



Translation of the

**UNAUDITED FINANCIAL REPORT OF THE
SAVA RE GROUP AND
FINANCIAL STATEMENTS OF SAVA RE, D.D.
FOR THE THREE MONTHS TO 31 MARCH 2017**

Ljubljana, 8 May 2017

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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"), 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 Three Months to 31 March 2017.

The Unaudited Financial Report of the Sava Re Group and the Financial Statements of Sava Re, d.d. for the Three Months to 31 March 2017 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 18 May 2017.

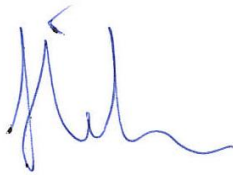
Declaration of the Management Board of Sava Re, d.d.

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 2016. 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, 8 May 2017

1.1 Key financials

(€)	Sava Re Group		Sava Re	
	1–3/2017	1–3/2016	1–3/2017	1–3/2016
Gross premiums written	159,895,660	153,499,567	55,982,617	55,738,753
Year-on-year change (%)	4.2 %	0.6 %	0.4 %	-2.7 %
Net premiums earned	110,869,332	111,389,356	26,297,750	31,007,331
Year-on-year change (%)	-0.5 %	-0.3 %	-15.2 %	3.8 %
Gross claims paid	81,337,850	66,401,275	18,881,231	20,278,129
Year-on-year change (%)	22.5 %	-7.7 %	-6.9 %	-21.4 %
Net claims incurred	77,113,967	66,519,138	16,093,158	18,423,194
Year-on-year change (%)	15.9 %	-10.3 %	-12.6 %	-199.8 %
Net incurred loss ratio	61.8 %	61.1 %	62.0 %	59.6 %
Net incurred loss ratio, excluding the effect of exchange differences	60.7 %	63.0 %	57.6 %	64.8 %
Operating expenses, including reinsurance commission income	34,402,333	34,712,754	7,559,194	9,033,301
Year-on-year change (%)	-0.9 %	0.8 %	-16.3 %	-3.0 %
Net expense ratio	31.0 %	31.2 %	28.7 %	29.1 %
Net expense ratio, excluding the effect of exchange differences	31.0 %	31.2 %	28.7 %	29.2 %
Net combined ratio	95.6 %	95.7 %	90.3 %	89.9 %
Net combined ratio, excluding the effect of exchange differences	94.5 %	97.4 %	86.7 %	94.6 %
Net inv. income of the investment portfolio	6,329,889	4,154,656	2,198,575	353,497
Return on the investment portfolio	2.5 %	1.6 %	1.6 %	-0.1 %
Net inv. income of the investment portfolio, excluding exchange differences	5,827,488	5,455,797	1,623,334	1,640,744
Return on the investment portfolio, excluding exchange differences	2.3 %	2.2 %	1.1 %	1.1 %
Profit/loss, net of tax	9,189,572	7,122,672	4,502,646	3,428,042
Year-on-year change (%)	29.0 %	-28.7 %	31.3 %	-30.4 %
Profit/loss before tax	11,352,824	8,647,759	4,827,065	3,773,640
Year-on-year change (%)	31.3 %	-27.2 %	27.9 %	-34.8 %
Comprehensive income	7,146,053	13,061,524	4,281,213	4,904,737
Year-on-year change (%)	-45.3 %	-9.8 %	-12.7 %	-26.8 %
Annualised return on equity	11.6 %	9.6 %	14.5 %	5.2 %
Net earnings/loss per share	0.59	0.43	0.21	2.08
	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Total assets	1,711,930,445	1,671,189,179	598,066,865	568,147,764
% change on 31 Dec. of prior year	2.4 %	4.0 %	5.3 %	-0.5 %
Shareholders' equity	304,184,379	297,038,327	274,636,834	270,355,622
% change on 31 Dec. of prior year	2.4 %	3.7 %	1.6 %	2.5 %
Net technical provisions	1,139,709,310	1,109,770,895	225,684,121	208,003,567
% change on 31 Dec. of prior year	2.7 %	3.6 %	8.5 %	1.5 %
Book value per share	19.63	18.81	-	-
No. of employees (full-time equivalent basis)	2,441.89	2,487.97	93.33	94.58

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 1–3/2017, reinsurance segment exchange differences had a positive impact of € 0.6 million on the investment result and a negative impact of € 1.0 million on the underwriting result, which demonstrates that the Company is following a strict asset-liability currency management policy. The total impact in the period 1–3/2017 was a negative one of € 0.4 million, while in the period 1–3/2016, the impact on the result was a positive one of € 0.3 million.

The table below compares actual figures against figures planned for the full year 2017:

(€ million)	1-3/2017	2017 Plan	As % of plan
Consolidated gross premiums written	159.9	494.3	32.3 %
Net profit/loss for the period	9.2	32.6	28.2 %
Annualised return on equity	11.6 %	10.3 %	
Net combined ratio, excluding the effect of exchange differences	94.5 %	94.6 %	
Net incurred loss ratio, excluding the effect of exchange differences	60.7 %	59.4 %	
Net expense ratio, excluding the effect of exchange differences	31.0 %	32.6 %	
Annualised return on the investment portfolio, excluding exchange differences	2.3 %	1.8 %	

*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 higher than planned for the full year 2017 as a result of a better net combined ratio and better return on the investment portfolio in the first quarter 2017 compared to the annual 2017 plan.

1.2 Sava Re company profile

Company name	Sava Reinsurance Company, d.d. 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 Davor Ivan Gjivoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10/12/1990, 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

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.

As of 23 August 2016, the management board has operated with only three members. In order to fill the vacancy in the management board, the Sava Re supervisory board, on 16 December 2016, completed the process of selecting a new chairman of the management board of Sava Re, selecting Marko Jazbec as the most suitable candidate. Marko Jazbec was appointed as chair of the management board of Sava Re, d.d. with a five-year term of office, and is to take up his office on the day after the licence to perform the function of management board member is issued by the Insurance Supervision Agency.

The licence procedure conducted by the Insurance Supervision Agency required for Marko Jazbec to perform the function of management board member had yet to be completed as at 31 March 2017.

Members of the management board as at 31 March 2017

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:

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

Supervisory board

Pursuant to the Company's articles of association and the applicable legislation, the supervisory board is composed of six members, of which four (shareholder representatives) are elected by the Company's general meeting of shareholders, and two (employee representatives) are elected by the workers' council. After the resignation of Mr Tomažič as its chairman and member of the Sava Re supervisory board on 11 October 2016, the supervisory board continued operating with only five members. In its session of 7 March 2017, the general meeting elected Davor Ivan Gjivoje as a new supervisory board member for the next four-year term of office, starting on 7 March 2017. As of 7 March 2017, the supervisory board of Sava Re has operated with all of its six members. In addition, the general meeting elected for a four-year term of office the following persons as new members of the supervisory board: Mateja Lovšin Herič, Keith William Morris and Andrej Kren, their terms of office to start on 16 July 2017.

Composition of the supervisory board as at 31 March 2017:

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chairperson	15/07/2013	4 years
Slaven Mičković	deputy chair	15/07/2013	4 years
Keith Morris	member	15/07/2013	4 years
Davor Ivan Gjivoje	member	07/03/2017	4 years
Andrej Gorazd Kunstek	member (employee representative)	11/06/2015	4 years
Mateja Živec	member (employee representative)	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

Audit committee

In the three months to 31 March 2017, there were no changes in the composition of the supervisory board audit committee.

Members of the supervisory board's audit committee as at 31 March 2017

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

Fit and proper committee

In the three months to 31 March 2017, there were no changes in the composition of the supervisory board fit and proper committee.

Composition of the fit & proper committee as at 31 March 2017

Member	Title	Beginning of term of office	Duration of term of office
Mateja Živec	chair	28/10/2016	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

Supervisory board's nominations committee

In the three months to 31 March 2017, there were no changes in the composition of the supervisory board nominations committee.

Members of the supervisory board nominations committee as at 31 March 2017:

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chair	12/09/2016	15/07/2017
Keith W. Morris	member	12/10/2016	15/07/2017
Slaven Mičković	member	12/09/2016	15/07/2017

General meeting of shareholders

There was one general meeting of shareholders held in the three months to 31 March 2017.

After the resignation of Branko Tomažič from the position of chair and member of the supervisory board in October 2016, the supervisory board of Sava Re, d.d. temporarily operated with five members. The term of office of the remaining three members who are shareholder representatives is due to expire in July 2017. Due to the complexity of the business operations of Sava Re, d.d. and the Sava Re Group, the Company wanted to ensure that the supervisory board operates with all six members as soon as possible, thereby ensuring compliance with the Company's articles of association as regards the number of supervisory board members. Considering the complexity and amount of time that the procedure would require, including the fit and proper assessment of both the supervisory board member candidates and the supervisory board as a whole, it was assessed that

this procedure should result in obtaining a complete set of four members of the supervisory board to represent shareholder interests.

The election of four new members of the supervisory board was carried out in the 32nd session of the general meeting, held on 7 March 2017 at the Horus Hall of the Austria Trend Hotel Ljubljana. The general meeting elected, for a four-year term, the following members of the supervisory board: Davor Ivan Gjivoje, starting on 7 March 2017, and Mateja Lovšin Herič, Keith William Morris and Andrej Kren, starting on 16 July 2017.

1.4 Significant events in the three months to 31 March 2017

- S** On 7 March 2017, the 32nd general meeting of Sava Re took place at the Horus Hall of the Austria Trend Hotel in Ljubljana. The general meeting elected the new supervisory board members for the next four-year term of office: Ivan Davor Gjivoje (term of office to start on 7 March 2017) and Mateja Lovšin Herič, Keith William Morris and Andrej Kren (terms of office to start on 16 July 2017). As of 7 March 2017, the supervisory board of Sava Re operates with all of its six members.
- S** In 2006 and 2007, Sava Re raised a subordinated debt in the nominal amount of € 32 million maturing in 2027. Sava Re raised the subordinated debt to expand the Sava Re Group to the markets of the former Yugoslavia and to improve its capital adequacy position in accordance with the then applicable insurance laws and the Standard & Poor's model. In January 2014, Sava Re prepaid € 8 million of the nominal amount of its subordinated debt. Under the contractual provisions, the remaining nominal amount of € 24 million could be early repaid as of 2017. After receiving the approval of the Slovenian Insurance Supervision Agency, Sava Re prepaid the first tranche of the subordinated debt in the nominal amount of € 12 million on 15 March 2017. The remaining part of the subordinated debt in a nominal amount of € 12 million is scheduled to be repaid in June 2017. After the prepayment of the subordinated debt, Sava Re and the Sava Re Group will maintain a high solvency ratio under the applicable law. Furthermore, the simulations of models of rating agencies Standard & Poor's and A.M. Best have shown that the early repayment of the subordinated debt would not affect the capital position so that both the Company and the Sava Re Group will maintain a solid target level of capitalisation.

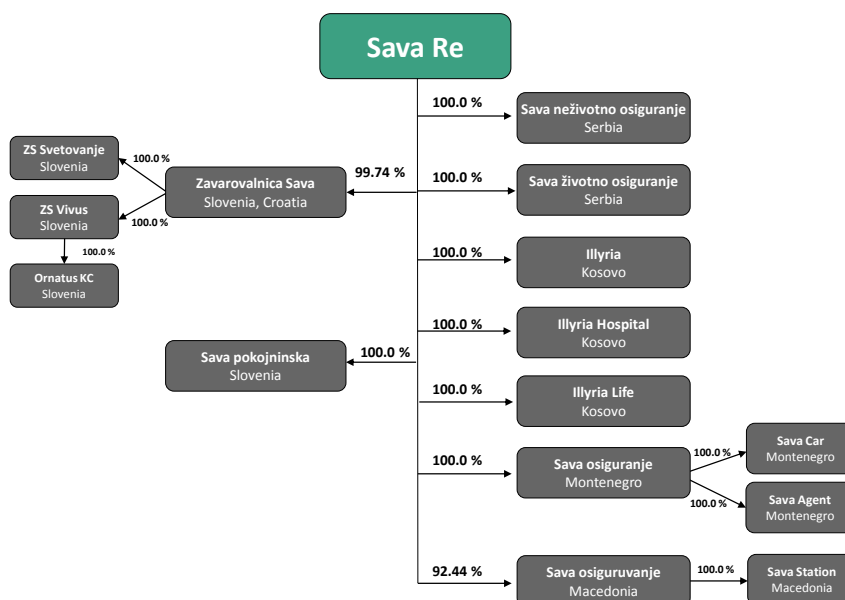
1.5 Significant events after the reporting period

- S** In its session of 5 April 2017, the supervisory board of Sava Re, d.d. approved the audited annual report of the Sava Re Group and Sava Re, d.d. for 2016 and the proposed agenda for the convocation of the 33rd general meeting of shareholders of Sava Re, d.d., which was published on 14 April 2017. The supervisory and the management boards have prepared a proposed resolution for the general meeting to the effect that shareholders be paid a dividend of € 0.80 gross per share, in total € 12,398,156.80, or 37.7 % of the net profit of the Sava Re Group. The proposed regular dividend is a 23 % increase over the one in the previous year and is on the same level as the sum of last year's regular and extraordinary dividends.
- S** On 19 April 2017, Sava Re jointly with some other expropriated shareholders—in connection with the cancellation of subordinated financial instruments—presented comments and proposals relating to the draft Law on Judicial Protection of Holders of Qualifying Liabilities of Banks. They underlined that the draft law did not eliminate the unconstitutionality nor did it fully comply with the requirements of the Constitutional Court. It was reiterated that the cancellation of subordinated bonds was unjustified, wrong, and the most draconian measure taken in Europe, as demonstrated by new facts and figures.
- S** Having obtained a licence for performing the function of management board member of Sava Re, Marko Jazbec took up his office as chairman of the Sava Re management board on 12 May 2017.

1.6 Composition of the Sava Re Group

As at 31 March 2017, the insurance part of the Sava Re Group comprised—in addition to the controlling company Sava Re—seven insurers based in Slovenia and other Western Balkan countries, and one pension company based in Slovenia.

Composition of the Sava Re Group as at 31 March 2017



On 3 April 2017, Moja naložba was renamed Sava pokojninska (Engl. Sava Pensions).

Company names of the Sava Re Group members

	Official long company name	Short name in this document
	Sava Re Group	Sava Re Group
1	Pozavarovalnica Sava, d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava
	SAVA OSIGURANJE d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian part (in tables)
3	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava, Croatian part (in tables)
	Sava pokojninska družba, d.d.	Sava pokojninska
4	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava neživotno osiguranje (SRB)
5	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava životno osiguranje (SRB)
6	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Illyria
7	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria Life
8	AKCIONARSKO DRUŠTVO SAVA OSIGURANJE PODGORICA	Sava osiguranje (MNE)
9	SAVA osiguruvanje a.d. Skopje	Sava osiguruvanje (MKD)
10	" Illyria Hospital " SH.P.K.	Illyria Hospital
11	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Sava Car
12	ZS VIVUS zavarovalno zastopniška družba d.o.o.	ZS Vivus
13	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	ZM Svetovanje
14	ORNATUS KLICNI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	Ornatus KC
15	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. – Podgorica	Sava Agent
16	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava Station

1.7 Shareholders and share trading

Movement in the POSR share price in the period 1 April 2016 to 31 March 2017 compared to the SBITOP stock index.



The share price as at 31 December 2016 was € 13.22 and € 16.20 as at 31 March 2017, representing a 22.5 % increase in the period.

Basic details about the POSR share

	31/03/2017	31/03/2016
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	4,194	4,825
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	1,721,966	826,170*
Net earnings/loss per share (€)	0.29	0.21
Consolidated net earnings per share (€)	0.59	0.43
Consolidated book value per share (€)	19.63	18.19
Share price at end of period (€)	16.20	14.50
	1-3/2017	1-3/2016
Average share price in reporting period (€)	15.63	12.75
Minimum share price in reporting period (€)	13.35	11.80
Maximum share price in reporting period (€)	17.20	14.50
Trade volume in reporting period (€)	6,077,395	13,599,587

*The balance of treasury shares is the balance of actually purchased treasury shares as at 31 March 2016 and may vary from the total entered at KDD d.d. as at 31 March 2016.

In the first quarter 2017, the Company did not pay out any dividends. Neither did it hold conditional equity.

As at 31 March 2017, a total of 66.8 % of shareholders were Slovenian and 33.2 % were foreign. The largest shareholder of the POSR share is Slovenian Sovereign Holding (Slovenski državni holding d.d.) with 25 % plus one share.

Top ten shareholders of Sava Re as at 31 March 2017

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	4,304,917	25.0 %
Zagrebačka banka d.d. – fiduciary account	2,469,432	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)	782,370	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	415,740	2.4 %
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9 %
Total	12,931,887	75.1 %

Note: On 2 June 2016, Sava Re received a notice from Adris grupa, d.d., Vladimira Nazora 1, 52210 Rovinj, Croatia via its legal representative Rojs, Peljhan, Prelesnik & partnerji, o.p., d.o.o., advising the Company of a change in major holding in Sava Re. Adris grupa, including its subsidiaries with fiduciary accounts, held 3,278,049 POSR shares, representing 19.04 % of issued and 21.15 % of outstanding shares.

Shareholder structure of Sava Re as at 31 March 2017

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.2 %	0.1 %
Insurers and pension companies	19.2 %	0.2 %
Natural persons	9.2 %	0.1 %
Banks*	3.9 %	27.2 %
Investment funds and mutual funds	4.2 %	4.5 %
Other commercial companies	2.4 %	1.2 %
Government	2.8 %	0.0 %
Total	66.8 %	33.2 %

Notes: The "other financial institutions" item includes Slovenian Sovereign Holding with a stake of 25 % plus one share. Source: Central securities register KDD d.d. and own sources.

*On 2 June 2016, Sava Re received a notice from Adris grupa, d.d., Vladimira Nazora 1, 52210 Rovinj, Croatia via its legal representative Rojs, Peljhan, Prelesnik & partnerji, o.p., d.o.o., advising the Company of a change in major holding in Sava Re. Adris grupa, including its subsidiaries with fiduciary accounts, held 3,278,049 POSR shares, representing 19.04 % of issued and 21.15 % of outstanding shares.

Treasury shares

In the period from 1 January 2017 to 31 March 2017, Sava Re did not repurchase any own shares. The total number of own shares as at 31 March 2017 was 1,721,966, representing 10 % minus one share of all issued shares.

SAVA RE GROUP INTERIM BUSINESS REPORT

2 SAVA RE GROUP REVIEW OF OPERATIONS

Summary of the consolidated income statement

(€)	1–3/2017	1–3/2016	Index
Net earned premiums	110,869,332	111,389,356	99.5
Investment income	7,975,897	7,665,499	104.0
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	6,924,719	3,315,155	208.9
Other technical income	3,244,320	4,810,536	67.4
- Of which investment property	0	44,881	0.0
Other income	1,636,708	1,813,993	90.2
- Of which investment property	111,906	64,433	173.7
Net claims incurred	-77,113,967	-66,519,138	115.9
Change in other technical provisions	-5,812,951	-3,094,774	187.8
Change in technical provisions for policyholders who bear the investment risk	5,982,669	1,392,914	429.5
Expenses for bonuses and rebates	892,912	-232,141	-384.6
Operating expenses	-35,001,354	-36,050,111	97.1
Expenses for financial assets and liabilities	-1,692,899	-3,584,125	47.2
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-1,640,976	-6,990,397	23.5
Other technical expenses	-4,547,902	-4,958,633	91.7
- Of which investment property	-33,438	-31,295	106.8
Other expenses	-363,684	-310,375	117.2
- Of which investment property	-31,577	-4,737	666.6
Profit/loss before tax	11,352,824	8,647,759	131.3

Consolidated performance ratios

	1–3/2017	1–3/2016
Net incurred loss ratio (reins. + non-life)	61.8 %	61.1 %
<i>Net incurred loss ratio, excluding the effect of exchange differences (reins. + non-life)</i>	<i>60.7 %</i>	<i>63.0 %</i>
Net expense ratio	31.0 %	31.2 %
Return on the investment portfolio	2.5 %	1.6 %
<i>Return on the investment portfolio, excluding exchange differences</i>	<i>2.3 %</i>	<i>2.2 %</i>
Annualised return on equity	11.6 %	9.6 %

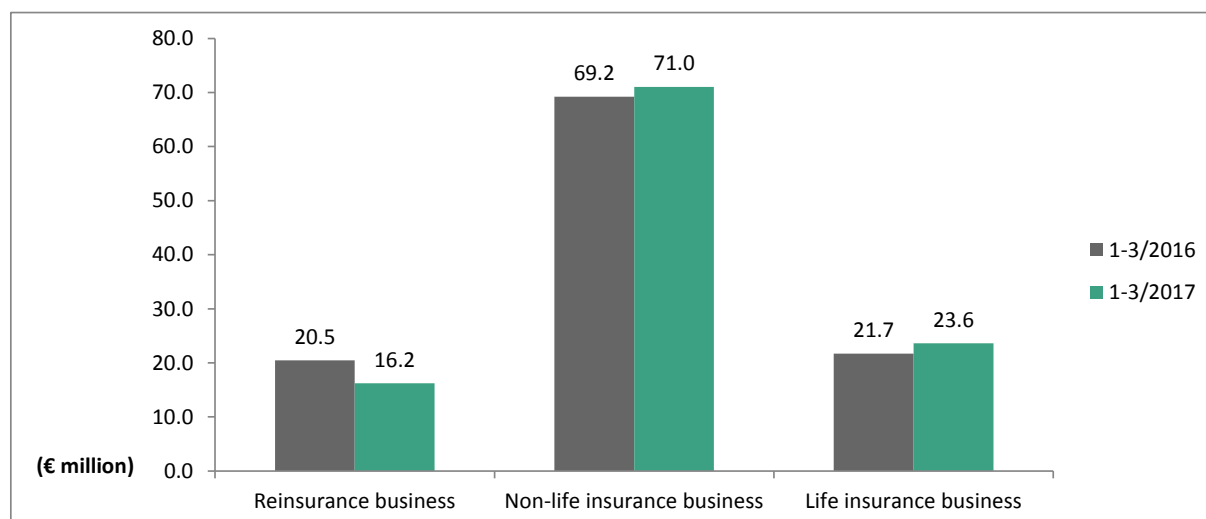
In the period 1–3/2017, exchange differences had a negative impact on the underwriting result of reinsurance business of € 1.0 million (1–3/2016: € 1.7 million) and a positive impact of € 0.6 million on the investment result (1–3/2016: negative impact of € 1.3 million). The total negative impact of exchange differences on the net profit for the period was € 0.4 million (1–3/2016: positive impact of € 0.3 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

