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**Translation of the
UNAUDITED FINANCIAL REPORT OF THE
SAVA RE GROUP AND FINANCIAL
STATEMENTS OF SAVA RE, D.D., FOR THE
NINE MONTHS TO 30 SEPTEMBER 2016**

Ljubljana, 7 November 2016

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INTRODUCTION

1 INTRODUCTION

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Sava Re, d.d., (also "Sava Re" or "the Company"), with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited Financial Report of the Sava Re Group and Sava Re, d.d., for the Nine Months to 30 September 2016.

The Unaudited Financial Report of the Sava Re Group and the Financial Statements of Sava Re, d.d., for the Nine Months to 30 September 2016 will be available as a hardcopy for viewing at the registered office of Sava Re 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 as from 17 November 2016.

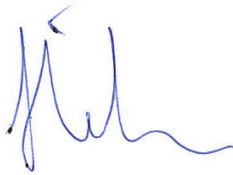
Declaration of the Management Board of Sava Re, d.d.

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 Re, d.d., which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", endorsed by the European Union, and should be read together with the annual financial statements for the financial year ended 31 December 2015. The interim financial statements have not been audited.

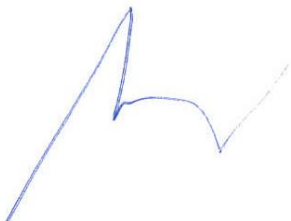
The business report gives a fair view of the development and performance of the Group and the Company, and their financial position, including a description of the principal risks that the consolidated companies are exposed to.



Jošt Dolničar, chairman of the management board



Srečko Čebren, member of the management board



Mateja Treven, member of the management board

Ljubljana, 7 November 2016

1.1 Key financials

(€)	Sava Re Group		Sava Re	
	1–9/2016	1–9/2015	1–9/2016	1–9/2015
Gross premiums written	390,549,344	384,593,111	123,023,052	120,733,328
Year-on-year change (%)	1.5 %	3.6 %	1.9 %	12.7 %
Net premiums earned	343,769,334	334,899,849	99,433,750	89,233,545
Year-on-year change (%)	2.6 %	4.2 %	11.4 %	16.6 %
Gross claims paid	195,251,098	196,365,779	62,644,879	63,537,985
Year-on-year change (%)	-0.6 %	4.7 %	-1.4 %	20.9 %
Net claims incurred	204,056,822	208,225,120	62,277,435	65,309,653
Year-on-year change (%)	-2.0 %	10.0 %	-4.6 %	46.4 %
Net incurred loss ratio	61.0 %	62.6 %	62.5 %	73.2 %
Net incurred loss ratio, excluding the effect of exchange differences	61.2 %	61.8 %	63.1 %	70.8 %
Operating expenses, including reinsurance commission income	111,307,656	105,241,976	29,898,126	27,629,001
Year-on-year change (%)	5.8 %	1.7 %	8.2 %	8.4 %
Net expense ratio	32.4 %	31.4 %	30.1 %	31.0 %
Net expense ratio, excluding the effect of exchange differences	32.4 %	31.4 %	30.1 %	31.0 %
Net combined ratio	96.4 %	97.2 %	93.0 %	103.6 %
Net combined ratio, excluding the effect of exchange differences	96.4 %	96.6 %	92.9 %	101.6 %
Net inv. income of the investment portfolio	17,799,697	19,823,830	29,214,320	28,070,251
Return on the investment portfolio	2.3 %	2.7 %	6.6 %	6.3 %
Net inv. income of the investment portfolio, excluding exchange differences	18,234,892	17,864,509	29,645,183	28,070,251
Return on the investment portfolio, excluding exchange differences	2.3 %	2.4 %	6.7 %	3.9 %
Profit/loss before tax	27,811,765	27,026,770	36,672,968	14,926,839
Year-on-year change (%)	2.9 %	-12.5 %	145.7 %	-34.2 %
Profit/loss, net of tax	22,618,947	22,986,825	34,764,506	14,926,870
Year-on-year change (%)	-1.6 %	-7.9 %	132.9 %	-27.5 %
Comprehensive income	36,831,515	16,426,267	37,307,550	13,494,420
Annualised return on equity	10.2 %	11.2 %	14.0 %	6.1 %
Net earnings/loss per share	1.43	1.39	2.19	0.91
	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Total assets	1,689,477,024	1,607,281,060	599,495,306	570,886,710
% change on 31 Dec. of prior year	5.1 %	10.5 %	5.0 %	4.3 %
Shareholders' equity	296,172,777	286,401,678	273,969,434	263,679,403
% change on 31 Dec. of prior year	3.4 %	5.5 %	3.9 %	2.1 %
Net technical provisions	1,135,323,080	1,070,781,309	220,646,552	204,875,596
% change on 31 Dec. of prior year	6.0 %	4.3 %	7.7 %	10.3 %
No. of employees (full-time equivalent basis)	2,504	2,540	91	83
Book value per share	19.11	17.38	17.68	16.00

Notes:

-For details on the calculation of ratios and the net investment income, see the glossary appended to this 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 1–9/2016, reinsurance segment exchange differences had a negative impact of € 0.4 million on the investment result and a negative impact of € 0.06 million on the underwriting result, which indicates that the Company is following a strict asset-liability currency management policy. In the period 1–9/2015, the impact on profit was a positive one of € 0.1 million.

The table below compares actual figures against figures planned for the full year 2016:

(€ million)	1–9/2016	Plan 2016	As % of plan
Consolidated gross premiums written	390.5	487.9	80.0 %
Net profit/loss for the period	22.6	33.4	67.7 %
Annualised return on equity	10.2 %	11.6 %	✘
Net combined ratio, excluding the effect of exchange differences	96.4 %	94.8 %	✘
Net incurred loss ratio, excluding the effect of exchange differences	61.2 %	58.2 %	✘
Net expense ratio, excluding the effect of exchange differences	32.4 %	33.2 %	✓
Annualised return on the investment portfolio, excluding exchange differences	2.3 %	2.1 %	✓

*The net combined and the net incurred loss ratios have been calculated for the reinsurance and non-life operating segments.

Since exchange differences were not considered in the plan, the table shows ratios excluding the effect of exchange differences.

The annualised return on equity was slightly lower than planned for the full year 2016 as a result of a deterioration in the net incurred loss ratio. Despite certain deviations, the Company is not revising its projections for the full year 2016.

1.2 Sava Re company profile

Company name	Sava Re, d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
E-mail	info@sava-re.si
Website	www.sava-re.si
Company ID number	5063825
Tax number	17986141
LEI code	549300P6F1BDSFSW5T72
Share capital:	€ 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<u>MANAGEMENT BOARD</u> Jošt Dolničar (chairman) Srečko Čebren Mateja Treven <u>SUPERVISORY BOARD</u> Mateja Lovšin Herič (chair), Slaven Mičković (deputy chair) Keith Morris Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
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)
Credit ratings:	
A.M. Best	A- /stable/ November 2016
Standard & Poor's	A- /stable/ July 2016
The Company has no branches.	

1.3 Bodies of the Company

The management board

In accordance with its articles of association, Sava Re 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 period 1–9/2016, there was a change in the composition of the management board. On 22 August 2016, the supervisory board passed a resolution to recall Zvonko Ivanušič from the position of chairman and member of the management board. The recall was effective as of 23 August 2016. The supervisory board appointed management board member Jošt Dolničar as chairman of the management board as of 23 August 2016, and passed a resolution whereby the management board would be composed of three members until further steps are taken.

Members of the management board as at 30 September 2016

Member	Title	Beginning of term of office	Duration of term of office
Jošt Dolničar	chairman	01/06/2013	5 years
Srečko Čebren	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:

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

The 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 period 1–9/2016, there were some changes in the composition of the supervisory board. On 19 February 2016 Helena Dretnik tendered her resignation as member of the supervisory board with effect from the same date. In place of Helena Dretnik, the workers' council appointed Mateja Živec as new member of the supervisory board to represent employee interests for a term of office from 1 April 2016 to 11 June 2019. There was a change in the composition of the supervisory board that occurred after 30 September 2016, which is set out in section 1.4 "Significant events in the nine months to 30 September 2016".

Composition of the supervisory board at 30 September 2016

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 rep.)	11/06/2015	4 years
Mateja Živec	member (employee rep.)	01/04/2016	up until 11/06/2019

Notes on memberships 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

The audit committee

In the nine months to 30 September 2016, there were no changes in the composition of the supervisory board audit committee. There was a change in the composition of the audit committee that occurred after 30 September 2016, which is set out in section 1.4 "Significant events in the nine months to 30 September 2016".

Members of the supervisory board's audit committee at 30 September 2016

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chairperson	22/07/2013	15/07/2017
Slaven Mičković	member	22/07/2013	15/07/2017
Ignac Dolenšek	external member	22/07/2013	15/07/2017

The fit & proper committee

In order to carry out a fit and proper assessment of the members of the management and supervisory boards (including all members and candidates for these bodies), the supervisory board appointed a fit and proper committee on 10 February 2016, composed of Branko Tomažič (chair), Mateja Lovšin Herič and Nika Matjan (members), and Keith Morris (alternate member). There was a change in the composition of the fit and proper committee that occurred after 30 September 2016 and is set out in section 1.4 "Significant events in the nine months to 30 September 2016".

Composition of the fit & proper committee at 30 September 2016

Member	Title	Beginning of term of office	Duration of term of office
Branko Tomažič	chairman	10/02/2016	15/07/2017
Mateja Lovšin Herič	member	10/02/2016	15/07/2017
Nika Matjan	member	10/02/2016	15/07/2017
Keith Morris	alternate member	10/02/2016	15/07/2017

The nomination committee

On 12 September the supervisory board of Sava Re, d.d., appointed a three-member nomination committee as a special committee of the supervisory board to carry out the selection procedures of candidates for members of the management board as well as the selection procedure of candidates for the supervisory board members as shareholder representatives, which are then proposed to the general meeting for election. The following persons were appointed members of the three-member nomination committee: Mateja Lovšin Herič (chair), Branko Tomažič and Slaven Mičković. After 30 September 2016 there was a change in the composition of the nomination committee, which is set out in section 1.4 "Significant events in the nine months to 30 September 2016".

Members of the nomination committee as at 30 September 2016

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chairperson	12/09/2016	15/07/2017
Branko Tomažič	member	12/09/2016	15/07/2017
Slaven Mičković	member	12/09/2016	15/07/2017

General meeting of shareholders

The general meeting of shareholders was convened twice in the nine months to 30 September 2016.

The general meeting was convened on 21 April 2016 to be held on 24 May 2016. However, the management board, in cooperation with the supervisory board, cancelled the general meeting on 23 May 2016. The management and supervisory boards decided to cancel and as a result postpone the general meeting so as to be able to provide answers to the general meeting regarding the transaction to purchase the ACH property at Baraga 5 in Ljubljana, the verification of which would not have been completed by the then scheduled date.

In accordance with the new notice, the 31st general meeting was held on 30 August 2016. Among other things, the general meeting was presented the annual report for 2015, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2015 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 € 12,398,156.80 be appropriated for dividends, while the remaining part of distributable profit of € 8,365,277.91 be left unappropriated. The general meeting discharged both the management and the supervisory boards from their liability for the financial year 2015. The general meeting appointed the auditing firm Ernst & Young d.o.o., Dunajska 111, Ljubljana, as auditor for the financial years 2016–2018. Furthermore, the general meeting approved the proposed amendments to the articles of association and passed a resolution amending remuneration for the members of the supervisory board and its committees. In addition, the general meeting took note of both the change in the supervisory board members representing employee interests and the review of the transaction to purchase the ACH property at Ljubljana, Baragova 5.

1.4 Significant events in the nine months to 30 September 2016

MERGER-RELATED EVENTS

- S** On 6 May 2016 the management boards of the EU-based Sava Re Group insurers (Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje, Velebit životno osiguranje) involved in a merger process signed a Cross-border Merger Plan and Merger Contract. On 13 May 2016 the supervisory boards of all four companies approved the contract, together with a joint report of the management boards on the merger and cross-border merger, and an auditor's opinion on the exchange ratio issued by the audit firm BDO revizija d.o.o. In June 2016 the companies Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje and Velebit životno osiguranje held their general meetings of shareholders, giving their consent to Zavarovalnica Maribor's merger by absorption of Zavarovalnica Tilia and the cross-border merger by absorption of the two Croatian companies into Zavarovalnica Maribor.
- S** On 23 September 2016 the Insurance Supervision Agency granted authorisation for the merger of the insurance companies, including the merger of Zavarovalnica Tilia and the cross-border merger of the companies Velebit osiguranje and Velebit životno osiguranje into Zavarovalnica Maribor.

GOVERNANCE-RELATED EVENTS

- S** In its session of 23 February 2016, the workers' council of Sava Re was presented with and accepted the notice of resignation of Helen Dretnik as member of the supervisory board representing employee interests. Helena Dretnik had handed in her notice of resignation on 19 February 2016 with effect from the same date. Until the appointment of a new member of the supervisory board representing employee interests, the supervisory board of Sava Re operated as a five-member body. In accordance with the Workers' Participation in Management Act, the workers' council, in its session of 29 March 2016, appointed Mateja Živec as its new

representative in the supervisory board. The member so appointed entered her term of office on 1 April 2016.

- S** In August 2016 Sava Re received a letter from the Insurance Supervision Agency (ISA) notifying the Company of its intention to order supervisory measures and noting that Branko Tomažič, chairman of the Company's supervisory board, failed to meet all of the conditions for appointment as member of the Company's supervisory board.
- S** In its extraordinary session of 22 August 2016, the supervisory board of Sava Re recalled Zvonko Ivanušič from the position of both chairman and member of the Company's management board as of 23 August 2016. The supervisory board appointed management board member Jošt Dolničar as temporary chairman of the management board as of 23 August 2016, and adopted a decision by which the management board was to be composed of three members effective 23 August 2016. The supervisory board immediately began the process of selecting a new chairman of the management board.

OTHER EVENTS

- S** In their session of 6 April 2016, the supervisory and management boards of Sava Re drew up a proposal for the general meeting providing for a dividend – relating to 2015 profit – of € 0.80 gross per share, of which € 0.65 gross per share would comprise the regular dividend (representing an 18-percent increase over the 2014 dividend) and € 0.15 gross per share would comprise an extraordinary dividend. The management board of Sava Re cancelled the 31st general meeting to be held on 24 May 2016 and in July 2016 reconvened it for 30 August 2016.
- S** In April 2016, Sava Re carried out a share repurchase procedure on the OTC market. After the process of sending offers was closed, the Company set the price (€ 15) and purchase volume of POSR shares (845,599) to be repurchased. From 1 April to 22 April 2016, Sava Re purchased a total of 895,796 own shares for a total amount of € 13.4 million in both the regulated and OTC markets. The total number of own shares after the purchases was 1,721,966, which represents 10.0 % less one share of the Company's issued share capital. There were no more share buy-backs after 22 April 2016, as the general meeting authorisation was limited to 10 % minus one share of the share capital.
- S** In early May 2016, after obtaining the required approvals from the National Bank of Serbia, the Serbian insurer Sava osiguranje Belgrade assumed the entire portfolio of the insurer AS osiguranje Belgrade.
- S** In July after its regular annual rating review, rating agency Standard & Poor's reaffirmed Sava Re's existing "A-" ratings with a stable outlook. The ratings reflect the Company's improved business risk profile, its long-term stability and financial soundness.
- S** On 30 August 2016 the 31 general meeting was held, with no challenging actions announced.
- S** In August, the north-eastern and central parts of Slovenia were hit by a storm. Related losses for the Sava Re Group are currently estimated at € 7 million.

1.5 Significant events after the reporting period

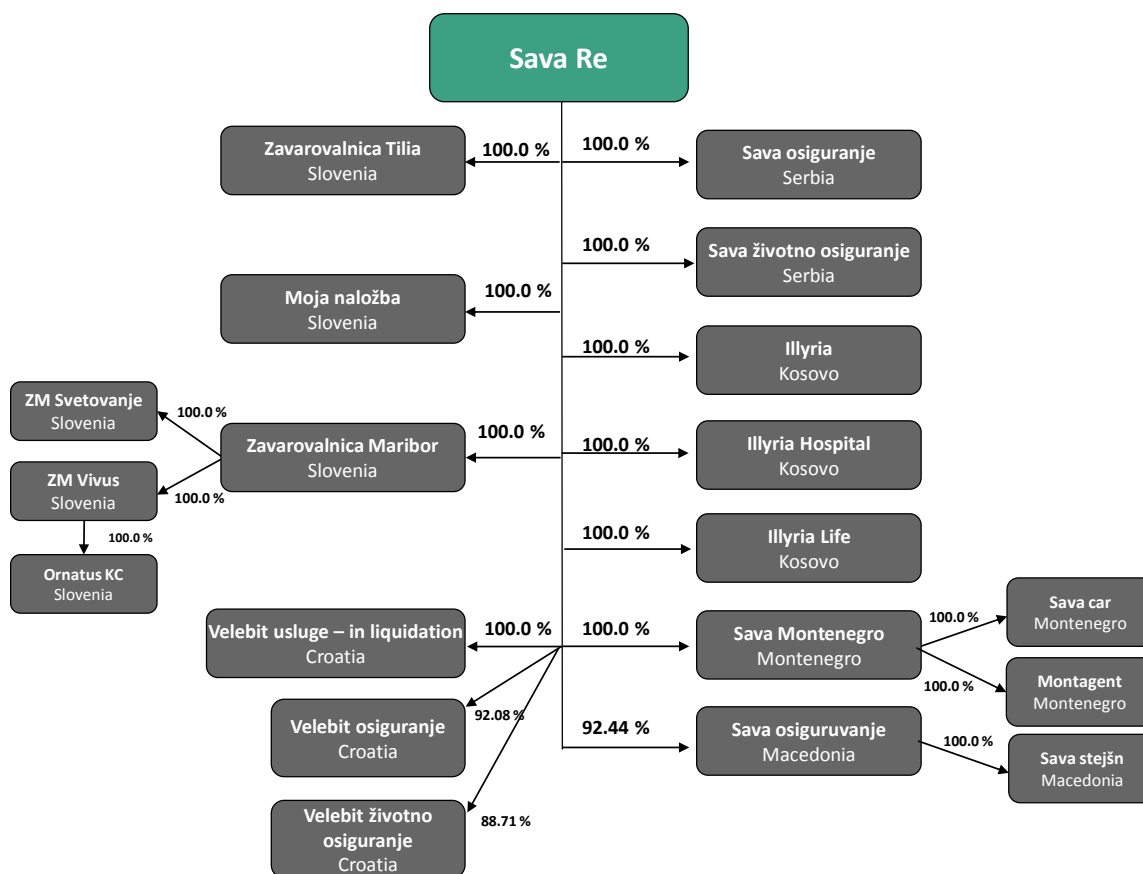
- S** On 11 October 2016, the Company received a notice of resignation from Branko Tomažič as president and member of the supervisory board, effective as of that day. His functions in other supervisory board committees ceased as of the same day. Until further steps are taken, the supervisory board is operating with five members. On 12 October 2016 the members of the supervisory board of Sava Re, d.d., elected from among themselves Mateja Lovšin Herič as chair of the supervisory board and Slaven Mičković as deputy chair. As of 12 October 2016, Keith Morris was appointed new member of the supervisory board nomination committee. As of 28 October 2016, Slaven Mičković was appointed chairman of the audit committee of the supervisory board (previously audit committee member), and Mateja Lovšin Herič was appointed member of the audit committee (previously chair of the audit committee). As of 28 October 2016, Mateja Živec was appointed new member and chair of the supervisory board fit and proper committee.

- S** On 14 October 2016 the Company received a claim filed by Zvonko Ivanušič with the Ljubljana District Court for annulment of the supervisory board resolution on his recall from the position of chairman and member of the management board, annulment of entry of the change of representatives into the court register, reinstatement as chairman of the management board and payment of non-pecuniary damages. Prior to that, the Company had already received a claim filed by Zvonko Ivanušič with the Labour and Social Court in Ljubljana for wrongful termination (termination of both employment contract and employment relationship), also requesting full reinstatement.
- S** On 19 October 2016 the Slovenian Constitutional Court – with respect to the cancellation of subordinated financial instruments – held that while the disputed Banking Act formally allowed the holders of cancelled shares and subordinated bonds of banks to bring claims against the Bank of Slovenia, this form of judicial protection proved ineffective because claimants had no access to information with which to assess the value of bank assets and other relevant data based on which the Bank of Slovenia imposed emergency measures relating to qualified liabilities of banks, resulting in the cancellation of banking shares and subordinated bonds. Furthermore, the law provided no procedural rules nor collective judicial protection procedures to facilitate fair decision-making in disputes between expropriated share- and bondholders and the Bank of Slovenia. Therefore, the Constitutional Court ordered the Slovenian National Assembly to pass – within six months of the publication of the decision – legislation that would allow the constitutionally consistent and effective enforcement of the right to justice for all claims already filed as well as future claims for damages relating to the cancellation of shares and bonds, and extend the limitation period for such claims. The total absolute value of cancelled subordinated instruments is € 10,038,000 for Sava Re, € 22,957,200 for Zavarovalnica Sava, and € 4.965.000 for Moja naložba. All these Sava Re Group companies will continue activities to protect their interests.
- S** On 2 November the process of combining the four insurance companies – Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje and Velebit životno osiguranje –, all members of the Sava Re Group, was officially completed. On that day, the above business combination was entered in the register of companies as well as the change in company name from "Zavarovalnica Maribor, d.d." to "Zavarovalnica Sava, d.d.". The merger process has run both according to plan and successfully, as seen by the owner.
- S** On 4 November 2015, rating agency A.M. Best affirmed the financial strength rating and issuer credit rating of Sava Re of A- (Excellent) with a stable outlook.

1.6 Composition of the Sava Re Group

At 30 September 2016, in addition to the controlling company Sava Re, the insurance part of the Sava Re Group comprised ten insurers based in Slovenia and other Western Balkan countries and one pension company based in Slovenia.

Composition of the Sava Re Group at 30 September 2016



In early October 2016, the company Velebit usluge was wound up.

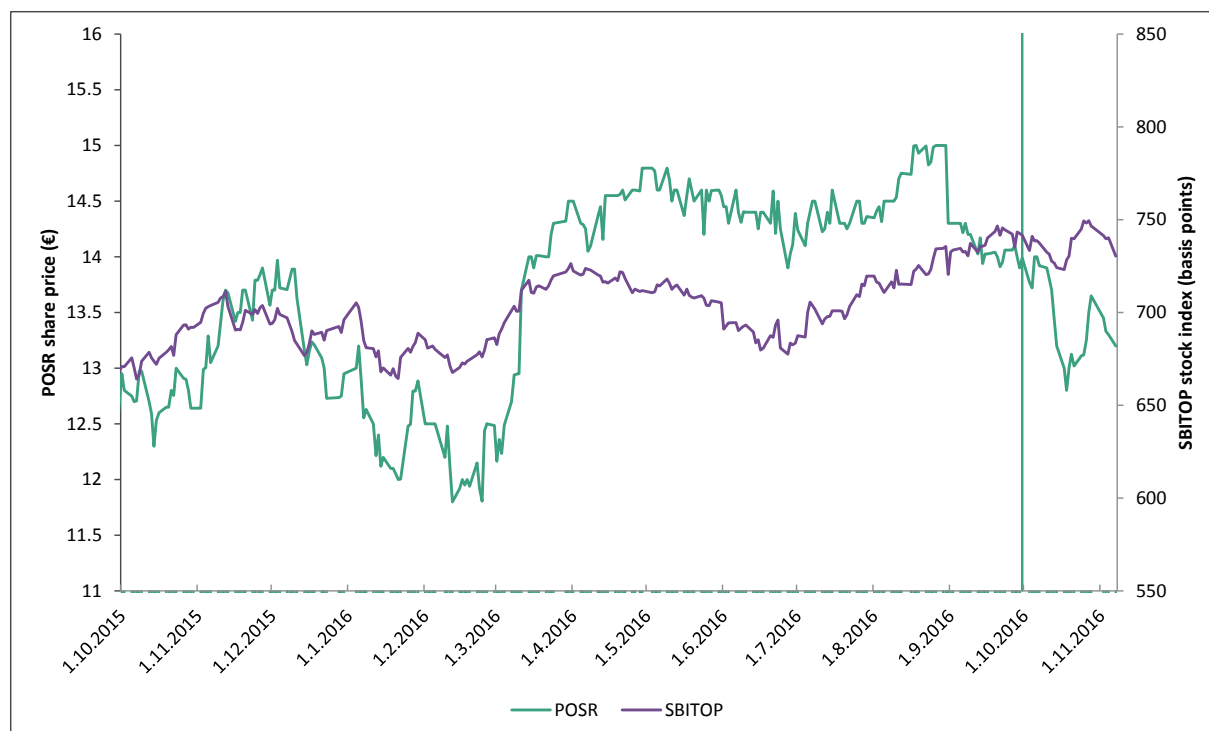
On 2 November 2016, the insurers Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje and Velebit životno osiguranje were merged into one company – Zavarovalnica Sava.

Company names of the Sava Re Group members

	Long name	Short name in this document
	Sava Re Group	Sava Re Group
1	Pozavarovalnica Sava, d.d.	Sava Re
2	ZAVAROVALNICA TILIA d.d., Novo mesto, delniška zavarovalna družba s popolno odgovornostjo	Zavarovalnica Tilia
3	ZAVAROVALNICA MARIBOR delniška zavarovalna družba	Zavarovalnica Maribor or ZM
4	Moja naložba pokojninska družba d.d.	Moja naložba
5	SAVA OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava osiguranje Belgrade
6	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava životno osiguranje
7	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Illyria
8	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria Life
9	Akcionarsko društvo za osiguranje SAVA MONTENEGRO Podgorica	Sava Montenegro
10	SAVA osiguruvanje a.d. Skopje	Sava osiguruvanje Skopje
11	VELEBIT USLUGE d.o.o.	Velebit usluge in liquidation
12	VELEBIT OSIGURANJE dioničko društvo za poslove neživotnog osiguranja	Velebit osiguranje
13	VELEBIT ŽIVOTNO OSIGURANJE dioničko društvo	Velebit životno osiguranje
14	" Illyria Hospital " SH.P.K.	Illyria Hospital
15	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Sava Car
16	ZM VIVUS zavarovalno zastopniška družba d.o.o.	ZM Vivus
17	ZM Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	ZM Svetovanje
18	ORNATUS KLICNI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	Ornatus KC
19	Društvo za zastupanje u osiguranju Montagent DOO Podgorica Montagent	Montagent
20	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava stejšn

1.7 Shareholders and share trading

Movement in the POSR share price from 1 October 2015 to 30 September 2016 compared to the SBITOP stock index



The share price at 31 December 2015 was € 12.95 and € 13.99 at 30 September 2016, representing a 8.0 % increase in the period.

