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**Translation of the  
UNAUDITED FINANCIAL REPORT OF THE  
SAVA RE GROUP AND  
OF POZAVAROVARNICA SAVA D.D.  
FOR THE NINE MONTHS TO 30 SEPTEMBER 2014**

**Ljubljana, 14 November 2014**



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# INTRODUCTION



## 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"), with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Nine Months to 30 September 2014.

The Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Nine Months to 30 September 2014 will be available as a hardcopy for viewing at the registered office of Sava Reinsurance Company at Dunajska 56, 1000 Ljubljana on every workday between 9:00 and 15:00, and as a softcopy on the Company's website at [www.sava-re.si](http://www.sava-re.si) as from 18/11/2014.

### ***Declaration of the management board of Sava Reinsurance Company***

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 Reinsurance Company, which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", adopted by the European Union, and should be read together with the annual financial statements for the financial year ended 31 December 2013. 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.

Zvonko Ivanušič, Chairman of the Management Board



Srečko Čebren, member of the management board



Jošt Dolničar, Member of the Management Board



Mateja Treven, member of the management board



Ljubljana, 14/11/2014



## 1.1 Key figures

(€)	Sava Re Group		Sava Reinsurance Company	
	1–9/2014	1–9/2013	1–9/2014	1–9/2013
<b>Gross premiums written</b>	<b>371,165,705</b>	<b>291,793,236</b>	<b>107,117,729</b>	<b>111,043,028</b>
Year-on-year change	27.2 %	35.2 %	-3.5 %	-10.7 %
<b>Net premiums earned</b>	<b>321,333,777</b>	<b>270,850,194</b>	<b>76,540,500</b>	<b>94,735,879</b>
Year-on-year change	18.6 %	47.2 %	-19.2 %	-5.3 %
<b>Gross claims paid</b>	<b>187,602,164</b>	<b>149,832,966</b>	<b>52,554,847</b>	<b>57,243,893</b>
Year-on-year change	25.2 %	56.5 %	-8.2 %	6.7 %
<b>Net claims incurred</b>	<b>189,314,184</b>	<b>161,106,921</b>	<b>44,607,979</b>	<b>58,117,066</b>
Year-on-year change	17.5 %	43.8 %	-23.2 %	-13.7 %
<b>Net incurred loss ratio</b>	<b>60.8 %</b>	<b>60.2 %</b>	<b>58.3 %</b>	<b>61.3 %</b>
<b>Operating expenses, including reinsurance commission income</b>	<b>103,481,864</b>	<b>89,513,780</b>	<b>25,493,722</b>	<b>30,068,050</b>
Year-on-year change	15.6 %	44.1 %	-15.2 %	1.1 %
<b>Net expense ratio</b>	<b>32.2 %</b>	<b>33.0 %</b>	<b>33.3 %</b>	<b>31.7 %</b>
<b>Net combined ratio</b>	<b>95.3 %</b>	<b>95.1 %</b>	<b>92.0 %</b>	<b>93.8 %</b>
Net inv. income of the investment portfolio, including expenses for financial liabilities	26,267,504	21,099,621	16,321,017	15,836,468
Annualized return on the investment portfolio including expenses for financial liabilities	3.7 %	4.2 %	5.2 %	5.8 %
Net inv. income of the investment portfolio, excluding expenses for financial liabilities	27,393,846	22,340,189	17,038,104	16,780,088
Annualized return on the investment portfolio, excluding expenses for financial liabilities	3.8 %	4.4 %	5.4 %	6.1 %
<b>Net profit or loss for the year</b>	<b>24,963,185</b>	<b>23,397,395</b>	<b>20,575,659</b>	<b>20,462,536</b>
Year-on-year change	6.7 %	95.9 %	0.6 %	189.4 %
<b>Comprehensive income</b>	<b>35,835,065</b>	<b>14,601,073</b>	<b>24,830,457</b>	<b>17,881,913</b>
<b>Return on equity (annualized)</b>	<b>12.9 %</b>	<b>11.5 %</b>	<b>10.6 %</b>	<b>14.7 %</b>
	30/09/2014	31/12/2013	30/09/2014	31/12/2013
<b>Total assets</b>	<b>1,472,237,740</b>	<b>1,378,300,387</b>	<b>562,998,918</b>	<b>530,636,968</b>
% change on 31 Dec. of prior year	6.8 %	115.2 %	6.1 %	14.6 %
<b>Shareholders' equity</b>	<b>272,672,240</b>	<b>240,099,321</b>	<b>262,722,044</b>	<b>246,188,770</b>
% change on 31 Dec. of prior year	13.6 %	40.1 %	6.7 %	40.8 %
<b>Net technical provisions</b>	<b>1,046,753,512</b>	<b>983,520,806</b>	<b>195,375,509</b>	<b>182,280,279</b>
% change on 31 Dec. of prior year	6.4 %	181.2 %	7.2 %	-1.1 %
No. of employees (full-time equivalent basis)	2,415	2,411	74	67

Notes:

-For details on the calculation of ratios and the net investment income, see the appended glossary.

-The net investment income of the investment portfolio does not include the net investment income of 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.

Sava Reinsurance Company started consolidating Zavarovalnica Maribor as from 01/05/2013. The consolidated income statement for the four quarters of 2014 will not be directly comparable to 2013. However, the statement of financial position with figures at 30/09/2014 and 31/12/2013 is already comparable, since year-end 2013 figures of this statement already include Zavarovalnica Maribor as a subsidiary.

The table below gives realised figures for 1–9/2014 compared to the full-year 2014 plan:

(€)	1–9/2014	Plan 1–12/2014	As % of plan
Consolidated gross premiums written	371,165,705	445,000,000	83.4 %
Net profit/loss for the year	24,963,185	24,000,000	104.0 %
Return on equity (annualized)	12.9 %*	> 9.6 %	✓
Net combined ratio	95.3 %	< 98 %	✓
Net expense ratio	32.2 %	< 33 %	✓
Net incurred loss ratio	60.8 %	< 62 %	✓
Annualized investment return	3.7 %	> 2.3 %	✓

## 1.2 Company profile of Sava Reinsurance Company

Company name	Pozavarovalnica Sava, d. d./ Sava Reinsurance Company d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+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
Share capital	€ 71,856,376
Shares	17,219,662 no-par-value shares
Governance and supervision bodies	<u>MANAGEMENT BOARD</u> Zvonko Ivanušič (chairman) Srečko Čebren Jošt Dolničar Mateja Treven <u>SUPERVISORY BOARD</u> Branko Tomažič (chairman) Mateja Lovšin Herič (deputy chairperson) Slaven Mičković Keith Morris Martin Albreht (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	28 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)
A.M. Best credit rating	A– /stable/ October 2014
S&P credit rating:	BBB+ /stable/ July 2014
The Company has no branches.	

## 1.3 Bodies of the Company

### 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.

In the six months to 30/09/2014, there were no changes in the composition of the management board.

#### *Members of the management board as at 30/09/2014*

Member	Title	Beginning of term of office	Term of office
Zvonko Ivanušič	chairman	01/06/2013	5 years
Srečko Čebren	member	01/06/2013	5 years
Jošt Dolničar	member	01/06/2013	5 years
Mateja Treven	member	01/06/2013	5 years

#### Notes on membership of governance 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, and two (employee representatives) are elected by the workers' council.