(€)	1–3/2017	1–3/2016	Index
Gross premiums written	159,895,660	153,499,567	104.2
Net premiums written	144,746,900	139,528,594	103.7
Change in net unearned premiums	-33,877,568	-28,139,238	120.4
Net earned premiums	110,869,332	111,389,356	99.5

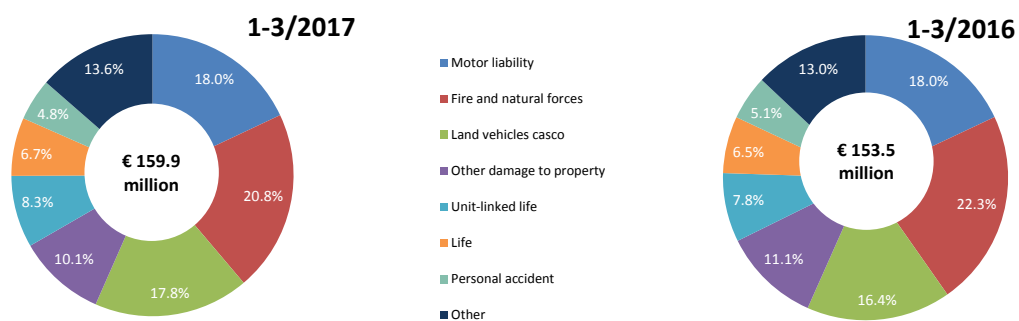
Consolidated net premiums earned by operating segment



Consolidated net earned premiums by class of business

(€)	1-3/2017	1-3/2016	Index
Personal accident	6,964,155	7,382,474	94.3
Health	908,332	947,961	95.8
Land vehicles casco	22,253,653	20,126,662	110.6
Railway rolling stock	35,261	10,132	348.0
Aircraft hull	17,962	18,805	95.5
Ships hull	1,289,304	841,115	153.3
Goods in transit	1,687,295	1,714,567	98.4
Fire and natural forces	15,316,366	18,532,530	82.6
Other damage to property	6,560,751	8,758,620	74.9
Motor liability	25,008,215	24,698,815	101.3
Aircraft liability	-26,140	109,189	-23.9
Liability for ships	196,653	160,724	122.4
General liability	4,031,669	3,664,515	110.0
Credit	976,412	787,109	124.1
Suretyship	136,259	73,601	185.1
Miscellaneous financial loss	304,467	1,049,839	29.0
Legal expenses	46,756	71,910	65.0
Assistance	1,447,044	1,022,302	141.5
Total non-life	87,154,414	89,970,870	96.9
Life insurance	10,561,758	9,490,531	111.3
Unit-linked life	13,153,160	11,923,312	110.3
Capital redemption	0	4,643	-
Total life	23,714,918	21,418,486	110.7
Total	110,869,332	111,389,356	99.5

Consolidated gross premiums written by class of business

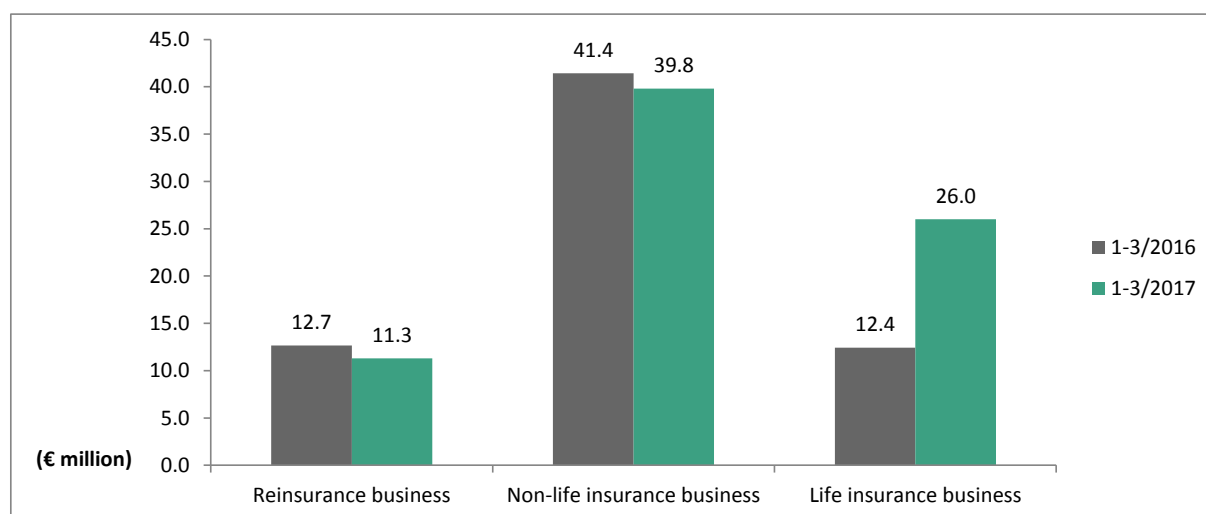


Consolidated net claims incurred

Consolidated net claims incurred

(€)	1-3/2017	1-3/2016	Index
Gross claims paid	81,337,850	66,401,275	122.5
Net claims paid	79,187,458	64,834,878	122.1
Change in the net provision for outstanding claims	-2,073,491	1,684,260	-123.1
Net claims incurred	77,113,967	66,519,138	115.9

Consolidated net claims incurred by operating segment

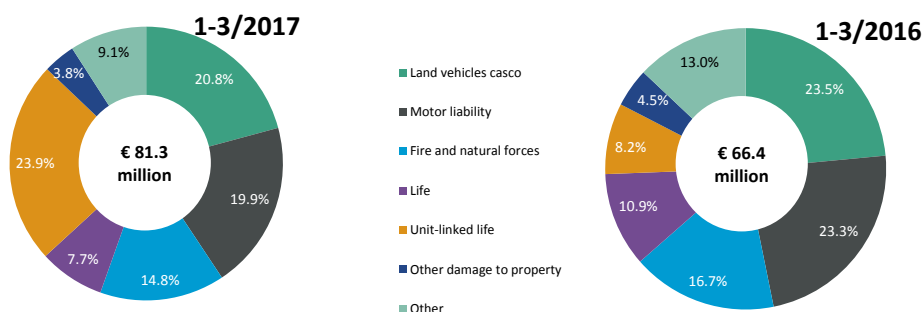


In the life insurance segment, the net claims incurred need to be considered in conjunction with the change in mathematical provisions.

Consolidated net claims incurred by class of business

(€)	1-3/2017	1-3/2016	Index
Personal accident	8,010,260	3,479,302	230.2
Health	526,430	673,979	78.1
Land vehicles casco	15,128,398	14,828,278	102.0
Railway rolling stock	834	1,141	73.1
Aircraft hull	35,752	209,887	17.0
Ships hull	739,622	3,250,769	22.8
Goods in transit	606,033	-1,443,313	-42.0
Fire and natural forces	8,011,589	14,702,174	54.5
Other damage to property	2,890,223	-716,287	-403.5
Motor liability	12,881,358	15,924,747	80.9
Aircraft liability	-10,285	-92,943	11.1
Liability for ships	182,311	272,824	66.8
General liability	2,783,544	1,886,878	147.5
Credit	-416,647	-139,215	299.3
Suretyship	69,569	18,512	375.8
Miscellaneous financial loss	-425,508	730,116	-58.3
Legal expenses	583	233	250.2
Assistance	242,788	247,533	98.1
Total non-life	51,256,854	53,834,615	95.2
Life insurance	5,641,691	6,947,466	81.2
Unit-linked life	20,215,422	5,737,048	352.4
Capital redemption	0	9	-
Total life	25,857,113	12,684,523	203.8
Total	77,113,967	66,519,138	115.9

Consolidated gross premiums written by class of business

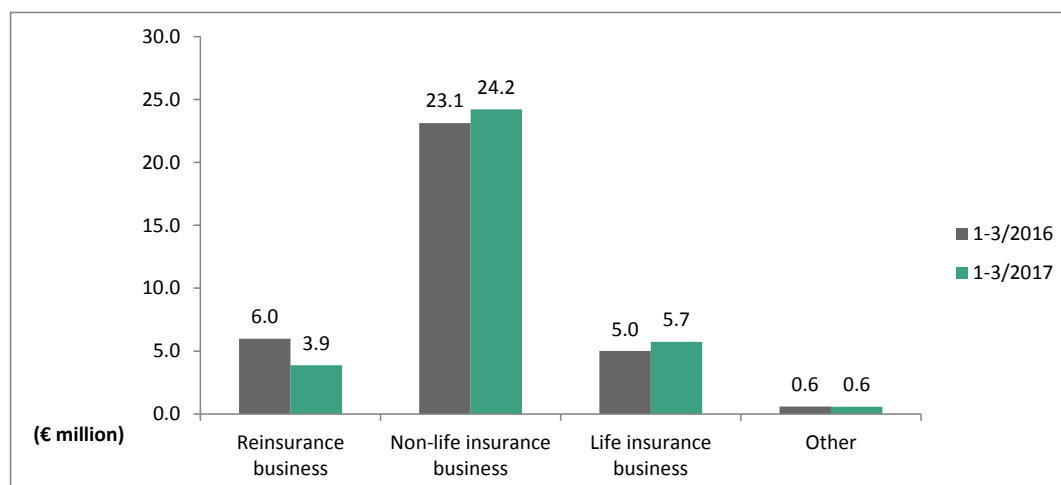


Consolidated operating expenses

Consolidated operating expenses

(€)	1-3/2017	1-3/2016	Index
Acquisition costs	10,917,656	12,592,372	86.7
Change in deferred acquisition costs (+/-)	-2,076,124	-1,311,980	158.2
Other operating expenses	26,159,822	24,769,719	105.6
Operating expenses	35,001,354	36,050,111	97.1
Income from reinsurance commission	-599,021	-1,337,357	44.8
Net operating expenses	34,402,333	34,712,754	99.1
Gross expense ratio	21.9 %	23.5 %	
Net expense ratio	31.0 %	31.2 %	

Consolidated net operating expenses by operating segment



Consolidated net investment income

Consolidated net inv. income of the investment portfolio

(€)	1-3/2017	1-3/2016	Absolute change
Net investment income from financial investments	6,282,998	4,081,374	2,201,624
Net investment income of investment property	46,891	73,282	-26,391
Net inv. income of the investment portfolio	6,329,889	4,154,656	2,175,233
Net inv. income of the investment portfolio, excluding exchange differences	5,827,488	5,455,797	371,691

In the period 1–3/2017, the Group's net investment income from its investment portfolio totalled € 6.3 million, up € 2.2 million year on year. The improved net investment income was mainly the result of higher net exchange differences and higher realised capital gains (up € 0.7 million).

The Group's net investment income relating to its investment portfolio, excluding exchange differences, totalled € 5.8 million, up € 0.4 million year on year.

Below is a detailed overview of income and expenses relating to the investment portfolio.

Consolidated income, expenses and the net investment income relating to the investment portfolio

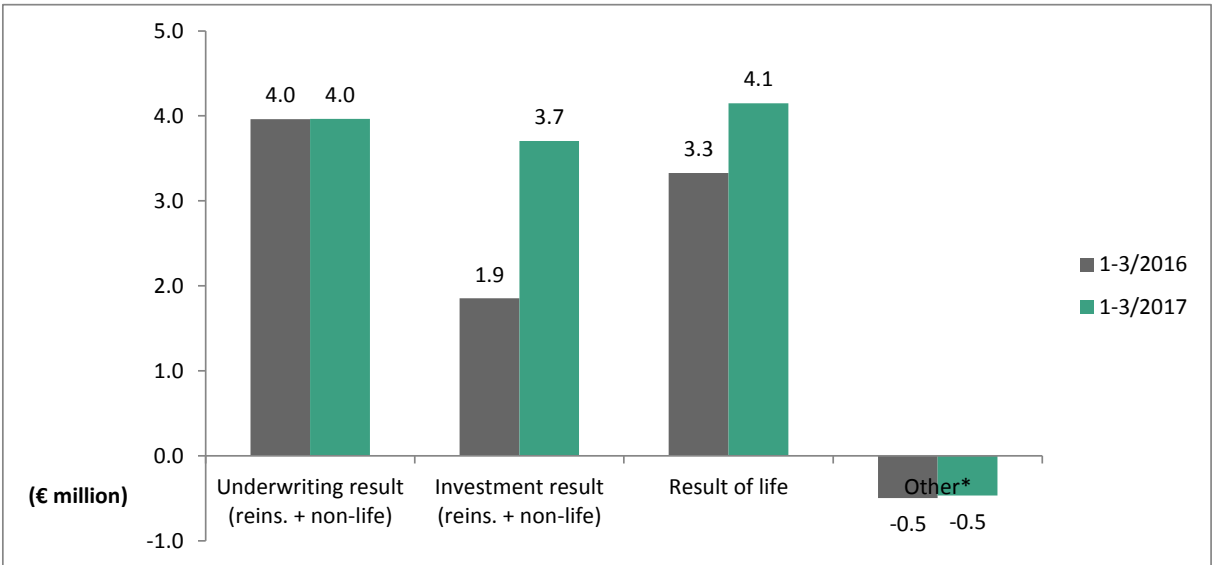
(€)	1-3/2017	1-3/2016	Absolute change
Income			
Interest income	4,914,012	5,435,420	-521,408
Change in fair value and gains on disposal of FVPL assets	121,231	242,548	-121,317
Gains on disposal of other IFRS asset categories	1,128,133	408,463	719,670
Income from dividends and shares – other investments	34,152	13,151	21,001
Exchange gains	1,708,653	1,502,751	205,902
Diverse other income	181,622	172,480	9,142
Income relating to the investment portfolio	8,087,803	7,774,813	312,990
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	6,924,719	3,315,155	3,609,564
Expenses			
Interest expenses	409,350	214,228	195,122
Change in fair value and losses on disposal of FVPL assets	13,740	360,299	-346,559
Losses on disposal of other IFRS asset categories	37,135	162,663	-125,528
Impairment losses on investments	0	29,186	-29,186
Exchange losses	1,206,252	2,803,892	-1,597,640
Other	91,437	49,889	41,548
Expenses relating to the investment portfolio	1,757,914	3,620,157	-1,862,243
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	1,640,976	6,990,397	-5,349,421

In the period 1–3/2017, investment income totalled € 8.1 million, up € 0.3 million year on year; excluding exchange differences, investment income increased by € 0.1 million. The largest part of income was interest income, which amounted to € 4.9 million in the period 1–3/2017, down € 0.5 million year on year. Compared to the same period last year, realised capital gains rose by € 0.7 million.

In the period 1–3/2017, expenses relating to the investment portfolio increased by € 1.9 million year on year, but decreased by € 0.3 million on elimination of exchange differences. In addition to exchange losses, the largest contributor to expenses was interest on loans. Interest on loans increased by € 0.2 million year on year. The increased interest expense is entirely due to the one-off impact of the prepayment of part of the Company’s subordinated debt, accounted for using the effective interest rate method.

Consolidated gross profit/loss

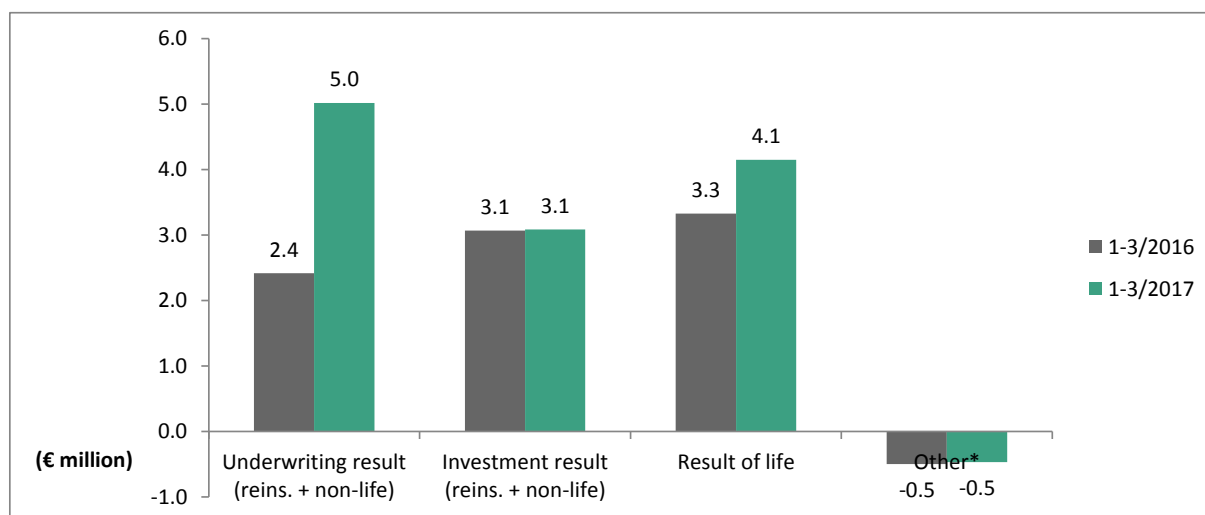
Composition of consolidated gross profit



*The "other" category includes the gross result of the "other" segment.

In 1–3/2017, 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 € 1.0 million (1–3/2016: € 1.7 million positive effect); positive effect on the investment result of € 0.6 million (1–3/2016: € 1.3 million negative effect). The total negative effect of exchange differences on the result of 1–3/2017 amounted to € 0.4 million (1–3/2016: € 0.3 million positive effect).

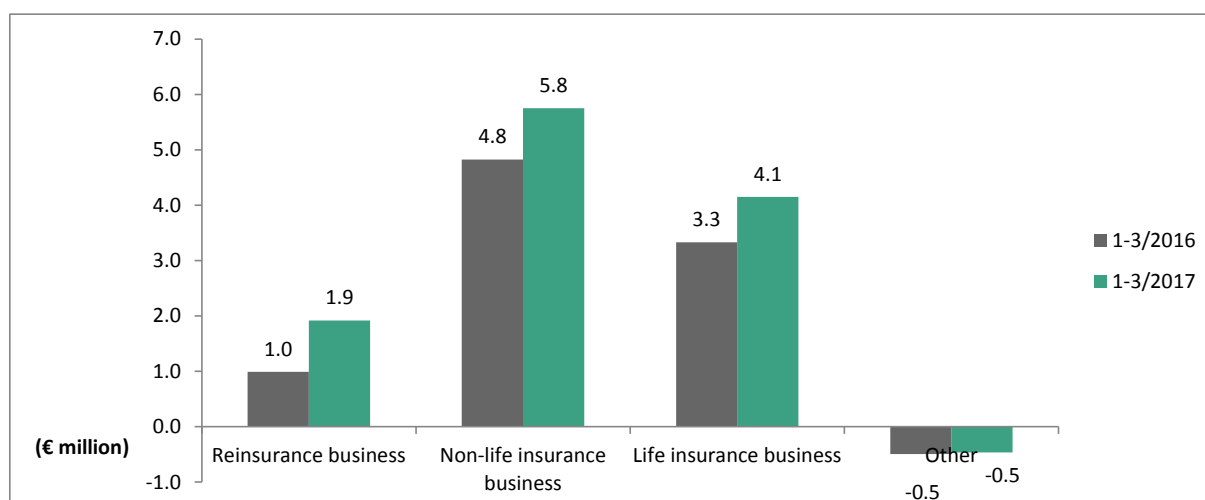
Composition of the gross consolidated result (excluding the effect of exchange differences)



*The "other" category includes the gross result of the "other" segment.

The underwriting result in the period 1–3/2017 was better than last year mainly as a result of a stronger underwriting result in the Slovenian non-life insurance segment. The investment result, excluding the effect of exchange differences, remained at approximately the same level, while the result of the life segment improved, mainly due to the better results of Zavarovalnica Sava.

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). The "Slovenia" segment includes figures of the Slovenian part of Zavarovalnica Sava (pre-merger Zavarovalnica Maribor and Zavarovalnica Tilia) and Sava pokojninska (life segment), while the "international" segment covers the operations of the other subsidiaries, including the Croatian part of Zavarovalnica Sava (pre-merger Velebit osiguranje and Velebit životno osiguranje). The reinsurance segment was not broken down geographically, as after the elimination of transactions with subsidiaries, the majority of the remaining transactions relate to Sava Re's business in global 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; hence 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. Such reallocation has been made also for other operating expenses relating to intra-group reinsurance transactions. In the period 1–3/2017, Sava Re allocated 59.0 % of other operating expenses to operating segments as monitored (non-life and life insurance business) by premium structure (1–3/2016: 62.2 %).
- S** 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).

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

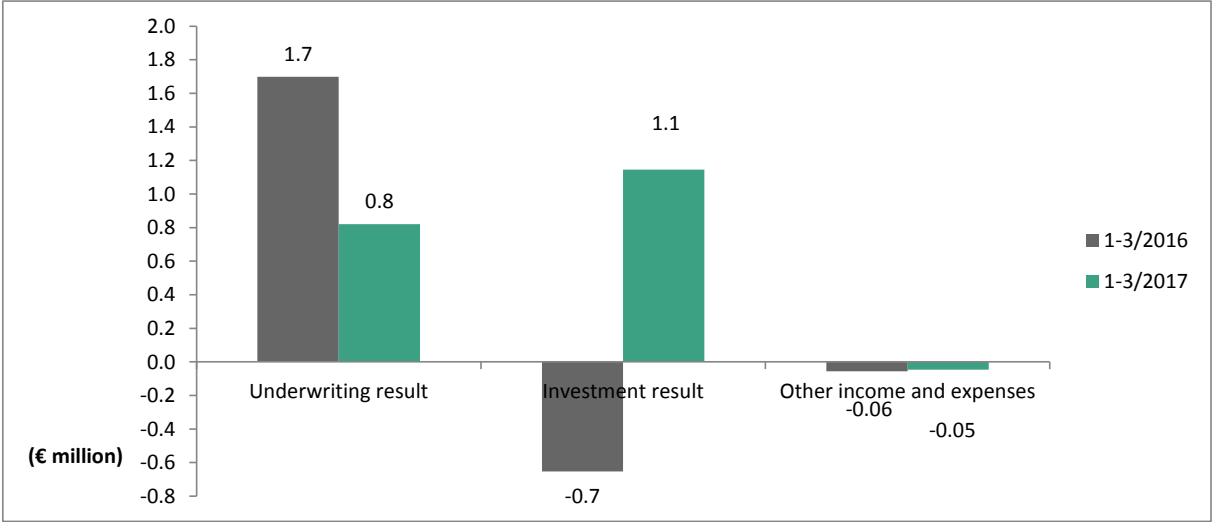
- S** Intangible assets – goodwill was allocated to the segment from which it arose (reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).
- S** The balance of financial investments was reallocated from the reinsurance segment to the 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).
- S** The 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 indent 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 operations

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". The reinsurance segment reflects developments of the reinsurance portfolio written by Sava Re outside the Sava Re Group.