Basic details about the POSR share

	30/09/2016	30/09/2015
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	4,619	5,057
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	1,721,966	736,066
Net earnings/loss per share (€)	2.19	0.91
Consolidated net earnings per share (€)	1.43	1.39
Book value per share (€)	17.68	15.92
Consolidated book value per share (€)	19.11	16.73
Share price at end of period (€)	13.99	12.70
	1-9/2016	1-9/2015
Average share price in reporting period (€)	13.88	15.04
Minimum share price in reporting period (€)	11.80	11.69
Maximum share price in reporting period (€)	15.00	16.85
Trade volume in reporting period (€)	17,760,166	7,181,372

In the third quarter of 2016, the Company paid out dividends in accordance with the general meeting resolution. The Company had no conditional equity in the period 1-9/2016.

At 30 September 2016, a total of 66.5 % of shareholders were Slovenian and 33.5 % 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 Re at 30 September 2016

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.1 %	0.0 %
Insurers and pension companies	19.2 %	0.2 %
Natural persons	9.5 %	0.2 %
Banks	3.8 %	26.3 %
Investment funds and mutual funds	3.7 %	5.6 %
Other commercial companies	2.4 %	1.2 %
Country	2.8 %	0.0 %
Total	66.5 %	33.5 %

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

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

Top ten shareholders of Sava Re at 30 September 2016

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	4,304,917	25.0 %
Zagrebačka banka d.d. – fiduciary account	2,454,432	14.3 %
Sava Re (treasury shares)	1,721,966	10.0 %
European Bank for Reconstruction and Development	1,071,429	6.2 %
Raiffeisen Bank Austria d.d. (fiduciary account)	776,839	4.5 %
Modra Zavarovalnica d.d.	714,285	4.1 %
Abanka d.d.	655,000	3.8 %
Republic of Slovenia	476,402	2.8 %
Balkan Fund	463,211	2.7 %
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9 %
Total	12,958,827	75.3 %

*Own shares carry no voting rights; shown is the balance of the Company's own shares with KDD d.d. at 30 September 2016.

**On 2 June 2016, Sava Re received notification from ADRIS GRUPA, d.d., Croatia, that ADRIS GRUPA, including its subsidiaries, held 21.15 % of POSR voting rights.

Source: number of shares with KDD d.d. at 30 September 2016

Own shares

As at 30 September 2016, the Company held 1,721,966 treasury shares, representing 10.0 % of share capital less one share. The total value of purchases made in the period 1–9/2016 was € 14.6 million. The Company acquired shares on both the regulated as well as the unregulated capital market.

SAVA RE GROUP INTERIM BUSINESS REPORT

2 SAVA RE GROUP REVIEW OF OPERATIONS

Summary of the consolidated income statement

(€)	1–9/2016	1–9/2015	Index
Net earned premiums	343,769,334	334,899,849	102.6
Income from investments in associates	1	138,685	-
Investment income	24,271,590	28,705,378	84.6
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	12,601,783	16,957,603	74.3
Other technical income	12,825,374	12,910,095	99.3
- Of which investment property	80,512	203,735	39.5
Other income	4,111,766	4,470,000	92.0
- Of which investment property	184,341	144,780	127.3
Net claims incurred	-204,056,822	-208,225,120	98.0
Change in other technical provisions	-8,011,608	-2,722,328	294.3
Change in technical provisions for policyholders who bear the investment risk	-12,354,559	-4,685,605	263.7
Expenses for bonuses and rebates	-1,293,443	-620,085	208.6
Operating expenses	-114,052,410	-108,051,924	105.6
Expenses for financial assets and liabilities	-6,625,796	-9,134,004	72.5
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-9,187,423	-21,207,757	43.3
Other technical expenses	-12,744,056	-14,927,122	85.4
- Of which investment property	-91,743	-61,467	149.3
Other expenses	-1,441,965	-1,480,895	97.4
- Of which investment property	-19,207	-34,592	55.5
Profit/loss before tax	27,811,766	27,026,770	102.9

Consolidated operating ratios

	1–9/2016	1–9/2015
Net incurred loss ratio (reins. + non-life)	61.0 %	62.6 %
<i>Net incurred loss ratio, excluding the effect of exchange differences (reins. + non-life)</i>	<i>61.2 %</i>	<i>61.8 %</i>
Net expense ratio	32.4 %	31.4 %
<i>Net expense ratio, excluding the effect of exchange differences</i>	<i>32.4 %</i>	<i>31.4 %</i>
Return on the investment portfolio	2.3 %	2.7 %
<i>Return on the investment portfolio, excluding exchange differences</i>	<i>2.3 %</i>	<i>2.4 %</i>
Annualised return on equity	10.2 %	11.2 %

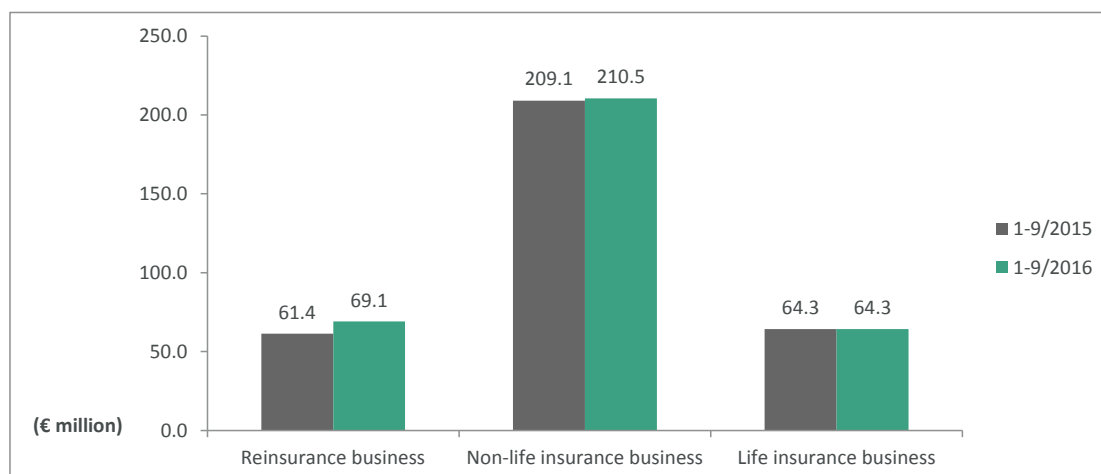
In the period 1–9/2016, exchange differences had a negative impact on the underwriting result of reinsurance business of € 0.06 million (1–9/2015: € -1.9 million) and a negative impact of € 0.4 million on the investment result (1–9/2015: € +2.0 million). The total negative impact of exchange differences on the net profit for the period was € 0.5 million (1–9/2015: € +0.1 million). The Company follows a policy of asset and liability currency matching. 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

(€)	1–9/2016	1–9/2015	Index
Gross premiums written	390,549,344	384,593,111	101.5
Net premiums written	364,792,726	358,668,105	101.7
Change in net unearned premiums	-21,023,392	-23,768,256	88.5
Net earned premiums	343,769,334	334,899,849	102.6

Consolidated net premiums earned by operating segment



Consolidated net earned premiums by class of business

(€)	1-9/2016	1-9/2015	Index
Personal accident	23,155,060	25,621,670	90.4
Health	2,809,461	2,736,022	102.7
Land vehicles casco	60,346,232	61,358,237	98.4
Railway rolling stock	66,308	55,232	120.1
Aircraft hull	492,311	453,715	108.5
Ships hull	3,148,250	3,282,846	95.9
Goods in transit	5,846,818	4,426,232	132.1
Fire and natural forces	57,923,314	51,774,212	111.9
Other damage to property	26,946,400	25,708,953	104.8
Motor liability	74,255,965	76,204,074	97.4
Aircraft liability	149,496	37,165	402.2
Liability for ships	536,825	349,582	153.6
General liability	12,757,628	11,735,944	108.7
Credit	2,545,923	1,850,382	137.6
Suretyship	314,091	282,112	111.3
Miscellaneous financial loss	3,678,308	1,019,830	360.7
Legal expenses	388,832	188,766	206.0
Assistance	4,422,898	3,959,520	111.7
Total non-life	279,784,120	271,044,494	103.2
Life insurance	28,407,169	26,736,523	106.2
Unit-linked life	35,578,045	37,105,847	95.9
Capital redemption	0	12,985	-
Total life	63,985,214	63,855,355	100.2
Total	343,769,334	334,899,849	102.6

Consolidated gross premiums written by class of business

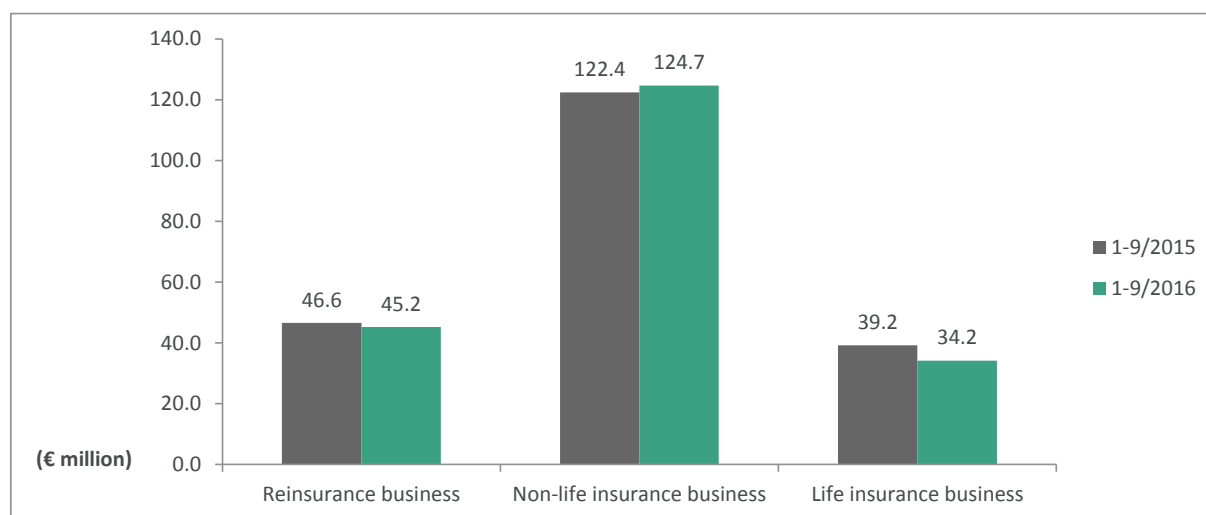


Consolidated net claims incurred

Consolidated net claims incurred

(€)	1-9/2016	1-9/2015	Index
Gross claims paid	195,251,098	196,365,779	99.4
Net claims paid	182,927,895	183,018,152	100.0
Change in the net provision for outstanding claims	21,128,927	25,206,968	83.8
Net claims incurred	204,056,822	208,225,120	98.0

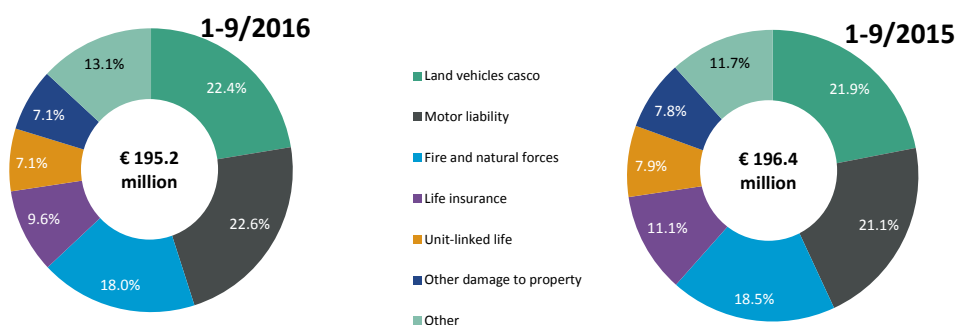
Consolidated net claims incurred by operating segment



Consolidated net claims incurred by class of business

(€)	1-9/2016	1-9/2015	Index
Personal accident	11,343,788	19,501,116	58.2
Health	1,442,834	1,696,153	85.1
Land vehicles casco	45,692,620	43,703,974	104.6
Railway rolling stock	7,568	1,383	547.2
Aircraft hull	653,298	473,065	138.1
Ships hull	5,931,228	2,206,399	268.8
Goods in transit	1,513,905	2,300,400	65.8
Fire and natural forces	40,695,970	30,494,441	133.5
Other damage to property	8,622,914	14,722,176	58.6
Motor liability	46,312,271	44,926,803	103.1
Aircraft liability	-46,164	65,004	-71.0
Liability for ships	478,236	83,553	572.4
General liability	5,204,471	7,041,835	73.9
Credit	-615,294	218,646	-281.4
Suretyship	200,282	272,604	73.5
Miscellaneous financial loss	2,004,720	841,599	238.2
Legal expenses	1,913	2,589	73.9
Assistance	578,809	416,907	138.8
Total non-life	170,023,369	168,968,647	100.6
Life insurance	19,027,891	22,554,074	84.4
Unit-linked life	15,005,562	16,702,399	89.8
Total life	34,033,453	39,256,473	86.7
Total	204,056,822	208,225,120	98.0

Consolidated gross premiums written by class of business

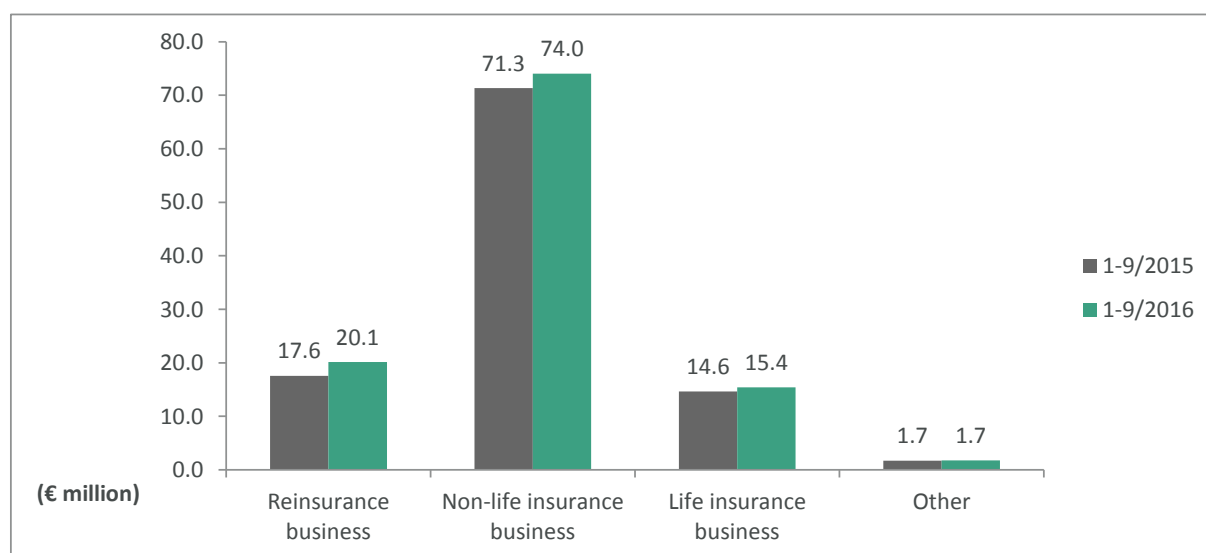


Consolidated operating expenses

Consolidated operating expenses

(€)	1-9/2016	1-9/2015	Index
Acquisition costs	39,197,442	38,044,983	103.0
Change in deferred acquisition costs (+/-)	-579,187	-3,089,332	18.7
Other operating expenses	75,434,155	73,096,273	103.2
Operating expenses	114,052,410	108,051,924	105.6
Income from reinsurance commission	-2,744,754	-2,809,948	97.7
Net operating expenses	111,307,656	105,241,976	105.8
Gross expense ratio	29.2 %	28.1 %	
Net expense ratio	32.4 %	31.4 %	

Consolidated net operating expenses by operating segment



Consolidated net investment income

Net inv. income of the investment portfolio

	1–9/2016	1–9/2015	Absolute change
Net investment income from financial investments	17,645,794	19,571,374	-1,925,580
Net investment income of investment property	153,903	252,456	-98,553
Net inv. income of the investment portfolio	17,799,697	19,823,830	-2,024,133
Net inv. income of the investment portfolio, excluding exchange differences	18,234,891	17,864,509	370,382

In the period 1–9/2016, the Group's net investment income from its investment portfolio totalled € 17.8 million, down € 2.0 million year-on-year. The decline in the net investment income was mainly the result of lower net exchange differences and lower interest income (€ 1.0 million) due to the low interest rates at which funds are (re)invested.

Since exchange differences have no significant impact on the income statement because exchange differences on the assets side are offset by exchange differences on the liabilities side, it is more meaningful as regards impact on profit to look at the net investment income, excluding exchange differences. The effect of exchange differences on the income statement in 1–9/2016 totalled € –0.4 million.

Excluding the impact of exchange differences, the net investment income of the investment portfolio in the period is € 18.2 million, up € 0.4 million year-on-year.

Income, expenses and the net investment income related to the investment portfolio

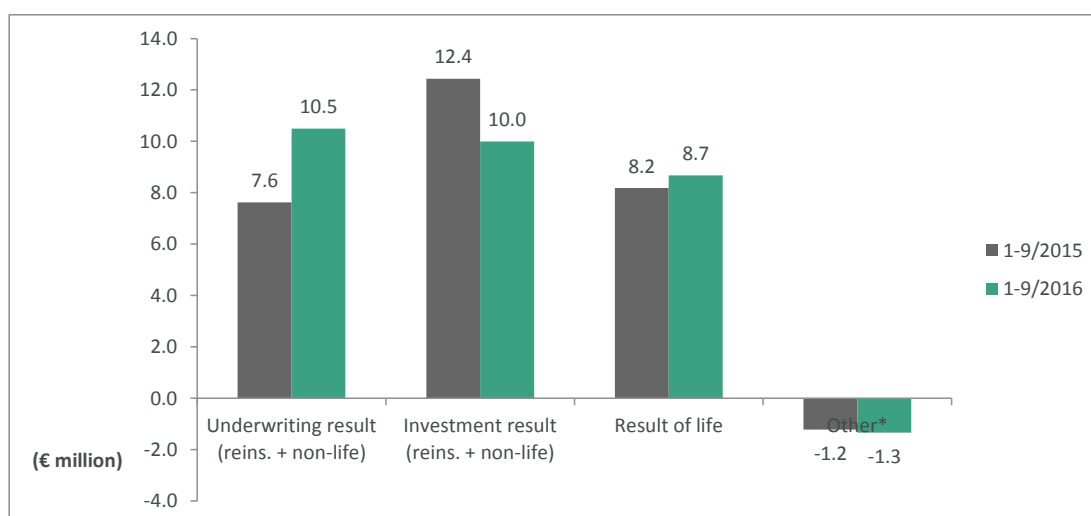
(€)	1–9/2016	1–9/2015	Absolute change
Income			
Interest income	15,971,961	16,979,688	-1,007,727
Change in fair value and gains on disposal of FVPL assets	693,779	975,665	-281,886
Gains on disposal of other IFRS asset categories	1,708,714	877,872	830,842
Income from dividends and shares – other investments	1,242,216	1,209,359	32,857
Exchange gains	4,487,608	8,549,995	-4,062,387
Other income	432,165	461,314	-29,149
Income from the investment portfolio	24,536,443	29,053,893	-4,517,450
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	12,601,783	16,957,603	-4,355,820
Expenses			
Interest expenses	635,747	955,639	-319,892
Change in fair value and losses on disposal of FVPL assets	542,893	1,029,410	-486,517
Losses on disposal of other IFRS asset categories	367,613	301,380	66,233
Impairment losses on investments	80,669	233,469	-152,800
Exchange losses	4,922,802	6,590,674	-1,667,872
Other	187,022	119,491	67,531
Expenses relating to the investment portfolio	6,736,746	9,230,063	-2,493,317
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	9,187,423	21,207,757	-12,020,334

In the period 1–9/2016, investment income totalled € 24.5 million, down € 4.5 million year-on-year; excluding exchange differences, investment income declined by € 0.5 million. The largest part of income is interest income, which amounted to € 16.0 million in the period 1–9/2016, down € 1.0 million year-on-year.

In the period 1–9/2016 expenses relating to the investment portfolio increased year-on-year by € 2.5 million, but decreased by € 0.8 million on elimination of exchange differences. In addition to exchange losses, the largest contributors to expenses were interest on loans and expenses arising from changes in market prices.

Consolidated gross profit/loss

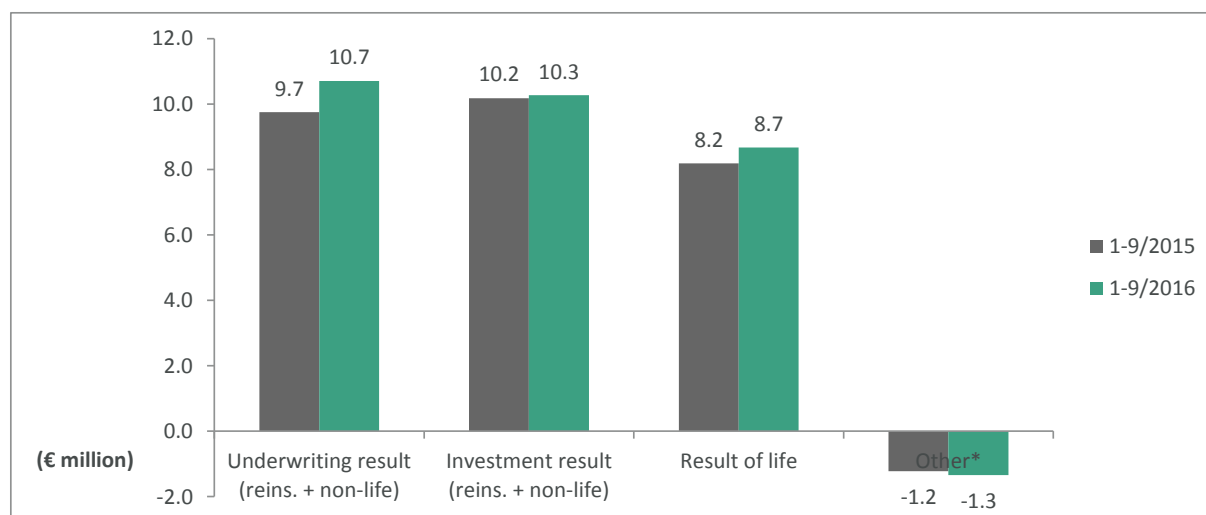
Composition of consolidated gross profit



*Other includes gross profit of the "other" segment.

In 1–9/2016, 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 of exchange differences on the result by operating segment was as follows: negative effect on the underwriting result of € 0.06 million (1–9/2015: € 1.9 million negative effect); negative effect on the investment result of € 0.4 million (1–9/2015: € 2.0 million positive effect). The total negative effect of exchange differences on the result of 1–9/2016 amounted to € 0.5 million (1–9/2015: € 0.1 million positive effect).

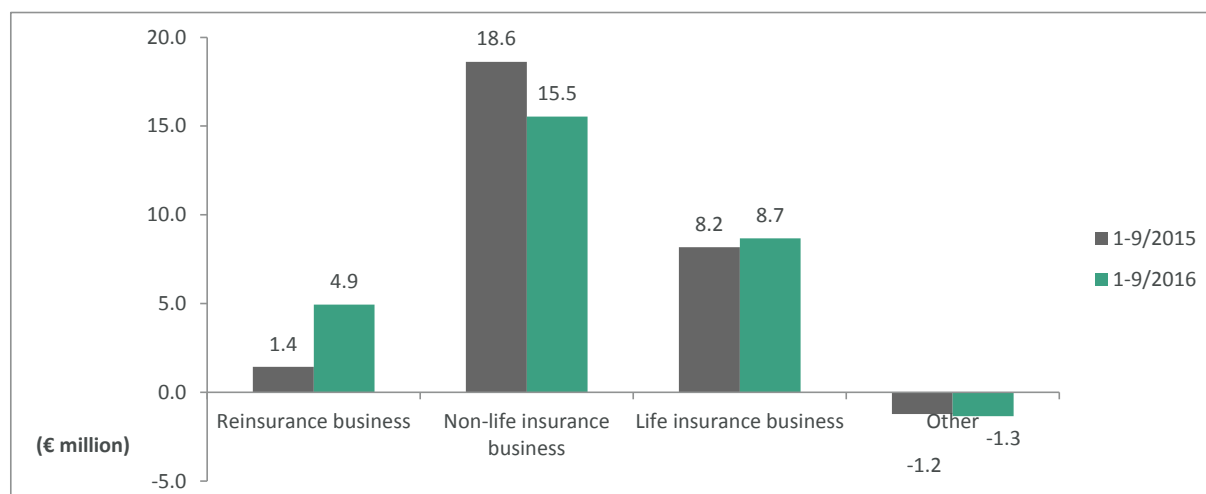
Composition of the gross consolidated result (excluding the effect of exchange differences)



*Other includes gross profit of the "other" segment.

The underwriting result in the period 1–9/2016 was better than last year mainly as a result of a stronger underwriting result in the reinsurance segment. The investment result (excluding the effect of exchange differences) remained at approximately the same level, while the result of the life segment also improved slightly, mainly due to the better result of Zavarovalnica Maribor (fewer maturity payments and surrenders).