In the nine months to 30/09/2014, there were no changes in the composition of the supervisory board.

#### *Composition of the supervisory board at 30/09/2014*

Member	Title	Beginning of term of office	Term of office
Branko Tomažič	chairman	15/07/2013	4 years
Mateja Lovšin Herič	deputy chairperson	15/07/2013	4 years
Slaven Mičković	member	15/07/2013	4 years
Keith Morris	member	15/07/2013	4 years
Martin Albreht	member (employee representative)	10/06/2011	4 years
Andrej Gorazd Kunstek	member (employee representative)	23/01/2013	10/06/2015

#### Notes on membership of governance 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 30/09/2014, there were no changes in the composition of the supervisory board audit committee.

### *Members of the supervisory board's audit committee at 30/09/2014*

Member	Title
Mateja Lovšin Herič	chairperson
Slaven Mičković	member
Ignac Dolenšek	external member

## General meeting of shareholders

There were two general meetings of shareholders held in the nine months to 30/09/2014.

On 23 April 2014, the 28th general meeting was held in order to obtain authorisation to establish a fund for treasury shares. The general meeting authorisation allows the company to purchase own shares of up to 10 % of the share capital over a period of three years from the adoption of the resolution. No challenging actions were announced in the general meeting.

On 1 July 2014 the 29th general meeting of shareholders took place. Among other things, the general meeting was presented the annual report for 2013, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2013 with the opinion of the supervisory board thereto. The general meeting resolved that part of distributable profit in the amount of € 4,386,984.94 be appropriated for dividends, while the remaining amount of € 15,713,038.83 be left unallocated. The general meeting discharged both the management and the supervisory boards from their liability for the financial year 2013. The general meeting appointed the auditing firm Ernst & Young d.o.o., Dunajska 111, Ljubljana, as auditor for the 2014 financial year. No challenging actions were announced in the general meeting.

## 1.4 Significant events in the nine months to 30 September 2014

- S** After the announcement that Sava Reinsurance Company would recognise impairment losses on its subordinated bonds of Slovenian banks in 2013, credit rating agency A.M. Best started a review of the Company's capitalisation, as measured under the agency's model, to examine whether it still supported the Company's credit rating. Upon completion of the review in February 2014, A.M. Best announced that it affirmed Sava Reinsurance Company's A- rating with a stable outlook, as the Company's capitalisation remained at a high level.
- S** In February 2014, Sava Reinsurance Company acquired the company Illyria Hospital from its subsidiary Illyria at a price of € 1.8 million, gaining 100 % direct ownership of the company. The acquisition had no impact on the consolidated financial statements.

- S On 3 February 2014, Sava Reinsurance Company jointly with certain other insurance companies filed a complaint in the Administrative Court against the Bank of Slovenia, challenging the bank's decision on emergency measures leading to the expropriation of shareholders and subordinated bondholders of some banks. The claim amount of Sava Reinsurance Company was € 8,338,000, and € 15,975,000 in respect of Zavarovalnica Maribor.
- S Based on loss surveys carried out so far relating to the February ice damage, Sava Reinsurance Company estimated that the gross loss for the entire Sava Re Group, including Zavarovalnica Maribor and Zavarovalnica Tilia, would total about € 20 million. This event had an impact of € 6 million on the operating result of the Group for the first half of 2014. The lion's share of losses occurred on the railway infrastructure and electric power distribution lines.
- S On 23 April 2014, the 28th general meeting was held in order to obtain authorisation to establish a fund for treasury shares. No challenging actions were announced in the general meeting. The general meeting authorisation allows the company to purchase own shares of up to 10 % of the share capital over a period of three years.
- S On 13 May 2014, the subsidiary Sava Montenegro bought the company Montagent, an insurance brokerage company.
- S On 30 June 2014 the Sava Re Group insurers authorised to transact life insurance business (Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit životno osiguranje, Sava životno osiguranje and Illyria Life) registered with the U.S. tax authorities to obtain relevant FATCA status (see glossary for further details).
- S On 1 July 2014 the 29th general meeting of shareholders took place. Among other things, the general meeting was presented the annual report for 2013, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2013 with the opinion of the supervisory board thereto. The general meeting resolved that part of distributable profit be appropriated as dividends. The general meeting discharged both the management and the supervisory boards from their liability for the financial year 2013. The general meeting appointed the auditing firm Ernst & Young d.o.o., Dunajska 111, Ljubljana, as auditor for the 2014 financial year.
- S On 22 July 2014 credit rating agency Standard & Poor's (S&P), in accordance with its criteria for insurers, reaffirmed the existing "BBB+" ratings with a stable outlook.
- S In 1–9/2014 Sava Reinsurance Company bought own shares for a total value of € 14,558.33 on the Ljubljana Stock Exchange. The total number of own shares prior to these transactions was 346,643 (of which Sava Reinsurance Company purchased 346,433 shares of Zavarovalnica Maribor, which had already been considered own shares prior to the transaction). The total number of own shares at 30/09/2014 after the said purchases was 347,683, representing 2.019105 % of all issued shares.

## 1.5 Significant events after the reporting period

- S After its regular annual rating review in October 2014, rating agency A.M. Best reaffirmed the financial strength rating on Sava Reinsurance Company of A– (Excellent) and the issuer credit rating of a– (Excellent), both with a stable outlook.
- S In the period from 01/10/2014 to and including 23/10/2014, Sava Reinsurance Company bought 2,107 lots of its own shares for a total amount of € 31,622.43 on the Ljubljana

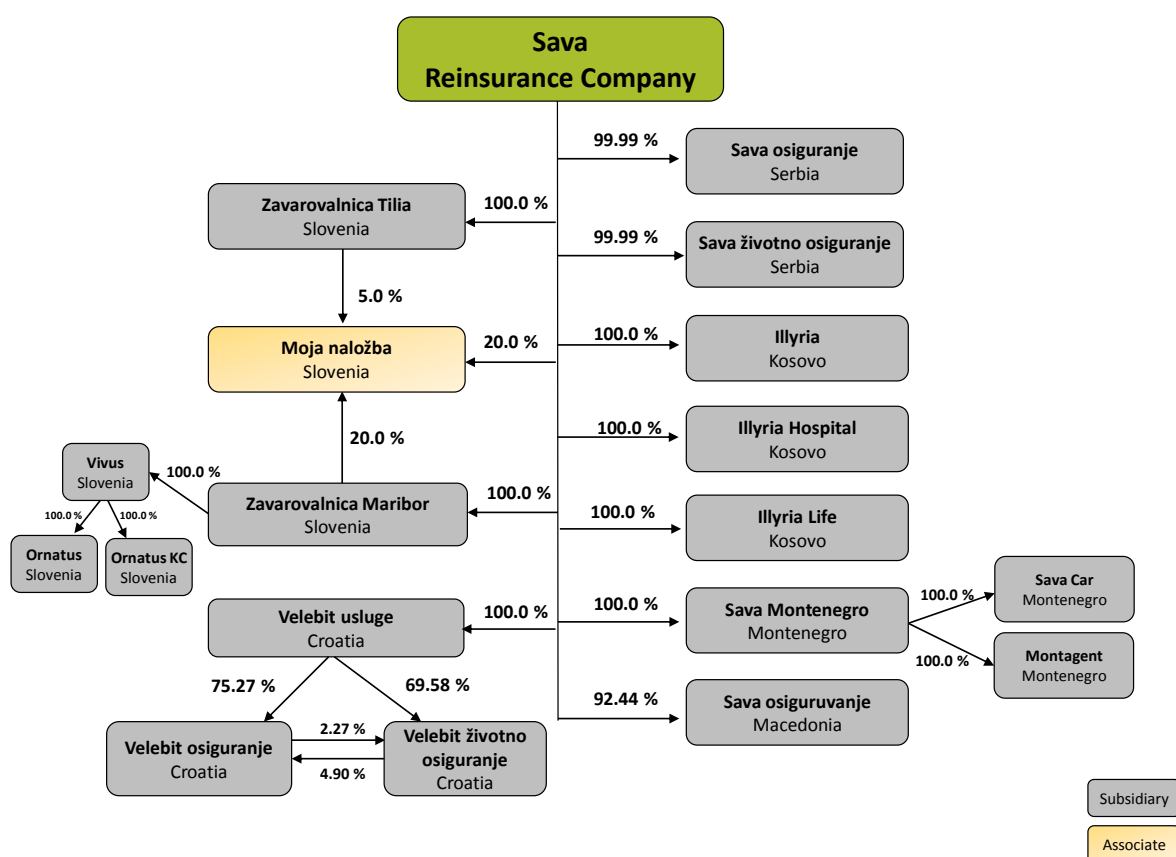
Stock Exchange. The total number of own shares after the said purchases was 349,790, representing 2.031341 % of all issued shares.

