



**UNAUDITED FINANCIAL REPORT OF THE  
SAVA RE GROUP AND  
FINANCIAL STATEMENTS OF SAVA RE, D.D.,  
FOR THE NINE MONTHS TO  
30 SEPTEMBER 2017**

Ljubljana, 16 November 2017



## CONTENTS

<b>INTRODUCTION .....</b>	<b>5</b>
1 INTRODUCTION .....	7
1.1 Key financials .....	9
1.2 Sava Re company profile .....	11
1.3 Bodies of the Company .....	12
1.4 Significant events in the nine months to 30 September 2017 .....	14
1.5 Significant events after the reporting period .....	15
1.6 Composition of the Sava Re Group .....	16
1.7 Shareholders and share trading .....	17
<b>SAVA RE GROUP INTERIM BUSINESS REPORT .....</b>	<b>21</b>
2 SAVA RE GROUP REVIEW OF OPERATIONS.....	23
3 SEGMENT REPORTING .....	31
3.1 Reinsurance operations.....	32
3.2 Non-life insurance business.....	35
3.3 Life insurance business.....	40
4 FINANCIAL POSITION OF THE SAVA RE GROUP .....	45
4.1 Assets.....	45
4.2 Liabilities.....	49
4.3 Capital structure .....	51
4.4 Cash flow .....	51
4.5 Sava Re rating profile.....	52
5 PERSONNEL .....	52
6 RISK MANAGEMENT.....	53
6.1 Capital adequacy and capital management in the Sava Re Group .....	53
6.2 Underwriting risk.....	53
6.3 Risks associated with policies where policyholders bear the investment risk.....	54
6.4 Risks associated with investment contracts.....	55
6.5 Financial risks.....	55
6.6 Operational risks.....	60
6.7 Strategic risks.....	61
6.8 Risk exposure up until year-end 2017 .....	61
<b>SUMMARY OF SAVA RE GROUP FINANCIAL STATEMENTS WITH NOTES.....</b>	<b>63</b>
7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	65
7.1 Unaudited consolidated statement of financial position.....	65
7.2 Unaudited consolidated income statement.....	66
7.3 Unaudited consolidated statement of comprehensive income.....	67
7.4 Unaudited consolidated statement of cash flows.....	68
7.5 Unaudited consolidated statement of changes in equity .....	69
8 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS .....	71
8.1 Overview of major accounting policies .....	71
8.2 Seasonality and cyclicity of interim operations.....	71
8.3 Nature and amount of unusual items .....	71
8.4 Materiality .....	72
8.5 Issuance, repurchase, and repayment of debt and equity securities .....	72
8.6 Key accounting estimates and judgements.....	72
8.7 Analysis of operating segments.....	72
8.8 Notes to significant changes in the statement of financial position .....	80
9 RELATED-PARTY DISCLOSURES .....	89

UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS OF SAVA RE .....		93
10	UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS .....	95
10.1	Unaudited statement of financial position .....	95
10.2	Unaudited income statement .....	96
10.3	Unaudited statement of comprehensive income .....	97
10.4	Unaudited statement of changes in equity .....	98
10.5	Unaudited statement of cash flows .....	99
Appendix – Glossary of selected terms and calculation methodologies for indicators .....		101
Appendix – Glossary of selected terms and calculation methodologies for indicators .....		103

# INTRODUCTION



## **1 INTRODUCTION**

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Sava Re, d.d. (also "Sava Re" or the "Company"), with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited Financial Report of the Sava Re Group and Sava Re, d.d. for the Nine Months to 30 September 2017.

The Unaudited Financial Report of the Sava Re Group and the Financial Statements of Sava Re, d.d., for the Nine Months to 30 September 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. In addition, it will be posted on the Company's website at [www.sava-re.si](http://www.sava-re.si) as from 16 November 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" as 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.

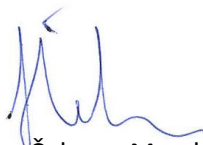
The business report gives a fair view of the development and performance of the Group and the Company, and their financial position, including a description of the principal risks that the consolidated companies are exposed to.



Marko Jazbec, Chairman of the Management Board



Jošt Dolničar, Member of the Management Board



Srečko Čebren, Member of the Management Board



Mateja Treven, Member of the Management Board

Ljubljana, 9 November 2017



## 1.1 Key financials

(€, except percentages)	Sava Re Group		Sava Re	
	1–9/2017	1–9/2016	1–9/2017	1–9/2016
<b>Gross premiums written</b>	<b>409,204,368</b>	<b>390,549,344</b>	<b>125,035,141</b>	<b>123,023,052</b>
Year-on-year change (%)	4.8 %	1.5 %	1.6 %	1.9 %
<b>Net premiums earned</b>	<b>350,613,615</b>	<b>343,769,334</b>	<b>95,139,764</b>	<b>99,433,750</b>
Year-on-year change (%)	2.0 %	2.6 %	-4.3 %	11.4 %
<b>Gross claims paid</b>	<b>218,584,956</b>	<b>195,251,098</b>	<b>56,148,136</b>	<b>62,644,879</b>
Year-on-year change (%)	12.0 %	-0.6 %	-10.4 %	-1.4 %
<b>Net claims incurred</b>	<b>219,696,644</b>	<b>204,056,822</b>	<b>56,104,152</b>	<b>62,277,434</b>
Year-on-year change (%)	7.7 %	-2.0 %	-9.9 %	-4.6 %
<b>Net incurred loss ratio</b>	<b>59.2 %</b>	<b>61.0 %</b>	<b>59.1 %</b>	<b>62.5 %</b>
<b>Net incurred loss ratio, excluding exchange differences</b>	<b>61.2 %</b>	<b>61.2 %</b>	<b>64.9 %</b>	<b>63.1 %</b>
<b>Operating expenses, including reinsurance commission income</b>	<b>112,047,728</b>	<b>111,307,656</b>	<b>30,065,757</b>	<b>29,898,126</b>
Year-on-year change (%)	0.7 %	5.8 %	0.6 %	8.2 %
<b>Net expense ratio</b>	<b>32.0 %</b>	<b>32.4 %</b>	<b>31.6 %</b>	<b>30.1 %</b>
<b>Net expense ratio, excluding exchange differences</b>	<b>32.0 %</b>	<b>32.4 %</b>	<b>31.7 %</b>	<b>30.1 %</b>
<b>Gross expense ratio</b>	<b>28.7 %</b>	<b>29.4 %</b>	<b>27.2 %</b>	<b>27.3 %</b>
<b>Net combined ratio</b>	<b>94.5 %</b>	<b>96.3 %</b>	<b>92.5 %</b>	<b>93.0 %</b>
<b>Net combined ratio, excluding exchange differences</b>	<b>95.9 %</b>	<b>96.2 %</b>	<b>96.7 %</b>	<b>92.9 %</b>
Net inv. income of the investment portfolio	11,376,091	17,799,697	24,106,455	29,214,320
Return on the investment portfolio	1.4 %	2.3 %	5.2 %	6.6 %
Net inv. income of the investment portfolio, excluding exchange differences	17,121,404	18,234,892	29,517,534	29,645,183
Return on the investment portfolio, excluding exchange differences	2.1 %	2.3 %	6.9 %	6.7 %
<b>Profit/loss, net of tax</b>	<b>20,925,989</b>	<b>22,618,947</b>	<b>30,368,640</b>	<b>34,764,506</b>
Year-on-year change (%)	-7.5 %	-1.6 %	-12.6 %	132.9 %
<b>Profit/loss before tax</b>	<b>27,141,573</b>	<b>27,811,765</b>	<b>31,437,456</b>	<b>36,672,968</b>
Year-on-year change (%)	-2.4 %	2.9 %	-14.3 %	145.7 %
<b>Comprehensive income</b>	<b>22,812,287</b>	<b>36,831,515</b>	<b>30,704,741</b>	<b>37,307,550</b>
Year-on-year change (%)	-38.1 %	124.2 %	-17.7 %	176.5 %
<b>Annualised return on equity</b>	<b>9.1 %</b>	<b>10.2 %</b>	<b>11.6 %</b>	<b>14.0 %</b>
Net earnings/loss per share	1.35	1.43	1.96	2.19
	<b>30/09/2017</b>	<b>31/12/2016</b>	<b>30/09/2017</b>	<b>31/12/2016</b>
<b>Total assets</b>	<b>1,718,078,266</b>	<b>1,671,189,179</b>	<b>586,540,003</b>	<b>568,147,764</b>
Change on 31 Dec of prior year (%)	2.8 %	4.0 %	3.2 %	-0.5 %
<b>Shareholders' equity</b>	<b>307,380,860</b>	<b>297,038,327</b>	<b>288,662,207</b>	<b>270,355,622</b>
Change on 31 Dec of prior year (%)	3.5 %	3.7 %	6.8 %	2.5 %
<b>Net technical provisions</b>	<b>1,153,520,218</b>	<b>1,109,770,895</b>	<b>225,008,171</b>	<b>208,003,567</b>
Change on 31 Dec of prior year (%)	3.9 %	3.6 %	8.2 %	1.5 %
Book value per share	19.83	18.81	-	-
No. of employees (full-time equivalent basis)	2,392.80	2,488.00	92.10	94.60

### Notes:

- S** For details on the calculation of ratios and the net investment income, see the appended glossary.
- S** 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.
- S** In the period 1–9/2017, in the reinsurance operating segment, exchange rate differences had a negative effect of € 5.4 million on the investment result and a positive impact of € 4.2 million on the underwriting result. The total impact in the period 1–9/2017 was a negative one of € 1.2 million and in the period 1–9/2016, a negative one of € 0.5 million.

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

(€ million)	1-9/2017	2017 plan	As % of plan
Consolidated gross premiums written	409.2	494.3	82.8 %
Net profit/loss for the period	20.9	32.6	64.2 %
Annualised return on equity	9.1 %	10.3 %	✘
Net combined ratio, excluding exchange differences	95.9 %	94.6 %	✘
Net incurred loss ratio, excluding exchange differences	61.2 %	59.4 %	✘
Net expense ratio, excluding exchange differences	32.0 %	32.6 %	✓
Annualised return on the investment portfolio, excluding exchange differences	2.1 %	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 is lower than planned for the full year 2017 as a result of a somewhat poorer net combined ratio in the first nine months of 2017 compared to the annual 2017 plan.

## 1.2 Sava Re company profile

Company name	Sava Re, d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Fax	+386 1 47 50 264
E-mail	<a href="mailto:info@sava-re.si">info@sava-re.si</a>
Website	<a href="http://www.sava-re.si">www.sava-re.si</a>
Company ID number	5063825
Tax number	17986141
LEI code	549300P6F1BDSFSW5T72
Share capital:	€ 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<u>MANAGEMENT BOARD</u> Marko Jazbec (chairman) Jošt Dolničar Srečko Čebren Mateja Treven <u>SUPERVISORY BOARD</u> Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Gjivoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10 Dec 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/ October 2017
Standard & Poor's	A– /positive/ July 2017
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.

From 23 August 2016 to 11 May 2017, the management board 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. Having received the decision that he was granted the licence for performing the function, Marko Jazbec started his five-year term of office as chairman of the management board of Sava Re on 12 May 2017.

#### Members of the management board as at 30 September 2017

Member	Title	Beginning of term of office	Duration of term of office
Marko Jazbec	chairman	12/05/2017	12/05/2022
Jošt Dolničar	member	01/06/2013	01/06/2018
Srečko Čebtron	member	01/06/2013	01/06/2018
Mateja Treven	member	01/06/2013	01/06/2018

#### 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.

Since 11 October 2016, the supervisory board operated with 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. Since 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, whose term of office started on 16 July 2017.

The members of the supervisory board serving in the new term of office are Andrej Kren, Davor Ivan Gjivoje, Keith William Morris, Mateja Lovšin Herič, Mateja Živec and Gorazd Kunstek. On 16 August 2017, the supervisory board members elected, in their constitutive meeting, Mateja Lovšin Herič as chair of the supervisory board and Keith William Morris as deputy chair.

#### Composition of the supervisory board as at 30 September 2017:

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chair	16/07/2017	16/07/2021
Keith W. Morris	deputy chair	16/07/2017	16/07/2021
Andrej Kren	member	16/07/2017	16/07/2021
Davor Ivan Gjivoje	member	07/03/2017	07/03/2021
Andrej Gorazd Kunstek	member (employee representative)	11/06/2015	11/06/2019
Mateja Živec	member (employee representative)	01/04/2016	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 nine months to 30 September 2017, the composition of the supervisory board's audit committee changed. In its constitutive meeting on 16 August 2017, the supervisory board appointed a three-member audit committee. Andrej Kren was appointed as chair, Mateja Lovšin Herič as member and deputy chair, and Ignac Dolenšek as external member of the committee.

#### *Composition of the supervisory board's audit committee as at 30 September 2017*

Member	Title	Beginning of term of office	Duration of term of office
Andrej Kren	chairman	16/08/2017	16/07/2021
Mateja Lovšin Herič	member	16/08/2017	16/07/2021
Ignac Dolenšek	external member	16/08/2017	16/07/2021

#### **Risk committee**

In 2017 a risk committee was set up. On 24 August 2017, the Sava Re supervisory board appointed a three-member risk committee. Keith W. Morris was appointed as chair, Davor I. Gjivoje was appointed as member, and Slaven Mičković as external member of the committee.

#### *Composition of the supervisory board's risk committee as at 30 September 2017*

Member	Title	Beginning of term of office	Duration of term of office
Keith W. Morris	chairman	24/08/2017	16/07/2021
Davor I. Gjivoje	member	24/08/2017	16/07/2021
Slaven Mičković	external member	24/08/2017	16/07/2021

#### **Nominations and remuneration committee**

In the nine months to 30 September 2017, the composition of the supervisory board's nominations and remuneration committee changed. On 24 August 2017, the Sava Re supervisory board appointed a four-member nominations and remuneration committee. Mateja Lovšin Herič was appointed as chair, while Keith W. Morris, Andrej Kren and Davor I. Gjivoje were appointed as members.

#### *Composition of the supervisory board's nominations committee as at 30 September 2017:*

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chair	24/08/2017	16/07/2021
Keith W. Morris	member	24/08/2017	16/07/2021
Andrej Kren	member	24/08/2017	16/07/2021
Davor I. Gjivoje	member	24/08/2017	07/03/2021

#### **Fit and proper committee**

In the nine months to 30 September 2017, the composition of the supervisory board's fit and proper committee changed. On 24 August 2017, the Sava Re supervisory board appointed a three-member

fit and proper committee. Mateja Živec was appointed as chair, Keith W. Morris was appointed as member, and Nika Matjan as external member of the committee. Andrej Kren was appointed as alternate member.

*Composition of the fit & proper committee as at 30 September 2017*

Member	Title	Beginning of term of office	Duration of term of office
Mateja Živec	chair	24/08/2017	01/06/2019
Keith W. Morris	member	24/08/2017	16/07/2021
Nika Matjan	external member	24/08/2017	16/07/2021
Andrej Kren	alternate member	24/08/2017	16/07/2021

### *General meeting of shareholders*

The Sava Re general meeting of shareholders was convened twice in the nine months to 30 September 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 expired in July 2017. 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. The general meeting elected, for a four-year term, the following members of the supervisory board: Davor I. Gjivoje, beginning his term of office on 7 March 2017; Mateja Lovšin Herič, Keith W. Morris and Andrej Kren, beginning on 16 July 2017.

The 33rd general meeting of Sava Re was held on 19 May 2017. Among other things, the general meeting was presented the annual report for 2016, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2016 with the opinion of the supervisory board thereto. Furthermore, the general meeting was informed of the remuneration of the members of management and supervisory bodies and of the management report on own shares. The general meeting resolved that part of distributable profit in the amount of € 12,398,156.80 be appropriated for dividends, while the remaining part of distributable profit of € 6,012,234.14 be left unappropriated. The general meeting discharged the supervisory board for the financial year 2016. Then the general meeting resolved to take separate votes on the granting of discharge for the financial year 2016 to each member of the management board. The general meeting granted the discharge for the financial year 2016 to the members of the management board: Jošt Dolničar (chairman of the management board from 23 August 2016), Srečko Čebren and Mateja Treven.

## **1.4 Significant events in the nine months to 30 September 2017**

- S** On 7 March 2017, the 32nd general meeting of Sava Re was held. The general meeting elected new supervisory board members for the next four-year term of office: Ivan Davor Gjivoje (beginning on 7 March 2017) and Mateja Lovšin Herič, Keith William Morris and Andrej Kren (beginning on 16 July 2017). Since 7 March 2017, the supervisory board of Sava Re has operated with all of its six members.
- S** In 2006 and 2007, Sava Re raised 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 law and the Standard & Poor's model. In January 2014, Sava Re repaid € 8 million of the nominal amount of its subordinated debt. 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. The remaining part of the

subordinated debt in the nominal amount of € 12 million was repaid in June 2017. After the repayment of the subordinated debt, Sava Re and the Sava Re Group have continued to maintain a high solvency ratio under the applicable law.

- S** On 19 April 2017, Sava Re jointly with some other expropriated shareholders presented comments and proposals relating to the draft Law on Judicial Protection of Holders of Qualifying Liabilities of Banks in connection with the cancellation of subordinated financial instruments. They emphasised 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 of measure taken in Europe, as demonstrated by new facts and figures.
- S** On 12 May 2017, Marko Jazbec took up the position of chairman of the management board of Sava Re, after obtaining the ISA licence for performing the function.
- S** On 19 May 2017 the 33rd general meeting was held with no challenging actions announced. The general meeting approved the proposed dividend of € 0.80 gross per share, in total € 12,398,156.80 (taking into account the number of own shares), or 37.7 % of the net profit of the Sava Re Group. The regular dividend increased by 23 % and was on the same level as the sum of last year's regular and extraordinary dividends.
- S** In June, a court settlement was concluded in the labour dispute between Sava Re and Zvonko Ivanušič, finally resolving all disputed relations between the parties concerning the termination of the plaintiff's employment contract with the defendant. Following this, a court settlement was concluded in the commercial dispute between the Company and Zvonko Ivanušič, finally resolving all disputed relations between the parties relating to the recall of the plaintiff from the position of chairman of the management board of Sava Re.
- S** In the first half of 2017, the document Sava Re, d.d. Solvency and Financial Condition Report 2016 was published followed by the release of Sava Re Group Solvency and Financial Condition Report 2016 in July 2017.
- S** On 16 July 2017, the following members of the supervisory board began their four-year term of office based on a general meeting resolution: Andrej Kren, Keith William Morris and Mateja Lovšin Herič. The members of the supervisory board serving in the new term of office are Andrej Kren, Davor Ivan Gjivoje, Keith William Morris, Mateja Lovšin Herič, Mateja Živec and Gorazd Kunstek. On 16 August 2017, the supervisory board members elected, in their constitutive meeting, Mateja Lovšin Herič as chair of the supervisory board and Keith William Morris as deputy chair.
- S** On 26 July 2017, after its regular annual rating review, rating agency Standard & Poor's affirmed Sava Re's existing "A-" (strong) ratings but revised the outlook to "positive" from "stable".
- S** On 8 August 2017, the general meeting of shareholders of Zavarovalnica Sava, d.d. was held in which the shareholders adopted the resolution to transfer all the shares of minority shareholders to the majority shareholder Sava Re (main shareholder). On the publication day of the Zavarovalnica Sava general meeting notice, Sava Re held 15,332,411 ordinary, registered no-par-value shares of Zavarovalnica Sava, accounting for 99.74 % of the company's share capital. After the resolution on the share transfer was entered into the register of companies on 10 October 2017, Sava Re became sole owner of Zavarovalnica Sava.
- S** By the time of preparing this report, the subsidiary Zavarovalnica Sava suffered a number of weather-related loss events (larger frequency of on average small losses). These events amounted to an aggregate loss of about € 7.6 million. One catastrophic event of € 5 million had been included in the 2017 Group plan.

## **1.5 Significant events after the reporting period**

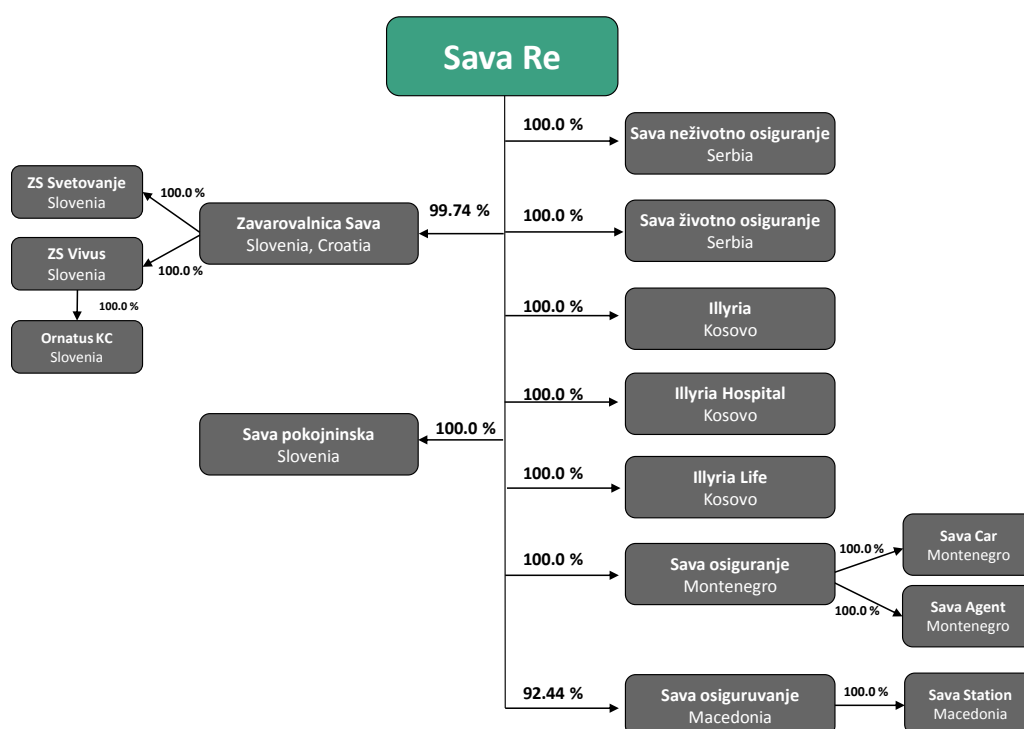
- S** On 10 October 2017, Sava Re published that a B3i (Blockchain Insurance Industry Initiative) initiative had been launched by major insurance and reinsurance players in order to test the blockchain platform. Sava Re joined the B3i initiative in its testing phase.

- S** In October 2017 following its regular annual rating review, rating agency A.M. Best affirmed the financial strength rating on Sava Re, the operating holding company of the Sava Re Group, of "A-" with a stable outlook.
- S** On 2 November 2017, Sava Re signed a contract for the acquisition of 75 % of the company TBS TEAM 24. The contract will become effective after the suspensive conditions have been satisfied. TBS TEAM 24 provides assistance services relating to motor, health and homeowners insurance.
- S** In its session of 9 November 2017, the supervisory board voted unanimously in support of the proposal of Marko Jazbec, chairman of the management board, and appointed a new Sava Re management board team. Srečko Čebren and Jošt Dolničar were re-elected to serve on the board for a third consecutive term of office. Polona Pirš Zupančič was appointed as fourth member of the management board. The two board members who were re-elected will start their new term of office on 1 June 2018; the new management board member will take up her office on the day after the licence to perform the function of management board member is issued by the Insurance Supervision Agency.
- S** On 8 November 2017, Standard & Poor's assigned Zavarovalnica Sava, d.d. 'A-' (strong) issuer credit and financial strength ratings with a positive outlook.

## 1.6 Composition of the Sava Re Group

As at 30 September 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 30 September 2017*



On 10 October 2017, the companies ZS Svetovanje and ZS Vivus merged to form ZS Svetovanje. As of 10 October 2017, Sava Re has been the sole owner of Zavarovalnica Sava.



## Company names of 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. – Podružnica Hrvatska	Zavarovalnica Sava, Slovenian part (in tables)
3	Sava pokojninska 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.	ZS 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 October 2016 to 30 September 2017 compared to the SBITOP stock index*



The share price as at 31 December 2016 was €13.22 and €16.30 as at 30 September 2017, representing a 23.3 % increase in the period.

### Basic details about the POSR share

	30/09/2017	30/09/2016
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	4,088	4,619
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	1,721,966	1,721,966
Consolidated net earnings per share (€)	1.35	1.43
Consolidated book value per share (€)	19.83	19.11
Share price at end of period (€)	16.30	13.99
	1–9/2017	1–9/2016
Average share price in reporting period (€)	16.04	13.88
Minimum share price in reporting period (€)	15.12	11.80
Maximum share price in reporting period (€)	16.95	15.00
Trade volume in reporting period (€)	2,944,096	17,760,166

As at 30 September 2017, 65.3 % of shareholders were Slovenian and 34.7 % were foreign investors. The largest shareholder of POSR shares is Slovenian Sovereign Holding (Slovenski državni holding d.d.) with 25 % plus one share.

### Top ten shareholders of Sava Re as at 30 September 2017

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	4,304,917	25.0 %
Zagrebačka banka d.d. – fiduciary account	2,439,852	14.2 %
Pozavarovalnica Sava d.d.	1,721,966	10.0 %
European Bank for Reconstruction and Development	1,071,429	6.2 %
Raiffeisen Bank Austria d.d. (fiduciary account)	784,710	4.6 %
Modra Zavarovalnica d.d.	714,285	4.1 %
Abanka d.d.	655,000	3.8 %
Republic of Slovenia	476,402	2.8 %
East Capital – East Capital Balkans	365,740	2.1 %
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9 %
<b>Total</b>	<b>12,854,647</b>	<b>74.7 %</b>

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. On 2 June 2016, 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.

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

### Shareholder structure of Sava Re as at 30 September 2017

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.2 %	0.1 %
Insurers and pension companies	19.2 %	0.0 %
Natural persons	9.0 %	0.1 %
Banks	3.8 %	28.8 %
Investment funds and mutual funds	3.1 %	4.4 %
Other commercial companies	2.2 %	1.2 %
Government	2.8 %	0.0 %
<b>Total</b>	<b>65.3 %</b>	<b>34.7 %</b>

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 calculations.

### Own shares

In the period from 1 January 2017 to 30 September 2017, Sava Re did not repurchase any own shares. The total number of own shares as at 30 September 2017 was 1,721,966, representing 10 % minus one share of all issued shares.

### Dividends

In the second quarter of 2017, the Company paid dividends as per general meeting resolution. In 1–9/2017, the Company did not have conditional equity.

