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English language translation
by Sava Reinsurance Company.



UNAUDITED UNCONSOLIDATED
FINANCIAL REPORT OF
SAVA REINSURANCE COMPANY
FOR THE THREE MONTHS
TO 31 MARCH 2011

Ljubljana, 26 May 2011

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1. INTRODUCTION

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Pozavarovalnica Sava, d.d. ("Sava Reinsurance Company" or "the Company"), with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited Unconsolidated Financial Report of Sava Reinsurance Company for the Three Months to 31 March 2011.

The Unaudited Unconsolidated Financial Report of Sava Reinsurance Company for Three Months to 31 March 2011 will be available as a hardcopy for viewing at the registered office of the Company at Dunajska 56, 1000 Ljubljana on every workday between 9:00 and 15:00 hrs, and as a softcopy on the Company's website at www.sava-re.si from 31 May 2011 onwards.

The Unaudited Unconsolidated Financial Report of Sava Reinsurance Company for the Three Months to 31 March 2011 has been considered by the Supervisory Board at its regular meeting on 27 May 2011.

1.1. Summary of key performance indicators

(EUR)	Sava Reinsurance Company	
	1-3 2011	1-3 2010
Gross premiums written	42,775,732	45,881,749
Year-on-year change	-6.8%	-6.2%
Gross claims paid	16,894,016	20,276,370
Year-on-year change	-16.7%	-16.6%
Net incurred loss ratio	61.8%	67.0%
Operating expenses including reinsurance commission income	9,333,788	9,400,033
Year-on-year change	-0.7%	-6.0%
Net expense ratio	34.5%	33.9%
Net combined ratio	96.4%	100.9%
Net investment income (inv. income – inv. expenses)	420,057	1,041,015
Year-on-year change	-59.6%	119.3%
Realised investment return	0.5%	1.4%
Profit/loss, net of tax	735,728	848,537
Year-on-year change	-13.3%	265.6%
Comprehensive income	769,554	2,202,720
ROE (profit/loss for the period/average equity)	0.5%	0.6%
Number of employees	70	66
	31. 3. 2011	31. 12. 2010
Total assets	423,661,237	418,350,613
Change on 31 December	1.3%	3.5%
Shareholders' equity	156,907,882	156,138,328
Change on 31 December	0.5%	4.1%
Net technical provisions	164,706,424	156,415,675
Change on 31 December	5.1%	8.2%

1.2. Company Profile of Sava Reinsurance Company

Company name:	Pozavarovalnica Sava, d. d./Sava Reinsurance Company d.d.
Registered office:	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard):	(01) 47 50 200
Telefax:	(01) 47 50 264
E-mail:	info@sava-re.si
Website:	www.sava-re.si
Company ID number:	5063825
Tax number:	17986141
Share capital:	EUR 39,069,099 (no. of no-par-value shares: 9,362,519)
Date of entry into court register:	28 Dec 1990 Ljubljana District Court
Certified auditor:	KPMG, Slovenija, podjetje za revidiranje, d.o.o. Železna cesta 8a 1000 Ljubljana Slovenia
Largest shareholder and holding:	Slovenska odškodninska družba, d.d. 25.0% (no-par-value shares: 2,340,631)
S&P credit rating:	A– /stable/
The Company has no branches.	

1.3. Governing bodies of the Company

The Management Board

In accordance with its Articles of Association, Sava Reinsurance Company is managed and represented by a two-to-five member management board. In order to transact business, the Company must be represented jointly by at least two members.

On 14 October 2008, the Supervisory Board elected Zvonko Ivanušič Chairman of the Management Board. The term of office of Zvonko Ivanušič and Jošt Dolničar started on 31 December 2008, while Srečko Čebren started his function of Board Member on 1 February 2009.

Pursuant to the decision of the Supervisory Board of 5 October 2010 and on the basis of the licence issued by the Insurance Supervision Agency, on 3 February 2011, for performing the function of Management Board Member, Mateja Treven started her 5-year term of office as Management Board Member on 3 February 2011.

Members of the Management Board as at 31 March 2011:

Chairman of the Management Board:	Zvonko Ivanušič
Member of the Management Board:	Jošt Dolničar
Member of the Management Board:	Srečko Čebren
Member of the Management Board:	Mateja Treven

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

The members of the Management Board are members of no management or supervisory bodies of third parties.

The Supervisory Board

Pursuant to the Company's Articles of Association and the applicable legislation, the Supervisory Board is composed of six members, of which four (shareholder representatives) are elected by the Company's General Meeting, and two (employee representatives) are elected by the Workers' Council, which subsequently informs the General Meeting of its decision. Supervisory Board members are appointed for a term of up to four years and may be re-elected.

Four Supervisory Board members (shareholder representatives) started their four-year term of office in July 2009. The two employee representatives of the Supervisory Board started their four-year term of office in June 2007.

After Mateja Treven resigned as Supervisory Board member, the Supervisory Board has functioned with five members since 15 December 2010. The agenda of the regular Annual General Meeting in 2011 will include the item "Election of replacement Supervisory Board member". Pursuant to the recommendations of the Corporate Governance Code for Public Joint-Stock Companies, on 20 April 2011 the Supervisory Board appointed a Nomination Committee as a special consultation body for the Supervisory Board for the purpose of carrying out objective and transparent proceedings for the nomination of candidates to fill Supervisory Board vacancies and recommend to the Supervisory Board which candidates to propose to the General Meeting for election.

Members of the Supervisory Board Nomination Committee:

Chairman:	Branko Tomažič
Member:	Mateja Lovšin Herič
Member:	Vesna Razpotnik

In the first quarter 2011 there were no changes in the composition of the Supervisory Board.

Supervisory Board Members as at 31 March 2011:

Chairman:	Branko Tomažič
Deputy Chairperson:	Mateja Lovšin Herič
Member:	Slaven Mičković
Member (employee representative):	Aleš Mirnik
Member (employee representative):	Nada Zidar

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

Branko Tomažič:

- KAD, d.d., Dunajska cesta 119, Ljubljana – Supervisory Board Member
- Daimond, d.d., Žnidarčičeva ulica 19, Šempeter pri Gorici – Supervisory Board Member

Slaven Mičković:

- Abanka Vipa, d.d., Slovenska cesta 58, Ljubljana – Supervisory Board Member

Supervisory Board Committees

The Audit Committee

In the first quarter 2011 there were no changes in the composition of the Supervisory Board Audit Committee.

Members of the Supervisory Board Audit Committee as at 31 March 2011:

Chairperson:	Mateja Lovšin Herič
Member:	Slaven Mičković
External member:	Blanka Vežjak

The General Meeting of Shareholders

The General Meeting was not called in the first quarter 2011.

1.4. Significant events in the three months to 31 March 2011

S On 31 January 2011, the controlling company received a request from the Securities Market Agency that the companies:

- Zavarovalnica Triglav, d.d., Miklošičeva cesta 19, Ljubljana,
- Slovenska odškodninska družba, d.d., Mala ulica 5, Ljubljana,
- Nova kreditna banka Maribor, d.d., Vita Kraigherja 4, Maribor,
- Aerodrom Ljubljana, d.d., Zgornji Brnik 130A, Brnik-Aerodrom,

who are deemed to act in concert and are shareholders of the Company, issue a statement on the facts and circumstances relevant for a decision of the Securities Market Agency relating to a potential obligation on behalf of the listed companies to make a takeover bid for POSR shares in accordance with the Takeover Act. Sava Reinsurance Company, being the target company in the proceedings, has examined the request and issued a statement within the given time limit. At the time of preparing this report, the Securities Market Agency has yet to conclude the proceedings.