- S** On 21/10/2014, the Belgrade companies register agency entered the capital increase in the subsidiary life insurer Sava životno osiguranje, resulting in share capital of RSD 311,550,406. In the recapitalisation processes of Sava životno osiguranje, which is 99.99 % owned by Sava Reinsurance Company, 128,300 new shares were subscribed and paid in with a value of RSD 47,607,152.

## 1.6 Sava Re Group structure, including associate companies

At 30/09/2014, in addition to the controlling company Sava Reinsurance Company, the insurance part of the Sava Re Group comprised ten insurers based in Slovenia and other countries of the former Yugoslavia as well as one associate company, a pension company based in Slovenia.

*Sava Re Group structure, including associates, as at 30/09/2014*



*Company names of subsidiary and associate companies*

	Long company name	Short name in this document
	Sava Re Group	Sava Re Group
1	Sava Reinsurance Company d.d.	Sava Reinsurance Company
2	Zavarovalnica Tilia, d.d., Novo mesto	Zavarovalnica Tilia
3	Zavarovalnica Maribor, d.d.	Zavarovalnica Maribor or ZM
4	Moja naložba pokojninska družba d.d.	Moja naložba
5	Sava osiguranje, a.d.o. Beograd	Sava osiguranje Belgrade
6	Sava životno osiguranje, a.d.o. Beograd	Sava životno osiguranje
7	Kompania e Sigurimeve Illyria sh.a.	Illyria
8	Kompania për Sigurimin e Jetës Illyria Life sh.a.	Illyria Life
9	Sava Montenegro AD Podgorica	Sava Montenegro
10	SAVA osiguruvanje, a.d. Skopje	Sava osiguruvanje, Skopje
11	Velebit usluge d.o.o.	Velebit usluge
12	VELEBIT OSIGURANJE d.d.	Velebit osiguranje
13	VELEBIT ŽIVOTNO OSIGURANJE d.d.	Velebit životno osiguranje:
14	Illyria Hospital sh.p.k.	Illyria Hospital
15	Sava Car doo	Sava Car
16	Vivus d.o.o.	Vivus
17	Ornatus d.o.o.	Ornatus
18	Ornatus KC d.o.o.	Ornatus KC
19	Montagent DOO	Montagent



## 2 SHAREHOLDERS AND SHARE TRADING

*Movements in the POSR share price in the period 01/10/2013 – 30/09/2014 compared to the SBITOP share index*



### *Basic details about the POSR share*

	30/09/2014	30/09/2013
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	5,210	4,995
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	347,683	346,643
Net earnings/loss per share (€)	1.22	1.56
Consolidated net earnings/loss per share (€)	1.48	1.79
Book value per share (€)	15.57	14.62
Consolidated book value per share (€)	16.16	13.81
Share price at end of period (€)	15.15	8.29
	1–9/2014	1–9/2013
Average share price in reporting period (€)	9.60	7.88
Minimum share price in reporting period (€)	7.00	7.00
Maximum share price in reporting period (€)	15.40	9.35
Trade volume in reporting period (€)	14,301,612	7,983,274

The weighted average number of shares was significantly higher in the period 1–9/2014 year-on-year, as in July 2013 the controlling company successfully completed a recapitalisation and new shares were entered in the companies register on 11/07/2013.

In the third quarter of 2014, the Company paid out dividends; it did not hold conditional equity. The regular general meeting held on 1 July 2014 decided that € 4,386,984.94 of distributable profit be appropriated as dividends. Dividends of € 0.26 gross per share were

paid to the shareholders entered in the register of shareholders two business days after the date of the general meeting.

At 30/09/2014, 70.3 % of shareholders were Slovenian and 29.7 % were foreign. The largest shareholder of the POSR share is the Slovenski državni holding (Slovenian Sovereign Holding) with 25 % plus one share.

*Shareholder structure of Sava Reinsurance Company at 30/09/2014*

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.1 %	3.1 %
Insurers and pension companies	14.1 %	0.1 %
Natural persons	12.1 %	0.2 %
Banks	7.1 %	24.8 %
Investment funds and mutual funds	8.6 %	1.5 %
Other commercial companies	3.3 %	0.0 %
<b>Total</b>	<b>70.3 %</b>	<b>29.7 %</b>

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

Bank investors also include fiduciary accounts the ultimate owners of which are not known.

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

*Top ten shareholders of Sava Reinsurance Company at 30/09/2014*

Shareholder	No. of shares	Holding
SDH d.d.	4,304,917	25.0 %
Societe Generale – Splitska banka d.d. (fiduciary account)	1,696,957	9.9 %
European Bank for Reconstruction and Development	1,071,429	6.2 %
Raiffeisen Bank Austria d.d. (fiduciary account)	764,606	4.4 %
Modra Zavarovalnica d.d.	714,285	4.1 %
Abanka d.d.	655,000	3.8 %
Sakaropel Limited	539,709	3.1 %
Adriatic Slovenica d.d., liability fund	500,291	2.9 %
Skandinaviska Enskilda Banken SA Luxemburg	475,211	2.8 %
Pišljari Marjan	445,626	2.6 %
<b>Total</b>	<b>11,168,031</b>	<b>64.9 %</b>

*Treasury shares*

As at 30/09/2014, the Company held 347,683 treasury shares, representing 2.019105 % of share capital. Repurchases in the said period totalled € 3,910,197.42, of which the majority was acquired from Zavarovalnica Maribor. These were shares that became own shares when Sava Reinsurance Company obtained control over Zavarovalnica Maribor. The Company acquired 1,040 shares in the regulated market at a total amount of € 14,558. All shares other than those acquired from Zavarovalnica Maribor were purchased on the regulated market.