#### Details on dividends

(€)	For 2013	For 2014	For 2015	For 2016
Dividend payouts	4,386,985	9,065,978	12,398,157	12,398,158
Dividend/share	0.26	0.55	ordinary: 0.65 special: 0.15	0.80
Dividend yield	2.0 %	3.8 %	5.8 %	5.1 %



# **SAVA RE GROUP INTERIM BUSINESS REPORT**



## 2 SAVA RE GROUP REVIEW OF OPERATIONS

### Summary consolidated income statement

(€)	1–9/2017	1–9/2016	Index
Net earned premiums	350,613,615	343,769,334	102.0
Investment income	20,832,708	24,271,590	85.8
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	12,342,741	12,601,783	97.9
Other technical income	9,185,753	12,825,374	71.6
Other income	4,072,300	4,111,766	99.0
- Of which investment property	343,409	264,853	129.7
Net claims incurred	-219,696,644	-204,056,822	107.7
Change in other technical provisions	-7,600,104	-8,011,608	94.9
Change in technical provisions for policyholders who bear the investment risk	3,150,931	-12,354,559	-25.5
Expenses for bonuses and rebates	143,544	-1,293,443	-11.1
Operating expenses	-114,173,572	-114,052,410	100.1
Expenses for financial assets and liabilities	-9,637,706	-6,625,796	145.5
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-7,049,279	-9,187,423	76.7
Other technical expenses	-13,773,670	-12,744,056	108.1
Other expenses	-1,269,044	-1,441,965	88.0
- Of which investment property	-162,320	-110,950	146.3
<b>Profit/loss before tax</b>	<b>27,141,573</b>	<b>27,811,766</b>	<b>97.6</b>

### Consolidated performance ratios

	1–9/2017	1–9/2016
Net incurred loss ratio (reins. + non-life)	59.2 %	61.0 %
<i>Net incurred loss ratio, excluding exchange differences (reins. + non-life)</i>	<i>61.2 %</i>	<i>61.2 %</i>
Net expense ratio	32.0 %	32.4 %
<i>Net expense ratio, excluding exchange differences</i>	<i>32.0 %</i>	<i>32.4 %</i>
Net combined ratio (reins. + non-life)	94.5 %	96.3 %
<i>Net combined ratio, excluding exchange differences (reins. + non-life)</i>	<i>95.9 %</i>	<i>96.2 %</i>
Return on the investment portfolio	1.4 %	2.3 %
<i>Return on the investment portfolio, excluding exchange differences</i>	<i>2.1 %</i>	<i>2.3 %</i>
Annualised return on equity	9.1 %	10.2 %

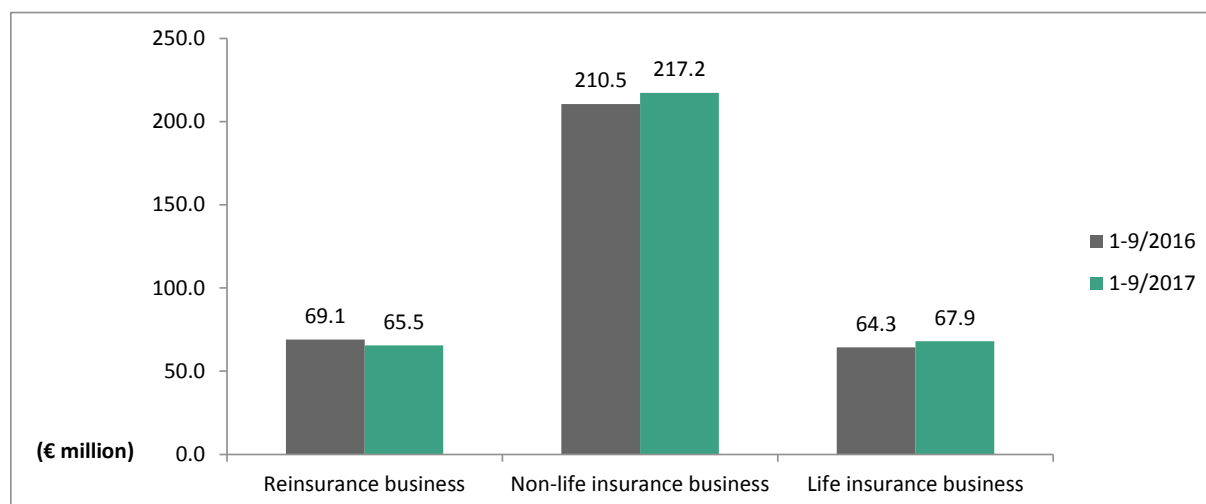
In the period 1–9/2017, exchange differences had a positive impact on the underwriting result of the reinsurance segment of € 4.2 million (1–9/2016: negative impact of € 0.06 million) and a negative impact of € 5.4 million on the investment result (1–9/2016: negative impact of € 0.4 million). The total negative impact of exchange differences on the net profit for the period was € 1.2 million (1–9/2016: negative impact of € 0.5 million). As both effects on profit mainly relate to international reinsurance operations, detailed figures are presented in the section covering reinsurance business later in this report.

### Consolidated net earned premiums

#### Consolidated net earned premiums

(€)	1–9/2017	1–9/2016	Index
Gross premiums written	409,204,368	390,549,344	104.8
Net premiums written	379,926,229	364,792,726	104.1
Change in net unearned premiums	-29,312,614	-21,023,392	139.4
<b>Net earned premiums</b>	<b>350,613,615</b>	<b>343,769,334</b>	<b>102.0</b>

### Consolidated net premiums earned by operating segment

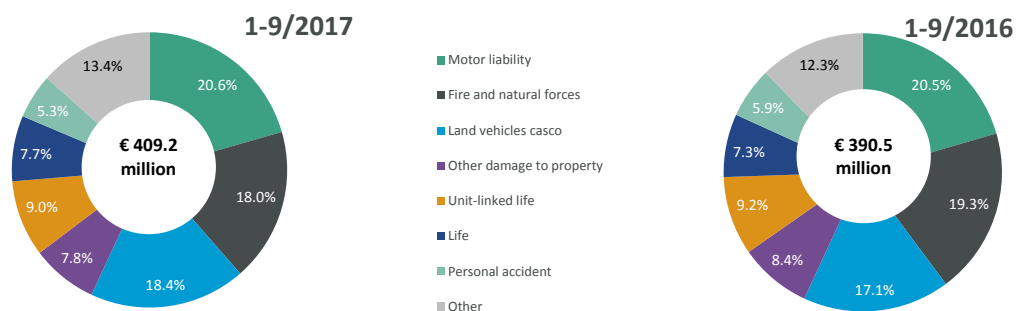


### Consolidated net earned premiums by class of business

(€)	1-9/2017	1-9/2016	Index
Personal accident	20,827,657	23,155,060	89.9
Health insurance	5,915,520	2,809,461	210.6
Land vehicles casco	65,386,481	60,346,232	108.4
Railway rolling stock	101,958	66,308	153.8
Aircraft hull	238,640	492,311	48.5
Ships hull	3,734,447	3,148,250	118.6
Goods in transit	4,811,444	5,846,818	82.3
Fire and natural forces	56,063,217	57,923,314	96.8
Other damage to property	24,293,261	26,946,400	90.2
Motor liability	76,595,705	74,255,965	103.2
Aircraft liability	60,849	149,496	40.7
Liability for ships	720,429	536,825	134.2
General liability	13,742,367	12,757,628	107.7
Credit	3,347,062	2,545,923	131.5
Suretyship	326,241	314,091	103.9
Miscellaneous financial loss	1,593,692	3,678,308	43.3
Legal expenses insurance	163,270	388,832	42.0
Assistance insurance	4,526,368	4,422,898	102.3
<b>Total non-life</b>	<b>282,448,608</b>	<b>279,784,120</b>	<b>101.0</b>
Life insurance	31,545,231	28,407,169	111.0
Unit-linked life	36,619,776	35,578,045	102.9
<b>Total life insurance</b>	<b>68,165,007</b>	<b>63,985,214</b>	<b>106.5</b>
<b>Total</b>	<b>350,613,615</b>	<b>343,769,334</b>	<b>102.0</b>



## Consolidated gross premiums written by class of business



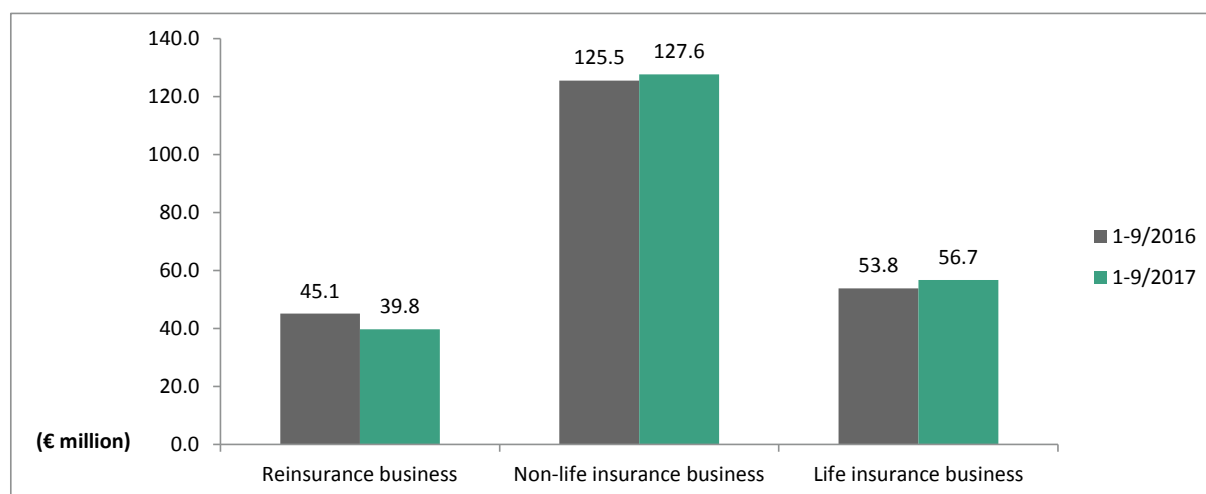
## Consolidated net claims incurred

### Consolidated net claims incurred

(€)	1-9/2017	1-9/2016	Index
Gross claims paid	218,584,956	195,251,098	112.0
Net claims paid	208,714,995	182,927,895	114.1
Change in the net provision for outstanding claims	10,981,649	21,128,927	52.0
<b>Net claims incurred</b>	<b>219,696,644</b>	<b>204,056,822</b>	<b>107.7</b>
Change in other technical provisions*	7,600,104	8,011,608	94.9
Change in technical provisions for policyholders who bear the investment risk	-3,150,931	12,354,559	-25.5
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>224,145,817</b>	<b>224,422,989</b>	<b>99.9</b>

\*These provisions mainly comprise mathematical provisions.

### Consolidated net claims incurred by operating segment

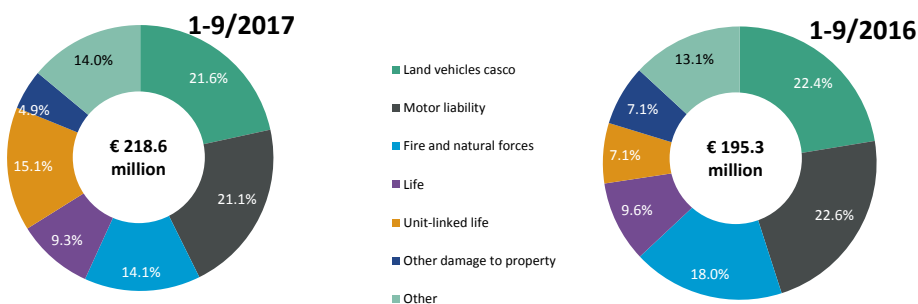


The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

### Consolidated net claims incurred by class of business<sup>1</sup>

(€)	1-9/2017	1-9/2016	Index
Personal accident	8,546,525	11,343,788	75.3
Health insurance	4,048,598	1,442,834	280.6
Land vehicles casco	48,661,399	45,692,620	106.5
Railway rolling stock	40,594	7,568	536.4
Aircraft hull	297,174	653,298	45.5
Ships hull	4,174,489	5,931,228	70.4
Goods in transit	3,454,778	1,513,905	228.2
Fire and natural forces	38,651,341	40,695,970	95.0
Other damage to property	9,930,948	8,622,914	115.2
Motor liability	41,319,699	46,312,271	89.2
Aircraft liability	-11,007	-46,164	23.8
Liability for ships	431,681	478,236	90.3
General liability	4,353,117	5,204,471	83.6
Credit	-302,098	-615,294	49.1
Suretyship	261,494	200,282	130.6
Miscellaneous financial loss	1,327,651	2,004,720	66.2
Legal expenses insurance	626	1,913	32.7
Assistance insurance	994,629	578,809	171.8
<b>Total non-life</b>	<b>166,181,638</b>	<b>170,023,369</b>	<b>97.7</b>
Life insurance	19,937,646	19,027,891	104.8
Unit-linked life	33,577,360	15,005,562	223.8
<b>Total life insurance</b>	<b>53,515,006</b>	<b>34,033,453</b>	<b>157.2</b>
<b>Total</b>	<b>219,696,644</b>	<b>204,056,822</b>	<b>107.7</b>

### Consolidated gross premiums written by class of business



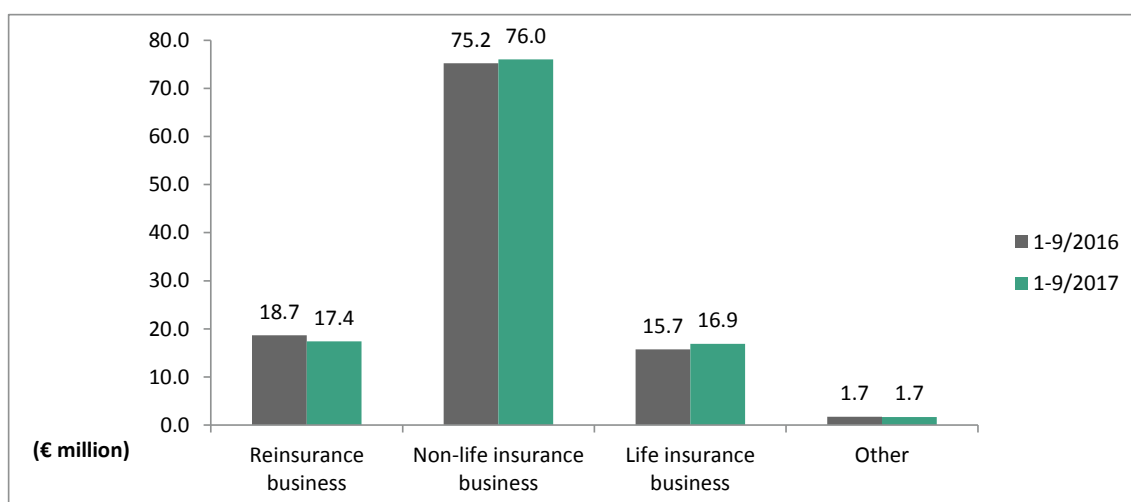
<sup>1</sup> These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

## Consolidated operating expenses

### Consolidated operating expenses

(€)	1–9/2017	1–9/2016	Index
Acquisition costs	39,025,945	39,197,442	99.6
Change in deferred acquisition costs (+/-)	-3,096,593	-579,187	534.6
Other operating expenses	78,244,220	75,434,155	103.7
<b>Operating expenses</b>	<b>114,173,572</b>	<b>114,052,410</b>	<b>100.1</b>
Income from reinsurance commission	-2,125,844	-2,744,754	77.5
<b>Net operating expenses</b>	<b>112,047,728</b>	<b>111,307,656</b>	<b>100.7</b>
Gross expense ratio	28.7 %	29.4 %	
Net expense ratio	32.0 %	32.4 %	

### Consolidated net operating expenses by operating segment



## Consolidated net investment income

### Consolidated net inv. income of the investment portfolio

(€)	1–9/2017	1–9/2016	Absolute change
Net investment income from financial investments	11,195,002	17,645,794	-6,450,792
Net investment income of investment property	181,089	153,903	27,186
<b>Net inv. income of the investment portfolio</b>	<b>11,376,091</b>	<b>17,799,697</b>	<b>-6,423,606</b>
<b>Net inv. income of the investment portfolio, excluding exchange differences</b>	<b>17,121,404</b>	<b>18,234,891</b>	<b>-1,113,487</b>

In the period 1–9/2017, the Group's net investment income from its investment portfolio totalled € 11.4 million, down € 6.4 million year on year. Net investment income was lower owing largely to the larger net exchange losses (€ 5.7 million).

The Group's net investment income from its investment portfolio, excluding exchange differences, totalled € 17.1 million, down € 1.1 million year on year.

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

*Consolidated income and expenses relating to the investment portfolio*

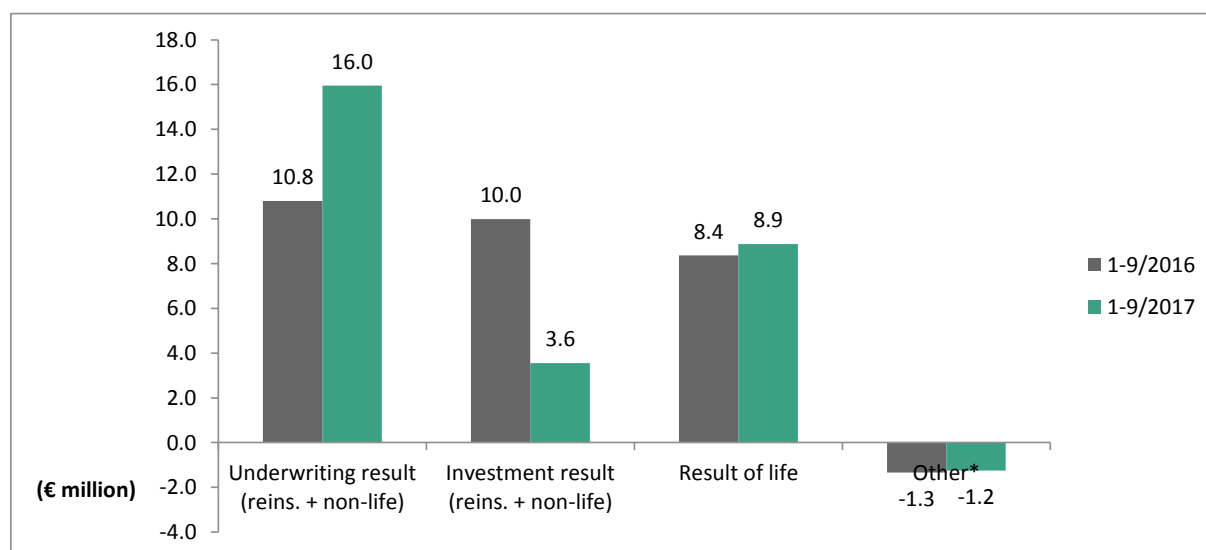
(€)	1–9/2017	1–9/2016	Absolute change
<b>Income</b>			
Interest income	14,089,379	15,971,961	-1,882,582
Change in fair value and gains on disposal of FVPL assets	135,920	693,779	-557,859
Gains on disposal of other IFRS asset categories	1,983,186	1,708,714	274,472
Income from dividends and shares – other investments	1,106,215	1,242,216	-136,001
Exchange gains	2,610,843	4,487,608	-1,876,765
Diverse other income	1,250,574	432,165	818,409
<b>Income relating to the investment portfolio</b>	<b>21,176,117</b>	<b>24,536,444</b>	<b>-3,360,327</b>
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	12,342,741	12,601,783	-259,042
<b>Expenses</b>			
Interest expenses	718,823	635,747	83,076
Change in fair value and losses on disposal of FVPL assets	71,339	542,893	-471,554
Losses on disposal of other IFRS asset categories	409,705	367,613	42,092
Impairment losses on investments	48	80,669	-80,621
Exchange losses	8,356,156	4,922,802	3,433,354
Other	243,955	187,022	56,933
<b>Expenses relating to the investment portfolio</b>	<b>9,800,026</b>	<b>6,736,746</b>	<b>3,063,280</b>
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	7,049,279	9,187,423	-2,138,144

In the period 1–9/2017, investment income totalled € 21.2 million, down € 3.4 million year on year; excluding exchange differences, investment income declined by € 1.5 million. The largest part of income was interest income, which amounted to € 14.1 million in the period 1–9/2017, down € 1.9 million year on year. Compared to the same period last year, realised capital gains on disposals of investments rose by € 0.3 million and other income by € 0.8 million.

In the period 1–9/2017, expenses relating to the investment portfolio increased by € 3.1 million year on year, but decreased by € 0.4 million on exclusion of exchange differences. In addition to exchange losses, the largest contributor to expenses was interest on loans. Interest on loans increased by € 0.1 million year on year. Higher interest expenses are entirely due to the one-off impact of the repayment of the Company's subordinated debt, accounted for using the effective interest rate method.

## Consolidated gross profit/loss

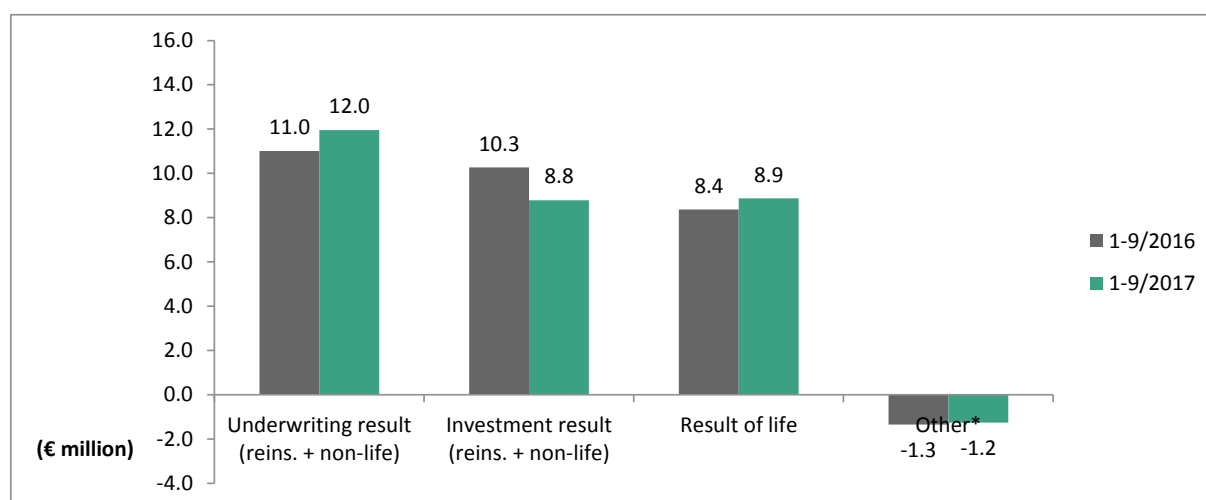
### Composition of the consolidated gross profit



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

In 1–9/2017, 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: positive effect on the underwriting result of € 4.2 million (1–9/2016: € 0.06 million negative effect); negative effect on the investment result of € 5.4 million (1–9/2016: € 0.4 million negative effect). The total negative effect of exchange differences on the result of 1–9/2017 amounted to € 1.2 million (1–9/2016: € 0.5 million negative effect).

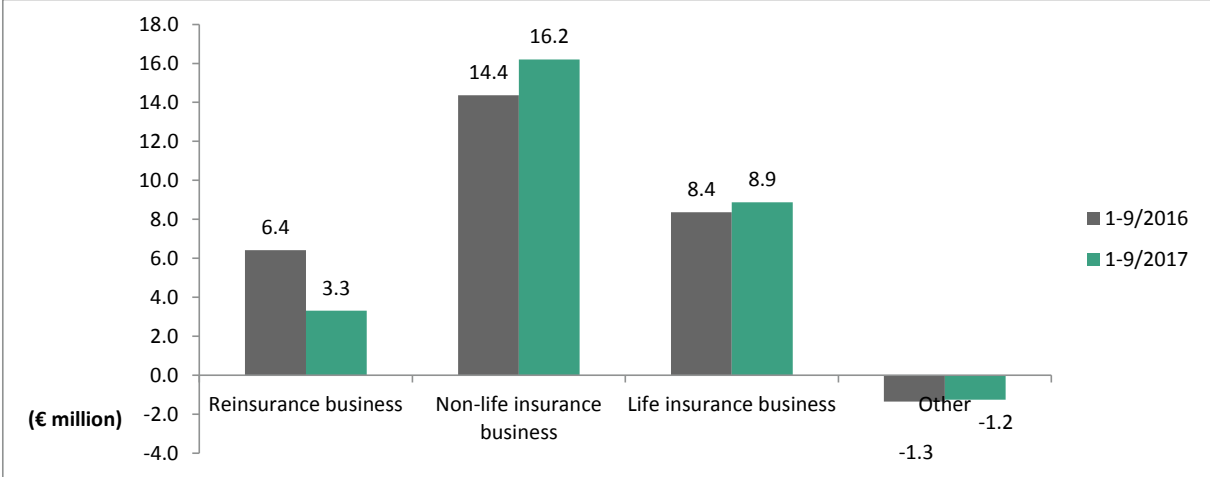
### Composition of the gross consolidated result, excluding exchange differences



\*The "other" category includes the gross result of the "other" segment and the impact of exchange differences.