- S** Pursuant to the decision of the Supervisory Board of 5 October 2010 and on the basis of the licence issued by the Insurance Supervision Agency, on 3 February 2011, for performing the function of Management Board Member, Mateja Treven started her 5-year term of office as Management Board Member in the Company on 3 February 2011.
- S** At the beginning of February 2011, the Company recapitalised the subsidiary Sava Life Serbia with EUR 320 thousand.
- S** At the end of February, the Company received a claim from the designers of its former logo in the amount of EUR 450 thousand. The proceedings have not concluded by the time this report is being prepared but the Company does not expect any financial obligations in this regard.
- S** In mid March 2011, the Company adopted a resolution to recapitalise its subsidiary Sava Tabak, Macedonia with EUR 2.5m.
- S** At the end of March 2011, the Company adopted a resolution to recapitalise its subsidiary Velebit usluge, Croatia with EUR 1.5m.

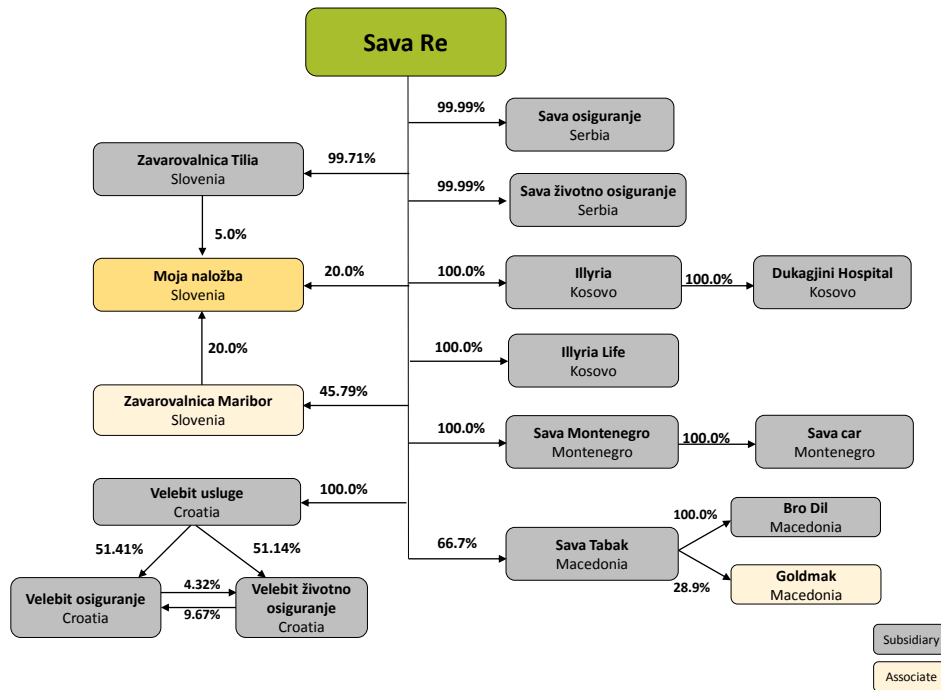
1.5. Important events after 31 March 2011

- S** Pursuant to the recommendations of the Corporate Governance Code for Public Joint-Stock Companies, on 20 April 2011 the Supervisory Board appointed a Nomination Committee as a special consultation body for the Supervisory Board for the purpose of carrying out objective and transparent proceedings for the nomination of candidates to fill Supervisory Board vacancies and recommend to the Supervisory Board which candidates to propose to the General Meeting for election.

1.6. Sava Re Group structure including associated companies

In addition to the controlling company Sava Re Reinsurance Company, the Sava Re Group comprises nine insurers based in Slovenia and other countries of the former Yugoslavia. There are also two associated companies: one insurer and one pension company, both Slovenia-based.

Sava Re Group structure including associated companies as at 31 March 2011

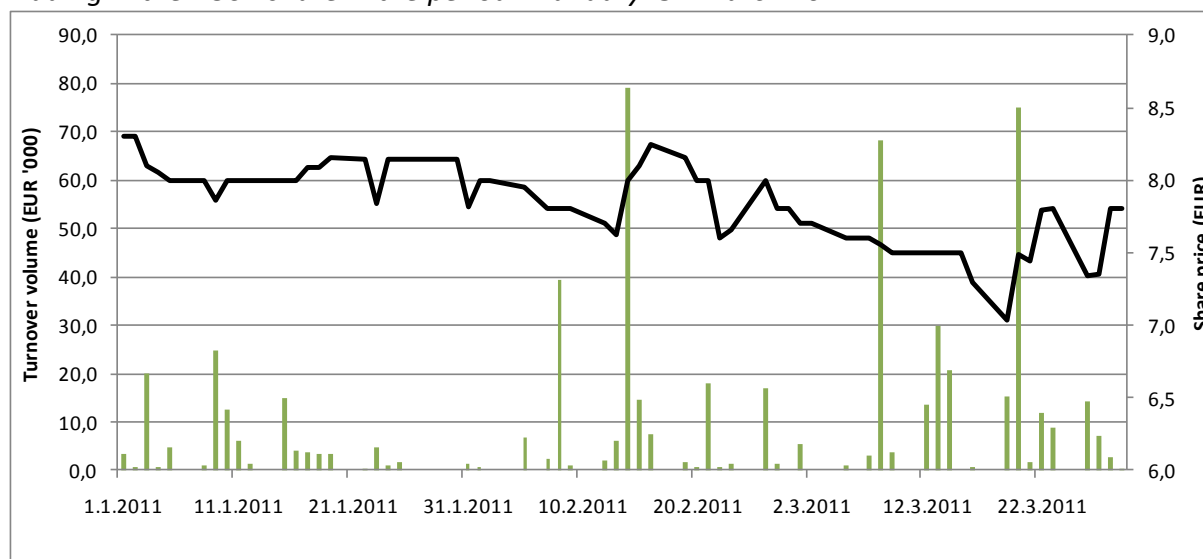


1.7. Shareholders and share trading

As at 31 March 2011, the share capital of Sava Reinsurance Company totalled EUR 39,069,099 and was divided into 9,362,519 no-par-value shares. Shares, all being registered shares, were issued in a dematerialised form and entered in the central securities registry under the POSR symbol. All pertain to the same class and are freely transferable without restrictions. The Management Board of Sava Reinsurance Company is not aware of any shareholders' agreement restricting share transferability.

Sava Reinsurance Company shares are traded in the standard market of the Ljubljana Stock Exchange d.d., Ljubljana.

Trading in the POSR share in the period 1 January–31 March 2011



Between 1 January 2011 and 31 March 2011, the POSR share experienced a downturn. In this period, the price of the POSR share fell by 6.0%, while the SBITOP index dropped by 2.0%.