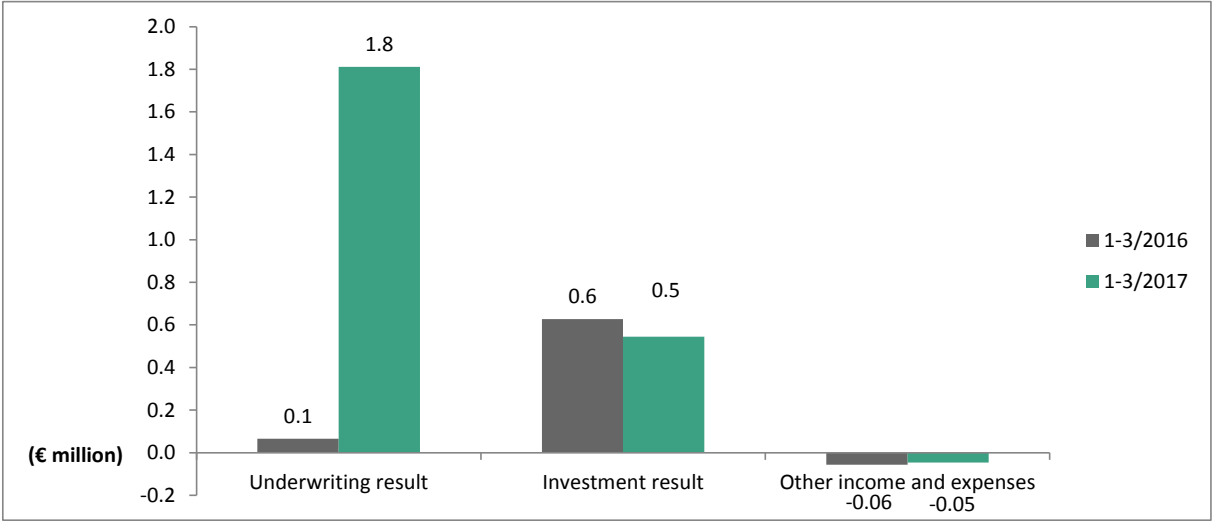
Composition of the consolidated gross income statement; reinsurance business



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 under the heading "Consolidated gross profit" and refers to the reinsurance segment shown here.

The following graph shows the profit or loss, 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 slightly stronger than in the same period of 2016 (combined ratio 1–3/2017: 94.5 %; 1–3/2016: 97.4 %). The 2016 underwriting result was lower mainly due to prudent reserving for certain large loss events abroad. In the period 1–

3/2017, the investment result (excluding the effect of exchange differences) remained approximately on the same level year on year.

Net premiums earned

Consolidated gross premiums written by region; reinsurance business

(€)	1–3/2017	1–3/2016	Index
Slovenia	384,477	300,291	128.0
International	29,944,918	30,327,175	98.7
Total	30,329,395	30,627,466	99.0

Net premiums earned; reinsurance business

(€)	1–3/2017	1–3/2016	Index
Gross premiums written	30,329,395	30,627,466	99.0
Net premiums written	30,020,719	29,929,046	100.3
Change in net unearned premiums	-13,787,669	-9,464,630	145.7
Net earned premiums	16,233,050	20,464,416	79.3

Gross premiums written in this segment were slightly lower in 1–3/2017 than year on year. Premiums have been declining due to the more selective underwriting as a result of the soft market prevailing in global reinsurance markets.

The drop in net premiums earned was larger than the decline in gross premiums written. In the period 1–3/2017, the change in the net unearned premiums (an increase compared to the end of the previous year) was larger than in the previous year. This is due to the increase in the share of non-proportional reinsurance, the premiums of which are accounted at the time of writing the contract, which is why a high amount of unearned premiums is set aside in the first quarter.

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

(€)	1–3/2017	1–3/2016	Index
Slovenia	46,166	224,064	20.6
International	12,112,421	14,440,257	83.9
Total	12,158,587	14,664,321	82.9

Net claims incurred; reinsurance business

(€)	1–3/2017	1–3/2016	Index
Gross claims paid	12,158,587	14,664,321	82.9
Net claims paid	12,056,973	14,329,198	84.1
Change in the net provision for outstanding claims	-746,751	-1,674,367	44.6
Net claims incurred	11,310,222	12,654,831	89.4

Net claims incurred, excluding exchange differences; reinsurance business

(€)	1–3/2017	1–3/2016	Index
Gross claims paid	12,158,587	14,664,321	82.9
Net claims paid	12,056,973	14,329,198	84.1
Change in the net provision for outstanding claims	-1,588,519	-167,826	946.5
Net claims incurred	10,468,454	14,161,372	73.9

In the period 1–3/2017, the consolidated gross reinsurance claims paid were lower than the year-on-year figure, mainly due to premium decline in this segment as the bulk of the claims paid in the first

quarter related to business written in the previous year. Consequently, the paid loss ratio improved in the period of 1–3/2017 year on year (1–3/2017: 40.1 %; 1–3/2016: 47.9 %).

The change in the net provision for outstanding claims (including the impact of exchange differences) in the period 1–3/2017 was smaller than the one year on year and in both cases relatively small compared to the level of claims provisions (below 2 %). The change in the net claims provision was also affected by exchange differences, which had a negative impact on the 1–3/2017 result (€ -0.8 million), whereas in 1–3/2016 the impact was a positive one (€ +1.5 million).

The net incurred loss ratio (including exchange differences) of the reinsurance segment deteriorated to 69.7 % in the period of 1–3/2017 (1–3/2016: 61.8 %). Excluding exchange differences, the ratio improved by only 5.3 percentage points.

Operating expenses

Consolidated operating expenses; reinsurance business

(€)	1–3/2017	1–3/2016	Index
Acquisition costs	3,901,230	5,638,930	69.2
Change in deferred acquisition costs (+/-)	-923,905	-370,356	249.5
Other operating expenses	953,300	885,526	107.7
Operating expenses	3,930,625	6,154,100	63.9
Income from reinsurance commission	-56,539	-176,280	-167.9
Net operating expenses	3,874,085	5,977,821	64.8

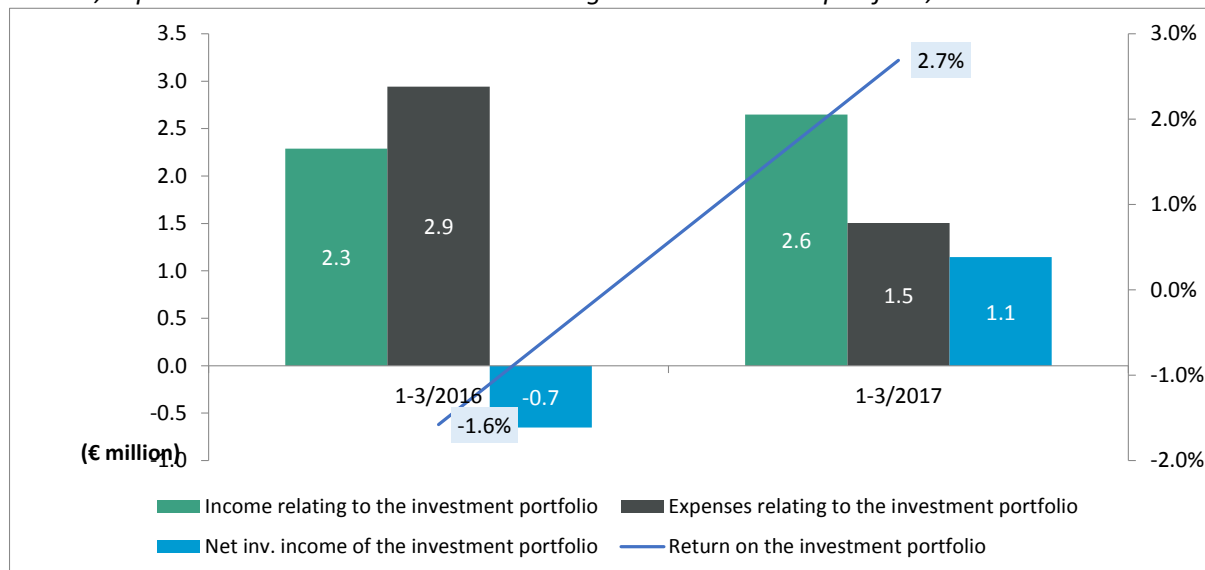
In the period 1–3/2017, acquisition costs fell by 30.8 % (gross premiums written dropped by 1.0 %) due to a smaller volume of proportional business written, resulting in a smaller commission income. The ratio of acquisition costs as a percentage of premiums in 1–3/2017 increased by 5.5 percentage points year on year to 12.9 %.

In the period 1–3/2017, the increase in the level of deferred acquisition costs was slightly higher than last year, primarily due to a lower decline in gross premiums written, resulting in lower acquisition costs. The mechanisms are much the same as the effect of the movement in gross premiums written on the movement of unearned premiums.

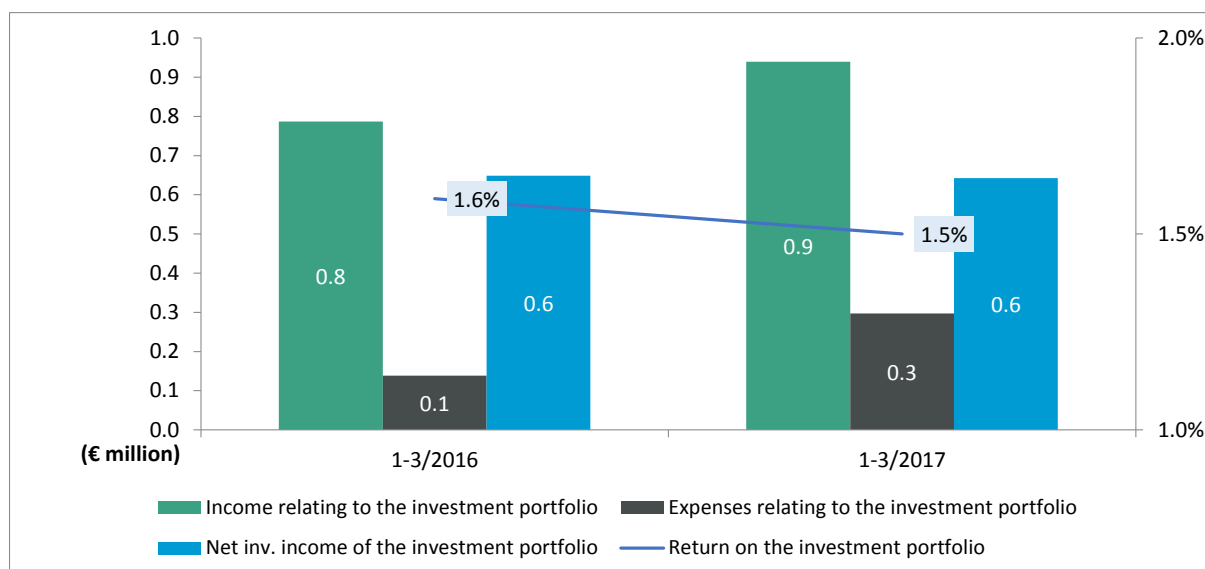
Other operating expenses increased by 7.7 % mainly due to growth in personnel costs (recruitment at Sava Re and the impact of interim recruitment in the previous year) and amortisation costs because of the larger cost of software.

Net investment income

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



Income, expenses and net inv. income of the investment portfolio, excluding exchange differences; reinsurance business





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.

In 1–3/2017 the net investment income totalled € 0.6 million, remaining at about the same level as year on year.

3.2 Non-life insurance business

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

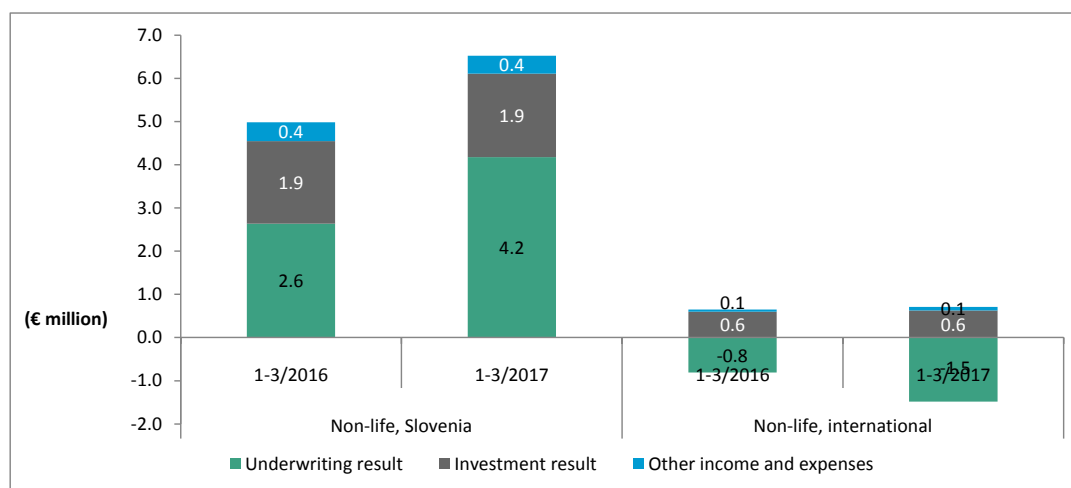
-  Zavarovalnica Sava, non-life
-  Sava osiguranje (MNE)

- Sava neživotno osiguranje (SRB)
- Sava osiguruvanje (MKD)
- Illyria

The figures provided for the period 1–3/2017 for Zavarovalnica Sava are the sums of the figures of the Group insurers that merged on 2 November 2016 into Zavarovalnica Sava (Zavarovalnica Maribor, Zavarovalnica Tilia and Velebit osiguranje, excluding intra-group transactions).

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 non-life insurance segment recorded a (€ 0.9 million) better consolidated net result in 1–3/2017 than in the same period last year. In this regard, the non-life segment of Slovenian insurance companies improved by € 1.5 million, while non-life operations abroad achieved a € 0.6 million lower result.

The underwriting result of the Slovenian part of Zavarovalnica Sava improved, reflecting both growth in net premiums earned and a drop in net claims incurred. The net earned premiums increased especially because of the rise in motor premiums as a result of a larger number of policies sold as well as broader coverages. Net claims incurred dropped despite the fact that gross claims paid increased owing to the payment of claims relating to a large hail loss that occurred in July and August 2016, as claims were settled from technical provisions. The underwriting result of the non-domestic non-life insurers deteriorated by € 0.7 million. The largest impact on the overall deterioration in the underwriting result of the non-Slovenian non-life insurers came from the weaker underwriting performance of the Kosovan non-life insurer.

The investment result of the Slovenian non-life insurer and the Group's non-life insurers abroad remains on the same level as in 2016.

Net premiums earned

Consolidated gross non-life premiums by region

(€)	1–3/2017	1–3/2016	Index
Slovenia	91,886,699	88,302,007	104.1
International	13,978,238	12,699,244	110.1
Total	105,864,937	101,001,251	104.8

Net premiums earned; non-life insurance business

(€)	Slovenia		International	
	1-3/2017	1-3/2016	1-3/2017	1-3/2016
Gross premiums written	91,886,699	88,302,007	13,978,238	12,699,244
Net premiums written	78,346,010	76,344,454	12,746,756	11,464,766
Change in net unearned premiums	-19,742,448	-18,782,985	-332,964	209,858
Net earned premiums	58,603,561	57,561,469	12,413,791	11,674,624

In the period 1-3/2017 gross non-life premiums written in Slovenia increased by 4.1 %, mainly owing to a higher volume of motor and property business. The Slovenian non-life insurance market grew at a rate of 5.5 % in the period. Gross non-life insurance premiums written abroad rose by 10.1 %. Gross non-life premiums grew in all the Group's non-life insurers abroad with the largest growth (27.0 %) coming from the Croatian branch of Zavarovalnica Sava, where premium growth was achieved in most classes of business. These results were achieved against the background of an overall Croatian non-life insurance market growth of 3.9 %.

Net non-life insurance premiums grew by 3.7 % in the first quarter of 2017. The reinsurers' shares of premiums and unearned premiums increased in line with the growth in gross premiums written.

Overall, this led to a 2.6 % increase in net premiums earned.

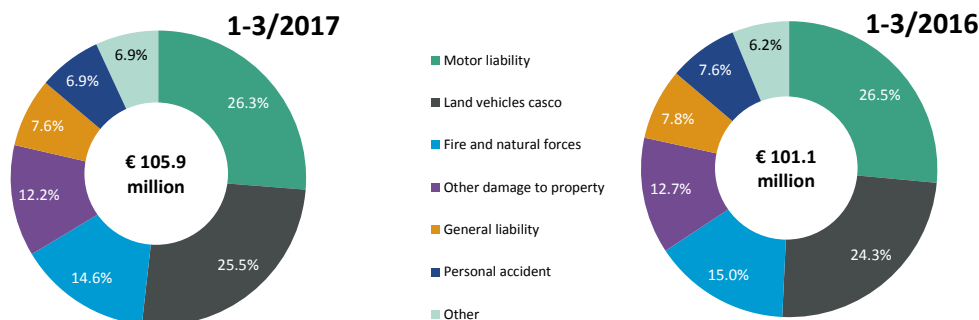
Unconsolidated gross non-life premiums of Sava Re Group companies

(€)	1-3/2017	1-3/2016	Index
Zavarovalnica Sava, Slovenian part (non-life)	91,943,570	88,373,868	104.0
Zavarovalnica Sava, Croatian part (non-life)	3,194,907	2,411,122	132.5
Sava neživotno osiguranje (SRB)	3,259,898	3,148,599	103.5
Illyria	1,945,910	1,791,889	108.6
Sava osiguruvanje (MKD)	3,005,163	2,926,186	102.7
Sava osiguranje (MNE)	2,580,728	2,422,928	106.5
Total	105,930,176	101,074,591	104.8

In Slovenia Zavarovalnica Sava managed to grow motor and property gross premiums written. Motor premium growth was driven both by growth achieved with individuals, with increases in the number of policies and sums insured on casco policies, as well as in the commercial sector through new clients and partly increased coverages.

The Croatian branch of Zavarovalnica Sava posted the highest overall growth in the Group, 27.0 %, achieved through good positioning in Internet sales, improved premium collection and increased efficiency of the own sales network. The largest growth was recorded in motor liability business. The Kosovan non-life insurer achieved growth especially in health business, while the Montenegrin non-life insurer posted premium growth in accident and fire and other damage to property business. The Serbian insurer also posted growth, mainly on account of property business, while the share of the motor liability premiums declined. The Macedonian insurer achieved premium growth as a result of new clients and increased sales in its subsidiary, the Sava Station vehicle inspection centre.

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



Net claims incurred

Net claims incurred; non-life insurance business

(€)	Slovenia		International	
	1-3/2017	1-3/2016	1-3/2017	1-3/2016
Gross claims paid	37,234,462	34,275,018	6,199,910	5,335,410
Net claims paid	35,724,153	33,279,412	5,700,640	5,144,109
Change in the net provision for outstanding claims	-3,220,076	2,258,624	1,595,403	756,739
Net claims incurred	32,504,076	35,538,036	7,296,042	5,900,848

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

(€)	1-3/2017	1-3/2016	Index
Zavarovalnica Sava, Slovenian part (non-life)	37,640,027	34,403,989	109.4
Zavarovalnica Sava, Croatian part (non-life)	1,060,990	1,157,948	91.6
Sava neživotno osiguranje (SRB)	1,515,021	1,263,145	119.9
Illyria	949,639	933,560	101.7
Sava osiguruvanje (MKD)	1,594,996	1,072,075	148.8
Sava osiguranje (MNE)	1,099,579	931,064	118.1
Total	43,860,252	39,761,781	110.3

Gross claims paid for Slovenian business in the period 1-3/2017 were higher mainly due to the increase in gross claims paid of Zavarovalnica Sava relating to property business. Gross claims paid were larger than the year-on-year figure because of claim settlements relating to 2016 hail losses. In July and August 2016 (specifically, on 13 July, and 15 and 29 August), the north-eastern and central parts of Slovenia were hit by hail storms. In addition, the higher claims figure is a result of the increased number of motor policies sold.

Gross claims relating to business from abroad increased by 16.2 %, mainly due to the rise in claims of the Macedonian non-life insurer, where the chief reason is the settlement of two major claims for which provisions had been set aside in prior years; therefore, the profit was not affected. The Serbian non-life insurer posted increased claims as a result of its acquisition of the AS osiguranje portfolio (without any impact on profits, as the portfolio was acquired together with adequate claims provisions).

The decline in the net claims provisions for the Slovenian part relates to claims settlements for hail losses of 2016 for which adequate provisions had been set aside.

Operating expenses

Consolidated operating expenses; non-life insurance business

(€)	1-3/2017	1-3/2016	Index
Acquisition costs	5,497,030	5,663,726	97.1
Change in deferred acquisition costs (+/-)	-1,016,858	-931,361	109.2
Other operating expenses	20,270,972	19,553,149	103.7
Operating expenses	24,751,144	24,285,514	101.9
Income from reinsurance commission	-542,482	-1,161,077	46.7
Net operating expenses	24,208,663	23,124,437	104.7

The consolidated acquisition costs dropped by 2.9 %, as a result of the reclassification of the costs of the Zavarovalnica Sava branch after alignment to the Slovenian part of the Group. Prior to the merger, the Croatian insurer booked the salaries of its agents under acquisition costs, after the merger they were accounted as personnel cost for the purpose of alignment with Zavarovalnica Sava.

The rise in other operating expenses is mainly due to the increase in the Serbian non-life insurer as a result of a larger workforce. Zavarovalnica Sava also posted increased other operating expenses. In the Slovenian part, this was because of the unification of collective agreements for employees (prior to the merger, Zavarovalnica Maribor and Zavarovalnica Tilia had different agreements), higher material costs due to one-off purchases and the different timing of use of marketing funds. The reason for the increase in the expenses of the Croatian branch office is mainly due to the above alignment and reclassification of personnel costs relating to agent salaries but also owing to increases in other service costs.