The underwriting result in the period 1–9/2017 improved year on year mainly as a result of a stronger underwriting result in the Slovenian non-life insurance segment. The underwriting result of the reinsurance segment was an improvement; on exclusion of exchange differences, it was lower than in the previous year. The investment result (excluding exchange differences) deteriorated slightly due to lower interest income, while the result of the life segment improved moderately owing to the result 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 segment (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 also been made for other operating expenses relating to intra-group reinsurance transactions. In the period 1–9/2017, Sava Re allocated 62.7 % of other operating expenses to operating segments as monitored (non-life and life insurance business) by premium structure (1–9/2016: 65.6 %).
- 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:

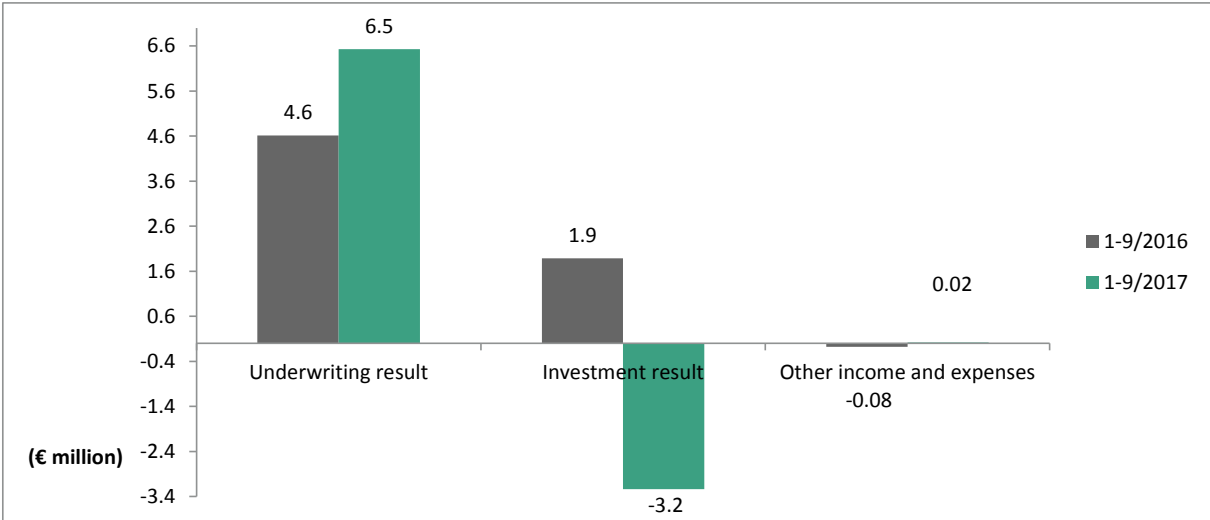
- S** Intangible assets – goodwill was allocated to the segment from which it arose (reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).
- S** The balance of financial investments was reallocated from the reinsurance segment to the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

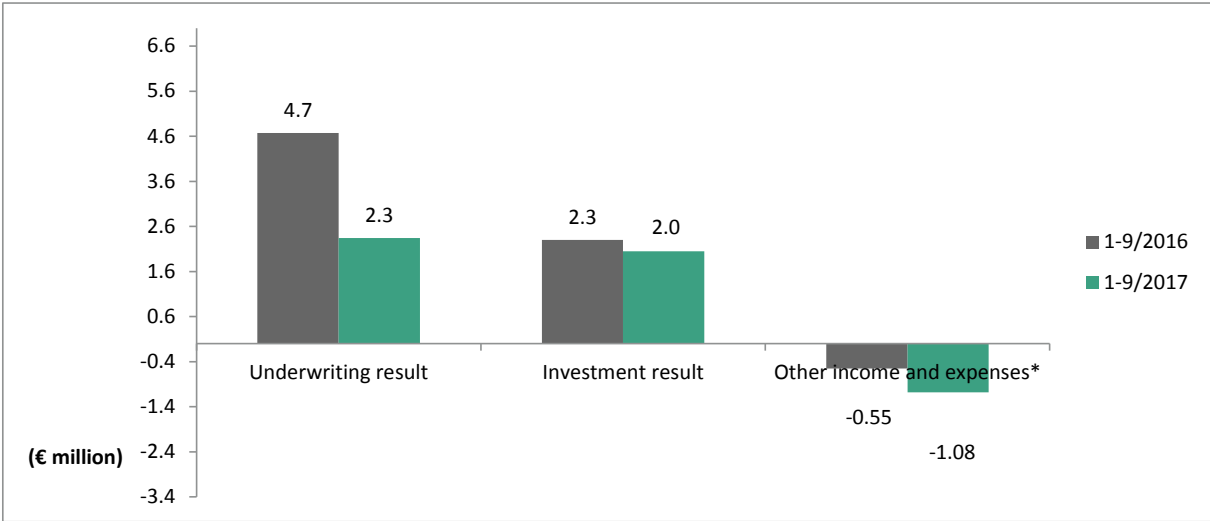
Composition of the consolidated gross income statement; reinsurance business



The performance of this operating segment was 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 exchange differences.

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



\*The other income item also includes the effect of exchange differences.

The underwriting result, excluding exchange differences, was slightly weaker than in the same period in 2016, while the combined ratio stood at 96.4 % (deterioration of 2.7 p.p.). The weaker



underwriting result is primarily the result of lower net premiums earned (impact of change in unearned premiums due to a larger premium volume in 2015 with a larger share of non-proportional business.). The investment result (excluding exchange differences) for the period 1–9/2017 was slightly lower than the year on year figure due to lower interest income and higher interest expenses.

### Net premiums earned

#### Net premiums earned; reinsurance business

(€)	1–9/2017	1–9/2016	Index
Gross premiums written	77,012,312	76,986,523	100.0
Net premiums written	73,845,412	73,356,381	100.7
Change in net unearned premiums	-8,362,000	-4,301,766	194.4
<b>Net earned premiums</b>	<b>65,483,412</b>	<b>69,054,615</b>	<b>94.8</b>

Gross premiums written in this segment were slightly higher in 1–9/2017 than year on year.

The change in net unearned premiums for the period 1–9/2017 (increase over the previous year-end) was higher than year on year. The larger change is a result of the different bases; at the end of 2015, unearned premiums were € 3.6 million higher than at the end of 2016; the difference in the balances is due to the larger volume of premiums in 2015 with a larger share of non-proportional business.

### Net claims incurred

#### Net claims incurred; reinsurance business

(€)	1–9/2017	1–9/2016	Index
Gross claims paid	35,530,759	42,622,207	83.4
Net claims paid	35,084,859	38,426,777	91.3
Change in the net provision for outstanding claims	4,514,273	6,787,918	66.5
<b>Net claims incurred</b>	<b>39,599,131</b>	<b>45,214,695</b>	<b>87.6</b>

#### Net claims incurred, excluding exchange differences; reinsurance business

(€)	1–9/2017	1–9/2016	Index
Gross claims paid	35,530,759	42,622,207	83.4
Net claims paid	35,084,859	38,426,777	91.3
Change in the net provision for outstanding claims	9,688,899	7,304,272	132.6
<b>Net claims incurred</b>	<b>44,773,758</b>	<b>45,731,049</b>	<b>97.9</b>

Consolidated gross claims paid relating to this segment were smaller in 1–9/2017 than year on year. In 2016, significant amounts were paid for claims relating to the Tianjin explosion, which occurred in 2015. Consequently, the paid loss ratio improved in the period 1–9/2017 year on year (1–9/2017: 46.1 %; 1–9/2016: 55.4 %).

The change in the net provision for outstanding claims (including the impact of exchange differences) was marginally smaller in the period 1–9/2017 than year-on year. The change in the net claims provision was primarily affected by exchange differences, which in 1–9/2017 had a positive impact of € 5.2 million (1–9/2016: € 0.5 million).

The net incurred loss ratio (including exchange differences) of the reinsurance segment improved to 60.5 % in the period of 1–9/2017 (1–9/2016: 65.5 %). On exclusion of exchange differences, the ratio deteriorated by 3.3 percentage points year on year. This is a result of the American storm losses and a large loss in Russia, for which higher provisions have been set aside. The net incurred loss ratio also deteriorated due to lower premium income as mentioned in the previous section.

## Operating expenses

### Consolidated operating expenses; reinsurance business

(€)	1-9/2017	1-9/2016	Index
Acquisition costs	16,527,620	16,892,160	97.8
Change in deferred acquisition costs (+/-)	-1,700,575	-480,819	353.7
Other operating expenses	2,857,546	2,529,661	113.0
<b>Operating expenses</b>	<b>17,684,591</b>	<b>18,941,002</b>	<b>93.4</b>
Income from reinsurance commission	-252,812	-288,167	-112.3
<b>Net operating expenses</b>	<b>17,431,779</b>	<b>18,652,835</b>	<b>93.5</b>

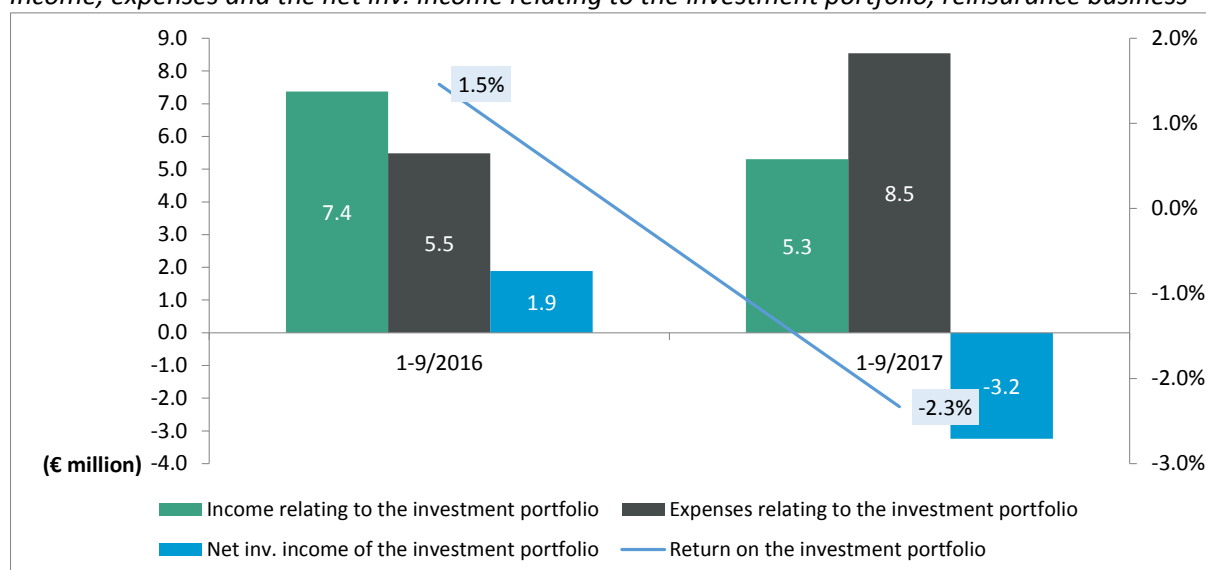
In 1-9/2017, acquisition costs dropped by 2.2 %, while gross premiums written remained largely unchanged. The ratio of acquisition costs as a percentage of gross premiums written in 1-9/2016 declined by 0.4 percentage points year on year to 21.5 %.

In the period 1-9/2017, the increase in the level of deferred acquisition costs was larger than last year, which is (similar to the change in unearned premiums) mainly the result of a different basis, since deferred commissions at year-end 2015 were € 0.9 million larger than at year-end 2016; this is owing to the larger share of proportional business in 2015.

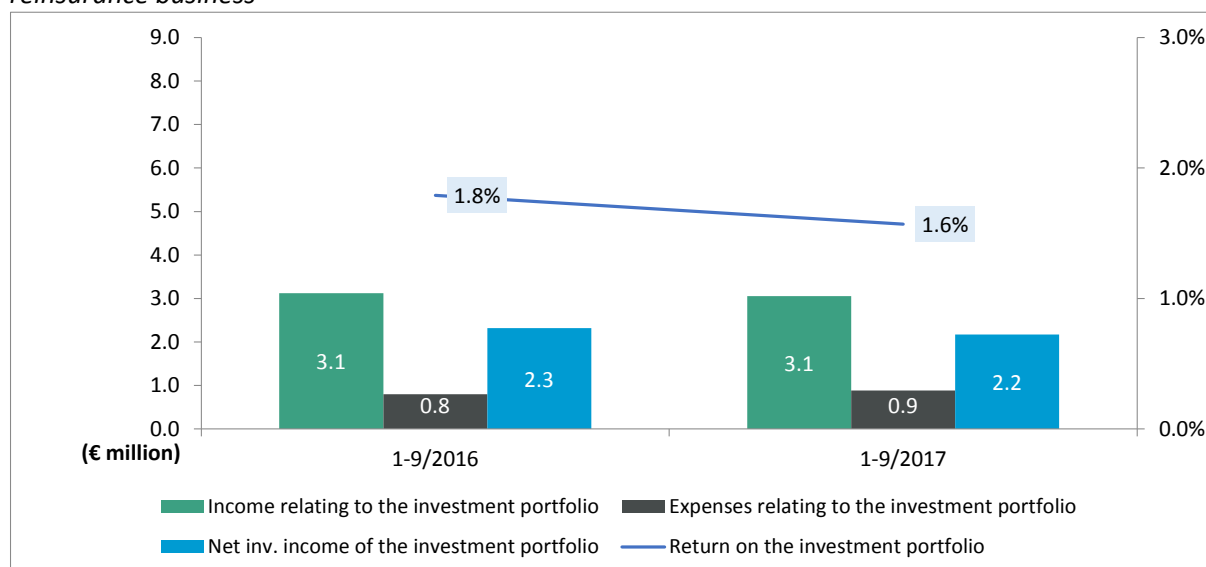
Other operating expenses increased by 13.0 % mainly due to growth in personnel costs, service costs relating to advertising in order to strengthen brand awareness and amortisation costs for the higher software expenses.

## 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.

Compared to the same period last year, the Company realised € 0.1 million less net investment income in the reinsurance operating segment. Net investment income declined largely due to the decline in interest income (€ 0.3 million) and higher interest expenses. In the reporting period, the Company realised € 0.6 million of gains on the disposal of financial investments. The investment return for the period was 1.6 %.

### 3.2 Non-life insurance business

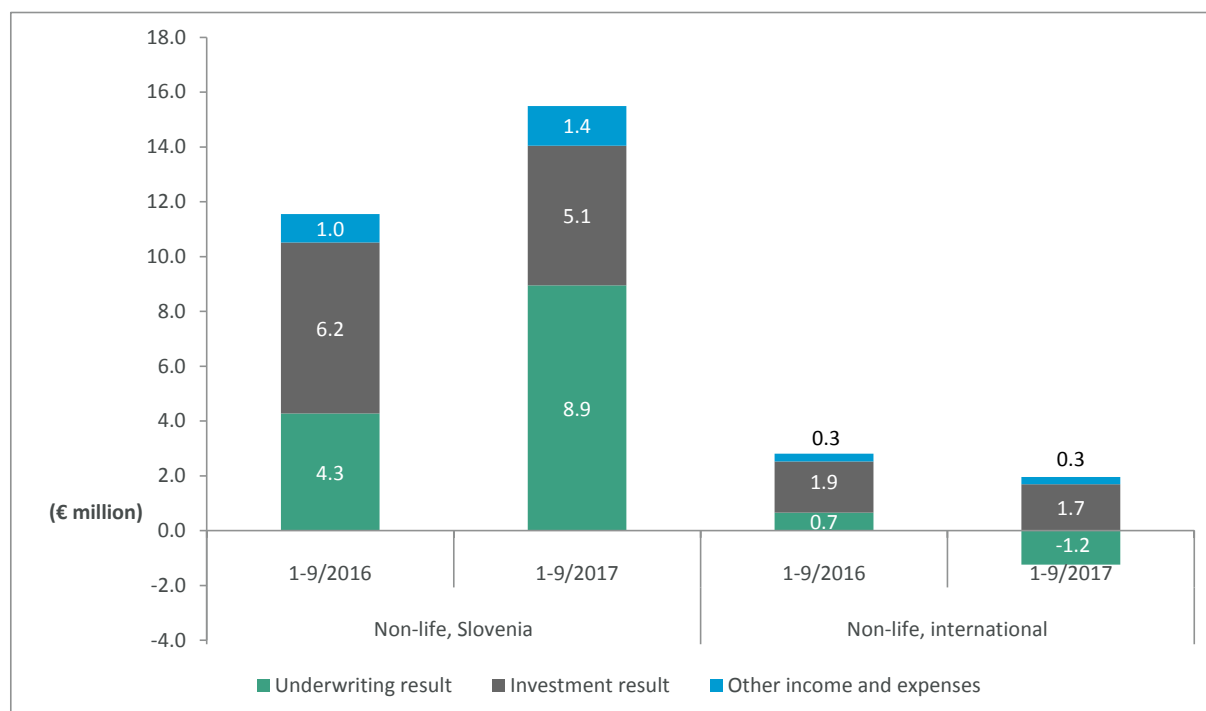
The non-life insurance segment comprises the operations of the following companies:

-  Zavarovalnica Sava, non-life
-  Sava osiguranje (MNE)
-  Sava neživotno osiguranje (SRB)
-  Sava osiguruvanje (MKD)
-  Illyria

The figures provided for the period 1–9/2017 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). The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, while the Croatian part of the company is discussed under international non-life insurance.

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 improved the consolidated net result for 1–9/2017 by € 1.8 million over the same period last year. The result of the non-life segment of Slovenian insurance companies improved by € 3.9 million, while non-life operations abroad achieved a € 2.1 million lower result.

The underwriting result of the Slovenian part of Zavarovalnica Sava improved, driven by growth in net premiums earned against lower net claims incurred, operating expenses, and bonuses and rebates. The underwriting result of the non-Slovenian non-life insurers deteriorated due largely to the increase in the number of loss events.

The investment result of the Slovenian non-life insurer declined by € 1.1 million year on year as a result of lower interest income and lower realised capital gains. The investment result of international non-life insurers dropped by € 0.2 million owing to lower interest income and exchange losses.

## Net premiums earned

### Net premiums earned; non-life insurance business

(€)	1–9/2017	1–9/2016	Index
Gross premiums written	264,322,225	249,106,153	106.1
Net premiums written	238,411,397	227,210,366	104.9
Change in net unearned premiums	-21,223,621	-16,760,099	126.6
<b>Net earned premiums</b>	<b>217,187,776</b>	<b>210,450,266</b>	<b>103.2</b>

### Net premiums earned; non-life insurance business

(€)	Slovenia			International		
	1–9/2017	1–9/2016	Index	1–9/2017	1–9/2016	Index
Gross premiums written	218,193,803	207,255,185	105.3	46,128,422	41,850,968	110.2
Net premiums written	195,592,522	188,208,127	103.9	42,818,875	39,002,239	109.8
Change in net unearned premiums	-18,787,742	-14,701,865	127.8	-2,435,879	-2,058,235	118.3
<b>Net earned premiums</b>	<b>176,804,780</b>	<b>173,506,262</b>	<b>101.9</b>	<b>40,382,996</b>	<b>36,944,004</b>	<b>109.3</b>

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

(€)	1–9/2017	1–9/2016	Index
Zavarovalnica Sava, Slovenian part (non-life)	218,322,270	207,383,192	105.3
Zavarovalnica Sava, Croatian part (non-life)	8,284,786	6,703,567	123.6
Sava neživotno osiguranje (SRB)	12,452,005	11,239,477	110.8
Illyria	6,102,527	5,456,858	111.8
Sava osiguruvanje (MKD)	9,731,657	9,520,670	102.2
Sava osiguranje (MNE)	9,565,411	8,934,315	107.1
<b>Total</b>	<b>264,458,656</b>	<b>249,238,079</b>	<b>106.1</b>

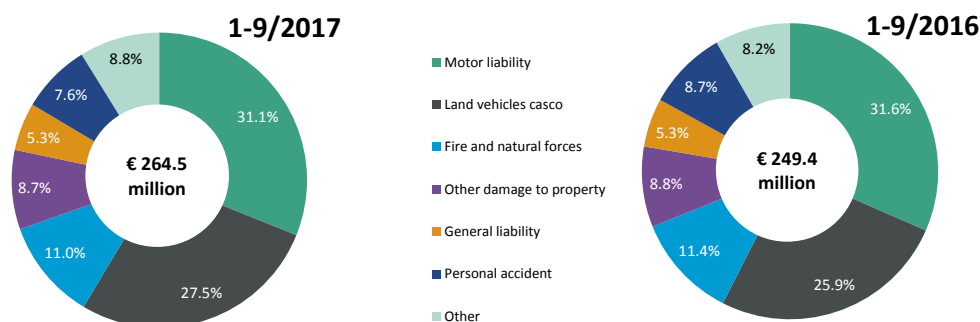
In the period 1–9/2017 gross non-life premiums written in Slovenia increased by 5.3 %, mainly owing to a higher volume of motor, property and general liability business. Motor premium growth was driven both by growth achieved with individual clients, with an increase in the number of policies and policies with broader coverage, as well as in the commercial sector through new clients and partly increased premiums. The Slovenian non-life insurance market grew at a rate of 5.6 % in the period.

Gross non-life insurance premiums written abroad rose by 10.2 %. Gross non-life premiums grew in all the Group's international non-life insurers, with the largest growth coming from the Croatian branch of Zavarovalnica Sava. The Croatian branch of Zavarovalnica Sava wrote more premiums in most of its classes of insurance year on year through good positioning in Internet sales, improved premium collection and increased efficiency of their own sales network. The largest growth was recorded in motor liability business. The non-life premium growth achieved by the branch was 23.6 %, while the Croatian non-life insurance market grew by 4.8 %. In terms of premium growth, the Croatian non-life insurer is followed by the Kosovan and the Serbian non-life insurers. The Kosovan non-life insurer recorded the highest absolute premium growth with health and assistance business owing to the launch of a new product, while the Serbian non-life insurer recorded the highest absolute premium growth in medical assistance business abroad, motor TPL, and fire and other damage to property business as the result of a greater focus on these classes and more successful bidding in public tenders. The Montenegrin non-life insurer achieved its highest premium growth in the fire and other damage to property class of business as the result of business with a new client. The premium growth achieved by the Macedonian insurer is a result of the increase in the number of policies, a new client in motor vehicle liability business, improved sales in individual motor casco business and a new, large client.

Net non-life insurance premiums grew by 4.9 %. The reinsurers' shares of premiums and unearned premiums increased in line with the growth in gross premiums written.

Overall, this led to a 3.2 % increase in net premiums earned.

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



## Net claims incurred

### Net claims incurred; non-life insurance business

(€)	19/2017	19/2016	Index
Gross claims paid	129,816,240	120,391,742	107.8
Net claims paid	120,463,489	112,373,546	107.2
Change in the net provision for outstanding claims	6,008,836	12,289,243	48.9
<b>Net claims incurred</b>	<b>126,472,325</b>	<b>124,662,790</b>	<b>101.5</b>

### Net claims incurred; non-life insurance business

(€)	Slovenia			International		
	1-9/2017	1-9/2016	Index	1-9/2017	1-9/2016	Index
Gross claims paid	112,252,743	104,455,721	107.5	17,563,497	15,936,021	110.2
Net claims paid	103,785,137	97,387,896	106.6	16,678,352	14,985,651	111.3
Change in the net provision for outstanding claims	3,154,200	10,621,115	29.7	2,854,636	1,668,129	171.1
<b>Net claims incurred</b>	<b>106,939,337</b>	<b>108,009,011</b>	<b>99.0</b>	<b>19,532,988</b>	<b>16,653,779</b>	<b>117.3</b>

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

(€)	1-9/2017	1-9/2016	Index
Zavarovalnica Sava, Slovenian part (non-life)	112,783,803	104,899,226	107.5
Zavarovalnica Sava, Croatian part (non-life)	3,225,592	2,910,963	110.8
Sava neživotno osiguranje (SRB)	4,456,226	4,393,875	101.4
Illyria	2,631,748	2,649,344	99.3
Sava osiguruvanje (MKD)	4,345,774	3,319,346	130.9
Sava osiguranje (MNE)	2,973,957	2,704,933	109.9
<b>Total</b>	<b>130,417,100</b>	<b>120,877,687</b>	<b>107.9</b>

Gross claims paid for Slovenian business in the period 1-9/2017 increased mainly due to a larger volume of gross claims paid for private motor business and partly for assistance business. The main reason for the year-on-year increase are hail-related payments relating to 2016 (three large loss events). The rise in claims in the third quarter of 2017 is also the result of several weather-related events as well as of an increased portfolio of motor business. In commercial motor business, the increase is mainly due to one major motor liability loss. The increased payments in property business are also the result of hailstorms. Provisions for these losses had already been made, which is why claim payments do not significantly affect the result.

Gross claims paid for non-Slovenian business rose by 10.2 %. The growth was driven by some large liability claim payments of the Macedonian non-life insurer, which however had no impact on profits as they were paid out of claims provisions set in previous years. Furthermore, the Macedonian

insurer incurred some large motor casco and motor liability claims as a result of a storm event in the Skopje region. The increased gross claims paid of Zavarovalnica Sava in Croatia were due to the rise in claims frequency and one large motor liability claim relating to 2013. The claims growth in the Montenegrin insurer is a result of some large claims in the classes: fire and other damage to property, motor insurance and accident.

The decline in the net claims provision is mainly due to the payment of claims (from provisions) by Slovenian insurers relating to 2016 hailstorm losses.

## Operating expenses

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

(€)	1-9/2017	1-9/2016	Index
Acquisition costs	17,971,831	18,172,900	98.9
Change in deferred acquisition costs (+/-)	-1,219,976	-296,553	411.4
Other operating expenses	61,123,374	59,769,299	102.3
<b>Operating expenses</b>	<b>77,875,229</b>	<b>77,645,646</b>	<b>100.3</b>
Income from reinsurance commission	-1,876,017	-2,456,587	76.4
<b>Net operating expenses</b>	<b>75,999,212</b>	<b>75,189,059</b>	<b>101.1</b>

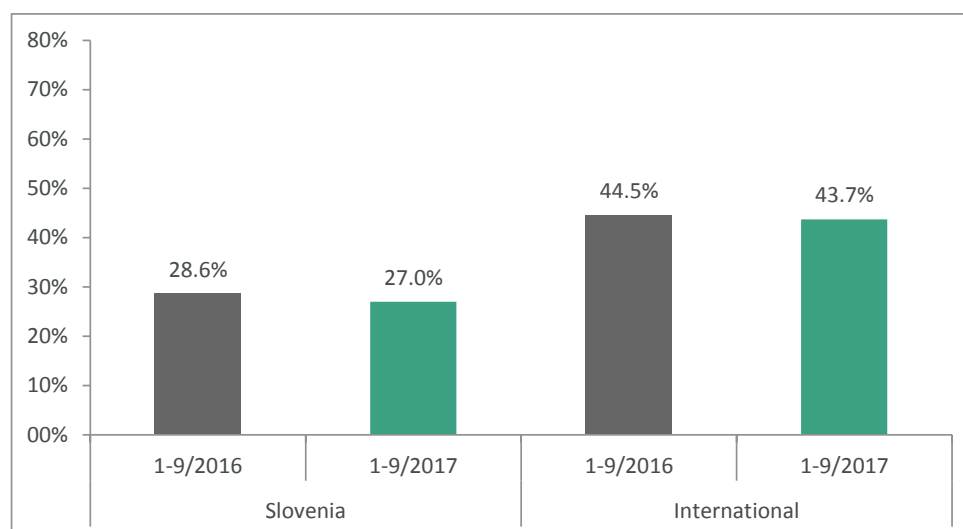
### Unconsolidated gross non-life operating expenses of Sava Re Group companies

(€)	1-9/2017	1-9/2016	Index
Zavarovalnica Sava, Slovenian part (non-life)	53,873,390	54,074,448	99.6
Other Group insurers	20,062,072	18,589,676	107.9

Consolidated acquisition costs dropped by 1.1 %, as a result of the reclassification of the costs of the Croatian Zavarovalnica Sava branch after alignment with the Slovenian part of the Group. Before the merger, the Croatian insurer recorded the salaries of its agents under acquisition costs, while after the merger they were accounted for as personnel costs for the purpose of alignment with Zavarovalnica Sava.