As at 31 March 2011, Sava Reinsurance Company had 5,312 shareholders, compared to 5,481 at 31 December 2010.

As at 31 March 2011, Sava Reinsurance Company held 210 treasury shares, representing 0.002% of all shares outstanding. In the first quarter 2011, the Company did not buy back any own shares.

The table below shows the top ten shareholders of Sava Reinsurance Company as at 31 March 2011.

Top ten shareholders of Sava Reinsurance Company as at 31 March 2011

Shareholder	No. of shares	Holding (%)
SLOVENSKA ODŠKODNINSKA DRUŽBA, d.d.	2,340,631	25.0%
ABANKA d.d.	655,000	7.0%
POTEZA NALOŽBE d.o.o. – in bankruptcy proceedings	468,125	5.0%
PIŠLJAR MARJAN	444,345	4.7%
NOVA KBM d.d.	435,925	4.7%
ZAVAROVALNICA MARIBOR	416,433	4.4%
ZAPRTI VZAJEMNI POKOJNINSKI SKLAD ZA JAVNE USLUŽBENCE	320,346	3.4%
KD GALILEO, FLEKSIBILNA STRUKTURA NALOŽB	250,000	2.7%
KAPITALSKA DRUŽBA D.D. - SODPZ	238,109	2.5%
NFD 1 DELNIŠKI INVESTICIJSKI SKLAD d.d.	201,315	2.2%
Total	5,770,229	61.6%

Source: Central securities register KDD d.d.

As at 31 March 2011, 96.6% of shareholders were Slovenian and 3.4% foreign. The ownership structure remained on the same level as at the end of 2010.

Shareholder Structure of Sava Reinsurance Company as at 31 March 2011

	Domestic investors	Foreign investors
Banks	16.2%	2.8%
Other financial institutions ¹	33.0%	0.0%
Natural persons	17.7%	0.2%
Investment funds and mutual funds	10.8%	0.4%
Other commercial companies	2.3%	0.0%
Insurers and pension companies	16.5%	0.0%
Total	96.6%	3.4%

Source: Central securities register KDD d.d.

As at 31 March 2011, members of the Management Board and of the Supervisory Board held 1,535 shares, representing 0.016% of total shares outstanding.

POSR shares held by Management/Supervisory Board members as at 31 March 2011

	No. of shares	Holding (%)
Members of the Management Board		
Zvonko Ivanušič	1,071	0.011%
Jošt Dolničar	357	0.004%
Supervisory Board members		
Nada Zidar	107	0.001%
Total	1,535	0.016%

¹ Of this 25% relates to the Slovenian Restitution Fund

Trading in the POSR share on the stock exchange

(EUR)	
Average price 1 Jan–31 Mar 2011	7.84
Share price at 31 March 2011	7.80
Trading volume in the period 1 Jan–31 Mar 2011	594,100
Period low 1 Jan–31 Mar 2011	7.03
Period high 1 Jan–31 Mar 2011	8.30

The Company paid no dividend in the first quarter 2011.

The Company has no conditional equity.

2. BUSINESS RESULTS

2.1. Notes to developments in key financials

Key financials of Sava Reinsurance Company

(EUR)	1–3 2011	1–3 2010	Index
Gross premiums written	42,775,732	45,881,749	93.2
Net premiums earned	27,023,454	27,723,953	97.5
Gross claims paid	16,894,016	20,276,370	83.3
Net claims incurred	16,706,460	18,567,674	90.0
Operating expenses including reinsurance commission income	9,333,788	9,400,033	99.3
Net investment income (inv. income – inv. expenses)	420,057	1,041,015	40.4
Other technical income	601,904	1,494,729	40.3
Other technical expenses	567,199	810,467	70.0
Profit/loss, net of tax	735,728	848,537	86.7
Comprehensive income	769,554	2,202,720	34.9
	31, 3, 2011	31, 12, 2010	
Total assets	423,661,237	418,350,613	101.3
Shareholders' equity	156,907,882	156,138,328	100.5
Net technical provisions	164,706,424	157,003,307	104.9

Gross premiums written fell by 6.8% year-on-year to EUR 42.8m in the first quarter 2011. The drop in premium was planned both in line with the Company's strategy of lowering exposure to the Slovenian insurance market and with regard to the fact that our major cedants have sufficient capital to reduce quota-share cessions. Gross premiums written in Slovenia dropped by 4.2%, while foreign-sourced premiums fell by 9.8%. The first quarter fall in gross premiums written was larger than the one anticipated for the entire year 2011 and was due to more selective reinsurance underwriting resulting in a drop in premiums from European reinsurance markets (January renewals), but also a result of the loss of a major Macedonian client. We expect that by the end of the year, the level of foreign-sourced premium will be approximately on the same level as in 2010, which has been included in our budget as we are expecting premium growth from Asian markets (where business is renewed on 1 April).

Net premiums earned totalled EUR 27.0m and were 2.5% lower year-on-year, which is mostly due to a smaller volume of gross premiums written as described above.

Gross claims paid totalled EUR 16.9m at the end of the first quarter 2011, a drop by 16.7% year-on-year and lower than budgeted. This drop is both due to a benign period in terms of losses and a result of a lower premium volume.

Net claims incurred were EUR 16.7m, a drop of 10.0% year-on-year. Net claims incurred include the change (increase/decrease) in the net technical provisions, which increased by 0.1% from the beginning of the year. Net claims incurred are affected by business results achieved by Sava Reinsurance Company with business retroceded abroad, which is the part

of business that had the largest impact on lowering the loss ratio (and combined ratio), as claims incurred relating to retrocession business increased by EUR 3.2m year-on-year (which has a positive effect on the net account).

Operating expenses including reinsurance commission income totalled EUR 9.3m in the first quarter 2011, a 0.7% drop year-on-year. While the share of net commission income of net premiums decreased by 1.3 percentage points, which is a positive effect on operating expenses, this is countered by a lowering in the share of deferred acquisition cost of total acquisition costs, which fell by 8 percentage points. The latter increases the volume of total net expenses. We estimate that figures will move towards planned ones at the end of the year and that total expenses will move in line with premium movement.

Administrative expenses totalled EUR 1.5m and slightly increased year-on-year (by 2.2%) as a result of recruitments made in the second half of 2010 and in 2011 (the number of employees increased by four people year-on-year).

Net investment income fell by EUR 0.6 or 59.6% year-on-year as a result of impairment losses on the equity portfolio of EUR 0.9m. We estimate that the budgeted net investment income will be achieved by the end of the year.

Other technical income fell by nearly 60% year-on-year mainly due to movements in the dollar exchange rate. **Other technical expenses** fell for the same reason.

The net profit after tax was EUR 0.7m while comprehensive income totalled EUR 0.8m. Return on equity is 0.5% but we believe that the planned figure will be achieved by the end of the year.

At 31 March 2011, **total assets** were EUR 423.7m, up 1.3% compared to end-of-year 2010.

The most important impact on total assets came from reinsurers' share of technical provisions, especially because of the increased volume of unearned premiums in the first quarter, which is normal movement of this item (growth of EUR 6.0m). Another impact comes from receivables arising from reinsurance and co-insurance operations (growth of EUR 4.7m), which relates to the increase in premiums written in past years. We would underline that the Company has no problems with premium collection so that allowances for bad debts relating to premiums are very small. Invested assets moved in the opposite direction (fall of EUR 8.5m) as a result of payment of consideration for the remaining 49% share of Illyria, Kosovo. In the first quarter net cash from operating activities was positive of EUR 3.1m, which strengthened invested assets.