Composition of the consolidated gross income statement by operating segment



Following is an overview of results by operating segment.

3 SEGMENT REPORTING

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, Zavarovalnica Tilia and Moja naložba, while "international" includes the other subsidiaries. The reinsurance segment was not broken down geographically, as – after the elimination of transactions with Zavarovalnica Maribor, Zavarovalnica Tilia and Moja naložba – the majority of the remaining transactions relate to Sava Re'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 of 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 Re 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 Re 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 Re to foreign reinsurers.
- S** Other operating expenses of the reinsurance segment were reduced by the portion of expenses attributable to the administration of the Sava Re Group. Sava Re operates as a virtual holding company, so a part of its expenses relates to the administration of the Group. Such expenses of the reinsurance segment were allocated to other segments based on gross premiums written. Other operating expenses include costs relating to the management of the Group. In the period 1–9/2016, Sava Re allocated 45.5 % of other operating expenses to operating segments as monitored (non-life and life insurance business) by premium structure (1–9/2015: 46.8 %).

Reallocation of group management expenses to business segments

(€)	Reinsurance business	Non-life business – Slovenia	Non-life, international	Life, Slovenia	Life, intern.
1–9/2016	-3,345,918	2,211,547	446,577	637,680	50,115
1–9/2015	-3,110,903	2,050,707	407,556	610,391	42,249

S This is the first time that the Company discloses under segment reporting the effects of reallocations of investment income and expenses. Investment income and expenses are reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters). A reallocation has been carried out also for 1–9/2015.

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

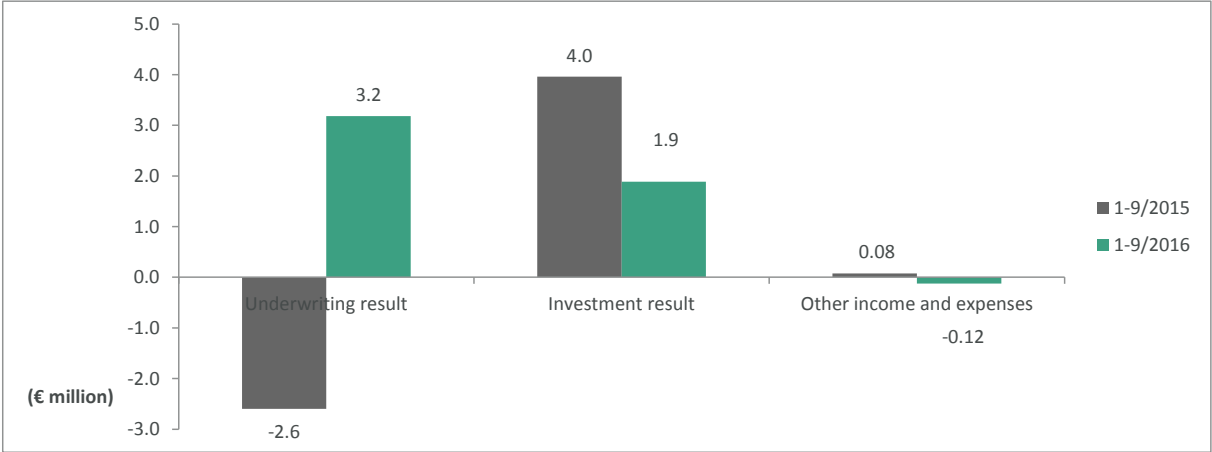
- S** Intangible assets – goodwill was allocated to the segment from which it arose (reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).
- S** In the statement of financial position by operating segment at 30 September 2016, the Company reallocated financial investments for the first time. The balance of financial investments was reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters). A reallocation has also been carried out for the balance at 31 December 2015.
- 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 is a brief commentary on the results of each operating segment.

3.1 Reinsurance business

The income statement and statement of financial position by segment are shown in the notes to the financial statements, where in section 8.7 the reinsurance segment comprises the reinsurance business of Sava Re written outside the Sava Re Group.

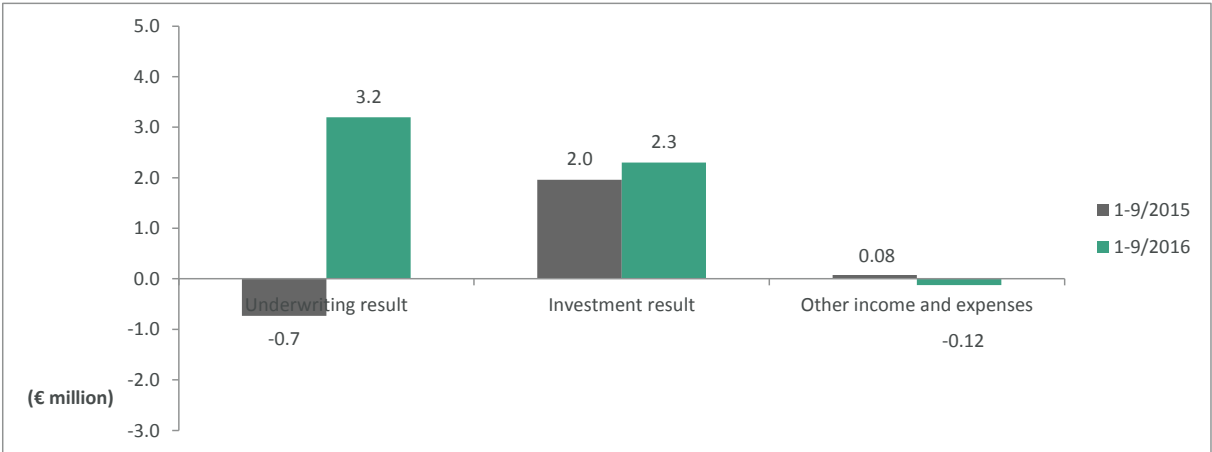
Composition of the consolidated gross income statement; reinsurance business



The performance of this operating segment is impacted by exchange differences, which is why the underwriting and investment results are not directly comparable. The impact of exchange differences is set out in section 2 "Consolidated gross profit/loss" 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 exchange differences, was stronger than in the same period of 2015 (combined ratio 1–9/2016: 94.6 %; 1–9/2015: 101.0 %). In 2015, the underwriting result was negative mainly because of claims from abroad. The investment result (excluding the effect of exchange differences) for the period 1–9/2016 was also higher than the year-on-year figure, primarily due to lower interest expenses and smaller losses on the disposal of investments.

Net premiums earned

Consolidated gross premiums written by region; reinsurance business

(€)	1–9/2016	1–9/2015	Index
Slovenia	649,007	398,054	163.0
International	76,337,516	77,087,363	99.0
Total	76,986,523	77,485,417	99.4

Net premiums earned; reinsurance business

(€)	1–9/2016	1–9/2015	Index
Gross premiums written	76,986,523	77,485,417	99.4
Net premiums written	73,356,381	73,086,652	100.4
Change in net unearned premiums	-4,301,766	-11,646,461	36.9
Net earned premiums	69,054,615	61,440,190	112.4

Gross premiums written in this segment declined slightly year-on-year in 1–9/2016. The drop is due to lower premium income written abroad (mainly in South Korea the USA), which is partly due to the soft market prevailing in international reinsurance markets and the resulting more selective underwriting.

Despite the drop in gross premiums written, net premiums earned increased year-on-year in 1–9/2016. The change in net unearned premiums for the period 1–9/2016 (an increase compared to the end of the prior year) was lower than the year-on-year figure because of slightly slower growth in new business from abroad.

In Slovenia, the Company transacts mostly intra-Group business; therefore, the amounts of all categories of the reinsurance segment (extra-Group business) are relatively small.

Net claims incurred

Consolidated gross claims paid by region; reinsurance business

(€)	1–9/2016	1–9/2015	Index
Slovenia	591,288	227,047	260.4
International	42,030,919	37,404,352	112.4
Total	42,622,207	37,631,398	113.3

Net claims incurred; reinsurance business

(€)	1–9/2016	1–9/2015	Index
Gross claims paid	42,622,207	37,631,398	113.3
Net claims paid	38,426,777	36,013,737	106.7
Change in the net provision for outstanding claims	6,787,918	10,605,125	64.0
Net claims incurred	45,214,695	46,618,863	97.0

Net claims incurred, excluding exchange differences reinsurance business

(€)	1–9/2016	1–9/2015	Index
Gross claims paid	42,622,207	37,631,398	113.3
Net claims paid	38,426,777	36,013,737	106.7
Change in the net provision for outstanding claims	7,304,272	8,159,878	89.5
Net claims incurred	45,731,049	44,173,616	103.5

Consolidated gross reinsurance claims increased year-on-year in 1–9/2016 mainly due to claim payments relating to previous underwriting years. Yet the paid loss ratio remained favourable (1–9/2016: 55.4 %; 1–9/2015: 48.6 %).

The change in the net provision for outstanding claims (including the impact of exchange differences) declined year-on-year in 1–9/2016 because in 2015 provisions for outstanding claims were set aside

for the catastrophe event in China (explosion). Claims provisions increased because of the established claims provisions for underwriting year 2016 in respect of which – due to the soft reinsurance market globally – higher incurred loss ratios are expected. The change in the net claims provision was also affected by exchange differences, which had a positive effect on the 1–9/2016 profit (€ +0.5 million), whereas in 1–9/2015 the effect was a negative one (€ -2.4 million).

The net incurred loss ratio (including exchange differences) of the reinsurance segment for the period 1–9/2016 of 65.5 % improved by 10.4 percentage points compared to the same period last year. Excluding exchange differences, the ratio improved by only 6.4 percentage points.

Operating expenses

Consolidated operating expenses; reinsurance business

(€)	1–9/2016	1–9/2015	Index
Acquisition costs	16,892,160	16,709,161	101.1
Change in deferred acquisition costs (+/-)	-480,819	-2,202,476	21.8
Other operating expenses	4,007,748	3,536,326	113.3
Operating expenses	20,419,089	18,043,011	113.2
Income from reinsurance commission	-288,167	-485,314	-140.6
Net operating expenses	20,130,922	17,557,697	114.7

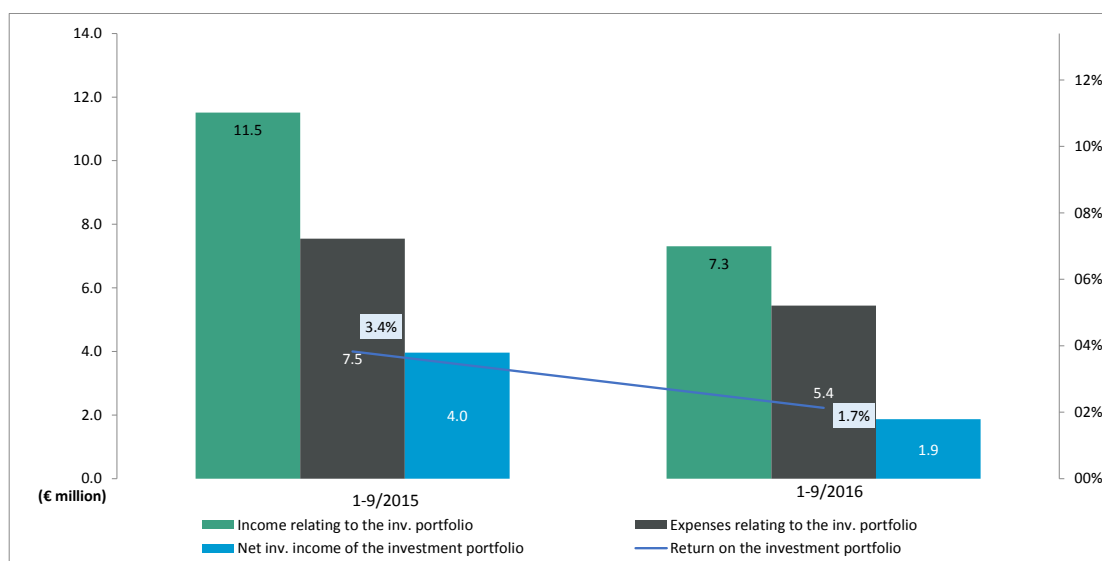
In 1–9/2016 acquisition costs increased by 1.1 %. The proportion of acquisition costs as a percentage of premiums increased year-on-year by 0.3 percentage points and was 21.9 %.

In 1–9/2016 the change in deferred acquisition costs was smaller than the year-on-year figure, mainly reflecting the smaller volume of premiums and, consequently, smaller increase in acquisition costs in the period 1–9/2016 over 1–9/2015 compared to the increase in 1–9/2015 over 1–9/2014. The mechanisms are much the same as the effect of the movement in gross premiums written on the movement of unearned premiums.

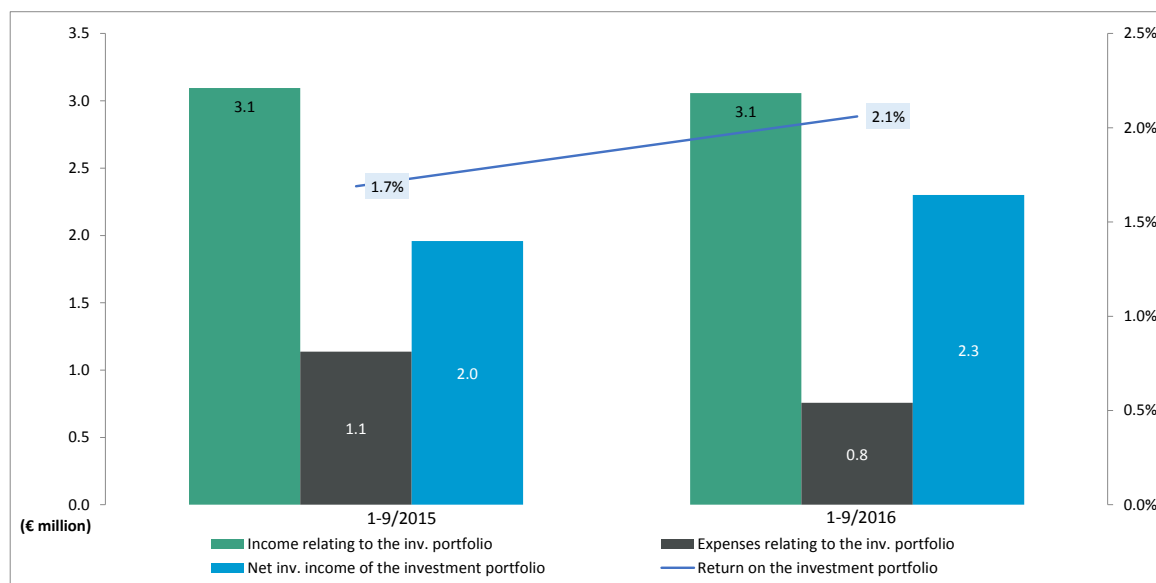
Other operating expenses increased by 13.3 % mainly due to growth in personnel costs (recruitment at Sava Re and the impact of interim recruitment in the previous year) and consulting services (mainly owing to the merger of the group's EU-based insurers).

Net investment income

Income, expenses and the net investment income related to the investment portfolio



Income, expenses and net inv. income related to the investment portfolio, excluding exchange differences;










Given that the exchange differences mainly relate to Sava Re and their impact does not fully affect profit or loss, the graph above shows the net investment income of the investment portfolio, excluding exchange differences.

Compared to the same period last year, the reinsurance segment's net investment income of the investment portfolio increased by € 0.3 million. This year-on-year growth in net investment income was mainly the result of lower interest expenses and smaller losses on the disposal of investments.

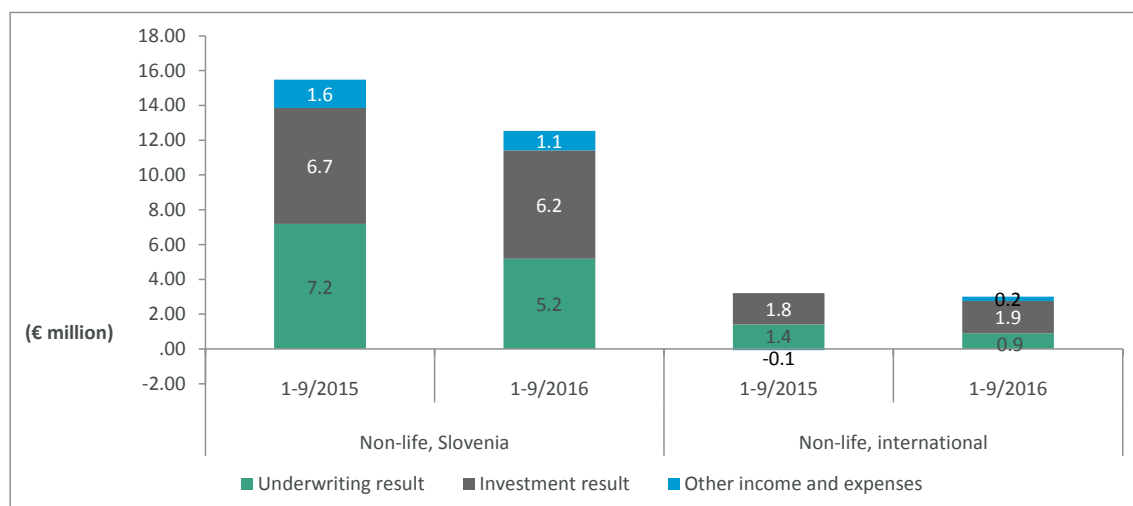
3.2 Non-life insurance business

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

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 8.7 "Analysis of operating segments".

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



The consolidated net result of the non-life insurance segment deteriorated year-on-year in 1–9/2016. The net result of the Group’s Slovenian insurers declined by 19.1 %, while the result of the Group's international non-life operations dropped by 4.3 %. The reason for the weaker performance of the Slovenian non-life insurers is mainly the weaker underwriting result of Zavarovalnica Maribor. This is largely because of reserve strengthening relating to the hail storm event in August 2016, which impacted the portfolio of the insurer. An additional provision of € 4.1 million was set aside for this event. Furthermore, € 1.5 million was reserved for the Impol claim.

The underwriting result of the non-domestic non-life insurers deteriorated by € 0.5 million. The largest impact on the overall deterioration in the underwriting result of the non-Slovenian based non-life insurers came from the weaker underwriting result at Sava Montenegro and was due to the increase in its gross claims provision. In the previous year, the company produced a very strong underwriting result so this year, although weaker, it is still favourable and the best among the non-Slovenian non-life insurers in the Sava Re Group.

The investment result of Slovenian non-life insurers deteriorated by € 0.4 million as a result of lower interest income (low interest rates in capital markets) and lower gains on the disposal of investments. Nevertheless, the investment result of the non-Slovenia based insurers remained at the 2015 level.

Net premiums earned

Consolidated gross non-life premiums by region

(€)	1–9/2016	1–9/2015	Index
Slovenia	207,255,185	202,445,346	102.4
International	41,850,968	40,233,873	104.0
Total	249,106,153	242,679,219	102.6

Net premiums earned; non-life insurance business

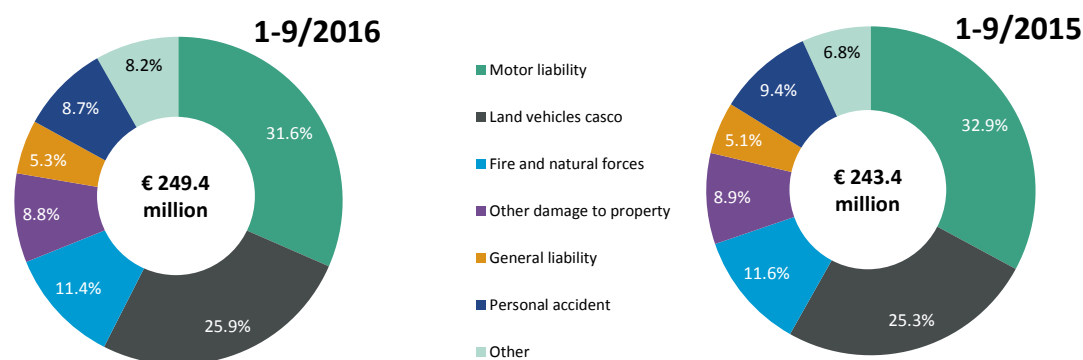
(€)	Slovenia		International	
	1-9/2016	1-9/2015	1-9/2016	1-9/2015
Gross premiums written	207,255,185	202,445,346	41,850,968	40,233,873
Net premiums written	188,208,127	183,797,526	39,002,239	37,615,956
Change in net unearned premiums	-14,701,865	-10,340,504	-2,058,235	-1,953,252
Net earned premiums	173,506,262	173,457,022	36,944,004	35,662,704

Unconsolidated gross non-life premiums of Sava Re Group companies

(€)	1-9/2016	1-9/2015	Index
Zavarovalnica Maribor (non-life)	149,201,464	144,584,701	103.2
Zavarovalnica Tilia (non-life)	58,360,485	58,145,372	100.4
Sava osiguranje Belgrade	11,239,477	11,141,183	100.9
Sava osiguruvanje Skopje	9,520,670	8,806,167	108.1
Sava Montenegro	8,934,315	8,625,628	103.6
Illyria	5,456,858	6,398,531	85.3
Velebit osiguranje	6,703,567	5,268,778	127.2
Total	249,416,836	242,970,360	102.7

In the period 1-9/2016 gross premiums written in Slovenia increased by 2.4 %, mainly owing to higher non-life insurance premiums at Zavarovalnica Maribor as a result of an increased volume of credit, motor, property and liability business. Zavarovalnica Tilia, in contrast, recorded a weaker year-on-year growth in non-life premiums of 0.4 % in 1-9/2016. The slowdown is due to slower growth in motor business. In the period, the Slovenian insurance market recorded a 2.2 % growth in non-life business, while the combined life premiums of Zavarovalnica Maribor and Zavarovalnica Tilia grew by 2.4 %. Of the non-Slovenian insurers, all non-life insurers posted year-on-year premium growth, except the Kosovan non-life company. Growth was largely the result of increased cooperation with external sales channels, intensified marketing, better productivity of the own sales network and the opening of new branch offices. The Kosovan insurer recorded a 14.7 % fall in premiums due to the entry of two new insurers into the Kosovan market in 2015, leading to fierce competition and the halving of border premiums. The total increase in non-Slovenian consolidated gross premiums written amounted to 4.0 %.

Non-consolidated gross non-life premiums written by class of business



Net claims incurred

Consolidated gross non-life claims by region

(€)	1–9/2016	1–9/2015	Index
Slovenia	104,455,721	108,019,545	96.7
International	15,936,021	14,465,061	110.2
Total	120,391,742	122,484,606	98.3

Net claims incurred; non-life insurance business

(€)	Slovenia		International	
	1–9/2016	1–9/2015	1–9/2016	1–9/2015
Gross claims paid	104,455,721	108,019,545	15,936,021	14,465,061
Net claims paid	97,387,896	96,869,895	14,985,651	13,961,893
Change in the net provision for outstanding claims	10,621,115	10,265,257	1,668,129	1,268,566
Net claims incurred	108,009,011	107,135,151	16,653,779	15,230,460

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

(€)	1–9/2016	1–9/2015	Index
Zavarovalnica Maribor (non-life)	73,604,662	77,869,852	94.5
Zavarovalnica Tilia (non-life)	31,326,027	30,545,584	102.6
Sava osiguranje Belgrade	4,393,875	3,754,401	117.0
Sava osiguruvanje Skopje	3,319,346	3,307,816	100.3
Sava Montenegro	2,704,933	2,620,743	103.2
Velebit osiguranje	2,910,963	2,482,562	117.3
Illyria	2,649,344	2,375,987	111.5
Total	120,909,150	122,956,945	98.3

Gross claims paid for Slovenian business in the period 1–9/2016 were lower mainly due to the decline in gross claims paid at Zavarovalnica Maribor relating to property business. This is because the company made major claim payments in 2015 relating to the 2014 ice and flood losses in the amount of € 7.9 million, while in 2016 there were only € 1.4 million paid for floods and € 2.0 million relating to the Impol claim. There was a moderate increase in the gross claims of Tilia in the period 1–9/2016 compared to the same period last year, particularly in motor business.

Gross claims of non-Slovenian insurers were up by 10.2 % mainly due to growth in claims of the non-life insurers in Croatia, Serbia and Kosovo. The claims at the Croatian non-life insurer increased mainly as a result of an increase in premium volume, in fact, the claims ratio improved year-on-year. The Serbian non-life insurer, by contrast, saw an rise in claims because of the portfolio assumption from AS osiguranje. Excluding the claims relating to AS osiguranje, the Serbian non-life claims would have increased by 5.8 %. In Kosovo most of the claims related to motor and health business.

Operating expenses

Consolidated operating expenses; non-life insurance business

(€)	1–9/2016	1–9/2015	Index
Acquisition costs	18,172,900	17,361,251	104.7
Change in deferred acquisition costs (+/-)	-296,553	-962,569	30.8
Other operating expenses	58,595,051	57,250,452	102.3
Operating expenses	76,471,398	73,649,134	103.8
Income from reinsurance commission	-2,456,587	-2,321,816	105.8
Net operating expenses	74,014,811	71,327,318	103.8

Total consolidated operating expenses for non-life insurance business increased by 3.8 %, mainly because of increases in both other operating expenses and acquisition costs. Consolidated acquisition costs rose by 4.7 % due to the growth in consolidated non-life premiums and the related increase in commissions for agents. Other operating expenses increased primarily as a result of growth in personnel costs due to the establishment of a new sales system, the expansion of the own sales network, marketing activities and costs associated with the merger.

