology for calculating capital adequacy, which does not include the profit for the period in the calculation of core capital.

The solvency ratio stood at 226.8% at year-end 2014 and at 200.6% at 30 September 2015.

#### *Statement of capital adequacy for Sava Reinsurance Company*

(€)		30/09/2015	31/12/2014
<b>CORE CAPITAL (Article 106 of the Slovenian Insurance Act ("ZZavar"))</b>			
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 reserves for credit and catastrophe risk equalization	3	105,263,681	105,131,679
Net profit brought forward from previous years	4	12,769,646	15,713,039
Fair value reserve relating to assets not financed from technical provisions	5	499,693	1,332,577
Treasury shares and own interests	6	10,247,024	10,115,024
Intangible assets	7	611,967	467,422
<b>Core capital (1 + 2 + 3 + 4 + 5 – 6 – 7)</b>	<b>8</b>	<b>233,770,162</b>	<b>237,690,982</b>
<b>Guarantee fund</b>	<b>9</b>	<b>7,714,782</b>	<b>7,725,010</b>
<b>Compliance with Article 106 (4) of the ZZavar (8 – 9)</b>	<b>10</b>	<b>226,055,380</b>	<b>229,965,972</b>
<b>ADDITIONAL CAPITAL (Article 107 of the ZZavar)</b>			
Subordinated debt instruments	11	5,786,087	5,793,758
<b>Additional capital (11), however not more than 50 % of the lower of core capital and required solvency margin</b>	<b>12</b>	<b>5,786,087</b>	<b>5,793,758</b>
<b>AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL ADEQUACY (Article 108 of the ZZavar)</b>			
Total of core and additional capital (8 + 12)	13	239,556,249	243,484,740
Participations within the meaning of Article 108(1), point 1 of the ZZavar	14	191,603,029	189,382,854
Participations within the meaning of Article 108(2), point 1 of the ZZavar	15	1,534,952	1,534,952
<b>Available solvency margin of insurer (13 – 14 – 15)</b>	<b>16</b>	<b>46,418,268</b>	<b>52,566,934</b>
<b>Required solvency margin</b>	<b>17</b>	<b>23,144,348</b>	<b>23,175,032</b>
<b>Surplus/deficit of available solvency margin (16 – 17)</b>	<b>18</b>	<b>23,273,920</b>	<b>29,391,902</b>



## 5.4 Own funds

At 30 September 2015 the Sava Re Group had € 275.7 million of equity capital and € 23.5 million of subordinated liabilities. At 30 September 2015, debt capital accounted for 7.9 % of own funds. Subordinated liabilities relate to the subordinated debt of Sava Reinsurance Company taken out to expand to the Western Balkans. In the third quarter of 2015, subordinated debt of Zavarovalnica Maribor in the amount of € 5.2 million matured, which is why the item decreased compared to 31 December 2014.

## 5.5 Cash flow

Net cash from operating activities of the Sava Re Group in the period 1–9/2015 totalled € 32.5 million (1–9/2014: € 40.2 million).

Net disbursements used in financing activities of the Sava Re Group in the period 1–9/2015 totalled € 17.2 million (1–9/2014: € 18.5 million). In the period 1–9/2015, net disbursements used in financing activities were a result of (i) the payment of interest on the subordinated debt (€ 1 million), repayment of subordinate debt of Zavarovalnica Maribor (€ 5.2 million), (ii) cost of equity stakes acquired in the Croatian Group companies, who prior to these acquisitions had cross-ownership arrangements, (€ 1.8 million), (iii) the payment of dividends by the controlling company (€ 9.1 million) and (iv) repurchase of own shares (€ 0.1 million).

Net disbursements used in investing activities amounted to € 20.5 million, reflecting positive cash flow of the group and thus additional funds for the purchase of securities, net of liabilities paid arising out of financing.

## 5.6 Credit ratings of Sava Reinsurance Company

Sava Reinsurance Company is rated by two rating agencies, Standard & Poor's and A.M. Best.

### Credit ratings of Sava Reinsurance Company

Agency	Rating <sup>1</sup>	Outlook	Latest review
Standard & Poor's	A–	stable	July 2015: rating upgrade
A.M. Best	A–	stable	October 2015: affirmed existing rating

In July 2015, following their regular annual rating review, rating agency Standard & Poor's raised their long-term counterparty credit and insurer financial strength ratings on Sava Reinsurance Company to "A–" (strong). The outlook is stable.

<sup>1</sup> Credit rating agency Standard & Poor's uses the following scale for assessing 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.

A.M. Best uses for the following categories to assess 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).

Based on the rationale provided by the rating agency, the upgrade reflected Sava Re's improved capital strength and market position on the Slovenian insurance market following the acquisition of a majority stake in Zavarovalnica Maribor and the successful integration of this company into the Sava Re Group.

Of the basic elements supporting the ratings, there was an improvement from the prior period in capital adequacy, earnings and assessed liquidity of the company.

The stability of the credit rating is primarily subject to targets set with regard to profitability and capital adequacy, which however is related to a stable dividend policy and planned levels of share buybacks.

The Sava Re Group now holds the no. 2 position in the Slovenian direct insurance market and a significant position in the markets of South-eastern Europe. The financial stability and reputation of the Company in regional insurance markets and in international reinsurance markets are crucial for the further development of the Group. The upgrading will support the Group's growth strategy, especially in the reinsurance segment, where Sava Reinsurance Company through its forty years of operation established relations with over 300 partners in more than 90 countries around the world.

## 6 PERSONNEL

### *Employment figures for Group members*

	30/09/2015	31/12/2014	Change
Zavarovalnica Maribor	771.94	767.18	4.76
Zavarovalnica Tilia	359.50	368.62	-9.12
Sava osiguranje Belgrade	319.50	293.50	26.00
Illyria	221.00	171.00	50.00
Sava osiguruvanje Skopje	179.00	162.00	17.00
Velebit osiguranje	139.90	146.13	-6.23
Sava Montenegro	135.00	135.75	-0.75
Illyria Life	125.00	137.00	-12.00
Sava Reinsurance Company	81.75	78.63	3.13
Sava životno osiguranje	68.88	71.00	-2.13
Velebit životno osiguranje	62.27	65.01	-2.74
Sava Car	32.25	28.50	3.75
Montagent	18.25	18.00	0.25
Sava stejšn	5.00	0.00	5.00
<b>Total</b>	<b>2,519.23</b>	<b>2,442.32</b>	<b>71.92</b>

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees in the Group is subject to fluctuations mainly due to fluctuation in the agency network. The change in the number of employees in Illyria is due to changes in the methodology of counting agents, and in the Macedonian insurance company due to the expansion of its own sales network (in line with plan). In Sava osiguranje Belgrade, the number of employees increased as a result of the expansion of the sales network.

## 7 TRANSITION TO THE NEW SOLVENCY II REGIME

In 2015 the Sava Re Group has been intensively preparing for the changed regulatory environment of Solvency II scheduled to come into force on 1 January 2016. It will relate to the following three areas:

1. **Quantitative requirements:** calculation of eligible own funds and the solvency capital requirement in line with the standard Solvency II formula
  2. **Qualitative requirements:** enhanced governance, risk management, and own risk and solvency assessment
  3. **Disclosure requirements:** additional requirements for public and regulatory reporting
- Preparations have been underway as part of the Solvency II programme and individual sub-projects throughout 2015. Certain implementation stages involve a large number of Sava Re Group employees and there is ongoing coordination between Group companies with a view to uniform Group-wide implementation of Solvency II.

As part of **quantitative requirements (calculations)**, the EU-based Sava Re Group companies used the standard Solvency II formula to calculate eligible own funds and the solvency capital requirement at 31 December 2014. These calculations have also been made for the Sava Re Group. The results revealed that both the Sava Re Group as well as the EU-based Sava Re Group companies are well capitalized and have adequate capital in accordance with the Solvency II methodology. The solvency ratio at the Sava Re Group level is 192 %. At individual EU-based Sava Re Group companies and at the Sava Re Group level,

methodologies and tools are being developed to carry out capital adequacy projections within strategic planning periods.

Due to the complexity of the capital adequacy calculation, we would note that certain methodological issues have remained unresolved and that certain models and calculations need to be upgraded for certain Sava Re Group companies to comply with the prescribed methodology. In this area, emphasis is also intended for the upgrading of IT support for the implementation of the calculations.

As part of the **qualitative requirements**, there is underway an upgrading of specific areas of the governance system and the preparation and implementation of organizational and structural changes, the definition and implementation of key functions (risk management, actuarial function, compliance function and internal audit function), the preparation of legally required policies and the upgrading of systematic risk management within the Group. Furthermore, there are preparations underway for implementing the own risk and solvency assessment. Own risk and solvency assessment includes the development of own models for quantifying risks, currently with the emphasis on measuring underwriting and market risks.

**As part of disclosure requirements**, certain EU-based Sava Re Group companies as well as the Sava Re Group carried out preparations for the first quarterly quantitative reporting forms to be submitted to the Insurance Supervision Agency as at 30 September 2015. The focus is mainly on obtaining data for reporting, setting up the reporting process and IT support for reporting.

## 8 RISK MANAGEMENT

The most important risks that Group members are exposed to are underwriting risks, market risks, insolvency risk, credit risk and operational risks.

### 8.1 Underwriting risks

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.

In terms of underwriting process risk, losses may be incurred because Sava Re Group members incorrectly select or approve risks to be assumed for (re)insurance. This risk is mitigated mainly by complying with established and prescribed underwriting procedures; correctly determining the probable maximum loss (PML) for each risk; complying with underwriting guidelines and instructions; complying with the authorization system; having in place an appropriate pricing and reinsurance policy; and through actuarial reviews. Underwriting risks in excess of the Group's capacity are also reduced through retrocession contracts.

The pricing risk is monitored by Sava Re Group members by conducting actuarial analyses of loss ratios and identifying their trends and by making appropriate corrections. When premium rates are determined for new products, the pricing risk can be monitored by

prudently modelling loss experience, by comparing against others' experience, and by comparing the actual loss experience against estimates.

Claims risk is managed by appropriate (re)insurance conditions and pricing, adequate underwriting, controlling risk concentration, and especially adequate reinsurance programmes 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. In managing these risks, due consideration is given to the fact that maximum net aggregate losses in any one year are affected both by the maximum net claim arising from a single catastrophe event as well as by the frequency of such events.

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.

Retrocession programme: The Group concludes reciprocal contracts with other reinsurers to further disperse underwriting risks.

## 8.2 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.

Insurers are not exposed to the investment risk relating to the life insurance business fund for which policyholders define the investment policy and also fully assume any financial risks. For this reason, these assets are excluded from the below discussion of financial risks.

### 8.2.1 Market risks

#### *Balance of investments sensitive to market risk*

	30/09/2015	31/12/2014	Absolute difference 30/09/2015 / 31/12/2014
Deposits	63,359,307	95,569,619	-32,210,312
Government bonds	477,211,005	486,946,870	-9,735,865
Corporate bonds	408,391,063	358,991,267	49,399,796
Shares (excluding strategic shares)	18,618,355	21,030,349	-2,411,994
Mutual funds	13,255,420	5,671,611	7,583,809
bond and money market	1,521,767	2,267,493	-745,726
mixed funds	1,762,340		1,762,340
equity funds	9,354,921	3,404,118	5,950,803
other	616,392		616,392
Loans granted and other	916,136	871,156	44,980
Deposits with cedants	5,702,775	5,587,510	115,265
<b>Financial investments</b>	<b>987,454,060</b>	<b>974,668,382</b>	<b>12,785,678</b>

In the period 1–9/2015, the value of assets sensitive to financial risks increased by € 12.8 million.

### Own estimate of changes in risk

	Market risk			Liquidity risk	Credit risk
	Interest rate risk	Equity risk	Currency risk		
Deposits					
Government bonds					
Corporate bonds					
Shares					
Mutual funds					
bond and money market					
mixed funds					
equity funds					
other					
Loans granted and other					
Deposits with cedants					
<b>Financial investments</b>					
Risk reduced					
Risk at same level					
Risk increased					

The table above shows the changes in own risk assessments at year-end 2014 as a result of structural changes in financial investments discussed in greater detail below. Movements in own risk assessment are made on the basis of current assessments of individual risks based on a comparison of the relative analysis results in each period.

#### 8.2.1.1 Interest rate risk

Interest rate risk is measured through a sensitivity analysis, by observing the change in the value of investments in bonds or the value of mathematical provisions if interest rates change by two percentage points. The analysed investments do not include held-to-maturity bonds as they are measured at amortized cost. Interest rate risk is managed through striving for maximum maturity matching of assets and liabilities so that movements on the assets side are neutralized by movements on the liabilities side.

On 30 September 2015, the value of interest-sensitive financial investments stood at € 726.8 million. Of this, the value of interest-sensitive financial investments of non-life funds was € 510.9 million (31 December 2014: € 497.2 million); the value of interest-sensitive financial investments of life funds was € 215.9 million (31 December 2014: € 219.1 million).

The sensitivity analysis at 30 September 2015 showed that in the event of an upward shift in the interest rate curve by 200 basis points, the value of non-life insurance investments would have dropped by € 26.1 million or 5.1 % (31 December 2014: € 21.7 million or 4.6 %). The value of life insurance investments would have declined by € 16.1 million or 7.5 % (31 December 2014: € 12.8 million or 5.9 %).