The change in equity and liabilities was largely due to increased technical provisions (EUR 14.3m), mainly as a result of increased unearned premiums compared to end-of-2010 (ordinary movement of item in the first quarter). The significant decrease in other liabilities was due to payment of the consideration for the 49% share of Illyria (in the same period last year, a liability was recorded relating to this consideration while after the payment of the consideration there was a decrease in liabilities and invested assets).

Equity at 31 March 2011 totalled EUR 156.9m and increased by 0.5% compared to year-end 2010, which reflects the profit generated in the quarter.

Net technical provisions stood at EUR 164.7m at 31 March 2011, up 5.3% compared to 31 December 2010. Net unearned premiums increased by 20.5% compared to the beginning of 2011 due to the season trend of unearned premiums. A decrease in net unearned premiums is expected by the year-end towards the planned amount. The net claims provision grew only by 0.1% from the beginning of 2011.

2.2. The investment portfolio and its impact on first quarter results

Structure of the investment portfolio

At 31 March 2011, invested assets totalled EUR 314.1m², which is by EUR 6.4m less than on 31 December 2010. This change was driven by the following factors:

- S** A negative effect on the investment portfolio came from the payment of the consideration of Zavarovalnica Illyria of EUR 8.5m (the Company became sole owner of Zavarovalnica Illyria in 2010, but the consideration was due for settlement only in January 2011).
- S** Positive effects on the investment portfolio came from net cash from reinsurance business of EUR 1.8m³ and from fair-value revaluation of investments amounting to EUR 0.3m.

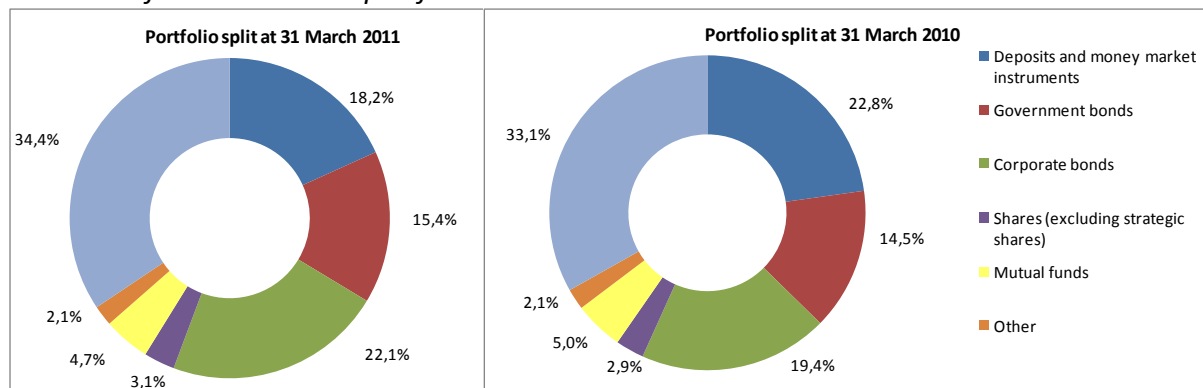
Structure of the investment portfolio

(EUR)	31. 3. 2011	31. 12. 2010	Index
Deposits and money market instruments	57,295,598	73,003,230	78.5
Government bonds	48,368,143	46,620,807	103.7
Corporate bonds	69,306,221	62,258,372	111.3
Shares	9,847,772	9,350,409	105.3
Mutual funds	14,814,302	16,172,633	91.6
Loans	6,302,165	6,702,331	94.0
Land and buildings	160,336	160,920	99.6
Strategic shares and interests	108,046,939	106,236,355	101.7
Total	314,141,476	320,505,056	98.0

The structure of the investment portfolio has changed somewhat since the end of 2010. The share of deposits shrank by 4.6 percentage points (especially as a result of paying the consideration for Zavarovalnica Illyria), while growth was recorded in the share of commercial bonds (2.7 percentage points) and strategic shares and participating interests (1.3 percentage points). Investments in commercial bonds grew as the Company estimates that credit spreads are still relatively favourable. The amount of strategic shares and participating interest grew because of recapitalisations made in Sava životno osiguranje (EUR 0.3m) and Velebit usluge (EUR 1.5m). Other investment categories remained on the same level as at the end of 2010.

² Investments do not include deposits with cedants totalling EUR 7.1m (2010: EUR 7.4m).

³ The figure reflects only the movements in items that directly contribute to the amount of invested assets and is not in line with the amount in the cash flow statement.

Structure of the investment portfolio**Investment return**

The annualised return on the entire investment portfolio of Sava Reinsurance Company was 0.5% in the first quarter 2011. In the same period last year, the investment return was 1.4%. In the first quarter 2011, the return on the liability fund (assets supporting technical provisions) was 3.4% (1Q 2010: 5.5%), while the return on the capital fund (assets not required to cover technical provisions) was –1.7% (1Q 2010: –1.2%).

Investment return

	31. 3. 2011	31. 12. 2010	31. 3. 2010
Deposits and money market instruments	3.0%	2.4%	2.9%
Government bonds	3.9%	5.0%	7.3%
Corporate bonds	3.7%	2.5%	4.9%
Shares (excluding strategic shares)	-32.7%	-15.7%	-19.2%
Mutual funds	2.6%	3.7%	2.3%
Loans	1.9%	2.0%	4.0%
Land and buildings	9.1%	8.0%	10.0%
Strategic shares and participating interests	0.0%	-0.4%	0.0%
Total	0.5%	0.8%	1.4%
Excl. expenses relating to subordinate debt	1.0%	1.3%	1.9%
Excluding affiliates	0.7%	1.4%	2.0%
Excluding affiliates and sub. debt	1.5%	2.1%	2.8%

The investment return is calculated based on the average amount of invested assets at the beginning of the year and in each month, and net investment income in the entire period.

The low investment return was mainly a result of impairment losses on the equity portfolio as pursuant to impairment rules, the Company had to impair its equity holdings in Telekom Slovenije and Petrol (by EUR 0.9m). The investment return on other investment types is mostly related to interest income except with mutual funds where the investment return is affected by capital gains. Return on investments is expected to meet budgeted rates by the end of the year.

2.3. Major risk exposures

2.3.1. Insolvency risk

Sava Reinsurance Company's available solvency margin exceeds the required solvency margin by EUR 23,408,090.

2.3.2. Underwriting risks

Sava Reinsurance Company assumes risks from cedants; any excess is retroceded.

Due to underwriting process risk, losses could be incurred because of incorrect selection and approval of risks to be (re)insured. This risk is mainly mitigated by following established or prescribed underwriting procedures, underwriting guidelines and instructions, by having in place a system of powers, an adequate pricing and reinsurance policy, and through actuarial review.

Pricing risk is the risk that (re)insurance premiums charged will be insufficient to cover future obligations arising from (re)insurance contracts. Pricing risk is mainly controlled by using actuarial analyses of loss ratios, monitoring their trends and making adequate corrections.







