

**This is a non-official English language translation by Sava Reinsurance Company. A translation of the full *Unaudited Unconsolidated Report of Sava Reinsurance Company for the Three Months to 31 March 2010* will be posted in due course.**



UNAUDITED UNCONSOLIDATED  
FINANCIAL STATEMENTS OF  
SAVA REINSURANCE COMPANY  
FOR THE THREE MONTHS TO  
31 MARCH 2010

Ljubljana, 25 May 2010



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## FINANCIAL STATEMENTS OF SAVA REINSURANCE COMPANY

## 1.1. Statement of financial position as at 31 March 2010

(EUR)	31. 3. 2010	31. 12. 2009
<b>ASSETS</b>	432,230,252	404,105,057
<b>Intangible assets</b>	<b>186,223</b>	<b>181,818</b>
<b>Property and equipment</b>	<b>1,848,397</b>	<b>1,808,628</b>
<b>Deferred tax assets</b>	<b>1,170,214</b>	<b>2,112,682</b>
<b>Investment property</b>	<b>1,240,530</b>	<b>1,244,886</b>
<b>Financial investments in Group companies and in associates</b>	<b>103,671,706</b>	<b>89,436,601</b>
<b>Financial investments</b>	<b>202,930,786</b>	<b>207,913,774</b>
Loans and deposits	36,411,244	36,865,091
Held to maturity	9,771,002	9,798,345
Available for sale	153,110,025	157,854,126
At fair value through profit or loss	3,638,515	3,396,211
<b>Reinsurers' share of technical provisions</b>	<b>24,273,304</b>	<b>25,148,351</b>
<b>Assets from investment contracts</b>	<b>0</b>	<b>0</b>
<b>Receivables</b>	<b>84,134,314</b>	<b>65,638,369</b>
Receivables arising out of reinsurance and co-insurance business	74,432,627	60,245,061
Current tax assets	4,083,619	3,500,244
Other receivables	5,618,069	1,893,064
<b>Deferred acquisition costs</b>	<b>12,029,518</b>	<b>10,263,816</b>
<b>Other assets</b>	<b>178,156</b>	<b>225,689</b>
<b>Cash and cash equivalents</b>	<b>567,103</b>	<b>130,442</b>
<b>EQUITY AND LIABILITIES</b>	432,230,252	404,105,057
<b>Equity</b>	<b>152,197,999</b>	<b>149,995,279</b>
Share capital	39,069,099	39,069,099
Share premium	33,003,752	33,003,752
Profit reserves	79,057,373	79,639,568
Fair value reserve	-362,957	-1,717,140
Net profit/loss for the period	1,430,732	0
<b>Subordinated liabilities</b>	<b>31,144,010</b>	<b>31,135,777</b>
<b>Technical provisions</b>	<b>181,056,030</b>	<b>169,726,846</b>
Unearned premiums	57,227,450	44,042,916
Provision for outstanding claims	121,991,744	123,869,342
Other technical provisions	1,836,836	1,814,588
<b>Other provisions</b>	<b>170,448</b>	<b>170,448</b>
<b>Deferred tax liabilities</b>	<b>207,375</b>	<b>323,814</b>
<b>Other financial liabilities</b>	<b>2,900,617</b>	<b>2,900,613</b>
<b>Liabilities from operating activities</b>	<b>35,385,183</b>	<b>37,345,543</b>
Liabilities from reinsurance and co-insurance business	35,385,183	37,345,543
<b>Diverse liabilities</b>	<b>29,168,591</b>	<b>12,506,736</b>