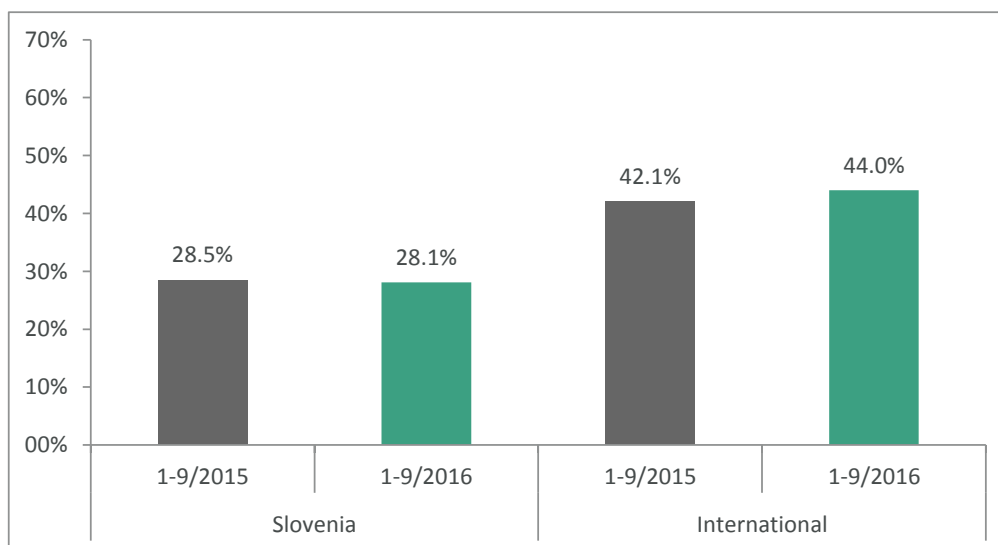
The consolidated gross expense ratio for Slovenian companies dropped by 0.4 percentage points as a result of the increase in gross non-life premiums.

Foreign non-life insurers increased the consolidated gross expense ratio by 1.9 percentage points due to higher other operating expenses and acquisition costs.

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

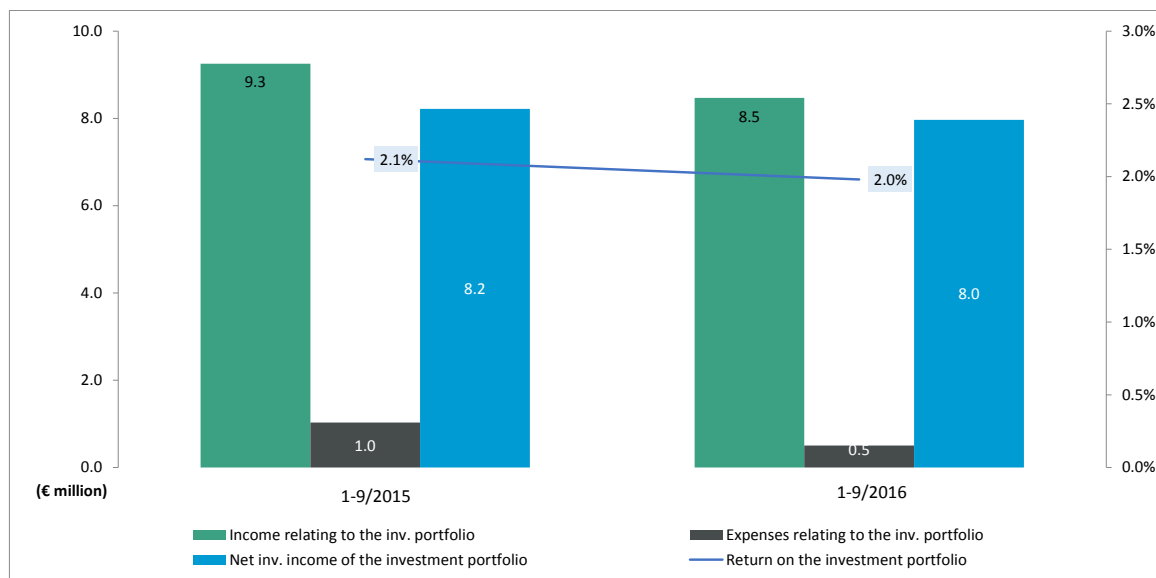
(€)	1-9/2016	1-9/2015	Index
Zavarovalnica Maribor (non-life)	37,481,251	36,685,793	102.2
Zavarovalnica Tilia (non-life)	16,611,517	16,829,997	98.7
Other Group insurers	18,589,676	17,162,835	108.3

Gross expense ratio; non-life insurance business



Net investment income







Income, expenses and the net investment income related to the investment portfolio (€)



The net investment income of the investment portfolio of non-life insurance business declined year-on-year by € 0.2 million. The lower net investment income is primarily due to weaker interest income (€ -0.9 million). Expense were also smaller, especially interest expenses (by € 0.3 million).

3.3 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
-  Moja naložba

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 8.7 "Analysis of operating segments".

Net premiums earned

Consolidated gross life insurance premiums by region

(€)	1-9/2016	1-9/2015	Index
Slovenia	59,760,159	60,257,650	99.2
International	4,696,509	4,170,825	112.6
Total	64,456,668	64,428,475	100.0

Net premiums earned; life insurance business

(€)	Slovenia		International	
	1-9/2016	1-9/2015	1-9/2016	1-9/2015
Gross premiums written	59,760,159	60,257,650	4,696,509	4,170,825
Net premiums written	59,533,021	59,999,307	4,692,958	4,168,664
Change in net unearned premiums	44,670	160,794	-6,196	11,166
Net earned premiums	59,577,691	60,160,102	4,686,762	4,179,830

The gross life insurance premiums written in Slovenia in the period 1-9/2016 are lower than in the previous year as both Slovenian insurers recorded a decline. The life insurance portfolio shrank because new business was not sufficient to offset expired business (through maturities or terminations). In the period the Slovenian insurance market recorded a 4.9 % fall in life business, while the combined life premiums of Zavarovalnica Maribor and Zavarovalnica Tilia dropped by 2.1 %.

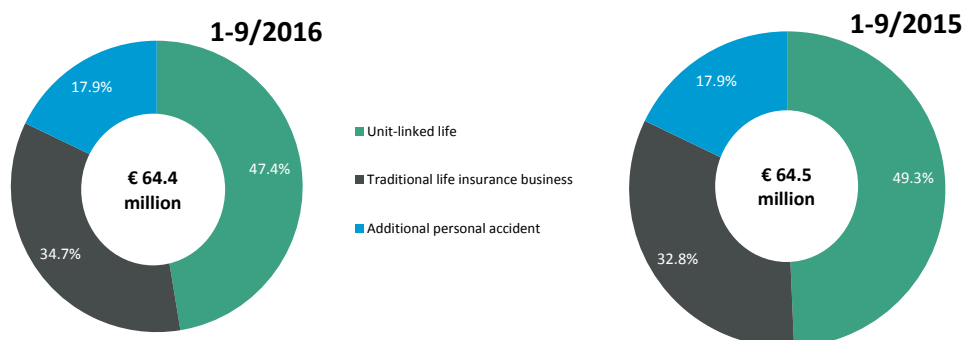
All Group non-Slovenian life insurers recorded growth in gross premiums. The Serbian insurer Sava životno osiguranje generated the largest growth. All three non-Slovenian life insurers have been implementing measures to improve their own sales network through regular training events for sales personnel, measures that have already translated into larger and better portfolios.

Unconsolidated gross life premiums written by Sava Re Group companies

(€)	1-9/2016	1-9/2015	Index
Zavarovalnica Maribor (life)	53,284,140	54,272,243	98.2
Zavarovalnica Tilia (life)	5,719,449	5,985,407	95.6
Velebit životno osiguranje	2,478,367	2,237,541	110.8
Illyria Life	1,241,065	1,124,547	110.4
Sava životno osiguranje	977,077	864,965	113.0
Moja naložba	756,571	-	-
Total	64,456,669	64,484,703	100.0

*In the period 1-9/2016 Moja naložba was not included in the consolidated accounts.

Unconsolidated gross life insurance premiums by class of business



Net claims incurred

Consolidated gross life insurance premiums by region

(€)	1-9/2016	1-9/2015	Index
Slovenia	31,228,533	35,285,707	88.5
International	1,008,616	964,068	104.6
Total	32,237,149	36,249,775	88.9

Net claims incurred; life insurance business

(€)	Slovenia		International	
	1–9/2016	1–9/2015	1–9/2016	1–9/2015
Gross claims paid	31,228,533	35,285,707	1,008,616	964,068
Net claims paid	31,118,956	35,208,559	1,008,616	964,068
Change in the net provision for outstanding claims	1,636,374	3,032,591	415,392	35,429
Net claims incurred	32,755,329	38,241,149	1,424,008	999,497
Change in other technical provisions*	5,916,431	911,120	1,371,922	1,541,425
Change in technical provisions for policyholders who bear the investment risk	12,355,372	4,669,382	-813	16,223
Net claims incurred, including the change in the mathematical and UL provisions	51,027,132	43,821,651	2,795,117	2,557,145

*These provisions mainly comprise mathematical provisions.

The decline in gross life insurance claims paid in Slovenia is due to the decline in claims of Zavarovalnica Maribor because of lower year-on-year claim payments relating to maturities as well as fewer surrenders and accelerated benefits. In contrast, Zavarovalnica Tilia paid more claims based on maturities and death benefits year-on-year in the period 1–9/2016, as well as some surrenders of significant amounts. The change in other technical provisions increased due to an increase in the mathematical provisions of Zavarovalnica Maribor (€ 5.3 million). Generally, mathematical provisions increase as new business is written and decrease as claims are paid out. Since this year there were fewer surrenders than last year, this year's decrease in mathematical provisions was lower than in the previous year; therefore, the change in other technical provisions in 1–9/2016 was larger than in 1–9/2015.

The Slovenian insurers saw a significant year-on-year change in technical provisions for policyholders who bear the investment risk as a result of rising mutual fund prices.

The growth in gross claims of the foreign insurers is mainly due to the increase in the claims of the Kosovan company, which this year recorded an increased number of surrenders after a large number of policies qualified for surrender.

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

(€)	1–9/2016	1–9/2015	Index
Zavarovalnica Maribor (life)	26,084,835	30,870,894	84.5
Zavarovalnica Tilia (life)	4,936,042	4,414,813	111.8
Velebit životno osiguranje	513,147	486,605	105.5
Sava životno osiguranje	274,543	341,213	80.5
Illyria Life	220,928	136,250	162.1
Moja naložba	207,655	-	-
Total	32,237,149	36,249,775	88.9

Operating expenses

Consolidated operating expenses; life insurance business

(€)	1–9/2016	1–9/2015	Index
Acquisition costs	4,132,382	3,974,571	104.0
Change in deferred acquisition costs (+/-)	198,185	75,713	261.8
Other operating expenses	11,097,633	10,596,256	104.7
Operating expenses	15,428,200	14,646,540	105.3
Income from reinsurance commission	0	-2,818	0.0
Net operating expenses	15,428,200	14,643,722	105.4

The increase in acquisition expenses for life business is primarily a result of both the growth in insurance business outside Slovenia and the inclusion of Moja naložba in the consolidated accounts in the year (in 1–9/2016 Moja naložba incurred € 0.8 million in operating expenses).

The increase in consolidated other operating expenses is also due to the inclusion of Moja naložba in the consolidated statements. If Moja naložba is excluded from other operating expenses for the period 1–9/2016, these expenses are 17.3 % smaller.

Compared to the prior year, the consolidated gross expense ratio increased by 1.2 percentage points for the Slovenian companies, which is the result of reduced gross life expenses as both the Slovenian insurance companies reduced other operating expenses, while the effect of Moja naložba on the consolidated accounts is negligible.

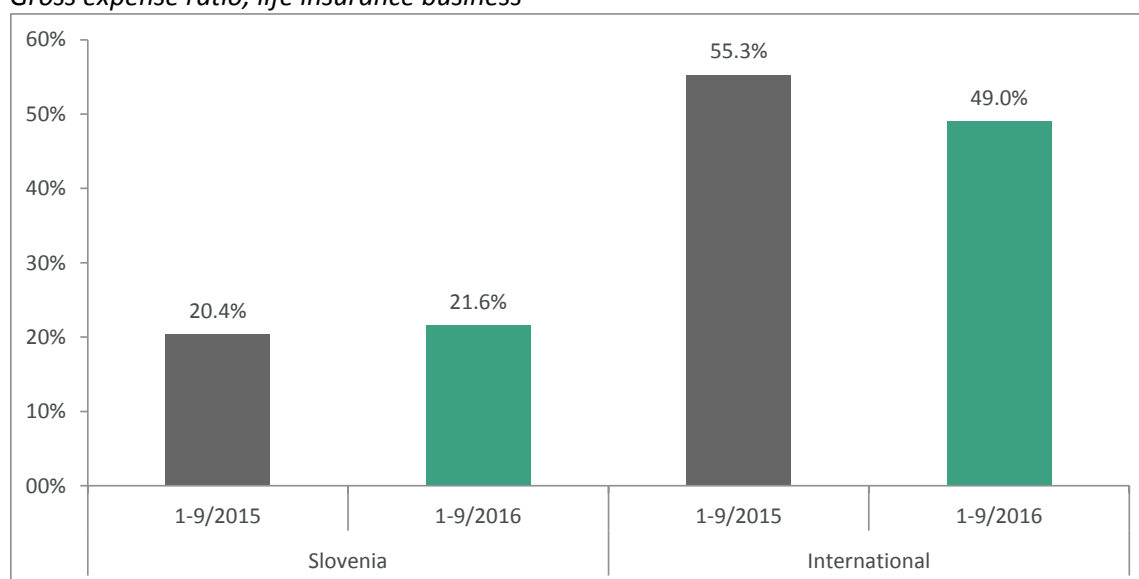
In the non-Slovenian insurers, the consolidated gross expense ratio fell by 6.3 percentage points, both thanks to premium growth as well as cost management.

Unconsolidated gross life operating expenses of Sava Re Group companies

(€)	1–9/2016	1–9/2015	Index
Zavarovalnica Maribor (life)	10,642,063	11,058,753	96.2
Zavarovalnica Tilia (life)	1,244,781	1,450,543	85.8
Other Group insurers*	3,169,099	2,300,856	137.7

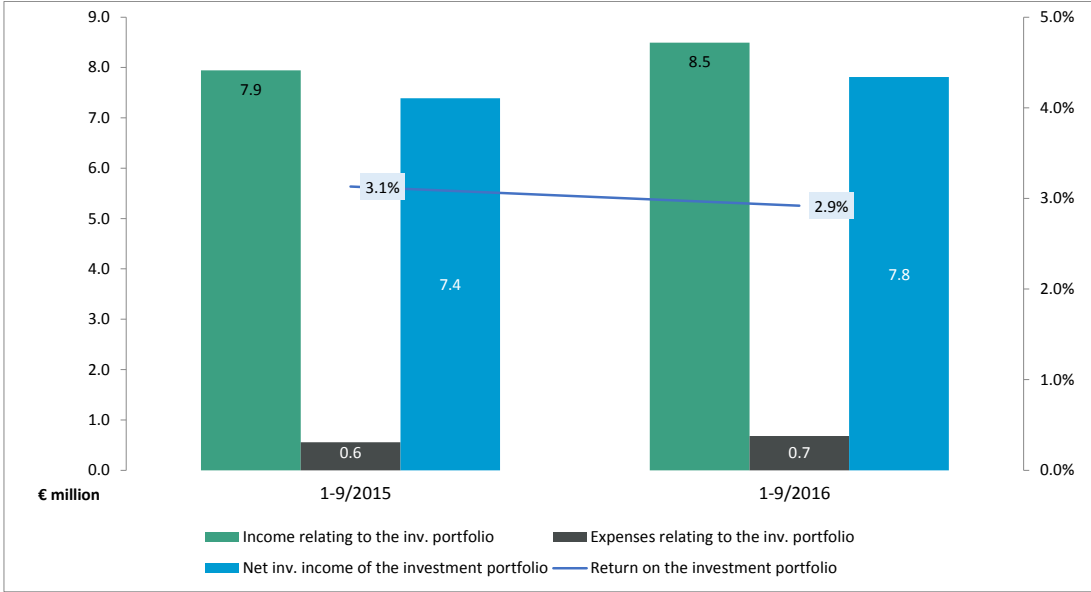
*The 1–9/2016 figure includes expenses of Moja naložba (which are not included in 1–9/2015).

Gross expense ratio; life insurance business



Net investment income

Income, expenses and the net investment income related to the investment portfolio (€)



The net investment income relating to the investment portfolio of life insurance business rose year-on-year by € 0.4 million. Income (€ +0.6 million) in the period under review increased also as a result of the income on pension business, which had been included in the life segment as from 1 January 2016. In the reporting period, the Group's expenses for the investment portfolio totalled € 0.7 million, up € 0.1 million year-on-year. Expenses were higher primarily because of the larger realised fair value losses on investments in the FVPL category (€ -0.1 million) and losses on the disposal of investments (€ -0.1 million).

The return on the life investment portfolio dropped by 0.2 percentage points from the year-on-year figure, despite the increase in the net investment income. The reason is that the absolute amount of investments increased year-on-year in the reporting period.

4 FINANCIAL POSITION OF THE SAVA RE GROUP

At 30 September 2016, total assets of the Sava Re Group stood at € 1,689.5 million, an increase of 4.5 % over year-end 2015. Below we set out items of assets and liabilities in excess of 5 % of total assets/liabilities at 30 September 2016, or items that changed by more than 2 % of equity.

4.1 Assets

Consolidated total assets by type

(€)	30/09/2016	As % of total at 30 September 2016	31/12/2015	As % of total at 31/12/2015
ASSETS	1,689,477,024	100.0 %	1,607,281,060	100.0 %
Intangible assets	27,669,115	1.6 %	30,465,315	1.9 %
Property and equipment	52,063,719	3.1 %	47,217,311	2.9 %
Deferred tax assets	1,830,635	0.1 %	2,371,857	0.1 %
Investment property	7,926,708	0.5 %	8,040,244	0.5 %
Financial investments in associates	0	0.0 %	0	0.0 %
Financial investments	1,022,540,677	60.5 %	1,015,056,805	63.2 %
Funds for the benefit of policyholders who bear the investment risk	222,530,750	13.2 %	214,189,117	13.3 %
Reinsurers' share of technical provisions	29,144,963	1.7 %	23,877,277	1.5 %
Assets under investment contracts	118,147,365	7.0 %	111,418,244	6.9 %
Receivables	144,511,257	8.6 %	130,663,929	8.1 %
Deferred acquisition costs	18,658,613	1.1 %	17,992,485	1.1 %
Other assets	2,036,547	0.1 %	1,173,159	0.1 %
Cash and cash equivalents	42,329,758	2.5 %	4,710,904	0.3 %
Non-current assets held for sale	86,917	0.0 %	104,413	0.0 %

4.1.1 Investment portfolio

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

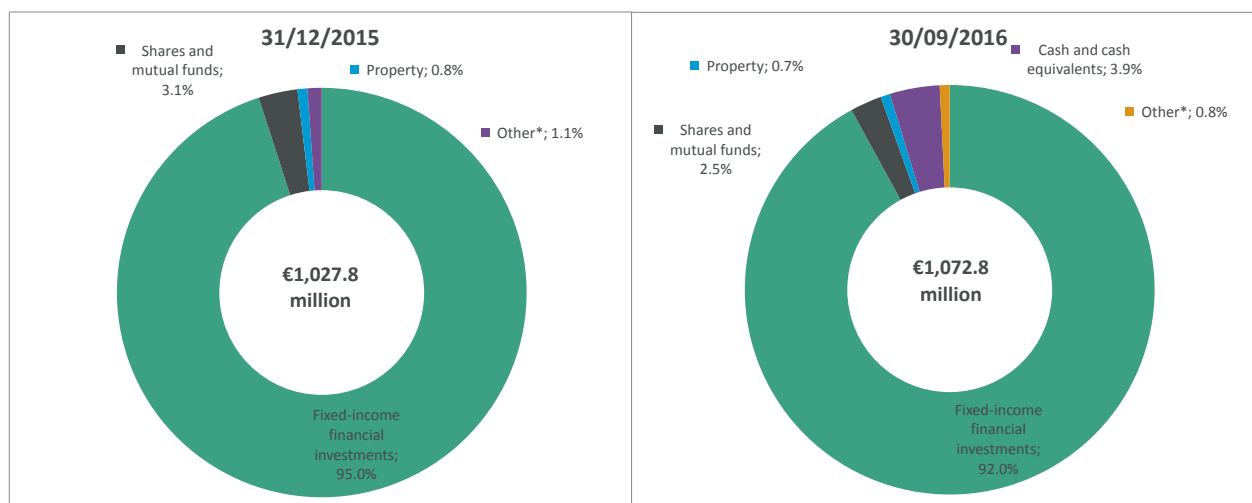
Sava Re Group investment portfolio by class of asset¹

(€)	30/09/2016	31/12/2015	Absolute change	Index
Deposits	24,130,165	53,052,297	-28,922,132	45.5
Government bonds	577,339,109	554,117,154	23,221,955	104.2
Corporate bonds	385,949,894	369,448,048	16,501,846	104.5
Shares	18,433,621	18,906,610	-472,989	97.5
Mutual funds	8,298,555	12,758,487	-4,459,932	65.0
Loans granted and other investments	796,253	1,075,435	-279,182	74.0
Deposits with cedants	7,593,080	5,698,774	1,894,306	133.2
Total financial investments	1,022,540,677	1,015,056,805	7,483,872	100.7
Investment property	7,926,708	8,040,244	-113,536	98.6
Cash and cash equivalents	42,329,758	4,710,904	37,618,854	898.5
Total investment portfolio	1,072,797,143	1,027,807,953	44,989,190	104.4
Funds for the benefit of policyholders who bear the investment risk	222,530,750	214,189,117	8,341,633	103.9
Assets under investment contracts	118,147,365	111,418,244	6,729,121	106.0

At 30 September the investment portfolio of the Group totalled € 1.1 billion, an increase of € 45.0 million over year-end 2015.

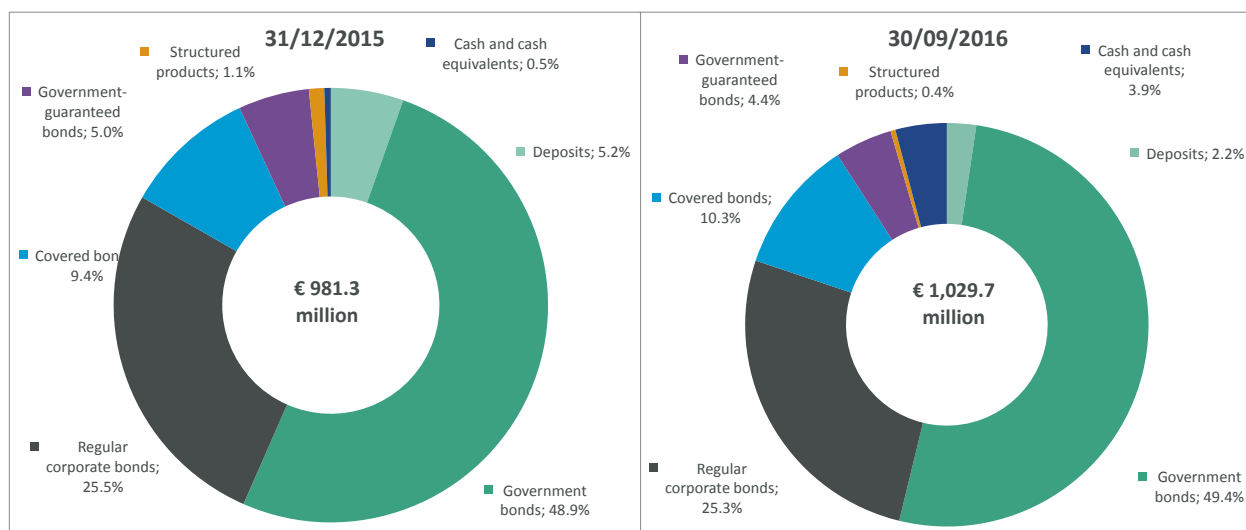
The increase of the investment portfolio was mainly driven by the positive cash flow from (re)insurance business and fair-value gains on investments and the change in accrued interest.

Composition of the Sava Re Group investment portfolio as at 31Dec 2015 and 30 Sep 2016



¹ Effective as of 1 January 2016 the Company changed the recording of demand deposits under cash and cash equivalents (in 2015 shown under the deposit item).

Composition of fixed-income investments at 31 Dec 2015 and 30 Sep 2016



In terms of asset allocation compared to year-end 2015, the share of deposits declined by 2.9 percentage points, while the share of investments in covered bonds increased (0.5 percentage points). The decline in the share of deposits is due to the change in the recording of demand deposits now recorded under the increased cash and cash equivalents item.

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

Funds for the benefit of policyholders who bear the investment risk is a major asset item. Compared to 31 December 2015, these funds increased by 3.9%, or € 8.3 million, to € 222.5 million at 30 September 2016. Effective as of 1 January 2016 demand deposits were transferred to cash and cash equivalents, resulting in a decrease of funds for the benefit of policyholders who bear the investment risk of € 5.6 million compared to 31 December 2015 (01/01/2016: € 208.6 million; 31 December 2015: € 214.2 million). Thus funds increased by € 13.9 million compared to 01/01/2016. Investments grew due to positive cash flow (€ 9.7 million) and rising unit prices (€ 4.1 million).

There are three Group companies marketing life products where the investment risk is borne by policyholders: Zavarovalnica Maribor, Zavarovalnica Tilia and Velebit životno osiguranje. At 30 September 2015, funds for the benefit of policyholders who bear the investment risk at Zavarovalnica Maribor totalled € 188.7 million (31/12/2015: € 179.9 million), funds at Zavarovalnica Tilia € 33.7 million (31/12/2015: 34.3 million), while such funds at Velebit životno osiguranje are negligible.

4.1.3 Assets under investment contracts

Assets and liabilities under investment contracts were first included in the consolidated statement of financial position on 31 December 2015.

The asset item includes liability fund assets relating to voluntary supplementary pension business managed by the company for the benefit of policyholders. At 30 September 2016, life insurance liability fund assets totalled € 118.1 million, up 6.7% compared to year-end 2015 (31/12/2015: € 111.4 million). The increase in assets under investment contracts was mainly due to the combined effect of new net premiums written (€ 1.4 million) (in the period 1–9/2016 there were inflows of € 8.0 million and outflows of € 6.4 million) and the positive change in fair value reserve (€ 5.2 million).