Claims risk is the risk that the number of claims or the average claim amount will be higher than expected. This risk is managed by appropriate insurance conditions and pricing, adequate underwriting, controlling risk concentration, and especially by an adequate retrocession programme for Sava Reinsurance Company.

Net retention risk is the risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience. The mentioned risk is mitigated through adequate retrocession, especially through a catastrophe cover.

Reserving risk is the risk that technical provisions are inadequate. Sava Reinsurance Company manages 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.

2.3.3. Market, liquidity and credit risk

Sava Reinsurance Company is very alert to risks related to the investment portfolio. Sava Reinsurance Company is exposed to the following risks in its investing activities:

-  concentration risk,
-  interest rate risk,
-  equity securities risk,
-  currency risk,
-  credit risk and
-  liquidity risk.

Concentration risk is mitigated through diversification of investments by region, industry and issuer. The Company's largest geographic exposure is to Slovenia (31 March 2011: 58% against 31 December 2010: 60%); in terms of industry, its largest exposure is to the financial sector (31 March 2011: 30% to banks and 37% to insurance companies; 31 March 2010: 33% to banks and 36% to insurance companies). The investment structure by region and industry is related to the fact that on 31 March 2011, 18.2% of the Company's investments were bank deposits (banking sector) and 34.4% were invested in affiliated companies (insurance sector). When analysing exposure by issuer, the Company excludes affiliated companies. On 31 March 2011, the 10 largest issuers accounted for 41.7% of the investment portfolio (31 December 2010: 44.3%). In this regard, the Company is mainly exposed to the Republic of Slovenia through government bonds (31 March 2011: 13%; 31 December 2010: 10%).

Interest rate risk sensitivity is monitored through calculating the loss in the bond portfolio if interest rates rose by two percentage points. The bond portfolio includes government bonds, corporate bonds, bond mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5. At 31 March 2011, the loss would total EUR 8.4m (or 6.9% of the bond portfolio). At 31 March 2010, the potential loss totalled EUR 8.2m (or 7.1% of the bond portfolio).

Equity securities risk is monitored through a stress test assuming a 20-percent drop in equity prices. The calculation is based on the Company's equity holdings, equity holdings in mutual funds with a weight of 1 and in mixed mutual funds with a weight of 0.5. In case of a drop in prices in March, the Company would have suffered a loss of EUR 3.6m. From December 2010, the risk decreased by EUR 55,000.

In addition, the Company monitors whether the liability fund matches liabilities in terms of currency. At 31 March 2011, the currency mismatch was EUR 22.6m or 10.2% of the liability fund (31 March 2010: EUR 16.2m or 7.8% of the liability fund).

The credit risk of fixed-income investments is monitored through issuers' credit rating. The lion's share of the Company's fixed-income portfolio is investment grade. Of this, at 31 March 2011, 42.5% of the portfolio was rated A or better (31 December 2010: 38.6%). The credit risk of the Company's equity portfolio is decreased by investing in equity securities with sufficient market capitalisation or of secondary market liquidity.

Credit risk due to default by reinsurers relates to retrocession of Sava Reinsurance Company. This risk is mitigated through building a diversified retrocession portfolio of established and adequately rated reinsurers.

Liquidity risk is primarily mitigated through investing a large proportion of funds in highly liquid marketable securities which can be converted to cash at any time. In the event of large losses, liquidity is safeguarded through the so-called "cash call" clauses incorporated within reinsurance treaties between a ceding company and Sava Reinsurance Company or Sava Reinsurance Company and its retrocessionaire. In addition, a contract is in place with a commercial bank providing a credit line of EUR 5m.

2.3.4. Operational risk

Operational risk includes human capital risk, management control risk, IT risk, process risk, legal risk and such like. Sava Reinsurance Company is primarily exposed to risks arising from disruptions or inappropriate conduct of prescribed procedures and internal controls and disruptions in the management of the Company.

Operational risks are mitigated by setting up adequate IT-supported procedures and controls in the most important areas of its operation. In addition, such risks are managed through the internal audit function, through staff training and enhanced risk awareness.

2.3.5. Exposure to risk up until the end of 2011

We expect that in the remaining nine months of the year, the exposure of Sava Re to risks will not change significantly. Due to the nature of its business, the main risks that the reinsurance company 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 larger realisation of risks could only be expected due to an increased frequency of storms with massive losses and due to unfavourable trends in financial markets.

The Japanese earthquake will have no major impact on the results of Sava Reinsurance Company in 2011 as estimates show that the Company's loss related to the disaster will total between EUR 1 and 3m.

2.4. Employees

After the first quarter 2011, three new staff members joined the Company: one as member of the Management Board responsible for finance and internal audit, one in Reinsurance Operations responsible for the Russian market and the markets of the former Soviet Union and one in the Risk Management Department. One staff member's employment contract expired. As at 31 March 2011, the Company employed 70 people. Seven employees work under temporary employment contracts.

Employees of Sava Reinsurance Company by degree of education

Degree of formal education	31. 3. 2011	31. 12. 2010
Primary and lower secondary (I–IV)	0	0
Secondary (V)	15	15
Higher (VI)	3	3
University (VII)	35	33
Master's degree (VIII)	17	17
Total	70	68

2.5. Performance indicators

Development of gross premiums written

(EUR, except indices)	1-3 2011	1-3 2010	Index
	1	2	1/2
Personal accident	2,656,389	2,205,324	120.5
Land vehicles casco	6,445,939	6,445,307	100.0
Aircraft hull	164,524	128,483	128.1
Ships hull	650,210	297,513	218.5
Goods in transit	1,217,690	1,088,747	111.8
Fire and natural forces	15,998,878	15,835,099	101.0
Other damage to property	5,778,868	10,119,036	57.1
Motor liability	6,897,456	7,077,720	97.5
Aircraft liability	-27,615	60,984	-45.3
Liability for ships	79,523	47,813	166.3
General liability	2,188,561	1,842,342	118.8
Credit	202,730	285,287	71.1
Suretyship	97,049	39,169	247.8
Miscellaneous financial loss	348,694	290,272	120.1
Legal expenses	1,924	10,128	19.0
Assistance	9,968	6,448	154.6
Life business	61,137	74,633	81.9
Unit-linked life	3,807	27,442	13.9
Total non-life	42,710,787	45,779,674	93.3
Total life	64,945	102,075	63.6
Total	42,775,732	45,881,749	93.2

Net premiums written as a percentage of gross premiums written

(EUR, except percentages)	Gross premiums written	Net premiums written	1-3 2011	1-3 2010
	1	2	2/1	
Personal accident	2,656,389	2,627,280	98.9%	98.4%
Land vehicles casco	6,445,939	5,513,681	85.5%	79.5%
Aircraft hull	164,524	164,613	100.1%	100.0%
Ships hull	650,210	633,976	97.5%	89.1%
Goods in transit	1,217,690	1,155,994	94.9%	93.0%
Fire and natural forces	15,998,878	12,264,376	76.7%	78.0%
Other damage to property	5,778,868	3,909,864	67.7%	80.5%
Motor liability	6,897,456	6,460,017	93.7%	91.7%
Aircraft liability	-27,615	-41,224	149.3%	75.6%
Liability for ships	79,523	78,235	98.4%	97.8%
General liability	2,188,561	1,831,547	83.7%	84.1%
Credit	202,730	202,730	100.0%	100.0%
Suretyship	97,049	97,049	100.0%	100.0%
Miscellaneous financial loss	348,694	218,472	62.7%	38.1%
Legal expenses	1,924	1,924	100.0%	100.0%
Assistance	9,968	9,968	100.0%	100.0%
Life business	61,137	21,063	34.5%	90.8%
Unit-linked life	3,807	3,807	100.0%	41.3%
Total non-life	42,710,787	35,128,501	82.2%	82.5%
Total life	64,945	24,871	38.3%	77.5%
Total	42,775,732	35,153,371	82.2%	82.5%