The rise in other operating expenses was driven mainly by the increased level of expenses of the Serbian non-life insurer as a result of a larger workforce and one-off costs incurred in the change of its corporate identity. The reason for the increase in the expenses of the Croatian branch office is mainly the above alignment and reclassification of personnel costs relating to agent salaries.

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

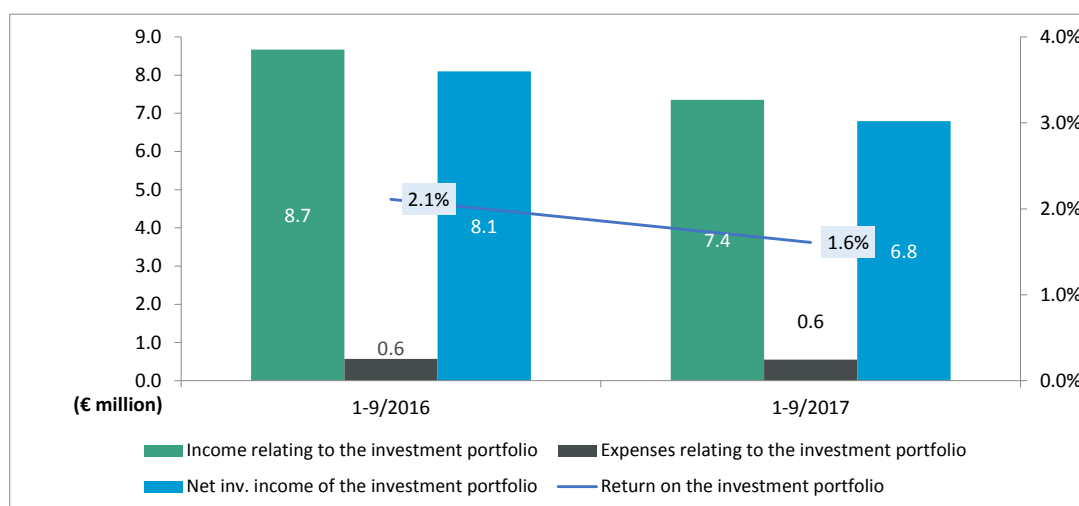


The consolidated gross expense ratio of non-life business declined in Zavarovalnica Sava by 1.6 percentage points year on year as a result of the growth in gross premiums written and lower other operating expenses, while acquisition costs increased driven by premium growth.

The consolidated gross expense ratio of non-Slovenian non-life insurers dropped by 0.8 percentage points due to a 10.2 % growth in gross premiums written against a 8.2 % increase in acquisition costs with other operating expenses.

### Net investment income





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



In 1–9/2017 the net investment income relating to the non-life insurance portfolio amounted to € 6.8 million, down € 1.3 million year on year. Net investment income was lower largely due to lower interest income (€ 0.7 million). In the reporting period, capital gains totalled € 0.6 million, down € 0.9 million year on year. The investment return for the period was 1.6 %.

### 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 1–9/2016 data for Zavarovalnica Sava is the sum of the data of the Group’s insurers that merged on 2 November 2016 into Zavarovalnica Sava (Zavarovalnica Maribor, Zavarovalnica Tilia and Velebit životno osiguranje, excluding intra-group transactions). The Slovenian part of Zavarovalnica Sava is discussed as Slovenian life insurance, while the Croatian part of the company is discussed as international life insurance.

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

### Net premiums earned; life insurance business

(€)	1–9/2017	1–9/2016	Index
Gross premiums written	67,869,831	64,456,668	105.3
Net premiums written	67,669,420	64,225,979	105.4
Change in net unearned premiums	273,007	38,474	709.6
<b>Net earned premiums</b>	<b>67,942,427</b>	<b>64,264,453</b>	<b>105.7</b>

### Net premiums earned; life insurance business

(€)	Slovenia			International		
	1–9/2017	1–9/2016	Index	1–9/2017	1–9/2016	Index
Gross premiums written	62,630,416	59,760,159	104.8	5,239,415	4,696,509	111.6
Net premiums written	62,432,289	59,533,021	104.9	5,237,131	4,692,958	111.6
Change in net unearned premiums	267,299	44,670	598.4	5,708	-6,196	-92.1
<b>Net earned premiums</b>	<b>62,699,588</b>	<b>59,577,691</b>	<b>105.2</b>	<b>5,242,839</b>	<b>4,686,762</b>	<b>111.9</b>

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

(€)	1–9/2017	1–9/2016	Index
Zavarovalnica Sava, Slovenian part (life)	61,057,900	59,003,589	103.5
Zavarovalnica Sava, Croatian part (life)	2,746,886	2,478,367	110.8
Illyria Life	1,270,162	1,241,065	102.3
Sava životno osiguranje (SRB)	1,222,367	977,077	125.1
Sava pokojninska	1,572,516	756,571	207.8
<b>Total</b>	<b>67,869,832</b>	<b>64,456,669</b>	<b>105.3</b>

Gross premiums written by the Group's life insurers grew both in Slovenia as well as abroad year on year. Due to the liquidation of its DWS FlexPension funds by the DWS fund administrator, Zavarovalnica Sava made a special offer to policyholders who held savings relating to these funds to take out similar policies (new internal fund). The resulting growth in gross premiums written totalled € 2.2 million. The premiums written figure in Slovenia was also affected by a large number of maturities of unit-linked policies in January 2017, but many policyholders opted to take out new policies. The Sava pokojninska pension insurer contributed € 0.8 million to premium growth from single premiums paid for annuities. This business is expected to continue increasing as policyholders reach retirement age, when funds from the savings accounts are transferred to annuity contracts.

Gross premiums written also increased in other countries, with the largest growth achieved in Serbia, where Sava životno osiguranje (SRB) recorded a 25.1 % premium growth. This growth is the result of a number of concluded policies, some of which are single-premium policies.

High growth was also generated by the Croatian part of Zavarovalnica Sava, which grew premiums by 10.8 % in 1–9/2017, while the Croatian life insurance market recorded a growth of 1.8 %. Sales in the Croatian branch of Zavarovalnica Sava were also boosted by the new arrangement, as after the merger non-life agents were permitted to sell life policies.

All non-Slovenian life insurers have been implementing measures to improve their own sales network through regular education and training events for sales personnel, while also seeking growth opportunities in other sales channels.

## Unconsolidated gross life insurance premiums by class of business



## Net claims incurred

### Net claims incurred; life insurance business

(€)	1-9/2017	1-9/2016	Index
Gross claims paid	53,237,957	32,237,149	165.1
Net claims paid	53,166,648	32,127,572	165.5
Change in the net provision for outstanding claims	458,540	2,051,766	-177.7
<b>Net claims incurred</b>	<b>53,625,188</b>	<b>34,179,337</b>	<b>156.9</b>
Change in other technical provisions*	6,275,031	7,288,353	86.1
Change in technical provisions for policyholders who bear the investment risk	-3,150,931	12,354,559	-25.5
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>56,749,288</b>	<b>53,822,249</b>	<b>105.4</b>

### Net claims incurred; life insurance business

(€)	Slovenia			International		
	1-9/2017	1-9/2016	Index	1-9/2017	1-9/2016	Index
Gross claims paid	52,028,135	31,228,533	166.6	1,209,822	1,008,616	119.9
Net claims paid	51,956,846	31,118,956	167.0	1,209,802	1,008,616	119.9
Change in the net provision for outstanding claims	462,738	1,636,374	28.3	-4,198	415,392	-1.0
<b>Net claims incurred</b>	<b>52,419,584</b>	<b>32,755,329</b>	<b>160.0</b>	<b>1,205,604</b>	<b>1,424,008</b>	<b>84.7</b>
Change in other technical provisions*	4,149,168	5,916,431	70.1	2,125,863	1,371,922	155.0
Change in technical provisions for policyholders who bear the investment risk	-3,165,733	12,355,372	-25.6	14,802	-813	-1820.7
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>53,403,019</b>	<b>51,027,132</b>	<b>104.7</b>	<b>3,346,269</b>	<b>2,795,117</b>	<b>119.7</b>

\*These provisions mainly comprise mathematical provisions.

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

(€)	1-9/2017	1-9/2016	Index
Zavarovalnica Sava, Slovenian part (life)	51,707,311	31,020,877	166.7
Zavarovalnica Sava, Croatian part (life)	578,956	513,147	112.8
Illyria Life	344,907	220,926	156.1
Sava životno osiguranje (SRB)	285,959	274,543	104.2
Sava pokojninska	320,824	207,655	154.5
<b>Total</b>	<b>53,237,956</b>	<b>32,237,147</b>	<b>165.1</b>

Gross claims paid in Slovenia grew by 66.7 %, as a result of a large number of unit-linked policies that matured in January 2017. The movement in claims needs to be viewed in conjunction with the change in technical provisions.

Gross claims have also increased in international business as a result of the increase in the claims of Illyria Life, where two major claims were incurred due to accidental deaths this year, along with a significant number of maturity payments and 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.

## Operating expenses

### Consolidated operating expenses; life insurance business

(€)	1–9/2017	1–9/2016	Index
Acquisition costs	4,526,494	4,132,382	109.5
Change in deferred acquisition costs (+/-)	-176,042	198,185	-88.8
Other operating expenses	12,556,279	11,401,472	110.1
<b>Operating expenses</b>	<b>16,906,731</b>	<b>15,732,039</b>	<b>107.5</b>
Income from reinsurance commission	2,985	0	-
<b>Net operating expenses</b>	<b>16,909,715</b>	<b>15,732,039</b>	<b>107.5</b>

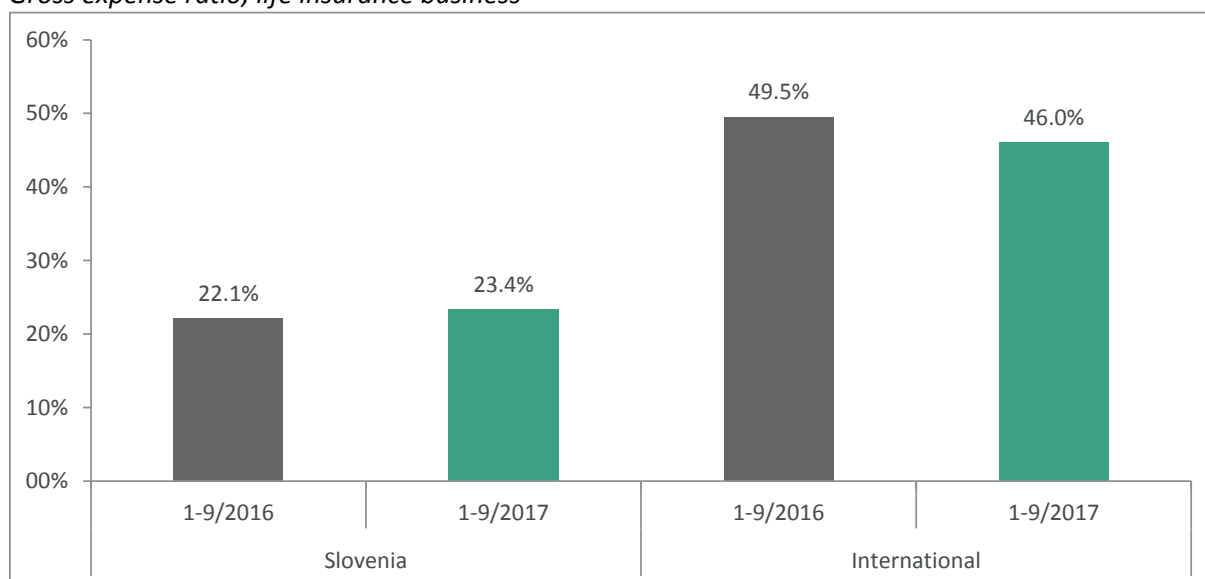
### Unconsolidated gross life operating expenses of Sava Re Group companies

(€)	1–9/2017	1–9/2016	Index
Zavarovalnica Sava, Slovenian part (life)	13,044,659	11,886,843	109.7
Other Group insurers	3,411,040	3,232,722	105.5

The increase in acquisition costs is primarily due to increases in the acquisition costs of the Slovenian part of Zavarovalnica Sava due to its expanded operations and altered dynamics of expenses included in products. This is also the reason for the negative change in deferred acquisition costs in 1–9/2017.

The rise in other operating expenses is mainly due to the higher expenses of Zavarovalnica Sava. In the Slovenian part this was due to higher personnel costs following the harmonisation of employee collective agreements (before 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. Before the merger, the Croatian insurer recorded the salaries of its agents under acquisition costs. As of 2 November 2016, these were accounted for as personnel costs. In total, these costs remained at the same level as in the previous year.

*Gross expense ratio; life insurance business*

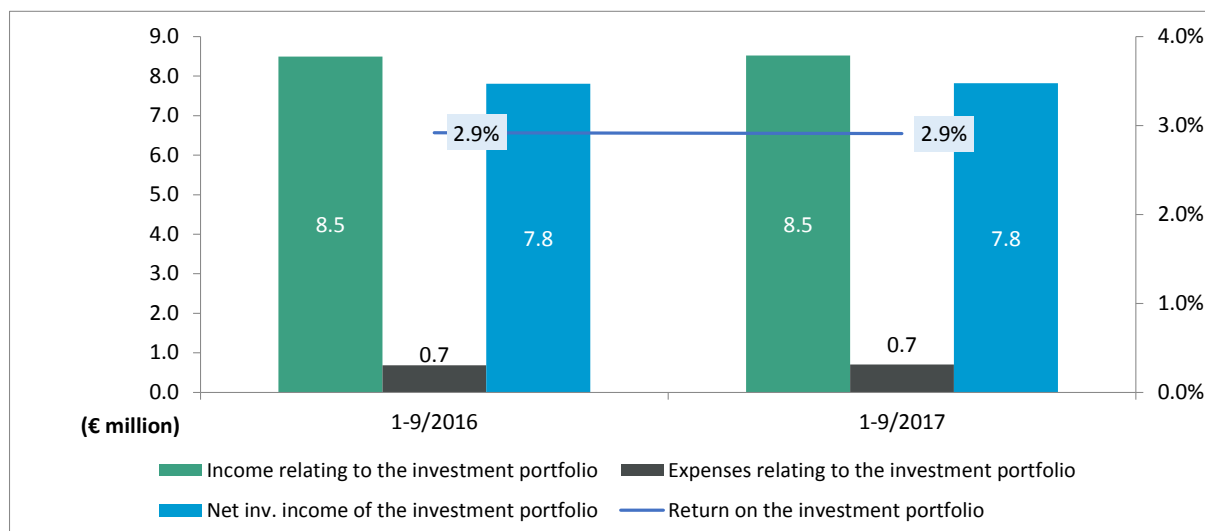


The consolidated gross expense ratio of the Slovenian companies increased by 1.3 percentage points, which is a result of increased expenses in both the Slovenian part of Zavarovalnica Sava and Sava pokojninska.

The consolidated gross expense ratio of the non-Slovenian life insurers dropped by 3.5 percentage points owing to the increase in gross premiums written.

## Net investment income

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



In the period 1–9/2017, the Group’s net investment income from its life insurance investment portfolio totalled € 7.8 million, the same as year on year. The investment return for the period was 2.9 %.

## 4 FINANCIAL POSITION OF THE SAVA RE GROUP

As at 30 September 2017, total assets of the Sava Re Group stood at € 1,718.1 million, an increase of 2.8 % over year-end 2016. Below we set out items of assets and liabilities in excess of 5 % of total assets as at 30 September 2017, or items that changed by more than 2 % of equity.

### 4.1 Assets

*Consolidated total assets by type*

(€)	30/09/2017	As % of total 30/09/2017	31/12/2016	As % of total 31/12/2016
<b>ASSETS</b>	<b>1,718,078,266</b>	<b>100.0 %</b>	<b>1,671,189,179</b>	<b>100.0 %</b>
Intangible assets	23,305,746	1.4 %	25,508,583	1.5 %
Property and equipment	45,821,501	2.7 %	51,887,127	3.1 %
Deferred tax assets	2,020,072	0.1 %	2,326,063	0.1 %
Investment property	15,585,049	0.9 %	7,933,786	0.5 %
Financial investments	1,012,701,659	58.9 %	1,030,235,239	61.6 %
Funds for the benefit of policyholders who bear the investment risk	223,080,211	13.0 %	224,175,076	13.4 %
Reinsurers’ share of technical provisions	36,366,750	2.1 %	28,444,628	1.7 %
Investment contract assets	127,173,222	7.4 %	121,366,122	7.3 %
Receivables	152,162,490	8.9 %	127,408,527	7.6 %
Deferred acquisition costs	19,507,374	1.1 %	16,510,536	1.0 %
Other assets	2,065,148	0.1 %	1,366,844	0.1 %
Cash and cash equivalents	58,284,579	3.4 %	33,939,160	2.0 %
Non-current assets held for sale	4,465	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 asset class*

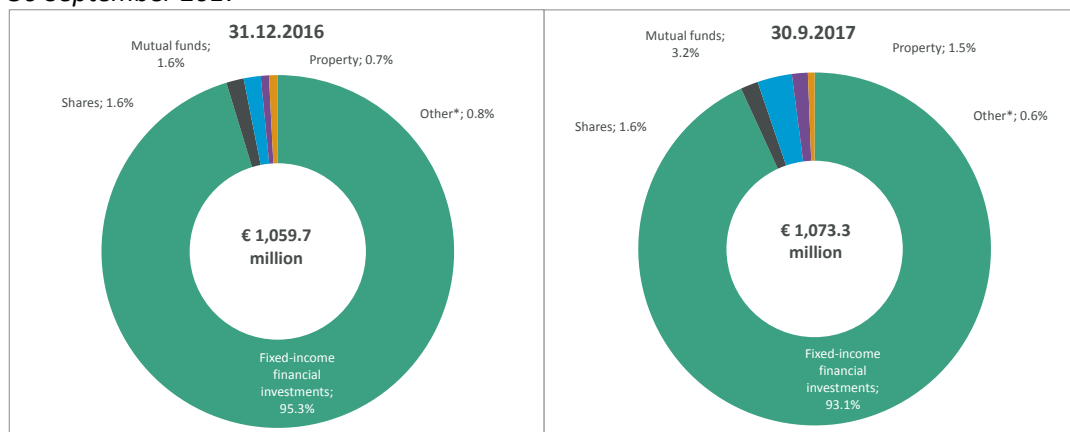
(€)	30/09/2017	30/09/2016	Absolute change	Index
Deposits	23,117,823	24,737,308	-1,619,485	93.5
Government bonds	532,654,873	595,132,601	-62,477,728	89.5
Corporate bonds	398,983,103	368,357,333	30,625,770	108.3
Shares	17,266,328	16,980,847	285,481	101.7
Mutual funds	34,085,575	16,531,807	17,553,768	206.2
Mutual money market funds	31,201,732	9,565,440	21,636,292	326.2
Equity and mixed mutual funds	2,883,843	6,966,367	-4,082,524	41.4
Loans granted and other investments	638,018	659,484	-21,466	96.7
Deposits with cedants	5,955,939	7,835,859	-1,879,920	76.0
<b>Total financial investments</b>	<b>1,012,701,659</b>	<b>1,030,235,239</b>	<b>-17,533,580</b>	<b>98.3</b>
Investment property	15,585,049	7,933,786	7,651,263	196.4
Cash and cash equivalents	45,001,015	21,481,381	23,519,634	209.5
<b>Total investment portfolio</b>	<b>1,073,287,723</b>	<b>1,059,650,406</b>	<b>13,637,317</b>	<b>101.3</b>
Funds for the benefit of policyholders who bear the investment risk	236,363,775	236,632,855	-269,080	99.9
- financial investments	223,080,211	224,175,076	-1,094,865	99.5
- cash and cash equivalents	13,283,564	12,457,779	825,785	106.6
Investment contract assets	127,173,222	121,366,122	5,807,100	104.8

As at 30 September 2017, the Group's investment portfolio totalled € 1,073.3 million, a growth of € 13.6 million from the year-end 2016 figure.

The growth in the investment portfolio was mainly the result of positive cash flows from core business<sup>2</sup> (€ 32.9 million), the reclassification of land and buildings assets in progress to investment property (€ 7.6 million) and the change in accrued interest (€ 14.1 million). Realised investment gains, the change in the fair value reserve and dividend income from financial investments had a positive impact of € 4.2 million. The negative impact on the level of investments of € 45.2 million came from exchange losses, repayment of Sava Re's subordinated debt, dividend payouts and the lower balance of deposits with cedants.

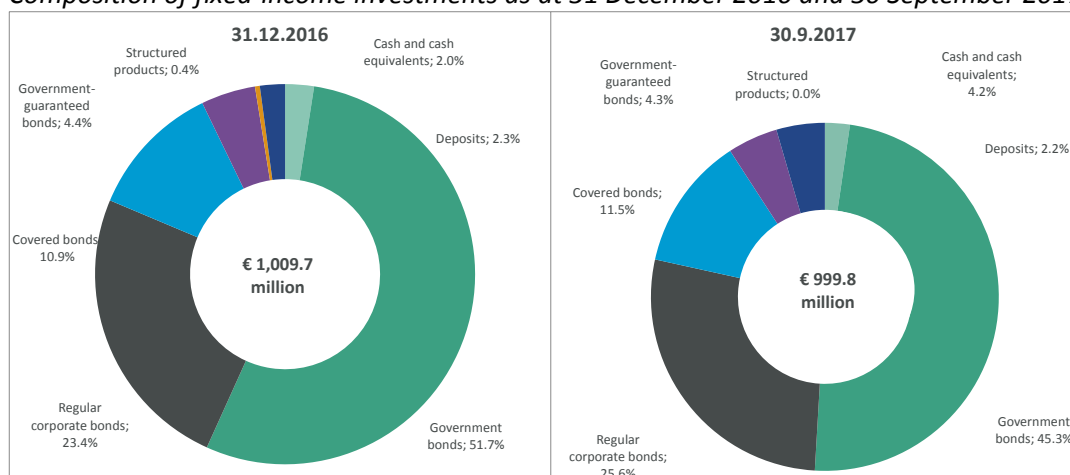
<sup>2</sup> Cash flows from core business does not include cash flows from unit-linked business.

*Composition of the Sava Re Group investment portfolio as at 31 December 2016 and 30 September 2017*



\*The "other" item comprises deposits with cedants, loans granted and other investments.

*Composition of fixed-income investments as at 31 December 2016 and 30 September 2017*



With regard to the structure of the Sava Re Group investment portfolio, the most significant structural shifts were:

- S** the 1.6-percentage-point increase in the share of investments in mutual funds, which is entirely due to the purchases of ETF<sup>3</sup> money market funds of € 29.6 million in 1–9/2017;
- S** the increased allocations to corporate bonds, and cash and cash equivalents for the purpose of reinvestment (surplus funds were temporarily invested in demand deposits);
- S** the increased allocation to investment property (Sava Re: € 5.2 million; Zavarovalnica Sava Slovenia: € 2.4 million) and
- S** government bonds, the share of which decreased by 6.5 percentage points compared to year-end 2016 owing to disposals and maturities (mainly Slovenian government bonds). The decline in the share of government bonds reflects the Company's tactical decision to take advantage of rising debt securities prices.

The structure of other investments remained broadly unchanged compared to year-end 2016.

<sup>3</sup> ETF = Exchange-traded fund.

#### **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 are 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 30 September 2017, funds for the benefit of policyholders who bear the investment risk totalled € 236.4, of which € 223.1 million were financial investments and € 13.3 million were cash and cash equivalents. The level of funds for the benefit of policyholders who bear the investment risk remained unchanged from the previous year-end.

#### **4.1.3 Reinsurers' share of technical provisions**

The reinsurers' and coinsurers' share of technical provisions increased by € 7.9 million or 27.9 % compared to 31 December 2016. The largest growth was in unearned premiums of Slovenian non-life insurance business (€ 3.7 million), which is in line with the overall business growth of this operating segment. The increase in the claims provision (€ 3.0 million) primarily reflects the setting of provisions for a large non-life claim from Macedonia (€ 1.9 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 [MY Dynamic Fund] (MDS) and MOJ uravnoteženi sklad [MY Balanced Fund] (MUS), where policyholders bear the entire investment risk, and MOJ zjamčeni sklad [MY Guaranteed Fund] (MZS), where policyholders bear the investment risk in excess of the guaranteed funds.

As at 30 September 2017, investment contract assets totalled € 127.2 million, up 4.8 % or € 5.7 million compared to 31 December 2016. Investment contract assets increased mainly due to new net premiums written (€ 3.1 million; in the period 1–9/2017 there were inflows of € 8.2 million and outflows, including expenses, of € 5.1 million) and a positive change in the fair value reserve (€ 2.6 million).

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

#### **4.1.5 Receivables**

Receivables increased by 19.4 % or € 24.7 million compared to year-end 2016 (1–9/2016: increase of 10.6 % or € 13.8 million).

The increase was partly due to the increase in receivables arising out of primary insurance business, which rose by € 81.5 million compared to year-end 2016 (previous year: € 6.5 million). There was a change in the presentation of the sub-items of receivables and liabilities relating to operating activities. We report the items relating to accepted reinsurance and coinsurance business (also known as inwards re/coinsurance) under receivables and liabilities from primary insurance business. Receivables and liabilities from co-insurance and reinsurance business will continue to include items



relating to ceded business (reinsurance and ceded coinsurance written by primary insurance companies and outward retrocession business of reinsurance companies).

If the change in the presentation of receivables had already been made on 31 December 2016, receivables arising out of primary insurance business would have been larger by € 62.8 million and the increase from the year-end would have been € 18.7 million, primarily due to the renewal of annual insurance and reinsurance contracts.

#### 4.1.6 Cash and cash equivalents

As at 30 September 2017, cash assets stood at € 45.0 million, up 23.5 % compared to year-end 2016. The increase in cash and cash equivalents is primarily due to decisions relating to the management of the portfolio of financial investments.

As at 30 September 2017, cash assets of policyholders who bear the investment risk totalled € 13.3 million, an increase of € 1.0 million over 31 December 2016.