Financial investments accounted for 99.2 % of total assets; the remaining amount relates to receivables and cash and cash equivalents.

4.1.4 Receivables

Receivables increased by 10.6 % or € 13.8 million compared to year-end 2015.

This increase was a result of both an increase in receivables arising out of primary insurance business as well as an increase in receivables arising out of reinsurance and coinsurance business. Receivables arising out of primary insurance business increased by € 6.5 million compared to year-end 2015 (prior year: € 5.7 million) as a result of the renewal schedules of annual insurance policies with legal entities. Receivables arising out of co-insurance and reinsurance business increased by € 5.8 million (prior year: € 17.6 million) as a result of the mid-year renewal of reinsurance contracts with cedants and the dynamics of assessing reinsurance business. The increase in not-past-due receivables was € 14.6 million, while past-due receivables dropped by € 6 million.

4.2 Liabilities

Balance and structure of equity & liabilities

(€)	30/09/2016	As % of total at 30 September 2016	31/12/2015	As % of total at 31/12/2015
EQUITY AND LIABILITIES	1,689,477,024	100.0 %	1,607,281,060	100.0 %
Equity	296,172,777	17.5 %	286,401,680	17.8 %
<i>Share capital</i>	71,856,375	4.3 %	71,856,376	4.5 %
<i>Capital reserves</i>	43,388,536	2.6 %	43,388,724	2.7 %
<i>Profit reserves</i>	132,865,143	7.9 %	122,954,429	7.6 %
<i>Own shares</i>	-24,938,709	-1.5 %	-10,319,347	-0.6 %
<i>Fair value reserve</i>	26,971,343	1.6 %	12,721,705	0.8 %
<i>Reserve due to fair value revaluation</i>	-327,452	0.0 %	-37,472	0.0 %
<i>Retained earnings</i>	40,614,278	2.4 %	23,490,926	1.5 %
<i>Net profit/loss for the period</i>	8,025,718	0.5 %	24,849,680	1.5 %
<i>Translation reserve</i>	-3,241,883	-0.2 %	-3,467,155	-0.2 %
<i>Equity attributable to owners of the controlling company</i>	295,213,349	17.5 %	285,437,865	17.8 %
<i>Non-controlling interest in equity</i>	959,428	0.1 %	963,815	0.1 %
Subordinated liabilities	23,559,060	1.4 %	23,534,136	1.5 %
Technical provisions	943,281,946	55.8 %	887,068,500	55.2 %
Technical provision for the benefit of life insurance policyholders who bear the investment risk	221,186,097	13.1 %	207,590,086	12.9 %
Other provisions	8,308,239	0.5 %	7,389,695	0.5 %
Deferred tax liabilities	6,421,540	0.4 %	4,598,731	0.3 %
Liabilities under investment contracts	118,031,311	7.0 %	111,304,383	6.9 %
Other financial liabilities	368,676	0.0 %	206,047	0.0 %
Liabilities from operating activities	49,202,866	2.9 %	54,467,303	3.4 %
Other liabilities	22,944,512	1.4 %	24,720,499	1.5 %

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

4.2.1 Technical provisions

Gross technical provisions are the largest item of liabilities. The figure at 30 September 2016 was an increase of 6.3 % or € 56.2 million compared to year-end 2015. Gross unearned premiums increased by € 25.2 million as a result of underwriting dynamics during the year, while claims provisions increased by € 22.6 million, of which € 5.5 million relates to a hail storm event, which hit the portfolio of Zavarovalnica Maribor, and the rest to portfolio growth.

Movements in consolidated gross technical provisions

(€)	Sava Re Group		
	30/09/2016	31/12/2015	Index
Gross unearned premiums	181,220,559	156,039,680	116.1
Gross mathematical provisions	269,219,727	262,052,426	102.7
Gross provision for claims	481,648,515	459,012,655	104.9
Gross provision for bonuses, rebates and cancellations	1,671,503	1,132,456	147.6
Other gross technical provisions	9,521,642	8,831,283	107.8
Gross technical provisions	943,281,946	887,068,500	106.3

The gross technical provisions attributable to the reinsurance segment grew by 6.4 % or € 9.5 million compared to year-end 2015. The increase in unearned premiums is a result of reinsurance underwriting dynamics (increase of € 4.9 million) and increase in claims provisions by € 4.8 million mainly as a result of growth in business in 2015, for which provisions have not been released yet (claims are yet to be settled), and new business written in 2016.

The gross technical provisions attributable to the non-life insurance segment recorded an increase of 8.4 % or € 38.7 million compared to year-end 2015. Of these, € 20.4 million relates to the increase in unearned premiums and € 17.0 million to the provision for claims. The catastrophe event mentioned above had an effect on this operating segment.

The gross provision for traditional life policies increased by 2.9 % compared to year-end 2015 (by € 8.0 million), mainly as a result of the increase in mathematical provisions.

4.2.2 Equity

The second largest item on the liabilities side is equity, which increased by 3.4 % or € 9.8 million compared to year-end 2015.

The most significant positive effects on equity were from the net profit for the period 1–9/2016 in the amount of € 22.6 million and the increase in the fair value reserve of € 14.2 million; the most significant negative effect was the consideration for own share repurchases of € 14.6 million (the reserve for treasury shares was largely established from net profit for the period). Sava Re paid out dividends in the amount of € 12.4 million in the third quarter of 2016.

At 30 September 2016 releases were made from the credit risk equalisation reserve and the catastrophe equalisation reserve, both being equity items, pursuant to statutory provisions. The amount of released provisions was transferred to retained earnings. Thus this reclassification had no effect on the amount of equity.

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

The technical provision for the benefit of policyholders who bear the investment risk at 30 September 2016 grew by 6.5 % or € 13.6 million compared to year-end 2015. This provision

moves in line with funds of policyholders who bear the investment risk (depending on contributions, payouts and unit prices).

4.2.4 Liabilities under investment contracts

Liabilities under investment contracts of Moja naložba totalled € 118.0 million at 30 September 2016, up 6.0 % or € 6.7 million from year-end 2015. They move in line with assets under investment contracts.

4.3 Capital structure

At 30 September 2016 the Sava Re Group had € 296.2 million of equity capital and € 23.6 million of subordinated liabilities. At 30 September 2016, debt capital accounted for 7.5 % of equity. Subordinated liabilities relate to the subordinated debt of Sava Re taken out to expand to the Western Balkans.

4.4 Cash flow

Net cash from operating activities of the Sava Re Group in the period 1–9/2016 totalled € 41.7 million (1–9/2015: € 32.5 million), reflecting positive cash flow from core business.

Net disbursements used in financing activities of the Sava Re Group in the period 1–9/2016 totalled € 27.7 million (1–9/2015: € 17.2 million). In the period 1–9/2016 net disbursements used in financing activities related primarily to purchases of own shares (€ 14.6 million) and dividend payouts (€ 12.4 million).

The net increase in cash and cash equivalents for the period 1–9/2016 rose by € 37.5 million as a result of a change in the disclosure of demand deposits and deposits with an original maturity of up to three months. The related impact is set out in section 8.8.5.

4.5 Sava Re Rating Profile

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

Financial strength rating of Sava Re

Agency	Rating ²	Outlook	Latest review
Standard & Poor's	A-	stable	July 2016: affirmed existing rating
A.M. Best	A-	stable	November 2016: affirmed existing rating

²Credit 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).

5 PERSONNEL

Staffing figures for Group members

	30/09/2016	31/12/2015	Change
Zavarovalnica Maribor	771.00	762.93	8.07
Zavarovalnica Tilia	360.61	371.00	-10.39
Sava osiguranje Belgrade	323.63	327.50	-3.88
Sava osiguruvanje Skopje	199.75	185.50	14.25
Illyria	186.00	227.00	-41.00
Velebit osiguranje	150.88	155.75	-4.88
Sava Montenegro	136.00	136.25	-0.25
Sava Re	90.83	82.95	7.88
Sava životno osiguranje	71.63	74.63	-3.01
Velebit životno osiguranje	61.00	59.63	1.37
Illyria Life	33.50	35.38	-1.88
Sava Car	33.00	31.25	1.75
ZM Vivus	27.00	29.00	-2.00
Montagent	17.50	20.50	-3.00
ZM Svetovanje	14.50	11.75	2.75
Moja naložba	13.25	13.25	0.00
Ornatus KC	10.00	11.00	-1.00
Sava stejšn	4.00	5.00	-1.00
Total	2,504.06	2,540.26	-36.20

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.

6 RISK MANAGEMENT

The risks that the Sava Re Group members are exposed to are: underwriting risk, risk related to policies where policyholders bear the investment risk, risk related to investment contracts, financial risk, operational risk, strategic risk and capital adequacy risk.

6.1 Underwriting risks

All Group subsidiaries assume risks from policyholders and mostly transfer excess risks to Sava Re. 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 by the Group 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 authorisation 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 Re.

The 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.

The 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.

In order to manage underwriting risk of life insurance business, the Group regularly monitors mortality and morbidity rates, termination of life policies, looking for specific trends. In addition, it regularly conducts adequacy testing of provisions. The Group manages underwriting risk in its life insurance business by employing underwriting procedures. Underwriting guidelines specify criteria and terms of risk acceptance.

6.2 Risks associated with policies where policyholders bear the investment risk

With policies where policyholders bear the investment risk, risks are substantially transferred to policyholders, as mathematical provisions move in line with assets. Within the set of products where policyholders bear the investment risk, the Sava Re Group also offers products that, to a certain extent, provide a guaranteed return. At 30 September 2016 assets under such contracts totalled € 33.3 million (31/12/2015: € 27.3 million). With respect to such assets, there is a risk of failing to achieve the guaranteed return.

Zavarovalnica Maribor offers a guaranteed return for the investment fund ZM Zajamčeni and the ZM Hibrid product of the ZM Garant investment fund.

The guaranteed return for assets in the ZM Zajamčeni fund is 2.75 %. Mathematical provisions comprise liabilities for guaranteed funds (net contributions plus guaranteed return) and additional liabilities for profit attribution based on the difference between the actual and the required rate of return (liabilities for exceeding the return). Fund managers maintain data for each policyholder on the individual policy level, comprising net premiums paid, guaranteed return and amounts for exceeding the guaranteed return (provisions for profit attribution). In years when the guaranteed return is exceeded, liabilities for exceeding the guaranteed return are increased; if, however, realised return is below the guaranteed level, these liabilities are decreased. If these liabilities are negative, they need to be covered by the insurer from own funds (the balance of additional liabilities is set to zero in the accounting books), but in years when the guaranteed return is again reached, the insurer first has to cover the negative balance through profit attribution. The described control of guaranteed return is carried out at the level of individual policies.

The assets underlying policies of the ZM Hibrid product are invested in two investment funds, DWS Garant 80 and ZM Garant. Each month on the cut-off date, the portion of assets in each fund are recalculated using a specific algorithm to ensure the achievement of the investment objective (selected by the policyholder) at the policy expiry. Fund managers maintain data for each

policyholder on the individual policy level, comprising net premiums paid, current level of selected investment objective and balance of liabilities in both investment funds.

For the DWS Garant 80 investment fund, the guarantee that the unit value cannot fall by more than 20 % in any one month is provided by DWS Investment GmbH. The guaranteed return for assets in the ZM Garant fund is 2.25 %. Mathematical provisions comprise liabilities for guaranteed funds (net premiums paid and guaranteed return). There are no additional liabilities for profit attribution for this fund. Fund managers maintain data for each policyholder on the individual policy level, comprising net premiums paid and guaranteed return. If the guaranteed return is not achieved, the insurer is to cover the loss from own funds.

6.3 Risks associated with investment contracts

The Group classifies as investment contracts its voluntary supplementary pension insurance (VSPI) business of the pension insurer Moja naložba during the accumulation phase, as part of the company's life cycle liability funds. The life cycle liability funds "Moji skladi življenjskega cikla" include the following funds: "Moj dinamični sklad", "Moj uravnoreženi sklad" and "Moj zajamčeni sklad". Assets under investment contracts are not included in the consolidated financial investments item, and are, therefore, not included in the presentation of financial risks. Liabilities under investment contracts are not included in the consolidated technical provisions item, and are, therefore, not included in the presentation of underwriting risk. Assets and liabilities from investment contracts are exposed to the risk of failing to realise the guaranteed return of the fund "Moj zajamčeni sklad".

The investment risk in the life cycle funds "Moj dinamični sklad" and "Moj uravnoreženi sklad" are fully born by the policyholders (members) of the voluntary supplementary pension scheme, for which the company, in accordance with applicable law, does not provide a guaranteed return. While the policyholders of the "Moj zajamčeni sklad" bear the investment risk in excess of the guaranteed return. The pension plan associated with the fund "Moj zajamčeni sklad" provides a guaranteed return of 60 % of the average annual interest rate on government securities with a maturity of over one year. Liabilities under investment contracts of "Moj zajamčeni sklad" include liabilities for guaranteed funds (net contributions plus guaranteed return) and additional liabilities to cover any deficit resulting from the difference between the actual and the required rate of return (liability to exceed the return). For each member of "Moj zajamčeni sklad", the manager keeps a personal account with accumulating net contributions, guaranteed returns and assets to exceed the guaranteed return (provisions). In years when the return exceeds the guaranteed rate, liabilities for return in excess of guaranteed return are increased; if, however, realised return is below the guaranteed level, this part of liabilities decreases until the provision is fully exhausted. The described control of guaranteed return is carried out at the level of individual personal accounts. In the event that individual provisions of any account are not sufficient to cover the guaranteed return, the difference is covered from the pension company's own funds (there were no transfers in 2016). In the other two funds "Moj dinamični sklad" and "Moj uravnoreženi sklad", the company maintains personal accounts where net premiums are accumulated, while liabilities depend on the number and price of units.

The risk of failing to realise guaranteed returns for both contracts where the investment risk is born by the policyholder as well as for assets under investment contracts, is managed primarily through appropriate management of policyholder assets and liabilities, an appropriate investment strategy and provisioning.

6.4 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.

6.4.1 Market risks

Balance of investments sensitive to market risk

Type of investment	30/09/2016	31/12/2015	Absolute difference 30/09/2016 / 31/12/2015
Deposits	24,130,165	53,052,297	-28,922,132
Government bonds	577,339,109	502,263,965	75,075,144
Corporate bonds	385,949,894	421,301,237	-35,351,343
Shares	18,433,621	18,906,610	-472,989
Mutual funds	8,298,555	12,758,487	-4,459,932
bond and money market	837,324	341,158	496,166
mixed funds	1,670,497	1,730,327	-59,830
equity funds	5,145,497	10,020,709	-4,875,212
other	645,237	666,292	-21,055
Loans granted and other investments	796,253	1,075,435	-279,182
Deposits with cedants	7,593,080	5,698,774	1,894,306
Financial investments	1,022,540,677	1,015,056,805	7,483,872
Investment property	7,926,708	8,040,244	-113,536
Cash and cash equivalents	42,329,758	4,710,904	37,618,854
Investment portfolio	1,072,797,143	1,027,807,953	44,989,190

The investment portfolio sensitive to market risk grew by € 45.0 million compared to 31/12/2015. Details are provided in section 4.1.1 "Investment portfolio".

6.4.1.1 Interest rate risk

Interest rate risk is the risk that a change in market interest rates will adversely affect the value of interest-sensitive assets and liabilities.

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 in case of a change in interest rates. The analysed investments do not include held-to-maturity bonds as they are measured at amortised cost. Interest rate risk is managed through each company's efforts to optimise maturity matching of assets and liabilities so that any movement on the assets side neutralises the movement on the liabilities side.

At 30 September 2016, the value of interest-sensitive financial investments stood at € 858.9 million (31/12/2015: € 760.2 million). Of this, the value of interest-sensitive financial investments of non-life funds was € 591.6 million (31/12/2015: € 524.3 million); the value of interest-sensitive financial investments of life funds was € 267.3 million (31/12/2015: € 235.9 million).

The sensitivity analysis for data at 30 September 2015 showed that in the event of an upward shift of the yield curve by 50 basis points, the value of non-life insurance investments would drop by € 11.4 million or 1.9 % (31/12/2015: € 4.5 million or 0.9 %). The value of life insurance investments would decline by € 6.3 million or 2.4 % (31/12/2015: € 4.7 million or 2.0 %).

Interest rate risk has increased somewhat compared to the year-end as a result of the longer duration of investments.

6.4.1.2 Equity risk

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

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 2016, the value of investments would decrease by € 2.5 million (31/12/2015: € 3.0 million).

The risk declined compared to year-end 2015 because of the lower amount of investments exposed to equity risk.

6.4.1.3 Property risk

Property risk is the risk that the value of property will decrease due to fluctuations in real estate markets.

Exposure to property risk is monitored through a stress test assuming a 25 % drop in prices. The basis for the calculation is the balance of investment property.

In case of a 25 % drop in property prices, the value of investments at 30 September 2016 would decrease by € 2.0 million (31/12/2015: € 2.0 million).

The risk did not change compared to year-end 2015.

6.4.1.4 Currency risk

The Sava Re Group manages currency risk through the efforts of each Group member to optimise asset-liability currency matching. Sava Re is the Sava Re Group member with the largest exposure to currency risk due to its substantial 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 Re reduces its currency risk by matching assets and liabilities denominated in foreign currencies. Currencies are matched at the accounting currency level. If capital markets are not available in the accounting currency, currencies are matched at the transaction currency level.

The tables below show currency matching of Sava Re with effects on the statement of financial position and the income statement at 30 September 2016.

Currency	2016	Assets	Liabilities	Mismatch	% of matched liabilities
Euro (€)		495,124,262	488,415,701		
Foreign currencies		104,371,044	111,079,606	24,929,602	94.0
US dollar (USD)		36,125,246	29,739,829	6,385,418	121.5
Korean won (KRW)		13,375,911	11,708,786	1,667,126	114.2
Indian rupee (INR)		8,552,713	7,757,809	794,904	110.2
Taka (BDT)		3,279,289	7,440,793	4,161,504	44.1
Chinese yuan (CNY)		7,187,209	6,924,135	263,073	103.8
Other		35,850,676	47,508,254	11,657,577	75.5
Total		599,495,307	599,495,306		
% of currency matched liabilities				95.8 %	

At 30 September 2016, the Company had a surplus of assets over liabilities in US dollar (€ 6.4 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 € 0.2 million.

A currency mismatch also affects Sava Re's profit or loss through accounting for exchange rate 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 as a result of a change in the exchange rate is offset by the change in the value of liabilities denominated in that foreign currency. As Sava Re's assets and liabilities are 95.8 % currency matched, changes in foreign exchange rates still affect the income statement to some extent. The following table shows the impact of exchange differences.

Effect of exchange differences on the income statement for 1–9/2016

Statement of financial position item	Exchange differences		
	30/09/2016	30/09/2015	31/12/2015
Euro (€)			
Investments	-430,863	2,003,639	3,227,501
Technical provisions and deferred commissions	435,637	-2,077,252	-3,635,776
Receivables and liabilities	-494,228	211,233	230,791
Total effect on the income statement	-489,454	137,620	-177,484

6.4.2 Credit risk

Credit risk is the risk that issuers or other counterparties will fail to meet their obligations to the Company.

The Group mitigates credit risk by investing in highly rated debt securities. At 30 September 2016 a share of 81.7 % of the fixed income portfolio was rated "investment grade" (BBB– or better) (31/12/2015: 83.0 %), and 70.2 % of investments were rated A- or better (31/12/2015: 47.6 %).

The largest structural shift was from the BBB/Baa class to the A/A class, largely as a result of the changes in credit ratings on the Republic of Slovenia: rating agency Fitch upgraded the credit rating on the Republic of Slovenia to A-.

The Company's credit profile remained at about the same level as at the year-end, so we believe that the credit risk has not changed from the end of the prior year.

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.

The Group's largest regional concentration is with EU countries (30/09/2016: 49.5 %; 31/12/2015: 47.7 %). In terms of industry, the Group is mainly exposed to governments (30/09/2016: 53.8 %; 31/12/2015: 54.0%), followed by the banking sector (30/09/2016: 21.2 %; 31/12/2015: 21.0 %). In the banking sector, covered bonds represent 48.6 % of the exposure (31/12/2015: 43.8 %). The Group holds covered bonds as a form of low-risk investment. Exposure to the 10 largest issuers accounted for 38.3 % of the investment portfolio (31/12/2015: 37.4%), with the largest exposure to the Republic of Slovenia (31/03/2016: 22.3 %; 31/12/2015: 22.9%), while exposure to any other single issuer does not exceed 3 % of the investment portfolio.

We estimate that credit risk did not change significantly compared to year-end 2015.

6.4.3 Liquidity risk

Liquidity risk is managed through prudent forecasting of future cash flow requirements.

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

For the purpose of liquidity risk management, Sava Re has arranged a credit line in the total amount of € 10 million.

The Slovenia-based companies maintain a high proportion of their portfolio in highly liquid assets that are readily available to provide liquidity in the event of unexpected liquidity requirements (liquidity class L1A according to the ECB classification of assets eligible for collateral).








In the case of extraordinary liquidity needs of both Slovenia- and non-Slovenia based companies, the parent company would provide necessary funds from the parent's surplus funds or through loans.

In terms of liquidity of Group companies, the matching of the assets with the technical and mathematical provisions covered is very important. Each Group company is responsible for monitoring the matching of assets with liability funds for life and non-life business and for regularly reporting the status of both to the parent company and supervisory institutions.

We believe that liquidity risk is low and well managed.

6.5 Operational risks

The Group's operational risk policy lays down the processes and accountability in the management of such risks. Both on the company and Group level, operational risks are regularly identified, assessed and monitored in each company's and the Group's risk register. The main operational risk categories to which individual companies and the Group are exposed are:

-  risk of internal and external fraud,
-  employment practices and workplace safety,
-  risks associated with clients, products and business practices,
-  risk of damage to physical assets,
-  risk of business disruption and system failures,
-  risk of process management and execution and
-  compliance risk (laws and regulations).

Operational risk generally arises together with other risks (e.g. underwriting risk, market risk), having a tendency to compound them. Inconsistencies in the underwriting process, for example, may significantly increase underwriting risks.

For effective management of operational risks, Group companies – in line with the risk management policy – establish processes for identifying, measuring, monitoring, managing and reporting of operational risks. To manage operational risk, the Group companies have in place an effective internal control system (their use is regulated in the Group's internal control policy) and a business process management system.

Significant operational risks are managed by Group companies as follows:

- S** Each Group company has in place procedures (set down in writing) for detecting and preventing insurance fraud.
- S** To manage IT risks, companies have adopted security policies in accordance with the ISO 27001 standard. Documentation related to information security management encompasses three levels: the rules of procedure regarding information security, security policies, and systemic procedures and instructions.
- S** As part of operational risk management, Group companies have drawn up business continuity plans for all critical processes in case of incidents or external events. In this way, the Group mitigates the risk of unpreparedness for incidents and external events and any resulting business interruption.
- S** For the purpose of operational risk management, the Sava Re Group has put in place adequate IT-supported procedures and controls in the most important areas of operation. In addition, such risks are managed through the internal audit function, through staff training and enhanced risk awareness.

6.6 Strategic risks

The Sava Re Group and its Group members are also exposed to internal and external strategic risk. Strategic risks at the individual company and Group level are regularly identified and assessed; such data being recorded in the risk register. The risk management service monitors and regularly reports on major strategic risks to the risk management committee and the management board. Strategic risk management is carried out mainly through the governance system of individual companies and the Group as well as through systematic risk management at both the company and Group level.

We estimate that the Group is particularly exposed to strategic risks associated with the merger of the Group's EU-based insurers. The Group is aware of the risks involved in the project, monitoring and assessing them on a regular basis to identify and manage them as early as possible.

Other important categories of strategic risk relate to adequacy and the allocation of capital because the new Solvency II regulation effective as of 1 January 2016 completely changed the notions of required capital and eligible own funds.

As part of its risk strategy, the Sava Re Group identified reputation risk as a key risk. For this purpose, the Group has laid down criteria as to which practices are unacceptable in the Sava Re Group.

6.7 Capital adequacy risk

The Sava Re Group has calculated the opening balance of the Group's capital requirements as at 1 January 2016 in accordance with Solvency II regulations. The Group held eligible own funds of € 403 million, of which most were tier 1 funds. The valuation of both assets and liabilities for determining eligible own funds was carried out in accordance with economic principles. The Solvency Capital Requirement of the Group was € 200 million. The solvency ratio at 1 January 2016 stood at 201 %, which indicates that the capital position of the Sava Re Group is good.

The Group's eligible own funds at 30 June 2016 dropped slightly compared to 31 December 2015 to € 398 million. It is worth noting that the Solvency II balance sheet is based on market value and is as a result much more volatile than are valuations in accordance with IFRS, which is why we also expect greater volatility of eligible own funds.

The calculation of eligible own funds at day 30 June 2016 is underway, but no significant deviation from the last calculation is expected. The Group does not calculate a detailed quarterly Solvency Capital Requirement, but monitors its risk profile through various risk indicators. Based on these indicators, we estimate that the Group's capital adequacy is at a high level at 30 September 2016.

As the Group's capital position is very good, we estimate that compliance with regulatory requirements is not at risk and that the insolvency risk is very small.

6.8 Risk exposure up until year-end 2016

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 underwriting risks could be expected as a result of an increased frequency of storms with massive losses, while an increase in realised financial risks could be expected as a result of unfavourable trends in financial markets.

Although the process of merging four Sava Re Group insurers was formally completed on 2 November 2016, Zavarovalnica Sava will continue experiencing risks related to the integration of processes and realisation of synergistic effects.