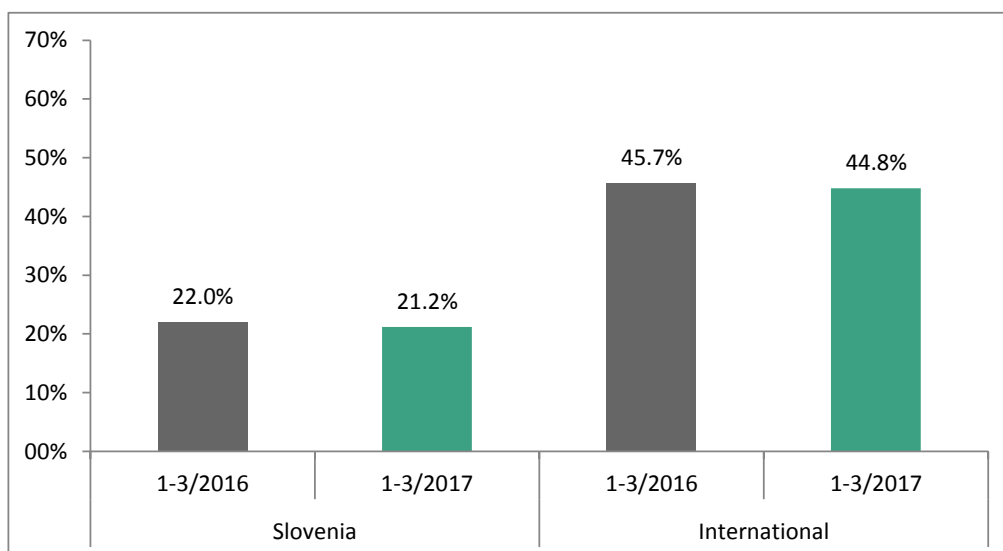
The consolidated gross expense ratio of non-life business declined in Zavarovalnica Sava by 1.9 percentage points year on year as a result of the growth in gross premiums written by 9.4 % against an increase of the sum of acquisition costs and other operating expenses by 1.2 %.

The consolidated gross expense ratio of non-Slovenian non-life insurers dropped by 0.9 percentage points as a result of a 10.1 % growth in gross premiums written against a 8.0 % increase in acquisition costs with other operating expenses.

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

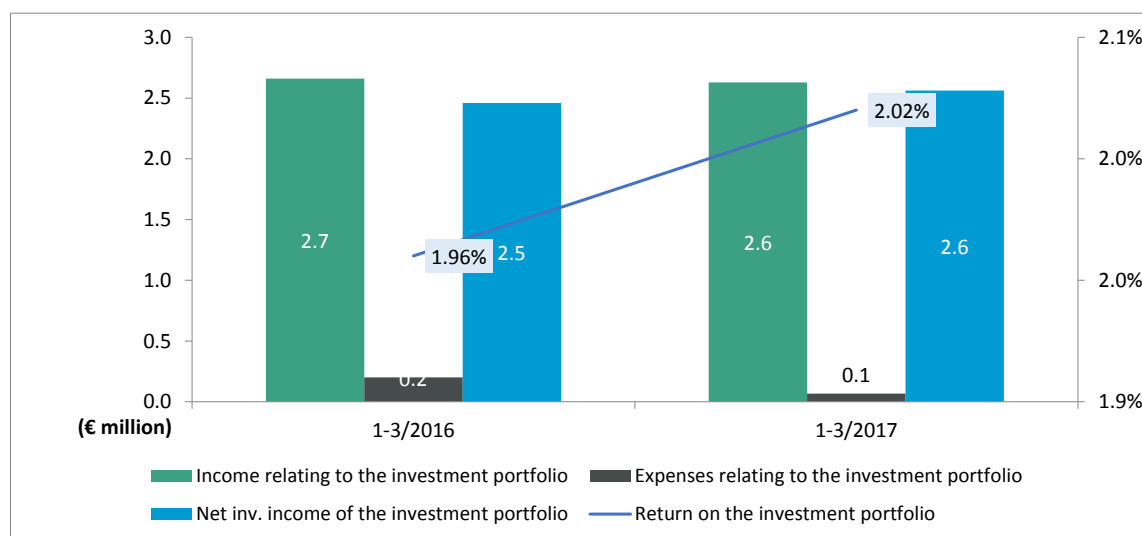
(€)	1-3/2017	1-3/2016	Index
Zavarovalnica Sava, Slovenian part (non-life)	17,881,518	17,664,129	101.2
Other Group insurers	6,289,122	5,822,953	108.0

Gross expense ratio; non-life insurance business



Net investment income





Income, expenses and the net investment income relating to the investment portfolio (€); non-life insurance business



In 1–3/2017 the net investment income relating to the non-life insurance portfolio amounted to € 2.5 million, at about the same level as year on year. The investment return for the period was 2.0 %.

3.3 Life insurance business

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

-  Zavarovalnica Sava, life business
-  Sava životno osiguranje (SRB)
-  Illyria Life
-  Sava pokojninska

The 2016 data for Zavarovalnica Sava is the sum of the data of the Group insurers that merged on 2 November 2016 into Zavarovalnica Sava (Zavarovalnica Maribor, Zavarovalnica Tilia and Velebit životno osiguranje, excluding intra-group transactions).

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

(€)	1-3/2017	1-3/2016	Index
Slovenia	21,977,204	20,357,162	108.0
International	1,724,124	1,513,688	113.9
Total	23,701,328	21,870,850	108.4

Net premiums earned; life insurance business

(€)	Slovenia		International	
	1-3/2017	1-3/2016	1-3/2017	1-3/2016
Gross premiums written	21,977,204	20,357,162	1,724,124	1,513,688
Net premiums written	21,910,428	20,277,393	1,722,987	1,512,935
Change in net unearned premiums	-957	-87,768	-13,529	-13,713
Net earned premiums	21,909,471	20,189,625	1,709,458	1,499,222

In 1-3/2017, gross premiums written by the Group's life insurers grew both in Slovenia as well as abroad. After the DWS fund was liquidated by its fund manager, Zavarovalnica Sava made special offers to policyholders with savings to use them for taking out similar policies (funds to be transferred to a new internal fund). These funds increased premiums written by € 1.7 million. The premiums written figure in Slovenia was additionally affected by a large number of maturities of unit-linked policies in January 2017, but many policyholders opted for taking out new policies. The growth in gross premiums written in Slovenia was also driven by the strong increase in single premium annuities written by Sava pokojninska.

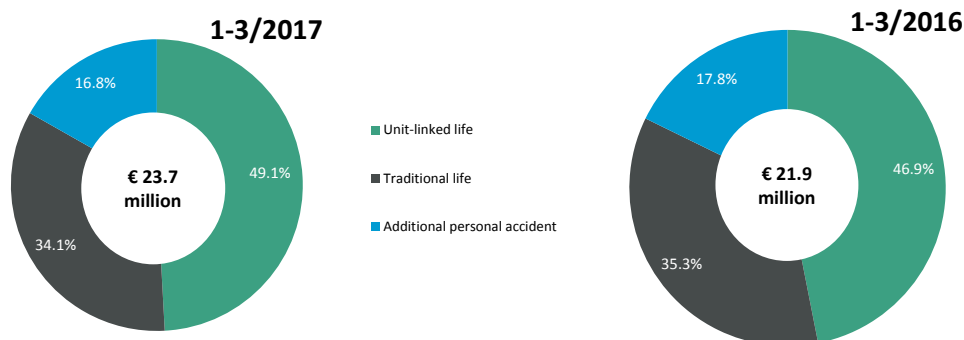
Gross premiums written also rose in other countries, notably in Croatia, where the Croatian part of the Zavarovalnica Sava posted a 15.9 % premium growth, against a 2.7 % market growth in Croatia. Sales in the Croatian branch of Zavarovalnica Sava were also boosted as after the merger, non-life agents were permitted to sell life policies.

Growth in gross premiums written was also posted by the other two life insurers, Illyria Life and Sava životno osiguranje (SRB). Both companies have been running activities for developing their own sales network through regular training of sales personnel while also seeking growth opportunities in other sales channels.

Unconsolidated gross life premiums written by Sava Re Group companies

(€)	1-3/2017	1-3/2016	Index
Zavarovalnica Sava, Slovenian part (life)	21,336,673	20,009,761	106.6
Zavarovalnica Sava, Croatian part (life)	922,917	796,198	115.9
Illyria Life	443,128	421,490	105.1
Sava životno osiguranje (SRB)	360,031	317,074	113.5
Sava pokojninska	640,531	347,401	184.4
Total	23,703,280	21,891,925	108.3

Unconsolidated gross life insurance premiums by class of business



Net claims incurred

Net claims incurred; life insurance business

(€)	Slovenia		International	
	1-3/2017	1-3/2016	1-3/2017	1-3/2016
Gross claims paid	25,332,854	11,731,241	412,037	395,285
Net claims paid	25,293,656	11,686,874	412,037	395,285
Change in the net provision for outstanding claims	270,195	364,570	27,738	-21,305
Net claims incurred	25,563,851	12,051,444	439,775	373,980
Change in other technical provisions*	2,423,271	1,869,100	551,931	491,741
Change in technical provisions for policyholders who bear the investment risk	-5,990,768	-1,392,345	8,099	-569
Net claims incurred, including the change in the mathematical and UL provisions	21,996,354	12,528,199	999,805	865,152

*These provisions mainly comprise mathematical provisions.

Gross claims paid in Slovenia grew by 115.9 %, as a result of a large number of unit-linked policies that matured in January 2017. The movement in claims needs to be looked at in conjunction with the change in technical provisions.

Gross claims also increased in other companies, except in the Serbian company, which recorded a lower number of claims year on year. In contrast, Illyria Life saw an increase in the number of claims. This was due to a larger number of surrenders, as a large number of policies became eligible for this option.

The year-on-year change in technical provisions for policyholders who bear the investment risk of the Slovenian insurers is affected by claims settlements as well as movements in mutual fund unit prices.

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

(€)	1-3/2017	1-3/2016	Index
Zavarovalnica Sava, Slovenian part (life)	25,237,496	11,665,180	216.3
Zavarovalnica Sava, Croatian part (life)	206,247	184,321	111.9
Illyria Life	120,687	98,392	122.7
Sava životno osiguranje (SRB)	85,568	112,572	76.0
Sava pokojninska	95,358	66,061	144.3
Total	25,745,356	12,126,526	212.3

Operating expenses

Consolidated operating expenses; life insurance business

(€)	1-3/2017	1-3/2016	Index
Acquisition costs	1,519,396	1,289,716	117.8
Change in deferred acquisition costs (+/-)	-135,361	-10,263	1318.9
Other operating expenses	4,351,650	3,733,650	116.6
Operating expenses	5,735,685	5,013,103	114.4
Income from reinsurance commission	0	0	-
Net operating expenses	5,735,685	5,013,103	114.4

The increase in acquisition costs is primarily due to the increases in the acquisition costs of the Slovenian part of Zavarovalnica Sava due to its expanded operations and altered dynamics of costs included in products. This is also the reason for the increase in the change in deferred acquisition costs of 1-3/2017 year on year.

The rise in other operating expenses is mainly due to the increased expenses of Zavarovalnica Sava. In the Slovenian part this was due to higher personnel costs following the unification of collective agreements for employees (prior to the merger, Zavarovalnica Maribor and Zavarovalnica Tilia had different agreements), higher material costs due to one-off purchases and the different timing of use of marketing funds. There was also a rise in the other operating expenses of the Croatian part of Zavarovalnica Sava, which however only relates to a reclassification of expenses for the purpose of alignment to the Slovenian part of the company. Prior to the merger, the Croatian insurer booked the salaries of its agents under acquisition costs. As of 2 November 2016, these were accounted for as personnel costs.

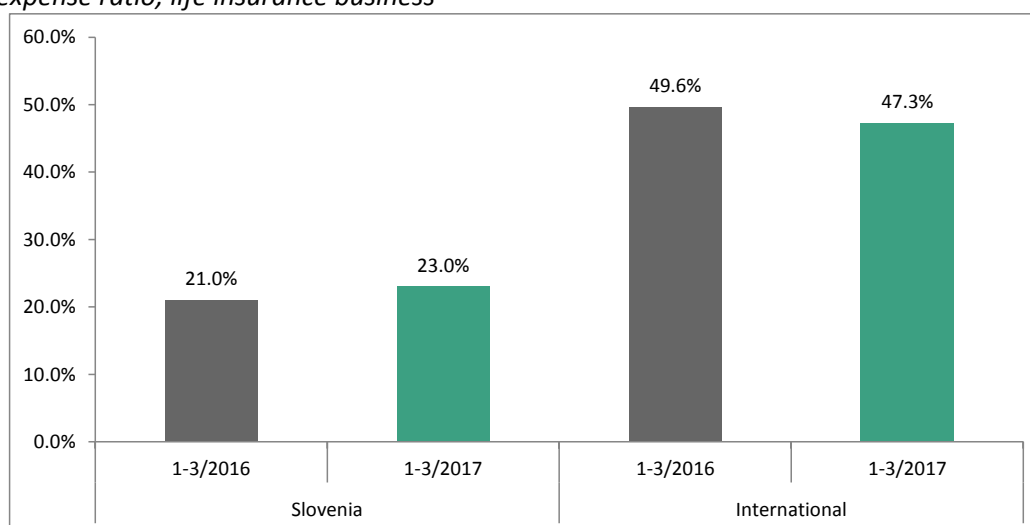
The consolidated gross expense ratio of the Slovenian companies increased by 2.0 percentage points, which is a result of increased expenses in both the Slovenian part of Zavarovalnica Sava and Sava pokojninska.

The consolidated gross expense ratio of the non-Slovenian life insurers dropped by 2.3 percentage points due to the increase in gross premiums written.

Unconsolidated gross life operating expenses of Sava Re Group companies

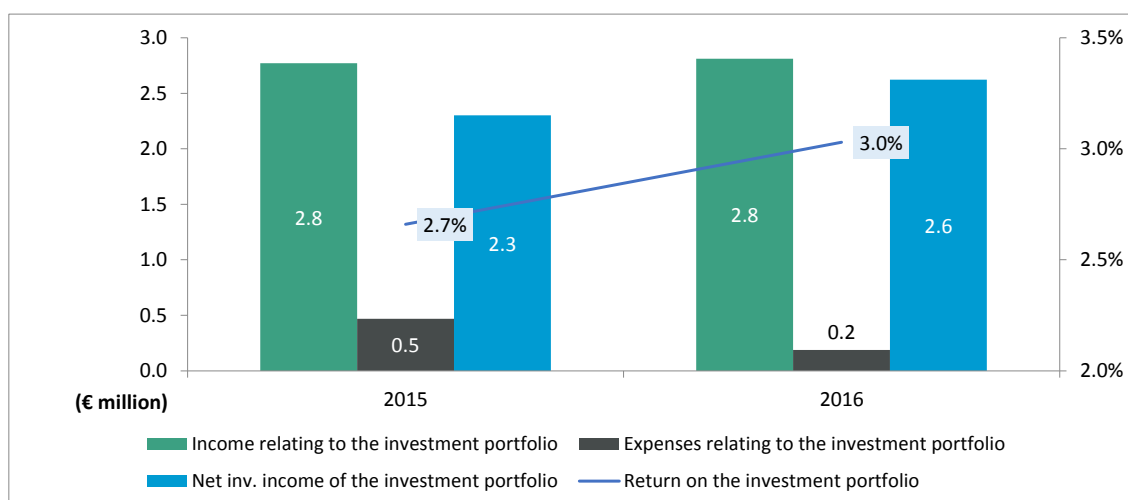
(€)	1-3/2017	1-3/2016	Index
Zavarovalnica Sava, Slovenian part (life)	4,565,767	3,936,994	116.0
Other Group insurers	1,170,289	1,040,224	112.5

Gross expense ratio; life insurance business



Net investment income

Income, expenses and the net investment income relating to the investment portfolio (€); life business, excluding unit-linked business



The net investment income of the investment portfolio of life insurance business rose by € 0.3 million year on year. The net investment income improved largely due to lower expenses. In the same period last year, the Group realised € 0.3 million of losses on the disposal of investments in the life insurance segment. The investment return for the period was 3.0 %.

4 FINANCIAL POSITION OF THE SAVA RE GROUP

As at 31 March 2017, total assets of the Sava Re Group stood at € 1,711.9 million, an increase of 2.4 % over year-end 2016. Below we set out items of assets and liabilities in excess of 5 % of total assets as at 31 March 2017, or items that changed by more than 2 % of equity.

4.1 Assets

Consolidated total assets by type

(€)	31/03/2017	As % of total as at 31/03/2017	31/12/2016	As % of total as at 31/12/2016
ASSETS	1,711,930,445	100.0 %	1,671,189,179	100.0 %
Intangible assets	24,708,739	1.4 %	25,508,583	1.5 %
Property and equipment	52,088,608	3.0 %	51,887,127	3.1 %
Deferred tax assets	2,378,730	0.1 %	2,326,063	0.1 %
Investment property	7,877,685	0.5 %	7,933,786	0.5 %
Financial investments in associates	0	0.0 %	0	0.0 %
Financial investments	999,653,380	58.4 %	1,030,235,239	61.6 %
Funds for the benefit of policyholders who bear the investment risk	218,742,196	12.8 %	224,175,076	13.4 %
Reinsurers' share of technical provisions	34,292,465	2.0 %	28,444,628	1.7 %
Investment contract assets	122,516,573	7.2 %	121,366,122	7.3 %
Receivables	164,128,079	9.6 %	127,408,527	7.6 %
Deferred acquisition costs	18,453,240	1.1 %	16,510,536	1.0 %
Other assets	2,845,269	0.2 %	1,366,844	0.1 %
Cash and cash equivalents	64,240,993	3.8 %	33,939,160	2.0 %
Non-current assets held for sale	4,488	0.0 %	87,488	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 asset

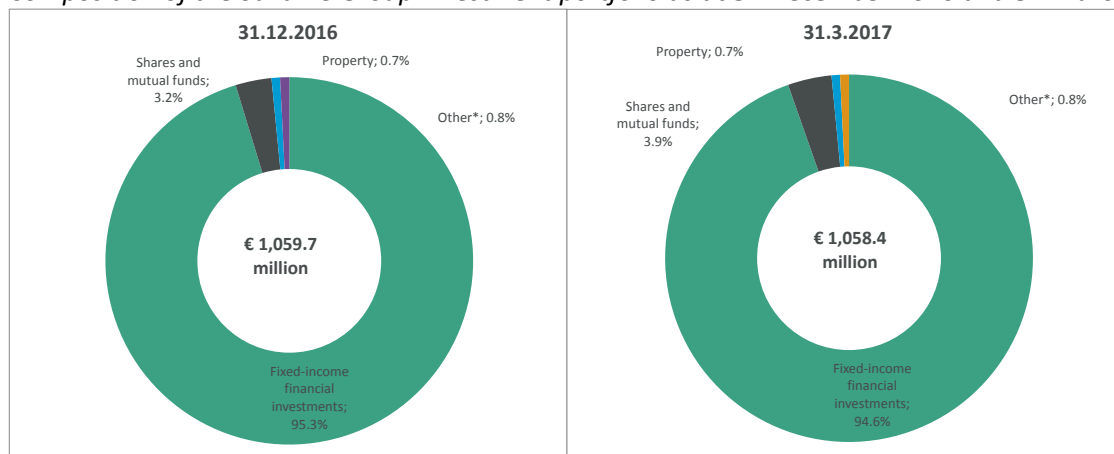
(€)	31/03/2017	31/12/2016	Absolute change	Index
Deposits	22,199,541	24,737,308	-2,537,767	89.7
Government bonds	552,127,362	595,132,601	-43,005,239	191.9
Corporate bonds	376,292,678	368,357,333	7,935,345	204.9
Shares	16,726,386	16,980,847	-254,461	197.8
Mutual funds	24,039,524	16,531,807	7,507,717	276.1
Loans granted and other investments	637,661	659,484	-21,823	196.4
Deposits with cedants	7,630,228	7,835,859	-205,631	97.4
Total financial investments	999,653,380	1,030,235,239	-30,581,859	97.0
Investment property	7,877,685	7,933,786	-56,101	99.3
Cash and cash equivalents	50,829,013	21,481,381	29,347,632	236.6
Total investment portfolio	1,058,360,078	1,059,650,406	-1,290,328	99.9
Funds for the benefit of policyholders who bear the investment risk	232,154,176	236,632,855	-4,478,679	98.1
- financial investments	218,742,196	224,175,076	-5,432,880	97.6
- cash and cash equivalents	13,411,980	12,457,779	954,201	107.7
Investment contract assets	122,516,573	121,366,122	1,150,451	100.9

As at 31 March 2017, the Group's investment portfolio totalled € 1,058.4 million, a decrease of € 1.3 million from the year-end 2016 figure.

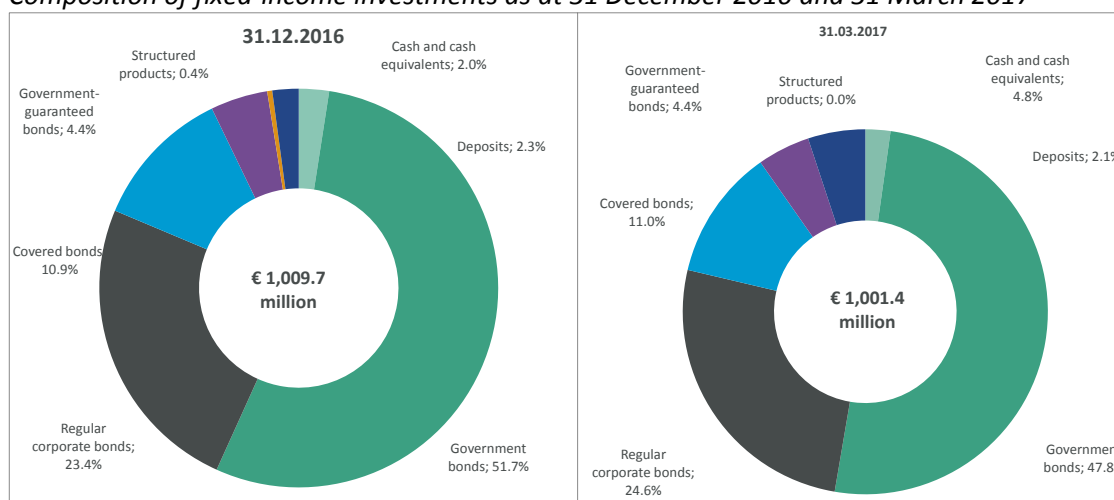
The decline in the investment portfolio is chiefly due to a partial prepayment of the subordinated debt of Sava Re (€ -12.2 million). Cash flow from core business¹, the change in accrued interest, net foreign exchange gains and realised gains were all positive, totalling € 13.7 million.