# SAVA RE GROUP INTERIM BUSINESS REPORT



### 3 SAVA RE GROUP REVIEW OF OPERATIONS

The consolidated income statements will not be directly comparable in all the four quarters of 2014 with 2013 because Sava Reinsurance Company started consolidation of Zavarovalnica Maribor on 1 May 2013, meaning that the 2013 consolidated statements only include eight months of ZM operations. Due to said non-comparability, information on the consolidation effect on various performance aspects was included in this business report.

Given the size of the effect of the inclusion of Zavarovalnica Maribor in the Sava Re Group, operating segments were also broken down geographically ("Slovenia" and "International"). "Slovenia" includes Zavarovalnica Maribor and Zavarovalnica Tilia, while "International" includes the other subsidiaries. The reinsurance segment was not broken down geographically, as – after the elimination of transactions with Zavarovalnica Maribor and Zavarovalnica Tilia – the majority of the remaining transactions relate to Sava Reinsurance Company's business in international reinsurance markets. The income statement for 1–9/2013 treated transactions with Zavarovalnica Maribor as non-group transactions, so figures are not comparable.

In addition to said segment breakdown, the segment reporting information reflects also the effects of consolidation elimination and reallocation within 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 Reinsurance Company 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 applied 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 Reinsurance Company 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 corrected only in the part relating to the risks of subsidiaries retroceded by Sava Reinsurance Company to foreign reinsurers.

**S** Profits from investments in equity-accounted associates were reallocated to their source segments (attribution of 2013 profits earned by Zavarovalnica Maribor in the first three months of the year, accounted for using the equity method, was partly allocated to the non-life segment and partly to the life segment). Other operating expenses of the reinsurance segment were reduced by the portion of expenses attributable to the administration of the Sava Re Group. Sava Reinsurance Company operates as a virtual holding company so part of its expenses relate to the administration of the Group. This portion was reallocated from the reinsurance segment to other segments based on gross premiums written.

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 (it was reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).

- S** Financial investments in associates – the amount of the investment in the associate Moja naložba – were transferred to the "other" segment on 01/04/2014. All items in this section are presented in the notes to the accounts.
- S** Reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – the same reasoning was applied as described in point one of corrections 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).

For the sake of comparability, we also applied the above adjustments to data for the period 1–9/2013.

Reallocation of certain items will enhance transparency of profitability calculations for individual operating segments.

#### *Summary of the consolidated income statement*

(€)	1–9/2014	1–9/2013	Index
Net earned premiums	321,333,777	270,850,194	118.6
Income from investments in associates	181,817	10,166,703	1.8
Investment income	29,137,910	22,462,901	129.7
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	16,129,973	6,005,068	268.6
Other technical income	6,999,911	4,909,604	142.6
- Of which investment property	95,054	39,248	242.2
Other income	1,579,463	2,610,034	60.5
- Of which investment property	112,748	90,153	125.1
Net claims incurred	-189,314,184	-161,106,921	117.5
Change in other technical provisions	-5,915,035	-1,828,583	323.5
Change in technical provisions for policyholders who bear the investment risk	-22,178,977	-6,435,511	344.6
Expenses for bonuses and rebates	-360,028	-357,063	100.8
Operating expenses	-105,726,609	-90,908,523	116.3
Expenses for financial assets and liabilities	-3,137,838	-11,564,064	27.1
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-4,607,920	-7,826,165	58.9
Other technical expenses	-12,106,257	-9,801,134	123.5
- Of which investment property	69,044	22,556	306.1
Other expenses	-1,135,829	-706,640	160.7
- Of which investment property	53,143	72,764	73.0
Profit/loss before tax	30,880,174	26,469,900	116.7

#### *Non-consolidated net profit by company*

(€)	1–9/2014	1–9/2013	Index
Sava Reinsurance Company	20,575,659	20,462,536	100.6
Zavarovalnica Maribor	13,603,394	9,006,273	151.0
Zavarovalnica Tilia	3,315,917	2,426,804	136.6
Other Group insurers	1,642,634	673,057	244.1

### *Consolidated net earned premiums*

(€)	1–9/2014	1–9/2013	Index
Gross premiums written	371,165,705	291,793,236	127.2
Net premiums written	347,373,078	272,706,149	127.4
Change in net unearned premiums	-26,039,301	-1,855,955	1403.0
Net earned premiums	321,333,777	270,850,194	118.6

In 1–9/2014, Zavarovalnica Maribor contributed € 199.7 million to consolidated gross premiums written (1–9/2013: € 96.7 million).

### *Consolidated net claims incurred*

(€)	1–9/2014	1–9/2013	Index
Gross claims paid	187,602,164	149,832,966	125.2
Net claims paid	179,565,782	144,245,071	124.5
Change in the net provision for outstanding claims	9,748,402	16,861,850	57.8
Net claims incurred	189,314,184	161,106,921	117.5

In 1–9/2014, Zavarovalnica Maribor contributed € 106.8 million to consolidated gross claims paid (1–9/2013: € 57.4 million).

### *Consolidated net operating expenses and the expense ratio*

(€)	1–9/2014	1–9/2013	Index
Acquisition costs	35,827,285	35,665,806	100.5
Change in deferred acquisition costs (+/-)	-2,014,996	37,137	-5425.8
Other operating expenses	71,914,320	55,205,580	130.3
Gross operating expenses	105,726,609	90,908,523	116.3
Income from reinsurance commission	-2,244,745	-1,394,743	160.9
Net operating expenses	103,481,864	89,513,780	115.6
Gross expense ratio	28.5 %	31.2 %	
Net expense ratio	32.2 %	33.0 %	

In 1–9/2014, Zavarovalnica Maribor contributed € 50.7 million to the consolidated operating expenses (1–9/2013: € 30.1 million).

### *Consolidated net investment income*

#### *Consolidated income and expenses related to the investment portfolio*

(€)	1–9/2014	1–9/2013	Index
Income from the investment portfolio	29,527,529	32,759,005	90.1
Expenses for the investment portfolio	2,133,683	10,418,816	20.5
Net inv. income of the investment portfolio	27,393,846	22,340,189	122.6
Expenses for financial liabilities	1,126,342	1,240,568	90.8
Net inv. income of the investment portfolio, including expenses for financial liabilities	26,267,504	21,099,621	124.5
Income from funds of policyholders who bear the investment risk	16,129,973	6,005,068	268.6
Expenses for funds of policyholders who bear the investment risk	4,607,920	7,826,165	58.9
Net inv. income from funds of policyholders who bear the investment risk	11,522,053	-1,821,097	832.7

\*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.

Realised financial income in the period 1–9/2014 comprises mainly interest income (€ 19.8 million), gains on sale of investments (€ 3.5 million), dividend income (€ 0.9 million) and foreign exchange gains (€ 3.4 million).

Realised expenses in the period 1–9/2014 relate to foreign exchange losses (€ 1.4 million), interest expense (€ 1.1 million) and other financial expenses (€ 0.2 million).

The net investment income of the investment portfolio for the period 1–9/2013 includes the net investment income of Zavarovalnica Maribor only for the period 01/05/2013 to 30/09/2013 and a one-off fair-value remeasurement of the investment in Zavarovalnica Maribor upon first consolidation in the amount of € 7.9 million.

**In the text below, we provide comments to unconsolidated amounts of operating segments as these are comparable to last year's figures.**

### 3.1 Reinsurance business

To a large degree, this segment reflects developments of business written abroad.