**1.2. Income statement for the three months to 31 March 2010**

(EUR)	1-3 2010	1-3 2009
<b>Net earned premiums</b>	<b>27,723,953</b>	<b>33,578,512</b>
Gross premiums written	45,881,749	48,928,179
Written premiums ceded to reinsurers and co-insurers	-8,031,204	-10,463,754
Change in net unearned premiums	-10,126,593	-4,885,914
<b>Investment income</b>	<b>2,435,079</b>	<b>2,211,200</b>
Interest income	1,461,466	1,828,963
Other investment income	973,613	382,237
<b>Other technical income</b>	<b>1,494,729</b>	<b>1,176,861</b>
Commission income	123,254	769,433
Other income	1,371,475	407,428
<b>Other income</b>	<b>0</b>	<b>31,443</b>
<b>Net claims incurred</b>	<b>-18,567,674</b>	<b>-18,004,800</b>
Gross claims paid less income from recourse receivables	-20,276,370	-24,315,058
Reinsurers' and co-insurers' share of claims paid	3,764,087	8,627,905
Change in the provision for outstanding claims	-2,055,390	-2,317,647
<b>Change in other technical provisions</b>	<b>-22,248</b>	<b>49,729</b>
<b>Operating expenses</b>	<b>-9,523,286</b>	<b>-10,766,886</b>
Acquisition costs	-8,091,181	-9,257,450
Other operating expenses	-1,432,105	-1,509,436
<b>Expenses from financial assets and liabilities</b>	<b>-1,394,064</b>	<b>-7,595,317</b>
Impairment of financial assets not measured at fair value through profit or loss	-930,694	-93,987
Interest expenses	-377,234	-611,867
Diverse expenses	-86,137	-6,889,463
<b>Other technical expenses</b>	<b>-810,467</b>	<b>-419,484</b>
<b>Other expenses</b>	<b>0</b>	<b>-657</b>
Profit/loss before tax	1,336,021	260,602
<b>Income tax expense</b>	<b>-487,484</b>	<b>-28,530</b>
<b>Net profit/loss for the period</b>	<b>848,537</b>	<b>232,072</b>
<b>Earnings/loss per share</b>	<b>0.09</b>	<b>0.02</b>

**1.3. Statement of comprehensive income for the three months to 31 March 2010**

(EUR)	1-3 2010	1-3 2009
<b>NET PROFIT/LOSS FOR THE YEAR, NET OF TAX</b>	<b>848,537</b>	<b>232,072</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>1,354,183</b>	<b>2,071,862</b>
<b>Net change in fair value of available-for-sale financial assets</b>	<b>1,692,728</b>	<b>1,657,490</b>
Net change recognised in fair value reserve	2,078,562	-2,481,865
Net change transferred from fair value reserve to profit or loss	-385,834	4,139,355
<b>Income tax on other comprehensive income</b>	<b>-338,546</b>	<b>414,372</b>
<b>COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>	<b>2,202,720</b>	<b>2,303,934</b>