¹ Cash flow from core business does not include cash flow from business where policyholders bear the investment risk.

Composition of the Sava Re Group investment portfolio as at 31 December 2016 and 31 March 2017



Composition of fixed-income investments as at 31 December 2016 and 31 March 2017



In terms of asset allocation compared to year-end 2016, there was a 2.8 percentage point increase in the share of cash and cash equivalents. The cash and cash equivalents item increased as Group companies were planning to pay out dividends and repay subordinated debt in the next quarter. The share of government bonds fell by 4 percentage points following the Company's tactical decision to take advantage of rising debt securities prices.

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. Zavarovalnica Sava is the only Group company to market life products where the investment risk is borne by policyholders (unit-linked products). Funds of policyholders who bear the investment risk are recorded as financial investments (mainly in mutual funds selected by policyholders) and cash. As at 31 March 2017, financial investments totalled € 218.7 million; while cash and cash stood at € 13.4 million. The decline in the funds of policyholders who bear the investment risk was a result of a negative cash flow from core business (€ -9.6 million), while the change in mutual fund prices of the funds selected by policyholders was a positive one (€ +5.2 million).

4.1.3 Receivables

Compared to year-end 2016, receivables increased by 28.8 % or € 36.7 million (first quarter 2016: 28.5 % or € 37.2 million). Receivables typically show a significant increase in the first quarter.

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 € 22.8 million due to the annual renewal of insurance contracts with legal entities (1–3/2016: increase of € 19.2 million). Receivables from reinsurance and coinsurance business rose by € 12.0 million as a result of the annual renewal of reinsurance contracts with cedants and the dynamics of assessing reinsurance business (1–3/2016: increase of € 16.2 million).

4.1.4 Investment contract assets

The investment contract assets item includes liability fund assets relating to the life cycle funds MOJI skladi življenjskega cikla managed by the Sava pokojninska pension company for the benefit of policyholders. As of 1 January 2016, the company started managing a group of long-term business funds MOJI skladi življenjskega cikla, consisting of three long-term business funds: MOJ dinamični sklad (MDS) and MOJ uravnoteženi sklad (MUS), where policyholders bear the entire investment risk, and MOJ zajamčeni sklad (MZS) where policyholders bear the investment risk in excess of the guaranteed funds.

As at 31 March 2017, investment contract assets totalled € 122.5 million, up 0.9 % compared to 31 December 2016. The increase in assets under financial investments was mainly due to new net premiums written (€ 0.1 million; in the period 1–3/2017 there were inflows of € 3.0 million and outflows including expenses of € 2.9 million) and a positive change in fair value reserve (€ 1.5 million).

Like for the previous category, the movement in investment contract liabilities depends on new premium contributions, payouts and changes in fund unit prices.

4.1.5 Cash and cash equivalents

As at 31 March 2017, cash assets totalled € 50.8 million, up 29.3 % compared to year-end 2016. The level of cash and cash equivalents is high due to the planned payout of dividends, repayment of subordinated liabilities and tactical decisions relating to the management of the portfolio of financial investments.

As at 31 March 2017, cash assets of policyholders who bear the investment risk totalled € 13.4 million, a 1.0 million increase over 31 December 2016.

4.2 Liabilities

Balance and structure of equity & liabilities

(€)	31/03/2017	As % of total as at 31/03/2017	31/12/2016	As % of total as at 31/12/2016
EQUITY AND LIABILITIES	1,711,930,445	100.0 %	1,671,189,179	100.0 %
Capital	304,184,379	17.8 %	297,038,327	17.8 %
<i>Share capital</i>	71,856,376	4.2 %	71,856,376	4.3 %
<i>Capital reserves</i>	43,681,441	2.6 %	43,681,441	2.6 %
<i>Profit reserves</i>	146,037,284	8.5 %	145,893,612	8.7 %
<i>Treasury shares</i>	-24,938,709	-1.5 %	-24,938,709	-1.5 %
<i>Fair value reserve</i>	15,286,526	0.9 %	17,458,948	1.0 %
<i>Reserve due to fair value revaluation</i>	357,349	0.0 %	351,655	0.0 %
<i>Retained earnings</i>	45,684,506	2.7 %	36,778,948	2.2 %
<i>Net profit/loss for the period</i>	9,175,263	0.5 %	9,049,238	0.5 %
<i>Translation reserve</i>	-3,730,539	-0.2 %	-3,854,182	-0.2 %
<i>Equity attributable to owners of the controlling company</i>	303,409,496	17.7 %	296,277,319	17.7 %
<i>Non-controlling interest in equity</i>	774,883	0.0 %	761,008	0.0 %
Subordinated liabilities	11,788,491	0.7 %	23,570,771	1.4 %
Technical provisions	953,109,830	55.7 %	911,221,323	54.5 %
Technical provision for the benefit of life insurance policyholders who bear the investment risk	220,891,945	12.9 %	226,994,200	13.6 %
Other provisions	8,009,414	0.5 %	8,080,877	0.5 %
Deferred tax liabilities	5,592,632	0.3 %	6,038,631	0.4 %
Investment contract liabilities	122,396,708	7.1 %	121,229,675	7.3 %
Other financial liabilities	106,599	0.0 %	393,996	0.0 %
Liabilities from operating activities	60,824,765	3.6 %	48,790,646	2.9 %
Other liabilities	25,025,682	1.5 %	27,830,733	1.7 %

4.2.1 Technical provisions

Gross technical provisions are the largest item of liabilities. The figure as at 31 March 2017 was an increase of 4.6 % or € 41.9 million compared to year-end 2016 (seasonal movement: high unearned premiums for coverages for which the full-year premiums were booked at the beginning of the year).

Movements in consolidated gross technical provisions

(€)	Sava Re Group		
	31/03/2017	31/12/2016	Index
Gross unearned premiums	199,448,962	157,678,496	126.5
Gross mathematical provisions	272,875,898	269,762,815	101.2
Gross provision for outstanding claims	470,221,314	475,157,985	99.0
Gross provision for bonuses, rebates and cancellations	931,357	1,831,420	50.9
Other gross technical provisions	9,632,299	6,790,607	141.8
Gross technical provisions	953,109,830	911,221,323	104.6

The gross technical provisions attributable to the reinsurance segment grew by 8.2 % or € 12.5 million compared to year-end 2016. The increase is due to the rise in unearned premiums as a result of the dynamics of writing reinsurance business (up € 13.2 million), while provisions for outstanding claims dropped by 0.9 million.

The gross technical provisions attributable to the non-life insurance segment recorded an increase of 5.7 % or € 26.9 million compared to year-end 2016. Of these, € 28.5 million related to the increase in unearned premiums and € 3.4 million to the provision for claims outstanding.

The gross mathematical provisions for traditional policies of the life segment increased by 1.2 % (or € 3.1 million) compared to year-end 2016, as a result of aging and growth of the portfolio of traditional life insurance business, including pension annuity business (during the distribution phase).

4.2.2 Equity

Equity increased by 2.4 % or € 7.1 million compared to year-end 2016.

A positive impact on the equity figure came mainly from the net profit for the period 1–3/2017 in the amount of € 9.2 million. Equity decreased because of a lower level of the fair value reserve, a decline by € 2.2 million compared to 31 December 2016.

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

Gross mathematical provisions associated with unit-linked life business decreased by 2.7 % or € 6.1 million compared with the end of 2016, mainly due to maturities and surrenders.

4.2.4 Investment contract liabilities

The investment contract liabilities of Sava pokojninska totalled € 122.4 million as at 31 March 2017, up 1.0 % or € 1.2 million from year-end 2016. They move in line with investment contract assets.

4.2.5 Subordinated liabilities

Subordinated liabilities decreased by € 11.8 million, as a result of the partial repayment of the subordinated debt by the parent Sava Re.

4.2.6 Liabilities from operating activities

Liabilities from operating activities increased by 24.7 %, or € 12.0 million, year on year (1–3/2016: increase € 14.5 million). The large increase in this item is partly due to an increase in liabilities arising out of reinsurance operations following the annual renewal of contracts with cedants and partly due to the dynamics of assessing reinsurance business.

4.3 Capital structure

As at 31 March 2017 the Sava Re Group had € 304.2 million of equity capital and € 11.8 million of subordinated liabilities. As at 31 March 2017 debt capital accounted for 3.8 % of equity (decrease as a result of prepayment of subordinated debt). Subordinated liabilities relate to the subordinated debt of Sava Re taken out to expand to the Western Balkans.

4.4 Cash flow

Net cash used in operating activities of the Sava Re Group in the period 1–3/2017 totalled € 2.2 million (1–3/2016: net cash from activities of € 10.9 million), reflecting negative cash flow from core

business. This is because Zavarovalnica Sava made considerable payments for matured life policies in the first quarter of 2017.

Net disbursements used in financing activities of the Sava Re Group in the period 1–3/2017 totalled € 12.6 million (1–3/2016: € 1.4 million). In the period 1–3/2017 net disbursements used in financing activities related primarily to the partial repayment of the subordinated debt (€ 12.6 million).

The net increase in cash and cash equivalents in 1–3/2017 was € 7.8 million lower than the year-on-year figure.

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

5 PERSONNEL

Staffing figures for Group members

	31/03/2017	31/12/2016	Change
Zavarovalnica Sava	1,303.690	1,322.890	-19.200
Sava neživotno osiguranje (SRB)	335.750	325.625	10.125
Illyria	164.500	175.000	-10.500
Sava osiguruvanje (MKD)	197.500	199.000	-1.500
Sava osiguranje (MNE)	133.000	137.000	-4.000
Sava Re	93.325	94.575	-1.250
Sava životno osiguranje (SRB)	60.875	72.125	-11.250
Illyria Life	32.750	35.000	-2.250
Sava Car	32.000	38.000	-6.000
ZS Vivus	27.000	25.000	2.000
Sava Agent	18.250	18.000	0.250
ZM Svetovanje	14.000	15.500	-1.500
Sava pokojninska	14.250	14.250	0.000
Ornatus KC	9.000	10.000	-1.000
Sava Station	6.000	6.000	0.000
Total	2,441.890	2,487.965	-46.075

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.

² Credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

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

6 RISK MANAGEMENT

The risks that the Group companies are exposed to are: insolvency risk, underwriting risk, risks associated with policies where policyholders bear the investment risk, risk associated with investment contracts, financial risk, operational risk and strategic risk.

6.1 Capital adequacy and capital management in the Sava Re Group

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 as 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 as at 31 December 2016³ increased slightly compared to 1 January 2016 to € 416.2 million. Eligible own funds are already net of foreseeable dividends for 2016 in the amount proposed to the general meeting. In addition, the Group's eligible own funds as at 31 December 2016 were already net of the subordinated liabilities of € 23.6 million to be repaid in 2017 on the basis of the approval issued by the Insurance Supervision Agency. Thus all eligible own funds are classified as tier 1 funds.

The calculation of the solvency capital requirement as at 31 December 2016 is still in progress; a minor increase is expected compared to 1 January 2016.

Based on these indicators, we estimate that the Group's capital adequacy was at a high level at 31 December 2016. Compliance with regulatory requirements is not at risk and the insolvency risk is very small.

6.2 Underwriting risk

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

³ The most recent calculation was for the fourth quarter of 2016; however, it may not necessarily be equal to the final annual calculation. The calculation as at 31 March 2017 will be conducted for half-yearly reporting.

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.

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 this risk, we take into account that maximum net aggregate losses in any one year are affected both by the maximum net claim arising from a single catastrophe event and by the frequency of such events.

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

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

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.

6.3 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. As at 31 March 2017 assets under such contracts totalled € 39.2 million (31/12/2016: € 36.3 million). With respect to such assets, there is a risk of failing to achieve the guaranteed return.

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

The guaranteed return of the ZM Zajamčeni investment fund is 2.75 %; for the new ZS Zajamčeni investment fund, 1.5 % (for policies taken out in 2017). 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, the 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 the 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 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.

In the last quarter of 2016, Zavarovalnica Sava set up the Varnost fund with an amount of € 60.0 million, for which it also provides a guarantee, and will, in line with its investment policy, invest in assets for which it will provide a 100 % guarantee. There is a risk of reinvesting these assets since interest rates on A-rated bonds are already negative for shorter maturities.

6.4 Risks associated with investment contracts

The Group classifies as investment contracts its supplementary voluntary pension insurance (SVPI) business of the pension insurer Sava pokojninska during the accumulation phase, as part of the company's SVPI liability fund. Investment contract liabilities are not included in the consolidated technical provisions item, and are, therefore, not included in the presentation of underwriting risk. Investment contract assets are not included in the consolidated financial investments item, and are, therefore, not included in the presentation of financial risks. In addition, there is a risk of failing to achieve the guaranteed returns associated with investment contract assets and liabilities.

SVPI policyholders (members) bear the investment risk in excess of the guaranteed return of the liability fund with guaranteed return. The two pension plans of Sava pokojninska provide a guaranteed return of 60 % of the average annual interest rate on government securities with a maturity of over one year. Investment contract liabilities 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, 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 in excess of guaranteed return is realised, liabilities for return in excess of guaranteed return are increased; if, however, the 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 members' 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).

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

6.5 Financial risks

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

6.5.1 Market risk

Financial investments exposed to market risks

(€) Type of investment	31/03/2017	In % as at 31/03/2017	31/12/2016	In % as at 31/12/2016	Absolute difference 31/03/2017 / 31/12/2016	Change in structure 31/03/2017 / 31/12/2016
Deposits	22,199,541	2.1 %	24,737,308	2.3 %	-2,537,767	-0.2 %
Government bonds	552,127,362	52.2 %	595,132,601	56.2 %	-43,005,239	-4.0 %
Corporate bonds	376,292,678	35.6 %	368,357,333	34.8 %	7,935,345	0.8 %
Shares	16,726,386	1.6 %	16,980,847	1.6 %	-254,461	0.0 %
Mutual funds	24,039,524	2.3 %	16,531,807	1.6 %	7,507,717	0.7 %
bond and money market	17,687,328	1.7 %	9,565,440	0.9 %	8,121,889	0.8 %
mixed funds	1,714,604	0.2 %	1,703,918	0.2 %	10,686	0.0 %
equity funds	4,637,592	0.4 %	5,262,449	0.5 %	-624,857	-0.1 %
Loans granted and other investments	637,661	0.1 %	659,484	0.1 %	-21,823	0.0 %
Deposits with cedants	7,630,228	0.7 %	7,835,859	0.7 %	-205,631	0.0 %
Financial investments	999,653,380	94.5 %	1,030,235,239	97.2 %	-30,581,859	-2.8 %
Investment property	7,877,685	0.7 %	7,933,786	0.7 %	-56,101	0.0 %
Cash and cash equivalents	50,829,013	4.8 %	21,481,381	2.0 %	29,347,632	2.8 %
Investment portfolio	1,058,360,078	100.0 %	1,059,650,406	100.0 %	-1,290,328	0.0 %

The investment portfolio sensitive to market risk dropped by € 1.3 million compared to 31 December 2016. Details are provided in section 4.1.1 "Investment portfolio".

6.5.1.1 Interest rate risk

Interest rate risk is measured through a sensitivity analysis, by observing the change in the value of investments in bonds or the value of mathematical provisions 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 offsets the movement on the liabilities side.

The total value of investments included in the calculation as at 31 March 2017 was € 828.6 million (31/12/2016: € 841.7 million). Of this, € 570.0 million (31/12/2016: € 582.7 million) relates to assets of non-life insurers (including Sava Re) and € 258.6 million (31/12/2016: € 259.0 million) to assets of life insurers.

The sensitivity analysis for data as at 31 March 2017 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 € 10.3 million or 1.8 % (31/12/2016: € 11.2 million or 1.9 %). The value of life insurance investments would decline by € 6.1 million or 2.4 % (31/12/2016: € 6.0 million or 2.3 %).

Interest rate risk slightly decreased compared to the prior year-end.

6.5.1.2 Equity risk

Equity risk is measured through a stress test assuming a 10-percent drop in equity prices. The calculation is based on the Company's equity holdings and equity mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5.

In case of a 10 % drop in the market prices of equity securities as at 31 March 2017, the value of investments would decrease by € 2.2 million (31/12/2016: € 2.3 million).

The risk did not change compared to year-end 2016.

6.5.1.3 Property risk

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 all property prices, the value of investments as at 31 March 2017 would decrease by € 2.0 million (31/12/2016: € 2.0 million).

The risk did not change compared to year-end 2016.

6.5.1.4 Currency risk

The Sava Re Group manages currency risk by 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. Group companies whose local currency is the euro (companies based in Slovenia, Montenegro and Kosovo) have all liabilities and investments denominated in euro, meaning that these companies are not exposed to currency risk. Group companies whose local currency is not the euro (in Serbia and Macedonia, Croatian part of Zavarovalnica Sava) 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 level⁴. If capital markets are not available in the accounting currency, currencies are matched at the transaction currency level⁵.

The tables below show the currency matching of Sava Re, providing effects on the statement of financial position and income statement with foreign currency amounts translated into euros.

Accounting currency (mis)match as at 31 March 2017

Currency 2017	Assets	Liabilities	Mismatch	% of matched liabilities
Euro (€)	516,418,461	495,442,162		
Foreign currencies	81,648,402	102,624,701	22,060,497	79.6
US dollar (USD)	31,756,833	31,214,734	542,099	101.7
Korean won (KRW)	11,047,123	13,123,073	2,075,949	84.2
Chinese yuan (CNY)	5,583,671	6,886,139	1,302,469	81.1
Indian rupee (INR).	6,275,163	7,545,879	1,270,716	83.2
Taka (BDT)	1,961,641	5,788,977	3,827,336	33.9
Other	25,023,971	38,065,899	13,041,928	65.7
Total	598,066,863	598,066,863		
% of currency matched liabilities			96.3 %	

⁴ The accounting currency is the local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.

⁵ The transaction currency is the currency in which reinsurance contract transactions are processed.

Accounting currency (mis)match as at 31 December 2016

Currency 2016	Assets	Liabilities	Mismatch	% of matched liabilities
Euro (€)	478,755,305	472,780,085		101.3
Foreign currencies	89,392,458	95,367,679	19,625,899	93.7
US dollar (USD)	35,945,392	29,739,019	6,206,373	120.9
Korean won (KRW)	13,406,991	13,287,940	119,051	100.9
Indian rupee (INR).	7,119,812	6,619,897	499,915	107.6
Taka (BDT)	2,409,710	5,612,845	3,203,135	42.9
Chinese yuan (CNY)	7,109,309	7,343,230	233,920	96.8
Other	23,401,244	32,764,749	9,363,505	71.4
Total	568,147,764	568,147,764		
% of currency matched liabilities			96.5 %	

Transaction currency (mis)match as at 31 March 2017

Currency 2017	Assets	Liabilities	Mismatch	% of matched liabilities
Euro (€)	516,777,990	500,349,504		103.3
Foreign currencies	81,288,873	97,717,359	28,068,728	83.2
US dollar (USD)	34,476,996	40,559,943	6,082,948	85.0
Korean won (KRW)	11,047,123	13,123,073	2,075,949	84.2
Chinese yuan (CNY)	5,583,671	6,886,139	1,302,469	81.1
Indian rupee (INR).	6,451,912	889,722	5,562,190	725.2
Russian ruble (RUB)	6,319,043	6,061,112	257,931	104.3
Other	17,410,129	30,197,370	12,787,241	57.7
Total	598,066,863	598,066,863		
% of currency matched liabilities			95.3 %	

As at 31 March 2017, the Company had a surplus of assets over liabilities in US dollar (€ 0.5 million).

Transaction currency (mis)match at 31 December 2016

Currency 2016	Assets	Liabilities	Mismatch	% of matched liabilities
Euro (€)	479,194,354	475,108,023	4,086,331	100.9
Foreign currencies	88,953,410	93,039,741	6,471,728	95.6
US dollar (USD)	39,073,698	38,108,473	965,225	102.5
Korean won (KRW)	13,406,991	13,287,940	119,051	100.9
Chinese yuan (CNY)	7,109,309	7,343,230	233,920	96.8
Indian rupee (INR).	7,545,650	7,451,584	94,067	101.3
Polish zloty (PLN),	2,532,341	2,517,985	14,355	100.6
Other	19,285,420	24,330,529	5,045,110	79.3
Total	568,147,764	568,147,764		
% of currency matched liabilities			98.9 %	

Effect of exchange differences on the income statement

Currency mismatches affect the income statement of Sava Re through accounting for exchange differences due to the impact of exchange rate changes on various statement of financial position items.

When assets and liabilities are 100 % matched in terms of foreign currencies, changes in foreign exchange rates have no impact on profit or loss. This is because any change in the value of assets denominated in a foreign currency 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 not 100 % currency matched, changes in exchange rates do affect profit or loss. The following table shows the impact of exchange differences.

Effect of exchange differences on the income statement

Statement of financial position item	Exchange differences		
	31/03/2017	31/12/2016	31/03/2016
Euro (€)			
Investments	575,260	1,360,875	-1,287,247
Technical provisions and deferred commissions	-992,211	-1,571,251	1,712,919
Receivables and liabilities	-13,609	-260,125	-94,859
Total effect on the income statement	-430,561	-470,502	330,812

6.5.2 Credit risk

The Group mitigates credit risk by investing in highly rated debt securities. As at 31 March 2017 a share of 83.2 % of the fixed income portfolio was rated "investment grade" (BBB– or better) (31/12/2016: 84.5 %), and 70.6 % of investments were rated A- or better (31/12/2016: 73.6 %).

The Sava Re Group's credit profile remained at about the same level as at year-end 2016, 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 any other potential forms of concentration.

The Group's largest regional concentration is with EU countries (31/03/2017: 49.2 %; 31/12/2016: 51.7 %). In terms of industry, the Group is mainly exposed to governments (31/03/2017: 52.2 %; 31/12/2016: 56.2%), followed by the banking sector (31/03/2017: 22.6 %; 31/12/2016: 19.8 %). In the banking sector, covered bonds represent 48.5 % of the exposure. The Group holds covered bonds as a form of low-risk investment. Exposure to the 10 largest issuers accounted for 36.1 % of the investment portfolio (31/12/2016: 39.3%), with the largest exposure to the Republic of Slovenia (31/03/2017: 21.5 %; 31/12/2016: 22.2%), while exposure to any other single issuer does not exceed 2 % of the investment portfolio.

We estimate that credit risk did not change significantly compared to year-end 2016.

6.5.3 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.

An additional liquidity cushion is provided by a credit line of € 10 million arranged by Sava Re with two commercial banks for the purpose of covering the liquidity needs of its Group members.

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 manageable.