Development of gross claims paid

(EUR, except indices)	1-3 2011	1-3 2010	Index
	1	2	1/2
Personal accident	1,145,650	758,142	151.1
Land vehicles casco	3,488,589	4,600,735	75.8
Aircraft hull	88,824	48,315	183.8
Ships hull	187,947	208,055	90.3
Goods in transit	329,181	628,009	52.4
Fire and natural forces	5,565,785	5,609,690	99.2
Other damage to property	2,154,686	4,175,503	51.6
Motor liability	2,955,528	3,265,717	90.5
Aircraft liability	41,026	26,361	155.6
Liability for ships	26,148	4,429	590.4
General liability	379,163	529,605	71.6
Credit	406,063	353,211	115.0
Suretyship	-161	164	-97.9
Miscellaneous financial loss	119,400	52,350	228.1
Assistance	4,587	3,495	131.2
Life business	1,600	-244	-655.9
Unit-linked life	0	12,831	-
Total non-life	16,892,415	20,263,783	83.4
Total life	1,600	12,587	12.7
Total	16,894,016	20,276,370	83.3

Loss ratios

(EUR, except percentages)	Gross premiums written	Gross claims paid	1-3 2011	1-3 2010
	1	2	2/1	
Personal accident	2,656,389	1,145,650	43.1%	34.4%
Land vehicles casco	6,445,939	3,488,589	54.1%	71.4%
Aircraft hull	164,524	88,824	54.0%	37.6%
Ships hull	650,210	187,947	28.9%	69.9%
Goods in transit	1,217,690	329,181	27.0%	57.7%
Fire and natural forces	15,998,878	5,565,785	34.8%	35.4%
Other damage to property	5,778,868	2,154,686	37.3%	41.3%
Motor liability	6,897,456	2,955,528	42.8%	46.1%
Aircraft liability	-27,615	41,026	-148.6%	43.2%
Liability for ships	79,523	26,148	32.9%	9.3%
General liability	2,188,561	379,163	17.3%	28.7%
Credit	202,730	406,063	200.3%	123.8%
Suretyship	97,049	-161	-0.2%	0.4%
Miscellaneous financial loss	348,694	119,400	34.2%	18.0%
Legal expenses	1,924	0	-	-
Assistance	9,968	4,587	46.0%	54.2%
Life business	61,137	1,600	2.6%	-0.3%
Unit-linked life	3,807	0	0.0%	46.8%
Total non-life	42,710,787	16,892,415	39.6%	44.3%
Total life	64,945	1,600	2.5%	12.3%
Total	42,775,732	16,894,016	39.5%	44.2%

Administrative expenses as percentage of gross premiums written (EUR)

Gross premiums written	Administrative expenses	1-3 2011	1-3 2010
1	2	2/1	
42,775,732	1,463,164	3.4%	3.1%

Acquisition costs as percentage of gross premiums written (EUR)

Gross premiums written	Acquisition costs	1-3 2011	1-3 2010
1	2	2/1	
42,775,732	8,226,430	19.2%	17.6%

Net investment income as percentage of average investments

(EUR)	Average investments	Investment income	Investment expenses	Net investment income 1-3 2011	Net investment income 1-3 2010
Liability fund	136,044,312	1,180,176	54,194	0.8%	1.3%
Capital fund	180,308,789	621,361	1,370,017	-0.4%	-0.3%
Total	316,353,101	1,801,537	1,424,211	0.1%	0.3%

Net provisions for outstanding claims as percentage of net earned premiums

(EUR, except percentages)	Net provision for outstanding claims	Net premiums earned	1-3 2011	1-3 2010
	1	2	1/2	
Personal accident	8,213,796	2,479,630	331.3%	347.4%
Land vehicles casco	6,568,623	3,935,938	166.9%	164.8%
Aircraft hull	298,135	132,000	225.9%	80.8%
Ships hull	2,195,081	663,346	330.9%	1247.0%
Goods in transit	2,726,124	857,966	317.7%	275.6%
Fire and natural forces	28,256,744	8,522,457	331.6%	221.0%
Other damage to property	17,909,702	3,271,147	547.5%	366.7%
Motor liability	37,093,002	5,761,704	643.8%	606.6%
Aircraft liability	232,337	-44,421	-523.0%	508.1%
Liability for ships	468,493	97,004	483.0%	531.8%
General liability	11,182,385	902,186	1239.5%	1151.5%
Credit	783,657	245,974	318.6%	553.4%
Suretyship	140,271	87,229	160.8%	170.4%
Miscellaneous financial loss	271,394	11,594	2340.7%	-515.8%
Legal expenses	3	51,795	0.0%	-0.2%
Assistance	8,485	5,274	160.9%	-207.3%
Life business	32,836	52,988	62.0%	137.2%
Unit-linked life	61	-10,352	-0.6%	70.9%
Total non-life	116,348,231	26,980,823	431.2%	372.6%
Total life	32,896	42,636	77.2%	131.1%
Total	116,381,128	27,023,454	430.7%	371.5%

Gross profit/loss for the period as percentage of net premiums written (EUR)

Gross profit/loss	Net premiums written	1-3 2011	1-3 2010
1	2	1/2	
1,071,482	35,153,371	3.0%	3.5%

Gross profit/loss for the period as percentage of average equity (EUR)

Gross profit/loss	Average equity	1-3 2011	1-3 2010
1	2	1/2	
1,071,482	156,523,105	0.7%	0.9%

Gross profit/loss for the period as percentage of average assets (EUR)

Gross profit/loss	Average assets	1-3 2011	1-3 2010
1	2	1/2	
1,071,482	421,005,926	0.3%	0.3%

Gross profit/loss for the period per share (EUR)

Gross profit/loss	No. of shares	1-3 2011	1-3 2010
1	2	1/2	
1,071,482	9,362,519	0.11	0.14

Net profit/loss for the period as percentage of average equity (EUR)

Net profit/loss	Average equity	1-3 2011	1-3 2010
1	2	1/2	
735,728	156,523,105	0.5%	0.6%

Available solvency margin as percentage of net premiums written (EUR)

Available solvency margin	Net premiums written	1-3 2011	1-3 2010
1	2	1/2	
43,879,681	35,153,371	124.8%	116.5%

Available solvency margin as percentage of required solvency margin (EUR)

Available solvency margin	Required solvency margin	1-3 2011	1-3 2010
1	2	1/2	
43,879,681	20,471,591	214.3%	233.6%

Available solvency margin as percentage of technical provisions (EUR)