#### 8.2.1.2 Equity risk

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

In case of a 10 % drop in the market prices of equity securities at 30 September 2015, the value of investments would have decreased by € 2.9 million (31 December 2014: € 2.6 million). The increase is due to the increase in the balance of investments sensitive to changes in equity prices.

### 8.2.1.3 Currency risk

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 its increased international presence. Other Group companies whose local currency is the euro (other 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. 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 and translation risk in respect to equity.

Sava Reinsurance Company reduces its currency risk by matching assets and liabilities denominated in foreign currencies. Currency matching is performed based on the accounting currency; only if capital markets are not available in the accounting currency, is it performed based on the transaction currency.

The tables below show currency matching of Sava Reinsurance Company with effects on the statement of financial position and the income statement at 30 September 2015.

Currency	Assets	Liabilities	Mismatch	% of matched liabilities
<b>Euro (€)</b>	<b>483,949,394</b>	<b>477,223,373</b>		
<b>Foreign currencies</b>	<b>95,321,621</b>	<b>102,047,642</b>	<b>26,036,059</b>	<b>93.4</b>
US dollar (USD)	52,505,296	43,140,611	9,364,685	121.7
Korean won (KRW)	12,424,740	13,121,240	696,500	94.7
Chinese yuan (CNY)	5,744,006	11,138,955	5,394,949	51.6
Indian rupee (INR).	7,464,603	7,174,269	290,334	104.0
Russian ruble (RUB)	5,205,506	5,325,055	119,549	97.8
Other	11,977,470	22,147,512	10,170,041	54.1
	579,271,015	579,271,015		
<b>% of currency matched liabilities</b>			<b>95.5 %</b>	

At 30 September 2015, the Company had a surplus of assets over liabilities in US dollar (€ 12.7 million). This surplus was due to asset-liability management practices where the company ties to the US dollar a number of foreign currencies that are at least 90 % correlated with the US dollar. When these correlations are taken into account, the surplus of assets over liabilities in US dollar is reduced to € 9.3 million.

Currency mismatch also affects the income statement of Sava Reinsurance Company through accounting for exchange differences due to the impact of exchange rate changes on various statement of financial position items.

When assets and liabilities are 100 % matched in terms of foreign currencies, changes in foreign exchange rates have no impact on profit or loss. This is because any change in the value of assets denominated in a foreign currency due to a change in the exchange rate is offset by the change in the value of liabilities denominated in that foreign currency. As Sava Reinsurance Company's assets and liabilities are 95.5 % currency matched, changes in foreign exchange rates do affect the income statement. The following table shows the impact of currency differences.

*Effect of exchange differences on the income statement for 1–9/2015*

Statement of financial position item Euro (€)	Exchange differences	
	1–9/2015	1–9/2014
Investments	2,003,639	1,916,462
Technical provisions and deferred commissions	-2,077,252	-2,337,712
Receivables and liabilities	211,233	129,386
<b>Total effect on the income statement</b>	<b>137,620</b>	<b>-291,864</b>

### 8.2.2 Credit risk

The Group mitigates credit risk by investing in highly rated debt securities. Accordingly, at 30 September 2015 a share of 81.5 % of the fixed income portfolio exposed to credit risk was rated BBB– or better ("investment grade"), and 48.1 % of investments were rated A– or better.

Credit risk due to issuer default includes concentration risk representing the risk of excessive concentration in a geographic area, economic sector or issuer.

The investment portfolio of the Sava Re Group is reasonably diversified in accordance with local law and Group internal rules in order to avoid large concentration in a certain type of investment, large concentration with any counterparty or economic sector or other potential forms of concentration. We consider that concentration risk did not change significantly compared to year-end 2014.

### 8.2.3 Liquidity risk

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

In the event of large losses, so-called cash call provisions in reinsurance contracts are triggered and provide for immediate payments in the chain cedant – controlling company – retrocessionaire.

For the purpose of liquidity risk management, Sava Reinsurance Company and Zavarovalnica Tilia have each arranged a credit line with their respective commercial bank in the amount of € 5 million.



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

### 8.3 Operational risks

Operational risks include human capital risk, risk of business disruption and system failure, process control and implementation risk, compliance risk, legal risk, risk of internal and external fraud, risk of damage to physical assets and such like.

Sava Re Group members mitigate operational risk by having in place 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.

### 8.4 Exposure to risk up until year-end 2015

We expect that in the remaining three 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.



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



## 9 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 9.1 Unaudited consolidated statement of financial position

(€)	30/09/2015	31/12/2014
<b>ASSETS</b>	<b>1,497,294,560</b>	<b>1,454,374,935</b>
Intangible assets	32,656,882	34,940,960
Property and equipment	47,467,592	44,473,638
Deferred tax assets	2,544,743	1,202,381
Investment property	4,940,335	5,103,325
Financial investments in associates	3,164,477	3,072,497
<b>Financial investments:</b>	<b>987,454,061</b>	<b>974,668,382</b>
- loans and deposits	69,931,738	101,457,439
- held to maturity	159,701,465	164,317,392
- available for sale	744,825,651	692,418,016
- at fair value through profit or loss	12,995,207	16,475,535
<b>Funds for the benefit of policyholders who bear the investment risk</b>	<b>212,715,445</b>	<b>202,913,059</b>
<b>Reinsurers' share of technical provisions</b>	<b>28,946,261</b>	<b>38,672,645</b>
<b>Receivables</b>	<b>149,964,792</b>	<b>124,395,153</b>
Receivables arising out of primary insurance business	59,937,887	54,233,024
Receivables arising out of reinsurance and co-insurance business	77,084,767	59,502,227
Current tax assets	2,231,546	353,016
Other receivables	10,710,592	10,306,886
<b>Deferred acquisition costs</b>	<b>19,614,103</b>	<b>17,489,101</b>
<b>Other assets</b>	<b>1,685,987</b>	<b>1,351,244</b>
<b>Cash and cash equivalents</b>	<b>5,732,518</b>	<b>5,643,200</b>
<b>Non-current assets held for sale</b>	<b>407,364</b>	<b>449,350</b>
<b>EQUITY AND LIABILITIES</b>	<b>1,497,294,560</b>	<b>1,454,374,935</b>
<b>Equity</b>	<b>275,702,823</b>	<b>271,528,623</b>
Share capital	71,856,376	71,856,376
Capital reserves	43,487,484	44,638,799
Profit reserves	115,522,786	115,146,336
Own shares	-10,247,024	-10,115,023
Fair value reserve	11,847,013	18,448,741
Retained earnings	22,859,476	15,652,780
Net profit/loss for the period	22,716,124	17,474,558
Translation reserve	-3,441,061	-3,489,433
<b>Equity attributable to owners of the controlling company</b>	<b>274,601,172</b>	<b>269,613,133</b>
<b>Non-controlling interest in equity</b>	<b>1,101,651</b>	<b>1,915,490</b>
<b>Subordinated liabilities</b>	<b>23,523,490</b>	<b>28,699,692</b>
<b>Technical provisions</b>	<b>910,919,771</b>	<b>869,982,633</b>
Unearned premiums	175,152,763	148,169,690
Mathematical provisions	258,714,066	256,292,141
Provision for outstanding claims	465,932,874	454,759,004
Other technical provisions	11,120,068	10,761,798
<b>Technical provision for the benefit of life insurance policyholders who bear the investment risk</b>	<b>201,482,569</b>	<b>195,684,631</b>
<b>Other provisions</b>	<b>7,535,824</b>	<b>6,940,650</b>
<b>Deferred tax liabilities</b>	<b>4,729,986</b>	<b>5,749,180</b>
<b>Other financial liabilities</b>	<b>98,299</b>	<b>78,870</b>
<b>Liabilities from operating activities</b>	<b>51,414,920</b>	<b>49,364,797</b>
Liabilities from primary insurance business	11,622,272	11,728,377
Liabilities from reinsurance and co-insurance business	36,468,652	32,866,047
Current income tax liabilities	3,323,996	4,770,373
<b>Other liabilities</b>	<b>21,886,878</b>	<b>26,345,859</b>

## 9.2 Unaudited consolidated income statement

(€)	1–9/2015	1–9/2014
<b>Net earned premiums</b>	<b>334,899,849</b>	<b>321,333,777</b>
Gross premiums written	384,593,111	371,165,705
Written premiums ceded to reinsurers and co-insurers	-25,925,006	-23,792,627
Change in gross unearned premiums	-26,920,041	-30,277,787
Change in unearned premiums for the reinsurance and co-insurance part	3,151,785	4,238,486
<b>Income from investments in associates</b>	<b>138,685</b>	<b>181,817</b>
Profit from investments in equity-accounted associate companies	138,685	181,817
Other income	0	0
<b>Investment income</b>	<b>28,705,378</b>	<b>29,137,910</b>
Interest income	16,979,688	19,779,815
Other investment income	11,725,690	9,358,095
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>16,957,603</b>	<b>16,129,973</b>
<b>Other technical income</b>	<b>12,910,095</b>	<b>6,999,911</b>
Commission income	2,809,948	2,244,745
Other technical income	10,100,147	4,755,166
<b>Other income</b>	<b>4,470,000</b>	<b>1,579,463</b>
<b>Net claims incurred</b>	<b>-208,225,120</b>	<b>-189,314,184</b>
Gross claims payments less income from recourse receivables	-196,365,779	-187,602,164
Reinsurers' and co-insurers' shares	13,347,627	8,036,382
Change in the gross claims provision	-12,431,942	-15,032,001
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-12,775,026	5,283,599
<b>Change in other technical provisions</b>	<b>-2,722,328</b>	<b>-5,915,035</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>-4,685,605</b>	<b>-22,178,977</b>
<b>Expenses for bonuses and rebates</b>	<b>-620,085</b>	<b>-360,028</b>
<b>Operating expenses</b>	<b>-108,051,924</b>	<b>-105,726,609</b>
Acquisition costs	-38,044,983	-35,827,285
Change in deferred acquisition costs	3,089,332	2,014,996
Other operating expenses	-73,096,273	-71,914,320
<b>Expenses for financial assets and liabilities</b>	<b>-9,134,004</b>	<b>-3,137,838</b>
Impairment losses on financial assets not at fair value through profit or loss	-211,164	-14,984
Interest expense	-955,639	-1,072,897
Other investment expenses	-7,967,201	-2,049,957
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>-21,207,757</b>	<b>-4,607,920</b>
<b>Other technical expenses</b>	<b>-14,927,122</b>	<b>-12,106,257</b>
<b>Other expenses</b>	<b>-1,480,895</b>	<b>-1,135,829</b>
Profit/loss before tax	27,026,770	30,880,174
<b>Income tax expense</b>	<b>-4,039,945</b>	<b>-5,916,989</b>
Net profit/loss for the period	22,986,825	24,963,185
<b>Net profit/loss attributable to owners of the controlling company</b>	<b>22,989,807</b>	<b>25,002,868</b>
<b>Net profit/loss attributable to non-controlling interests</b>	<b>-2,982</b>	<b>-39,683</b>
<b>Basic and diluted earnings per share</b>	<b>1.39</b>	<b>1.48</b>

The change in the weighted average number of shares outstanding is shown in section 10.8.6 "Net earnings/loss per share".

### 9.3 Unaudited consolidated statement of comprehensive income

(€)	1–9/2015			1–9/2014		
	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
<b>PROFIT/LOSS FOR THE PERIOD, NET OF TAX</b>	<b>22,989,807</b>	<b>-2,982</b>	<b>22,986,825</b>	<b>25,002,868</b>	<b>-39,683</b>	<b>24,963,185</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>-6,553,356</b>	<b>-7,202</b>	<b>-6,560,558</b>	<b>10,862,558</b>	<b>9,322</b>	<b>10,871,880</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>183,956</b>	<b>0</b>	<b>183,956</b>	<b>-722</b>	<b>0</b>	<b>-722</b>
Other items that will not be reclassified subsequently to profit or loss	180,707	0	180,707	-722	0	-722
Tax on items that will not be reclassified subsequently to profit or loss	3,249	0	3,249	0	0	0
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>-6,737,312</b>	<b>-7,202</b>	<b>-6,744,514</b>	<b>10,863,280</b>	<b>9,322</b>	<b>10,872,602</b>
<b>Net gains/losses on remeasuring available-for-sale financial assets</b>	<b>-7,138,100</b>	<b>-8,736</b>	<b>-7,146,836</b>	<b>12,206,194</b>	<b>9,857</b>	<b>12,216,051</b>
Net change recognised in the fair value reserve	-7,789,597	-8,736	-7,798,333	12,297,058	9,857	12,306,915
Net change transferred from fair value reserve to profit or loss	651,497	0	651,497	-90,864	0	-90,864
<b>Net gains/losses attributable to the Group recognised in fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies</b>	<b>-46,705</b>	<b>0</b>	<b>-46,705</b>	<b>-65,831</b>	<b>0</b>	<b>-65,831</b>
Tax on items that may be reclassified subsequently to profit or loss	399,121	0	399,121	-1,130,407	0	-1,130,407
Net gains/losses from translation of financial statements of non-domestic companies	48,372	1,534	49,906	-146,676	-535	-147,211
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>16,436,451</b>	<b>-10,184</b>	<b>16,426,267</b>	<b>35,865,425</b>	<b>-30,361</b>	<b>35,835,065</b>
<b>Attributable to owners of the controlling company</b>	<b>16,436,451</b>	<b>0</b>	<b>16,436,451</b>	<b>35,865,425</b>	<b>0</b>	<b>35,865,425</b>
<b>Attributable to non-controlling interest</b>	<b>0</b>	<b>-10,184</b>	<b>-10,184</b>	<b>0</b>	<b>-30,361</b>	<b>-30,361</b>