6.6 Operational risks

For effective management of operational risk, Sava Re Group companies have established processes for identifying, measuring, monitoring, managing and reporting of such risks. Operational risk management processes have been set up also at the group level and are defined in the operational risk management policy.

Identification of operational risks is carried out regularly and in all organisational units of individual Group companies, especially upon the introduction of new products, new regulatory requirements, changes in operations and the transformation of other internal and external factors that could affect the amount of operational risk. Each risk is assigned a risk owner, who is responsible for regular monitoring and reporting. The risk management department (if set up in the Group company) regularly informs the risk management committee and the management board of any new risks.

The Group measures (assesses) operational risks primarily in terms of qualitative assessment of the probability of loss and financial impact of risks listed in the risk register, while the EU-based companies additionally use scenario analysis. Risk registers are maintained both at the company and Group level, where risks are assessed that either occur only at the Group level or are compounded at the level of the Group.

To manage operational risk, the Group companies have in place an effective internal control system and a business process management system.

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.

The main measures of operational risk management on the individual company and the Group level include:

- S** maintaining an effective business processes management system and system of internal controls;
- S** awareness-raising and training of all staff on their role in the implementation of the internal control system and management of operational risks;
- S** implementing security policies regarding information security;
- S** having in place a business continuity plan for all critical processes in order to minimise the risk of unpreparedness for incidents and external events and any resulting business interruption;
- S** having in place IT-supported processes and controls in the key areas of business of every Group company;
- S** internal audit reviews.

Operational risk categories are not among the most important risk types that the Group is exposed to. Nevertheless, some of them are quite important, such as:

- S** risk associated with supervision and reporting,
- S** risk of internal and external fraud,
- S** risk of loss of key, professional and high-potential staff,
- S** risk of physical loss of assets due to natural disaster or fire,
- S** risk of loss relating to information technology.

6.7 Strategic risks

Strategic risks are by their nature very diverse, they are difficult to quantify and are heavily dependent on diverse (external) factors.

The Sava Re Group and its Group members are also exposed to various internal and external strategic risks. The main strategic risks include as below:

- S** risk of strategic direction regarding the Company's business,
- S** risks associated with the merger of the Group's insurers in 2016,
- S** strategic investment risk,
- S** reputation risk,
- S** political risk
- S** regulatory risk.

Such risks are identified by individual organisational units of Group companies, management boards, risk management committees and risk management functions. Strategic risks are additionally identified by the Group's risk management committee.

The Group's strategic risks are assessed qualitatively in the risk register by assessing the frequency and potential financial impact of each event. In addition, key strategic risks are evaluated using qualitative analysis of various scenarios. Based on the combination of both analyses, the Group obtains an overview of the extent and change in the exposure to this type of risk.

The management of strategic risks is mainly through prevention. Individual strategic risks are mitigated through preventive activities. Strategic risks are also managed through on-going monitoring of the realisation of short- and long-term goals, by monitoring regulatory changes and market development.

6.8 Risk exposure up until year-end 2017

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 merger process that combined four Sava Re Group companies was formally completed on 2 November 2016, there remain risks related to the merging of processes and the realisation of synergistic effects in Zavarovalnica Sava.

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

7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 Unaudited consolidated statement of financial position

(€)	31/03/2017	31/12/2016
ASSETS	1,711,930,445	1,671,189,179
Intangible assets	24,708,739	25,508,583
Property and equipment	52,088,608	51,887,127
Deferred tax assets	2,378,730	2,326,063
Investment property	7,877,685	7,933,786
Financial investments:	999,653,380	1,030,235,239
- loans and deposits	28,901,076	31,605,347
- held to maturity	121,674,369	130,812,195
- available for sale	844,008,536	858,641,003
- at fair value through profit or loss	5,069,399	9,176,694
Funds for the benefit of policyholders who bear the investment risk	218,742,196	224,175,076
Reinsurers' share of technical provisions	34,292,465	28,444,628
Investment contract assets	122,516,573	121,366,122
Receivables	164,128,079	127,408,527
Receivables arising out of primary insurance business	74,119,289	51,340,821
Receivables arising out of co-insurance and reinsurance business	79,974,749	68,005,582
Current tax assets	455,147	124,720
Other receivables	9,578,894	7,937,404
Deferred acquisition costs	18,453,240	16,510,536
Other assets	2,845,269	1,366,844
Cash and cash equivalents	64,240,993	33,939,160
Non-current assets held for sale	4,488	87,488
EQUITY AND LIABILITIES	1,711,930,445	1,671,189,179
Capital	304,184,379	297,038,327
Share capital	71,856,376	71,856,376
Capital reserves	43,681,441	43,681,441
Profit reserves	146,037,284	145,893,612
Treasury shares	-24,938,709	-24,938,709
Fair value reserve	15,286,526	17,458,948
Reserve due to fair value revaluation	357,349	351,655
Retained earnings	45,684,506	36,778,941
Net profit/loss for the period	9,175,263	9,049,238
Translation reserve	-3,730,539	-3,854,182
Equity attributable to owners of the controlling company	303,409,496	296,277,319
Non-controlling interest in equity	774,883	761,008
Subordinated liabilities	11,788,491	23,570,771
Technical provisions	953,109,830	911,221,323
Unearned premiums	199,448,962	157,678,496
Technical provisions for life insurance business	272,875,898	269,762,815
Provision for outstanding claims	470,221,314	475,157,985
Other technical provisions	10,563,656	8,622,027
Technical provision for the benefit of life insurance policyholders who bear the investment risk	220,891,945	226,994,200
Other provisions	8,009,414	8,080,877
Deferred tax liabilities	5,592,632	6,038,631
Investment contract liabilities	122,396,708	121,229,675
Other financial liabilities	106,599	393,996
Liabilities from operating activities	60,824,765	48,790,646
Liabilities from primary insurance business	11,510,082	11,910,253
Liabilities from reinsurance and co-insurance business	47,287,201	36,292,698
Current income tax liabilities	2,027,482	587,695
Other liabilities	25,025,682	27,830,733

7.2 Unaudited consolidated income statement

(€)	1–3/2017	1–3/2016
Net earned premiums	110,869,332	111,389,356
Gross premiums written	159,895,660	153,499,567
Written premiums ceded to reinsurers and co-insurers	-15,148,760	-13,970,973
Change in gross unearned premiums	-41,638,074	-34,947,444
Change in unearned premiums, reinsurers' and co-insurers' shares	7,760,506	6,808,206
Investment income	7,975,897	7,665,499
Interest income	4,914,012	5,435,420
Other investment income	3,061,885	2,230,079
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	6,924,719	3,315,155
Other technical income	3,244,320	4,810,536
Commission income	599,021	1,337,357
Other technical income	2,645,299	3,473,179
Other income	1,636,708	1,813,993
Net claims incurred	-77,113,967	-66,519,138
Gross claims payments, net of income from recourse receivables	-81,337,850	-66,401,275
Reinsurers' and co-insurers' shares	2,150,392	1,566,397
Change in the gross claims provision	4,078,303	-2,253,710
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-2,004,812	569,450
Change in other technical provisions	-5,812,951	-3,094,774
Change in technical provisions for policyholders who bear the investment risk	5,982,669	1,392,914
Expenses for bonuses and rebates	892,912	-232,141
Operating expenses	-35,001,354	-36,050,111
Acquisition costs	-10,917,656	-12,592,372
Change in deferred acquisition costs	2,076,124	1,311,980
Other operating expenses	-26,159,822	-24,769,719
Expenses for financial assets and liabilities	-1,692,899	-3,584,125
Impairment losses on financial assets not at fair value through profit or loss	0	-1,188
Interest expense	-409,350	-214,228
Other investment expenses	-1,283,549	-3,368,709
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-1,640,976	-6,990,397
Other technical expenses	-4,547,902	-4,958,633
Other expenses	-363,684	-310,375
Profit/loss before tax	11,352,824	8,647,759
Income tax expense	-2,163,252	-1,525,087
Net profit/loss for the period	9,189,572	7,122,672
Net profit/loss attributable to owners of the controlling company	9,175,263	7,136,579
Net profit/loss attributable to non-controlling interests	14,309	-13,907
Earnings per share (basic and diluted)	0.59	0.43

The change in the weighted average number of shares outstanding is shown in section 8.8.5 "Net earnings/loss per share".

7.3 Unaudited consolidated statement of comprehensive income

(€)	1-3/2017			1-3/2016		
	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	9,175,263	14,309	9,189,572	7,136,579	-13,907	7,122,672
OTHER COMPREHENSIVE INCOME, NET OF TAX	-2,043,085	-434	-2,043,519	5,918,475	20,377	5,938,852
a) Items that will not be reclassified subsequently to profit or loss	5,694	0	5,694	-19,426	0	-19,426
Other items that will not be reclassified subsequently to profit or loss	5,694	0	5,694	-19,426	0	-19,426
b) Items that may be reclassified subsequently to profit or loss	-2,048,779	-434	-2,049,213	5,937,901	20,377	5,958,278
Net gains/losses on remeasuring available-for-sale financial assets	-2,766,393	-3,249	-2,769,642	7,103,764	12,294	7,116,058
Net change recognised in the fair value reserve	-1,814,781	-1,570	-1,816,351	7,167,628	12,294	7,179,922
Net change transferred from fair value reserve to profit or loss	-951,612	-1,679	-953,291	-63,864	0	-63,864
Tax on items that may be reclassified subsequently to profit or loss	593,971	1,428	595,399	-1,203,351	-2,511	-1,205,862
Net gains/losses from translation of financial statements of non-domestic companies	123,643	1,387	125,030	37,488	10,594	48,082
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	7,132,178	13,875	7,146,053	13,055,054	6,470	13,061,524
Attributable to owners of the controlling company	7,132,178	0	7,132,178	13,055,054	0	13,055,054
Attributable to non-controlling interest	0	13,875	13,875	0	6,470	6,470

7.4 Unaudited consolidated statement of cash flows

(€)	1–3/2017	1–3/2016
A. Cash flows from operating activities		
a) Items of the income statement	33,194,983	38,910,484
1. Net premiums written in the period	144,746,900	139,528,594
2. Investment income (other than financial income)	69,716	121,897
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	4,881,028	6,624,529
4. Net claims payments in the period	-75,109,155	-64,834,878
5. Expenses for bonuses and rebates	892,912	-232,141
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-35,185,158	-35,462,832
7. Investment expenses (excluding amortisation and financial expenses)	-26,422	-40,590
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-4,911,586	-5,269,008
9. Tax on profit and other taxes not included in operating expenses	-2,163,252	-1,525,087
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	-35,426,685	-27,968,828
1. Change in receivables from primary insurance	-22,778,468	-19,187,922
2. Change in receivables from reinsurance	-11,969,167	-17,313,163
3. Change in other receivables from (re)insurance business	-47,447	14,751
4. Change in other receivables and other assets	-5,333,054	-5,728,250
5. Change in deferred tax assets	-52,667	-421,048
6. Change in inventories	-12,545	-16,041
7. Change in liabilities arising out of primary insurance	-400,171	197,704
8. Change in liabilities arising out of reinsurance business	10,994,503	16,867,504
9. Change in other operating liabilities	2,564,948	-755,204
10. Change in other liabilities (except unearned premiums)	-7,946,618	-3,119,885
11. Change in deferred tax liabilities	-445,999	1,492,726
c) Net cash from/used in operating activities (a + b)	-2,231,702	10,941,656
B. Cash flows from investing activities		
a) Cash receipts from investing activities	310,702,622	218,480,887
1. Interest received from investing activities	4,914,012	5,435,420
2. Cash receipts from dividends and participation in the profit of others	34,152	13,093
3. Proceeds from sale of intangible assets	0	63,660
4. Proceeds from sale of property and equipment	325,748	2,035,161
5. Proceeds from sale of financial investments	305,428,710	210,933,552
b) Cash disbursements in investing activities	-265,577,697	-189,907,324
1. Purchase of intangible assets	-249,638	-96,648
2. Purchase of property and equipment	-1,069,078	-2,238,828
3. Purchase of long-term financial investments	-264,258,981	-187,571,847
c) Net cash from/used in investing activities (a + b)	45,124,925	28,573,563
C. Cash flows from financing activities		
b) Cash disbursements in financing activities	-12,591,390	-1,393,174
1. Interest paid	-409,350	-214,228
3. Repayment of long-term financial liabilities	-12,182,040	0
6. Own share repurchases	0	-1,178,946
c) Net cash from/used in financing activities (a + b)	-12,591,390	-1,393,174
C2. Closing balance of cash and cash equivalents	64,240,993	42,832,949
x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	30,301,833	38,122,045
y) Opening balance of cash and cash equivalents	33,939,160	4,710,904

7.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the three months to 31 March 2017

(€)	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	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,681,441	11,411,550	24,938,709	11,225,068	98,318,285	17,458,948	351,655	36,778,941	9,049,238	-24,938,709	-3,854,182	296,277,319	761,008	297,038,327
Opening balance in the financial period	71,856,376	43,681,441	11,411,550	24,938,709	11,225,068	98,318,285	17,458,948	351,655	36,778,941	9,049,238	-24,938,709	-3,854,182	296,277,319	761,008	297,038,327
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-2,172,422	5,694	0	9,175,263	0	123,643	7,132,178	13,875	7,146,053
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	9,175,263	0	0	9,175,263	14,309	9,189,572
b) Other comprehensive income	0	0	0	0	0	0	-2,172,422	5,694	0	0	0	123,643	-2,043,085	-434	-2,043,519
Allocation of net profit to profit reserve	0	0	143,672	0	0	0	0	0	-143,672	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	9,049,238	-9,049,238	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,681,441	11,555,222	24,938,709	11,225,068	98,318,285	15,286,526	357,349	45,684,506	9,175,263	-24,938,709	-3,730,539	303,409,496	774,883	304,184,379

Unaudited consolidated statement of changes in equity for the three months to 31 March 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 risk	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	5,900,413	-19,426	0	7,136,579	0	37,488	13,055,054	6,470	13,061,524
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	7,136,579	0	0	7,136,579	-13,907	7,122,672
b) Other comprehensive income	0	0	0	0	0	0	0	5,900,413	-19,426	0	0	0	37,488	5,918,475	20,377	5,938,852
Net purchase/sale of treasury shares	0	0	0	1,178,946	0	0	0	0	0	0	-1,178,946	-1,178,946	0	-1,178,946	0	-1,178,946
Allocation of net profit to profit reserve	0	0	139,438	0	0	0	0	0	0	-139,438	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-976,191	24,236	0	0	0	976,191	-24,236	0	0	0	0	0
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	-21,404	0	0	0	-21,404	0	-21,404
Closing balance in the financial period	71,856,376	43,388,724	11,382,204	11,498,293	0	11,249,304	89,191,057	18,622,118	-56,898	49,155,954	5,933,397	-11,498,293	-3,429,667	297,292,568	970,285	298,262,853

8 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The selected notes to the financial statements for the three months to 31 March are significant to an understanding of the changes in financial position and performance of the Group in the first three months of 2017 as compared to both the first three months of 2016 and end-of-year 2016.

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 2016.

The financial statements with notes as at and for the three months to 31 March 2017 have not been audited.

The interim financial statements as at 31 March 2017 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2016.

8.2 Seasonality and cyclicity 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 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 1–3/2017.

8.4 Materiality

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2 % thereof as at 31 March 2017, which is € 6.1 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 Issuance, repurchase, and repayment 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).

Subject to the nature, scope and organisation of work, CODM (Chief Operating Decision Maker) is a group composed of management board members, executive director of finance, executive director of accounting, executive director of corporate finance and controlling. 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 as at 31 March 2017

31/03/2017	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	282,686,383	584,275,877	108,603,356	692,879,233	708,041,268	23,524,536	731,565,804	4,799,025	1,711,930,445
Intangible assets	835,690	8,154,873	8,720,229	16,875,102	6,943,280	37,096	6,980,376	17,571	24,708,739
Property and equipment	7,720,156	26,894,720	10,549,331	37,444,051	2,259,692	2,500,415	4,760,107	2,164,294	52,088,608
Deferred tax assets	1,426,712	535,913	11,507	547,420	404,313	285	404,598	0	2,378,730
Investment property	3,106,251	261,273	4,468,205	4,729,478	41,956	0	41,956	0	7,877,685
Financial investments:	166,562,631	420,144,265	65,645,855	485,790,120	328,696,773	18,578,221	347,274,994	25,634	999,653,380
- loans and deposits	6,926,931	3,488,771	13,583,975	17,072,746	174,080	4,702,434	4,876,514	24,884	28,901,076
- held to maturity	1,380,557	38,872,466	3,657,560	42,530,026	74,909,609	2,854,176	77,763,786	0	121,674,369
- available for sale	157,369,756	377,399,839	48,389,214	425,789,053	250,143,817	10,705,160	260,848,977	750	844,008,536
- at fair value through profit or loss	885,387	383,189	15,106	398,295	3,469,267	316,450	3,785,717	0	5,069,399
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	218,691,511	50,685	218,742,196	0	218,742,196
Reinsurers' share of technical provisions	9,589,025	20,199,549	4,286,771	24,486,320	214,946	2,174	217,120	0	34,292,465
- from unearned premiums	781,460	12,790,696	1,412,834	14,203,530	24,552	909	25,461	0	15,010,451
- from provisions for claims outstanding	8,807,565	7,408,853	2,873,937	10,282,790	190,394	1,265	191,659	0	19,282,014
Investment contract assets	0	0	0	0	122,516,573	0	122,516,573	0	122,516,573
Receivables	78,452,739	70,684,231	9,892,674	80,576,905	1,819,341	1,111,491	2,930,832	2,167,603	164,128,079
Receivables arising out of primary insurance business	0	66,342,497	6,901,470	73,243,967	739,666	135,656	875,322	0	74,119,289
Receivables arising out of co-insurance and reinsurance business	78,255,857	1,010,093	708,771	1,718,864	8	20	28	0	79,974,749
Current tax assets	0	0	46,206	46,206	408,519	0	408,519	422	455,147
Other receivables	196,882	3,331,641	2,236,227	5,567,868	671,148	975,815	1,646,963	2,167,181	9,578,894
Deferred acquisition costs	5,132,701	10,359,130	2,717,990	13,077,120	241,295	2,124	243,419	0	18,453,240
Other assets	476,888	1,987,617	301,050	2,288,667	11,916	38,028	49,944	29,770	2,845,269
Cash and cash equivalents	9,383,589	25,053,622	2,009,744	27,063,366	26,199,672	1,200,213	27,399,885	394,153	64,240,993
Non-current assets held for sale	0	684	0	684	0	3,804	3,804	0	4,488

Statement of financial position items by operating segment – equity and liabilities as at 31 March 2017

31/03/2017	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	387,154,506	500,434,385	111,656,070	612,090,455	682,200,695	24,425,447	706,626,142	6,059,340	1,711,930,445
Capital	163,288,382	43,129,880	33,282,255	76,412,135	47,624,701	10,986,285	58,610,986	5,872,874	304,184,379
Equity attributable to owners of the controlling company	163,288,382	42,841,981	32,991,411	75,833,392	47,432,355	10,986,176	58,418,531	5,869,189	303,409,496
Non-controlling interest in equity	0	287,899	290,844	578,743	192,346	109	192,455	3,685	774,883
Subordinated liabilities	11,788,491	0	0	0	0	0	0	0	11,788,491
Technical provisions	164,603,471	428,371,654	70,653,850	499,025,504	276,383,635	13,097,220	289,480,855	0	953,109,830
Unearned premiums	39,043,966	133,712,870	25,645,427	159,358,297	890,152	156,547	1,046,699	0	199,448,962
Mathematical provisions	0	0	0	0	260,233,911	12,641,987	272,875,898	0	272,875,898
Provision for outstanding claims	125,145,762	285,154,348	44,365,311	329,519,659	15,259,572	296,321	15,555,893	0	470,221,314
Other technical provisions	413,743	9,504,436	643,112	10,147,548	0	2,365	2,365	0	10,563,656
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	220,841,188	50,757	220,891,945	0	220,891,945
Other provisions	335,878	5,677,284	627,044	6,304,328	1,355,793	12,731	1,368,524	684	8,009,414
Deferred tax liabilities	0	2,809,003	140,022	2,949,025	2,614,982	21,942	2,636,924	6,683	5,592,632
Investment contract liabilities	0	0	0	0	122,396,708	0	122,396,708	0	122,396,708
Other financial liabilities	106,285	0	0	0	0	124	124	190	106,599
Liabilities from operating activities	42,777,220	8,099,098	1,999,073	10,098,171	7,787,738	157,808	7,945,546	3,828	60,824,765
Liabilities from primary insurance business	0	3,739,142	694,958	4,434,100	6,958,787	116,353	7,075,140	842	11,510,082
Liabilities from reinsurance and co-insurance business	42,757,395	3,340,210	1,162,234	4,502,444	25,043	2,319	27,362	0	47,287,201
Current income tax liabilities	19,825	1,019,746	141,881	1,161,627	803,908	39,136	843,044	2,986	2,027,482
Other liabilities	4,254,779	12,347,466	4,953,826	17,301,292	3,195,950	98,580	3,294,530	175,081	25,025,682

Statement of financial position items by operating segment – assets as at 31 December 2016