## 1.4. Statement of cash flows for the three months to 31 March 2010

(EUR)		1-3 2010	1-3 2009
<b>A. Cash flows from operating activities</b>			
<b>a.)</b>	<b>Items of the income statement</b>	<b>10,954,039</b>	<b>7,239,681</b>
	Net premiums written	37,850,545	38,464,426
	Investment income (other than financial income), financed from:	1,404,387	3,368,451
	- technical provisions	1,404,387	3,306,036
	- other sources	0	62,415
	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	1,494,729	1,208,304
	Net claims paid	-16,512,283	-15,687,153
	Net operating expenses excl. Depreciation/amortisation and change in deferred acquisition costs	-11,785,796	-12,690,490
	Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-199,592	-6,975,186
	- technical sources	-199,592	-1,547,784
	- other sources	0	-5,427,402
	Other operating expenses excl. Depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-810,467	-420,141
	Tax on profit and other taxes not included in operating expenses	-487,484	-28,530
<b>b.)</b>	<b>Changes in net operating assets (receivables for insurance premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position</b>	<b>-5,109,538</b>	<b>-5,300,821</b>
	Change in receivables from reinsurance	-14,187,566	-14,366,492
	Change in other receivables from (re-)insurance business	-338,551	-1,100,944
	Change in other receivables and other assets	-5,687,999	1,019,952
	Change in deferred tax assets	519,518	28,531
	Change in liabilities arising out of reinsurance business	-1,960,360	-6,960,805
	Change in other operating liabilities	4,399,080	3,314,727
	Change in other liabilities (except unearned premiums)	12,262,778	12,764,210
	Change in deferred tax liabilities	-116,439	0
<b>c.)</b>	<b>Net cash from/used in operating activities (a + b)</b>	<b>5,844,501</b>	<b>1,938,860</b>
<b>B. Cash flows from investing activities</b>			
<b>a.)</b>	<b>Cash receipts from investing activities</b>	<b>87,602,550</b>	<b>108,821,078</b>
	Interest received from investing activities and from:	1,461,466	1,754,923
	- investments financed from technical provisions	1,007,862	1,100,926
	- other investments	453,605	653,997
	Cash receipts from dividends and from participation in the profit of others, relating to	31,684	57,826
	- investments financed from technical provisions	8,534	9,396
	- other investments	23,150	48,430
	Proceeds from sale of property and equipment, financed from:	83	83
	- other sources	83	83
	Proceeds from sale of long-term financial investments, financed from:	7,219,066	43,126,809
	- technical provisions	4,536,315	19,276,528
	- other sources	2,682,751	23,850,281
	Proceeds from sale of short-term financial investments, financed from:	78,890,250	63,881,437
	- technical provisions	58,464,877	49,443,686
	- other sources	20,425,373	14,437,750
<b>b.)</b>	<b>Cash disbursements in investing activities</b>	<b>-92,633,157</b>	<b>-112,855,703</b>
	Purchase of intangible assets	-16,953	-25,683
	Purchase of property and equipment, financed from:	-66,343	-532,008
	- other sources	-66,343	-532,008
	Purchase of long-term financial investments, financed from:	-3,437,587	-38,733,621
	- technical provisions	-1,001,875	-10,974,069
	- other sources	-2,435,712	-27,759,552
	Purchase of short-term financial investments, financed from:	-89,112,274	-73,564,391
	- technical provisions	-70,588,472	-61,277,606
	- other sources	-18,523,801	-12,286,785
<b>c.)</b>	<b>Net cash from/used in investing activities (a + b)</b>	<b>-5,030,607</b>	<b>-4,034,624</b>
<b>C. Cash flows from financing activities</b>			
<b>a.)</b>	<b>Cash receipts from financing activities</b>	<b>0</b>	<b>2,900,000</b>
	Proceeds from short-term borrowing	0	2,900,000
<b>b.)</b>	<b>Cash disbursements in financing activities</b>	<b>-377,234</b>	<b>-611,867</b>
	Interest paid	-377,234	-611,867
<b>c.)</b>	<b>Net cash from/used in financing activities (a + b)</b>	<b>-377,234</b>	<b>2,288,133</b>
<b>C2.</b>	<b>Closing balance of cash and cash equivalents</b>	<b>567,102</b>	<b>203,823</b>
<b>x.)</b>	<b>Net increase/decrease in cash and cash equivalents for the period (sum of Ac, Bc in Cc)</b>	<b>436,660</b>	<b>192,369</b>
<b>D.</b>	<b>Opening balance of cash and cash equivalents</b>	<b>130,442</b>	<b>11,454</b>

### 1.5. Statement of changes in equity for the three months to 31 March 2010

(EUR)	I. Share capital	II. Share premium	III. Profit reserves					IV. Fair value reserve	V. Net profit/loss for the year	VI. Treasury shares (deduction item)	Total (1–10)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Credit risk equalisation reserve	Catastrophe equalisation reserve	Other				
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
<b>As at 1 January 2010</b>	<b>39,069,099</b>	<b>33,003,752</b>	<b>14,986,525</b>	<b>1,774</b>	<b>1,217,874</b>	<b>3,868,365</b>	<b>59,566,803</b>	<b>-1,717,140</b>	<b>0</b>	<b>-1,774</b>	<b>149,995,280</b>
<b>Comprehensive income for the year, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,354,183</b>	<b>848,537</b>	<b>0</b>	<b>2,202,720</b>
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-582,195	0	0	0	582,195	0	0
Settlement of loss	0	0	0	0	0	0	0	0	0	0	0
<b>As at 31 March 2010</b>	<b>39,069,099</b>	<b>33,003,752</b>	<b>14,986,525</b>	<b>1,774</b>	<b>635,680</b>	<b>3,868,365</b>	<b>59,566,803</b>	<b>-362,957</b>	<b>1,430,732</b>	<b>-1,774</b>	<b>152,198,000</b>