## 9.4 Unaudited consolidated statement of cash flows

(€)	1–9/2015	1–9/2014
<b>A. Cash flows from operating activities</b>		
<b>a.) Items of the income statement</b>	<b>87,804,992</b>	<b>61,199,581</b>
1. Net premiums written in the period	384,593,111	347,373,088
2. Investment income (other than financial income), financed from:	112,799	8,413,683
- technical provisions	112,799	7,323,057
- other sources	0	1,090,626
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	17,380,095	8,579,374
4. Net claims payments in the period	-187,677,985	-179,565,782
5. Expenses for bonuses and rebates	-620,085	-360,028
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-105,511,549	-102,016,738
7. Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-23,432	-2,064,941
- technical sources	-16,243	-1,849,874
- other sources	-7,189	-215,067
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-16,408,017	-13,242,086
9. Tax on profit and other taxes not included in operating expenses	-4,039,945	-5,916,989
<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</b>	<b>-55,268,975</b>	<b>-20,960,411</b>
1. Change in receivables from primary insurance	-5,704,863	-2,541,018
2. Change in receivables from reinsurance	-17,582,540	-11,271,142
3. Change in other receivables from (re)insurance business	617,387	-1,141,948
4. Change in other receivables and other assets	-10,303,934	1,455,623
5. Change in deferred tax assets	-1,342,362	2,459,630
6. Change in inventories	-55,434	-77,929
7. Change in liabilities arising out of primary insurance	-106,105	-776,953
8. Change in liabilities arising out of reinsurance business	3,602,605	855,009
9. Change in other operating liabilities	-1,288,599	-8,892,472
10. Change in other liabilities (except unearned premiums)	-22,085,936	-1,959,884
11. Change in deferred tax liabilities	-1,019,194	930,673
<b>c.) Net cash from/used in operating activities (a + b)</b>	<b>32,536,017</b>	<b>40,239,170</b>
<b>B. Cash flows from investing activities</b>		
<b>a.) Cash receipts from investing activities</b>	<b>798,084,111</b>	<b>583,365,377</b>
1. Interest received from investing activities relating to:	16,979,688	19,779,815
- investments financed from technical provisions	16,058,711	18,984,535
- other investments	920,977	795,280
2. Proceeds from dividends and shares in the profit of others, relating to:	1,209,359	887,558
- investments financed from technical provisions	837,145	587,574
- other investments	372,214	299,984
4. Proceeds from sale of property and equipment, financed from:	729,277	774,147
- technical provisions	64,310	53,000
- other sources	664,967	721,147
5. Proceeds from sale of long-term financial investments, financed from:	209,753,066	145,334,587
- technical provisions	184,121,519	130,670,888
- other sources	25,631,547	14,663,699
6. Proceeds from sale of short-term financial investments, financed from:	569,412,721	416,589,270
- technical provisions	495,139,438	326,382,657
- other sources	74,273,283	90,206,613
<b>b.) Cash disbursements in investing activities</b>	<b>-813,374,461</b>	<b>-602,915,139</b>
1. Purchase of intangible assets	-433,329	-461,066
2. Purchase of property and equipment, financed from:	-1,367,650	-1,773,410
- technical provisions	-89,959	-56,489
- other sources	-1,277,691	-1,716,921
3. Purchase of long-term financial investments, financed from:	-252,369,876	-158,077,666
- technical provisions	-216,339,262	-135,514,349
- other sources	-36,030,614	-22,563,317
4. Purchase of short-term financial investments, financed from:	-559,203,606	-442,602,997
- technical provisions	-487,547,451	-360,911,860
- other sources	-71,656,155	-81,691,137
<b>c.) Net cash from/used in investing activities (a + b)</b>	<b>-15,290,350</b>	<b>-19,549,762</b>
<b>C. Cash flows from financing activities</b>		
<b>b.) Cash disbursements in financing activities</b>	<b>-17,156,350</b>	<b>-18,466,634</b>
1. Interest paid	-955,639	-1,072,897
3. Repayment of long-term financial liabilities	-5,200,000	-8,093,230
4. Repayment of short-term financial liabilities	-1,802,732	-4,913,522
5. Dividends and other profit participations paid	-9,065,978	-4,386,985
6. Own share repurchases	-132,001	0
<b>c.) Net cash from/used in financing activities (a + b)</b>	<b>-17,156,350</b>	<b>-18,466,634</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>5,732,518</b>	<b>5,713,190</b>
<b>Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>89,317</b>	<b>2,222,774</b>
<b>Opening balance of cash and cash equivalents</b>	<b>5,643,201</b>	<b>3,432,720</b>
<b>Opening balance of cash and cash equivalents – acquisition</b>	<b>0</b>	<b>57,696</b>



## 9.5 Unaudited consolidated statement of changes in equity

### Unaudited consolidated statement of changes in equity for the nine months to 30 September 2015

(€)	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)
	I. Share capital	II. Capital reserves	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.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
<b>Closing balance in the previous financial year</b>	<b>71,856,376</b>	<b>44,638,799</b>	<b>11,140,269</b>	<b>10,115,023</b>	<b>876,938</b>	<b>11,744,474</b>	<b>81,269,632</b>	<b>18,448,741</b>	<b>15,652,780</b>	<b>17,474,558</b>	<b>-10,115,023</b>	<b>-3,489,433</b>	<b>269,613,133</b>	<b>1,915,490</b>	<b>271,528,623</b>
Prior-period adjustments	0	0	0	0	0	0	0	0	-1,099,114	0	0	0	-1,099,114	0	-1,099,114
<b>Opening balance in the financial period</b>	<b>71,856,376</b>	<b>44,638,799</b>	<b>11,140,269</b>	<b>10,115,023</b>	<b>876,938</b>	<b>11,744,474</b>	<b>81,269,632</b>	<b>18,448,741</b>	<b>14,553,666</b>	<b>17,474,558</b>	<b>-10,115,023</b>	<b>-3,489,433</b>	<b>268,514,019</b>	<b>1,915,490</b>	<b>270,429,509</b>
<b>Comprehensive income for the period, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,601,728</b>	<b>0</b>	<b>22,989,807</b>	<b>0</b>	<b>48,372</b>	<b>16,436,451</b>	<b>-10,184</b>	<b>16,426,267</b>
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	22,989,807	0	0	22,989,807	-2,982	22,986,825
b) Other comprehensive income	0	0	0	0	0	0	0	-6,601,728	0	0	0	48,372	-6,553,356	-7,202	-6,560,558
Net purchase/sale of treasury shares	0	0	0	132,001	0	0	0	0	0	-132,001	-132,001	0	-132,001	0	-132,001
Payout of (accounting for) dividends	0	0	0	0	0	0	0	0	-9,065,978	0	0	0	-9,065,978	0	-9,065,978
Allocation of net profit to profit reserve	0	0	102,769	0	0	0	0	0	-102,769	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	56,889	84,791	0	0	0	-141,680	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	17,474,558	-17,474,558	0	0	0	0	0
Acquisition of non-controlling interest	0	-1,151,315	0	0	0	0	0	0	0	0	0	0	-1,151,315	-803,656	-1,954,971
<b>Closing balance in the financial period</b>	<b>71,856,376</b>	<b>43,487,484</b>	<b>11,243,038</b>	<b>10,247,024</b>	<b>933,827</b>	<b>11,829,265</b>	<b>81,269,632</b>	<b>11,847,013</b>	<b>22,859,476</b>	<b>22,716,124</b>	<b>-10,247,024</b>	<b>-3,441,061</b>	<b>274,601,172</b>	<b>1,101,651</b>	<b>275,702,823</b>

*Unaudited consolidated statement of changes in equity for the nine months to 30 September 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)
			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.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
<b>Closing balance in the previous financial year</b>	<b>71,856,376</b>	<b>42,423,360</b>	<b>11,138,541</b>	<b>2,821,391</b>	<b>800,075</b>	<b>12,070,719</b>	<b>75,192,493</b>	<b>7,739,714</b>	<b>15,018,066</b>	<b>5,023,423</b>	<b>-2,821,391</b>	<b>-3,128,947</b>	<b>238,133,820</b>	<b>1,965,501</b>	<b>240,099,321</b>
<b>Opening balance in the financial period</b>	<b>71,856,376</b>	<b>42,423,360</b>	<b>11,138,541</b>	<b>2,821,391</b>	<b>800,075</b>	<b>12,070,719</b>	<b>75,192,493</b>	<b>7,739,714</b>	<b>15,018,066</b>	<b>5,023,423</b>	<b>-2,821,391</b>	<b>-3,128,947</b>	<b>238,133,820</b>	<b>1,965,501</b>	<b>240,099,321</b>
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	9,360,863	0	12,850,166	0	15,605	22,226,634	-57,938	22,168,696
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	12,850,166	0	0	12,850,166	-76,507	12,773,659
b) Other comprehensive income	0	0	0	0	0	0	0	9,360,863	0	0	0	15,605	9,376,468	18,569	9,395,037
Net purchase/sale of treasury shares	0	1,139,417	0	0	0	0	0	0	0	0	0	0	1,139,417	0	1,139,417
Allocation of net profit to profit reserve	0	0	1,729	0	0	0	0	0	-1,729	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	35,558	-335,418	0	0	0	299,860	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	5,023,423	-5,023,423	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	-23	0	0	0	-23	0	-23
<b>Closing balance in the financial period</b>	<b>71,856,376</b>	<b>43,562,777</b>	<b>11,140,270</b>	<b>2,821,391</b>	<b>835,633</b>	<b>11,735,301</b>	<b>75,192,493</b>	<b>17,100,577</b>	<b>20,039,734</b>	<b>13,150,027</b>	<b>-2,821,391</b>	<b>-3,113,342</b>	<b>261,499,847</b>	<b>1,907,562</b>	<b>263,407,409</b>

## 10 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The selected notes to the financial statements for the nine months to 30 September are significant to an understanding of the changes in financial position and performance of the Group in the first nine months of 2015 as compared to both the first nine months of 2014 and end-of-year 2014.

### 10.1 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 previous annual financial report prepared for 2014.

The financial statements with notes as at and for the nine months to 30 September 2015 have not been audited.

The interim financial statements at 30 September 2015 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2014.

### 10.2 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.

### 10.3 The nature and amount of unusual items

There were no items unusual because of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the nine months to 30 September 2015.

### 10.4 Materiality

To serve as a starting point in determining a materiality threshold for the consolidated financial statements we used the equity of the Sava Re Group, specifically 2 % thereof at 30 September 2015, which is € 5.5 million. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been presented in detail in interim financial statements. Disclosures and notes that the Group is required to

present under IAS 34 or statutory requirements are given in the report, even though they may not exceed the materiality threshold.

## 10.5 Issues, repurchases, and repayments of debt and equity securities

The Group issued no new debt or equity securities.

## 10.6 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 – examines whether the decrease is a significant and long-term one, in the event of which the financial instrument is impaired.

## 10.7 Analysis of operating segments

Operating segments as disclosed and monitored were determined based on the different 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).

In view of the nature, scope and organisation of work, CODM (Chief Operating Decision Maker) is a group composed of management board members, director of finance, director of strategic finance and 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 CODM are part of quarterly financial reports 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.

Statement of financial position by operating segment – assets at 30 September 2015

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>ASSETS</b>	<b>342,885,798</b>	<b>474,665,904</b>	<b>109,996,466</b>	<b>584,662,370</b>	<b>541,179,406</b>	<b>19,946,743</b>	<b>561,126,149</b>	<b>8,620,243</b>	<b>1,497,294,560</b>
Intangible assets	611,967	13,247,583	13,395,973	26,643,556	5,299,586	83,011	5,382,597	18,762	32,656,882
Property and equipment	2,416,714	27,119,002	10,479,797	37,598,799	2,699,478	2,560,445	5,259,923	2,192,156	47,467,592
Deferred tax assets	2,215,868	296,146	22,425	318,571	0	10,304	10,304	0	2,544,743
Investment property	114,150	397,902	4,118,763	4,516,665	43,969	265,551	309,520	0	4,940,335
Financial investments in associates	0	0	0	0	0	0	0	3,164,477	3,164,477
Financial investments:	242,307,273	353,217,770	59,977,927	413,195,697	316,652,760	15,217,498	331,870,258	80,833	987,454,061
- loans and deposits	11,271,183	22,883,456	19,266,855	42,150,311	12,627,477	3,805,934	16,433,411	76,833	69,931,738
- held to maturity	2,048,164	60,426,908	4,860,708	65,287,616	89,921,594	2,444,091	92,365,685	0	159,701,465
- available for sale	225,694,152	267,096,479	35,126,848	302,223,327	208,280,289	8,623,883	216,904,172	4,000	744,825,651
- at fair value through profit or loss	3,293,774	2,810,927	723,516	3,534,443	5,823,400	343,590	6,166,990	0	12,995,207
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	212,680,130	35,315	212,715,445	0	212,715,445
Reinsurers' share of technical provisions	10,793,693	12,702,705	5,146,104	17,848,808	302,637	1,123	303,760	0	28,946,261
- from unearned premiums	1,959,347	6,443,891	1,345,477	7,789,368	85,371	689	86,060	0	9,834,775
- from provisions for claims outstanding	8,834,345	6,572,043	3,800,627	10,372,670	217,266	434	217,700	0	19,424,715
- from other technical provisions	0	-313,229	0	-313,229	0	0	0	0	-313,229
Receivables	76,839,544	56,213,912	10,938,783	67,152,695	3,043,646	298,089	3,341,735	2,630,818	149,964,792
- Receivables arising out of primary insurance business	0	51,199,450	7,615,228	58,814,678	1,005,976	117,233	1,123,209	0	59,937,887
- Receivables arising out of reinsurance and co-insurance business	75,232,856	1,153,466	698,443	1,851,909	2	0	2	0	77,084,767
- Current tax assets	1,447,222	0	100,878	100,878	683,103	0	683,103	343	2,231,546
- Other receivables	159,466	3,860,996	2,524,234	6,385,230	1,354,565	180,856	1,535,421	2,630,475	10,710,592
Deferred acquisition costs	6,391,674	10,403,633	2,507,716	12,911,349	309,720	1,360	311,080	0	19,614,103
Other assets	390,817	813,150	338,434	1,151,584	36,142	37,730	73,872	69,714	1,685,987
Cash and cash equivalents	804,099	253,441	2,663,840	2,917,281	111,338	1,436,317	1,547,655	463,483	5,732,518
Non-current assets held for sale	0	660	406,704	407,364	0	0	0	0	407,364