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

7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 Unaudited consolidated statement of financial position

(€)	30/09/2016	31/12/2015
ASSETS	1,689,477,024	1,607,281,060
Intangible assets	27,669,115	30,465,315
Property and equipment	52,063,719	47,217,311
Deferred tax assets	1,830,635	2,371,857
Investment property	7,926,708	8,040,244
Financial investments:	1,022,540,677	1,015,056,805
- loans and deposits	30,912,511	57,721,961
- held to maturity	129,493,413	165,444,270
- available for sale	852,416,035	773,486,797
- at fair value through profit or loss	9,718,718	18,403,777
Funds for the benefit of policyholders who bear the investment risk	222,530,750	214,189,117
Reinsurers' share of technical provisions	29,144,963	23,877,277
Assets under investment contracts	118,147,365	111,418,244
Receivables	144,511,257	130,663,929
Receivables arising out of primary insurance business	57,964,932	51,510,767
Reinsurance receivables	74,548,209	68,757,586
Current tax assets	1,370,699	1,734,294
Other receivables	10,627,417	8,661,282
Deferred acquisition costs	18,658,613	17,992,485
Other assets	2,036,547	1,173,159
Cash and cash equivalents	42,329,758	4,710,904
Non-current assets held for sale	86,917	104,413
EQUITY AND LIABILITIES	1,689,477,024	1,607,281,060
Equity	296,172,777	286,401,678
Share capital	71,856,376	71,856,376
Capital reserves	43,388,536	43,388,724
Profit reserves	132,865,143	122,954,429
Own shares	-24,938,709	-10,319,347
Fair value reserve	26,971,343	12,721,705
Reserve due to fair value revaluation	-327,452	-37,472
Retained earnings	40,614,278	23,490,926
Net profit/loss for the period	8,025,718	24,849,678
Translation reserve	-3,241,883	-3,467,155
Equity attributable to owners of the controlling company	295,213,349	285,437,863
Non-controlling interest in equity	959,428	963,815
Subordinated liabilities	23,559,060	23,534,136
Technical provisions	943,281,946	887,068,500
Unearned premiums	181,220,559	156,039,680
Technical provisions for life insurance business	269,219,727	262,052,426
Provision for outstanding claims	481,648,515	459,012,655
Other technical provisions	11,193,145	9,963,739
Technical provision for the benefit of life insurance policyholders who bear the investment risk	221,186,097	207,590,086
Other provisions	8,308,239	7,389,695
Deferred tax liabilities	6,421,540	4,598,731
Liabilities under investment contracts	118,031,311	111,304,383
Other financial liabilities	368,676	206,047
Liabilities from operating activities	49,202,866	54,467,303
Liabilities from primary insurance business	10,807,473	10,968,865
Reinsurance payables	34,512,153	39,739,412
Current income tax liabilities	3,883,240	3,759,026
Other liabilities	22,944,512	24,720,501

7.2 Unaudited consolidated income statement

(€)	1–9/2016	1–9/2015
Net earned premiums	343,769,334	334,899,849
Gross premiums written	390,549,344	384,593,111
Written premiums ceded to reinsurers and co-insurers	-25,756,618	-25,925,006
Change in gross unearned premiums	-25,029,152	-26,920,041
Change in unearned premiums for the reinsurance and co-insurance part	4,005,760	3,151,785
Income from investments in associates	0	138,685
Profit from investments in equity-accounted associate companies	0	138,685
Investment income	24,271,590	28,705,378
Interest income	15,971,961	16,979,688
Other investment income	8,299,629	11,725,690
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	12,601,783	16,957,603
Other technical income	12,825,374	12,910,095
Commission income	2,744,754	2,809,948
Other technical income	10,080,620	10,100,147
Other income	4,111,766	4,470,000
Net claims incurred	-204,056,822	-208,225,120
Gross claims payments less income from recourse receivables	-195,251,098	-196,365,779
Reinsurers' and co-insurers' shares	12,323,203	13,347,627
Change in the gross claims provision	-21,640,741	-12,431,942
Change in the provision for outstanding claims for the reinsurance and co-insurance part	511,814	-12,775,026
Change in other technical provisions	-8,011,608	-2,722,328
Change in technical provisions for policyholders who bear the investment risk	-12,354,559	-4,685,605
Expenses for bonuses and rebates	-1,293,443	-620,085
Operating expenses	-114,052,410	-108,051,924
Acquisition costs	-39,197,442	-38,044,983
Change in deferred acquisition costs	579,187	3,089,332
Other operating expenses	-75,434,155	-73,096,273
Expenses for financial assets and liabilities	-6,625,796	-9,134,004
Impairment losses on financial assets not at fair value through profit or loss	-67,895	-211,164
Interest expense	-635,747	-955,639
Other investment expenses	-5,922,154	-7,967,201
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-9,187,423	-21,207,757
Other technical expenses	-12,744,056	-14,927,122
Other expenses	-1,441,965	-1,480,895
Profit/loss before tax	27,811,765	27,026,770
Income tax expense	-5,192,818	-4,039,945
Net profit/loss for the period	22,618,947	22,986,825
Net profit/loss attributable to owners of the controlling company	22,645,078	22,989,807
Net profit/loss attributable to non-controlling interests	-26,131	-2,982
Basic and diluted earnings per share	1.43	1.39

The change in the weighted average number of shares outstanding is shown in section 8.8.9 "Net earnings/loss per share".

7.3 Unaudited consolidated statement of comprehensive income

(€)	1–9/2016			1–9/2015		
	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	22,645,078	-26,131	22,618,947	22,989,807	-2,982	22,986,825
OTHER COMPREHENSIVE INCOME, NET OF TAX	14,184,930	27,638	14,212,568	-6,553,356	-7,202	-6,560,558
a) Items that will not be reclassified subsequently to profit or loss	-289,980	0	-289,980	183,956	0	183,956
Other items that will not be reclassified subsequently to profit or loss	-300,027	0	-300,027	180,707	0	180,707
Tax on items that will not be reclassified subsequently to profit or loss	10,047	0	10,047	3,249	0	3,249
b) Items that may be reclassified subsequently to profit or loss	14,474,910	27,638	14,502,548	-6,737,312	-7,202	-6,744,514
Net gains/losses on remeasuring available-for-sale financial assets	16,970,280	15,573	16,985,853	-7,138,100	-8,736	-7,146,836
Net change recognised in the fair value reserve	16,182,433	15,573	16,198,006	-7,789,597	-8,736	-7,798,333
Net change transferred from fair value reserve to profit or loss	787,847	0	787,847	651,497	0	651,497
Net gains/losses attributable to the Group recognised in fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies	0	0	0	-46,705	0	-46,705
Tax on items that may be reclassified subsequently to profit or loss	-2,720,642	0	-2,720,642	399,121	0	399,121
Net gains/losses from translation of financial statements of non-domestic companies	225,272	12,065	237,337	48,372	1,534	49,906
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	36,830,008	1,507	36,831,515	16,436,451	-10,184	16,426,267
Attributable to owners of the controlling company	36,830,008	0	36,830,008	16,436,451	0	16,436,451
Attributable to non-controlling interest	0	1,507	1,507	0	-10,184	-10,184

7.4 Unaudited consolidated statement of cash flows

(€)	1–9/2016	1–9/2015
A. Cash flows from operating activities		
a.) Items of the income statement	69,294,544	87,804,992
1. Net premiums written in the period	364,792,726	384,593,111
2. Investment income (other than financial income)	167,312	112,799
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	16,937,140	17,380,095
4. Net claims payments in the period	-182,927,895	-187,677,985
5. Expenses for bonuses and rebates	-1,293,443	-620,085
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-108,926,385	-105,511,549
7. Investment expenses (excluding amortisation and financial expenses)	-76,072	-23,432
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-14,186,021	-16,408,017
9. Tax on profit and other taxes not included in operating expenses	-5,192,818	-4,039,945
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	-27,573,214	-55,268,975
1. Change in receivables from primary insurance	-6,454,165	-5,704,863
2. Change in receivables from reinsurance	-5,790,623	-17,582,540
3. Change in other receivables from (re)insurance business	-500,802	617,387
4. Change in other receivables and other assets	-2,612,187	-10,303,934
5. Change in deferred tax assets	541,222	-1,342,362
6. Change in inventories	-19,067	-55,434
7. Change in liabilities arising out of primary insurance	-161,392	-106,105
8. Change in liabilities arising out of reinsurance business	-5,227,259	3,602,605
9. Change in other operating liabilities	-5,227,259	-1,288,599
10. Change in other liabilities (except unearned premiums)	-3,944,491	-22,085,936
11. Change in deferred tax liabilities	1,822,809	-1,019,194
c.) Net cash from/used in operating activities (a + b)	41,721,330	32,536,017
B. Cash flows from investing activities		
a.) Cash receipts from investing activities	791,057,261	798,084,111
1. Interest received from investing activities relating to:	15,971,961	16,979,688
2. Proceeds from dividends and shares in the profit of others, relating to:	1,242,216	1,209,359
3. Proceeds from sale of intangible assets, financed from:	63,660	0
4. Proceeds from sale of property and equipment, financed from:	2,212,145	729,277
5. Proceeds from sale of financial investments	771,567,279	779,165,787
b.) Cash disbursements in investing activities	-767,506,471	-813,374,461
1. Purchase of intangible assets	-408,351	-433,329
2. Purchase of property and equipment, financed from:	-6,520,821	-1,367,650
3. Purchase of long-term financial investments, financed from:	-760,577,299	-811,573,482
c.) Net cash from/used in investing activities (a + b)	23,550,790	-15,290,350
C. Cash flows from financing activities		
b.) Cash disbursements in financing activities	-27,653,266	-17,156,350
1. Interest paid	-635,747	-955,639
3. Repayment of long-term financial liabilities	0	-5,200,000
4. Repayment of short-term financial liabilities	0	-1,802,732
5. Dividends and other profit participations paid	-12,398,157	-9,065,978
6. Own share repurchases	-14,619,362	-132,001
c.) Net cash from/used in financing activities (a + b)	-27,653,266	-17,156,350
C2. Closing balance of cash and cash equivalents	42,329,758	5,732,518
x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	37,618,854	89,317
y) Opening balance of cash and cash equivalents	4,710,904	5,643,201
Opening balance of cash and cash equivalents – acquisition	0	0

7.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the nine months to 30 September 2016

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	Reserve due to fair value revaluation	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 (15 + +16)
			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.	17.
Closing balance in previous financial year	71,856,376	43,388,724	11,242,766	10,319,347	976,191	11,225,068	89,191,057	12,721,705	-37,472	23,490,926	24,849,678	-10,319,347	-3,467,155	285,437,863	963,815	286,401,678
Opening balance in the financial period	71,856,376	43,388,724	11,242,766	10,319,347	976,191	11,225,068	89,191,057	12,721,705	-37,472	23,490,926	24,849,678	-10,319,347	-3,467,155	285,437,863	963,815	286,401,678
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	14,249,638	-289,980	0	22,645,078	0	225,272	36,830,008	1,507	36,831,515
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	22,645,078	0	0	22,645,078	-26,131	22,618,947
b) Other comprehensive income	0	0	0	0	0	0	0	14,249,638	-289,980	0	0	0	225,272	14,184,930	27,638	14,212,568
Net purchase/sale of treasury shares	0	0	0	14,619,362	0	0	0	0	0	0	-14,619,362	-14,619,362	0	-14,619,362	0	-14,619,362
Dividend payouts	0	0	0	0	0	0	0	0	0	-12,398,158	0	0	0	-12,398,158	0	-12,398,158
Allocation of net profit to profit reserve	0	0	140,964	0	0	0	0	0	0	-140,964	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-976,191	-3,873,421	0	0	0	4,849,612	0	0	0	0	0	0
Acquisition of non-controlling interests	0	-188	0	0	0	0	0	0	0	0	0	0	0	-188	-5,893	-6,081
Transfer of profit	0	0	0	0	0	0	0	0	0	24,849,678	-24,849,678	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	-36,817	0	0	0	-36,817	0	-36,817
Closing balance in the financial period	71,856,376	43,388,536	11,383,730	24,938,709	0	7,351,647	89,191,057	26,971,343	-327,452	40,614,278	8,025,718	-24,938,709	-3,241,883	295,213,349	959,428	296,172,777

Unaudited consolidated 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	Reserve due to fair value revaluation	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 (15 + +16)
			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.	17.
Closing balance in previous financial year	71,856,376	44,638,799	11,140,269	10,115,023	876,938	11,744,474	81,269,632	18,594,753	-146,012	15,652,780	17,474,558	-10,115,023	-3,489,433	269,613,133	1,915,490	271,528,623
Prior-period adjustments	0	0	0	0	0	0	0	0	0	-1,099,114	0	0	0	-1,099,114	0	-1,099,114
Opening balance in the financial period	71,856,376	44,638,799	11,140,269	10,115,023	876,938	11,744,474	81,269,632	18,594,753	-146,012	14,553,666	17,474,558	-10,115,023	-3,489,433	268,514,019	1,915,490	270,429,509
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	-6,785,684	183,956	0	22,989,807	0	48,372	16,436,451	-10,184	16,426,267
a) Net profit/loss for the period	0	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	-6,785,684	183,956	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	0	-132,001	-132,001	0	-132,001	0	-132,001
Dividend payouts	0	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	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	0	-141,680	0	0	0	0	0
Acquisition of non-controlling interests	0	-1,151,315	0	0	0	0	0	0	0	0	0	0	0	-1,151,315	-803,656	-1,954,971
Transfer of profit	0	0	0	0	0	0	0	0	0	17,474,558	-17,474,558	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,487,484	11,243,038	10,247,024	933,827	11,829,265	81,269,632	11,809,069	37,944	22,859,476	22,716,124	-10,247,024	-3,441,061	274,601,172	1,101,651	275,702,823

8 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 2016 as compared to both the first nine months of 2015 and end-of-year 2015.

8.1 Overview of major accounting policies

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

Pursuant to IAS 34, notes are provided in relation to major business events that are required to understand the financial position and performance of the Group compared to the previous annual financial report prepared for 2015.

The financial statements with notes as at and for the nine months to 30 September 2016 have not been audited.

The interim financial statements at 30 September 2016 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2015.

As of 1 January 2016, the Group changed the disclosure of cash assets to include cash equivalents. Previously, in the statement of financial position at 31 December 2015 these were disclosed under financial investments. Thus, the statement of financial position and cash flow item "cash and cash equivalents" comprises:

- cash, including cash on hand, cash in bank accounts of commercial banks or other financial institutions and overnight deposits, and
- cash equivalents, including demand deposits and deposits with an original maturity of up to three months.

Detailed information on this change is provided in note 8.8.5 "Cash and cash equivalents".

8.2 Seasonality and cyclical nature of interim operations

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

8.3 The nature and amount of unusual items

There were no items unusual because of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the period 1–9/2016.

8.4 Materiality

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2 % thereof at 30 September 2016, which is € 5.9 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.

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

The Group issued no new debt or equity securities.

8.6 Key accounting estimates and judgements

The Group is predominately composed of financial companies (insurance 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.

8.7 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 the "other" segment. 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 items by operating segment – assets at 30 September 2016

30/09/2016	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	280,371,878	568,033,923	111,283,597	679,317,519	700,927,237	23,574,985	724,502,222	5,285,405	1,689,477,024
Intangible assets	805,165	9,621,141	10,372,181	19,993,322	6,809,664	42,778	6,852,442	18,186	27,669,115
Property and equipment	7,775,683	26,572,099	10,646,027	37,218,126	2,435,619	2,442,477	4,878,096	2,191,814	52,063,719
Deferred tax assets	1,761,204	47,144	22,127	69,271	0	160	160	0	1,830,635
Investment property	2,928,407	265,070	4,438,304	4,703,374	42,627	252,300	294,927	0	7,926,708
Financial investments:	165,448,553	435,597,448	65,511,452	501,108,900	336,375,911	19,554,244	355,930,155	53,069	1,022,540,677
- loans and deposits	6,792,538	4,792,243	14,101,335	18,893,578	176,375	4,998,784	5,175,159	51,237	30,912,511
- held to maturity	1,398,240	41,452,640	5,004,786	46,457,426	78,796,472	2,841,275	81,637,746	0	129,493,413
- available for sale	156,346,037	388,448,821	46,275,875	434,724,695	250,358,818	10,984,652	261,343,471	1,832	852,416,035
- at fair value through profit or loss	911,739	903,743	129,457	1,033,200	7,044,246	729,533	7,773,779	0	9,718,718
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	222,495,645	35,105	222,530,750	0	222,530,750
Reinsurers' share of technical provisions	9,239,190	14,641,267	5,051,482	19,692,749	210,913	2,111	213,024	0	29,144,963
- from unearned premiums	1,707,804	7,330,534	1,320,205	8,650,740	21,735	351	22,086	0	10,380,630
- from provisions for claims outstanding	7,531,386	8,069,494	3,731,276	11,800,770	189,178	1,760	190,938	0	19,523,094
- from other technical provisions	0	-758,761	0	-758,761	0	0	0	0	-758,761
Assets under investment contracts	0	0	0	0	118,147,365	0	118,147,365	0	118,147,365
Receivables	72,716,167	56,091,759	10,317,169	66,408,928	2,619,389	244,364	2,863,753	2,522,409	144,511,257
Receivables arising out of primary insurance business	0	50,070,645	6,940,620	57,011,265	845,503	108,164	953,667	0	57,964,932
Reinsurance receivables	72,512,836	1,005,081	1,030,265	2,035,346	7	20	27	0	74,548,209
Current tax assets	0	0	109,483	109,483	1,261,216	0	1,261,216	0	1,370,699
Other receivables	203,331	5,016,033	2,236,801	7,252,834	512,663	136,180	648,843	2,522,409	10,627,417
Deferred acquisition costs	6,161,003	9,882,581	2,351,378	12,233,958	262,034	1,618	263,652	0	18,658,613
Other assets	583,378	992,432	365,711	1,358,143	43,353	26,430	69,783	25,243	2,036,547
Cash and cash equivalents	12,953,128	14,239,835	2,207,766	16,447,601	11,484,717	969,628	12,454,345	474,684	42,329,758
Non-current assets held for sale	0	83,147	0	83,147	0	3,770	3,770	0	86,917

Statement of financial position items by operating segment – equity and liabilities at 30 September 2016

30/09/2016	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	342,052,304	531,172,174	112,983,549	644,155,723	682,724,916	19,425,196	702,150,112	1,118,884	1,689,477,024
Equity	122,069,652	76,121,174	35,394,508	111,515,682	54,803,849	6,868,346	61,672,195	915,247	296,172,777
Equity attributable to owners of the controlling company	122,069,652	76,121,174	34,835,664	110,956,838	54,803,849	6,470,724	61,274,573	912,285	295,213,349
Non-controlling interest in equity	0	0	558,844	558,844	0	397,622	397,622	2,962	959,428
Subordinated liabilities	23,559,060	0	0	0	0	0	0	0	23,559,060
Technical provisions	158,814,773	428,447,588	70,787,732	499,235,320	273,152,510	12,079,343	285,231,853	0	943,281,946
Unearned premiums	34,271,191	120,421,884	25,690,435	146,112,319	713,308	123,741	837,049	0	181,220,559
Mathematical provisions	0	0	0	0	257,958,002	11,261,725	269,219,727	0	269,219,727
Provision for outstanding claims	124,522,026	297,311,292	44,640,120	341,951,412	14,481,200	693,877	15,175,077	0	481,648,515
Other technical provisions	21,556	10,714,412	457,177	11,171,589	0	0	0	0	11,193,145
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	221,150,992	35,105	221,186,097	0	221,186,097
Other provisions	373,759	6,049,097	527,846	6,576,943	1,337,217	17,583	1,354,800	2,737	8,308,239
Deferred tax liabilities	0	3,224,989	113,569	3,338,558	3,051,252	26,009	3,077,261	5,721	6,421,540
Liabilities under investment contracts	0	0	0	0	118,031,311	0	118,031,311	0	118,031,311
Other financial liabilities	367,241	0	0	0	0	955	955	480	368,676
Liabilities from operating activities	33,422,583	6,265,320	1,954,099	8,219,419	7,417,624	131,721	7,549,345	11,519	49,202,866
Liabilities from primary insurance business	0	3,924,515	774,781	4,699,296	6,009,906	98,271	6,108,177	0	10,807,473
Reinsurance payables	32,531,119	990,783	966,333	1,957,116	22,436	1,482	23,918	0	34,512,153
Current income tax liabilities	891,464	1,350,022	212,985	1,563,007	1,385,282	31,968	1,417,250	11,519	3,883,240
Other liabilities	3,445,236	11,064,006	4,205,795	15,269,801	3,780,161	266,134	4,046,295	183,180	22,944,512

Statement of financial position items by operating segment – assets at 31 December 2015

31/12/2015	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	254,300,035	549,029,484	106,821,645	655,851,129	670,204,392	21,709,410	691,913,802	5,216,094	1,607,281,060
Intangible assets	666,490	12,420,044	10,392,378	22,812,422	6,909,849	59,058	6,968,907	17,496	30,465,315
Property and equipment	2,455,343	27,257,037	10,555,501	37,812,538	2,284,427	2,482,888	4,767,315	2,182,115	47,217,311
Deferred tax assets	2,285,448	47,144	29,669	76,813	0	9,596	9,596	0	2,371,857
Investment property	2,999,742	292,527	4,455,919	4,748,446	43,633	248,423	292,056	0	8,040,244
Financial investments:	158,985,077	442,401,446	62,846,801	505,248,246	333,096,197	17,674,216	350,770,413	53,069	1,015,056,805
- loans and deposits	7,042,366	21,872,684	18,377,363	40,250,047	6,252,241	4,126,070	10,378,311	51,237	57,721,961
- held to maturity	1,375,223	61,764,757	4,668,518	66,433,276	94,150,344	3,485,427	97,635,771	0	165,444,270
- available for sale	148,493,480	355,397,421	39,031,620	394,429,041	220,848,781	9,713,664	230,562,445	1,832	773,486,797
- at fair value through profit or loss	2,074,009	3,366,584	769,300	4,135,883	11,844,830	349,055	12,193,885	0	18,403,777
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	214,153,769	35,348	214,189,117	0	214,189,117
Reinsurers' share of technical provisions	10,715,168	8,387,854	4,513,367	12,901,222	258,387	2,500	260,887	0	23,877,277
- from unearned premiums	1,155,150	3,897,296	1,087,966	4,985,262	34,025	1,730	35,755	0	6,176,167
- from provisions for claims outstanding	9,560,019	5,164,348	3,425,401	8,589,750	224,362	770	225,132	0	18,374,900
- from other technical provisions	0	-673,790	0	-673,790	0	0	0	0	-673,790
Assets under investment contracts	0	0	0	0	111,418,244	0	111,418,244	0	111,418,244
Receivables	69,471,292	48,160,043	8,884,189	57,044,232	1,447,432	205,633	1,653,065	2,495,340	130,663,929
Receivables arising out of primary insurance business	0	44,597,018	6,000,526	50,597,544	804,966	108,257	913,223	0	51,510,767
Reinsurance receivables	67,730,863	502,027	522,877	1,024,904	4	1,815	1,819	0	68,757,586
Current tax assets	1,633,620	0	100,378	100,378	0	0	0	296	1,734,294
Other receivables	106,809	3,060,998	2,260,408	5,321,406	642,462	95,561	738,023	2,495,044	8,661,282
Deferred acquisition costs	6,054,860	9,278,328	2,285,249	11,563,578	372,199	1,848	374,047	0	17,992,485
Other assets	380,665	453,619	237,894	691,513	33,717	28,402	62,119	38,862	1,173,159
Cash and cash equivalents	285,950	227,028	2,620,678	2,847,706	186,538	961,498	1,148,036	429,212	4,710,904
Non-current assets held for sale	0	104,413	0	104,413	0	0	0	0	104,413

Statement of financial position items by operating segment – equity and liabilities at 31 December 2015

31/12/2015	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	319,043,959	508,862,351	108,042,139	616,904,490	653,391,027	17,807,935	671,198,962	133,650	1,607,281,060
Equity	106,575,645	83,959,570	36,179,811	120,139,381	52,620,232	7,147,920	59,768,152	-81,499	286,401,678
Equity attributable to owners of the controlling company	106,575,645	83,959,570	35,608,746	119,568,316	52,620,232	6,756,036	59,376,268	-82,365	285,437,863
Non-controlling interest in equity	0	0	571,065	571,065	0	391,884	391,884	866	963,815
Subordinated liabilities	23,534,136	0	0	0	0	0	0	0	23,534,136
Technical provisions	149,301,490	395,062,053	65,487,744	460,549,797	267,016,594	10,200,619	277,217,213	0	887,068,500
Unearned premiums	29,416,771	102,286,783	23,467,843	125,754,626	750,713	117,570	868,283	0	156,039,680
Mathematical provisions	0	0	0	0	252,244,030	9,808,396	262,052,426	0	262,052,426
Provision for outstanding claims	119,762,737	283,785,036	41,168,951	324,953,987	14,021,851	274,080	14,295,931	0	459,012,655
Other technical provisions	121,982	8,990,234	850,950	9,841,184	0	573	573	0	9,963,739
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	207,554,738	35,348	207,590,086	0	207,590,086
Other provisions	347,277	5,233,222	565,043	5,798,265	1,232,293	10,704	1,242,997	1,156	7,389,695
Deferred tax liabilities	0	2,558,159	77,210	2,635,369	1,957,641	0	1,957,641	5,721	4,598,731
Liabilities under investment contracts	0	0	0	0	111,304,383	0	111,304,383	0	111,304,383
Other financial liabilities	91,896	3	114,148	114,151	0	0	0	0	206,047
Liabilities from operating activities	37,058,444	7,525,440	1,779,680	9,305,120	7,939,771	143,842	8,083,613	20,126	54,467,303
Liabilities from primary insurance business	0	3,533,129	443,609	3,976,738	6,879,987	112,140	6,992,127	0	10,968,865
Reinsurance payables	37,058,444	1,651,833	1,000,059	2,651,892	25,610	3,466	29,076	0	39,739,412
Current income tax liabilities	0	2,340,478	336,012	2,676,490	1,034,174	28,236	1,062,410	20,126	3,759,026
Other liabilities	2,135,071	14,523,904	3,838,503	18,362,407	3,765,375	269,502	4,034,877	188,146	24,720,501