31/12/2016	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	267,386,560	558,344,159	108,616,807	666,960,966	708,777,140	22,980,335	731,757,476	5,084,177	1,671,189,179
Intangible assets	832,567	9,183,818	8,648,422	17,832,240	6,797,493	28,318	6,825,811	17,965	25,508,583
Property and equipment	7,753,202	26,624,935	10,572,398	37,197,333	2,253,664	2,501,372	4,755,036	2,181,556	51,887,127
Deferred tax assets	1,373,436	535,913	12,115	548,028	404,313	286	404,599	0	2,326,063
Investment property	3,122,076	262,150	4,507,268	4,769,418	42,292	0	42,292	0	7,933,786
Financial investments:	163,850,914	445,217,876	66,510,447	511,728,322	335,671,470	18,958,899	354,630,369	25,634	1,030,235,239
- loans and deposits	6,786,046	4,341,847	15,486,375	19,828,223	178,926	4,787,268	4,966,194	24,884	31,605,347
- held to maturity	1,375,722	41,981,876	4,945,812	46,927,689	79,654,507	2,854,277	82,508,784	0	130,812,195
- available for sale	154,835,516	397,978,541	45,947,177	443,925,719	248,879,832	10,999,186	259,879,018	750	858,641,003
- at fair value through profit or loss	853,629	915,611	131,082	1,046,693	6,958,204	318,168	7,276,373	0	9,176,694
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	224,175,076	0	224,175,076	0	224,175,076
Reinsurers' share of technical provisions	10,295,442	13,017,657	4,916,098	17,933,756	212,623	2,808	215,431	0	28,444,628
- from unearned premiums	1,366,908	4,761,288	1,046,476	5,807,764	27,343	1,561	28,904	0	7,203,576
- from provisions for claims outstanding	8,928,534	8,256,369	3,869,622	12,125,991	185,280	1,247	186,527	0	21,241,052
Investment contract assets	0	0	0	0	121,366,122	0	121,366,122	0	121,366,122
Receivables	66,558,578	48,584,561	8,404,380	56,988,941	1,245,694	218,518	1,464,212	2,396,796	127,408,527
Receivables arising out of primary insurance business	0	44,969,594	5,451,876	50,421,470	789,421	129,930	919,351	0	51,340,821
Receivables arising out of co-insurance and reinsurance business	66,410,191	753,335	840,606	1,593,941	7	1,443	1,450	0	68,005,582
Current tax assets	0	0	31,505	31,505	93,215	0	93,215	0	124,720
Other receivables	148,387	2,861,632	2,080,393	4,942,025	363,051	87,145	450,196	2,396,796	7,937,404
Deferred acquisition costs	5,061,269	8,844,174	2,339,855	11,184,028	263,283	1,956	265,239	0	16,510,536
Other assets	549,258	446,398	253,288	699,686	27,238	57,475	84,713	33,187	1,366,844
Cash and cash equivalents	7,989,819	5,542,937	2,452,537	7,995,474	16,317,873	1,206,955	17,524,828	429,039	33,939,160
Non-current assets held for sale	0	83,740	0	83,740	0	3,748	3,748	0	87,488

Statement of financial position items by operating segment – equity and liabilities as at 31 December 2016

31/12/2016	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	337,751,922	507,092,478	113,868,354	620,960,833	683,829,982	23,878,746	707,708,728	4,767,694	1,671,189,176
Capital	124,184,574	72,461,354	38,107,048	110,568,403	46,629,669	11,101,256	57,730,925	4,554,423	297,038,324
Equity attributable to owners of the controlling company	124,184,574	72,176,574	37,821,766	109,998,341	46,442,467	11,101,256	57,543,723	4,550,679	296,277,316
Non-controlling interest in equity	0	284,780	285,282	570,062	187,202	0	187,202	3,744	761,008
Subordinated liabilities	23,570,771	0	0	0	0	0	0	0	23,570,771
Technical provisions	152,065,973	403,102,517	69,062,456	472,164,973	274,584,318	12,406,059	286,990,377	0	911,221,323
Unearned premiums	25,841,746	105,946,948	24,860,726	130,807,674	885,914	143,162	1,029,076	0	157,678,496
Mathematical provisions	0	0	0	0	257,767,552	11,995,263	269,762,815	0	269,762,815
Provision for outstanding claims	126,013,482	289,221,942	43,724,075	332,946,017	15,930,852	267,634	16,198,486	0	475,157,985
Other technical provisions	210,745	7,933,627	477,655	8,411,282	0	0	0	0	8,622,027
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	226,952,211	41,989	226,994,200	0	226,994,200
Other provisions	331,802	5,666,532	708,474	6,375,006	1,358,699	14,829	1,373,528	541	8,080,877
Deferred tax liabilities	0	2,917,207	135,462	3,052,669	2,957,570	21,709	2,979,279	6,683	6,038,631
Investment contract liabilities	0	0	0	0	121,229,675	0	121,229,675	0	121,229,675
Other financial liabilities	104,279	0	289,356	289,356	0	170	170	191	393,996
Liabilities from operating activities	33,715,381	6,740,767	1,618,373	8,359,140	6,540,362	156,598	6,696,960	19,165	48,790,646
Liabilities from primary insurance business	0	4,677,316	601,390	5,278,706	6,516,433	115,114	6,631,547	0	11,910,253
Liabilities from reinsurance and co-insurance business	33,641,254	1,838,071	784,281	2,622,352	23,929	5,163	29,092	0	36,292,698
Current income tax liabilities	74,127	225,380	232,702	458,082	0	36,321	36,321	19,165	587,695
Other liabilities	3,779,142	16,204,101	3,947,185	20,151,286	3,577,478	136,136	3,713,614	186,691	27,830,733

Income statement items by operating segment 1–3/2017

(€) 1–3/2017	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	16,233,050	58,603,561	12,413,791	71,017,353	21,909,471	1,709,458	23,618,929	0	110,869,332
Gross premiums written	30,329,395	91,886,699	13,978,238	105,864,937	21,977,204	1,724,124	23,701,328	0	159,895,660
Written premiums ceded to reinsurers and co-insurers	-308,676	-13,540,689	-1,231,482	-14,772,172	-66,776	-1,137	-67,913	0	-15,148,760
Change in gross unearned premiums	-13,202,221	-27,727,025	-697,363	-28,424,388	1,832	-13,297	-11,465	0	-41,638,074
Change in unearned premiums, reinsurers' and co-insurers' shares	-585,448	7,984,577	364,399	8,348,975	-2,789	-232	-3,021	0	7,760,506
Investment income	2,583,641	1,964,993	616,158	2,581,150	2,599,971	211,135	2,811,106	0	7,975,897
Interest income	682,411	1,443,655	558,979	2,002,634	2,080,026	148,941	2,228,967	0	4,914,012
Other investment income	1,901,230	521,338	57,178	578,516	519,945	62,194	582,139	0	3,061,885
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	6,924,499	220	6,924,719	0	6,924,719
Other technical income	904,063	940,384	571,187	1,511,571	771,353	6,531	777,884	50,802	3,244,320
Commission income	56,539	401,601	140,881	542,482	0	0	0	0	599,021
Other technical income	847,524	538,783	430,306	969,089	771,353	6,531	777,884	50,802	2,645,299
Other income	18,576	613,531	250,646	864,177	675,405	6,011	681,416	72,539	1,636,708
Net claims incurred	-11,310,222	-32,504,076	-7,296,043	-39,800,120	-25,563,850	-439,775	-26,003,625	0	-77,113,967
Gross claims payments less income from recourse receivables	-12,158,587	-37,234,462	-6,199,910	-43,434,372	-25,332,854	-412,037	-25,744,891	0	-81,337,850
Reinsurers' and co-insurers' shares	101,614	1,510,309	499,270	2,009,579	39,198	0	39,198	0	2,150,392
Change in the gross claims provision	867,719	4,008,707	-496,312	3,512,395	-275,309	-26,502	-301,811	0	4,078,303
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-120,968	-788,631	-1,099,091	-1,887,722	5,114	-1,236	3,878	0	-2,004,812
Change in other technical provisions	-202,999	-2,478,361	-156,389	-2,634,750	-2,423,271	-551,931	-2,975,202	0	-5,812,951
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	5,990,768	-8,099	5,982,669	0	5,982,669
Expenses for bonuses and rebates	0	907,552	-14,640	892,912	0	0	0	0	892,912
Operating expenses	-3,930,625	-18,875,620	-5,875,524	-24,751,144	-4,920,720	-814,964	-5,735,685	-583,900	-35,001,354
Acquisition costs	-3,901,230	-4,800,444	-696,586	-5,497,030	-1,380,693	-138,703	-1,519,396	0	-10,917,656
Change in deferred acquisition costs	923,905	626,907	389,951	1,016,858	135,193	168	135,361	0	2,076,124
Other operating expenses	-953,300	-14,702,083	-5,568,889	-20,270,972	-3,675,220	-676,429	-4,351,650	-583,900	-26,159,822
Expenses for financial assets and liabilities	-1,463,313	-30,048	-12,513	-42,561	-36,043	-150,982	-187,025	0	-1,692,899
Interest expense	-409,340	0	-10	-10	0	0	0	0	-409,350
Other investment expenses	-1,053,973	-30,048	-12,503	-42,551	-36,043	-150,982	-187,025	0	-1,283,549
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-1,640,970	-6	-1,640,976	0	-1,640,976
Other technical expenses	-887,928	-2,417,760	-1,140,713	-3,558,473	-58,502	-42,976	-101,478	-23	-4,547,902
Other expenses	-24,680	-202,578	-127,026	-329,604	2	-3,216	-3,214	-6,186	-363,684
Profit/loss before tax	1,919,564	6,521,578	-771,066	5,750,511	4,228,111	-78,595	4,149,516	-466,768	11,352,824
Income tax expense									-2,163,252
Net profit/loss for the period									9,189,572
Net profit/loss attributable to owners of the controlling company									9,175,263

Income statement items by operating segment 1–3/2016

(€) 1–3/2016	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	20,464,416	57,561,469	11,674,624	69,236,093	20,189,625	1,499,222	21,688,847	0	111,389,356
Gross premiums written	30,627,466	88,302,007	12,699,244	101,001,251	20,357,162	1,513,688	21,870,850	0	153,499,567
Written premiums ceded to reinsurers and co-insurers	-698,420	-11,957,553	-1,234,478	-13,192,031	-79,769	-753	-80,522	0	-13,970,973
Change in gross unearned premiums	-8,988,251	-25,634,259	-227,691	-25,861,950	-83,639	-13,604	-97,243	0	-34,947,444
Change in unearned premiums, reinsurers' and co-insurers' shares	-476,379	6,851,274	437,549	7,288,824	-4,129	-109	-4,238	0	6,808,206
Investment income	2,267,936	1,986,089	640,581	2,626,670	2,547,670	223,223	2,770,893	0	7,665,499
Interest income	757,982	1,717,308	555,428	2,272,736	2,250,721	153,981	2,404,702	0	5,435,420
Other investment income	1,509,954	268,781	85,154	353,935	296,949	69,242	366,191	0	2,230,079
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	3,315,155	0	3,315,155	0	3,315,155
Other technical income	2,031,941	1,790,333	359,214	2,149,546	566,625	12,932	579,557	49,492	4,810,536
Commission income	176,280	1,017,224	143,854	1,161,077	0	0	0	0	1,337,357
Other technical income	1,855,661	773,109	215,360	988,469	566,625	12,932	579,557	49,492	3,473,179
Other income	815	662,679	121,442	784,121	952,498	7,210	959,708	69,349	1,813,993
Net claims incurred	-12,654,831	-35,538,036	-5,900,848	-41,438,884	-12,051,444	-373,980	-12,425,424	0	-66,519,138
Gross claims payments less income from recourse receivables	-14,664,321	-34,275,018	-5,335,410	-39,610,428	-11,731,241	-395,285	-12,126,526	0	-66,401,275
Reinsurers' and co-insurers' shares	335,123	995,606	191,301	1,186,907	44,367	0	44,367	0	1,566,397
Change in the gross claims provision	1,099,390	-2,097,739	-934,268	-3,032,007	-341,985	20,892	-321,093	0	-2,253,710
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	574,977	-160,885	177,529	16,644	-22,585	413	-22,172	0	569,450
Change in other technical provisions	-41,678	-911,555	219,300	-692,255	-1,869,100	-491,741	-2,360,841	0	-3,094,774
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	1,392,345	569	1,392,914	0	1,392,914
Expenses for bonuses and rebates	1	-224,610	-7,532	-232,142	0	0	0	0	-232,141
Operating expenses	-6,154,100	-18,485,984	-5,799,530	-24,285,514	-4,262,506	-750,597	-5,013,103	-597,393	-36,050,111
Acquisition costs	-5,638,930	-4,695,122	-968,604	-5,663,726	-1,062,891	-226,825	-1,289,716	0	-12,592,372
Change in deferred acquisition costs	370,356	928,556	2,805	931,361	10,107	156	10,263	0	1,311,980
Other operating expenses	-885,526	-14,719,418	-4,833,731	-19,553,149	-3,209,722	-523,928	-3,733,650	-597,393	-24,769,719
Expenses for financial assets and liabilities	-2,927,440	-124,666	-62,554	-187,221	-373,543	-95,922	-469,465	0	-3,584,125
Impairment losses on financial assets not at fair value through profit or loss	0	0	-158	-158	0	-1,030	-1,030	0	-1,188
Interest expense	-214,156	0	-72	-72	0	0	0	0	-214,228
Other investment expenses	-2,713,284	-124,666	-62,324	-186,991	-373,543	-94,892	-468,435	0	-3,368,709
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-6,989,828	-569	-6,990,397	0	-6,990,397
Other technical expenses	-1,962,268	-1,511,143	-1,367,000	-2,878,143	-47,980	-70,242	-118,222	0	-4,958,633
Other expenses	-35,423	-221,376	-36,593	-257,969	-39	-529	-568	-16,415	-310,375
Profit/loss before tax	989,368	4,983,201	-158,897	4,824,304	3,369,478	-40,425	3,329,053	-494,968	8,647,759
Income tax expense									-1,525,087
Net profit/loss for the period									7,122,672
Net profit/loss attributable to owners of the controlling company									7,136,579

Inter-segment business

(€)	Reinsurance business		Non-life insurance business		Life insurance business		Other	
	1-3/2017	1-3/2016	1-3/2017	1-3/2016	1-3/2017	1-3/2016	1-3/2017	1-3/2016
Net earned premiums	25,653,221	25,111,287	57,881	100,747	0	0	0	0
Net claims incurred	-6,722,644	-5,613,808	-168,547	-15,697	0	0	0	0
Operating expenses	-2,510,790	-2,605,603	-297,311	-248,735	-95,937	-205,931	-29,943	-31,466
Investment income	37,475	39,615	866	0	0	0	0	0
Other income	6,978	4,595	30,584	58,056	0	1,510	398,202	457,156

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					
01/01/2017	8,030,475	54,625,070	24,272,128	218,004	87,145,677
Additions	11,197	930,137	269,552	0	1,210,886
Disposals	-958	-11,593	-440,681	-367	-453,599
Exchange differences	0	7,089	2,301	-135	9,255
31/03/2017	8,040,714	55,550,703	24,103,300	217,502	87,912,219
Accumulated depreciation and impairment losses					
01/01/2017	0	17,107,342	18,072,626	78,583	35,258,551
Additions	0	309,991	574,645	982	885,618
Disposals	0	-11,593	-310,162	-48	-321,803
Exchange differences	0	-231	1,486	-9	1,246
31/03/2017	0	17,405,509	18,338,595	79,508	35,823,612
Carrying amount as at 01/01/2017	8,030,475	37,517,728	6,199,502	139,421	51,887,127
Carrying amount as at 31/03/2017	8,040,714	38,145,194	5,764,705	137,994	52,088,608

8.8.2 Financial investments

In the first three months of 2017, financial investments declined by € 30.5 million compared to year-end 2016 due to the reclassification of certain investments as cash (planned dividend payout, repayment of subordinated debt and tactical decisions relating to the management of the investment portfolio).

Financial investments as at 31 March 2017

(€)	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
31/03/2017					
Debt instruments	121,674,369	3,231,552	805,033,994	21,270,848	951,210,763
Deposits and CDs	1,519,875	0	0	20,679,666	22,199,541
Government bonds	119,876,627	1,481,001	384,090,040	0	505,447,668
Corporate bonds	277,867	1,750,551	420,943,954	0	422,972,372
Loans granted	0	0	0	591,182	591,182
Equity instruments	0	1,837,847	38,928,063	0	40,765,910
Shares	0	527,186	16,199,200	0	16,726,386
Mutual funds	0	1,310,661	22,728,863	0	24,039,524
Other investments	0	0	46,479	0	46,479
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,630,228	7,630,228
Total	121,674,369	5,069,399	844,008,536	28,901,076	999,653,380

Financial investments as at 31 December 2016

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Designated to this category				
31/12/2016						
Debt instruments	130,812,195	7,439,052		826,819,512	23,769,488	988,840,247
Deposits and CDs	1,580,825	0		0	23,156,483	24,737,308
Government bonds	129,016,305	1,644,648		417,668,768	0	548,329,721
Corporate bonds	215,065	5,794,404		409,150,744	0	415,160,213
Loans granted	0	0		0	613,005	613,005
Equity instruments	0	1,737,642		31,775,012	0	33,512,654
Shares	0	524,744		16,456,103	0	16,980,847
Mutual funds	0	1,212,898		15,318,909	0	16,531,807
Other investments	0	0		46,479	0	46,479
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0		0	7,835,859	7,835,859
Total	130,812,195	9,176,694		858,641,003	31,605,347	1,030,235,239

8.8.3 Receivables

Receivables increased by € 36.7 million compared to year-end 2016. Receivables arising out of primary insurance business increased by € 22.8 million due to the annual renewal of insurance contracts. There was also an increase of € 12 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

(€)	31/03/2017			31/12/2016		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	99,838,870	-28,529,353	71,309,517	77,414,889	-28,295,242	49,119,647
Receivables from insurance brokers	3,359,322	-632,036	2,727,286	2,759,399	-636,693	2,122,706
Other receivables arising out of primary insurance business	219,880	-137,394	82,486	232,891	-134,423	98,468
Receivables arising out of primary insurance business	103,418,072	-29,298,783	74,119,289	80,407,179	-29,066,358	51,340,821
Receivables for premiums arising out of reinsurance and co-insurance	73,353,563	-426,492	72,927,071	63,665,635	-427,794	63,237,841
Receivables for shares in claims payments	5,852,060	-76,894	5,775,166	4,408,072	-76,896	4,331,176
Other receivables from co-insurance and reinsurance	1,272,512	0	1,272,512	436,565	0	436,565
Receivables arising out of co-insurance and reinsurance business	80,478,135	-503,386	79,974,749	68,510,272	-504,690	68,005,582
Current tax assets	455,147	0	455,147	124,720	0	124,720
Other short-term receivables arising out of insurance business	24,228,251	-21,529,898	2,698,353	24,635,936	-21,985,030	2,650,906
Receivables arising out of investments	2,113,065	-1,136,276	976,789	2,054,426	-1,136,608	917,818
Other receivables	7,128,521	-1,224,769	5,903,752	5,618,546	-1,249,866	4,368,680
Other receivables	33,469,837	-23,890,943	9,578,894	32,308,908	-24,371,504	7,937,404
Total	217,821,191	-53,693,112	164,128,079	181,351,079	-53,942,552	127,408,527

Movement in allowance for receivables

(€) 31/03/2017	01/01/2017	Additions	Reversals	Exchange differences	31/03/2017
Receivables due from policyholders	-28,295,242	-734,523	509,738	-9,326	-28,529,353
Receivables from insurance brokers	-636,693	-9,316	14,329	-356	-632,036
Other receivables arising out of primary insurance business	-134,423	-2,329	0	-642	-137,394
Receivables arising out of primary insurance business	-29,066,358	-746,168	524,067	-10,324	-29,298,783
Receivables for premiums arising out of reinsurance and co-insurance	-427,794	0	0	1,302	-426,492
Receivables for shares in claims payments	-76,896	0	0	2	-76,894
Receivables arising out of co-insurance and reinsurance business	-504,690	0	0	1,304	-503,386
Other short-term receivables arising out of insurance business	-21,985,030	-9,488	474,568	-9,948	-21,529,898
Receivables arising out of investments	-1,136,608	-134	0	466	-1,136,276
Other short-term receivables	-1,249,866	-2,569	27,258	408	-1,224,769
Other receivables	-24,371,504	-12,191	501,826	-9,074	-23,890,943
Total	-53,942,552	-758,359	1,025,893	-18,094	-53,693,112

Receivables ageing analysis

(€) 31/03/2017	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	60,053,871	8,408,006	2,847,640	71,309,517
Receivables from insurance brokers	1,202,474	1,509,116	15,696	2,727,286
Other receivables arising out of primary insurance business	61,396	14,638	6,452	82,486
Receivables arising out of primary insurance business	61,317,741	9,931,760	2,869,788	74,119,289
Receivables for premiums arising out of assumed reinsurance and co-insurance	61,555,576	9,461,645	1,909,850	72,927,071
Receivables for reinsurers' shares in claims	3,551,401	1,291,848	931,917	5,775,166
Other receivables from co-insurance and reinsurance	1,124,723	136,419	11,370	1,272,512
Receivables arising out of co-insurance and reinsurance business	66,231,700	10,889,912	2,853,137	79,974,749
Current tax assets	455,147	0	0	455,147
Other short-term receivables arising out of insurance business	684,467	1,994,225	19,661	2,698,353
Short-term receivables arising out of financing	898,961	22,960	54,868	976,789
Other short-term receivables	5,490,525	328,508	84,719	5,903,752
Other receivables	7,073,953	2,345,693	159,248	9,578,894
Total	135,078,541	23,167,365	5,882,173	164,128,079

(€) 31/12/2016	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	36,688,644	9,345,376	3,085,627	49,119,647
Receivables from insurance brokers	1,146,175	939,073	37,458	2,122,706
Other receivables arising out of primary insurance business	86,029	6,013	6,426	98,468
Receivables arising out of primary insurance business	37,920,848	10,290,462	3,129,511	51,340,821
Receivables for premiums arising out of assumed reinsurance and co-insurance	51,162,568	9,624,769	2,450,504	63,237,841
Receivables for reinsurers' shares in claims	3,158,284	606,406	566,486	4,331,176
Other receivables from co-insurance and reinsurance	429,134	7,431	0	436,565
Receivables arising out of co-insurance and reinsurance business	54,749,986	10,238,606	3,016,990	68,005,582
Current tax assets	124,720	0	0	124,720
Other short-term receivables arising out of insurance business	1,810,502	823,955	16,449	2,650,906
Short-term receivables arising out of financing	777,099	68,724	71,995	917,818
Other short-term receivables	3,830,310	439,853	98,517	4,368,680
Other receivables	6,417,911	1,332,532	186,961	7,937,404
Total	99,213,465	21,861,600	6,333,462	127,408,527

8.8.4 Cash and cash equivalents

The increase in the level of cash and cash equivalents is a result of the planned payout of dividends, repayment of subordinated liabilities and tactical decisions relating to the management of the portfolio of financial investments.

(€)	31/03/2017	31/12/2016
Cash in hand	84,907	55,067
Cash in bank accounts	7,630,975	6,967,730
Cash equivalents	56,525,111	26,916,363
Total	64,240,993	33,939,160

8.8.5 Net earnings/loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 31 March 2017, 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

(€)	1–3/2017	1–3/2016
Net profit/loss for the period	9,189,572	7,122,672
Net profit/loss for the period attributable to owners of the controlling company	9,175,263	7,136,579
Weighted average number of shares	15,497,696	16,452,419
Net earnings/loss per share	0.59	0.43

Comprehensive income per share

(€)	1–3/2017	1–3/2016
Comprehensive income for the period	7,146,053	13,061,524
Comprehensive income for the period attributable to owners of the controlling company	7,132,178	13,055,054
Weighted average number of shares	15,497,696	16,452,419
Comprehensive income per share	0.46	0.79

8.8.6 Subordinated liabilities

In 2006 and 2007, Sava Re raised a subordinated debt in the nominal amount of € 32 million maturing in 2027. Under the contractual provisions, the remaining nominal amount of € 24 million can be early repaid as of 2017. After receiving the approval of the Slovenian Insurance Supervision Agency, Sava Re repaid the first tranche of the subordinated debt in the nominal amount of € 12 million on 15 March 2017.