Statement of financial position by operating segment – equity and liabilities at 30 September 2015

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>EQUITY AND LIABILITIES</b>	<b>319,238,521</b>	<b>515,165,959</b>	<b>113,493,618</b>	<b>628,659,577</b>	<b>531,324,566</b>	<b>17,252,374</b>	<b>548,576,940</b>	<b>819,522</b>	<b>1,497,294,560</b>
Equity	105,950,563	74,603,570	38,573,749	113,177,319	48,815,660	7,158,833	55,974,493	600,448	275,702,823
Equity attributable to owners of the controlling company	105,950,563	74,603,570	37,913,213	112,516,783	48,815,660	6,717,798	55,533,458	600,368	274,601,172
Non-controlling interest in equity	0	0	660,536	660,536	0	441,035	441,035	80	1,101,651
Subordinated liabilities	23,523,490	0	0	0	0	0	0	0	23,523,490
Technical provisions	152,417,517	415,918,839	68,015,011	483,933,850	264,907,376	9,661,028	274,568,404	0	910,919,771
- Unearned premiums	34,202,782	115,858,923	24,335,516	140,194,439	653,779	101,763	755,542	0	175,152,763
- Mathematical provisions	0	0	0	0	249,377,889	9,336,177	258,714,066	0	258,714,066
- Provision for outstanding claims	118,214,735	289,285,527	43,333,816	332,619,343	14,875,708	223,088	15,098,796	0	465,932,874
- Other technical provisions	0	10,774,389	345,679	11,120,068	0	0	0	0	11,120,068
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	201,447,254	35,315	201,482,569	0	201,482,569
Other provisions	319,973	4,763,970	1,110,541	5,874,511	1,325,360	15,980	1,341,340	0	7,535,824
Deferred tax liabilities	0	2,734,712	23,141	2,757,853	1,966,930	0	1,966,930	5,203	4,729,986
Other financial liabilities	97,998	301	0	301	0	0	0	0	98,299
Liabilities from operating activities	34,538,697	6,318,008	2,038,067	8,356,075	8,363,939	139,443	8,503,382	16,766	51,414,920
- Liabilities from primary insurance business	0	3,908,688	744,724	4,653,412	6,872,696	96,164	6,968,860	0	11,622,272
- Liabilities from reinsurance and co-insurance business	34,538,697	905,867	997,238	1,903,105	26,628	222	26,850	0	36,468,652
- Current income tax liabilities	0	1,503,453	296,105	1,799,558	1,464,615	43,057	1,507,672	16,766	3,323,996
Other liabilities	2,390,283	10,826,559	3,733,109	14,559,668	4,498,047	241,775	4,739,822	197,105	21,886,878

Statement of financial position by operating segment – assets at 31 December 2014

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>ASSETS</b>	<b>315,226,711</b>	<b>471,344,023</b>	<b>107,757,557</b>	<b>579,101,580</b>	<b>532,978,818</b>	<b>18,825,817</b>	<b>551,804,635</b>	<b>8,242,009</b>	<b>1,454,374,935</b>
Intangible assets	467,423	15,474,302	13,403,760	28,878,062	5,449,379	116,541	5,565,920	29,555	34,940,960
Property and equipment	2,462,813	24,139,087	10,593,841	34,732,928	2,606,806	2,615,377	5,222,183	2,055,714	44,473,638
Deferred tax assets	1,040,592	142,166	18,515	160,681	0	1,108	1,108	0	1,202,381
Investment property	115,492	538,071	4,139,365	4,677,436	44,975	265,422	310,397	0	5,103,325
Financial investments in associates	0	0	0	0	0	0	0	3,072,497	3,072,497
Financial investments:	237,189,580	345,680,388	57,068,958	402,749,346	319,824,701	14,800,409	334,625,110	104,346	974,668,382
- loans and deposits	21,251,512	32,879,774	27,911,080	60,790,854	13,679,571	5,635,156	19,314,727	100,346	101,457,439
- held to maturity	2,074,001	63,512,066	5,519,950	69,032,016	91,058,297	2,153,078	93,211,375	0	164,317,392
- available for sale	208,238,543	246,022,338	22,825,513	268,847,851	209,155,376	6,172,246	215,327,622	4,000	692,418,016
- at fair value through profit or loss	5,625,524	3,266,210	812,415	4,078,625	5,931,457	839,929	6,771,386	0	16,475,535
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	202,893,989	19,070	202,913,059	0	202,913,059
Reinsurers' share of technical provisions	10,405,986	22,859,490	5,089,628	27,949,117	314,662	2,879	317,541	0	38,672,645
Receivables	58,432,637	52,197,255	9,284,927	61,482,182	1,478,226	347,814	1,826,040	2,654,294	124,395,153
- Receivables arising out of primary insurance business	0	47,328,159	5,865,068	53,193,227	912,633	127,164	1,039,797	0	54,233,024
- Receivables arising out of reinsurance and co-insurance business	58,267,223	532,986	700,190	1,233,176	0	1,828	1,828	0	59,502,227
- Current tax assets	0	0	208,669	208,669	144,240	0	144,240	107	353,016
- Other receivables	165,414	4,336,110	2,511,000	6,847,110	421,353	218,822	640,175	2,654,187	10,306,886
Deferred acquisition costs	4,303,162	9,442,826	3,482,919	12,925,746	258,227	1,966	260,194	0	17,489,101
Other assets	296,684	675,884	257,135	933,019	30,333	44,959	75,292	46,249	1,351,244
Cash and cash equivalents	512,342	183,214	3,980,499	4,163,713	77,519	610,272	687,791	279,354	5,643,200
Non-current assets held for sale	0	11,340	438,010	449,350	0	0	0	0	449,350

*Statement of financial position by operating segment – equity and liabilities at 31 December 2014*

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>EQUITY AND LIABILITIES</b>	<b>286,400,598</b>	<b>514,731,657</b>	<b>109,848,537</b>	<b>624,580,194</b>	<b>523,709,363</b>	<b>19,366,598</b>	<b>543,075,961</b>	<b>318,182</b>	<b>1,454,374,935</b>
Equity	96,766,084	75,336,895	39,405,516	114,742,411	49,296,532	10,613,322	59,909,854	110,274	271,528,623
Equity attributable to owners of the controlling company	96,766,084	75,336,895	38,786,828	114,123,723	49,296,532	9,316,520	58,613,052	110,274	269,613,133
Non-controlling interest in equity	0	0	618,688	618,688	0	1,296,802	1,296,802	0	1,915,490
Subordinated liabilities	23,499,692	5,200,000	0	5,200,000	0	0	0	0	28,699,692
Technical provisions	129,778,575	405,021,647	64,687,629	469,709,276	262,393,907	8,100,875	270,494,782	0	869,982,633
- Unearned premiums	21,620,884	103,039,301	22,661,027	125,700,328	734,654	113,824	848,478	0	148,169,690
- Mathematical provisions	0	0	0	0	248,492,273	7,799,868	256,292,141	0	256,292,141
- Provision for outstanding claims	108,157,341	291,546,926	41,700,574	333,247,500	13,166,980	187,183	13,354,163	0	454,759,004
- Other technical provisions	350	10,435,420	326,028	10,761,448	0	0	0	0	10,761,798
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	195,665,561	19,070	195,684,631	0	195,684,631
Other provisions	273,590	4,513,409	822,704	5,336,113	1,314,805	16,142	1,330,947	0	6,940,650
Deferred tax liabilities	0	3,229,826	37,696	3,267,522	2,476,455	0	2,476,455	5,203	5,749,180
Other financial liabilities	74,430	299	616	915	0	3,525	3,525	0	78,870
Liabilities from operating activities	33,420,922	5,399,884	1,466,190	6,866,074	8,912,581	150,331	9,062,912	14,889	49,364,797
- Liabilities from primary insurance business	0	3,156,998	643,422	3,800,420	7,827,480	100,477	7,927,957	0	11,728,377
- Liabilities from reinsurance and co-insurance business	30,954,760	1,252,976	626,892	1,879,868	28,289	3,130	31,419	0	32,866,047
- Current income tax liabilities	2,466,162	989,910	195,876	1,185,786	1,056,812	46,724	1,103,536	14,889	4,770,373
Other liabilities	2,587,305	16,029,697	3,428,186	19,457,883	3,649,522	463,333	4,112,855	187,816	26,345,859



## Income statement by operating segment 1–9/2015

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
<b>Net earned premiums</b>	<b>61,440,190</b>	<b>173,457,022</b>	<b>35,662,704</b>	<b>209,119,727</b>	<b>60,160,102</b>	<b>4,179,830</b>	<b>64,339,932</b>	<b>0</b>	<b>334,899,849</b>
Gross premiums written	77,485,417	202,445,346	40,233,873	242,679,219	60,257,650	4,170,825	64,428,475	0	384,593,111
Written premiums ceded to reinsurers and co-insurers	-4,398,765	-18,647,820	-2,617,917	-21,265,737	-258,343	-2,161	-260,504	0	-25,925,006
Change in gross unearned premiums	-12,581,897	-12,725,126	-1,740,438	-14,465,564	115,363	12,057	127,420	0	-26,920,041
Change in unearned premiums for the reinsurance and co-insurance part	935,436	2,384,623	-212,814	2,171,809	45,431	-891	44,540	0	3,151,785
<b>Income from investments in subsidiary and associate companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>138,685</b>	<b>138,685</b>
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	138,685	138,685
<b>Investment income</b>	<b>12,996,890</b>	<b>5,947,702</b>	<b>1,818,963</b>	<b>7,766,665</b>	<b>7,460,305</b>	<b>481,518</b>	<b>7,941,823</b>	<b>0</b>	<b>28,705,378</b>
Interest income	3,401,799	4,733,493	1,726,157	6,459,650	6,722,504	395,735	7,118,239	0	16,979,688
Other investment income	9,595,091	1,214,209	92,806	1,307,015	737,801	85,783	823,584	0	11,725,690
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,957,266</b>	<b>337</b>	<b>16,957,603</b>	<b>0</b>	<b>16,957,603</b>
<b>Other technical income</b>	<b>6,364,584</b>	<b>4,084,929</b>	<b>1,451,417</b>	<b>5,536,346</b>	<b>825,867</b>	<b>70,768</b>	<b>896,636</b>	<b>112,529</b>	<b>12,910,095</b>
Commission income	485,314	1,802,279	519,537	2,321,816	2,728	89	2,818	0	2,809,948
Other technical income	5,879,270	2,282,650	931,880	3,214,530	823,139	70,679	893,818	112,529	10,100,147
<b>Other income</b>	<b>77,085</b>	<b>2,181,170</b>	<b>953,740</b>	<b>3,134,910</b>	<b>974,355</b>	<b>32,621</b>	<b>1,006,976</b>	<b>251,029</b>	<b>4,470,000</b>
<b>Net claims incurred</b>	<b>-46,618,863</b>	<b>-107,135,151</b>	<b>-15,230,460</b>	<b>-122,365,612</b>	<b>-38,241,148</b>	<b>-999,497</b>	<b>-39,240,645</b>	<b>0</b>	<b>-208,225,120</b>
Gross claims payments less income from recourse receivables	-37,631,398	-108,019,545	-14,465,061	-122,484,606	-35,285,707	-964,068	-36,249,775	0	-196,365,779
Reinsurers' and co-insurers' shares	1,617,661	11,149,650	503,168	11,652,817	77,148	0	77,148	0	13,347,627
Change in the gross claims provision	-10,057,396	2,173,250	-1,536,763	636,487	-2,975,170	-35,863	-3,011,033	0	-12,431,942
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-547,729	-12,438,507	268,197	-12,170,310	-57,420	434	-56,986	0	-12,775,026
<b>Change in other technical provisions</b>	<b>0</b>	<b>-263,489</b>	<b>-6,294</b>	<b>-269,783</b>	<b>-911,120</b>	<b>-1,541,425</b>	<b>-2,452,545</b>	<b>0</b>	<b>-2,722,328</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-4,669,382</b>	<b>-16,223</b>	<b>-4,685,605</b>	<b>0</b>	<b>-4,685,605</b>
<b>Expenses for bonuses and rebates</b>	<b>353</b>	<b>-574,616</b>	<b>-45,822</b>	<b>-620,438</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-620,085</b>
<b>Operating expenses</b>	<b>-18,043,011</b>	<b>-56,949,802</b>	<b>-16,699,332</b>	<b>-73,649,134</b>	<b>-12,338,643</b>	<b>-2,307,897</b>	<b>-14,646,540</b>	<b>-1,713,239</b>	<b>-108,051,924</b>
Acquisition costs	-16,709,161	-14,765,098	-2,596,153	-17,361,251	-3,274,167	-700,404	-3,974,571	0	-38,044,983
Change in deferred acquisition costs	2,202,476	727,071	235,498	962,569	-75,197	-516	-75,713	0	3,089,332
Other operating expenses	-3,536,326	-42,911,775	-14,338,677	-57,250,452	-8,989,279	-1,606,977	-10,596,256	-1,713,239	-73,096,273
<b>Expenses for financial assets and liabilities</b>	<b>-7,759,769</b>	<b>-716,989</b>	<b>-101,576</b>	<b>-818,565</b>	<b>-416,321</b>	<b>-139,349</b>	<b>-555,670</b>	<b>0</b>	<b>-9,134,004</b>
Impairment losses on financial assets not at fair value through profit or loss	-198,494	0	-533	-533	0	-12,137	-12,137	0	-211,164
Interest expense	-695,560	-256,755	-80	-256,835	0	-3,244	-3,244	0	-955,639
Other investment expenses	-6,865,715	-460,234	-100,963	-561,197	-416,321	-123,968	-540,289	0	-7,967,201
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,207,091</b>	<b>-666</b>	<b>-21,207,757</b>	<b>0</b>	<b>-21,207,757</b>
<b>Other technical expenses</b>	<b>-5,743,334</b>	<b>-5,249,437</b>	<b>-3,763,920</b>	<b>-9,013,357</b>	<b>-103,286</b>	<b>-67,145</b>	<b>-170,431</b>	<b>0</b>	<b>-14,927,122</b>
<b>Other expenses</b>	<b>-5</b>	<b>-528,286</b>	<b>-939,555</b>	<b>-1,467,841</b>	<b>-489</b>	<b>-4,193</b>	<b>-4,682</b>	<b>-8,367</b>	<b>-1,480,895</b>
<b>Profit/loss before tax</b>	<b>2,714,121</b>	<b>14,253,053</b>	<b>3,099,865</b>	<b>17,352,918</b>	<b>8,490,414</b>	<b>-311,321</b>	<b>8,179,094</b>	<b>-1,219,363</b>	<b>27,026,770</b>
Income tax expense									-4,039,945
<b>Net profit/loss for the period</b>									<b>22,986,825</b>
Net profit/loss attributable to owners of the controlling company									22,989,807
Net profit/loss attributable to non-controlling interest									-2,982