In the comparative period of 2013, intercompany income and expenses of Zavarovalnica Maribor and Sava Re Group companies have only been eliminated from 1 May 2013, when Zavarovalnica Maribor started to be regarded as a subsidiary of the Sava Re Group.

#### *Summary of the consolidated income statement; reinsurance business*

(€)	1–9/2014	1–9/2013	Index
Net earned premiums	43,862,449	72,700,508	60.3
Investment income	8,335,067	7,081,886	117.7
Other technical income	2,147,577	628,374	341.8
Other income	12,504	7,303	171.2
- Of which investment property	526	509	103.3
Net claims incurred	-24,480,645	-45,888,538	53.3
Expenses for bonuses and rebates	4,691	-55,654	-8.4
Operating expenses	-15,345,902	-21,504,421	71.4
Expenses for financial assets and liabilities	-2,424,872	-6,164,120	39.3
Other technical expenses	-1,849,280	-1,561,154	118.5
- Of which investment property	1,710	1,750	97.7
Other expenses	-651	-4,812	13.5
Profit/loss before tax	10,260,939	5,239,372	195.8

#### *Net premiums earned*

#### *Consolidated net earned premiums; reinsurance business*

(€)	1–9/2014	1–9/2013	Index
Gross premiums written	62,092,297	82,978,401	74.8
Net premiums written	57,626,537	76,470,053	75.4
Change in net unearned premiums	-13,764,088	-3,769,545	365.1
Net earned premiums	43,862,449	72,700,508	60.3



#### *Unconsolidated net earned premiums; reinsurance business*

(€)	1–9/2014	1–9/2013	Index
Gross premiums written	107,117,729	111,043,028	96.5
Net premiums written	91,123,005	96,962,350	94.0
Change in net unearned premiums	-14,582,505	-2,226,471	655.0
Net earned premiums	76,540,500	94,735,879	80.8

Unconsolidated gross premiums of the reinsurance segment for the period 1–9/2014 dropped by 3.5 % year-on-year. Gross premiums written in Slovenia fell by 5.2 % due to reduced quota share participation, while international premium income shrank by 2.4 %. The year-on-year decline in foreign-sourced premiums is due to (i) the cancellation of several major contracts that did not meet our criteria of profitability, (ii) the drop in premium rates for non-proportional coverage in international reinsurance markets and (iii) less business offered because of the rating review by A.M. Best during the reinsurance renewals in December 2013 as a result of impairment losses incurred on subordinated bank bonds. After the reinsurance renewals, the credit rating was affirmed and remained on the level of A– with a stable outlook.

Unconsolidated net premiums written moved in line with gross premiums written in 1–9/2014.

#### *Net claims incurred*

##### *Consolidated net claims incurred; reinsurance business*

(€)	1–9/2014	1–9/2013	Index
Gross claims paid	32,068,633	41,003,292	78.2
Net claims paid	23,547,296	40,512,177	58.1
Change in the net provision for outstanding claims	933,348	5,376,361	17.4
Net claims incurred	24,480,645	45,888,538	53.3

##### *Unconsolidated net claims incurred; reinsurance business*

(€)	1–9/2014	1–9/2013	Index
Gross claims paid	52,554,847	57,243,893	91.8
Net claims paid	46,053,385	53,264,312	86.5
Change in the net provision for outstanding claims	-1,445,406	4,852,754	-29.8
Net claims incurred	44,607,979	58,117,066	76.8

Unconsolidated gross claims paid of the reinsurance segment for the period 1–9/2014 dropped by 8.2 % year-on-year. Gross claims paid of Slovenian cedants dropped by 15.1 % (the major part of ice damage claims was still part of the claims provision at 30/09/2014). Gross claims paid of non-Slovenian cedants decreased by 3.3 %.

The change in the unconsolidated net claims provision at 30/09/2014 compared to 31/12/2013 amounted to € 1.4 million (a positive effect on the financial statements and a decrease in claims provisions). *The gross provision for outstanding claims* grew by € 3.2 million. The increase in the claims provision attributable to Slovenian business totalled € 8.8 million and was primarily due to the ice damage. Other than for that, the claims provision in this regard has been gradually declining in recent years due to reduced quota share reinsurance participation. Despite the significant increase in the gross provision for outstanding claims relating to Slovenian cedants, the major part of the loss is reinsured

abroad, which largely defines the movement of *the reinsurers' share of the provision for outstanding claims*. It increased by € 4.6 million in the period.

The gross claims provision on the foreign account decreased by € 5.6 million compared to 31/12/2013, primarily due to the payment of claims and reduced claims provisions for the Thai floods relating to underwriting year 2011, and the reduced volume of business from abroad, which is mainly short-tail in nature.

## Operating expenses

### Consolidated operating expenses; reinsurance business

(€)	1–9/2014	1–9/2013	Index
Acquisition costs	14,074,916	19,045,759	73.9
Change in deferred acquisition costs (+/-)	-1,727,590	-597,113	289.3
Other operating expenses	2,998,576	3,055,775	98.1
Gross operating expenses	15,345,902	21,504,421	71.4
Income from reinsurance commission	-442,737	312,643	-341.6
Net operating expenses	14,903,164	21,817,064	68.3

### Unconsolidated operating expenses; reinsurance business

(€)	1–9/2014	1–9/2013	Index
Acquisition costs	23,488,720	25,469,459	92.2
Change in deferred acquisition costs (+/-)	-2,277,817	-75,947	-2799.2
Other operating expenses	5,795,289	5,547,581	104.5
Gross operating expenses	27,006,192	30,941,093	87.3
Income from reinsurance commission	-1,512,470	-873,043	173.2
Net operating expenses	25,493,722	30,068,050	84.8

Unconsolidated acquisition costs decreased by 7.8 % year-on-year (gross premiums written dropped by 3.5 %). Policy acquisition expenses as a percentage of premiums decreased year-on-year (mainly as a result a falling volume of quota share reinsurance premiums in Slovenia and an increasing share of non-proportional treaties in the structure of international premiums). Deferred acquisition costs increased much faster in 1–9/2014 than in 1–9/2013. This change is due to international business: business of € 3.1 million was written in the third quarter of 2013, while in the third quarter of 2014 a total of € 5.4 million was written. Accordingly, unearned premiums at 30/09/2014 were much higher than those at 30/09/2013, which is why deferred commissions were higher.

Other operating expenses rose slightly compared with 1–9/2013, primarily due to the increase in the number of employees at Sava Reinsurance Company to ensure Solvency II compliance. Other costs also increased and these include donations to flood victims in Serbia, and Bosnia and Herzegovina.

Reinsurance commission income rose year-on-year because of profit commission refunds by Sava Reinsurance Company's made to retrocessionaires participating in the reinsurance programmes of Slovenian cedants in 2013. In 2013 the Company had to return commission to its retrocessionaires due to a poorer loss development of underwriting year 2012 in accordance with the commission sliding scale tied to claims. Loss ratios of underwriting year 2013 are more favourable with no negative impact on commission received.