## 4.2 Liabilities

### *Balance and structure of equity & liabilities*

(€)	30/09/2017	As % of total 30/09/2017	31/12/2016	As % of total 31/12/2016
<b>EQUITY AND LIABILITIES</b>	<b>1,718,078,266</b>	<b>100.0 %</b>	<b>1,671,189,179</b>	<b>100.0 %</b>
Equity	307,380,860	17.9 %	297,038,327	17.8 %
<i>Share capital</i>	71,856,375	4.2 %	71,856,376	4.3 %
<i>Capital reserves</i>	43,681,440	2.5 %	43,681,441	2.6 %
<i>Profit reserves</i>	146,040,258	8.5 %	145,893,612	8.7 %
<i>Own shares</i>	-24,938,709	-1.5 %	-24,938,709	-1.5 %
<i>Fair value reserve</i>	18,481,159	1.1 %	17,458,948	1.0 %
<i>Reserve due to fair value revaluation</i>	755,822	0.0 %	351,655	0.0 %
<i>Retained earnings</i>	33,283,372	1.9 %	36,778,948	2.2 %
<i>Net profit/loss for the period</i>	20,877,389	1.2 %	9,049,238	0.5 %
<i>Translation reserve</i>	-3,400,689	-0.2 %	-3,854,182	-0.2 %
<i>Equity attributable to owners of the controlling company</i>	306,636,417	17.8 %	296,277,319	17.7 %
<i>Non-controlling interest in equity</i>	744,443	0.0 %	761,008	0.0 %
Subordinated liabilities	0	-	23,570,771	1.4 %
Technical provisions	966,826,138	56.3 %	911,221,323	54.5 %
Technical provision for the benefit of life insurance policyholders who bear the investment risk	223,060,830	13.0 %	226,994,200	13.6 %
Other provisions	7,791,765	0.5 %	8,080,877	0.5 %
Deferred tax liabilities	5,855,072	0.3 %	6,038,631	0.4 %
Investment contract liabilities	127,050,461	7.4 %	121,229,675	7.3 %
Other financial liabilities	527,734	0.0 %	393,996	0.0 %
Liabilities from operating activities	58,531,906	3.4 %	48,790,646	2.9 %
Other liabilities	21,053,500	1.2 %	27,830,733	1.7 %

#### 4.2.1 Equity

Equity increased by 3.5 % or € 10.3 million compared to year-end 2016.

The level of equity mainly increased from the net profit for the period 1–9/2017 in the amount of € 20.9 million. The fair value reserve increased by € 1.0 million, the translation reserve by € 0.5 million and the reserve due to fair value revaluation by € 0.4 million. A negative impact on equity was the dividend payout in the amount of € 12.5 million.

## 4.2.2 Subordinated liabilities

In 2006 and 2007, the controlling company raised a subordinated loan in the nominal amount of € 32 million scheduled to mature in 2027. 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, the controlling company repaid the subordinated debt in the nominal amount of € 24 million on 15 March 2017 and 14 June 2017.

## 4.2.3 Technical provisions

Gross technical provisions constitute the largest liabilities item. The figure as at 30 September 2017 was up 6.1 % or € 55.6 million on year-end 2016. The largest increase (€ 34.6 million) was in gross unearned premiums driven by the increased premium volume and interim setting of unearned premiums for coverages for which annual premiums had been accounted for at the beginning of the year. There was a notable increase in the claims provision (of € 13.8 million), both in the reinsurance and the non-life insurance segments.

### *Movement in consolidated gross technical provisions*

(€)	30/09/2017	31/12/2016	Index
Gross unearned premiums	192,233,817	157,678,496	121.9
Gross mathematical provisions	275,726,171	269,762,815	102.2
Gross provision for outstanding claims	488,996,687	475,157,985	102.9
Gross provision for bonuses, rebates and cancellations	1,728,449	1,831,420	94.4
Other gross technical provisions	8,141,014	6,790,607	119.9
<b>Gross technical provisions</b>	<b>966,826,138</b>	<b>911,221,323</b>	<b>106.1</b>

The gross technical provisions attributable to the reinsurance segment grew by 9.0 % or € 13.7 million from year-end 2016. The increase is due to the rise in unearned premiums as a result of the dynamics of writing reinsurance business (up € 8.7 million), while provisions for outstanding claims increased by € 4.8 million, as a result of reserving for the large losses of the 2017 underwriting year, which was partly offset by exchange gains.

The gross technical provisions attributable to the non-life insurance segment recorded an increase of 7.7 % or € 36.3 million compared to year-end 2016. Of these, € 26.0 million related to the increase in unearned premiums (in line with premium growth), while the provision for outstanding claims increased by € 9.2 million (primarily relating to Zavarovalnica Sava and the Macedonian non-life insurer).

The gross provision for traditional life policies increased by 2.0 % (or € 5.6 million), as a result of aging and growth of the portfolio of traditional life insurance business, including pension annuity business (during the distribution phase).

Other technical provisions (bonuses and discounts, unexpired risks) account for a smaller share and grew in total by € 1.2 million.

## 4.2.4 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 1.7 % or € 3.9 million, mainly due to maturities and the acquisition of the DWS funds at the beginning of the year.

#### **4.2.5 Investment contract liabilities**

The investment contract liabilities of Sava pokojninska totalled € 127.1 million at 30 September 2017, up 4.8 % or € 5.8 million from year-end 2016. They move in line with investment contract assets.

#### **4.2.6 Liabilities from operating activities**

Liabilities from operating activities increased by 20.0 %, or € 9.7 million over the year-end 2016 figure (1–9/2016: decline of € 5.3 million). Due to a change in the presentation of liabilities, liabilities from primary insurance business increased by € 34.6 million. If the change in the presentation of liabilities had been made already on 31 December 2016, liabilities from primary insurance business would have totalled € 30.2 million, an increase of € 4.4 million (primarily due to the renewal of annual insurance and reinsurance contracts).

#### **4.2.7 Other liabilities**

Other liabilities decreased by € 6.8 million compared to year-end 2016. There was a drop of € 5.1 million in short-term deferred premium income as part of other deferrals due to their release.

### **4.3 Capital structure**

As at 30 September 2017, the Sava Re Group held € 307.4 million of equity. The Group had no subordinated liabilities as at that date and was thus solely financed through equity.

### **4.4 Cash flow**

In the period 1–9/2017, the Sava Re Group had a positive operating cash flow of € 28.9 million (1–9/2016: € 41.7 million).

In the period 1–9/2017, the Sava Re Group recorded a negative financing cash flow of € 37.9 million (1–9/2016: negative of € 27.6 million). The negative financing cash flow in 2017 is a result of the payment of dividends and repayment of subordinated debt.

The net cash flow in 1–9/2017 was € 13.3 million below 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 <sup>4</sup>	Outlook	Latest review
Standard & Poor's	A-	positive	July 2017: improved outlook
A.M. Best	A-	stable	November 2016 <sup>5</sup> : affirmed existing rating

## 5 PERSONNEL

### *Staffing figures for Group members*

	30/09/2017	31/12/2016	Change
Zavarovalnica Sava	1,255.7	1,322.9	-67.2
Sava neživotno osiguranje (SRB)	337.3	325.6	11.7
Sava osiguruvanje (MKD)	196.5	199.0	-2.5
Illyria	170.5	175.0	-4.5
Sava osiguranje (MNE)	128.5	137.0	-8.5
Sava Re	92.1	94.6	-2.5
Sava životno osiguranje (SRB)	66.4	72.1	-5.7
Sava Car	39.8	38.0	1.8
Illyria Life	29.6	35.0	-5.4
Sava Agent	19.0	18.0	1.0
ZS Vivus	15.0	25.0	-10.0
Sava pokojninska	14.4	14.3	0.1
ZM Svetovanje	14.0	15.5	-1.5
Ornatus KC	8.0	10.0	-2.0
Sava Station	6.0	6.0	0.0
<b>Total</b>	<b>2,392.8</b>	<b>2,488.0</b>	<b>-95.2</b>

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees in the Group is subject to fluctuations mainly due to fluctuations in the agency network. The reduced headcount was also a result of streamlining operations following the merger of four of the Group's EU-based insurers.

<sup>4</sup> Credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

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

<sup>5</sup> In October 2017, the Sava Re ratings were affirmed.

## 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

For the solvency calculation, the Sava Re Group uses the Solvency II standard formula. As at 30 December 2016, it held € 423 million of eligible own funds, all of which were tier one funds. The Group's Solvency Capital Requirement ( SCR) totalled € 207 million as at 31 December 2016. Thus the Group is well capitalised and has a high solvency ratio of 204 %. The solvency ratio is also in line with the Group's internal rules, marginally exceeding the optimal solvency ratio range (170–200 %). Details on valuation and the calculation of eligible own funds and the Group's SCR are set out in the Sava Re Group's solvency and financial condition report for 2016.

The Group's eligible own funds as at 30 June 2017<sup>6</sup> increased slightly compared to 31 December 2016 to € 455 million. The Group's risk profile did not change significantly compared to the end of 2016 and remains in line with the risk strategy. Based on these indicators, we estimate that the Group's solvency ratio remains at a comparable level as at 31 December 2016. Accordingly, the risk to the Group's capital adequacy 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.

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.

---

<sup>6</sup> Most recent calculation.

Sava Re Group members mitigate the 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 30 September 2017 assets under such contracts totalled € 42.6 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 ZS Varnost and the ZS Hibrid product of the ZM Garant investment fund.

The guaranteed return for assets in the ZM Zajamčeni fund is 1.5 %. 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 proportion of each policy's assets in any fund is 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 or 1–9/2017).

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 risk*

(€)						
Type of investment	30/09/2017	Structure as at 30/09/2017	31/12/2016	Structure as at 31/12/2016	Absolute difference 30/09/2017 / 31/12/2016	Change in structure 30/09/2017 / 31/12/2016
Deposits	23,117,823	2.2 %	24,737,308	2.3 %	-1,619,485	-0.2 %
Government bonds	532,654,873	49.6 %	595,132,601	56.2 %	-62,477,728	-6.5 %
Corporate bonds	398,983,103	37.2 %	368,357,333	34.8 %	30,625,770	2.4 %
Shares	17,266,328	1.6 %	16,980,847	1.6 %	285,481	0.0 %
Mutual funds	34,085,575	3.2 %	16,531,807	1.6 %	17,553,768	1.6 %
bond and money market	31,201,732	2.9 %	9,565,440	0.9 %	21,636,292	2.0 %
mixed	1,657,202	0.2 %	1,703,918	0.2 %	-46,716	0.0 %
equity funds	1,226,640	0.1 %	5,262,449	0.5 %	-4,035,809	-0.4 %
Loans granted and other investments	638,018	0.1 %	659,484	0.1 %	-21,466	0.0 %
Deposits with cedants	5,955,939	0.6 %	7,835,859	0.7 %	-1,879,920	-0.2 %
<b>Financial investments</b>	<b>1,012,701,659</b>	<b>94.4 %</b>	<b>1,030,235,239</b>	<b>97.2 %</b>	<b>-17,533,580</b>	<b>-2.9 %</b>
Investment property	15,585,049	1.5 %	7,933,786	0.7 %	7,651,263	0.7 %
Cash and cash equivalents	45,001,015	4.2 %	21,481,381	2.0 %	23,519,634	2.2 %
<b>Investment portfolio</b>	<b>1,073,287,723</b>	<b>100.0 %</b>	<b>1,059,650,406</b>	<b>100.0 %</b>	<b>13,637,317</b>	<b>0.0 %</b>

The investment portfolio sensitive to market risk grew by € 13.6 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 30 June 2017 was € 866.9 million (31/12/2016: € 841.7 million). Of this, € 589.7 million (31/12/2016: € 582.7 million) relates to assets of non-life insurers (including Sava Re) and € 277.2 million (31/12/2016: € 259.0 million) to assets of life insurers.

The sensitivity analysis for data as at 30 June 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 € 10.7 million or 1.8 % (31/12/2016: € 11.2 million or 1.9 %). And the value of life insurance investments would decline by € 6.3 million or 2.3 % (31/12/2016: € 6.0 million or 2.3 %).

Interest rate risk for non-life and life business has reduced slightly compared to the 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 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 30 June 2017, the value of investments would decrease by € 1.9 million (31/12/2016: € 2.3 million).

The risk decreased marginally 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 at 30 September 2017 would decrease by € 3.9 million (31/12/2016: € 2.0 million).

Property risk rose compared to year-end 2016 because of the higher amount of property investments exposed to property risk (30/09/2017: € 15.6 million; 31/12/2016; € 7.9 million).

### 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, Macedonia and Croatia) 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.

Sava Re reduces its currency risk by matching assets and liabilities denominated in foreign currencies. Currencies are matched at the accounting currency level<sup>7</sup>. If capital markets are not available in the accounting currency, currencies are matched at the transaction currency level<sup>8</sup>.

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 30 September 2017*

Currency	Assets	Liabilities	Mismatch	Matched liabilities (%)
<b>2017</b>				
<b>Euro (€)</b>	<b>486,878,434</b>	<b>480,234,298</b>		<b>101.4</b>
<b>Foreign currencies</b>	<b>99,661,568</b>	<b>106,305,704</b>		<b>93.7</b>
US dollar (USD)	44,146,240	36,690,624	7,455,616	120.3
Korean won (KRW)	11,461,820	11,232,615	229,204	102.0
Chinese yuan (CNY)	6,947,645	6,758,153	189,492	102.8
Indian rupee (INR)	8,687,082	7,442,580	1,244,503	116.7
Taka (BDT)	2,311,897	6,627,342	4,315,445	34.9
Other	26,106,885	37,554,390	11,447,505	69.5
<b>Total</b>	<b>586,540,002</b>	<b>586,540,002</b>		
Currency-matched liabilities (%)			95.8 %	

<sup>7</sup> 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.

<sup>8</sup> 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	Matched liabilities (%)
<b>Euro (€)</b>	<b>478,755,305</b>	<b>472,780,085</b>		<b>101.3</b>
<b>Foreign currencies</b>	<b>89,392,458</b>	<b>95,367,679</b>		<b>93.7</b>
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
Bangladeshi 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
<b>Total</b>	<b>568,147,764</b>	<b>568,147,764</b>		
Currency-matched liabilities (%)			96.5 %	

*Transaction currency (mis)match as at 30 September 2017*

Currency 2017	Assets	Liabilities	Mismatch	Matched liabilities (%)
<b>Euro (€)</b>	<b>487,215,002</b>	<b>482,102,917</b>		<b>101.1</b>
<b>Foreign currencies</b>	<b>99,325,000</b>	<b>104,437,085</b>		<b>95.1</b>
US dollar (USD)	47,367,030	46,885,168	481,862	101.0
Korean won (KRW)	11,461,820	11,232,615	229,204	102.0
Chinese yuan (CNY)	6,947,645	6,758,153	189,492	102.8
Indian rupee (INR)	9,476,960	8,677,093	799,867	109.2
Russian rouble (RUB)	5,886,888	9,485,798	3,598,910	62.1
Other	18,184,658	21,398,258	3,213,599	85.0
<b>Total</b>	<b>586,540,002</b>	<b>586,540,002</b>		
Currency-matched liabilities (%)			98.5 %	
Currency-matched liabilities as at 31/12/2016 (%)			98.9 %	

The Company has set itself a target of matching assets and liabilities at least 90 %. In 1–9/2017 assets and liabilities were matched 95.8 % (2016: 96.5 %).

In the management of currency risk (ALM aspect), the Company managed to directly match all substantially liquid currencies. Other currencies were matched based on their correlation with the euro or the US dollar. Since many accounting currencies are at least 90 % correlated to the US dollar, the surplus of assets over liabilities in US dollars is thus reduced to € 0.5 million (from € 7.5 million based on the accounting aspect).

*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		
	30/09/2017	31/12/2016	30/09/2016
<b>Euro (€)</b>			
Investments	-5,411,080	1,360,875	-430,863
Technical provisions and deferred commissions	5,691,448	-1,571,251	435,637
Receivables and liabilities	-1,501,842	-260,125	-494,228
<b>Total effect on the income statement</b>	<b>-1,221,474</b>	<b>-470,502</b>	<b>-489,454</b>

### 6.5.2 Credit risk

The Group mitigates credit risk by investing in highly rated debt securities. As at 30 September 2017, a share of 84.0 % of the fixed income portfolio was rated "investment grade" ("BBB-" or better) (31/12/2016: 84.5 %), and 71.6 % of investments were rated "A-" or better (31/12/2016: 73.6 %).

The credit quality of securities issuers of the Sava Re Group remained at about the same level as at year-end 2016; therefore, we believe that the credit risk has not changed from the end of the previous year.

The credit risk due to issuer default also 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 in EU countries (30/09/2017: 54.1 %; 31/12/2016: 51.7 %). In terms of industry, the Group is mainly exposed to governments (30/09/2017: 49.6 %; 31/12/2016: 56.2%), followed by the banking sector (30/09/2017: 22.2 %; 31/12/2016: 19.8 %). In the banking sector, covered bonds represent 51.9 % of the exposure. The Group holds covered bonds as a form of low-risk investment. Exposure to the 10 largest issuers accounted for 34.4 % of the investment portfolio (31/12/2016: 39.3%), with the largest exposure to the Republic of Slovenia (30/09/2017: 16.3 %; 31/12/2016: 22.2%), while exposure to any other single commercial issuer does not exceed 2.0 % of the investment portfolio.

We estimate that credit risk improved compared to year-end 2016 due to a higher degree of diversification.

### 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 a commercial bank 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 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

Group companies have established processes for identifying, measuring, monitoring, managing and reporting on such risks for the effective management of operational risk. Operational risk management processes have also been set up 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 internal controls system;
- 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 risks are not among the Group's most significant risks. Nevertheless, some of them are rather important, such as:

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

## 6.7 Strategic risks

Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including 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** 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 both analyses combined, an overview is obtained of the extent and changes 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, some risks related to the merging of processes and the realisation of synergistic effects in Zavarovalnica Sava persist.

By the time of preparing this report, the subsidiary Zavarovalnica Sava suffered a number of weather-related loss events (larger frequency of smaller losses on average). In addition, the Sava Re portfolio was affected by American storm losses and a large property loss in Russia. These losses have aggravated the risk that further losses will prevent the achievement of the planned profits.



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





## 7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7.1 Unaudited consolidated statement of financial position

(€)	30/09/2017	31/12/2016
<b>ASSETS</b>	<b>1,718,078,266</b>	<b>1,671,189,179</b>
Intangible assets	23,305,746	25,508,583
Property and equipment	45,821,501	51,887,127
Deferred tax assets	2,020,072	2,326,063
Investment property	15,585,049	7,933,786
<b>Financial investments:</b>	<b>1,012,701,659</b>	<b>1,030,235,239</b>
- loans and deposits	28,151,493	31,605,347
- held to maturity	106,630,851	130,812,195
- available for sale	871,606,413	858,641,003
- at fair value through profit or loss	6,312,902	9,176,694
<b>Funds for the benefit of policyholders who bear the investment risk</b>	<b>223,080,211</b>	<b>224,175,076</b>
<b>Reinsurers' share of technical provisions</b>	<b>36,366,750</b>	<b>28,444,628</b>
<b>Investment contract assets</b>	<b>127,173,222</b>	<b>121,366,122</b>
<b>Receivables</b>	<b>152,162,490</b>	<b>127,408,527</b>
Receivables arising out of primary insurance business	132,822,210	51,340,821
Receivables arising out of co-insurance and reinsurance business	5,069,843	68,005,582
Current tax assets	1,655,979	124,720
Other receivables	12,614,458	7,937,404
<b>Deferred acquisition costs</b>	<b>19,507,374</b>	<b>16,510,536</b>
<b>Other assets</b>	<b>2,065,148</b>	<b>1,366,844</b>
<b>Cash and cash equivalents</b>	<b>58,284,579</b>	<b>33,939,160</b>
<b>Non-current assets held for sale</b>	<b>4,465</b>	<b>87,488</b>
<b>EQUITY AND LIABILITIES</b>	<b>1,718,078,266</b>	<b>1,671,189,179</b>
<b>Equity</b>	<b>307,380,860</b>	<b>297,038,327</b>
Share capital	71,856,376	71,856,376
Capital reserves	43,681,441	43,681,441
Profit reserves	146,040,258	145,893,612
Own shares	-24,938,709	-24,938,709
Fair value reserve	18,481,159	17,458,948
Reserve due to fair value revaluation	755,822	351,655
Retained earnings	33,283,372	36,778,941
Net profit/loss for the period	20,877,389	9,049,238
Translation reserve	-3,400,689	-3,854,182
<b>Equity attributable to owners of the controlling company</b>	<b>306,636,417</b>	<b>296,277,319</b>
<b>Non-controlling interest in equity</b>	<b>744,443</b>	<b>761,008</b>
<b>Subordinated liabilities</b>	<b>0</b>	<b>23,570,771</b>
<b>Technical provisions</b>	<b>966,826,138</b>	<b>911,221,323</b>
Unearned premiums	192,233,817	157,678,496
Technical provisions for life insurance business	275,726,171	269,762,815
Provision for outstanding claims	488,996,687	475,157,985
Other technical provisions	9,869,463	8,622,027
<b>Technical provision for the benefit of life insurance policyholders who bear the investment risk</b>	<b>223,060,830</b>	<b>226,994,200</b>
<b>Other provisions</b>	<b>7,791,765</b>	<b>8,080,877</b>
<b>Deferred tax liabilities</b>	<b>5,855,072</b>	<b>6,038,631</b>
<b>Investment contract liabilities</b>	<b>127,050,461</b>	<b>121,229,675</b>
<b>Other financial liabilities</b>	<b>527,734</b>	<b>393,996</b>
<b>Liabilities from operating activities</b>	<b>58,531,906</b>	<b>48,790,646</b>
Liabilities from primary insurance business	46,502,064	11,910,253
Liabilities from reinsurance and co-insurance business	6,907,585	36,292,698
Current income tax liabilities	5,122,257	587,695
<b>Other liabilities</b>	<b>21,053,500</b>	<b>27,830,733</b>

## 7.2 Unaudited consolidated income statement

(€)	1–9/2017	1–9/2016
<b>Net earned premiums</b>	<b>350,613,615</b>	<b>343,769,334</b>
Gross premiums written	409,204,368	390,549,344
Written premiums ceded to reinsurers and co-insurers	-29,278,139	-25,756,618
Change in gross unearned premiums	-33,983,269	-25,029,152
Change in unearned premiums, reinsurers' and co-insurers' shares	4,670,655	4,005,760
<b>Investment income</b>	<b>20,832,708</b>	<b>24,271,590</b>
Interest income	14,089,379	15,971,961
Other investment income	6,743,329	8,299,629
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>12,342,741</b>	<b>12,601,783</b>
<b>Other technical income</b>	<b>9,185,753</b>	<b>12,825,374</b>
Commission income	2,125,844	2,744,754
Other technical income	7,059,909	10,080,620
<b>Other income</b>	<b>4,072,300</b>	<b>4,111,766</b>
<b>Net claims incurred</b>	<b>-219,696,644</b>	<b>-204,056,822</b>
Gross claims payments, net of income from recourse receivables	-218,584,956	-195,251,098
Reinsurers' and co-insurers' shares	9,869,961	12,323,203
Change in the gross claims provision	-13,996,503	-21,640,741
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	3,014,854	511,814
<b>Change in other technical provisions</b>	<b>-7,600,104</b>	<b>-8,011,608</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>3,150,931</b>	<b>-12,354,559</b>
<b>Expenses for bonuses and rebates</b>	<b>143,544</b>	<b>-1,293,443</b>
<b>Operating expenses</b>	<b>-114,173,572</b>	<b>-114,052,410</b>
Acquisition costs	-39,025,945	-39,197,442
Change in deferred acquisition costs	3,096,593	579,187
Other operating expenses	-78,244,220	-75,434,155
<b>Expenses for financial assets and liabilities</b>	<b>-9,637,706</b>	<b>-6,625,796</b>
Impairment losses on financial assets not at fair value through profit or loss	0	-67,895
Interest expense	-718,823	-635,747
Other investment expenses	-8,918,883	-5,922,154
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>-7,049,279</b>	<b>-9,187,423</b>
<b>Other technical expenses</b>	<b>-13,773,670</b>	<b>-12,744,056</b>
<b>Other expenses</b>	<b>-1,269,044</b>	<b>-1,441,965</b>
<b>Profit or loss before tax</b>	<b>27,141,573</b>	<b>27,811,765</b>
<b>Income tax expense</b>	<b>-6,215,584</b>	<b>-5,192,818</b>
<b>Net profit or loss for the period</b>	<b>20,925,989</b>	<b>22,618,947</b>
<b>Net profit or loss attributable to owners of the controlling company</b>	<b>20,877,389</b>	<b>22,645,078</b>
<b>Net profit or loss attributable to non-controlling interests</b>	<b>48,600</b>	<b>-26,131</b>
<b>Earnings per share (basic and diluted)</b>	<b>1.35</b>	<b>1.43</b>

The change in the weighted average number of shares outstanding is shown in section 8.8.7 "Net earnings/loss per share".