Available solvency margin	Technical provisions	1-3 2011	1-3 2010
1	2	1/2	
43,879,681	188,237,197	23.3%	24.4%

Available solvency margin as percentage of reinsurance receivables plus reinsurers' share of technical provisions (EUR)

Available solvency margin	Reinsurance receivables plus reinsurers' share of technical provisions	1-3 2011	1-3 2010
1	2	1/2	
43,879,681	85,144,613	51.5%	44.7%

Net premiums written as percentage of average equity and average technical provisions (EUR)

Net premiums written	Average equity	Average technical provisions	1-3 2011	1-3 2010
1	2	3	1/(2+3)	
35,153,371	156,523,105	173,941,974	10.6%	11.6%

Net premiums written as percentage of average equity (EUR)

Net premiums written	Average equity	1-3 2011	1-3 2010
1	2	1/2	
35,153,371	156,523,105	22.5%	25.1%

Average net technical provisions as percentage of net earned premiums (EUR)

Average net technical provisions	Net premiums earned	1-3 2011	1-3 2010
1	2	1/2	
160,561,050	27,023,454	594.2%	543.5%

Equity as percentage of net unearned premiums (EUR)

Equity	Net unearned premiums	1-3 2011	1-3 2010
1	2	1/2	
156,907,882	47,726,733	328.8%	292.9%

Equity as percentage of liabilities and equity (EUR)

Equity	Liabilities and equity	1-3 2011	1-3 2010
1	2	1/2	
156,907,882	423,661,238	37.0%	35.2%

Net technical provisions as percentage of liabilities and equity (EUR)

Net technical provisions	Liabilities and equity	1-3 2011	1-3 2010
1	2	1/2	
164,706,425	423,661,238	38.9%	36.3%

Gross premiums written per employee in regular employment (EUR)

Gross premiums written	Number of employees in regular employment	1-3 2011	1-3 2010
1	2	1/2	
42,775,732	70	611,082	695,178

3. FINANCIAL STATEMENTS OF SAVA REINSURANCE COMPANY

3.1. Statement of financial position as at 31 March 2011

(EUR)	31. 3. 2011	31. 12. 2010
ASSETS	423,661,237	418,350,613
Intangible assets	229,322	178,615
Property and equipment	2,447,644	2,451,169
Deferred tax assets	2,192,756	2,073,687
Investment property	160,336	160,920
Financial investments in Group companies and in associates	108,046,939	106,236,355
Financial investments:	213,054,680	221,513,409
- Loans and deposits	66,355,124	83,453,132
- Held to maturity	8,661,620	8,168,143
- Available for sale	138,037,937	129,892,133
Reinsurers' share of technical provisions	23,530,772	17,526,300
Receivables	63,420,429	58,673,864
Receivables arising out of reinsurance and co-insurance business	61,613,841	57,510,223
Other receivables	1,806,588	1,163,641
Deferred acquisition costs	9,912,710	9,191,801
Other assets	371,864	175,299
Cash and cash equivalents	293,784	169,193
EQUITY AND LIABILITIES	423,661,237	418,350,613
Equity	156,907,882	156,138,328
Basic capital	39,069,099	39,069,099
Share premium	33,003,752	33,003,752
Profit reserves	82,930,429	83,238,204
Treasury shares	-1,774	-1,774
Fair value reserve	-2,733,989	-2,767,816
Retained earnings	3,596,862	0
Net profit/loss for the period	1,043,503	3,596,862
Subordinated liabilities	31,189,075	31,177,758
Technical provisions	188,237,196	173,941,974
Unearned premiums	53,300,709	41,861,443
Provision for outstanding claims	134,337,924	131,492,898
Other technical provisions	598,564	587,633
Other provisions	118,990	112,165
Deferred tax liabilities	142,426	86,161
Other financial liabilities	2,900,529	2,901,061
Liabilities from operating activities	29,875,692	31,997,763
Liabilities from reinsurance and co-insurance business	27,879,864	30,408,949
Current income tax liabilities	1,995,828	1,588,814
Diverse liabilities	14,289,447	21,995,403

3.2. Income statement for the three months to 31 March 2011

(EUR)	1-3 2011	1-3 2010
Net earned premiums	27,023,454	27,723,953
Gross premiums written	42,775,732	45,881,749
Written premiums ceded to reinsurers and co-insurers	-7,622,365	-8,031,204
Change in net unearned premiums	-8,129,913	-10,126,593
Investment income	1,845,030	2,435,079
Interest income	1,636,774	1,461,466
Other investment income	208,255	973,613
Other technical income	601,904	1,494,729
Commission income	355,807	123,254
Other income	246,097	1,371,475
Other income	251	0
Net claims incurred	-16,706,460	-18,567,674
Gross claims paid less income from recourse receivables	-16,894,016	-20,276,370
Reinsurers' and co-insurers' share of claims paid	337,463	3,764,087
Change in the net provision for outstanding claims	-149,906	-2,055,390
Change in other technical provisions	0	-22,248
Expenses for bonuses and rebates	-10,931	0
Operating expenses	-9,689,595	-9,523,286
Acquisition costs	-8,226,430	-8,091,181
Other operating expenses	-1,463,164	-1,432,105
Expenses for financial assets and liabilities	-1,424,973	-1,394,064
Impairment losses on financial assets not measured at fair value through profit or loss	-889,359	-930,694
Interest expenses	-407,444	-377,234
Other expenses	-128,171	-86,137
Other technical expenses	-567,199	-810,467
Profit/loss before tax	1,071,482	1,336,021
Income tax expense	-335,754	-487,484
Net profit/loss for the period	735,728	848,537
Net diluted earnings/losses per share	0.08	0.09

3.3. Statement of comprehensive income for the three months to 31 March 2011

(EUR)	1-3 2011	1-3 2010
PROFIT/LOSS FOR THE YEAR, NET OF TAX	735,728	848,537
OTHER COMPREHENSIVE INCOME, NET OF TAX	33,826	1,354,183
Net change in fair value of available-for-sale financial assets	42,283	1,692,728
Net change recognised in the fair value reserve	286,560	2,078,562
Net change transferred from fair value reserve to profit or loss	-244,277	-385,834
Income tax on other comprehensive income	-8,457	-338,546
COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	769,554	2,202,720