Outstanding debt at effective interest rate as at 31 March 2017	11,788,491
Debt currency	€
Maturity date	27/12/2026
Conversion into shareholders' equity option	not applicable
Conversion into other liabilities option	not applicable

Outstanding debt at effective interest rate as at 31/12/2016	23,570,771
Debt currency	€
Maturity date	27/12/2026
Conversion into shareholders' equity option	not applicable
Conversion into other liabilities option	not applicable

8.8.7 Technical provisions

Technical provisions increased by € 41.9 million or 4.6 % compared to 31 December 2016. The largest increase was recorded in gross unearned premiums (€ 41.8 million) as a result of seasonal movements: establishment of high unearned premiums for coverages for which the full-year premiums were booked at the beginning of the year. The gross provision for traditional life policies increased by 1.2 % (or € 3.1 million), as a result of aging and growth of the portfolio of traditional life insurance business, including pension annuity business (during the distribution phase). The gross provision for outstanding claims decreased by 1.0 % (€ 4.9 million), mainly due to the settlement of losses relating to the previous years and due to releases of over-prudent provisions. Gross mathematical provisions associated with unit-linked life business decreased by 2.7 % or € 6.1 million, mainly due to maturities and surrenders. Other technical provisions (bonuses and discounts, unexpired risks) account for a smaller share and grew in total by € 1.9 million.

Movements in gross technical provisions

(€)	01/01/2017	Additions	Uses and releases	Exchange differences	31/03/2017
Gross unearned premiums	157,678,496	100,512,797	-58,942,350	200,019	199,448,962
Technical provisions for life insurance business	269,762,815	7,764,033	-4,647,670	-3,280	272,875,898
Gross provision for outstanding claims	475,157,985	54,792,624	-60,593,576	864,281	470,221,314
Gross provision for bonuses, rebates and cancellations	1,831,422	160,592	-1,060,824	167	931,357
Other gross technical provisions	6,790,605	5,754,994	-2,912,873	-427	9,632,299
Total	911,221,323	168,985,040	-128,157,293	1,060,760	953,109,830
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	226,994,200	16,134,789	-22,237,044	0	220,891,945

8.8.8 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy as at 31 March 2017

(€) 31 March 2017	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	849,077,935	668,220,955	169,250,773	11,606,207	849,077,935	0
At fair value through P/L	5,069,399	3,155,352	1,725,253	188,794	5,069,399	0
Designated to this category	5,069,399	3,155,352	1,725,253	188,794	5,069,399	0
Debt instruments	3,231,552	1,802,264	1,240,494	188,794	3,231,552	0
Equity instruments	1,837,847	1,353,088	484,759	0	1,837,847	0
Available-for-sale	844,008,536	665,065,603	167,525,520	11,417,413	844,008,536	0
Debt instruments	805,033,994	642,335,991	155,892,174	6,805,829	805,033,994	0
Equity instruments	38,928,063	22,729,612	11,633,346	4,565,105	38,928,063	0
Other investments	46,479	0	0	46,479	46,479	0
Inv. for the benefit of life policyholders who bear the inv. risk	195,440,846	183,314,368	12,126,478	0	195,440,846	0
Investments not measured at fair value	150,575,445	128,306,943	20,365,433	14,913,297	163,585,673	13,010,228
Held-to-maturity assets	121,674,369	128,162,713	4,381,778	0	132,544,491	10,870,122
Debt instruments	121,674,369	128,162,713	4,381,778	0	132,544,491	10,870,122
Loans and receivables	28,901,076	144,230	15,983,655	14,913,297	31,041,182	2,140,106
Deposits	20,679,666	144,230	15,983,655	5,316,611	21,444,496	764,830
Loans granted	591,182	0	0	1,966,458	1,966,458	1,375,276
Deposits with cedants	7,630,228	0	0	7,630,228	7,630,228	0
Inv. for the benefit of life policyholders who bear the inv. risk	23.301.350	10.923.291	13.570.352	0	24.493.643	1.192.293

Financial assets measured at fair value by level of the fair value hierarchy as at 31 December 2016

(€) 31/12/2016	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	867,817,697	679,892,840	176,194,863	11,750,388	867,838,091	20,394
At fair value through P/L	9,176,694	2,841,687	6,133,045	207,834	9,182,566	5,872
Designated to this category	9,176,694	2,841,687	6,133,045	207,834	9,182,566	5,872
Debt instruments	7,439,052	1,590,145	5,646,945	207,834	7,444,924	5,872
Equity instruments	1,737,642	1,251,542	486,100	0	1,737,642	0
Available-for-sale	858,641,003	677,051,153	170,061,818	11,542,554	858,655,225	14,522
Debt instruments	826,819,512	661,731,495	158,157,047	6,930,970	826,819,512	0
Equity instruments	31,775,012	15,319,658	11,904,771	4,565,105	31,789,534	14,522
Other investments	46,479	0	0	46,479	46,479	0
Investments for the benefit of policyholders who bear the investment risk	190,197,443	172,358,357	17,839,086	0	190,197,443	0
Investments not measured at fair value	162,417,542	135,383,592	32,156,239	8,539,017	176,078,848	13,661,306
Held-to-maturity assets	130,812,195	135,383,592	8,004,082	0	143,387,674	12,575,479
Debt instruments	130,812,195	135,383,592	8,004,082	0	143,387,674	12,575,479
Loans and receivables	31,605,347	0	24,152,157	8,539,017	32,691,174	1,085,827
Deposits	23,156,483	0	24,152,157	0	24,152,157	995,674
Loans granted	613,005	0	0	703,158	703,158	90,153
Deposits with cedants	7,835,859	0	0	7,835,859	7,835,859	0
Investments for the benefit of policyholders who bear the investment risk	33,977,633	11,208,926	24,058,706	0	35,267,632	1,289,999

Movements in level 3 financial assets

(€)	Debt instruments		Equity instruments		Other investments	
	31/03/2017	31/12/2016	31/03/2017	31/12/2016	31/03/2017	31/12/2016
Opening balance	7,138,804	7,892,260	4,565,105	4,565,104	46,479	46,479
Additions	27,954	0	0	1	0	0
Disposals	-360,929	-753,456	0	0	0	0
Closing balance	6,805,829	7,138,804	4,565,105	4,565,105	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

31/03/2017	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Property		54,063,594	52,121,130	
Owner-occupied property	31/03/2017	46,185,909	43,972,593	market approach and income approach
Investment property	31/03/2017	7,877,685	8,148,537	(weighted 50: 50), new purchases at cost
Total		54,063,594	52,121,130	

Changes in fair value of property in the period 1–3/2017

(€)	Opening balance	Acquisitions	Exchange differences	Closing balance
Owner-occupied property	43,047,424	941,334	-16,165	43,972,593
Investment property	8,100,146	57,500	-9,109	8,148,537
Total	51,147,570	998,834	-25,274	52,121,130

Reclassification of assets and financial liabilities between levels in the period 1–3/2017

(€)	Level 1	Level 2	Level 3
At fair value through P/L	-120,024	120,024	0
Designated to this category	-120,024	120,024	0
Debt instruments	-120,024	120,024	
Available-for-sale	1,911,890	-1,911,890	0
Debt instruments	1,911,890	-1,911,890	0
Total	1,791,866	-1,791,866	0

9 RELATED-PARTY DISCLOSURES

Fixed remuneration of management board members for performing their function in the first three months of 2017 totalled € 117,138 (1–3/2016: € 161,665). There was no variable remuneration paid out in the first quarter of 2017. Fringe benefits were € 10,182 (1–3/2013: € 10,590).

Remuneration paid to supervisory board members and members of the supervisory board audit committee and fit and proper committee in the first three months of 2017 totalled € 33,806 (1–3/2016: € 35,274).

Remuneration of management board members in 1–3/2017

(€)	Gross salary – fixed amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Jošt Dolničar	41,040	1,542	2,166	44,748
Srečko Čebtron	39,048	1,302	1,845	42,195
Mateja Treven	37,050	1,281	2,046	40,377
Total	117,138	4,125	6,057	127,320

Liabilities to members of the management board based on gross remuneration

(€)	31/03/2017	31/12/2016
Jošt Dolničar	13,280	13,280
Srečko Čebtron	12,616	12,616
Mateja Treven	11,950	11,950
Total	37,846	37,846

Remuneration of members of the supervisory board, audit committee and fit and proper committee in the period 1–3/2017

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total
Supervisory board members					
Mateja Lovšin Herič	chair of the SB	550	4,875	0	5,425
Slaven Mičković	deputy chair	550	3,575	0	4,125
Gorazd Andrej Kunstek	member of the SB	550	3,250	0	3,800
Keith William Morris	member of the SB	550	3,250	2,765	6,565
Mateja Živec	member of the SB	550	3,250	0	3,800
Davor Ivan Gjivoje	SB member (since 07/03/2017)	275	874	0	1,149
Total supervisory board members		3,025	19,074	2,765	24,864
Audit committee members					
Slaven Mičković	chairman	660	1,219	0	1,879
Mateja Lovšin Herič	member of the AC	660	812	0	1,473
Ignac Dolenšek	member of the AC	0	3,113	58	3,171
Total audit committee members		1,320	5,144	58	6,522
Nomination committee members					
Mateja Lovšin Herič	chair of the committee	660	0	0	660
Slaven Mičković	member	660	0	0	660
Keith William Morris	member	660	0	0	660
Total nominations committee members		1,980	0	0	1,980
Fit & proper committee members					
Mateja Lovšin Herič	chair of the committee	220	0	0	220
Nika Matjan	member	0	0	0	0
Mateja Živec	member	220	0	0	220
Total fit & proper committee members		440	0	0	440

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

(€)	31/03/2017	31/12/2016
Mateja Lovšin Herič	2,611	3,381
Slaven Mičković	2,313	2,971
Gorazd Andrej Kunstek	1,358	1,908
Keith William Morris	7,225	7,145
Mateja Živec	1,358	2,128
Davor Ivan Gjivoje	1,149	0
Ignac Dolenšek	2,776	544
Total	18,790	18,078

Transactions with subsidiaries

Investments in and amounts due from Group companies

(€)	31/03/2017	31/12/2016
Debt securities and loans granted to Group companies	1,300,000	2,834,953
Receivables for premiums arising out of reinsurance assumed	28,436,891	12,891,949
Short-term receivables arising out of financing	0	28,091
Other short-term receivables	37,035	56,598
Short-term deferred acquisition costs	3,659,257	1,505,595
Total	33,433,183	17,317,186

Liabilities to Group companies

(€)	31/03/2017	31/12/2016
Liabilities for shares in reinsurance claims due to Group companies	9,047,418	7,434,318
Other liabilities from co-insurance and reinsurance	5,614,847	2,648,269
Other short-term liabilities	1,185	700
Total (excl. provisions)	14,663,450	10,083,287

Income and expenses relating to Group companies

(€)	1-3/2017	1-3/2016
Gross premiums written	25,653,221	25,111,287
Change in gross unearned premiums	-12,406,388	-11,601,283
Gross claims payments	-6,998,740	-5,914,337
Change in the gross claims provision	1,407,943	-673,551
Income from gross recourse receivables	276,096	300,529
Other operating expenses	-5,705	-24,539
Dividend income	570,000	570,000
Interest income	37,475	39,615
Acquisition costs	-4,658,748	-4,308,036
Change in deferred acquisition costs	2,153,663	1,728,124
Other technical income	6,585	960
Other non-life income	393	847
Total	6,035,795	5,229,616

Transactions with the state and majority state-owned entities

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

(€)	31/03/2017	31/12/2016
Interests in companies	9,216,389	9,406,870
Debt securities and loans	271,430,426	281,292,477
Receivables due from policyholders	2,584,103	141,554
Total	283,230,918	290,840,901

Liabilities to the state and majority state-owned companies

(€)	31/03/2017	31/12/2016
Liabilities for shares in claims	2,408	13,116
Total	2,408	13,116

Income and expenses relating to majority state-owned companies

(€)	1-3/2017	1-3/2016
Gross premiums written	9,508,027	8,112,345
Gross claims payments	-1,026,056	-159,766
Interest income	2,265,119	2,474,478
Total	10,747,089	10,427,057

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

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

10 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

10.1 Unaudited statement of financial position

(€)	31/03/2017	31/12/2016
ASSETS	598,066,865	568,147,764
Intangible assets	835,690	832,567
Property and equipment	7,720,156	7,753,202
Deferred tax assets	1,426,712	1,373,436
Investment property	3,106,251	3,122,076
Financial investments in subsidiaries and associates	191,640,382	191,640,382
Financial investments:	242,362,984	249,948,775
- loans and deposits	11,325,218	13,069,414
- held to maturity	1,998,055	2,074,813
- available for sale	227,758,307	233,517,137
- at fair value through profit or loss	1,281,404	1,287,411
Reinsurers' share of technical provisions	23,819,807	18,203,912
Receivables	107,322,007	79,836,627
Receivables arising out of co-insurance and reinsurance business	107,088,090	79,603,551
Other receivables	233,917	233,076
Deferred acquisition costs	9,972,399	6,897,710
Other assets	476,888	549,258
Cash and cash equivalents	9,383,589	7,989,819
EQUITY AND LIABILITIES	598,066,865	568,147,764
Capital	274,636,834	270,355,622
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	147,004,019	147,004,019
Treasury shares	-24,938,709	-24,938,709
Fair value reserve	3,558,426	3,785,553
Reserve due to fair value revaluation	3,929	-1,765
Retained earnings	18,410,390	9,283,163
Net profit/loss for the period	4,502,646	9,127,228
Subordinated liabilities	11,788,491	23,570,771
Technical provisions	249,503,928	226,207,479
Unearned premiums	68,954,024	43,345,415
Provision for outstanding claims	179,892,117	182,167,780
Other technical provisions	657,787	694,284
Other provisions	335,878	331,802
Other financial liabilities	106,288	104,280
Liabilities from operating activities	57,439,485	43,797,970
Liabilities from reinsurance and co-insurance business	57,419,660	43,723,843
Current income tax liabilities	19,825	74,127
Other liabilities	4,255,961	3,779,840

10.2 Unaudited income statement

(€)	1-3/2017	1-3/2016
Net earned premiums	26,297,750	31,007,332
Gross premiums written	55,982,616	55,738,753
Written premiums ceded to reinsurers and co-insurers	-10,113,873	-10,062,740
Change in gross unearned premiums	-25,608,609	-20,462,348
Change in unearned premiums, reinsurers' and co-insurers' shares	6,037,616	5,793,667
Income from investments in subsidiaries and associates	570,000	570,000
Investment income	3,053,979	2,731,632
Interest income	1,025,116	1,152,275
Other investment income	2,028,863	1,579,357
Other technical income	1,108,719	3,045,429
Commission income	254,610	1,186,020
Other income	854,109	1,859,409
Other income	18,969	1,662
Net claims incurred	-16,093,158	-18,423,194
Gross claims payments, net of income from recourse receivables	-18,881,231	-20,278,129
Reinsurers' and co-insurers' shares	934,132	647,793
Change in the gross claims provision	2,275,662	454,875
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-421,721	752,267
Change in other technical provisions	-202,999	-41,678
Expenses for bonuses and rebates	239,496	27,045
Operating expenses	-7,813,804	-10,219,321
Acquisition costs	-8,559,978	-9,946,966
Change in deferred acquisition costs	3,077,568	2,097,327
Other operating expenses	-2,331,394	-2,369,682
Expenses for financial assets and liabilities	-1,469,278	-2,957,576
Interest expenses	-409,340	-214,156
Diverse other expenses	-1,059,938	-2,743,420
Other technical expenses	-857,928	-1,932,268
Other expenses	-24,681	-35,423
Profit/loss before tax	4,827,065	3,773,640
Income tax expense	-324,419	-345,598
Net profit/loss for the period	4,502,646	3,428,042
Earnings/loss per share (basic and diluted)	0.29	0.21

10.3 Unaudited statement of comprehensive income

(€)	1–3/2017	1–3/2016
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	4,502,646	3,428,042
OTHER COMPREHENSIVE INCOME, NET OF TAX	-221,433	1,476,695
a) Items that will not be reclassified subsequently to profit or loss	5,694	-19,426
Other items that will not be reclassified subsequently to profit or loss	5,694	-19,426
b) Items that may be reclassified subsequently to profit or loss	-227,127	1,496,121
Net gains/losses on remeasuring available-for-sale financial assets	-280,405	1,802,555
Net change recognised in the fair value reserve	34,309	1,906,727
Net change transferred from fair value reserve to profit or loss	-314,714	-104,172
Tax on items that may be reclassified subsequently to profit or loss	53,278	-306,434
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	4,281,213	4,904,737

10.4 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the three months to 31 March 2017

(€)	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 reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risk	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	24,938,709	0	10,000,000	97,078,786	3,785,553	-1,765	9,283,163	9,127,228	-24,938,709	270,355,622
Opening balance in the financial period	71,856,376	54,239,757	0	14,986,525	24,938,709	0	10,000,000	97,078,786	3,785,553	-1,765	9,283,163	9,127,228	-24,938,709	270,355,622
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	-227,127	5,694	0	4,502,646	0	4,281,213
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	0	4,502,646	0	4,502,646
b) Other comprehensive income	0	0	0	0	0	0	0	0	-227,127	5,694	0	0	0	-221,433
Net purchase/sale of treasury shares	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividend payouts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Allocation of net profit to profit reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	0	9,127,228	-9,127,228	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	97,078,786	3,558,426	3,929	18,410,391	4,502,646	-24,938,709	274,636,834

Unaudited statement of changes in equity for the three months to 31 March 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)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risk	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	10,319,347	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	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	1,496,121	-19,426	0	3,428,042	0	4,904,737
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	3,428,042	0	3,428,042
b) Other comprehensive income	0	0	0	0	0	0	0	1,496,121	-19,426	0	0	0	1,476,695
Net purchase/sale of treasury shares	0	0	0	1,178,946	0	0	0	0	0	0	-1,178,946	-1,178,946	-1,178,946
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	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	7,993,789	-7,993,789	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	11,498,293	0	10,000,000	87,951,558	4,502,824	-62,261	21,681,320	2,249,096	-11,498,293	267,405,194

10.5 Unaudited statement of cash flows

(€)	1-3/2017	1-3/2016
A. Cash flows from operating activities		
a.) Items of the income statement	17,290,386	14,560,013
1. Net premiums written in the period	45,868,743	45,676,013
2. Investment income (other than financial income)	2,476	778
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	1,127,688	3,047,091
4. Net claims payments in the period	-17,947,099	-19,630,336
5. Expenses for bonuses and rebates	239,496	27,045
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-10,793,841	-12,247,102
7. Investment expenses (excluding amortisation and financial expenses)	-50	-187
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-882,609	-1,967,691
9. Tax on profit and other taxes not included in operating expenses	-324,419	-345,598
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	-13,259,259	-12,647,040
2. Change in receivables from reinsurance	-27,484,539	-27,511,543
4. Change in other receivables and other assets	-3,003,160	-1,618,852
5. Change in deferred tax assets	-53,276	306,434
6. Change in liabilities arising out of reinsurance business	13,695,817	16,525,621
7. Change in other operating liabilities	2,802,553	-474,338
8. Change in other liabilities (except unearned premiums)	783,346	125,638
c.) Net cash from/used in operating activities (a + b)	4,031,127	1,912,973
B. Cash flows from investing activities		
a.) Cash receipts from investing activities	144,985,876	39,163,248
1. Interest received from investing activities	1,025,116	1,152,275
2. Cash receipts from dividends and participation in the profit of others	572,599	574,366
4. Proceeds from sale of property and equipment	995	58,946
5. Proceeds from sale of financial investments	143,387,166	37,377,661
b.) Cash disbursements in investing activities	-135,031,852	-35,801,829
1. Purchase of intangible assets	-46,718	-8,048
2. Purchase of property and equipment	-53,262	-138,048
3. Purchase of financial investments	-134,931,873	-35,655,733
c.) Net cash from/used in investing activities (a + b)	9,954,023	3,361,419
C. Cash flows from financing activities		
b.) Cash disbursements in financing activities	-12,591,380	-1,393,102
1. Interest paid	-409,340	-214,156
3. Repayment of long-term financial liabilities	-12,182,040	0
6. Own share repurchases	0	-1,178,946
c.) Net cash from/used in financing activities (a + b)	-12,591,380	-1,393,102
C2. Closing balance of cash and cash equivalents	9,383,589	4,167,240
x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	1,393,770	3,881,290
y) Opening balance of cash and cash equivalents	7,989,819	285,950

**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.

Gross operating expenses. Operating expenses, excluding 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.

Gross/net. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.	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.
IBNER. Provision for claims that are Incurred But Not Enough Reported.	Net operating expenses. Operating expenses net of commission income.
IBNR. Provision for claims that are Incurred But Not Reported.	Net premiums earned. Net premiums written for a given period adjusted for the change in net unearned premiums.
Insurance density. The ratio of gross premiums written as a percentage of the number of inhabitants.	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.
Insurance penetration. The ratio of gross premiums written as a percentage of gross domestic product.	Net retention risk. The risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience.
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.	Net/gross. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.
Investment portfolio. The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.	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.
Liability fund. Assets covering technical provisions.	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.
Life insurance liability fund. Assets covering mathematical provisions.	Operational risk. The risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.
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.	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
Market risks. Include interest rate risk, equity risk and currency risk.	OTC market. Engl. Over-The-Counter market. OTC market transactions are transactions outside the regulated market.
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.	Paid loss ratio. The ratio of gross claims paid as a percentage of gross premiums written.
Net claims incurred. Net claims payments (short: net claims paid) in the period gross of the change in the net provision for outstanding claims.	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.
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.	Pricing risk. The risk that (re)insurance premiums charged will be insufficient to cover future obligations arising from (re)insurance contracts.
Net combined ratio. Ratio of total expenses net of investment expenses as a percentage of total income net of investment income.	Primary insurer. Insurance company that has a direct contractual relationship with the holder of the insurance policy (private individual, firm or organisation).
Net expense ratio. The ratio of operating expenses, net of commission income, as a percentage of net earned premiums.	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.
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 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	

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.