## Net investment income

### Consolidated income and expenses related to the investment portfolio; reinsurance business

(€)	1–9/2014	1–9/2013	Index
Income from the investment portfolio	8,335,593	7,082,395	117.7
Expenses for the investment portfolio	1,709,495	5,222,250	32.7
Net inv. income of the investment portfolio	6,626,098	1,860,145	356.2
Expenses for financial liabilities	717,087	943,620	76.0
Net inv. income of the investment portfolio, including expenses for financial liabilities	5,909,011	916,525	644.7








\*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.

The net investment income of the investment portfolio associated with the reinsurance segment comprises the net investment income of the investment portfolio of Sava Reinsurance Company, but at the consolidated level excludes net inv. income from investments in Group subsidiaries (dividends received by Sava Reinsurance Company from Group companies). Realised income mainly relates to interest income (€ 3.3 million) and foreign exchange gains (€ 3.2 million). Investment income increased by € 1.3 million year-on-year. The increase is due to higher income from foreign exchange gains. Exchange rate differences are a result of currency matching of assets and liabilities. At 30/09/2014 currencies were 97.4 % matched, which means that realized financial income and expenses did not affect profit or loss in the full amount, but only in the amount of € 0.3 million.

Investment expenses decreased by € 0.2 million year-on-year. The decline in expenses is associated with lower interest expenses (due to a lower subordinated debt) and lower foreign exchange losses.

## 3.2 Non-life insurance business

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

-  Zavarovalnica Maribor, non-life business (1–9/2013 from 01/05/2013)
-  Zavarovalnica Tilia, non-life business
-  Sava Montenegro
-  Sava osiguranje Belgrade
-  Sava osiguruvanje, Skopje
-  Velebit osiguranje
-  Illyria

*Summary of the consolidated income statement; non-life insurance business*

(€)	Non-life Slovenia		Non-life, international	
	1–9/2014	1–9/2013	1–9/2014	1–9/2013
Net earned premiums	175,244,208	120,144,271	36,218,786	36,513,711
Income from investments in associates	0	5,646,158	0	0
Investment income	7,810,997	6,437,744	2,231,198	2,541,051
Other technical income	3,094,946	2,295,273	882,067	993,207
- Of which investment property	95,054	39,248	0	0
Other income	632,515	2,080,907	536,699	450,072
- Of which investment property	73,638	45,535	38,506	43,607
Net claims incurred	-115,348,926	-78,232,893	-15,455,018	-15,408,706
Change in other technical provisions	1,596,294	-1,145,334	-144,427	-14,625
Expenses for bonuses and rebates	-215,055	-113,969	-149,664	-192,271
Operating expenses	-56,090,775	-37,474,962	-16,127,937	-16,777,564
Expenses for financial assets and liabilities	-436,373	-2,166,864	-100,933	-131,487
Other technical expenses	-5,885,470	-3,665,725	-4,027,416	-4,216,412
- Of which investment property	27,034	17,345	39,294	2,902
Other expenses	-691,167	-431,842	-427,816	-250,437
- Of which investment property	39,382	36,328	13,761	36,388
Profit/loss before tax	9,711,194	13,372,765	3,435,539	3,506,538

Profit before tax for the non-life operating segment of Slovenia was significantly higher in 1–9/2013 as a result of a one-off impact in 2013, a fair-value remeasurement of the pre-acquisition share in Zavarovalnica Maribor of € 4.6 million.

*Net premiums earned*

*Consolidated net earned premiums; non-life insurance business*

(€)	1–9/2014	1–9/2013	Index
Gross premiums written	242,919,301	167,306,897	145.2
Net premiums written	223,877,718	154,934,284	144.5
Change in net unearned premiums	-12,414,725	1,723,697	-720.2
Net earned premiums	211,462,993	156,657,982	135.0

*Consolidated gross non-life insurance premiums by region*

(€)	1–9/2014	1–9/2013	Index
Slovenia	203,824,995	126,963,920	160.5
International	39,094,306	40,342,977	96.9
Total	242,919,301	167,306,897	145.2

Non-life premiums from Slovenia grew mainly because of the inclusion of Zavarovalnica Maribor into the Sava Re Group (in 1–9/2013 it was included from 01/05/2013). Gross premiums written by Zavarovalnica Maribor included in the consolidated statements for 1–9/2014 totalled € 143.7 million (1–9/2013: € 65.3 million).

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

(€)	1–9/2014	1–9/2013	Index
Zavarovalnica Maribor (non-life)	143,793,973	144,905,700	99.2
Zavarovalnica Tilia (non-life)	60,273,997	61,866,076	97.4
Sava osiguranje Belgrade	9,248,935	8,250,884	112.1
Sava Montenegro	8,881,506	8,654,557	102.6
Sava osiguruvanje, Skopje	8,445,799	8,656,154	97.6
Illyria	6,729,250	7,676,830	87.7
Velebit osiguranje	5,792,806	7,107,425	81.5
<b>Total</b>	<b>243,166,266</b>	<b>247,117,626</b>	<b>98.4</b>

\*Zavarovalnica Maribor was included in the consolidated accounts only from 01/05/2013, while the table shows non-consolidated gross premiums written for 1–9/2014 and 1–9/2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

Total unconsolidated gross non-life insurance premiums decreased year-on-year. The largest absolute decline in gross premiums written was recorded by the two Slovenian companies Zavarovalnica Maribor (as a result of market conditions: drop in the average motor insurance premium and greater selectivity in writing unprofitable classes of insurance) and Zavarovalnica Tilia (decrease in average motor insurance premium and cancellation of some corporate business). In 1–9/2014 non-life premiums in the Slovenian insurance market dropped by 2.0 %.

In Croatia the premium decline in Velebit osiguranje was a result of the liberalisation of the motor third-party liability market. In the period 1–9/2014, the Croatian insurance market recorded a nearly 30 % drop in the average MTPL premium. In Kosovo, the largest problem is the expected change in health insurance legislation, which triggered a significant drop in the number of written health policies. In addition, the introduction of a bonus-malus system in 2013 caused a fall in the number of MTPL policies in Illyria.

### *Net claims incurred*

#### *Consolidated net claims incurred; non-life insurance business*

(€)	1–9/2014	1–9/2013	Index
Gross claims paid	120,872,482	88,925,204	135.9
Net claims paid	121,268,549	84,009,135	144.4
Change in the net provision for outstanding claims	9,535,394	9,632,464	99.0
<b>Net claims incurred</b>	<b>130,803,943</b>	<b>93,641,599</b>	<b>139.7</b>

#### *Consolidated gross non-life claims paid by region*

(€)	1–9/2014	1–9/2013	Index
Slovenia	106,749,286	73,527,013	145.2
International	14,123,196	15,398,191	91.7
<b>Total</b>	<b>120,872,482</b>	<b>88,925,204</b>	<b>135.9</b>

As with gross premiums written, the growth in Slovenian gross claims paid is a result of the inclusion of Zavarovalnica Maribor figures. Gross premiums written by Zavarovalnica Maribor included in the consolidated statements at 1–9/2014 totalled € 77.2 million (1–9/2013: € 42.5 million). Gross claims for foreign-sourced business declined, reflecting both continued favourable loss trends and a decline in the premium volume of some group companies.