3.4. Statement of cash flows for the three months to 31 March 2011

(EUR)		2011	2010
A. Cash flows from operating activities			
a.)	Items of the income statement	6,584,871	10,954,039
	Net premiums written	35,153,367	37,850,545
	Investment income (other than financial income), financed from:	207,332	1,404,387
	- technical provisions	44,888	1,404,387
	- other sources	162,444	0
	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	602,155	1,494,729
	Net claims paid	-16,556,553	-16,512,283
	Expenses for bonuses and rebates	-10,931	0
	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-10,890,018	-11,785,796
	Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-1,017,530	-199,592
	- technical sources	-52,596	-199,592
	- other sources	-964,933	0
	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-567,199	-810,467
	Tax on profit and other taxes not included in operating expenses	-335,754	-487,484
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	-3,525,817	-5,109,538
	Change in receivables from reinsurance	-1,368,780	-14,187,566
	Change in other receivables from (re-)insurance business	-110,838	-338,551
	Change in other receivables and other assets	3,902,489	-5,687,999
	Change in deferred tax assets	-80,074	519,518
	Change in liabilities arising out of reinsurance business	-9,465,680	-1,960,360
	Change in other operating liabilities	3,463,756	4,399,080
	Change in other liabilities (except unearned premiums)	314,700	12,262,778
	Change in deferred tax liabilities	-181,388	-116,439
c.)	Net cash from/used in operating activities (a + b)	3,059,054	5,844,501
B. Cash flows from investing activities			
a.)	Cash receipts from investing activities	104,912,482	87,602,550
	Interest received from investing activities and from:	1,636,774	1,461,466
	- investments financed from technical provisions	1,199,330	1,007,862
	- other investments	437,444	453,605
	Cash receipts from dividends and from participation in the profit of others, relating to:	923	31,684
	- investments financed from technical provisions	923	8,534
	- other investments	0	23,150
	Proceeds from sale of property and equipment, financed from:	0	83
	- other sources	0	83
	Proceeds from sale of long-term financial investments, financed from:	11,662,944	7,219,066
	- technical provisions	3,829,042	4,536,315
	- other sources	7,833,902	2,682,751
	Proceeds from sale of short-term financial investments, financed from:	91,611,841	78,890,250
	- technical provisions	48,718,696	58,464,877
	- other sources	42,893,145	20,425,373
b.)	Cash disbursements in investing activities	-105,628,917	-92,633,157
	Purchase of intangible assets	0	-16,953
	Purchase of property and equipment, financed from:	0	-66,343
	- other sources	0	-66,343
	Purchase of long-term financial investments, financed from:	-30,701,158	-3,437,587
	- technical provisions	-23,312,398	-1,001,875
	- other sources	-7,388,759	-2,435,712
	Purchase of financial investments in subsidiaries, financed from:	0	0
	- other sources	0	0
	Purchase of short-term financial investments, financed from:	-74,927,760	-89,112,274
	- technical provisions	-40,246,145	-70,588,472
	- other sources	-34,681,615	-18,523,801
c.)	Net cash from/used in investing activities (a + b)	-716,436	-5,030,607
C. Cash flows from financing activities			
b.)	Cash disbursements in financing activities	-2,218,028	-377,234
	Interest paid	-407,444	-377,234
	Repayment of short-term financial liabilities	-1,810,584	0
c.)	Net cash from/used in financing activities (a + b)	-2,218,028	-377,234
C2.	Closing balance of cash and cash equivalents	293,783	567,102
x.)	Net increase/decrease in cash and cash equivalents for the period (sum of Ac, Bc and Cc)	124,591	436,660
D.	Opening balance of cash and cash equivalents	169,193	130,442

3.5. Statement of changes in equity for the three months to 31 March 2011

(EUR)	I. Share capital	II. Share premium	III. Profit reserves				IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (deduction item)	Total (1–11)	
			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.	12.
As at 1 January 2011	39,069,099	33,003,752	14,986,525	1,774	1,261,187	6,126,333	60,862,385	-2,767,816	0	3,596,862	-1,774	156,138,328
Comprehensive income for the year, net of tax	0	0	0	0	0	0	0	33,826	0	735,728	0	769,554
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-307,775	0	0	0	0	307,775	0	0
As at 31 March 2011	39,069,099	33,003,752	14,986,525	1,774	953,412	6,126,333	60,862,385	-2,733,990	0	4,640,365	-1,774	156,907,882
Distributable profit									0	4,640,365		4,640,365

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

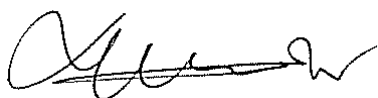
(EUR)	I. Share capital	II. Share premium	III. Profit reserves				IV. Fair value reserve	V. Net profit/loss for the year	VI. Treasury shares (deduction item)	Total (1–10)	
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Credit risk equalisation reserve	Catastrophe equalisation reserve					Other
	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.
As at 1 January 2010	39,069,099	33,003,752	14,986,525	1,774	1,217,874	3,868,365	59,566,803	-1,717,140	0	-1,774	149,995,279
Comprehensive income for the year, net of tax	0	0	0	0	0	0	0	1,354,183	848,537	0	2,202,720
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-582,195	0	0	0	582,195	0	0
As at 31 March 2010	39,069,099	33,003,752	14,986,525	1,774	635,680	3,868,365	59,566,803	-362,957	1,430,730	-1,774	152,198,000
Distributable profit									1,430,730		1,430,730

3.7. Statement of capital adequacy

(EUR)		1-3 2011	1-3 2010
CORE CAPITAL (Article 106 of the Insurance Act ("ZZavar"))			
Subscribed capital other than share capital subscribed based on cumulative preference shares, or founding capital	1	39,069,099	39,069,099
Share premium other than share premium related to cumulative preference shares	2	33,003,752	33,003,752
Profit reserves other than reserve for treasury shares and credit risk equalisation & catastrophe equalisation reserves	3	75,848,910	74,553,329
Retained earnings	4	3,596,862	0
Fair value reserve relating to assets not financed by technical provisions	5	-1,811,751	-708,702
Treasury shares and own interests	6	1,774	1,774
Intangible assets	7	229,322	186,223
Core capital (1+2+3+4+5-6-7)	8	149,475,776	145,729,481
Minimum guarantee fund	9	6,823,863	6,292,213
Meeting the requirement under Article 106 of the ZZavar (8 – 9)	10	142,651,913	139,437,268
ADDITIONAL CORE CAPITAL (Article 107 of the ZZavar)			
Subordinated debt	11	5,117,897	4,719,159
Additional core capital (11), however not more than 50% of the lower of core capital and required solvency margin	12	5,117,897	4,719,159
AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL ADEQUACY (Article 108 of the ZZavar)			
Total of core and additional core capital (8 + 12)	13	154,593,673	150,448,640
Participation according to Article 108, paragraph 1/1 of the ZZavar	14	109,202,052	104,831,509
Participation according to Article 108, paragraph 1/1 of the ZZavar	15	1,511,940	1,512,137
Available solvency margin of insurer (13 – 14 – 15)	16	43,879,681	44,104,994
Required solvency margin	17	20,471,591	18,876,638
Surplus/deficit of available over/below required solvency margin (16 – 17)	18	23,408,090	25,228,356

CREDIBILITY OF THE UNAUDITED UNCONSOLIDATED FINANCIAL REPORT OF SAVA REINSURANCE COMPANY FOR THE THREE MONTHS TO 31 MARCH 2011

The Management Board of Pozavarovalnice Sava, d.d. ("Sava Reinsurance Company" or "the Company") signed the Unaudited Unconsolidated Financial Report of Sava Reinsurance Company for the Three Months to 31 March 2011 to confirm the credibility and accuracy of data contained therein.



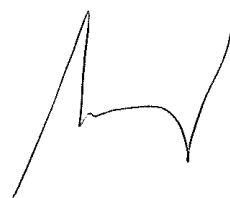
Zvonko Ivanušič, Chairman of the Management Board



Jošt Dolničar, Member of the Management Board



Srečko Čebren, Member of the Management Board



Mateja Treven, Member of the Management Board

Ljubljana, 26 May 2011