Income statement items by operating segment 1–9/2016

(€) 1–9/2016	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	69,054,615	173,506,262	36,944,004	210,450,266	59,577,691	4,686,762	64,264,453	0	343,769,334
Gross premiums written	76,986,523	207,255,185	41,850,968	249,106,153	59,760,159	4,696,509	64,456,668	0	390,549,344
Written premiums ceded to reinsurers and co-insurers	-3,630,142	-19,047,058	-2,848,729	-21,895,787	-227,138	-3,551	-230,689	0	-25,756,618
Change in gross unearned premiums	-4,854,421	-17,987,238	-2,238,348	-20,225,586	56,960	-6,105	50,855	0	-25,029,152
Change in unearned premiums for the reinsurance and co-insurance part	552,655	3,285,373	180,113	3,465,487	-12,290	-91	-12,381	0	4,005,760
Investment income	7,311,412	6,545,980	1,922,565	8,468,545	7,893,504	598,128	8,491,633	0	24,271,590
Interest income	2,205,406	4,973,391	1,690,630	6,664,022	6,648,360	454,173	7,102,533	0	15,971,961
Other investment income	5,106,006	1,572,588	231,935	1,804,524	1,245,144	143,955	1,389,099	0	8,299,629
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	12,601,634	149	12,601,783	0	12,601,783
Other technical income	4,371,383	4,184,649	2,434,325	6,618,974	1,672,903	34,425	1,707,328	127,689	12,825,374
Commission income	288,167	2,091,582	365,005	2,456,587	0	0	0	0	2,744,754
Other technical income	4,083,216	2,093,067	2,069,320	4,162,387	1,672,903	34,425	1,707,328	127,689	10,080,620
Other income	26,571	1,893,240	912,052	2,805,292	994,981	12,694	1,007,675	272,228	4,111,766
Net claims incurred	-45,214,695	-108,009,011	-16,653,780	-124,662,791	-32,755,328	-1,424,008	-34,179,337	0	-204,056,822
Gross claims payments less income from recourse receivables	-42,622,207	-104,455,721	-15,936,021	-120,391,742	-31,228,533	-1,008,616	-32,237,149	0	-195,251,098
Reinsurers' and co-insurers' shares	4,195,430	7,067,825	950,371	8,018,195	109,577	0	109,577	0	12,323,203
Change in the gross claims provision	-4,759,285	-13,538,829	-1,325,071	-14,863,900	-1,601,191	-416,365	-2,017,556	0	-21,640,741
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-2,028,633	2,917,714	-343,058	2,574,656	-35,182	973	-34,209	0	511,814
Change in other technical provisions	100,427	-1,265,705	442,023	-823,682	-5,916,431	-1,371,922	-7,288,353	0	-8,011,608
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-12,355,372	813	-12,354,559	0	-12,354,559
Expenses for bonuses and rebates	0	-1,259,920	-33,523	-1,293,443	0	0	0	0	-1,293,443
Operating expenses	-20,419,089	-58,079,175	-18,392,223	-76,471,398	-13,125,274	-2,302,927	-15,428,200	-1,733,723	-114,052,410
Acquisition costs	-16,892,160	-14,837,306	-3,335,594	-18,172,900	-3,398,918	-733,464	-4,132,382	0	-39,197,442
Change in deferred acquisition costs	480,819	253,441	43,112	296,553	-197,955	-230	-198,185	0	579,187
Other operating expenses	-4,007,748	-43,495,310	-15,099,741	-58,595,051	-9,528,401	-1,569,233	-11,097,633	-1,733,723	-75,434,155
Expenses for financial assets and liabilities	-5,441,976	-386,513	-116,281	-502,794	-525,890	-155,136	-681,026	0	-6,625,796
Impairment losses on financial assets not at fair value through profit or loss	0	-60,980	0	-60,980	0	-6,915	-6,915	0	-67,895
Interest expense	-635,478	0	-269	-269	0	0	0	0	-635,747
Other investment expenses	-4,806,498	-325,533	-116,012	-441,545	-525,890	-148,221	-674,111	0	-5,922,154
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-9,186,461	-962	-9,187,423	0	-9,187,423
Other technical expenses	-4,755,965	-3,822,229	-3,884,894	-7,707,123	-164,833	-116,102	-280,935	-33	-12,744,056
Other expenses	-87,528	-775,523	-569,042	-1,344,565	-49	-3,279	-3,328	-6,544	-1,441,965
Profit/loss before tax	4,945,156	12,532,056	3,005,227	15,537,282	8,711,074	-41,364	8,669,710	-1,340,383	27,811,765
Income tax expense	-1,908,462	-1,411,367	-422,317	-1,833,684	-1,376,628	-62,053	-1,438,681	-11,991	-5,192,818
Net profit/loss for the period									22,618,947
Net profit/loss attributable to owners of the controlling company									22,645,078
Net profit/loss attributable to non-controlling interest									-26,131

Income statement items by operating segment 1–9/2015

(€) 1–9/2015	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	61,440,190	173,457,022	35,662,704	209,119,727	60,160,102	4,179,830	64,339,932	0	334,899,849
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
Income from investments in subsidiary and associate companies	0	0	0	0	0	0	0	138,685	138,685
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	138,685	138,685
Investment income	11,509,843	7,384,271	1,866,288	9,250,559	7,463,232	481,744	7,944,976	0	28,705,378
Interest income	2,298,006	5,799,818	1,761,285	7,561,103	6,724,677	395,903	7,120,580	0	16,979,688
Other investment income	9,211,837	1,584,453	105,003	1,689,456	738,555	85,841	824,397	0	11,725,690
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	16,957,266	337	16,957,603	0	16,957,603
Other technical income	6,364,584	4,084,929	1,451,417	5,536,346	825,867	70,768	896,636	112,529	12,910,095
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
Other income	77,085	2,181,170	953,740	3,134,910	974,355	32,621	1,006,976	251,029	4,470,000
Net claims incurred	-46,618,863	-107,135,151	-15,230,460	-122,365,611	-38,241,149	-999,497	-39,240,646	0	-208,225,120
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	11,652,818	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	-57,421	434	-56,987	0	-12,775,026
Change in other technical provisions	0	-263,489	-6,294	-269,783	-911,120	-1,541,425	-2,452,545	0	-2,722,328
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-4,669,382	-16,223	-4,685,605	0	-4,685,605
Expenses for bonuses and rebates	353	-574,616	-45,822	-620,438	0	0	0	0	-620,085
Operating expenses	-18,043,011	-56,949,802	-16,699,332	-73,649,134	-12,338,643	-2,307,897	-14,646,540	-1,713,239	-108,051,924
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
Expenses for financial assets and liabilities	-7,547,592	-921,964	-108,329	-1,030,292	-416,739	-139,381	-556,120	0	-9,134,004
Impairment losses on financial assets not at fair value through profit or loss	-134,088	-62,220	-2,583	-64,802	-127	-12,147	-12,274	0	-211,164
Interest expense	-695,560	-256,755	-80	-256,835	0	-3,244	-3,244	0	-955,639
Other investment expenses	-6,717,944	-602,989	-105,666	-708,655	-416,612	-123,991	-540,602	0	-7,967,201
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-21,207,091	-666	-21,207,757	0	-21,207,757
Other technical expenses	-5,743,334	-5,249,437	-3,763,920	-9,013,357	-103,286	-67,145	-170,431	0	-14,927,122
Other expenses	-5	-528,286	-939,555	-1,467,841	-489	-4,193	-4,682	-8,367	-1,480,895
Profit/loss before tax	1,439,251	15,484,647	3,140,438	18,625,085	8,492,923	-311,127	8,181,796	-1,219,364	27,026,770
Income tax expense	31	-2,056,516	-540,520	-2,597,036	-1,426,387	0	-1,426,387	-16,553	-4,039,945
Net profit/loss for the period									22,986,825
Net profit/loss attributable to owners of the controlling company									22,989,807
Net profit/loss attributable to non-controlling interest									-2,982

Inter-segment business

(€)	Reinsurance business		Non-life insurance business		Life insurance business		Other	
	1-9/2016	1-9/2015	1-9/2016	1-9/2015	1-9/2016	1-9/2015	1-9/2016	1-9/2015
Net earned premiums	46,036,529	43,247,911	310,685	291,140	0	0	0	0
Net claims incurred	-20,022,671	-25,906,586	-54,817	-45,634	0	0	0	0
Operating expenses	-8,320,616	-8,460,449	-896,626	-385,165	-515,711	-891,911	-109,452	-92,389
Investment income	117,834	143,988	787	2,759	0	0	0	0
Other income	18,036	20,843	148,874	89,821	420	222	1,434,705	1,859,568

8.8 Notes to significant changes in the statement of financial position

8.8.1 Property and equipment

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

(€)	Land	Buildings	Equipment	Other property and equipment	Total
Cost					
01/01/2016	8,019,657	48,886,307	23,962,466	462,257	81,330,687
Additions	0	6,326,148	3,035,281	0	9,361,429
Disposals	0	-300,927	-2,931,784	-205,509	-3,438,220
Exchange differences	11,969	3,959	-4,593	-3,881	7,454
30/09/2016	8,031,626	54,915,487	24,061,370	252,867	87,261,350
Accumulated depreciation and impairment losses					
01/01/2016	0	16,060,017	17,799,123	254,237	34,113,377
Additions	0	934,781	3,054,921	6,364	3,996,066
Disposals	0	-62	-2,722,066	-177,513	-2,899,641
Exchange differences	0	-6,828	-3,195	-2,147	-12,170
30/09/2016	0	16,987,908	18,128,783	80,941	35,197,632
Carrying amount as at 01/01/2016	8,019,657	32,826,290	6,163,343	208,020	47,217,311
Carrying amount as at 30 September 2016	8,031,626	37,927,579	5,932,587	171,926	52,063,719

8.8.2 Financial investments

In the first nine months of 2016 financial investments grew by € 7.5 million compared to year-end 2015. As of 1 January 2016, demand deposits and deposits with an original maturity of up to three months in the amount of € 22 million were transferred to the item cash and cash equivalents (demand deposits of € 20.4 million and deposits with an original maturity of up to three months of € 1.6 million). Had this reclassification been made at 31 December 2015, financial investments at 31 December 2015 would have totalled € 993 million. With regard to the above, financial investments as at 30 September 2016 increased by € 29.5 million compared to the adjusted balance as at 31 December 2015.

Financial investments at 30 September 2016

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative	Designated to this category			
30/09/2016						
Debt instruments	129,493,413	7,505,310		827,850,788	23,319,431	988,168,942
Deposits and CDs	1,560,508	0	0	22,569,657	0	24,130,165
Government bonds	127,720,551	1,266,795	0	400,873,943	0	529,861,289
Corporate bonds	212,354	6,238,515	0	426,976,845	0	433,427,714
Loans granted	0	0	0	749,774	0	749,774
Equity instruments	0	2,213,408		24,518,768	0	26,732,176
Shares	0	599,698	0	17,833,923	0	18,433,621
Mutual funds	0	1,613,710	0	6,684,845	0	8,298,555
Other investments	0	0		46,479	0	46,479
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0		0	7,593,080	7,593,080
Total	129,493,413	9,718,718		852,416,035	30,912,511	1,022,540,677

Financial investments at 31 December 2015

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Designated to this category				
31/12/2015						
Debt instruments	165,444,270	16,488,823		743,376,443	52,023,187	977,332,723
Deposits and CDs	1,744,334	0		0	51,307,963	53,052,297
Government bonds	163,402,183	3,481,001		335,380,781	0	502,263,965
Corporate bonds	297,753	13,007,822		407,995,662	0	421,301,237
Loans granted	0	0		0	715,224	715,224
Equity instruments	0	1,728,773		29,936,324	0	31,665,097
Shares	0	595,678		18,310,932	0	18,906,610
Mutual funds	0	1,133,095		11,625,392	0	12,758,487
Other investments	0	186,181		174,030	0	360,211
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0		0	5,698,774	5,698,774
Total	165,444,270	18,403,777		773,486,797	57,721,961	1,015,056,805

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

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Designated to this category				
30/09/2016						
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,910,713	192,752,321		19,826,309	41,407	222,530,750

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Designated to this category				
31/12/2015						
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,985,587	182,609,105		15,963,694	5,630,731	214,189,117

Investments for the benefit of life-insurance policyholders who bear the investment risk are investments placed by the insurer in line with requests of life insurance policyholders.

8.8.4 Receivables

Receivables increased by € 21.4 million compared to year-end 2015. Receivables arising out of primary insurance business increased by € 16.3 million due to the annual renewal of insurance contracts. There was also an increase of € 4.4 million in receivables arising out of reinsurance and co-insurance business as a result of renewals of foreign-sourced reinsurance contracts written by Sava Re.

Receivables by type

(€)	30/09/2016			31/12/2015		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	84,714,020	-29,131,783	55,582,237	78,920,875	-28,975,503	49,945,372
Receivables from insurance brokers	2,779,425	-499,169	2,280,256	1,871,270	-466,986	1,404,284
Other receivables arising out of primary insurance business	247,621	-145,182	102,439	301,787	-140,676	161,111
Receivables arising out of primary insurance business	87,741,066	-29,776,134	57,964,932	81,093,932	-29,583,165	51,510,767
Receivables for premiums arising out of reinsurance and co-insurance	65,920,407	-381,404	65,539,003	63,733,597	-370,139	63,363,458
Receivables for shares in claims payments	8,528,929	-75,004	8,453,925	4,706,823	-75,004	4,631,819
Other receivables from co-insurance and reinsurance	555,281	0	555,281	762,309	0	762,309
Reinsurance receivables	75,004,617	-456,408	74,548,209	69,202,729	-445,143	68,757,586
Current tax assets	1,370,699	0	1,370,699	1,734,294	0	1,734,294
Other short-term receivables arising out of insurance business	25,840,144	-22,019,242	3,820,902	26,727,874	-23,407,774	3,320,100
Receivables arising out of investments	1,751,795	-1,186,530	565,265	2,016,806	-1,203,491	813,315
Other receivables	7,719,724	-1,478,474	6,241,250	6,015,464	-1,487,597	4,527,867
Other receivables	35,311,663	-24,684,246	10,627,417	34,760,144	-26,098,862	8,661,282
Total	199,428,045	-54,916,788	144,511,257	186,791,099	-56,127,170	130,663,929

Movement in allowance for receivables

(€)	01/01/2016	Additions	Reversals	Write-offs	Exchange differences	30/09/2016
Receivables due from policyholders	-28,975,503	-1,439,527	178,783	1,126,412	-21,948	-29,131,783
Receivables from insurance brokers	-466,986	-47,372	14,265	71	853	-499,169
Other receivables arising out of primary insurance business	-140,676	-5,816	2,045	0	-735	-145,182
Receivables arising out of primary insurance business	-29,583,165	-1,492,715	195,093	1,126,483	-21,830	-29,776,134
Receivables for premiums arising out of reinsurance and co-insurance	-370,139	-38,293	25,762	0	1,266	-381,404
Receivables for shares in claims payments	-75,004	0	0	0	0	-75,004
Reinsurance receivables	-445,143	-38,293	25,762	0	1,266	-456,408
Other short-term receivables arising out of insurance business	-23,407,774	-423,793	891,588	923,628	-2,891	-22,019,242
Receivables arising out of investments	-1,203,491	-1,359	5,727	323	12,270	-1,186,530
Other short-term receivables	-1,487,597	-75,487	55,866	27,722	1,022	-1,478,474
Other receivables	-26,098,862	-500,639	953,181	951,673	10,401	-24,684,246
Total	-56,127,170	-2,031,647	1,174,036	2,078,156	-10,163	-54,916,788

Receivables ageing analysis

(€)	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	42,640,144	9,842,540	3,099,553	55,582,237
Receivables from insurance brokers	1,005,452	1,260,185	14,619	2,280,256
Other receivables arising out of primary insurance business	84,568	11,066	6,805	102,439
Receivables arising out of primary insurance business	43,730,164	11,113,791	3,120,977	57,964,932
Receivables for premiums arising out of assumed reinsurance and co-insurance	55,289,687	6,903,629	3,345,687	65,539,003
Receivables for reinsurers' shares in claims	6,496,954	1,090,743	866,228	8,453,925
Other receivables from co-insurance and reinsurance	428,873	125,241	1,167	555,281
Reinsurance receivables	62,215,514	8,119,613	4,213,082	74,548,209
Current tax assets	1,370,699	0	0	1,370,699
Other short-term receivables arising out of insurance business	3,386,073	341,731	93,098	3,820,902
Short-term receivables arising out of financing	431,880	82,339	51,046	565,265
Other short-term receivables	5,186,822	494,697	559,731	6,241,250
Other receivables	9,004,775	918,767	703,875	10,627,417
Total	116,321,152	20,152,171	8,037,934	144,511,257

(€) 31/12/2015	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	37,098,068	9,065,428	3,781,876	49,945,372
Receivables from insurance brokers	769,415	611,082	23,787	1,404,284
Other receivables arising out of primary insurance business	114,592	9,498	37,021	161,111
Receivables arising out of primary insurance business	37,982,075	9,686,008	3,842,684	51,510,767
Receivables for premiums arising out of assumed reinsurance and co-insurance	51,218,164	9,610,038	2,535,256	63,363,458
Receivables for reinsurers' shares in claims	3,633,779	363,779	634,261	4,631,819
Other receivables from co-insurance and reinsurance	644,654	104,306	13,349	762,309
Reinsurance receivables	55,496,597	10,078,123	3,182,866	68,757,586
Current tax assets	1,734,294	0	0	1,734,294
Other short-term receivables arising out of insurance business	2,149,062	1,088,551	82,487	3,320,100
Short-term receivables arising out of financing	689,965	70,247	53,103	813,315
Other short-term receivables	3,711,991	266,571	549,305	4,527,867
Other receivables	6,551,018	1,425,369	684,895	8,661,282
Total	101,763,984	21,189,500	7,710,445	130,663,929

8.8.5 Assets and liabilities under investment contracts

Assets under investment contracts

(€)	30/09/2016	31/12/2015
Financial investments	115,291,709	108,316,390
Investment property	490,000	0
Receivables	4,969	10,142
Cash and cash equivalents	2,360,686	3,091,712
Total	118,147,365	111,418,244

	Held to maturity	At fair value through P/L		Available- for-sale	Loans and receivables	Investment property	Total
		Non-derivative	Designated to this category				
30/09/2016							
Debt instruments	55,679,743	49,668,627	0	1,358,281	0	106,706,651	
Deposits and CDs	5,197,128	0	0	1,358,281	0	6,555,408	
Bonds	50,482,615	49,668,627	0	0	0	100,151,243	
Equity instruments	0	8,585,059	0	0	0	8,585,059	
Total financial investments	55,679,743	58,253,686	0	1,358,281	0	115,291,709	
Cash and receivables	0	0	0	2,365,655	0	2,365,655	
Investment property	0	0	0	0	490,000	490,000	
Total assets under investment contracts	55,679,743	58,253,686	0	3,723,936	490,000	118,147,365	

31/12/2015	Held to maturity	At fair value through P/L	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
Debt instruments	54,977,861	40,802,879	0	6,637,397	102,418,137
Deposits and CDs	0	0	0	6,637,397	6,637,397
Bonds	54,977,861	40,802,879	0	0	95,780,740
Equity instruments	0	5,898,253	0	0	5,898,253
Total financial investments	54,977,861	46,701,132	0	6,637,397	108,316,390
Cash and receivables	0	0	0	3,101,854	3,101,854
Total assets under investment contracts	54,977,861	46,701,132	0	9,739,251	111,418,244

Assets under investment contracts by level of the fair value hierarchy

Deposits and CDs	Carrying amount (CA)	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Assets under investment contracts measured at fair value	58,253,686	46,682,090	9,349,050	2,222,545	58,253,686	0
At fair value through P/L	58,253,686	46,682,090	9,349,050	2,222,545	58,253,686	0
Designated to this category	58,253,686	46,682,090	9,349,050	2,222,545	58,253,686	0
Debt instruments	49,668,627	38,596,286	8,849,796	2,222,545	49,668,627	0
Equity instruments	8,585,059	8,085,805	499,254		8,585,059	0
Assets under investment contracts not measured at fair value	57,038,023	34,640,262	32,042,838	0	66,683,100	9,645,077
Held-to-maturity assets	55,679,743	34,640,262	30,638,169	0	65,278,431	9,598,688
Debt instruments	55,679,743	34,640,262	30,638,169	0	65,278,431	9,598,688
Loans and receivables	1,358,281	0	1,404,669	0	1,404,669	46,389
Deposits	1,358,281	0	1,404,669	0	1,404,669	46,389
Cash and receivables	2,365,656	2,365,656	0	0	2,365,656	0
Investment property	490,000	490,000	0	0	490,000	0
Total assets under investment contracts	118,147,365	84,178,008	41,391,888	2,222,545	127,792,442	9,645,077

Debt instruments	Carrying amount (CA)	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Assets under investment contracts measured at fair value	46,701,132	38,523,522	0	8,177,610	46,701,132	0
At fair value through P/L	46,701,132	38,523,522	0	8,177,610	46,701,132	0
Designated to this category	46,701,132	38,523,522	0	8,177,610	46,701,132	0
Debt instruments	40,802,879	32,647,328	0	8,155,551	40,802,879	0
Equity instruments	5,898,253	5,876,194	0	22,059	5,898,253	0
Assets under investment contracts not measured at fair value	61,615,258	62,531,096	6,637,397	0	69,168,493	7,553,235
Held-to-maturity assets	54,977,861	62,531,096	0	0	62,531,096	7,553,235
Debt instruments	54,977,861	62,531,096	0	0	62,531,096	7,553,235
Loans and receivables	6,637,397	0	6,637,397	0	6,637,397	0
Deposits	6,637,397	0	6,637,397	0	6,637,397	0
Cash and receivables	3,101,854	3,091,712	10,142	0	3,101,854	0
Total assets under investment contracts	111,418,244	104,146,330	6,647,539	8,177,610	118,971,479	7,553,235

Liabilities under investment contracts

(€)	30/09/2016	31/12/2015
Net liabilities to pension policyholders	118,803,187	110,711,674
Other liabilities	200,103	712,449
TOTAL IN LIABILITY FUND OF VSPI BALANCE SHEET	119,003,289	111,424,123
Internal relations between the Company and life ins. liability fund	-971,978	-119,740
TOTAL IN BALANCE SHEET	118,031,311	111,304,383

8.8.6 Cash and cash equivalents

(€)	30/09/2016	31/12/2015
Cash on hand	80,160	46,946
Cash in bank accounts	6,229,939	4,587,530
Cash equivalents	36,019,659	76,428
Total	42,329,758	4,710,904

As set out in section 8.1 "Overview of major accounting policies", as of 1 January 2016 the Group has disclosed demand deposits and deposits with an original maturity of up to three months under the cash equivalents item. Had the reallocation been completed at 31 December 2015, the balance of cash and cash equivalents at 31 December 2015 would have been higher by € 22 million and would have totalled € 26.7 million. With regard to the above, this item as at 30 September 2016 increased by € 15.6 million compared to the adjusted balance as at 31 December 2015.

8.8.7 Fair value reserve

The fair value reserve comprises the change in fair value of available-for-sale financial assets.

(€)	2016	2015
As at 1 January	12,721,705	18,448,741
Change in fair value	16,182,433	-9,348,058
Transfer of the negative fair value reserve to the IS due to impairment	0	-726,066
Transfer from fair value reserve to the IS due to disposal	787,847	3,124,009
Net gains/losses attributable to the Group recognised in the fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies	0	-33,187
Other net profits/losses	0	143,267
Deferred tax	-2,720,642	1,112,999
Total fair value reserve	26,971,343	12,721,705

8.8.8 Own shares

At 30 September 2016, the Group held a total of 1,721,966 own shares (31/12/2015: 741,521) with ticker POSR (accounting for 10 % of shares issued) for a value of € 24,938,709 (31/12/2015: € 10,319,347).

Own shares are a contra account of equity.

8.8.9 Net earnings/loss per share

The weighted average number of shares outstanding in the financial period was 15,879,585. At 30 September 2016, the controlling company owned 1,721,966 treasury shares, which are excluded when calculating the weighted average number of shares.

Net earnings/loss per share

(€)	1–9/2016	1–9/2015
Net profit/loss for the period	22,618,947	22,986,825
Net profit/loss for the period attributable to owners of the controlling company	22,645,078	22,989,807
Weighted average number of shares	15,879,585	16,484,559
Net earnings/loss per share	1.43	1.39

Comprehensive income per share

(€)	1–9/2016	1–9/2015
Comprehensive income for the period	36,831,515	16,426,267
Comprehensive income for the period attributable to owners of the controlling company	36,830,008	16,436,451
Weighted average number of shares	15,879,585	16,484,559
Comprehensive income per share	2.32	1.00

8.8.10 Technical provisions

Technical provisions increased by € 56.2 million or 6.3 % compared to 31 December 2015. The largest increase was recorded in gross unearned premiums (€ 25.2 million) as a result of establishing high unearned premiums for coverages for which the full-year premiums were booked at the beginning of the year. Gross claims provisions increased by 4.9 % (€ 22.6 million), of which € 5.5 million relates to the remaining provisions relating to hailstorms (claim payments of € 1.5 million have already been made for hailstorms) and the rest to portfolio growth. The gross provision for traditional life policies increased by 2.7 % (or € 7.2 million) compared to year-end 2015. Gross mathematical provisions associated with unit-linked life business grew by 6.5 % or € 13.6 million in 2016, mainly due to the value adjustment of units of certain funds and some minor claim settlements. Other technical provisions (bonuses and discounts, unexpired risks) account for a smaller share and in 2016 grew by € 1.2 million.