## Income statement by operating segment 1–9/2014

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
<b>Net earned premiums</b>	<b>35,646,235</b>	<b>116,096,779</b>	<b>22,834,615</b>	<b>138,931,394</b>	<b>41,667,169</b>	<b>2,581,852</b>	<b>44,249,021</b>	<b>0</b>	<b>218,826,650</b>
Gross premiums written	46,220,148	152,499,337	25,329,569	177,828,906	41,852,380	2,598,389	44,450,769	0	268,499,823
Written premiums ceded to reinsurers and co-insurers	-323,789	-14,749,489	-1,638,271	-16,387,760	-217,869	-1,053	-218,922	0	-16,930,471
Change in gross unearned premiums	-9,132,775	-26,799,728	-921,666	-27,721,394	22,536	-15,484	7,052	0	-36,847,117
Change in unearned premiums for the reinsurance and co-insurance part	-1,117,349	5,146,659	64,983	5,211,642	10,122	0	10,122	0	4,104,415
<b>Income from investments in subsidiary and associate companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>131,217</b>	<b>131,217</b>
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	131,217	131,217
<b>Investment income</b>	<b>4,461,471</b>	<b>4,480,381</b>	<b>1,407,586</b>	<b>5,887,967</b>	<b>7,420,601</b>	<b>313,395</b>	<b>7,733,996</b>	<b>617</b>	<b>18,084,051</b>
Interest income	2,121,695	3,592,918	1,345,661	4,938,579	5,094,780	252,388	5,347,168	617	12,408,059
Other investment income	2,339,776	887,463	61,925	949,388	2,325,821	61,007	2,386,828	0	5,675,992
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>10,325,350</b>	<b>59</b>	<b>10,325,409</b>	<b>0</b>	<b>10,325,409</b>
<b>Other technical income</b>	<b>742,929</b>	<b>1,913,279</b>	<b>640,832</b>	<b>2,554,111</b>	<b>516,509</b>	<b>14,703</b>	<b>531,212</b>	<b>0</b>	<b>3,828,251</b>
Commission income	77,197	1,174,062	226,070	1,400,132	4,795	0	4,795	0	1,482,123
Other technical income	665,732	739,217	414,762	1,153,979	511,714	14,703	526,417	0	2,346,128
<b>Other income</b>	<b>10,537</b>	<b>1,172,302</b>	<b>376,028</b>	<b>1,548,330</b>	<b>159,557</b>	<b>47,428</b>	<b>206,985</b>	<b>118,000</b>	<b>1,883,852</b>
<b>Net claims incurred</b>	<b>-21,004,809</b>	<b>-77,935,493</b>	<b>-10,648,908</b>	<b>-88,584,401</b>	<b>-22,172,758</b>	<b>-411,438</b>	<b>-22,584,196</b>	<b>0</b>	<b>-132,173,406</b>
Gross claims payments less income from recourse receivables	-22,957,863	-73,645,887	-9,003,516	-82,649,403	-23,253,544	-410,502	-23,664,046	0	-129,271,312
Reinsurers' and co-insurers' shares	3,352,708	-95,031	-4,686	-99,717	-51,086	0	-51,086	0	3,201,905
Change in the gross claims provision	2,737,652	-16,190,292	-1,856,433	-18,046,725	1,077,844	-936	1,076,908	0	-14,232,165
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-4,137,305	11,995,717	215,727	12,211,444	54,028	0	54,028	0	8,128,166
<b>Change in other technical provisions</b>	<b>0</b>	<b>415,515</b>	<b>-6,789</b>	<b>408,726</b>	<b>-4,077,669</b>	<b>-1,016,159</b>	<b>-5,093,828</b>	<b>0</b>	<b>-4,685,102</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-14,235,431</b>	<b>-5,836</b>	<b>-14,241,267</b>	<b>0</b>	<b>-14,241,267</b>
<b>Expenses for bonuses and rebates</b>	<b>4,643</b>	<b>22,241</b>	<b>-140,594</b>	<b>-118,353</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-113,710</b>
<b>Operating expenses</b>	<b>-11,379,051</b>	<b>-36,298,138</b>	<b>-10,798,312</b>	<b>-47,096,451</b>	<b>-10,049,655</b>	<b>-1,585,027</b>	<b>-11,634,682</b>	<b>-823,643</b>	<b>-70,933,827</b>
Acquisition costs	-9,829,100	-9,266,832	-2,006,107	-11,272,939	-3,154,119	-540,589	-3,694,708	0	-24,796,747
Change in deferred acquisition costs	492,526	1,546,982	129,481	1,676,463	-348,189	262	-347,927	0	1,821,062
Other operating expenses	-2,042,477	-28,578,288	-8,921,686	-37,499,975	-6,547,347	-1,044,700	-7,592,047	-823,643	-47,958,142
<b>Expenses for financial assets and liabilities</b>	<b>-1,723,386</b>	<b>-325,473</b>	<b>-42,993</b>	<b>-368,466</b>	<b>-71,535</b>	<b>-97,191</b>	<b>-168,726</b>	<b>0</b>	<b>-2,260,578</b>
Impairment losses on financial assets not at fair value through profit or loss	-11,384	-1,171	-1,466	-2,637	-1,215	-21,651	-22,866	0	-36,887
Interest expense	-480,732	-243,974	-7,269	-251,243	-3,650	-7,603	-11,253	0	-743,228
Other investment expenses	-1,231,270	-80,328	-34,258	-114,586	-66,670	-67,937	-134,607	0	-1,480,463
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-3,081,513</b>	<b>-195</b>	<b>-3,081,708</b>	<b>0</b>	<b>-3,081,708</b>
<b>Other technical expenses</b>	<b>-932,221</b>	<b>-4,684,063</b>	<b>-2,543,133</b>	<b>-7,227,196</b>	<b>-191,338</b>	<b>-128,717</b>	<b>-320,055</b>	<b>-214</b>	<b>-8,479,686</b>
<b>Other expenses</b>	<b>-659</b>	<b>-493,997</b>	<b>-177,916</b>	<b>-671,913</b>	<b>-40</b>	<b>-2,949</b>	<b>-2,989</b>	<b>-437</b>	<b>-675,998</b>
<b>Profit/loss before tax</b>	<b>5,825,689</b>	<b>4,363,333</b>	<b>900,415</b>	<b>5,263,748</b>	<b>6,209,246</b>	<b>-290,075</b>	<b>5,919,171</b>	<b>-574,461</b>	<b>16,434,148</b>
Income tax expense									-3,660,489
<b>Net profit/loss for the period</b>									<b>12,773,659</b>
Net profit/loss attributable to owners of the controlling company									12,850,166
Net profit/loss attributable to non-controlling interest									-76,507

*Inter-segment business*

(€)	Reinsurance business		Non-life insurance business		Life insurance business		Other	
	1-9/2015	1-9/2014	1-9/2015	1-9/2014	1-9/2015	1-9/2014	1-9/2015	1-9/2014
Net earned premiums	43.247.911	45.025.432	291.140	246.965	0	0	0	0
Net claims incurred	-25.906.586	-20.486.214	-45.634	-12.118	0	0	0	0
Operating expenses	-8.460.449	-8.947.293	-385.165	-495.060	-891.911	-33.983	-92.389	-73.126
Investment income	143.988	149.654	2.759	5.606	0	0	0	0
Other income	20.843	15.425	89.821	61.376	222	210	1.859.568	1.387.294

## 10.8 Notes to significant changes in the statement of financial position

### 10.8.1 Property and equipment

*Movements in cost and accumulated depreciation/impairment losses of property and equipment assets*

(€)	Land	Buildings	Equipment	Other property and equipment	Total
<b>Cost</b>					
01/01/2015	7,135,178	45,765,537	22,938,110	421,329	76,260,154
Additions	884,158	3,138,058	1,963,468	565	5,986,249
Disposals	0	-138,262	-1,169,430	0	-1,307,692
Impairment losses	0	-54,037	0	0	-54,037
Exchange differences	606	29,975	9,620	1,448	41,649
30/09/2015	8,019,942	48,741,271	23,741,768	423,342	80,926,323
<b>Accumulated depreciation and impairment losses</b>					
01/01/2015	0	14,795,679	16,765,604	225,234	31,786,517
Additions	0	904,688	1,765,252	24,320	2,694,260
Disposals	0	0	-1,029,957	0	-1,029,957
Impairment losses	0	-5,332	0	0	-5,332
Exchange differences	0	5,760	6,703	781	13,244
30/09/2015	0	15,700,795	17,507,602	250,335	33,458,732
Carrying amount as at 01/01/2015	7,135,178	30,969,858	6,172,506	196,095	44,473,638
Carrying amount as at 30/09/2015	8,019,942	33,040,476	6,234,166	173,007	47,467,592

### 10.8.2 Financial investments

In the first nine months of 2015, financial investments increased by € 12.8 million compared to year-end 2014, mainly because of positive cash flow from core operations, exchange gains and positive movements in the fair value reserve.

*Financial investments at 30 September 2015*

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative	Designated to this category			
30/09/2015						
Debt instruments	159,701,465	11,317,877		714,582,729	64,228,963	949,831,034
Deposits and CDs	0	0		0	63,359,308	63,359,308
Government bonds	159,701,465	2,683,550		314,825,990	0	477,211,005
Corporate bonds	0	8,634,327		399,756,739	0	408,391,066
Loans granted	0	0		0	869,655	869,655
Equity instruments	0	1,677,330		30,196,443	0	31,873,773
Shares	0	520,981		18,097,374	0	18,618,355
Mutual funds	0	1,156,349		12,099,069	0	13,255,418
Other investments	0	0		46,479	0	46,479
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0		0	5,702,775	5,702,775
Total	159,701,465	12,995,207		744,825,651	69,931,738	987,454,061
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,944,803	180,879,578		6,196,655	15,694,409	212,715,445

### Financial investments at 31 December 2014

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Designated to this category				
31/12/2014						
Debt instruments	164,317,392	14,671,781	667,473,331	95,718,258	942,180,762	
Deposits and CDs	524,367	0	0	95,045,252	95,569,619	
Government bonds	163,793,025	4,284,914	318,868,931	0	486,946,870	
Corporate bonds	0	10,386,867	348,604,400	0	358,991,267	
Loans granted	0	0	0	673,006	673,006	
Equity instruments	0	1,803,754	24,898,206	0	26,701,960	
Shares	0	580,913	20,449,436	0	21,030,349	
Mutual funds	0	1,222,841	4,448,770	0	5,671,611	
Other investments	0	0	46,479	151,671	198,150	
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	5,587,510	5,587,510	
<b>Total</b>	<b>164,317,392</b>	<b>16,475,535</b>	<b>692,418,016</b>	<b>101,457,439</b>	<b>974,668,382</b>	
Investments for the benefit of life-insurance policyholders who bear the investment risk	10,096,564	178,717,684	3,815,356	10,283,455	202,913,059	

### 10.8.3 Reinsurers' share of technical provisions

Retroceded technical provisions decreased by € 9.7 million or 25.2 % compared to 31 December 2014. There was a significant reduction in the retroceded claims provision (€ 12.9 million) as a result of the payment on the retroceded claim under the non-proportional coverage for the catastrophic ice damage loss in February 2014.