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

(€)	1–9/2014	1–9/2013	Index
Zavarovalnica Maribor (non-life)	77,249,812	81,332,601	95.0
Zavarovalnica Tilia (non-life)	29,509,183	31,078,817	94.9
Sava osiguranje Belgrade	3,358,892	3,071,169	109.4
Illyria	2,640,632	3,674,822	71.9
Sava osiguruvanje, Skopje	3,072,866	3,526,017	87.1
Sava Montenegro	2,483,720	2,559,749	97.0
Velebit osiguranje	2,569,495	2,577,210	99.7
<b>Total</b>	<b>120,884,600</b>	<b>127,820,385</b>	<b>94.6</b>

\*Zavarovalnica Maribor was included in the consolidated accounts only from 1 May 2013, while the table shows non-consolidated gross claims paid in the periods 1–9/2014 and 1–9/2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

Nearly all Group companies recorded a decline in gross non-life claims paid. The largest absolute decline in gross claims paid was recorded by the two Slovenian insurers. In 1–9/2014, Zavarovalnica Maribor recorded a decline in gross claims paid in all major non-life insurance classes of business, except in fire and natural forces business, where the increase was a result of claim payments relating to ice damage in the amount of € 7.1 million (at 30/09/2014 provisions for most of the loss relating to ice damage had been already made). While Zavarovalnica Tilia recorded an increase in MTPL gross claims paid, this was due to faster handling of claims with the number of motor losses actually falling.

*Operating expenses*

*Consolidated operating expenses; non-life insurance business*

(€)	1–9/2014	1–9/2013	Index
Acquisition costs	17,445,988	12,633,970	138.1
Change in deferred acquisition costs (+/-)	-842,777	-124,798	675.3
Other operating expenses	55,615,501	41,743,354	133.2
<b>Gross operating expenses</b>	<b>72,218,712</b>	<b>54,252,526</b>	<b>133.1</b>
Income from reinsurance commission	-1,797,213	-1,707,386	105.3
<b>Net operating expenses</b>	<b>70,421,499</b>	<b>52,545,139</b>	<b>134.0</b>

Acquisition costs attributable to Zavarovalnica Maribor totalled € 10.7 million in 1–9/2014 (1–9/2013: € 5.6 million). Almost all Group companies had lower acquisition costs year-on-year as a result of less premiums written.

Other operating expenses increased by € 13.9 million, almost entirely due to the consolidation of Zavarovalnica Maribor. Expenses of Zavarovalnica Maribor included in the consolidated statements at 1–9/2014 totalled € 27.6 million (1–9/2013: € 14.4 million).

Total consolidated gross expenses for non-life business rose by 33.1 %, while gross premiums written increased by 45.2 %, resulting in an improved ratio of expenses to premiums year-on-year.

## Net investment income

*Consolidated income and expenses related to the investment portfolio; non-life insurance business*

(€)	1–9/2014	1–9/2013	Index
Income from the investment portfolio	10,249,393	14,753,343	69.5
Expenses for the investment portfolio	263,190	2,115,735	12.4
Net inv. income of the investment portfolio	9,986,203	12,637,608	79.0
Expenses for financial liabilities	393,587	275,579	142.8
Net inv. income of the investment portfolio, including expenses for financial liabilities	9,592,616	12,362,029	77.6






\*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.

Most of the income of the investment portfolio in 1–9/2014 comprised interest income (€ 8.6 million) and gains on sale of investments (€ 0.8 million). Expenses include chiefly interest expenses (€ 0.3 million), most of which are interest on subordinated debt of Zavarovalnica Maribor. Expenses recorded for 1–9/2013 only include investment expenses of Zavarovalnica Maribor for the period 01/05/2013 to 30/09/2013.

The net investment income of the investment portfolio for the period 1–9/2013 includes the net investment income of Zavarovalnica Maribor only for the period 01/05/2013 to 30/09/2013 and a one-off fair-value remeasurement (from the previous equity method measurement) of the pre-acquisition share of non-life business of Zavarovalnica Maribor (€ 4.8 million).

### 3.3 Life insurance business

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

-  Zavarovalnica Maribor, life business (1–9/2013 from 1 May 2013)
-  Zavarovalnica Tilia, life business
-  Sava životno osiguranje
-  Illyria Life
-  Velebit životno osiguranje

*Summary of the consolidated income statement; life insurance business*

(€)	Life insurance, Slovenia		Life insurance, international	
	1–9/2014	1–9/2013	1–9/2014	1–9/2013
Net earned premiums	62,201,611	38,388,640	3,806,723	3,103,064
Income from investments in associates	0	4,441,332	0	0
Investment income	10,218,064	5,816,151	541,879	585,104
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	16,129,758	6,004,849	215	219
Other technical income	793,276	409,690	69,090	60,971
Other income	159,626	12,044	70,212	57,808
- Of which investment property	0	0	78	502
Net claims incurred	-33,429,094	-21,120,798	-600,502	-455,986
Change in other technical provisions	-5,846,120	343,006	-1,520,782	-1,011,630
Change in technical provisions for policyholders who bear the investment risk	-22,173,010	-6,431,731	-5,967	-3,780
Expenses for bonuses and rebates	0	4,831	0	0
Operating expenses	-14,516,991	-11,971,135	-2,321,741	-2,526,687
Expenses for investments in associates	0	0	0	0
Expenses for financial assets and liabilities	-80,200	-2,871,712	-94,567	-229,881
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-4,607,726	-7,822,763	-194	-3,402
Other technical expenses	-169,779	-203,507	-174,312	-154,336
- Of which investment property	1,006	559	0	0
Other expenses	-12,479	-12,812	-1,426	-4,585
Profit/loss before tax	8,666,936	4,986,086	-231,372	-583,121

Profit before tax for the life operating segment of Slovenia included in 1–9/2013 a one-off impact in 2013, a fair-value remeasurement of the pre-acquisition share in Zavarovalnica Maribor of € 3.1 million.

*Net premiums earned*

*Consolidated net earned premiums; life insurance business*

(€)	1–9/2014	1–9/2013	Index
Gross premiums written	66,154,107	41,507,938	159.4
Net premiums written	65,868,823	41,301,812	159.5
Change in net unearned premiums	139,511	189,892	73.5
Net earned premiums	66,008,334	41,491,704	159.1

*Consolidated gross life insurance premiums by region*

(€)	1–9/2014	1–9/2013	Index
Slovenia	62,361,219	38,427,685	162.3
International	3,792,888	3,080,253	123.1
Total	66,154,107	41,507,938	159.4

Life premiums from Slovenia grew substantially because of the inclusion of Zavarovalnica Maribor into the Sava Re Group. Gross premiums written by Zavarovalnica Maribor included in the consolidated statements at 1–9/2014 totalled € 56.0 million (1–9/2013: € 31.4 million).



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

(€)	1–9/2014	1–9/2013	Index
Zavarovalnica Maribor (life)	56,006,705	56,759,950	98.7
Zavarovalnica Tilia (life)	6,354,514	7,024,304	90.5
Velebit životno osiguranje	1,842,595	1,452,682	126.8
Illyria Life	1,151,538	968,373	118.9
Sava životno osiguranje	798,755	659,198	121.2
<b>Total</b>	<b>66,154,107</b>	<b>66,864,507</b>	<b>98.9</b>

\*Zavarovalnica Maribor was included in the consolidated accounts only from 01/05/2013, while the table shows non-consolidated gross premiums written for 1–9/2014 and 1–9/2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

Gross life premiums written in 1–9/2014 increased in all non-Slovenian Group companies, while Zavarovalnica Maribor and Zavarovalnica Tilia wrote less premiums than the year before. In 1–9/2014 life premiums in the Slovenian insurance market dropped by 5.0 % year-on-year.