Movements in gross technical provisions

(€)	01/01/2016	Additions	Uses and releases	Exchange differences	30/09/2016
Gross unearned premiums	156,039,680	148,690,635	-123,600,333	90,577	181,220,559
Technical provisions for life insurance business	262,052,426	22,439,000	-15,328,391	56,692	269,219,727
Gross provision for claims	459,012,655	123,552,801	-100,174,584	-742,357	481,648,515
Gross provision for bonuses, rebates and cancellations	1,132,456	1,001,681	-462,753	119	1,671,503
Other gross technical provisions	8,831,283	2,992,383	-2,297,219	-4,805	9,521,642
Total	887,068,500	298,676,500	-241,863,280	-599,774	943,281,946
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	207,590,086	29,026,119	-15,362,188	569	221,186,097

8.8.11 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy at 30 September 2016

(€) 30/09/2016	Carrying amount (CA)	Fair value				Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3			
Investments measured at fair value	862,134,753	686,879,299	162,698,476	12,556,978	862,134,753	0	
At fair value through P/L	9,718,718	3,315,528	6,160,324	242,866	9,718,718	0	
<i>Designated to this category</i>	9,718,718	3,315,528	6,160,324	242,866	9,718,718	0	
Debt instruments	7,505,310	1,567,918	5,694,526	242,866	7,505,310	0	
Equity instruments	2,213,408	1,747,610	465,798	0	2,213,408	0	
Available-for-sale	852,416,035	683,563,771	156,538,152	12,314,112	852,416,035	0	
Debt instruments	827,850,788	676,743,885	143,404,375	7,702,528	827,850,788	0	
Equity instruments	24,518,768	6,819,886	13,133,777	4,565,105	24,518,768	0	
Other investments	46,479	0	0	46,479	46,479	0	
Inv. for the benefit of life policyholders who bear the inv. risk	212,578,630	202,343,420	10,235,210	0	212,578,630	0	
Investments not measured at fair value	160,405,924	128,712,191	32,301,598	15,648,608	176,662,397	16,256,473	
Held-to-maturity assets	129,493,413	118,886,980	24,621,121	0	143,508,101	14,014,688	
Debt instruments	129,493,413	118,886,980	24,621,121	0	143,508,101	14,014,688	
Loans and receivables	30,912,511	9,825,211	7,680,477	15,648,608	33,154,296	2,241,785	
Deposits	22,569,657	9,638,478	7,144,033	5,128,874	21,911,385	-658,272	
Loans granted	749,774	186,733	536,444	2,926,654	3,649,831	2,900,057	
Deposits with cedants	7,593,080	0	0	7,593,080	7,593,080	0	
Inv. for the benefit of life policyholders who bear the inv. risk					0	0	

Financial assets measured at fair value by level of the fair value hierarchy at 31/12/2015

(€) 31/12/2015	Carrying amount	Fair value			Difference between FV and CA
		Level 1	Level 2	Level 3	
Investments measured at fair value	791,890,574	609,121,776	170,264,954	12,503,843	0
At fair value through P/L	18,403,775	4,659,094	13,744,681	0	0
<i>Designated to this category</i>	18,403,775	4,659,094	13,744,681	0	0
Debt instruments	16,488,821	3,394,741	13,094,080	0	0
Equity instruments	1,728,773	1,264,353	464,420	0	0
Other investments	186,181	0	186,181	0	0
Available-for-sale	773,486,799	604,462,682	156,520,273	12,503,843	0
Debt instruments	743,376,444	592,835,458	142,648,726	7,892,260	0
Equity instruments	29,936,324	11,627,224	13,743,996	4,565,104	0
Other investments	174,030	0	127,551	46,479	0
Investments for the benefit of policyholders who bear the investment risk	198,537,451	189,461,547	9,075,904		0
Investments not measured at fair value	223,166,231	160,868,664	71,779,708	6,794,999	16,277,141
Held-to-maturity assets	165,444,270	123,671,948	56,613,888	600,301	15,441,867
Debt instruments	165,444,270	123,671,948	56,613,888	600,301	15,441,867
Loans and receivables	57,721,961	37,196,717	15,165,820	6,194,698	835,274
Deposits	52,023,187	37,196,717	15,165,820	495,924	835,274
Deposits with cedants	5,698,774	0	0	5,698,774	0
Other investments					0
Investments for the benefit of policyholders who bear the investment risk	15,616,318	16,642,392	217,136		1,243,210

Movements in level 3 financial assets

(€)	Debt instruments		Equity instruments		Other investments	
	30/09/2016	31/12/2015	30/09/2016	31/12/2015	30/09/2016	31/12/2015
Opening balance	7,892,260		4,565,104	4,638,249	46,479	0
Additions	335,461	7,892,260	1	0	0	0
Impairment losses	0	0	0	-686,472	0	0
Disposals	-525,035	0	0	0	0	0
Revaluation to fair value	-158	0	0	0	0	0
Reclassification into other levels	0	0	0	-2,770	0	0
Reclassification into level	0	0	0	616,097	0	46,479
Closing balance	7,702,528	7,892,260	4,565,105	4,565,104	46,479	46,479

Disclosure of the fair value of non-financial assets measured in the statement of financial position at amortised cost or at cost

30/09/2016	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Property		53,885,914	51,060,880	
Owner-occupied property	30/09/2016	45,959,206	42,666,997	market approach and income approach
Investment property	30/09/2016	7,926,708	8,393,883	(weighted 50: 50), new purchases at cost
Total		53,885,914	51,060,880	

Changes in fair value of property in the period 1–9/2016

	Opening balance	Acquisitions	Disposals	Change in fair value	Exchange differences	Closing balance
Owner-occupied property	37,048,744	6,091,902	-243,426	-262,020	31,797	42,666,997
Investment property	8,443,933	57,500	-128,338	59,936	-39,148	8,393,883
Total	45,492,677	6,149,402	-371,764	-202,084	-7,351	51,060,880

Reclassification of assets and financial liabilities between levels in the period 1–9/2016

	Level 1	Level 2	Level 3
Available-for-sale	-899,240	899,240	0
Debt instruments	-899,240	899,240	0
Total	-899,240	899,240	0

9 RELATED-PARTY DISCLOSURES

Fixed remuneration of management board members for performing their function in the first nine months of 2016 totalled € 439,824 (1–9/2015: € 457,321). Variable remuneration amounted to € 58,956 (1–9/2015: € 100,660). Fringe benefits were € 32,172 (1–9/2015: € 28,259).

Remuneration paid to supervisory board members and members of the supervisory board audit committee and fit and proper committee in the first nine months of 2016 totalled € 74,339 (1–9/2015: € 98,666).

Remuneration of management board members in 1–9/2016

(€)	Gross salary – fixed amount	Gross salary – variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Jošt Dolničar	107,026	14,340	4,013	1,708	127,087
Srečko Čebtron	114,744	14,340	4,036	1,644	134,764
Mateja Treven	108,750	14,340	3,893	6,933	133,916
Zvonko Ivanušič	109,304	15,936	4,170	5,775	135,185
Total	439,824	58,956	16,112	16,060	530,952

Liabilities to members of the management board based on gross remuneration

(€)	30/09/2016	31/12/2015
Jošt Dolničar	13,280	11,950
Srečko Čebtron	12,616	12,616
Mateja Treven	11,950	11,950
Zvonko Ivanušič	0	13,946
Total	37,846	50,462

Remuneration of members of the supervisory board, audit committee and fit and proper committee for fit and proper assessments in the period 1–9/2016

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total
Supervisory board members					
Branko Tomažič	SB chair	3,190	14,625	5,129	22,944
Mateja Lovšin Herič	SB deputy chair	3,190	10,725	185	14,100
Slaven Mičković	member of the SB	3,190	9,750	356	13,296
Gorazd Andrej Kunstek	member of the SB	3,190	9,750	175	13,115
Keith William Morris	member of the SB	3,190	9,750	7,733	20,673
Helena Dretnik	member of the SB	550	2,167	170	2,887
Mateja Živec	member of the SB	2,090	6,500	0	8,590
Total supervisory board members		18,590	63,267	13,748	95,606
Audit committee members					
Mateja Lovšin Herič	chair of the AC	1,716	3,656	0	5,372
Slaven Mičković	member of the AC	1,716	2,437	7	4,160
Ignac Dolenšek	external member		8,738	174	8,912
Total audit committee members		3,432	14,831	181	18,444
Members of the fit & proper committee					
Mateja Lovšin Herič	member	220	0	0	220
Branko Tomažič	member	220	0	0	220
Nika Matjan	member	0	0	0	0
Members of the fit & proper committee		440	0	0	440

Liabilities to members of the supervisory board and audit committee of the supervisory board based on gross remuneration

(€)	30/09/2016	31/12/2015
Branko Tomažič	2,779	2,230
Mateja Lovšin Herič	1,873	2,093
Slaven Mičković	1,629	1,849
Gorazd Andrej Kunstek	1,358	1,358
Keith William Morris	10,706	13,621
Mateja Živec	1,358	0
Helena Dretnik	0	1,358
Ignac Dolenšek	0	4,332
Total	19,704	26,841

Transactions with subsidiaries

Investments in and amounts due from Group companies

(€)	30/09/2016	31/12/2015
Debt securities and loans granted to Group companies	2,834,953	2,834,953
Receivables for premiums arising out of reinsurance assumed	14,327,241	14,722,143
Short-term receivables arising out of financing	39,858	28,091
Other short-term receivables	44,072	204,223
Short-term deferred acquisition costs	5,137,729	4,166,332
Total	22,383,853	21,955,742

Liabilities to Group companies

(€)	30/09/2016	31/12/2015
Liabilities for shares in reinsurance claims due to Group companies	8,066,487	7,892,615
Other liabilities from co-insurance and reinsurance	3,152,127	2,920,851
Other short-term liabilities	12,527,298	12,325,063
Total (excl. provisions)	23,745,912	23,138,529

Income and expenses relating to Group companies

(€)	1–9/2016	1–9/2015
Gross premiums written	46,036,529	43,247,911
Change in gross unearned premiums	-5,470,091	-4,224,079
Gross claims payments	-20,929,801	-26,825,562
Change in the gross claims provision	-4,595,967	10,966,067
Income from gross recourse receivables	907,130	918,976
Other operating expenses	-77,969	-71,927
Dividend income	25,833,516	13,004,219
Interest income	117,834	143,988
Acquisition costs	-9,213,443	-9,073,497
Change in deferred acquisition costs	970,796	684,984
Other technical income	6,695	9,706
Other non-life income	2,976	0
Total	33,588,205	28,780,786

Transactions with the state and majority state-owned entities

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

(€)	30/09/2016	31/12/2015
Interests in companies	9,209,032	8,770,698
Debt securities and loans	308,160,463	311,386,506
Receivables due from policyholders	605,443	358,169
Total	317,974,938	320,515,373

Liabilities to the state and majority state-owned companies

(€)	30/09/2016	31/12/2015
Liabilities for shares in claims	6,394	80,548
Total	6,394	80,548

Income and expenses relating to majority state-owned companies

(€)	1–9/2016	1–9/2015
Gross premiums written	11,647,033	19,311,482
Gross claims payments	-1,426,865	-9,404,998
Dividend income	459,282	0
Interest income	7,342,123	7,418,985
Other investment income	0	666,352
Total	18,021,573	17,991,821

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

**UNAUDITED CONDENSED SEPARATE
FINANCIAL STATEMENTS OF SAVA
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10 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

10.1 Unaudited statement of financial position

(€)	30/09/2016	31/12/2015
ASSETS	599,495,306	570,886,710
Intangible assets	805,165	666,490
Property and equipment	7,775,683	2,455,343
Deferred tax assets	1,761,204	2,285,448
Investment property	2,928,407	2,999,742
Financial investments in subsidiaries and associates	208,237,801	208,231,721
Financial investments:	245,251,534	242,633,203
- loans and deposits	12,787,435	13,457,000
- held to maturity	2,048,713	2,074,258
- available for sale	229,079,499	223,973,704
- at fair value through profit or loss	1,335,887	3,128,241
Reinsurers' share of technical provisions	19,965,167	16,026,358
Receivables	87,286,183	84,425,749
Reinsurance receivables	86,998,922	82,453,006
Current tax assets	0	1,633,620
Other receivables	287,261	339,123
Deferred acquisition costs	11,947,656	10,496,041
Other assets	583,378	380,665
Cash and cash equivalents	12,953,128	285,950
EQUITY AND LIABILITIES	599,495,306	570,886,710
Equity	273,969,434	263,679,403
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	137,876,791	124,175,314
Own shares	-24,938,709	-10,319,347
Fair value reserve	5,543,239	3,006,703
Reserve due to fair value revaluation	-36,327	-42,835
Retained earnings	9,283,163	12,769,646
Net profit/loss for the period	20,145,144	7,993,789
Subordinated liabilities	23,559,060	23,534,136
Technical provisions	240,611,719	220,901,954
Unearned premiums	56,870,576	46,546,065
Provision for outstanding claims	183,268,162	173,912,911
Other technical provisions	472,981	442,978
Other provisions	373,759	347,277
Other financial liabilities	367,244	91,897
Liabilities from operating activities	44,641,197	47,871,910
Reinsurance payables	43,749,733	47,871,910
Current income tax liabilities	891,464	0
Other liabilities	15,972,893	14,460,133

10.2 Unaudited income statement

(€)	1–9/2016	1–9/2015
Net earned premiums	99,433,750	89,233,546
Gross premiums written	123,023,052	120,733,328
Written premiums ceded to reinsurers and co-insurers	-16,238,227	-17,173,123
Change in gross unearned premiums	-10,324,512	-16,805,976
Change in unearned premiums for the reinsurance and co-insurance part	2,973,437	2,479,317
Income from investments in subsidiaries and associates	25,833,516	13,004,219
Investment income	8,851,771	13,140,878
Interest income	3,349,213	3,545,787
Other investment income	5,502,558	9,595,091
Other technical income	7,185,773	7,885,475
Commission income	2,187,497	1,985,362
Other income	4,998,276	5,900,113
Other income	29,547	77,085
Net claims incurred	-62,277,434	-65,309,652
Gross claims payments less income from recourse receivables	-62,644,878	-63,537,984
Reinsurers' and co-insurers' shares	8,757,324	10,873,904
Change in the gross claims provision	-9,355,252	908,671
Change in the provision for outstanding claims for the reinsurance and co-insurance part	965,372	-13,554,243
Change in other technical provisions	100,427	0
Expenses for bonuses and rebates	-130,430	-27,979
Operating expenses	-32,085,623	-29,614,363
Acquisition costs	-26,105,603	-25,782,658
Change in deferred acquisition costs	1,451,615	2,887,460
Other operating expenses	-7,431,635	-6,719,165
Expenses for financial assets and liabilities	-5,498,753	-7,759,769
Impairment losses on financial assets not measured at fair value through profit or loss	0	-198,494
Interest expenses	-635,478	-695,560
Diverse other expenses	-4,863,275	-6,865,715
Other technical expenses	-4,682,048	-5,702,597
Other expenses	-87,528	-4
Profit/loss before tax	36,672,968	14,926,839
Income tax expense	-1,908,462	31
Net profit/loss for the period	34,764,506	14,926,870
Net diluted earnings/loss per share	2.19	0.91

10.3 Unaudited statement of comprehensive income

(€)	1–9/2016	1–9/2015
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	34,764,506	14,926,870
OTHER COMPREHENSIVE INCOME, NET OF TAX	2,543,044	-1,432,450
a) Items that will not be reclassified subsequently to profit or loss	6,508	765
Other items that will not be reclassified subsequently to profit or loss	6,508	-2,484
Tax on items that will not be reclassified subsequently to profit or loss	0	3,249
b) Items that may be reclassified subsequently to profit or loss	2,536,536	-1,433,215
Net gains/losses on remeasuring available-for-sale financial assets	3,056,068	-1,735,528
Net change recognised in the fair value reserve	3,038,455	-1,906,904
Net change transferred from fair value reserve to profit or loss	17,613	171,376
Tax on items that may be reclassified subsequently to profit or loss	-519,532	302,313
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	37,307,550	13,494,420

10.4 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the nine months to 30 September 2016

(€)	I. Share capital	II. Capital reserves	III. Profit reserves						IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1-13)
			Contingency reserve	Legal res. and res. provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other						
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	0	14,986,525	10,319,347	917,885	10,000,000	87,951,558	3,006,703	-42,835	12,769,646	7,993,789	-10,319,347	263,679,403
Opening balance in the financial period	71,856,376	54,239,757	0	14,986,525	10,319,347	917,885	10,000,000	87,951,558	3,006,703	-42,835	12,769,646	7,993,789	-10,319,347	263,679,403
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	2,536,536	6,508	0	34,764,506	0	37,307,550
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	34,764,506	0	34,764,506
b) Other comprehensive income	0	0	0	0	0	0	0	0	2,536,536	6,508	0	0	0	2,543,044
Net purchase/sale of treasury shares	0	0	0	0	14,619,362	0	0	0	0	0	0	-14,619,362	-14,619,362	-14,619,362
Dividend payouts	0	0	0	0	0	0	0	0	0	0	-12,398,157	0	0	-12,398,157
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	-917,885	0	0	0	0	917,885	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	0	7,993,789	-7,993,789	0	0
Closing balance in the financial period	71,856,376	54,239,757	0	14,986,525	24,938,709	0	10,000,000	87,951,558	5,543,239	-36,327	9,283,163	20,145,144	-24,938,709	273,969,434

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	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1-13)
			Legal res. and res. 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.	
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	10,115,023	845,522	10,000,000	80,030,132	4,357,599	-15,860	15,713,039	6,122,585	-10,115,023	258,135,674	
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	10,115,023	845,522	10,000,000	80,030,132	4,357,599	-15,860	15,713,039	6,122,585	-10,115,023	258,135,674	
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	-1,433,215	765	0	14,926,870	0	13,494,420	
a) Net profit/loss for the period	0	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	-1,433,215	765	0	0	0	-1,432,450	
Net purchase/sale of treasury shares	0	0	0	132,001	0	0	0	0	0	0	-132,001	-132,001	-132,001	
Dividend payouts	0	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	0	-35,491	0	0	
Transfer of profit	0	0	0	0	0	0	0	0	0	6,122,585	-6,122,585	0	0	
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	10,247,024	881,013	10,000,000	80,030,132	2,924,384	-15,095	12,769,646	14,759,377	-10,247,024	262,432,115	

10.5 Unaudited statement of cash flows

(€)	1-9/2016	1-9/2015
A. Cash flows from operating activities		
a.) Items of the income statement	20,014,685	20,822,989
1. Net premiums written in the period	106,784,825	103,560,205
2. Investment income (other than financial income)	6,007	2,716
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	7,215,320	7,962,560
4. Net claims payments in the period	-53,887,554	-52,664,080
5. Expenses for bonuses and rebates	-130,430	-27,979
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-33,291,489	-32,300,238
7. Investment expenses (excluding amortisation and financial expenses)	-3,956	-7,625
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-4,769,576	-5,702,601
9. Tax on profit and other taxes not included in operating expenses	-1,908,462	31
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	-6,455,472	-21,572,916
2. Change in receivables from reinsurance	-4,545,916	-18,071,585
4. Change in other receivables and other assets	-1,602,466	-2,994,486
5. Change in deferred tax assets	524,244	-1,175,276
6. Change in liabilities arising out of reinsurance business	-4,122,177	2,422,801
7. Change in other operating liabilities	3,733,677	-1,491,623
8. Change in other liabilities (except unearned premiums)	-442,834	-262,747
c.) Net cash from/used in operating activities (a + b)	13,559,213	-749,928
B. Cash flows from investing activities		
a.) Cash receipts from investing activities	567,465,377	274,818,566
1. Interest received from investing activities	3,349,213	3,545,786
2. Cash receipts from dividends and participation in the profit of others	26,572,072	13,725,696
3. Proceeds from sale of intangible assets	0	
4. Proceeds from sale of property and equipment	10,067	2,416
5. Proceeds from sale of financial investments	537,534,026	257,544,668
b.) Cash disbursements in investing activities	-540,698,335	-261,585,436
1. Purchase of intangible assets	-216,487	-188,779
2. Purchase of property and equipment	-5,531,235	-138,696
3. Purchase of financial investments	-534,950,614	-261,257,961
c.) Net cash from/used in investing activities (a + b)	26,767,042	13,233,130
C. Cash flows from financing activities		
a.) Cash receipts from financing activities	0	0
b.) Cash disbursements in financing activities	-27,659,077	-12,191,445
1. Interest paid	-635,478	-695,560
4. Repayment of short-term financial liabilities	-6,080	-2,297,906
5. Dividends and other profit participations paid	-12,398,157	-9,065,978
6. Own share repurchases	-14,619,362	-132,001
c.) Net cash from/used in financing activities (a + b)	-27,659,077	-12,191,445
C2. Closing balance of cash and cash equivalents	12,953,128	804,099
x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	12,667,178	291,758
y) Opening balance of cash and cash equivalents	285,950	512,342

**Appendix – Glossary of Selected
Terms and Calculation
Methodologies for Indicators**

Appendix – Glossary of selected terms and calculation methodologies for indicators

Accounting currency. A local currency used in the accounting documentation. Reinsurance contracts may be accounted for using various accounting currencies. Generally, this is the currency in which are denominated liabilities and receivables in relation to the cedant, and hence also the reinsurer.

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

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

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

Business continuity plan. Document comprising procedures for ensuring continuity of key business processes and systems. The contingency plan is an integral part of the business continuity plan, setting out technical and organisational measures to return to normal operation and minimise the consequences of severe business disruptions.

BVAL price. Engl. Bloomberg valuation price. The price obtained from the Bloomberg information system.

Capital fund. Assets representing the capital of the Company.

CBBT price. Engl. Composite Bloomberg Bond Trader price. Closing price available in the Bloomberg information system based on binding bids.

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

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

Claims payments. 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. **Gross claims paid are gross claims payments less subrogation receivables. Net claims paid is short for net claims payments.**

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

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

Comprehensive income. 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 recognised in the income statement that affect equity, mainly through the fair value reserve.

Concentration risk. The risk that due to excessive concentration of investments in a geographic area, economic sector or issuer, unfavourable movements

could result in a concurrent decrease in the value of investments.

Consolidated book value per share. Ratio of consolidated total equity to weighted average number of shares outstanding.

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

Credit risk. The risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

Currency risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

Dividend yield. Ratio of dividend per share to the price per share two days after the general meeting.

Earnings per share. Ratio of net profit/loss as a percentage of the weighted average number of shares outstanding.

EIOPA. European Insurance and Occupational Pensions Authority.

Eligible own funds. The value of own funds eligible to cover the solvency capital requirement.

Equity risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.

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

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

FATCA. Foreign Account Tax Compliance Act; for details see <http://www.sava-re.si/en/o-druzbi/FATCA/>

Financial investments. Financial investments do not include financial investments in associates, investment property nor cash and cash equivalents.

Gross claims paid. 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.

Gross expense ratio. The ratio of operating expenses as a percentage of gross premiums written.

Gross incurred loss ratio. 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.	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 unrealised 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.
Gross operating expenses. Operating expenses, excluding commission income.	Net operating expenses. Operating expenses net of commission income.
Gross premiums written. 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.	Net premiums earned. Net premiums written for a given period adjusted for the change in net unearned premiums.
Gross/net. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.	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.
IBNER. Provision for claims that are Incurred But Not Enough Reported.	Net retention risk. The risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience.
IBNR. Provision for claims that are Incurred But Not Reported.	Net/gross. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.
Insurance density. The ratio of gross premiums written as a percentage of the number of inhabitants.	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.
Insurance penetration. The ratio of gross premiums written as a percentage of gross domestic product.	Operational limit. Operational limits for particular areas are determined on the basis of expressed risk tolerance limits. In absolute terms, this is the maximum amount acceptable for a particular risk so that the Company remains within its risk appetite framework.
Interest rate risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.	Operational risk. The risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.
Investment portfolio. The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.	ORSA. Own risk and solvency assessment: an own assessment of the risks associated with an insurer's business and strategic plan, and the sufficiency of own funds to support those risks
Liability fund. Assets covering technical provisions.	OTC market. Engl. Over-The-Counter market. OTC market transactions are transactions outside the regulated market.
Life insurance liability fund. Assets covering mathematical provisions.	Paid loss ratio. The ratio of gross claims paid as a percentage of gross premiums written.
Liquidity risk. The risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.	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.
Market risks. Include interest rate risk, equity risk and currency risk.	Pricing risk. The risk that (re)insurance premiums charged will be insufficient to cover future obligations arising from (re)insurance contracts.
Minimum capital requirement (MCR). The minimum capital requirement must be equal to the amount of eligible own funds under which policyholders, insured persons and other beneficiaries under insurance contracts would be exposed to an unacceptable risk level if the undertaking were allowed to continue operations.	Primary insurer. Insurance company that has a direct contractual relationship with the holder of the insurance
Net claims incurred. Net claims payments (short: net claims paid) in the period gross of the change in the net provision for outstanding claims.	
Net claims paid. 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. Gross claims paid are gross claims payments less subrogation receivables.	
Net combined ratio. Ratio of total expenses net of investment expenses as a percentage of total income net of investment income.	
Net expense ratio. The ratio of operating expenses, net of commission income, as a percentage of net earned premiums.	
Net incurred loss ratio. Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned.	
Net investment income of the investment portfolio. Calculated from income statements items: income from	

policy (private individual, firm or organization).

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

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

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

Reputation risk. Risk of loss due to the Company's negative image as perceived by its policyholders, business partners, owners and investors, supervisors or other stakeholders.

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

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

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

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

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

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

Return on 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.

Risk appetite. The level of risk that a company is willing to take in pursuit of its strategic objectives. It is determined based on the acceptable solvency ratio, ratio of high-quality liquid assets as a percentage of the investment portfolio, profitability of insurance products and reputation risk.

Risk register. Catalogue of all identified risks maintained regularly updated by the Company.

Solvency capital requirement (SCR). Level of capital calculated as prescribed by law based on all measurable risks, including life and non-life insurance risk, health insurance risk, market risk, counterparty default risk and operational risk.

Solvency ratio. The ratio of eligible own funds as a percentage of the SCR. A solvency ratio in excess of 100 per cent indicates that the firm has sufficient resources to meet the SCR.

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

Standard formula. Formulas laid down by Solvency II regulations for the calculation of the Solvency Capital Requirement.

Strategic risk. Risk of unexpected decline in the company's value due to adverse impact of wrong business decisions, changes to the business or legal environment and market development.

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

Transaction currency. The currency in which reinsurance contract transactions are processed.

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

Underwriting risk. The risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

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