Reinsurers' share of technical provisions (€)	30/09/2015	31/12/2014
From unearned premiums	9,834,775	6,601,969
From mathematical provisions	0	37
From provisions for claims outstanding	19,424,715	32,274,622
From other technical provisions	-313,229	-203,983
<b>Total</b>	<b>28,946,261</b>	<b>38,672,645</b>

### 10.8.4 Receivables

Receivables increased by € 25.6 million compared to year-end 2014. Receivables arising out of primary insurance business increased by € 5.7 million due to the annual renewal of insurance contracts with legal entities. There was also an increase of € 17.6 million in receivables arising out of reinsurance and co-insurance business as a result of growth in foreign-sourced reinsurance premiums by Sava Reinsurance Company. This is also attested by the increase in non-past due receivables, which rose by € 27.1 million compared to year-end 2014. Tax assets increased by € 1.8 million. Other receivables rose by € 0.5 million and mostly comprise receivables arising out of the disposal of investments.

## Receivables by type

(€)	30/09/2015			31/12/2014		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	88,422,445	-30,505,548	57,916,897	84,237,018	-31,697,371	52,539,647
Receivables from insurance brokers	2,451,323	-541,802	1,909,521	2,103,339	-518,685	1,584,654
Other receivables arising out of primary insurance business	247,516	-136,047	111,469	236,250	-127,527	108,723
Receivables arising out of primary insurance business	91,121,284	-31,183,397	59,937,887	86,576,607	-32,343,583	54,233,024
Receivables for premiums arising out of reinsurance and co-insurance	67,179,669	-342,839	66,836,830	55,385,872	-537,862	54,848,010
Receivables for shares in claims payments	9,504,564	-75,004	9,429,560	3,994,006	-85,282	3,908,724
Other receivables from co-insurance and reinsurance	818,377	0	818,377	745,493	0	745,493
Receivables arising out of reinsurance and co-insurance business	77,502,610	-417,843	77,084,767	60,125,371	-623,144	59,502,227
Current tax assets	2,231,546	0	2,231,546	353,016	0	353,016
Other short-term receivables arising out of insurance business	27,335,776	-23,486,323	3,849,453	29,340,157	-24,873,317	4,466,840
Receivables arising out of investments	2,026,981	-1,210,866	816,115	1,880,911	-1,213,352	667,559
Other receivables	7,672,901	-1,627,877	6,045,024	6,651,116	-1,478,629	5,172,487
Other receivables	37,035,658	-26,325,066	10,710,592	37,872,184	-27,565,298	10,306,886
<b>Total</b>	<b>207,891,098</b>	<b>-57,926,306</b>	<b>149,964,792</b>	<b>184,927,178</b>	<b>-60,532,025</b>	<b>124,395,153</b>

## Movements in allowances for receivables

(€)	01/01/2015	Additions	Reversals	Write-offs	Exchange differences	30/09/2015
Receivables due from policyholders	-31,697,371	-1,195,290	1,024,708	1,386,906	-24,501	-30,505,548
Receivables from insurance brokers	-518,685	-78,962	39,467	17,748	-1,370	-541,802
Other receivables arising out of primary insurance business	-127,527	-7,872	0	0	-648	-136,047
Receivables arising out of primary insurance business	-32,343,583	-1,282,124	1,064,175	1,404,654	-26,519	-31,183,397
Receivables for premiums arising out of reinsurance and co-insurance	-537,862	-97,594	101	295,194	-2,678	-342,839
Receivables for shares in claims payments	-85,282	10,278	0	0	0	-75,004
Receivables arising out of reinsurance and co-insurance business	-623,144	-87,316	101	295,194	-2,678	-417,843
Other short-term receivables arising out of insurance business	-24,873,317	-655,021	1,642,612	413,436	-14,033	-23,486,323
Receivables arising out of investments	-1,213,352	-297	7,923	0	-5,140	-1,210,866
Other short-term receivables	-1,478,629	-249,184	101,842	0	-1,906	-1,627,877
Other receivables	-27,565,298	-904,502	1,752,377	413,436	-21,079	-26,325,066
<b>Total</b>	<b>-60,532,025</b>	<b>-2,273,942</b>	<b>2,816,653</b>	<b>2,113,284</b>	<b>-50,276</b>	<b>-57,926,306</b>

## Ageing structure of receivables

(€)	Not past due	Past due up to 180 days	Past due more than 180 days	Total
30/09/2015				
Receivables due from policyholders	42,910,778	11,026,842	3,979,277	57,916,897
Receivables from insurance brokers	736,254	1,150,669	22,598	1,909,521
Other receivables arising out of primary insurance business	75,473	20,673	15,323	111,469
Receivables arising out of primary insurance business	43,722,505	12,198,184	4,017,198	59,937,887
Receivables for premiums arising out of assumed reinsurance and co-insurance	53,271,600	11,458,541	2,106,689	66,836,830
Receivables for reinsurers' shares in claims	8,669,511	147,670	612,379	9,429,560
Other receivables from co-insurance and reinsurance	565,113	252,891	373	818,377
Receivables arising out of reinsurance and co-insurance business	62,506,224	11,859,102	2,719,441	77,084,767
Current tax assets	2,231,546	0	0	2,231,546
Other short-term receivables arising out of insurance business	2,427,522	1,342,288	79,643	3,849,453
Short-term receivables arising out of financing	501,460	230,868	83,787	816,115
Other short-term receivables	5,079,627	260,550	704,847	6,045,024
Other receivables	8,008,609	1,833,706	868,277	10,710,592
<b>Total</b>	<b>116,468,884</b>	<b>25,890,992</b>	<b>7,604,916</b>	<b>149,964,792</b>

(€)	Not past due	Past due up to 180 days	Past due more than 180 days	Total
31/12/2014				
Receivables due from policyholders	38,035,871	9,828,382	4,675,394	52,539,647
Receivables from insurance brokers	752,682	810,838	21,134	1,584,654
Other receivables arising out of primary insurance business	72,838	15,006	20,879	108,723
Receivables arising out of primary insurance business	38,861,391	10,654,226	4,717,407	54,233,024
Receivables for premiums arising out of assumed reinsurance and co-insurance	40,341,414	11,564,008	2,942,588	54,848,010
Receivables for reinsurers' shares in claims	2,900,774	425,536	582,414	3,908,724
Other receivables from co-insurance and reinsurance	744,391	822	280	745,493

Receivables arising out of reinsurance and co-insurance business	43,986,579	11,990,366	3,525,282	59,502,227
Current tax assets	284,844	0	68,172	353,016
Other short-term receivables arising out of insurance business	3,056,030	1,165,276	245,534	4,466,840
Short-term receivables arising out of financing	442,100	98,728	126,731	667,559
Other short-term receivables	3,575,638	1,205,705	391,144	5,172,487
Other receivables	7,073,768	2,469,709	763,409	10,306,886
<b>Total</b>	<b>90,206,582</b>	<b>25,114,301</b>	<b>9,074,270</b>	<b>124,395,153</b>

### 10.8.5 Technical provisions

Technical provisions increased by € 40.9 million or 4.7 % compared to 31 December 2014. The largest increase was in gross unearned premiums (€ 27.0 million) as a result of premium growth. This is followed by the increase in the claims provision of € 11.2 million, mainly due to the increase in the claims provision of the controlling company (in respect of a non-Group transaction) due to large loss events in 2015 and exchange differences of € 2.7 million.

#### *Movements in gross technical provisions*

(€)	01/01/2015	Additions	Uses and releases	Exchange differences	30/09/2015
Gross unearned premiums	148,169,690	142,581,052	-115,221,383	-376,596	175,152,763
Mathematical provisions	256,292,141	23,798,677	-21,387,912	11,160	258,714,066
Gross provision for claims	454,759,004	110,582,752	-102,194,500	2,785,618	465,932,874
Gross provision for bonuses, rebates and cancellations	854,819	851,192	-654,318	200	1,051,893
Other gross technical provisions	9,906,979	2,403,119	-2,242,583	660	10,068,175
<b>Total</b>	<b>869,982,633</b>	<b>280,216,792</b>	<b>-241,700,696</b>	<b>2,421,042</b>	<b>910,919,771</b>
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	195,684,631	23,529,782	-17,731,866	22	201,482,569

### 10.8.6 Net earnings/loss per share

The weighted average number of shares outstanding in the financial period was 16,484,559. At 30 September 2015, the controlling company owned 736,066 treasury shares, which are excluded when calculating the weighted average number of shares.

#### *Net earnings/loss per share*

(€)	1–9/2015	1–9/2014
Net profit/loss for the period	22,986,825	24,963,185
Net profit/loss for the period attributable to owners of the controlling company	22,989,807	25,002,868
Weighted average number of shares	16,484,559	16,872,707
<b>Net earnings/loss per share</b>	<b>1.39</b>	<b>1.48</b>

#### *Comprehensive income per share*

(€)	1–9/2015	1–9/2014
Comprehensive income for the period	16,426,267	35,835,065
Comprehensive income for the period attributable to owners of the controlling company	16,436,451	35,865,425
Weighted average number of shares	16,484,559	16,872,707
<b>Comprehensive income per share</b>	<b>1.00</b>	<b>2.13</b>

## 10.8.7 Fair values of assets and liabilities

### Financial assets measured at fair value by hierarchy level at 30 September 2015

30/09/2015	Level 1	Level 2	Level 3
At fair value through P/L	2,654,397	10,340,810	0
Designated to this category	2,654,397	10,340,810	0
Debt instruments	977,067	10,340,810	0
Equity instruments	1,677,330	0	0
Available-for-sale	59,234,575	680,473,278	5,117,798
Debt instruments	34,256,354	680,326,375	0
Equity instruments	24,978,221	146,903	5,071,319
Other investments	0	0	46,479
Total	61,888,972	690,814,088	5,117,798
Investments for the benefit of life-insurance policyholders who bear the investment risk	171,517,155	15,559,078	0

31/12/2014 (€)	Level 1	Level 2	Level 3
At fair value through P/L	6,088,668	10,386,867	0
Designated to this category	6,088,668	10,386,867	0
Debt instruments	4,284,914	10,386,867	0
Equity instruments	1,803,754	0	0
Available-for-sale	369,781,166	317,998,601	4,638,249
Debt instruments	350,627,830	316,845,501	0
Equity instruments	19,153,336	1,106,621	4,638,249
Other investments	0	46,479	0
Total	375,869,834	328,385,468	4,638,249
Investments for the benefit of life-insurance policyholders who bear the investment risk	178,717,684	3,815,356	0

### Movements in level 3 financial assets in the period 1–9/2015

(€)	Opening balance	Additions	Closing balance	Fair value revaluation	Closing balance
Available-for-sale	4.638.249	46.479	-183.027	616.097	5.117.798
Equity securities	4.638.249		-183.027	616.097	5.071.319
Other investments	0	46.479	0	0	46.479
Total	4.638.249	46.479	-183.027	616.097	5.117.798

### Disclosure of the fair value of assets shown in the statement of financial position at amortized cost or at cost

30/09/2015	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Held-to-maturity assets		159,701,465	176,059,354	
Debt instruments	30/09/2015	159,701,465	176,059,354	market price
Loans and receivables		69,931,738	73,892,262	
Debt instruments	30/09/2015	64,228,963	68,182,481	carrying amount is a good approximation of the market value because assets are short-term
Deposits with cedants	30/09/2015	5,702,775	5,709,781	carrying amount is a good approximation of the market value because assets are short-term
Real estate		46,000,754	42,797,331	
Land and buildings used in insurance operations	30/09/2015	41,060,419	36,727,191	valuation
Investment property	30/09/2015	4,940,335	6,070,140	DCF / comparable sales
Total		275,633,957	292,748,947	



31/12/2014 (€)	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Held-to-maturity assets		164,317,392	181,791,187	
Debt instruments	31/12/2014	164,317,392	181,791,187	market price
Loans and receivables		101,457,439	105,967,728	
Debt instruments	31/12/2014	95,718,258	100,228,547	carrying amount is a good approximation of the market value because assets are short-term
Deposits with cedants	31/12/2014	5,587,510	5,587,510	carrying amount is a good approximation of the market value because assets are short-term
Other investments	31/12/2014	151,671	151,671	
<b>Real estate</b>		<b>43,208,362</b>	<b>38,969,095</b>	
Land and buildings used in insurance operations	31/12/2014	38,105,037	32,548,415	DCF / comparable sales
Investment property	31/12/2014	5,103,325	6,420,680	DCF / comparable sales
<b>Total</b>		<b>308,983,193</b>	<b>326,728,010</b>	

### *Changes in fair value of property in the nine months to 30 September 2015*

	Opening balance	Acquisitions	Disposals	Change in fair value	Exchange differences	Closing balance
Land and buildings used in insurance operations	32,548,415	4,014,618	-138,262	314,936	-12,516	36,727,191
Investment property	6,420,680	0	-115,510	-135,816	-99,214	6,070,140
<b>Total</b>	<b>38,969,095</b>	<b>4,014,618</b>	<b>-253,772</b>	<b>179,120</b>	<b>-111,730</b>	<b>42,797,331</b>

### *Reclassification of assets and financial liabilities between levels in the nine months to 30 September 2015*

30/09/2015	Level 1	Level 2	Level 3
At fair value through P/L	<b>-819.763</b>	<b>819.763</b>	<b>0</b>
<i>Designated to this category</i>	-819.763	819.763	0
Debt instruments	-819.763	819.763	0
Available-for-sale	<b>-253.432.827</b>	<b>253.386.348</b>	<b>46.479</b>
Debt instruments	-253.285.924	253.285.924	0
Equity instruments	-146.903	146.903	0
Other investments	0	-46.479	46.479
<b>Total</b>	<b>-254.252.591</b>	<b>254.206.112</b>	<b>46.479</b>

In the period 1–9/2015, the Group reclassified part of its securities from Level 1 to Level 2. The reclassification included debt and equity securities totalling € 259.5 million. In addition, debt securities totalling € 5.2 million were reclassified from Level 2 to Level 1. There was also a reclassification of other investments of € 46,479 from Level 2 to Level 3. All these reclassifications were made in accordance with the revised method of determining fair value.