### 7.3 Unaudited consolidated statement of comprehensive income

(€)	1–9/2017			1–9/2016		
	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
<b>PROFIT OR LOSS FOR THE PERIOD, NET OF TAX</b>	<b>20,877,389</b>	<b>48,600</b>	<b>20,925,989</b>	<b>22,645,078</b>	<b>-26,131</b>	<b>22,618,947</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>1,879,870</b>	<b>6,428</b>	<b>1,886,298</b>	<b>14,184,930</b>	<b>27,638</b>	<b>14,212,568</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>404,168</b>	<b>1,028</b>	<b>405,196</b>	<b>-289,980</b>	<b>0</b>	<b>-289,980</b>
Other items that will not be reclassified subsequently to profit or loss	404,168	1,028	405,196	-300,027	0	-300,027
Tax on items that will not be reclassified subsequently to profit or loss	0	0	0	10,047	0	10,047
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>1,475,702</b>	<b>5,400</b>	<b>1,481,102</b>	<b>14,474,910</b>	<b>27,638</b>	<b>14,502,548</b>
<b>Net gains/losses on remeasuring available-for-sale financial assets</b>	<b>1,094,796</b>	<b>2,531</b>	<b>1,097,327</b>	<b>16,970,280</b>	<b>15,573</b>	<b>16,985,853</b>
Net change recognised in the fair value reserve	2,178,990	4,964	2,183,954	16,182,433	15,573	16,198,006
Net change transferred from fair value reserve to profit or loss	-1,084,194	-2,433	-1,086,627	787,847	0	787,847
<b>Tax on items that may be reclassified subsequently to profit or loss</b>	<b>-72,587</b>	<b>7</b>	<b>-72,580</b>	<b>-2,720,642</b>	<b>0</b>	<b>-2,720,642</b>
<b>Net gains/losses from translation of financial statements of non-domestic companies</b>	<b>453,493</b>	<b>2,862</b>	<b>456,355</b>	<b>225,272</b>	<b>12,065</b>	<b>237,337</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>22,757,259</b>	<b>55,028</b>	<b>22,812,287</b>	<b>36,830,008</b>	<b>1,507</b>	<b>36,831,515</b>
<b>Attributable to owners of the controlling company</b>	<b>22,757,259</b>	<b>0</b>	<b>22,757,259</b>	<b>36,830,008</b>	<b>0</b>	<b>36,830,008</b>
<b>Attributable to non-controlling interest</b>	<b>0</b>	<b>55,028</b>	<b>55,028</b>	<b>0</b>	<b>1,507</b>	<b>1,507</b>

## 7.4 Unaudited consolidated statement of cash flows

(€)	1–9/2017	1–9/2016
<b>A. Cash flows from operating activities</b>		
<b>a) Items of the income statement</b>	<b>38,516,294</b>	<b>69,294,544</b>
1. Net premiums written in the period	379,926,229	364,792,726
2. Investment income (other than financial income)	907,165	167,312
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	13,258,053	16,937,140
4. Net claims payments in the period	-222,711,498	-182,927,895
5. Expenses for bonuses and rebates	143,544	-1,293,443
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-111,667,266	-108,926,385
7. Investment expenses (excluding amortisation and financial expenses)	-81,635	-76,072
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-15,042,714	-14,186,021
9. Tax on profit and other taxes not included in operating expenses	-6,215,584	-5,192,818
<b>b) Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement</b>	<b>-9,590,229</b>	<b>-27,573,214</b>
1. Change in receivables from primary insurance	-81,481,389	-6,454,165
2. Change in receivables from reinsurance	62,935,739	-5,790,623
3. Change in other receivables from (re)insurance business	354,608	-500,802
4. Change in other receivables and other assets	-7,233,798	-2,612,187
5. Change in deferred tax assets	305,991	541,222
6. Change in inventories	-27,427	-19,067
7. Change in liabilities arising out of primary insurance	34,591,811	-161,392
8. Change in liabilities arising out of reinsurance business	-29,385,113	-5,227,259
9. Change in other operating liabilities	3,165,976	-5,227,259
10. Change in other liabilities (except unearned premiums)	7,366,932	-3,944,491
11. Change in deferred tax liabilities	-183,559	1,822,809
<b>c) Net cash from/used in operating activities (a + b)</b>	<b>28,926,065</b>	<b>41,721,330</b>
<b>B. Cash flows from investing activities</b>		
<b>a) Cash receipts from investing activities</b>	<b>780,432,723</b>	<b>791,057,261</b>
1. Interest received from investing activities	14,089,379	15,971,961
2. Cash receipts from dividends and participation in the profit of others	1,106,215	1,242,216
3. Proceeds from sale of intangible assets	0	63,660
4. Proceeds from sale of property and equipment	2,984,529	2,212,145
5. Proceeds from sale of financial investments	762,252,600	771,567,279
<b>b) Cash disbursements in investing activities</b>	<b>-747,113,835</b>	<b>-767,506,471</b>
1. Purchase of intangible assets	-969,901	-408,351
2. Purchase of property and equipment	-3,970,085	-6,520,821
3. Purchase of long-term financial investments	-742,173,849	-760,577,299
<b>c) Net cash from/used in investing activities (a + b)</b>	<b>33,318,888</b>	<b>23,550,790</b>
<b>C. Cash flows from financing activities</b>		
<b>b) Cash disbursements in financing activities</b>	<b>-37,899,534</b>	<b>-27,653,266</b>
1. Interest paid	-718,823	-635,747
3. Repayment of long-term financial liabilities	-24,000,000	0
4. Repayment of short-term financial liabilities	-716,684	0
5. Dividends and other profit participations paid	-12,464,027	-12,398,157
6. Own share repurchases	0	-14,619,362
<b>c) Net cash from/used in financing activities (a + b)</b>	<b>-37,899,534</b>	<b>-27,653,266</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>58,284,579</b>	<b>42,329,758</b>
<b>x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>24,345,419</b>	<b>37,618,854</b>
<b>y) Opening balance of cash and cash equivalents</b>	<b>33,939,160</b>	<b>4,710,904</b>

## 7.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the nine months to 30 September 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.
<b>Closing balance in previous financial year</b>	<b>71,856,376</b>	<b>43,681,441</b>	<b>11,411,550</b>	<b>24,938,709</b>	<b>11,225,068</b>	<b>98,318,285</b>	<b>17,458,948</b>	<b>351,655</b>	<b>36,778,941</b>	<b>9,049,238</b>	<b>-24,938,709</b>	<b>-3,854,182</b>	<b>296,277,319</b>	<b>761,008</b>	<b>297,038,327</b>
Prior-period restatements	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Prior-period adjustments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Opening balance in the financial period</b>	<b>71,856,376</b>	<b>43,681,441</b>	<b>11,411,550</b>	<b>24,938,709</b>	<b>11,225,068</b>	<b>98,318,285</b>	<b>17,458,948</b>	<b>351,655</b>	<b>36,778,941</b>	<b>9,049,238</b>	<b>-24,938,709</b>	<b>-3,854,182</b>	<b>296,277,319</b>	<b>761,008</b>	<b>297,038,327</b>
<b>Comprehensive income for the period, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,022,210</b>	<b>404,167</b>	<b>0</b>	<b>20,877,389</b>	<b>0</b>	<b>453,493</b>	<b>22,757,259</b>	<b>55,028</b>	<b>22,812,287</b>
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	20,877,389	0	0	20,877,389	48,600	20,925,989
b) Other comprehensive income	0	0	0	0	0	0	1,022,210	404,167	0	0	0	453,493	1,879,870	6,428	1,886,298
Dividend payouts	0	0	0	0	0	0	0	0	-12,398,157	0	0	0	-12,398,157	-65,870	-12,464,027
Allocation of net profit to profit reserve	0	0	146,646	0	0	0	0	0	-146,646	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
Acquisition of non-controlling interest	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,722	-5,722
<b>Closing balance in the financial period</b>	<b>71,856,376</b>	<b>43,681,441</b>	<b>11,558,196</b>	<b>24,938,709</b>	<b>11,225,068</b>	<b>98,318,285</b>	<b>18,481,158</b>	<b>755,822</b>	<b>33,283,372</b>	<b>20,877,389</b>	<b>-24,938,709</b>	<b>-3,400,689</b>	<b>306,636,417</b>	<b>744,443</b>	<b>307,380,860</b>

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

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interest in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit 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	14,249,638	-289,980	0	22,645,078	0	225,272	36,830,008	1,507	36,831,515
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	22,645,078	0	0	22,645,078	-26,131	22,618,947
b) Other comprehensive income	0	0	0	0	0	0	0	14,249,638	-289,980	0	0	0	225,272	14,184,930	27,638	14,212,568
Net purchase/sale of treasury shares	0	0	0	14,619,362	0	0	0	0	0	0	-14,619,362	-14,619,362	0	-14,619,362	0	-14,619,362
Dividend payouts	0	0	0	0	0	0	0	0	0	-12,398,158	0	0	0	-12,398,158	0	-12,398,158
Allocation of net profit to profit reserve	0	0	140,964	0	0	0	0	0	0	-140,964	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-976,191	-3,873,421	0	0	0	4,849,612	0	0	0	0	0	0
Acquisition of non-controlling interests	0	-188	0	0	0	0	0	0	0	0	0	0	0	-188	-5,893	-6,081
Transfer of profit	0	0	0	0	0	0	0	0	0	24,849,678	-24,849,678	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	-36,817	0	0	0	-36,817	0	-36,817
Closing balance in the financial period	71,856,376	43,388,536	11,383,730	24,938,709	0	7,351,647	89,191,057	26,971,343	-327,452	40,614,278	8,025,718	-24,938,709	-3,241,883	295,213,349	959,428	296,172,777

## **8 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

The selected notes to the financial statements for the nine months to 30 September are significant to an understanding of the changes in the financial position and performance of the Group in the first nine months of 2017 as compared to both the first nine months of 2016 and the year-end 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 nine months to 30 September 2017 have not been audited.

The interim financial statements as at 30 September 2017 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2016.

As at 30 September, the Group has only changed the presentation of the sub-items of receivables and liabilities from operating activities.

To better reflect the nature of the Group's operations, we now disclose the items relating to accepted reinsurance and coinsurance business, also known as inwards re/coinsurance, under receivables and liabilities from primary insurance business.

Receivables and liabilities from co-insurance and reinsurance business, however, will continue to include items relating to ceded business (reinsurance and ceded coinsurance written by primary insurance companies and outward retrocession business of reinsurance companies).

This change is explained in detail in section 8.8.5 "Receivables" and in 8.8.10 "Liabilities from operating activities".

### **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 1–9/2017.

## **8.4 Materiality**

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2 % thereof at 30 September 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 did not issue any new debt or equity securities. However, in the first half of 2017 it fully repaid the subordinated debt of the controlling company taken out in 2006 and 2007 to support the expansion of the Sava Re Group to the markets of the Western Balkans.

## **8.6 Key accounting estimates and judgements**

In preparing the interim report, the Group complies with the same principles relating to estimates as in the preparation of its annual report.

## **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. Non-life and life insurance business are separately monitored whether sourced in Slovenia or abroad (international); the predominant part of the reinsurance segment is foreign-sourced. 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 30 September 2017

30/09/2017	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>ASSETS</b>	<b>285,413,180</b>	<b>566,288,022</b>	<b>118,060,418</b>	<b>684,348,440</b>	<b>716,015,498</b>	<b>27,280,487</b>	<b>743,295,985</b>	<b>5,020,661</b>	<b>1,718,078,266</b>
<b>Intangible assets</b>	<b>817,433</b>	<b>6,782,540</b>	<b>8,729,673</b>	<b>15,512,213</b>	<b>6,917,711</b>	<b>41,397</b>	<b>6,959,108</b>	<b>16,992</b>	<b>23,305,746</b>
<b>Property and equipment</b>	<b>2,460,034</b>	<b>26,207,943</b>	<b>10,697,148</b>	<b>36,905,091</b>	<b>2,185,055</b>	<b>2,148,973</b>	<b>4,334,028</b>	<b>2,122,348</b>	<b>45,821,501</b>
<b>Deferred tax assets</b>	<b>1,080,452</b>	<b>538,839</b>	<b>11,801</b>	<b>550,640</b>	<b>388,683</b>	<b>297</b>	<b>388,980</b>	<b>0</b>	<b>2,020,072</b>
<b>Investment property</b>	<b>8,265,228</b>	<b>2,674,075</b>	<b>4,604,461</b>	<b>7,278,536</b>	<b>41,285</b>	<b>0</b>	<b>41,285</b>	<b>0</b>	<b>15,585,049</b>
<b>Financial investments:</b>	<b>169,841,193</b>	<b>423,373,191</b>	<b>69,152,051</b>	<b>492,525,242</b>	<b>327,728,504</b>	<b>22,583,490</b>	<b>350,311,994</b>	<b>23,231</b>	<b>1,012,701,659</b>
- loans and deposits	5,747,219	2,941,379	14,151,101	17,092,479	177,970	5,111,343	5,289,313	22,481	28,151,493
- held to maturity	1,416,187	39,792,726	3,591,022	43,383,748	58,950,760	2,880,156	61,830,916	0	106,630,851
- available for sale	161,800,203	380,264,319	51,390,346	431,654,664	263,877,459	14,273,336	278,150,795	750	871,606,413
- at fair value through profit or loss	877,583	374,768	19,582	394,350	4,722,315	318,654	5,040,969	0	6,312,902
<b>Funds for the benefit of policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>223,021,404</b>	<b>58,807</b>	<b>223,080,211</b>	<b>0</b>	<b>223,080,211</b>
<b>Reinsurers' share of technical provisions</b>	<b>10,937,722</b>	<b>17,502,103</b>	<b>7,608,104</b>	<b>25,110,207</b>	<b>316,776</b>	<b>2,044</b>	<b>318,820</b>	<b>0</b>	<b>36,366,750</b>
- from unearned premiums	1,742,487	8,502,285	1,694,943	10,197,227	114,972	399	115,371	0	12,055,086
- from provisions for claims outstanding	9,195,235	8,930,511	5,912,067	14,842,578	201,804	1,645	203,449	0	24,241,262
Investment contract assets	0	0	0	0	127,173,222	0	127,173,222	0	127,173,222
<b>Receivables</b>	<b>79,715,721</b>	<b>55,708,277</b>	<b>10,771,741</b>	<b>66,480,018</b>	<b>2,383,544</b>	<b>1,315,738</b>	<b>3,699,282</b>	<b>2,267,469</b>	<b>152,162,490</b>
Receivables arising out of primary insurance business	74,948,136	49,468,164	7,485,916	56,954,080	790,370	129,624	919,994	0	132,822,210
Receivables arising out of co-insurance and reinsurance business	3,397,122	1,156,146	516,554	1,672,700	0	21	21	0	5,069,843
Current tax assets	243,970	0	73,135	73,135	1,338,874	0	1,338,874	0	1,655,979
Other receivables	1,126,493	5,083,967	2,696,136	7,780,103	254,300	1,186,093	1,440,393	2,267,469	12,614,458
<b>Deferred acquisition costs</b>	<b>6,492,236</b>	<b>9,716,451</b>	<b>3,007,686</b>	<b>12,724,137</b>	<b>289,275</b>	<b>1,726</b>	<b>291,001</b>	<b>0</b>	<b>19,507,374</b>
<b>Other assets</b>	<b>555,982</b>	<b>1,058,574</b>	<b>366,897</b>	<b>1,425,471</b>	<b>9,915</b>	<b>20,268</b>	<b>30,183</b>	<b>53,512</b>	<b>2,065,148</b>
<b>Cash and cash equivalents</b>	<b>5,247,179</b>	<b>22,725,345</b>	<b>3,110,856</b>	<b>25,836,201</b>	<b>25,560,124</b>	<b>1,103,966</b>	<b>26,664,090</b>	<b>537,109</b>	<b>58,284,579</b>
<b>Non-current assets held for sale</b>	<b>0</b>	<b>684</b>	<b>0</b>	<b>684</b>	<b>0</b>	<b>3,781</b>	<b>3,781</b>	<b>0</b>	<b>4,465</b>

Statement of financial position items by operating segment – equity and liabilities as at 30 September 2017

30/09/2017	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>EQUITY AND LIABILITIES</b>	<b>358,085,934</b>	<b>517,516,578</b>	<b>121,286,203</b>	<b>638,802,782</b>	<b>689,824,242</b>	<b>26,064,221</b>	<b>715,888,463</b>	<b>5,301,088</b>	<b>1,718,078,266</b>
<b>Equity</b>	<b>152,093,345</b>	<b>58,820,350</b>	<b>34,754,512</b>	<b>93,574,863</b>	<b>45,785,723</b>	<b>10,854,078</b>	<b>56,639,801</b>	<b>5,072,852</b>	<b>307,380,860</b>
Equity attributable to owners of the controlling company	152,093,345	58,558,184	34,465,846	93,024,031	45,597,838	10,853,756	56,451,594	5,067,448	306,636,417
Non-controlling interest in equity	0	262,166	288,666	550,832	187,885	322	188,207	5,404	744,443
<b>Technical provisions</b>	<b>165,736,079</b>	<b>430,126,297</b>	<b>78,372,419</b>	<b>508,498,716</b>	<b>278,000,683</b>	<b>14,590,660</b>	<b>292,591,343</b>	<b>0</b>	<b>966,826,138</b>
Unearned premiums	34,579,324	128,473,514	28,322,708	156,796,222	719,912	138,359	858,271	0	192,233,817
Mathematical provisions	0	0	0	0	261,541,036	14,185,135	275,726,171	0	275,726,171
Provision for outstanding claims	130,794,456	293,058,484	49,138,039	342,196,523	15,739,735	265,973	16,005,708	0	488,996,687
Other technical provisions	362,299	8,594,299	911,672	9,505,971	0	1,193	1,193	0	9,869,463
<b>Technical provision for the benefit of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>223,003,731</b>	<b>57,099</b>	<b>223,060,830</b>	<b>0</b>	<b>223,060,830</b>
<b>Other provisions</b>	<b>345,296</b>	<b>5,507,547</b>	<b>672,189</b>	<b>6,179,736</b>	<b>1,242,145</b>	<b>23,831</b>	<b>1,265,976</b>	<b>757</b>	<b>7,791,765</b>
<b>Deferred tax liabilities</b>	<b>0</b>	<b>2,794,461</b>	<b>181,333</b>	<b>2,975,794</b>	<b>2,823,119</b>	<b>49,476</b>	<b>2,872,595</b>	<b>6,683</b>	<b>5,855,072</b>
<b>Investment contract liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>127,050,461</b>	<b>0</b>	<b>127,050,461</b>	<b>0</b>	<b>127,050,461</b>
<b>Other financial liabilities</b>	<b>91,207</b>	<b>0</b>	<b>238,718</b>	<b>238,718</b>	<b>0</b>	<b>197,809</b>	<b>197,809</b>	<b>0</b>	<b>527,734</b>
<b>Liabilities from operating activities</b>	<b>37,743,461</b>	<b>9,695,772</b>	<b>1,771,752</b>	<b>11,467,524</b>	<b>9,123,564</b>	<b>181,715</b>	<b>9,305,279</b>	<b>15,642</b>	<b>58,531,906</b>
Liabilities from primary insurance business	33,826,021	4,505,884	716,458	5,222,342	7,313,062	139,904	7,452,966	735	46,502,064
Liabilities from reinsurance and co-insurance business	3,917,440	2,159,741	811,534	2,971,275	18,870	0	18,870	0	6,907,585
Current income tax liabilities	0	3,030,147	243,760	3,273,907	1,791,632	41,811	1,833,443	14,907	5,122,257
<b>Other liabilities</b>	<b>2,076,546</b>	<b>10,572,151</b>	<b>5,295,280</b>	<b>15,867,431</b>	<b>2,794,816</b>	<b>109,553</b>	<b>2,904,369</b>	<b>205,154</b>	<b>21,053,500</b>

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

31/12/2016	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>ASSETS</b>	<b>267,386,560</b>	<b>558,344,159</b>	<b>108,616,807</b>	<b>666,960,966</b>	<b>708,777,140</b>	<b>22,980,335</b>	<b>731,757,476</b>	<b>5,084,177</b>	<b>1,671,189,179</b>
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
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 operations	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>EQUITY AND LIABILITIES</b>	<b>337,751,922</b>	<b>507,092,478</b>	<b>113,868,354</b>	<b>620,960,833</b>	<b>683,829,982</b>	<b>23,878,746</b>	<b>707,708,728</b>	<b>4,767,694</b>	<b>1,671,189,176</b>
<b>Equity</b>	<b>124,184,574</b>	<b>72,461,354</b>	<b>38,107,048</b>	<b>110,568,403</b>	<b>46,629,669</b>	<b>11,101,256</b>	<b>57,730,925</b>	<b>4,554,423</b>	<b>297,038,324</b>
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
<b>Technical provisions</b>	<b>152,065,973</b>	<b>403,102,517</b>	<b>69,062,456</b>	<b>472,164,973</b>	<b>274,584,318</b>	<b>12,406,059</b>	<b>286,990,377</b>	<b>0</b>	<b>911,221,323</b>
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
<b>Technical provision for the benefit of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>226,952,211</b>	<b>41,989</b>	<b>226,994,200</b>	<b>0</b>	<b>226,994,200</b>
<b>Other provisions</b>	<b>331,802</b>	<b>5,666,532</b>	<b>708,474</b>	<b>6,375,006</b>	<b>1,358,699</b>	<b>14,829</b>	<b>1,373,528</b>	<b>541</b>	<b>8,080,877</b>
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
<b>Other financial liabilities</b>	<b>104,279</b>	<b>0</b>	<b>289,356</b>	<b>289,356</b>	<b>0</b>	<b>170</b>	<b>170</b>	<b>191</b>	<b>393,996</b>
<b>Liabilities from operating activities</b>	<b>33,715,381</b>	<b>6,740,767</b>	<b>1,618,373</b>	<b>8,359,140</b>	<b>6,540,362</b>	<b>156,598</b>	<b>6,696,960</b>	<b>19,165</b>	<b>48,790,646</b>
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
<b>Other liabilities</b>	<b>3,779,142</b>	<b>16,204,101</b>	<b>3,947,185</b>	<b>20,151,286</b>	<b>3,577,478</b>	<b>136,136</b>	<b>3,713,614</b>	<b>186,691</b>	<b>27,830,733</b>

Income statement items by operating segment 1–9/2017

(€) 1–9/2017	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
<b>Net earned premiums</b>	<b>65,483,412</b>	<b>176,804,780</b>	<b>40,382,996</b>	<b>217,187,776</b>	<b>62,699,588</b>	<b>5,242,839</b>	<b>67,942,427</b>	<b>0</b>	<b>350,613,615</b>
Gross premiums written	77,012,312	218,193,803	46,128,422	264,322,225	62,630,416	5,239,415	67,869,831	0	409,204,368
Written premiums ceded to reinsurers and co-insurers	-3,166,900	-22,601,281	-3,309,547	-25,910,828	-198,127	-2,284	-200,411	0	-29,278,139
Change in gross unearned premiums	-8,737,579	-22,375,581	-3,054,650	-25,430,231	179,673	4,868	184,541	0	-33,983,269
Change in unearned premiums, reinsurers' and co-insurers' shares	375,579	3,587,839	618,771	4,206,610	87,626	840	88,466	0	4,670,655
<b>Investment income</b>	<b>5,085,525</b>	<b>5,371,033</b>	<b>1,850,974</b>	<b>7,222,006</b>	<b>7,854,415</b>	<b>670,761</b>	<b>8,525,176</b>	<b>0</b>	<b>20,832,708</b>
Interest income	2,003,089	4,170,424	1,657,046	5,827,470	5,802,463	456,357	6,258,820	0	14,089,379
Other investment income	3,082,436	1,200,609	193,927	1,394,536	2,051,952	214,405	2,266,357	0	6,743,329
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,341,547</b>	<b>1,194</b>	<b>12,342,741</b>	<b>0</b>	<b>12,342,741</b>
<b>Other technical income</b>	<b>3,023,015</b>	<b>3,079,729</b>	<b>1,448,762</b>	<b>4,528,491</b>	<b>1,340,563</b>	<b>128,441</b>	<b>1,469,004</b>	<b>165,243</b>	<b>9,185,753</b>
Commission income	252,812	1,502,004	374,013	1,876,017	-3,002	17	-2,985	0	2,125,844
Other technical income	2,770,203	1,577,725	1,074,749	2,652,474	1,343,565	128,424	1,471,989	165,243	7,059,909
<b>Other income</b>	<b>236,468</b>	<b>2,271,299</b>	<b>551,855</b>	<b>2,823,154</b>	<b>699,484</b>	<b>11,635</b>	<b>711,119</b>	<b>301,559</b>	<b>4,072,300</b>
<b>Net claims incurred</b>	<b>-39,599,131</b>	<b>-106,939,337</b>	<b>-19,532,989</b>	<b>-126,472,326</b>	<b>-52,419,582</b>	<b>-1,205,604</b>	<b>-53,625,187</b>	<b>0</b>	<b>-219,696,644</b>
Gross claims payments less income from recourse receivables	-35,530,759	-112,252,743	-17,563,497	-129,816,240	-52,028,135	-1,209,822	-53,237,957	0	-218,584,956
Reinsurers' and co-insurers' shares	445,900	8,467,606	885,145	9,352,751	71,289	20	71,309	0	9,869,961
Change in the gross claims provision	-4,780,974	-3,942,028	-4,798,049	-8,740,077	-479,262	3,810	-475,452	0	-13,996,503
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	266,701	787,828	1,943,413	2,731,240	16,524	388	16,912	0	3,014,854
<b>Change in other technical provisions</b>	<b>-151,555</b>	<b>-773,923</b>	<b>-399,595</b>	<b>-1,173,518</b>	<b>-4,149,168</b>	<b>-2,125,863</b>	<b>-6,275,031</b>	<b>0</b>	<b>-7,600,104</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,165,733</b>	<b>-14,802</b>	<b>3,150,931</b>	<b>0</b>	<b>3,150,931</b>
<b>Expenses for bonuses and rebates</b>	<b>1</b>	<b>182,558</b>	<b>-39,015</b>	<b>143,543</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143,544</b>
<b>Operating expenses</b>	<b>-17,684,591</b>	<b>-58,347,956</b>	<b>-19,527,273</b>	<b>-77,875,229</b>	<b>-14,494,013</b>	<b>-2,412,718</b>	<b>-16,906,731</b>	<b>-1,707,021</b>	<b>-114,173,572</b>
Acquisition costs	-16,527,620	-15,482,663	-2,489,168	-17,971,831	-4,135,035	-391,459	-4,526,494	0	-39,025,945
Change in deferred acquisition costs	1,700,575	595,631	624,345	1,219,976	176,272	-230	176,042	0	3,096,593
Other operating expenses	-2,857,546	-43,460,924	-17,662,450	-61,123,374	-10,535,250	-2,021,029	-12,556,279	-1,707,021	-78,244,220
<b>Expenses for financial assets and liabilities</b>	<b>-8,447,787</b>	<b>-264,776</b>	<b>-218,917</b>	<b>-483,693</b>	<b>-294,973</b>	<b>-411,253</b>	<b>-706,226</b>	<b>0</b>	<b>-9,637,706</b>
Interest expense	-718,338	0	-485	-485	0	0	0	0	-718,823
Other investment expenses	-7,729,449	-264,776	-218,432	-483,208	-294,973	-411,253	-706,226	0	-8,918,883
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,048,816</b>	<b>-463</b>	<b>-7,049,279</b>	<b>0</b>	<b>-7,049,279</b>
<b>Other technical expenses</b>	<b>-4,540,046</b>	<b>-5,060,462</b>	<b>-3,569,679</b>	<b>-8,630,141</b>	<b>-186,469</b>	<b>-416,943</b>	<b>-603,412</b>	<b>-71</b>	<b>-13,773,670</b>
<b>Other expenses</b>	<b>-95,766</b>	<b>-832,723</b>	<b>-230,598</b>	<b>-1,063,321</b>	<b>-94,257</b>	<b>-6,346</b>	<b>-100,603</b>	<b>-9,354</b>	<b>-1,269,044</b>
<b>Profit/loss before tax</b>	<b>3,309,544</b>	<b>15,490,223</b>	<b>716,521</b>	<b>16,206,743</b>	<b>9,414,050</b>	<b>-539,121</b>	<b>8,874,929</b>	<b>-1,249,644</b>	<b>27,141,573</b>
Income tax expense									-6,215,584
<b>Net profit/loss for the period</b>									<b>20,925,989</b>
<b>Net profit/loss attributable to owners of the controlling company</b>									<b>20,877,389</b>
<b>Net profit/loss attributable to non-controlling interest</b>									<b>48,600</b>