### 1.6. Statement of changes in equity for the three months to 31 March 2009

(EUR)	I. Share capital	II. Share premium	III. Profit reserves					IV. Fair value reserve	V. Net profit/loss for the year	VI. Treasury shares (deduction item)	Total (1–10)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Credit risk equalisation reserve	Catastrophe equalisation reserve	Other				
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
<b>As at 1 January 2009</b>	<b>39,069,099</b>	<b>33,003,752</b>	<b>14,986,525</b>	<b>1,774</b>	<b>3,053,943</b>	<b>2,235,231</b>	<b>71,962,514</b>	<b>-10,570,904</b>	<b>0</b>	<b>-1,774</b>	<b>153,740,160</b>
<b>Comprehensive income for the year, net of tax</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,071,862</b>	<b>232,072</b>	<b>0</b>	<b>2,303,934</b>
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-615,609	0	0	0	615,609	0	0
<b>As at 31 March 2009</b>	<b>39,069,099</b>	<b>33,003,752</b>	<b>14,986,525</b>	<b>1,774</b>	<b>2,438,334</b>	<b>2,235,231</b>	<b>71,962,514</b>	<b>-8,499,042</b>	<b>847,680</b>	<b>-1,774</b>	<b>156,044,093</b>

**1.7. Statement of capital adequacy**

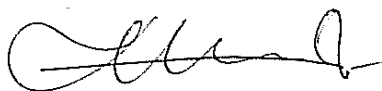
	(EUR)	1-3 2010	1-3 2009
<b>CORE CAPITAL (Article 106 of the Insurance Act ("ZZavar"))</b>			
1	Subscribed capital other than share capital subscribed based on cumulative preference shares, or founding capital	39,069,099	39,069,099
2	Share premium other than share premium related to cumulative preference shares	33,003,752	33,003,752
3	Profit reserves other than reserve for treasury shares and credit risk equalisation & catastrophe equalisation reserves	74,553,329	86,949,039
4	Fair value reserve relating to assets not financed by technical provisions	-708,703	-5,941,948
5	Treasury shares	1,774	1,774
6	Intangible assets	186,223	176,756
7	<b>Core capital (1 + 2 + 3 + 4 - 5 - 6)</b>	145,729,480	152,901,412
8	<b>Minimum guarantee fund</b>	6,292,212	5,952,394
9	<b>Meeting the requirement under Article 106 of the ZZavar (7 - 8)</b>	139,437,268	146,949,018
<b>ADDITIONAL CORE CAPITAL (Article 107 of the ZZavar)</b>			
10	Subordinated debt	4,719,159	4,464,295
11	<b>Additional core capital (9), however not more than 50% of the lower of core capital and required solvency margin</b>	4,719,159	4,464,295
<b>AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL ADEQUACY (Article 108 of the ZZavar)</b>			
12	Total of core and additional core capital (7 + 11)	150,448,639	157,365,709
13	Participation according to Article 108, paragraph 1/1 of the	104,831,509	85,264,646
14	Participation according to Article 108, paragraph 1/2 of the ZZavar	1,512,137	3,118,116
15	<b>Available solvency margin of insurer (12 - 3 - 14)</b>	44,104,993	68,982,947
16	<b>Required solvency margin</b>	18,876,638	17,857,181
17	<b>Surplus/deficit of available over/below required solvency margin (15 - 16)</b>	25,228,355	51,125,766



CREDIBILITY OF THE UNAUDITED UNCONSOLIDATED REPORT ON THE OPERATIONS OF  
SAVA REINSURANCE COMPANY FOR THE THREE MONTHS TO 31 MARCH 2010

The Management Board of Sava Reinsurance Company signed the *Unaudited Unconsolidated Report of Sava Reinsurance Company for the Three Months to 31 March 2010* to confirm the credibility and accuracy of data contained therein.

Ljubljana, 25 March 2010



Mag. Zvonko Ivanušič, Chairman of the Management Board



Jošt Dolničar, Member of the Management Board



Srečko Čebbron, Member of the Management Board