At the end of 2014, the Group valued its assets based on stock market prices and Bloomberg Generic prices (market-consensus prices) obtained through the Bloomberg information system. Since the end of the second quarter, it started using stock prices and BVAL prices, also obtained through the Bloomberg information system (Bloomberg Valuation Service). Since there is no significant difference between the two methods, there was no significant effect on the amount of investments, while the impact on the classification within the hierarchy is shown in the table above.

## 11 RELATED-PARTY DISCLOSURES

Fixed income of management board members for performing their function in the first nine months of 2015 totalled € 457,321 (1–9/2014: € 358,832). Variable remuneration amounted to € 100,660 (1–9/2014: € 106,831). Fringe benefits were € 28,259 (1–9/2014: € 20,815).

Remunerations paid to supervisory board members and members of the supervisory board audit committee in the first nine months of 2015 totalled € 98,666 (1–9/2014: € 97,324).

### *Remuneration paid to management board members in 1–9/2015*

(€)	Gross salary – fixed amount	Gross salary – variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Zvonko Ivanušič	126,305	31,872	4,658	7,902	170,737
Jošt Dolničar	108,341	28,680	3,819	2,107	142,947
Srečko Čebtron	114,335	28,680	3,922	1,989	148,926
Mateja Treven	108,341	11,428	3,862	0	123,630
<b>Total</b>	<b>457,321</b>	<b>100,660</b>	<b>16,261</b>	<b>11,998</b>	<b>586,240</b>

### *Liabilities to management board members*

(€)	30/09/2015	31/12/2014
Zvonko Ivanušič	6,270	6,087
Jošt Dolničar	5,565	5,570
Srečko Čebtron	6,040	6,052
Mateja Treven	6,213	5,699
<b>Total</b>	<b>24,087</b>	<b>23,408</b>

### *Remuneration paid to members of the supervisory board and the auditing committee in 1–9/2015*

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total
<b>Supervisory board members</b>					
Branko Tomažič	chairman of the SB	1,650	14,625	1,538	17,813
Mateja Lovšin Herič	deputy chair of the SB	1,650	10,725	0	12,375
Slaven Mičković	member of the SB	1,650	9,750	0	11,400
Martin Albreht	member of the SB	1,375	5,778	0	7,153
Gorazd Andrej Kunstek	member of the SB	1,650	9,750	0	11,400
Keith William Morris	member of the SB	1,650	9,750	5,646	17,046
Helena Dretnik	member of the SB	275	3,972	0	4,247
<b>Total supervisory board members</b>		<b>9,900</b>	<b>64,350</b>	<b>7,184</b>	<b>81,434</b>
<b>Audit committee members</b>					
Mateja Lovšin Herič	chair of the AC	1,320	3,656	0	4,976
Slaven Mičković	member of the AC	1,320	2,437	0	3,758
Ignac Dolenšek	external member	0	8,363	136	8,498
<b>Total audit committee members</b>		<b>2,640</b>	<b>14,456</b>	<b>136</b>	<b>17,232</b>

### *Liabilities to members of the supervisory board and the audit committee*

As at 30 September 2015, liabilities to members of the supervisory board and audit committee totalled € 7,717 (31 December 2014: € 9,238).

### **Transactions with subsidiaries**

#### *Investments in and amounts due from Group companies*

(€)		30/09/2015	31/12/2014
Debt securities and loans granted to Group companies	gross	3,334,953	4,334,953
	allowance	0	0
	net	3,334,953	4,334,953
Receivables for premiums arising out of reinsurance assumed	gross	14,137,126	13,031,175
	allowance	0	0
	net	14,137,126	13,031,175
Short-term receivables arising out of financing	gross	38,854	15,985
	allowance	0	0
	net	38,854	15,985
Other short-term receivables	gross	341	4,369
	allowance	0	0
	net	341	4,369
Short-term deferred acquisition costs	gross	4,933,354	4,248,370
	allowance	0	0
	net	4,933,354	4,518,719
<b>Total</b>		<b>22,444,628</b>	<b>21,905,201</b>

#### *Liabilities to Group companies*

(€)	30/09/2015	31/12/2014
Liabilities for shares in reinsurance claims due to Group companies	8,262,621	9,435,525
Other liabilities from co-insurance and reinsurance	2,823,715	3,291,946
Other short-term liabilities	12,298,791	36,553
<b>Total (excl. provisions)</b>	<b>23,385,127</b>	<b>12,764,024</b>

#### *Income and expenses relating to Group companies*

(€)	1–9/2015	1–9/2014
Gross premiums written	43,247,911	35,901,081
Gross claims payments	-26,825,562	-15,735,794
Income from gross recourse receivables	918,976	2,091,386
Other operating expenses	-71,927	-57,494
Dividend income	13,004,219	10,050,880
Interest income	143,988	103,993
Acquisition costs	-9,073,497	-7,278,747
Other technical income	9,706	7,648
Other non-life income	0	2,179
<b>Total</b>	<b>21,353,814</b>	<b>25,085,132</b>

## Transactions with associates

### *Operating income and expenses relating to associate companies*

(€)	1–9/2015	1–9/2014
Income from shares in associates	138,685	131,217
Additional pension insurance premium	-54,789	-34,111
<b>Total</b>	<b>83,896</b>	<b>97,106</b>

## Transactions with the state and majority state-owned entities

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

(€)	30/09/2015	31/12/2014
Interests in companies	9,124,710	11,927,070
Debt securities and loans	305,385,921	321,587,815
Receivables due from policyholders	598,424	83,729
<b>Total</b>	<b>315,109,054</b>	<b>333,598,614</b>

### *Liabilities to the state and majority state-owned companies*

(€)	30/09/2015	31/12/2014
Liabilities for shares in claims	22,632	72,282
<b>Total</b>	<b>22,632</b>	<b>72,282</b>

### *Income and expenses relating to majority state-owned companies*

(€)	1–9/2015	1–9/2014
Gross premiums written	19,311,482	7,138,937
Gross claims payments	-9,404,998	-7,631,350
Interest income	7,418,985	6,210,534
Other investment income	666,352	130,100
<b>Total</b>	<b>17,776,118</b>	<b>5,848,221</b>

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

**UNAUDITED CONDENSED  
FINANCIAL STATEMENTS OF  
SAVA REINSURANCE COMPANY**



## 12 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

### 12.1 Unaudited statement of financial position

(€)	30/09/2015	31/12/2014
<b>ASSETS</b>	<b>579,271,015</b>	<b>547,413,684</b>
<b>Intangible assets</b>	<b>611,967</b>	<b>467,423</b>
<b>Property and equipment</b>	<b>2,416,714</b>	<b>2,462,814</b>
<b>Deferred tax assets</b>	<b>2,215,868</b>	<b>1,040,593</b>
<b>Investment property</b>	<b>114,150</b>	<b>115,492</b>
<b>Financial investments in subsidiaries and associates</b>	<b>204,379,131</b>	<b>189,641,994</b>
<b>Financial investments:</b>	<b>245,642,226</b>	<b>241,524,533</b>
- loans and deposits	14,606,136	25,586,465
- held to maturity	2,048,164	2,074,001
- available for sale	225,694,152	208,238,543
- at fair value through profit or loss	3,293,774	5,625,524
<b>Reinsurers' share of technical provisions</b>	<b>19,788,720</b>	<b>30,863,647</b>
<b>Receivables</b>	<b>91,015,865</b>	<b>71,484,165</b>
Receivables arising out of reinsurance and co-insurance business	89,369,982	71,298,397
Current tax assets	1,447,222	0
Other receivables	198,661	185,768
<b>Deferred acquisition costs</b>	<b>11,891,458</b>	<b>9,003,998</b>
<b>Other assets</b>	<b>390,817</b>	<b>296,684</b>
<b>Cash and cash equivalents</b>	<b>804,099</b>	<b>512,342</b>
<b>EQUITY AND LIABILITIES</b>	<b>579,271,015</b>	<b>547,413,684</b>
<b>Equity</b>	<b>262,432,115</b>	<b>258,135,674</b>
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	116,144,694	115,977,201
Own shares	-10,247,024	-10,115,023
Fair value reserve	2,909,289	4,341,739
Retained earnings	12,769,646	15,713,039
Net profit/loss for the period	14,759,377	6,122,585
<b>Subordinated liabilities</b>	<b>23,523,490</b>	<b>23,499,692</b>
<b>Technical provisions</b>	<b>232,583,332</b>	<b>216,658,049</b>
Unearned premiums	55,894,732	39,088,756
Provision for outstanding claims	176,422,821	177,331,493
Other technical provisions	265,779	237,800
<b>Other provisions</b>	<b>319,973</b>	<b>273,590</b>
<b>Other financial liabilities</b>	<b>97,999</b>	<b>74,429</b>
<b>Liabilities from operating activities</b>	<b>45,625,033</b>	<b>46,148,390</b>
Liabilities from reinsurance and co-insurance business	45,625,033	43,682,228
Current income tax liabilities	0	2,466,162
<b>Other liabilities</b>	<b>14,689,073</b>	<b>2,623,860</b>

## 12.2 Unaudited income statement

(€)	1–9/2015	1–9/2014
<b>Net earned premiums</b>	<b>89,233,546</b>	<b>76,540,500</b>
Gross premiums written	120,733,328	107,117,729
Written premiums ceded to reinsurers and co-insurers	-17,173,123	-15,994,724
Change in gross unearned premiums	-16,805,976	-18,013,423
Change in unearned premiums for the reinsurance and co-insurance part	2,479,317	3,430,918
<b>Income from investments in subsidiaries and associates</b>	<b>13,004,219</b>	<b>10,250,880</b>
<b>Investment income</b>	<b>13,140,878</b>	<b>8,484,721</b>
Interest income	3,545,787	3,463,282
Other investment income	9,595,091	5,021,439
<b>Other technical income</b>	<b>7,885,475</b>	<b>3,229,382</b>
Commission income	1,985,362	1,512,470
Other income	5,900,113	1,716,912
<b>Other income</b>	<b>77,085</b>	<b>15,857</b>
<b>Net claims incurred</b>	<b>-65,309,652</b>	<b>-44,607,979</b>
Gross claims payments less income from recourse receivables	-63,537,984	-52,554,847
Reinsurers' and co-insurers' shares	10,873,904	6,501,462
Change in the gross claims provision	908,671	-3,182,328
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-13,554,243	4,627,734
<b>Expenses for bonuses and rebates</b>	<b>-27,979</b>	<b>41,869</b>
<b>Operating expenses</b>	<b>-29,614,363</b>	<b>-27,006,192</b>
Acquisition costs	-25,782,658	-23,488,720
Change in deferred acquisition costs	2,887,460	2,277,817
Other operating expenses	-6,719,165	-5,795,289
<b>Expenses for financial assets and liabilities</b>	<b>-7,759,769</b>	<b>-2,424,872</b>
Impairment losses on financial assets not measured at fair value through profit or loss	-198,494	-11,384
Interest expenses	-695,560	-717,087
Diverse other expenses	-6,865,715	-1,696,401
<b>Other technical expenses</b>	<b>-5,702,597</b>	<b>-1,818,957</b>
<b>Other expenses</b>	<b>-4</b>	<b>-337</b>
<b>Profit/loss before tax</b>	<b>14,926,839</b>	<b>22,704,872</b>
Income tax expense	31	-2,129,213
<b>Net profit/loss for the period</b>	<b>14,926,870</b>	<b>20,575,659</b>
<b>Net diluted earnings/loss per share</b>	<b>0.91</b>	<b>1.22</b>



## 12.3 Unaudited statement of comprehensive income

(€)	1–9/2015	1–9/2014
<b>PROFIT/LOSS FOR THE PERIOD, NET OF TAX</b>	<b>14,926,870</b>	<b>20,575,659</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>-1,432,450</b>	<b>4,254,798</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>765</b>	<b>0</b>
Other items that will not be reclassified subsequently to profit or loss	-2,484	0
Tax on items that will not be reclassified subsequently to profit or loss	3,249	0
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>-1,433,215</b>	<b>4,254,798</b>
<b>Net gains/losses on remeasuring available-for-sale financial assets</b>	<b>-1,735,528</b>	<b>5,126,264</b>
Net change recognised in the fair value reserve	-1,906,904	5,217,127
Net change transferred from fair value reserve to profit or loss	171,376	-90,863
Tax on items that may be reclassified subsequently to profit or loss	<b>302,313</b>	<b>-871,465</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>13,494,420</b>	<b>24,830,457</b>