Income statement items by operating segment 1–9/2016

(€) 1–9/2016	Reinsurance operations	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
<b>Net earned premiums</b>	<b>69,054,615</b>	<b>173,506,262</b>	<b>36,944,004</b>	<b>210,450,266</b>	<b>59,577,691</b>	<b>4,686,762</b>	<b>64,264,453</b>	<b>0</b>	<b>343,769,334</b>
Gross premiums written	76,986,523	207,255,185	41,850,968	249,106,153	59,760,159	4,696,509	64,456,668	0	390,549,344
Written premiums ceded to reinsurers and co-insurers	-3,630,142	-19,047,058	-2,848,729	-21,895,787	-227,138	-3,551	-230,689	0	-25,756,618
Change in gross unearned premiums	-4,854,421	-17,987,238	-2,238,348	-20,225,586	56,960	-6,105	50,855	0	-25,029,152
Change in unearned premiums, reinsurers' and co-insurers' shares	552,655	3,285,373	180,113	3,465,487	-12,290	-91	-12,381	0	4,005,760
<b>Investment income</b>	<b>7,311,412</b>	<b>6,545,980</b>	<b>1,922,565</b>	<b>8,468,545</b>	<b>7,893,504</b>	<b>598,128</b>	<b>8,491,633</b>	<b>0</b>	<b>24,271,590</b>
Interest income	2,205,406	4,973,391	1,690,630	6,664,022	6,648,360	454,173	7,102,533	0	15,971,961
Other investment income	5,106,006	1,572,588	231,935	1,804,524	1,245,144	143,955	1,389,099	0	8,299,629
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,601,634</b>	<b>149</b>	<b>12,601,783</b>	<b>0</b>	<b>12,601,783</b>
<b>Other technical income</b>	<b>4,371,383</b>	<b>4,184,649</b>	<b>2,434,325</b>	<b>6,618,974</b>	<b>1,672,903</b>	<b>34,425</b>	<b>1,707,328</b>	<b>127,689</b>	<b>12,825,374</b>
Commission income	288,167	2,091,582	365,005	2,456,587	0	0	0	0	2,744,754
Other technical income	4,083,216	2,093,067	2,069,320	4,162,387	1,672,903	34,425	1,707,328	127,689	10,080,620
<b>Other income</b>	<b>26,571</b>	<b>1,893,240</b>	<b>912,052</b>	<b>2,805,292</b>	<b>994,981</b>	<b>12,694</b>	<b>1,007,675</b>	<b>272,228</b>	<b>4,111,766</b>
<b>Net claims incurred</b>	<b>-45,214,695</b>	<b>-108,009,011</b>	<b>-16,653,780</b>	<b>-124,662,791</b>	<b>-32,755,329</b>	<b>-1,424,008</b>	<b>-34,179,338</b>	<b>0</b>	<b>-204,056,822</b>
Gross claims payments less income from recourse receivables	-42,622,207	-104,455,721	-15,936,021	-120,391,742	-31,228,533	-1,008,616	-32,237,149	0	-195,251,098
Reinsurers' and co-insurers' shares	4,195,430	7,067,825	950,371	8,018,196	109,577	0	109,577	0	12,323,203
Change in the gross claims provision	-4,759,285	-13,538,829	-1,325,071	-14,863,900	-1,601,191	-416,365	-2,017,556	0	-21,640,741
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-2,028,633	2,917,714	-343,058	2,574,657	-35,183	973	-34,210	0	511,814
<b>Change in other technical provisions</b>	<b>100,427</b>	<b>-1,265,705</b>	<b>442,023</b>	<b>-823,682</b>	<b>-5,916,431</b>	<b>-1,371,922</b>	<b>-7,288,353</b>	<b>0</b>	<b>-8,011,608</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-12,355,372</b>	<b>813</b>	<b>-12,354,559</b>	<b>0</b>	<b>-12,354,559</b>
<b>Expenses for bonuses and rebates</b>	<b>0</b>	<b>-1,259,920</b>	<b>-33,523</b>	<b>-1,293,443</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,293,443</b>
<b>Operating expenses</b>	<b>-18,941,002</b>	<b>-59,056,144</b>	<b>-18,589,502</b>	<b>-77,645,646</b>	<b>-13,406,974</b>	<b>-2,325,065</b>	<b>-15,732,039</b>	<b>-1,733,723</b>	<b>-114,052,410</b>
Acquisition costs	-16,892,160	-14,837,306	-3,335,594	-18,172,900	-3,398,918	-733,464	-4,132,382	0	-39,197,442
Change in deferred acquisition costs	480,819	253,441	43,112	296,553	-197,955	-230	-198,185	0	579,187
Other operating expenses	-2,529,661	-44,472,279	-15,297,020	-59,769,299	-9,810,101	-1,591,371	-11,401,472	-1,733,723	-75,434,155
<b>Expenses for financial assets and liabilities</b>	<b>-5,441,976</b>	<b>-386,513</b>	<b>-116,281</b>	<b>-502,794</b>	<b>-525,890</b>	<b>-155,136</b>	<b>-681,026</b>	<b>0</b>	<b>-6,625,796</b>
Impairment losses on financial assets not at fair value through profit or loss	0	-60,980	0	-60,980	0	-6,915	-6,915	0	-67,895
Interest expense	-635,478	0	-269	-269	0	0	0	0	-635,747
Other investment expenses	-4,806,498	-325,533	-116,012	-441,545	-525,890	-148,221	-674,111	0	-5,922,154
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-9,186,461</b>	<b>-962</b>	<b>-9,187,423</b>	<b>0</b>	<b>-9,187,423</b>
<b>Other technical expenses</b>	<b>-4,755,965</b>	<b>-3,822,229</b>	<b>-3,884,894</b>	<b>-7,707,123</b>	<b>-164,833</b>	<b>-116,102</b>	<b>-280,935</b>	<b>-33</b>	<b>-12,744,056</b>
<b>Other expenses</b>	<b>-87,528</b>	<b>-775,523</b>	<b>-569,042</b>	<b>-1,344,565</b>	<b>-49</b>	<b>-3,279</b>	<b>-3,328</b>	<b>-6,544</b>	<b>-1,441,965</b>
<b>Profit/loss before tax</b>	<b>6,423,244</b>	<b>11,555,086</b>	<b>2,807,948</b>	<b>14,363,033</b>	<b>8,429,374</b>	<b>-63,503</b>	<b>8,365,869</b>	<b>-1,340,383</b>	<b>27,811,765</b>
Income tax expense									-5,192,818
<b>Net profit/loss for the period</b>									<b>22,618,947</b>
<b>Net profit/loss attributable to owners of the controlling company</b>									<b>22,645,078</b>
<b>Net profit/loss attributable to non-controlling interest</b>									<b>-26,131</b>

*Inter-segment business*

(€)	Reinsurance operations		Non-life insurance business		Life insurance business		Other	
	1-9/2017	1-9/2016	1-9/2017	1-9/2016	1-9/2017	1-9/2016	1-9/2017	1-9/2016
Net earned premiums	48,022,829	46,036,529	136,429	310,685	0	0	0	0
Net claims incurred	-20,617,377	-20,022,671	-92,266	-54,817	0	0	0	0
Operating expenses	-9,026,457	-8,320,616	-973,293	-896,626	-299,504	-515,711	-106,255	-109,452
Investment income	59,533	117,834	3,299	787	0	0	0	0
Other income	17,361	18,036	88,258	148,874	1	420	1,324,652	1,434,705

## 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
<b>Cost</b>					
01/01/2017	8,030,475	54,625,070	24,272,128	218,004	87,145,677
Additions	85,912	2,609,328	1,382,868	1,614	4,079,722
Disposals	-5,491	-305,227	-1,538,402	-7,695	-1,856,815
Reclassification	-273,943	-6,742,340	0	0	-7,016,283
Impairment	0	-334,910	0	0	-334,910
Exchange differences	0	163,557	63,896	3,909	231,362
30/09/2017	7,836,953	50,015,478	24,180,490	215,832	82,248,753
<b>Accumulated depreciation and impairment losses</b>					
01/01/2017	0	17,107,342	18,072,626	78,583	35,258,551
Additions	0	851,950	1,597,822	2,768	2,452,540
Disposals	0	-138,380	-1,230,416	-5,700	-1,374,496
Exchange differences	0	45,798	44,811	49	90,658
30/09/2017	0	17,866,710	18,484,843	75,700	36,427,253
<b>Carrying amount as at 01/01/2017</b>	<b>8,030,475</b>	<b>37,517,728</b>	<b>6,199,502</b>	<b>139,421</b>	<b>51,887,127</b>
<b>Carrying amount as at 30/09/2017</b>	<b>7,836,953</b>	<b>32,148,768</b>	<b>5,695,647</b>	<b>140,132</b>	<b>45,821,501</b>

As regards land and buildings assets for own use, the Group made an investment in a sales and claims centre in Maribor, which had already partly functioned as a property for own use in progress in 2016. The investment worth € 7.6 million was completed in September 2017. The property is partly (€ 5.1 million) used for own insurance operations, while the other part (€ 2.5 million) is classified as investment property. Furthermore, the Baraga 5 property in Ljubljana (€ 5.2 million), formerly recorded as property for own use in progress, was reclassified, through the reclassifications item, as investment property in September 2017. Impairment losses of € 0.3 million recognised relate to property for own use in Serbia based on an independent valuation.

### 8.8.2 Investment property

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

(€)	Land	Buildings	Total
<b>Cost</b>			
01/01/2017	775,979	7,945,313	8,721,292
Additions	4,542	673,416	677,958
Reclassification	1,764,733	5,251,550	7,016,283
Exchange differences	330	137,126	137,456
30/09/2017	2,545,584	14,007,405	16,552,989
<b>Accumulated depreciation and impairment losses</b>			
01/01/2017	28,517	758,989	787,506
Additions	0	171,001	171,001
Exchange differences	330	9,103	9,433
30/09/2017	28,847	939,093	967,940
<b>Carrying amount as at 01/01/2017</b>	<b>747,462</b>	<b>7,186,324</b>	<b>7,933,786</b>
<b>Carrying amount as at 30/09/2017</b>	<b>2,516,737</b>	<b>13,068,312</b>	<b>15,585,049</b>



The increase in investment property assets relates to the above mentioned reclassification of property for own use in progress as investment property.

### 8.8.3 Financial investments

At the end of the third quarter of 2017, financial investments declined by € 17.5 million from year-end 2016 due to the reclassification of certain investments as cash (planned dividend payout, repayment of subordinated debt) and strategic decisions relating to the management of the investment portfolio.

#### Financial investments as at 30 September 2017

(€)	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
<b>30/09/2017</b>					
<b>Debt instruments</b>	<b>106,630,851</b>	<b>3,816,589</b>	<b>822,750,823</b>	<b>22,195,554</b>	<b>955,393,817</b>
Deposits and CDs	1,560,287	0	0	21,557,536	23,117,823
Government bonds	104,796,288	841,879	380,359,397	0	485,997,564
Corporate bonds	274,276	2,974,710	442,391,426	0	445,640,412
Loans granted	0	0	0	638,018	638,018
<b>Equity instruments</b>	<b>0</b>	<b>2,496,313</b>	<b>48,855,590</b>	<b>0</b>	<b>51,351,903</b>
Shares	0	549,432	16,716,896	0	17,266,328
Mutual funds	0	1,946,881	32,138,694	0	34,085,575
<b>Financial investments of reinsurers i.r.o. reinsurance contracts with cedants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5,955,939</b>	<b>5,955,939</b>
<b>Total</b>	<b>106,630,851</b>	<b>6,312,902</b>	<b>871,606,413</b>	<b>28,151,493</b>	<b>1,012,701,659</b>

#### 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			
<b>31/12/2016</b>					
	<b>130,812,195</b>	<b>7,439,052</b>	<b>826,819,512</b>	<b>23,769,488</b>	<b>988,840,247</b>
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
<b>Equity instruments</b>	<b>0</b>	<b>1,737,642</b>	<b>31,775,012</b>	<b>0</b>	<b>33,512,654</b>
Shares	0	524,744	16,456,103	0	16,980,847
Mutual funds	0	1,212,898	15,318,909	0	16,531,807
<b>Other investments</b>	<b>0</b>	<b>0</b>	<b>46,479</b>	<b>0</b>	<b>46,479</b>
<b>Financial investments of reinsurers i.r.o. reinsurance contracts with cedants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>7,835,859</b>	<b>7,835,859</b>
<b>Total</b>	<b>130,812,195</b>	<b>9,176,694</b>	<b>858,641,003</b>	<b>31,605,347</b>	<b>1,030,235,239</b>

### 8.8.4 Reinsurers' share of technical provisions

The reinsurers' share of technical provisions increased by € 7.9 million or 27.9 % compared to 31 December 2016. The largest increase was recorded in the reinsurers' and coinsurers' share of

unearned premiums (€ 4.9 million or 67.3 %) as a result of the establishment of high unearned premiums for coverages for which the annual premiums were accounted for at the beginning of the year (especially non-proportional reinsurance and covers for large industrial risks). The increase in the claims provision (€ 3.0 million or 14.1 %) reflects primarily the setting of provisions for a large non-life claim from Macedonia (€ 1.9 million) and the increase in provisions for ceded non-Group facultative reinsurance business.

(€)	30/09/2017	31/12/2016
From unearned premiums	12,055,086	7,203,576
From provisions for claims outstanding	24,311,664	21,241,052
<b>Total</b>	<b>36,366,750</b>	<b>28,444,628</b>

### 8.8.5 Receivables

Receivables increased by € 24.8 million compared to year-end 2016. Due to a change in the presentation of receivables, receivables arising out of primary insurance business increased by € 81.5 million. If the change in the presentation of receivables had been made already on 31 December 2016, receivables arising out of primary insurance business would have totalled € 62.8 million, an increase of € 18.7 million, primarily due to the renewal of annual insurance and reinsurance contracts.

#### Receivables by type

(€)	30/09/2017			31/12/2016		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	158,542,155	-28,711,685	129,830,470	77,414,889	-28,295,242	49,119,647
Receivables from insurance brokers	3,438,971	-649,905	2,789,066	2,759,399	-636,693	2,122,706
Other receivables arising out of primary insurance business	334,616	-131,942	202,674	232,891	-134,423	98,468
<b>Receivables arising out of primary insurance business</b>	<b>162,315,742</b>	<b>-29,493,532</b>	<b>132,822,210</b>	<b>80,407,179</b>	<b>-29,066,358</b>	<b>51,340,821</b>
Receivables for premiums arising out of reinsurance and co-insurance	347,294	-20,577	326,717	63,665,635	-427,794	63,237,841
Receivables for shares in claims payments	4,112,196	-176,974	3,935,222	4,408,072	-76,896	4,331,176
Other receivables from co-insurance and reinsurance	807,904	0	807,904	436,565	0	436,565
<b>Receivables arising out of co-insurance and reinsurance business</b>	<b>5,267,394</b>	<b>-197,551</b>	<b>5,069,843</b>	<b>68,510,272</b>	<b>-504,690</b>	<b>68,005,582</b>
<b>Current tax assets</b>	<b>1,655,979</b>	<b>0</b>	<b>1,655,979</b>	<b>124,720</b>	<b>0</b>	<b>124,720</b>
Other short-term receivables arising out of insurance business	23,102,960	-20,806,662	2,296,298	24,635,936	-21,985,030	2,650,906
Receivables arising out of investments	2,342,987	-1,145,338	1,197,649	2,054,426	-1,136,608	917,818
Other receivables	10,319,821	-1,199,310	9,120,511	5,618,546	-1,249,866	4,368,680
<b>Other receivables</b>	<b>35,765,768</b>	<b>-23,151,310</b>	<b>12,614,458</b>	<b>32,308,908</b>	<b>-24,371,504</b>	<b>7,937,404</b>
<b>Total</b>	<b>205,004,883</b>	<b>-52,842,393</b>	<b>152,162,490</b>	<b>181,351,079</b>	<b>-53,942,552</b>	<b>127,408,527</b>

#### Movement in allowance for receivables

(€)	01/01/2017	Additions	Collection	Write-offs	Exchange differences	30/09/2017
<b>30/09/2017</b>						
Receivables due from policyholders	-28,295,242	-1,860,990	213,774	1,317,982	-87,209	-28,711,685
Receivables from insurance brokers	-636,693	-31,719	26,832	50	-8,375	-649,905
Other receivables arising out of primary insurance business	-134,423	-2,332	6,338	0	-1,525	-131,942
<b>Receivables arising out of primary insurance business</b>	<b>-29,066,358</b>	<b>-1,895,041</b>	<b>246,944</b>	<b>1,318,032</b>	<b>-97,109</b>	<b>-29,493,532</b>
Receivables for premiums arising out of reinsurance and co-insurance	-427,794	-20,577	427,794	0	0	-20,577
Receivables for shares in claims payments	-76,896	-100,000	0	0	-78	-176,974
<b>Receivables arising out of co-insurance and reinsurance business</b>	<b>-504,690</b>	<b>-120,577</b>	<b>427,794</b>	<b>0</b>	<b>-78</b>	<b>-197,551</b>
Other short-term receivables arising out of insurance business	-21,985,030	-64,700	170,866	1,127,981	-55,779	-20,806,662
Receivables arising out of investments	-1,136,608	-77	30,224	0	-38,877	-1,145,338
Other short-term receivables	-1,249,866	-142,293	44,296	160,767	-12,214	-1,199,310
<b>Other receivables</b>	<b>-24,371,504</b>	<b>-207,070</b>	<b>245,386</b>	<b>1,288,748</b>	<b>-106,870</b>	<b>-23,151,310</b>
<b>Total</b>	<b>-53,942,552</b>	<b>-2,222,688</b>	<b>920,124</b>	<b>2,606,780</b>	<b>-204,057</b>	<b>-52,842,393</b>

### Receivables ageing analysis

(€) 30/09/2017	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	99,793,577	23,646,234	6,390,659	129,830,470
Receivables from insurance brokers	1,280,664	1,455,334	53,068	2,789,066
Other receivables arising out of primary insurance business	173,196	23,101	6,377	202,674
<b>Receivables arising out of primary insurance business</b>	<b>101,247,437</b>	<b>25,124,669</b>	<b>6,450,104</b>	<b>132,822,210</b>
Receivables for premiums arising out of assumed reinsurance and co-insurance	256,298	33,188	37,231	326,717
Receivables for reinsurers' shares in claims	3,059,464	160,776	714,982	3,935,222
Other receivables from co-insurance and reinsurance	805,389	2,515	0	807,904
<b>Receivables arising out of co-insurance and reinsurance business</b>	<b>4,121,151</b>	<b>196,479</b>	<b>752,213</b>	<b>5,069,843</b>
<b>Current tax assets</b>	<b>1,655,979</b>	<b>0</b>	<b>0</b>	<b>1,655,979</b>
Other short-term receivables arising out of insurance business	460,110	1,765,193	70,995	2,296,298
Short-term receivables arising out of financing	1,165,387	6,923	25,339	1,197,649
Other short-term receivables	8,659,111	337,834	123,566	9,120,511
<b>Other receivables</b>	<b>10,284,608</b>	<b>2,109,950</b>	<b>219,900</b>	<b>12,614,458</b>
<b>Total</b>	<b>117,309,175</b>	<b>27,431,098</b>	<b>7,422,217</b>	<b>152,162,490</b>

(€) 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
<b>Receivables arising out of primary insurance business</b>	<b>37,920,848</b>	<b>10,290,462</b>	<b>3,129,511</b>	<b>51,340,821</b>
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
<b>Receivables arising out of co-insurance and reinsurance business</b>	<b>54,749,986</b>	<b>10,238,606</b>	<b>3,016,990</b>	<b>68,005,582</b>
<b>Current tax assets</b>	<b>124,720</b>	<b>0</b>	<b>0</b>	<b>124,720</b>
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
<b>Other receivables</b>	<b>6,417,911</b>	<b>1,332,532</b>	<b>186,961</b>	<b>7,937,404</b>
<b>Total</b>	<b>99,213,465</b>	<b>21,861,600</b>	<b>6,333,462</b>	<b>127,408,527</b>

### 8.8.6 Cash and cash equivalents

(€)	30/09/2017	31/12/2016
Cash in hand	61,312	55,067
Cash in bank accounts	11,488,952	6,967,730
Cash equivalents	46,734,315	26,916,363
<b>Total</b>	<b>58,284,579</b>	<b>33,939,160</b>

As explained in the disclosure under 8.8.3 "Financial investments," at the end of the third quarter of 2017, cash in bank accounts and cash equivalents increased as a result of strategic decisions relating to the management of the investment portfolio.

### 8.8.7 Net earnings/loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 September 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

(€)	1–9/2017	1–9/2016
Net profit/loss for the period	20,925,989	22,618,947
Net profit/loss for the period attributable to owners of the controlling company	20,877,389	22,645,078
Weighted average number of shares	15,497,696	15,879,585
<b>Net earnings/loss per share</b>	<b>1.35</b>	<b>1.43</b>

### Comprehensive income per share

(€)	1–9/2017	1–9/2016
Comprehensive income for the period	22,812,287	36,831,515
Comprehensive income for the period attributable to owners of the controlling company	22,757,259	36,830,008
Weighted average number of shares	15,497,696	15,879,585
<b>Comprehensive income per share</b>	<b>1.47</b>	<b>2.32</b>

### 8.8.8 Subordinated liabilities

In 2006 and 2007, the controlling company raised a subordinated loan in the nominal amount of € 32 million scheduled to mature in 2027. 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, the controlling company repaid the subordinated debt in the nominal amount of € 24 million on 15 March 2017 and 14 June 2017.

### 8.8.9 Technical provisions

Technical provisions increased by € 55.6 million or 6.1 % compared to 31 December 2016. The largest increase was recorded in gross unearned premiums (€ 34.6 million) and relates partly to the establishment of high unearned premiums for coverages for which the annual premiums were accounted for at the beginning of the year and partly to non-life (re)insurance premium growth. The gross provision for traditional life policies increased by 2.2 % (or € 6.0 million), as a result of aging and growth of the portfolio of traditional life insurance business, including pension annuity business (during the distribution phase). Gross claims provisions increased by 2.9 % (€ 13.8 million), mainly owing to the adverse claims experience in the third quarter in Slovenia and for accepted reinsurance business outside the Group. This was partly offset by exchange gains of the controlling company and releases from provisions set prudently by the Slovenian Group companies. Gross mathematical provisions associated with unit-linked life business decreased by 1.7 % or € 3.9 million, mainly due to maturities and the acquisition of the DWS funds at the beginning of the year. Other technical provisions (bonuses and discounts, unexpired risks) account for a smaller share and grew in total by € 1.2 million.

### Movements in gross technical provisions

(€)	01/01/2017	Additions	Uses and releases	Exchange differences	30/09/2017
Gross unearned premiums	157,678,496	154,503,884	-119,672,577	-275,986	192,233,817
Technical provisions for life insurance business	269,762,815	20,926,190	-15,065,827	102,993	275,726,171
Gross provision for outstanding claims	475,157,985	155,923,842	-137,455,241	-4,629,899	488,996,687
Gross provision for bonuses, rebates and cancellations	1,831,422	1,101,815	-1,205,600	814	1,728,449
Other gross technical provisions	6,790,605	6,990,782	-5,656,284	15,909	8,141,014
<b>Total</b>	<b>911,221,323</b>	<b>339,446,513</b>	<b>-279,055,529</b>	<b>-4,786,169</b>	<b>966,826,138</b>
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	226,994,200	31,111,651	-35,045,021	0	223,060,830

### 8.8.10 Liabilities from operating activities

Liabilities increased by € 9.7 million compared to year-end 2016. Due to a change in the presentation of liabilities, liabilities from primary insurance business increased by € 34.6 million. If the change in the presentation of liabilities had been made already on 31 December 2016, liabilities from primary insurance business would have totalled € 30.2 million, an increase of € 4.4 million, primarily due to the renewal of annual insurance and reinsurance contracts.

#### Types of liabilities

(€)	30/09/2017	31/12/2016
Liabilities to policyholders	18,297,219	2,198,192
Liabilities to insurance intermediaries	2,147,686	2,684,449
Other liabilities from primary insurance business	26,057,159	7,027,612
<b>Liabilities from primary insurance business</b>	<b>46,502,064</b>	<b>11,910,253</b>
Liabilities for reinsurance and co-insurance premiums	6,800,366	5,955,538
Liabilities for shares in reinsurance claims	417	14,629,538
Other liabilities from co-insurance and reinsurance business	106,802	15,707,622
<b>Liabilities from reinsurance and co-insurance business</b>	<b>6,907,585</b>	<b>36,292,698</b>
<b>Current tax liabilities</b>	<b>5,122,257</b>	<b>587,695</b>
<b>Total</b>	<b>58,531,906</b>	<b>48,790,646</b>

#### Maturity structure of liabilities

(€) 30/09/2017	Maturity		
	1–5 years	Up to 1 year	Total
Liabilities to policyholders	2,023	18,295,196	18,297,219
Liabilities to insurance intermediaries	6,590	2,141,096	2,147,686
Other liabilities from primary insurance business	23,257	26,033,902	26,057,159
<b>Liabilities from primary insurance business</b>	<b>31,870</b>	<b>46,470,194</b>	<b>46,502,064</b>
Liabilities for reinsurance and co-insurance premiums	17,518	6,782,848	6,800,366
Liabilities for shares in reinsurance claims	0	417	417
Other liabilities from co-insurance and reinsurance business	96,544	10,258	106,802
<b>Liabilities from reinsurance and co-insurance business</b>	<b>114,062</b>	<b>6,793,523</b>	<b>6,907,585</b>
<b>Current tax liabilities</b>	<b>0</b>	<b>5,122,257</b>	<b>5,122,257</b>
<b>Total</b>	<b>145,932</b>	<b>58,385,974</b>	<b>58,531,906</b>

(€) 31/12/2016	Maturity		
	1-5 years	Up to 1 year	Total
Liabilities to policyholders	0	2,198,192	2,198,192
Liabilities to insurance intermediaries	6,127	2,678,322	2,684,449
Other liabilities from primary insurance business	0	7,027,612	7,027,612
<b>Liabilities from primary insurance business</b>	<b>6,127</b>	<b>11,904,126</b>	<b>11,910,253</b>
Liabilities for reinsurance and co-insurance premiums	19,681	5,935,857	5,955,538
Liabilities for shares in reinsurance claims	0	14,629,538	14,629,538
Other liabilities from co-insurance and reinsurance business	105,320	15,602,302	15,707,622
<b>Liabilities from reinsurance and co-insurance business</b>	<b>125,001</b>	<b>36,167,697</b>	<b>36,292,698</b>
<b>Current tax liabilities</b>	<b>0</b>	<b>587,695</b>	<b>587,695</b>
<b>Total</b>	<b>131,128</b>	<b>48,659,518</b>	<b>48,790,646</b>

### 8.8.11 Other liabilities

Other liabilities decreased by € 6.8 million compared to year-end 2016. There was a drop of € 5.1 million in short-term deferred premium income as part of other deferrals due to their release.