## 12.4 Unaudited statement of changes in equity

### Unaudited statement of changes in equity for the nine months to 30 September 2015

(€)	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)
			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.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
<b>Closing balance in the previous financial year</b>	<b>71,856,376</b>	<b>54,239,757</b>	<b>14,986,525</b>	<b>10,115,023</b>	<b>845,522</b>	<b>10,000,000</b>	<b>80,030,132</b>	<b>4,341,739</b>	<b>15,713,039</b>	<b>6,122,585</b>	<b>-10,115,023</b>	<b>258,135,674</b>
<b>Opening balance in the financial period</b>	<b>71,856,376</b>	<b>54,239,757</b>	<b>14,986,525</b>	<b>10,115,023</b>	<b>845,522</b>	<b>10,000,000</b>	<b>80,030,132</b>	<b>4,341,739</b>	<b>15,713,039</b>	<b>6,122,585</b>	<b>-10,115,023</b>	<b>258,135,674</b>
<b>Comprehensive income for the period, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,432,450</b>	<b>0</b>	<b>14,926,870</b>	<b>0</b>	<b>13,494,420</b>
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	14,926,870	0	14,926,870
b) Other comprehensive income	0	0	0	0	0	0	0	-1,432,450	0	0	0	-1,432,450
Net purchase/sale of treasury shares	0	0	0	132,001	0	0	0	0	0	-132,001	-132,001	-132,001
Payout of (accounting for) dividends	0	0	0	0	0	0	0	0	-9,065,978	0	0	-9,065,978
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	35,491	0	0	0	0	-35,491	0	0
Transfer of profit	0	0	0	0	0	0	0	0	6,122,585	-6,122,585	0	0
<b>Closing balance in the financial period</b>	<b>71,856,376</b>	<b>54,239,757</b>	<b>14,986,525</b>	<b>10,247,024</b>	<b>881,013</b>	<b>10,000,000</b>	<b>80,030,132</b>	<b>2,909,289</b>	<b>12,769,646</b>	<b>14,759,377</b>	<b>-10,247,024</b>	<b>262,432,115</b>

### Unaudited statement of changes in equity for the nine months to 30 September 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)
			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.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
<b>Closing balance in the previous financial year</b>	<b>71,856,376</b>	<b>54,239,757</b>	<b>14,986,525</b>	<b>1,774</b>	<b>800,075</b>	<b>10,000,000</b>	<b>73,952,993</b>	<b>253,020</b>	<b>12,717,998</b>	<b>7,382,026</b>	<b>-1,774</b>	<b>246,188,770</b>
<b>Opening balance in the financial period</b>	<b>71,856,376</b>	<b>54,239,757</b>	<b>14,986,525</b>	<b>1,774</b>	<b>800,075</b>	<b>10,000,000</b>	<b>73,952,993</b>	<b>253,020</b>	<b>12,717,998</b>	<b>7,382,026</b>	<b>-1,774</b>	<b>246,188,770</b>
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	3,915,827	0	14,755,773	0	18,671,600
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	14,755,773	0	14,755,773
b) Other comprehensive income	0	0	0	0	0	0	0	3,915,827	0	0	0	3,915,827
Net purchase/sale of treasury shares	0	0	0	3,895,639	0	0	0	0	0	-3,895,639	-3,895,639	-3,895,639
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	20,463	0	0	0	0	-20,463	0	0
Transfer of profit	0	0	0	0	0	0	0	0	7,382,026	-7,382,026	0	0
<b>Closing balance in the financial period</b>	<b>71,856,376</b>	<b>54,239,757</b>	<b>14,986,525</b>	<b>3,897,413</b>	<b>820,538</b>	<b>10,000,000</b>	<b>73,952,993</b>	<b>4,168,847</b>	<b>20,100,024</b>	<b>10,839,671</b>	<b>-3,897,413</b>	<b>260,964,732</b>

## 12.5 Unaudited statement of cash flows

(€)	1-9/2015	1-9/2014
<b>A. Cash flows from operating activities</b>		
<b>a.) Items of the income statement</b>	<b>20,822,989</b>	<b>18,007,048</b>
Net premiums written in the period	103,560,205	91,123,005
Investment income (other than financial income), financed from:	2,716	4,415,742
- technical provisions	2,716	4,321,052
- other sources	0	94,690
Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	7,962,560	3,245,239
Net claims payments in the period	-52,664,080	-46,053,384
Expenses for bonuses and rebates	-27,979	41,869
Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-32,300,238	-29,120,513
Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-7,625	-1,696,403
- technical sources	-567	-1,619,602
- other sources	-7,058	-76,801
Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-5,702,601	-1,819,294
Tax on profit and other taxes not included in operating expenses	31	-2,129,213
<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</b>	<b>-21,572,916</b>	<b>-8,174,436</b>
Change in receivables from reinsurance	-18,071,585	-9,948,833
Change in other receivables and other assets	-2,994,486	-6,018
Change in deferred tax assets	-1,175,276	844,493
Change in liabilities arising out of reinsurance business	2,422,801	-1,366,368
Change in other operating liabilities	-1,491,623	1,831,866
Change in other liabilities (except unearned premiums)	-262,747	470,424
<b>c.) Net cash from/used in operating activities (a + b)</b>	<b>-749,927</b>	<b>9,832,614</b>
<b>B. Cash flows from investing activities</b>		
<b>a.) Cash receipts from investing activities</b>	<b>274,818,566</b>	<b>308,344,442</b>
Interest received from investing activities relating to:	3,545,786	3,463,282
- investments financed from technical provisions	3,012,386	2,971,350
- other investments	533,400	491,931
Proceeds from dividends and shares in the profit of others, relating to:	13,725,696	10,856,579
- investments financed from technical provisions	419,511	358,650
- other investments	13,306,185	10,497,929
Proceeds from sale of property and equipment, financed from:	2,416	6,260
- other sources	2,416	6,260
Proceeds from sale of long-term financial investments, financed from:	73,549,540	51,934,101
- technical provisions	61,659,305	44,897,116
- other sources	11,890,235	7,036,985
Proceeds from sale of short-term financial investments, financed from:	183,995,128	242,084,221
- technical provisions	126,444,851	155,203,602
- other sources	57,550,277	86,880,619
<b>b.) Cash disbursements in investing activities</b>	<b>-261,585,436</b>	<b>-305,698,557</b>
Purchase of intangible assets	-188,779	-22,067
Purchase of property and equipment, financed from:	-138,696	-188,724
- other sources	-138,696	-188,724
Purchase of long-term financial investments, financed from:	-79,801,708	-70,357,189
- technical provisions	-47,223,609	-54,953,144
- other sources	-32,578,099	-15,404,045
Purchase of short-term financial investments, financed from:	-181,456,253	-235,130,577
- technical provisions	-126,145,411	-159,236,594
- other sources	-55,310,842	-75,893,983
<b>c.) Net cash from/used in investing activities (a + b)</b>	<b>13,233,130</b>	<b>2,645,886</b>
<b>C. Cash flows from financing activities</b>		
<b>b.) Cash disbursements in financing activities</b>	<b>-12,191,445</b>	<b>-11,726,430</b>
Interest paid	-695,560	-717,087
Repayment of long-term financial liabilities	0	-6,220,956
Repayment of short-term financial liabilities	-2,297,906	-401,402
Dividends and other profit participations paid	-9,065,978	-4,386,985
Own share repurchases	-132,001	0
<b>c.) Net cash from/used in financing activities (a + b)</b>	<b>-12,191,445</b>	<b>-11,726,430</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>804,099</b>	<b>880,333</b>
<b>Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>291,758</b>	<b>752,069</b>
<b>C2. Opening balance of cash and cash equivalents</b>	<b>512,342</b>	<b>128,265</b>



Appendix - Glossary of selected  
terms and calculation  
methodologies for indicators



## Appendix – Glossary of selected terms and calculation methodologies for indicators

<b>Administrative expense ratio.</b> The ratio of operating expenses net of acquisition costs and change in deferred acquisition costs as a percentage of gross premiums written.
<b>Associate.</b> 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.
<b>Book value per share.</b> Ratio of total equity to number of shares outstanding.
<b>Capital fund.</b> Assets representing the capital of the Company.
<b>Cedant, cede, cession.</b> 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.
<b>Chief Operating Decision Maker (CODM).</b> 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.
<b>Claims payments.</b> Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses. Gross/net – before/after deduction of reinsurance. <b>Gross claims paid are gross claims payments less subrogation receivables. Net claims paid is short for net claims payments.</b>
<b>Claims risk.</b> The risk that the number of claims or the average claim amount will be higher than expected.
<b>Composite insurer.</b> Insurer that writes both life and non-life business.
<b>Concentration risk.</b> 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.
<b>Consolidated book value per share.</b> Ratio of consolidated total equity to number of shares outstanding.
<b>Consolidated earnings per share.</b> Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.
<b>Credit risk.</b> 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.
<b>Currency risk.</b> The risk that changes in exchange rates will decrease the value of assets denominated in foreign currencies or increase liabilities denominated in foreign currencies.
<b>Dividend yield.</b> Ratio of dividend per share to the price per share two days after the general meeting.
<b>Earnings per share.</b> Ratio of net profit/loss as a percentage of the weighted average number of shares outstanding.
<b>Equity risk.</b> The risk that the value of investments will decrease due to fluctuations in equity markets. Also equity securities risk.
<b>Excess of loss reinsurance.</b> 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".
<b>Facultative reinsurance.</b> 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.
<b>FATCA.</b> Foreign Account Tax Compliance Act; for details see <a href="http://www.sava-re.si/en/o-druzbi/FATCA/">http://www.sava-re.si/en/o-druzbi/FATCA/</a>
<b>Financial investments.</b> Financial investments do not include financial investments in associates, investment property nor cash and cash equivalents.
<b>Gross claims paid.</b> Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables. Gross claims paid are claims before deduction of reinsurance.
<b>Gross expense ratio.</b> The ratio of operating expenses as a percentage of gross premiums written.
<b>Gross incurred loss ratio.</b> Gross claims paid, including the change in the gross provision for outstanding claims, as a percentage of gross premiums written gross of the change in gross unearned premiums.
<b>Gross operating expenses.</b> Operating expenses, excluding commission income.
<b>Gross premiums written.</b> The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross premiums written are premiums before deduction of reinsurance.
<b>Gross/net.</b> In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.
<b>Guarantee fund.</b> One third of the required solvency margin.
<b>IBNER.</b> Provision for claims that are <b>Incurred But Not Enough Reported</b> .
<b>IBNR.</b> Provision for claims that are <b>Incurred But Not Reported</b> .
<b>Insurance density.</b> The ratio of gross premiums written as a percentage of the number of inhabitants.
<b>Insurance penetration.</b> The ratio of gross premiums written as a percentage of gross domestic product.
<b>Interest rate risk.</b> The risk of exposure to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities.
<b>Investment portfolio.</b> The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.
<b>Liability fund.</b> Assets covering technical provisions.
<b>Life insurance liability fund.</b> Assets covering mathematical provisions.
<b>Liquidity risk.</b> 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.
<b>Market risks.</b> Include interest rate risk, equity risk and currency risk.
<b>Net claims incurred.</b> Net claims payments (short: net claims paid) in the period gross of the change in the net provision for outstanding claims.
<b>Net claims paid.</b> Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables and reinsurers' and co-insurers' share of claims paid. <b>Gross claims paid are gross claims payments less subrogation receivables.</b>
<b>Net combined ratio.</b> Ratio of total expenses net of investment expenses as a percentage of total income net of investment income. The ratio relating to the group is calculated based on the reinsurance and non-life insurance operating segments.
<b>Net expense ratio.</b> The ratio of operating expenses, net of commission income, as a percentage of net earned premiums.

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**Net incurred loss ratio.** Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned. The ratio relating to the group is calculated based on the reinsurance and non-life insurance operating segments.

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**Net investment income of the investment portfolio.** Calculated from income statements items: income from investments in subsidiaries and associates + investment income + income from investment property – expenses for investments in subsidiaries and associates – expenses for financial assets and liabilities – expenses for investment property. Income from and expenses for investment property are included in the other income / other expenses item. Net investment income of the investment portfolio does not include net unrealized gains/losses on investments of life insurance policyholders who bear the investment risk as these do not affect the income statement. These items move in line with the mathematical provision of policyholders who bear the investment risk.

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**Net operating expenses.** Operating expenses net of commission income.

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**Net premiums earned.** Net premiums written for a given period adjusted for the change in net unearned premiums.

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**Net premiums written.** The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Net premiums written are premiums after deduction of reinsurance.

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

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

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**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.

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**Paid loss ratio.** The ratio of gross claims paid as a percentage of gross premiums written.

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**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.

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

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

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**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.

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**RBNS.** Provision for claims that are **Reported But Not Settled**.

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**Recourse receivables.** Amount of recourse claims which were recognized 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.

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**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.

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

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

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**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.

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

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

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**Return on the investment portfolio.** The ratio of net investment income of the investment portfolio to average invested assets. It includes the following statement of financial position items: investment property, financial investments in subsidiaries and associates, financial investments and cash and cash equivalents. The average amount is calculated based on figures at the financial statement date and at the end of the prior year.

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

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

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**Total comprehensive income, net of tax.** The sum of net profit for the period and other comprehensive income for the period, net of tax. The latter comprises the effects of other gains and losses not recognized in the income statement that affect equity, mainly through the fair value reserve.

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

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

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