#### *Liabilities from operating activities*

(€) 30/09/2017	Maturity	
	Up to 1 year	Total
Other liabilities	14,381,075	14,381,075
Deferred income and accrued expenses	6,672,425	6,672,425
<b>Total</b>	<b>21,053,500</b>	<b>21,053,500</b>

(€) 31/12/2016	Maturity	
	Up to 1 year	Total
Other liabilities	15,883,399	15,883,399
Deferred income and accrued expenses	11,947,334	11,947,334
<b>Total</b>	<b>27,830,733</b>	<b>27,830,733</b>

#### *Other liabilities*

(€)	30/09/2017	31/12/2016
Short-term liabilities due to employees	2,662,136	2,828,676
Diverse other short-term liabilities for insurance business	3,914,400	3,925,059
Short-term trade liabilities	3,532,488	5,654,075
Diverse other short-term liabilities	4,246,479	3,411,659
Other long-term liabilities	25,572	63,930
<b>Total</b>	<b>14,381,075</b>	<b>15,883,399</b>

#### *Change in short-term provisions*

(€)	01/01/2017	Additions	Uses	Releases	Exchange differences	30/09/2017
Short-term accrued expenses	3,163,857	2,862,920	-3,198,634	-77,000	101	2,751,244
Other accrued expenses and deferred income	8,783,477	389,899	-5,297,918	0	45,723	3,921,181
<b>Total</b>	<b>11,947,334</b>	<b>3,252,819</b>	<b>-8,496,552</b>	<b>-77,000</b>	<b>45,824</b>	<b>6,672,425</b>

## 8.8.12 Fair values of assets and liabilities

### Financial assets measured at fair value by level of the fair value hierarchy as at 30 September 2017

(€) 30/09/2017	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	877,919,315	684,137,450	185,057,800	8,724,065	877,919,315	0
<b>At fair value through P/L</b>	<b>6,312,902</b>	<b>3,295,905</b>	<b>2,714,469</b>	<b>302,528</b>	<b>6,312,902</b>	<b>0</b>
Designated to this category	6,312,902	3,295,905	2,714,469	302,528	6,312,902	0
Debt instruments	3,816,589	1,307,564	2,206,497	302,528	3,816,589	0
Equity instruments	2,496,313	1,988,341	507,972	0	2,496,313	0
<b>Available-for-sale</b>	<b>871,606,413</b>	<b>680,841,545</b>	<b>182,343,331</b>	<b>8,421,537</b>	<b>871,606,413</b>	<b>0</b>
Debt instruments	822,750,823	648,702,100	170,192,291	3,856,432	822,750,823	0
Equity instruments	48,855,590	32,139,445	12,151,040	4,565,105	48,855,590	0
Inv. for the benefit of life policyholders who bear the inv. risk	199,706,988	189,011,355	10,636,826	0	199,648,181	-58,807
Investments not measured at fair value	134,782,344	84,612,760	49,039,435	6,710,140	140,362,335	5,579,991
<b>Held-to-maturity assets</b>	<b>106,630,851</b>	<b>84,612,760</b>	<b>30,654,925</b>	<b>0</b>	<b>115,267,685</b>	<b>8,636,834</b>
Debt instruments	106,630,851	84,612,760	30,654,925	0	115,267,685	8,636,834
<b>Loans and receivables</b>	<b>28,151,493</b>	<b>0</b>	<b>22,564,296</b>	<b>6,710,140</b>	<b>29,274,436</b>	<b>1,122,943</b>
Deposits	21,557,536	0	22,564,296	0	22,564,296	1,006,760
Loans granted	638,018	0	0	754,201	754,201	116,183
Deposits with cedants	5,955,939	0	0	5,955,939	5,955,939	0
Inv. for the benefit of life policyholders who bear the inv. risk	23,373,223	10,684,197	13,729,449	0	24,413,646	1,040,423

### 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
<b>At fair value through P/L</b>	<b>9,176,694</b>	<b>2,841,687</b>	<b>6,133,045</b>	<b>207,834</b>	<b>9,182,566</b>	<b>5,872</b>
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
<b>Available-for-sale</b>	<b>858,641,003</b>	<b>677,051,153</b>	<b>170,061,818</b>	<b>11,542,554</b>	<b>858,655,525</b>	<b>14,522</b>
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
<b>Held-to-maturity assets</b>	<b>130,812,195</b>	<b>135,383,592</b>	<b>8,004,082</b>	<b>0</b>	<b>143,387,674</b>	<b>12,575,479</b>
Debt instruments	130,812,195	135,383,592	8,004,082	0	143,387,674	12,575,479
<b>Loans and receivables</b>	<b>31,605,347</b>	<b>0</b>	<b>24,152,157</b>	<b>8,539,017</b>	<b>32,691,174</b>	<b>1,085,827</b>
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 FVPL financial assets

(€)	Debt instruments		Equity instruments		Other investments	
	30/09/2017	31/12/2016	30/09/2017	31/12/2016	30/09/2017	31/12/2016
<b>Opening balance</b>	<b>7,138,804</b>	<b>7,892,260</b>	<b>4,565,105</b>	<b>4,565,104</b>	<b>46,479</b>	<b>46,479</b>
Additions	259,634	0	0	1	0	0
Disposals	0	-753,456	0	0	0	0
Maturity	-3,544,253	0	0	0	0	0
Revaluation to fair value	2,247	0	0	0	0	0
<b>Closing balance</b>	<b>3,856,432</b>	<b>7,138,804</b>	<b>4,565,105</b>	<b>4,565,105</b>	<b>46,479</b>	<b>46,479</b>

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

30/09/2017	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Property		55,570,771	52,058,979	
Owner-occupied property	30/09/2017	39,985,722	36,262,391	market approach and income approach
Investment property	30/09/2017	15,585,049	15,796,588	(weighted 50 : 50), new purchases at cost
<b>Total</b>		<b>55,570,771</b>	<b>52,058,979</b>	

### Change in fair value of property in the period 1–9/2017

2017	Opening balance	Acquisitions	Disposals	Change in fair value	Exchange differences	Closing balance
Owner-occupied property	43,047,424	2,695,240	-7,318,762	-2,176,668	15,157	36,262,391
Investment property	8,100,146	7,694,241	0	-10,205	12,406	15,796,588
<b>Total</b>	<b>51,147,570</b>	<b>10,389,481</b>	<b>-7,318,762</b>	<b>-2,186,873</b>	<b>27,563</b>	<b>52,058,979</b>

### Reclassification of assets and financial liabilities between levels in the period 1–9/2017

	Level 1	Level 2	Level 3
<b>At fair value through P/L</b>	<b>1,396,504</b>	<b>-1,396,504</b>	<b>0</b>
<i>Designated to this category</i>	<i>1,396,504</i>	<i>-1,396,504</i>	<i>0</i>
Debt instruments	1,396,504	-1,396,504	0
<b>Available-for-sale</b>	<b>642,313</b>	<b>-642,313</b>	<b>0</b>
Debt instruments	642,313	-642,313	0
<b>Total</b>	<b>2,038,817</b>	<b>-2,038,817</b>	<b>0</b>



## 9 RELATED-PARTY DISCLOSURES

Fixed remuneration of management board members for performing their function in the first nine months of 2017 totalled € 400,076 (1–9/2016: € 439,824), variable remuneration totalled € 29,253 (1–9/2016: 58,956). Fringe benefits were € 32,598 (1–9/2016: € 32,172).

Remunerations paid to supervisory board members and the members of its committees in the first nine months of 2017 totalled € 99,167 (1–9/2016: € 74,339).

### *Remuneration of management board members in 1–9/2017*

(€)	Gross salary – fixed amount	Gross salary – variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Marko Jazbec	61,991	0	91	2,232	64,315
Jošt Dolničar	114,590	14,912	4,285	6,498	140,286
Srečko Čebren	114,744	7,170	3,915	5,535	131,364
Mateja Treven	108,750	7,170	3,903	6,138	125,961
<b>Total</b>	<b>400,076</b>	<b>29,253</b>	<b>12,195</b>	<b>20,403</b>	<b>461,926</b>

### *Liabilities to members of the management board based on gross remuneration*

(€)	30/09/2017	31/12/2016
Marko Jazbec	13,280	0
Jošt Dolničar	11,950	13,280
Srečko Čebren	12,616	12,616
Mateja Treven	11,950	11,950
<b>Total</b>	<b>49,796</b>	<b>37,846</b>

*Remuneration of members of the supervisory board, audit committee and fit and proper committee in the period 1–9/2017*

(€)		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Perks	Total
<b>Supervisory board members</b>						
Mateja Lovšin Herič	chair of the SB	2,145	14,083	183	0	16,411
Slaven Mičković	deputy chair (until 15/07/2017)	1,595	7,727	0	0	9,322
Keith William Morris	deputy chair (since 16/08/2017)	2,585	9,914	5,850	0	18,349
Gorazd Andrej Kunstek	member of the SB	2,145	9,750	0	0	11,895
Mateja Živec	member of the SB	2,145	9,750	0	0	11,895
Davor Ivan Gjivoje	SB member (since 07/03/2017)	1,870	7,374	0	0	9,244
Andrej Kren	SB member (since 16/07/2017)	550	2,726	19	0	3,295
<b>Total supervisory board members</b>		<b>13,035</b>	<b>61,323</b>	<b>6,052</b>	<b>0</b>	<b>80,411</b>
<b>Audit committee members</b>						
Andrej Kren	chair (since 16/08/2017)	220	616	19	0	855
Slaven Mičković	chair (until 15/07/2017)	1,320	2,634	0	0	3,954
Mateja Lovšin Herič	member	1,540	2,167	0	0	3,707
Ignac Dolenšek	external member		7,313	155	0	7,467
<b>Total audit committee members</b>		<b>3,080</b>	<b>12,729</b>	<b>174</b>	<b>0</b>	<b>15,984</b>
<b>Members of the nominations and remuneration committee</b>						
Mateja Lovšin Herič	chair	660	0	0	0	660
Slaven Mičković	member (until 15/07/2017)	660	0	0	0	660
Keith William Morris	member (since 24/08/2017)	660	0	0	0	660
Davor Ivan Gjivoje	member (since 24/08/2017)	0	0	0	0	0
Andrej Kren	member (since 24/08/2017)	0	0	0	0	0
<b>Total nominations committee members</b>		<b>1,980</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,980</b>
<b>Fit &amp; proper committee members</b>						
Mateja Živec	chair (since 24/08/2017)	396	0	0	0	396
Mateja Lovšin Herič	member (until 15/07/2017)	220	0	0	0	220
Keith William Morris	member (since 24/08/2017)	0	0	0	0	0
Nika Matjan	external member	0	0	0	0	0
Andrej Kren	alternate member (since 24/08/2017)	176	0	0	0	176
<b>Total fit &amp; proper committee members</b>		<b>792</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>792</b>
<b>Members of the risk committee</b>						
Keith William Morris	committee chair (since 24/08/2017)	0	0	0	0	0
Davor Ivan Gjivoje	member (since 24/08/2017)	0	0	0	0	0
Slaven Mičković	external member (since 24/08/2017)	0	0	0	0	0
<b>Total risk committee members</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

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

(€)	30/09/2017	31/12/2016
Mateja Lovšin Herič	1,896	3,381
Slaven Mičković	0	2,971
Gorazd Andrej Kunstek	1,083	1,908
Keith William Morris	3,964	7,145
Mateja Živec	1,259	2,128
Davor Ivan Gjivoje	1,083	0
Andrej Kren	1,666	0
Ignac Dolenšek	0	544
<b>Total</b>	<b>10,952</b>	<b>18,078</b>

*Transactions with subsidiaries*

*Investments in and amounts due from Group companies*

(€)	30/09/2017	31/12/2016
Debt securities and loans granted to Group companies	3,095,848	2,834,953
Receivables for premiums arising out of reinsurance assumed	15,396,330	12,891,949
Short-term receivables arising out of financing	3,501	28,091
Other short-term receivables	973	56,598
Short-term deferred acquisition costs	2,275,098	1,505,595
<b>Total</b>	<b>20,771,750</b>	<b>17,317,186</b>

*Liabilities to Group companies*

(€)	30/09/2017	31/12/2016
Liabilities for shares in reinsurance claims due to Group companies	7,105,983	7,434,318
Other liabilities from co-insurance and reinsurance	3,185,051	2,648,269
Other short-term liabilities	1,730	700
<b>Total (excl. provisions)</b>	<b>10,292,764</b>	<b>10,083,287</b>

*Income and expenses relating to Group companies*

(€)	1–9/2017	1–9/2016
Gross premiums written	48,022,829	46,036,529
Change in gross unearned premiums	-7,184,580	-5,470,091
Gross claims payments	-21,486,844	-20,929,801
Change in the gross claims provision	-471,692	-4,595,967
Income from gross recourse receivables	869,467	907,130
Other operating expenses	-71,667	-77,969
Dividend income	26,036,830	25,833,516
Interest income	59,533	117,834
Acquisition costs	-9,725,254	-9,213,443
Change in deferred acquisition costs	770,464	970,796
Other technical income	8,604	6,695
Other non-life income	393	2,976
<b>Total</b>	<b>36,828,083</b>	<b>33,588,205</b>

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

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

(€)	30/09/2017	31/12/2016
Interests in companies	10,035,220	9,406,870
Debt securities and loans	208,263,352	281,292,477
Receivables due from policyholders	550,029	141,554
<b>Total</b>	<b>218,848,600</b>	<b>290,840,901</b>

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

(€)	30/09/2017	31/12/2016
Liabilities for shares in claims	5,345	4,263
<b>Total</b>	<b>5,345</b>	<b>4,263</b>

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

(€)	1-9/2017	1-9/2016
Gross premiums written	12,147,667	11,647,033
Gross claims payments	-2,671,143	-1,426,865
Dividend income	532,091	459,282
Interest income	6,242,599	7,342,123
Other investment income	591,262	0
<b>Total</b>	<b>16,842,477</b>	<b>18,021,573</b>

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

(€)	30/09/2017	31/12/2016
<b>ASSETS</b>	<b>586,540,003</b>	<b>568,147,764</b>
<b>Intangible assets</b>	<b>817,433</b>	<b>832,567</b>
<b>Property and equipment</b>	<b>2,460,034</b>	<b>7,753,202</b>
<b>Deferred tax assets</b>	<b>1,080,452</b>	<b>1,373,436</b>
<b>Investment property</b>	<b>8,265,228</b>	<b>3,122,076</b>
<b>Financial investments in subsidiaries and associates</b>	<b>192,357,066</b>	<b>191,640,382</b>
<b>Financial investments:</b>	<b>248,691,551</b>	<b>249,948,775</b>
- loans and deposits	11,272,536	13,069,414
- held to maturity	2,049,007	2,074,813
- available for sale	234,100,279	233,517,137
- at fair value through profit or loss	1,269,729	1,287,411
<b>Reinsurers' share of technical provisions</b>	<b>22,320,351</b>	<b>18,203,912</b>
<b>Receivables</b>	<b>95,375,977</b>	<b>79,836,627</b>
Receivables arising out of primary insurance business	90,344,466	0
Receivables arising out of co-insurance and reinsurance business	3,656,575	79,603,551
Other receivables	1,130,966	233,076
<b>Deferred acquisition costs</b>	<b>9,368,750</b>	<b>6,897,710</b>
<b>Other assets</b>	<b>555,982</b>	<b>549,258</b>
<b>Cash and cash equivalents</b>	<b>5,247,179</b>	<b>7,989,819</b>
<b>EQUITY AND LIABILITIES</b>	<b>586,540,003</b>	<b>568,147,764</b>
<b>Equity</b>	<b>288,662,207</b>	<b>270,355,622</b>
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	147,004,019	147,004,019
Own shares	-24,938,709	-24,938,709
Fair value reserve	4,107,459	3,785,553
Reserve due to fair value revaluation	12,432	-1,765
Retained earnings	6,012,233	9,283,163
Net profit/loss for the period	30,368,640	9,127,228
<b>Subordinated liabilities</b>	<b>0</b>	<b>23,570,771</b>
<b>Technical provisions</b>	<b>247,328,522</b>	<b>226,207,479</b>
Unearned premiums	59,267,574	43,345,415
Provision for outstanding claims	187,420,446	182,167,780
Other technical provisions	640,502	694,284
<b>Other provisions</b>	<b>345,296</b>	<b>331,802</b>
<b>Other financial liabilities</b>	<b>91,209</b>	<b>104,280</b>
<b>Liabilities from operating activities</b>	<b>48,034,495</b>	<b>43,797,970</b>
Liabilities from primary insurance business	44,117,055	0
Liabilities from reinsurance and co-insurance business	3,917,440	43,723,843
Current income tax liabilities	0	74,127
<b>Other liabilities</b>	<b>2,078,274</b>	<b>3,779,840</b>

## 10.2 Unaudited income statement

(€)	1–9/2017	1–9/2016
<b>Net earned premiums</b>	<b>95,139,764</b>	<b>99,433,750</b>
Gross premiums written	125,035,141	123,023,052
Written premiums ceded to reinsurers and co-insurers	-17,247,903	-16,238,227
Change in gross unearned premiums	-15,922,159	-10,324,512
Change in unearned premiums, reinsurers' and co-insurers' shares	3,274,685	2,973,437
<b>Income from investments in subsidiaries and associates</b>	<b>26,036,830</b>	<b>25,833,516</b>
<b>Investment income</b>	<b>6,413,266</b>	<b>8,851,771</b>
Interest income	2,957,698	3,349,213
Other investment income	3,455,568	5,502,558
<b>Other technical income</b>	<b>4,217,278</b>	<b>7,185,773</b>
Commission income	1,438,471	2,187,497
Other income	2,778,807	4,998,276
<b>Other income</b>	<b>245,225</b>	<b>29,547</b>
<b>Net claims incurred</b>	<b>-56,104,152</b>	<b>-62,277,434</b>
Gross claims payments, net of income from recourse receivables	-56,148,136	-62,644,878
Reinsurers' and co-insurers' shares	4,454,896	8,757,324
Change in the gross claims provision	-5,252,666	-9,355,252
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	841,754	965,372
<b>Change in other technical provisions</b>	<b>-151,555</b>	<b>100,427</b>
<b>Expenses for bonuses and rebates</b>	<b>205,337</b>	<b>-130,430</b>
<b>Operating expenses</b>	<b>-31,504,228</b>	<b>-32,085,623</b>
Acquisition costs	-26,252,874	-26,105,603
Change in deferred acquisition costs	2,471,039	1,451,615
Other operating expenses	-7,722,393	-7,431,635
<b>Expenses for financial assets and liabilities</b>	<b>-8,479,497</b>	<b>-5,498,753</b>
Interest expenses	-718,338	-635,478
Diverse other expenses	-7,761,159	-4,863,275
<b>Other technical expenses</b>	<b>-4,485,046</b>	<b>-4,682,048</b>
<b>Other expenses</b>	<b>-95,766</b>	<b>-87,528</b>
<b>Profit/loss before tax</b>	<b>31,437,456</b>	<b>36,672,968</b>
<b>Income tax expense</b>	<b>-1,068,816</b>	<b>-1,908,462</b>
<b>Net profit/loss for the period</b>	<b>30,368,640</b>	<b>34,764,506</b>
<b>Earnings/loss per share (basic and diluted)</b>	<b>1.96</b>	<b>2.19</b>



### 10.3 Unaudited statement of comprehensive income

(€)	1–9/2017	1–9/2016
<b>PROFIT/LOSS FOR THE PERIOD, NET OF TAX</b>	<b>30,368,640</b>	<b>34,764,506</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>336,101</b>	<b>2,543,044</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>14,197</b>	<b>6,508</b>
Other items that will not be reclassified subsequently to profit or loss	14,197	6,508
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>321,905</b>	<b>2,536,536</b>
<b>Net gains/losses on remeasuring available-for-sale financial assets</b>	<b>397,411</b>	<b>3,056,068</b>
Net change recognised in the fair value reserve	558,472	3,038,455
Net change transferred from fair value reserve to profit or loss	-161,061	17,613
Tax on items that may be reclassified subsequently to profit or loss	-75,506	-519,532
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>30,704,741</b>	<b>37,307,550</b>

## 10.4 Unaudited statement of changes in equity

### Unaudited statement of changes in equity for the nine months to 30 September 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)
			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.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	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	14,986,525	24,938,709	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	321,905	14,197	0	30,368,640	0	30,704,742
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	30,368,640	0	30,368,640
b) Other comprehensive income	0	0	0	0	0	0	321,905	14,197	0	0	0	336,101
Dividend payouts	0	0	0	0	0	0	0	0	-12,398,158	0	0	-12,398,158
Transfer of profit	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	14,986,525	24,938,709	10,000,000	97,078,785	4,107,459	12,432	6,012,233	30,368,640	-24,938,709	288,662,207

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

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1-13)
			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	2,536,536	6,508	0	34,764,506	0	37,307,550
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	34,764,506	0	34,764,506
b) Other comprehensive income	0	0	0	0	0	0	0	2,536,536	6,508	0	0	0	2,543,044
Net purchase/sale of treasury shares	0	0	0	14,619,362	0	0	0	0	0	0	-14,619,362	-14,619,362	-14,619,362
Dividend payouts	0	0	0	0	0	0	0	0	0	-12,398,157	0	0	-12,398,157
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	24,938,709	0	10,000,000	87,951,558	5,543,239	-36,327	9,283,163	20,145,144	-24,938,709	273,969,434

## 10.5 Unaudited statement of cash flows

(€)	1–9/2017	1–9/2016
<b>A. Cash flows from operating activities</b>		
<b>a.) Items of the income statement</b>	<b>21,441,693</b>	<b>20,014,685</b>
1. Net premiums written in the period	107,787,238	106,784,825
2. Investment income (other than financial income)	8,223	6,007
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	4,462,503	7,215,320
4. Net claims payments in the period	-51,693,240	-53,887,554
5. Expenses for bonuses and rebates	205,337	-130,430
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-33,678,318	-33,291,489
7. Investment expenses (excluding amortisation and financial expenses)	-422	-3,956
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-4,580,812	-4,769,576
9. Tax on profit and other taxes not included in operating expenses	-1,068,816	-1,908,462
<b>b.) Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position</b>	<b>-8,502,992</b>	<b>-6,455,472</b>
1. Change in receivables from primary insurance	-90,344,466	0
2. Change in receivables from reinsurance	75,946,976	-4,545,916
3. Change in other receivables from (re)insurance business	0	
4. Change in other receivables and other assets	-1,148,584	-1,602,466
5. Change in deferred tax assets	292,984	524,244
7. Change in liabilities arising out of primary insurance	44,117,055	0
6. Change in liabilities arising out of reinsurance business	-39,806,403	-4,122,177
7. Change in other operating liabilities	2,717,066	3,733,677
8. Change in other liabilities (except unearned premiums)	-277,620	-442,834
<b>c.) Net cash from/used in operating activities (a + b)</b>	<b>12,938,701</b>	<b>13,559,213</b>
<b>B. Cash flows from investing activities</b>		
<b>a.) Cash receipts from investing activities</b>	<b>609,320,458</b>	<b>567,465,377</b>
1. Interest received from investing activities	2,957,698	3,349,213
2. Cash receipts from dividends and participation in the profit of others	26,622,110	26,572,072
4. Proceeds from sale of property and equipment	9,879	10,067
5. Proceeds from sale of financial investments	579,730,771	537,534,026
<b>b.) Cash disbursements in investing activities</b>	<b>-587,168,621</b>	<b>-540,698,335</b>
1. Purchase of intangible assets	-269,153	-216,487
2. Purchase of property and equipment	-208,526	-5,531,235
3. Purchase of financial investments	-586,690,942	-534,950,614
<b>c.) Net cash from/used in investing activities (a + b)</b>	<b>22,151,837</b>	<b>26,767,042</b>
<b>C. Cash flows from financing activities</b>		
<b>b.) Cash disbursements in financing activities</b>	<b>-37,833,179</b>	<b>-27,659,077</b>
1. Interest paid	-718,338	-635,478
3. Repayment of long-term financial liabilities	-24,000,000	0
4. Repayment of short-term financial liabilities	-716,684	-6,080
5. Dividends and other profit participations paid	-12,398,157	-12,398,157
6. Own share repurchases	0	-14,619,362
<b>c.) Net cash from/used in financing activities (a + b)</b>	<b>-37,833,179</b>	<b>-27,659,077</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>5,247,179</b>	<b>12,953,128</b>
<b>x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>-2,742,640</b>	<b>12,667,178</b>
<b>y) Opening balance of cash and cash equivalents</b>	<b>7,989,819</b>	<b>285,950</b>



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



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

---

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

---

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

---

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

---

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

---

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

---

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

---

**Capital fund.** Assets representing the capital of the Company.

---

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

---

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

---

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

---

**Claims payments.** Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses. Gross/net – before/after deduction of reinsurance. **Gross claims paid are gross claims payments less subrogation receivables. Net claims paid is short for net claims payments.**

---

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

---

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

---

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

---

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

---

investments.

---

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

---

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

---

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

---

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

---

**Dividend yield.** Ratio of dividend per share to the average price per share in the period.

---

**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.

---

**IBNER.** Provision for claims that are **Incurred But Not Enough Reported.**

---

**IBNR.** Provision for claims that are **Incurred But Not Reported.**

---

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

---

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

---

**Interest rate risk.** The 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.

---

**Investment portfolio.** The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.

---

**Liability fund.** Assets covering technical provisions.

---

**Life insurance liability fund.** Assets covering mathematical provisions.

---

**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.

---

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

---

**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.

---

**Net claims incurred.** Net claims payments (short: net claims paid) in the period gross of the change in the net provision for outstanding claims.

---

**Net claims paid.** Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables and reinsurers' and co-insurers' share of claims paid. **Gross claims paid are gross claims payments less subrogation receivables.**

---

**Net combined ratio.** Ratio of total expenses net of investment expenses as a percentage of total income net of investment income.

---

**Net expense ratio.** The ratio of operating expenses, net of commission income, as a percentage of net earned premiums.

---

**Net incurred loss ratio.** Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned.

---

**Net investment income of the investment portfolio.** Calculated from income statements items: income from investments in subsidiaries and associates + investment income + income from investment property – expenses for investments in subsidiaries and associates – expenses

---

---

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

---

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

---

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

---

**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.

---

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

---

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

---

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

---

**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.

---

**Operational risk.** The risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

---

**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

---

**OTC market.** Engl. Over-The-Counter market. OTC market transactions are transactions outside the regulated market.

---

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

---

**Premiums written.** The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross/net – before/after deduction of reinsurance.

---

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

---

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

---

**Proportional reinsurance.** A reinsurance arrangement whereby the reinsurer indemnifies a ceding company for

---



---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

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

---