### *Net claims incurred and change in provisions related to life insurance*

#### *Consolidated net claims incurred and change in provisions related to life business; life insurance business*

(€)	1–9/2014	1–9/2013	Index
Gross claims paid	34,661,049	19,904,470	174.1
Net claims paid	34,749,937	19,723,759	176.2
Change in the net provision for outstanding claims	-720,340	1,853,025	-238.9
<b>Net claims incurred</b>	<b>34,029,596</b>	<b>21,576,784</b>	<b>157.7</b>
Change in other technical provisions*	7,366,902	668,624	1101.8
Change in technical provisions for policyholders who bear the investment risk	22,178,977	6,435,511	344.6
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>63,575,475</b>	<b>28,680,919</b>	<b>221.7</b>

\*The bulk of these provisions comprises mathematical provisions.

#### *Consolidated gross life insurance premiums by region*

(€)	1–9/2014	1–9/2013	Index
Slovenia	34,082,084	19,467,723	175.1
International	578,965	436,747	132.6
<b>Total</b>	<b>34,661,049</b>	<b>19,904,470</b>	<b>174.1</b>

As with gross premiums written, the growth in Slovenian gross claims paid is a result of the inclusion of Zavarovalnica Maribor figures. Gross premiums written by Zavarovalnica Maribor included in the consolidated statements 1–9/2014 totalled € 29.6 million (1–9/2013: € 14.9 million). Gross claims paid for non-Slovenian business also increased. For the Serbian life insurer, the increase in gross claims paid is due to surrenders; in addition, the portfolio written in the company's early years began to expire.

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

(€)	1–9/2014	1–9/2013	Index
Zavarovalnica Maribor (life)	29,568,246	29,282,810	101.0
Zavarovalnica Tilia (life)	4,513,838	4,568,849	98.8
Sava životno osiguranje	196,583	93,971	209.2
Illyria Life	112,907	94,340	119.7
Velebit životno osiguranje	269,475	248,436	108.5
<b>Total</b>	<b>34,661,049</b>	<b>34,288,406</b>	<b>101.1</b>

\*Zavarovalnica Maribor was included in the consolidated accounts only from 1 May 2013, while the table shows non-consolidated gross claims paid in the periods 1–9/2014 and 1–9/2013. This is why aggregations in the table do not equal amounts shown in the financial statements by operating segment.

Gross claims paid relating to life business increased in 1–9/2014 in all non-Slovenian Group companies. Growth in gross claims was also recorded by Slovenian insurer Zavarovalnica Maribor, where claims on traditional life business increased (increase in claims relating to survivals of € 1.7 million).

**Operating expenses**

*Consolidated operating expenses; life insurance business*

(€)	1–9/2014	1–9/2013	Index
Acquisition costs	4,306,381	3,986,077	108.0
Change in deferred acquisition costs (+/-)	555,371	759,048	73.2
Other operating expenses	11,976,980	9,752,698	122.8
<b>Gross operating expenses</b>	<b>16,838,732</b>	<b>14,497,823</b>	<b>116.1</b>
Income from reinsurance commission	-4,795	0	-
<b>Net operating expenses</b>	<b>16,833,938</b>	<b>14,497,823</b>	<b>116.1</b>

Acquisition costs attributable to Zavarovalnica Maribor totalled € 3.4 million in 1–9/2014 (1–9/2013: € 2.8 million). The decrease in these costs in almost all other companies is due to the portfolio development, especially in Tilia where there is less new business.

Other operating expenses increased by € 2.2 million, almost entirely due to the consolidation of Zavarovalnica Maribor that contributed to other operating expenses with € 8.5 million (1–9/2013: € 6.2 million). All non-Slovenian Group life insurers recorded a decrease in operating costs.

The growth index of consolidated gross expenses relating to the life segment stood at 116.1; the index of consolidated gross life premiums written was 159.4. The ratio of expenses to premiums improved as a result of the consolidation of Zavarovalnica Maribor as the company has a mature and relatively large portfolio of life insurance policies compared to other non-Slovenian Group life insurers.

## Net investment income

*Consolidated income and expenses related to the investment portfolio; life insurance business*

(€)	1–9/2014	1–9/2013	Index
Income from the investment portfolio	10,760,021	10,843,089	99.2
Expenses for the investment portfolio	160,998	3,080,831	5.2
Net inv. income of the investment portfolio	10,599,023	7,762,258	136.5
Expenses for financial liabilities	14,775	21,369	69.1
Net inv. income of the investment portfolio, including expenses for financial liabilities	10,584,248	7,740,889	136.7
Income from funds of policyholders who bear the investment risk	16,129,973	6,005,068	268.6
Expenses for funds of policyholders who bear the investment risk	4,607,920	7,826,165	58.9
Net inv. income of funds of policyholders who bear the investment risk	11,522,053	-1,821,097	832.7

\*The net investment income of the investment portfolio includes income and expenses related to financial investments, investments in associates and investment properties.

Most of the income of the investment portfolio in 1–9/2014 comprised interest income (€ 7.8 million) and gains on sale of investments (€ 2.0 million). Expenses are negligible as they only totalled € 0.2 million.

The net investment income of the investment portfolio for 1–9/2013 includes the net investment income of Zavarovalnica Maribor only for the period 01/05/2013 to 30/09/2013 and a one-off fair-value remeasurement (from the previous equity method measurement) of the pre-acquisition share of life business of Zavarovalnica Maribor (€ 3.1 million).

## 3.4 Realisation of the 2014 plan

### *Implementation of Sava Re Group plans in 1–9/2014*

(€ million, except percentages)	1–9/2014	Plan 1–12/2014	%
Consolidated gross premiums written	371.2	> 445	83.4 %
Net profit/loss for the year	25.0	> 24	104.0 %
Shareholders' equity	272.7	> 250	109.1 %
Return on equity (annualized)	12.9 %	> 9.6 %	✓
Net combined ratio	95.3 %	< 98 %	✓
Net expense ratio	32.2 %	< 33 %	✓
Net incurred loss ratio	60.8 %	< 62 %	✓
Annualized investment return	3.7 %	> 2.3 %	✓
Total assets	1,472.2	> 1,400	✓

In 1–9/2014, the Group realised 83.4 % of the budgeted annual consolidated gross premiums written. Sava Reinsurance Company considers that the Group premium volume target will be achieved by the end of the year. The consolidated net profit has already exceeded the planned full-year profit. Despite the November floods in Slovenia, the Company estimates that the profit will remain at the level of the third quarter and slightly exceed the planned profit.

In 1–9/2014, all operating ratios were on the level of planned ratios, some were better than planned. The trend in the net expense ratio is favourable, reflecting both integration activities of the Slovenian Group companies and higher commission income by Sava Reinsurance Company on retroceded business. The net incurred loss ratio is better than planned (the planned loss ratio included one catastrophe event of € 5 million).

## 4 FINANCIAL POSITION OF THE SAVA RE GROUP

At 30/09/2014, total assets of the Sava Re Group stood at € 1,472.2 million, an increase of 6.8 % over year-end 2013. Below we set out items of assets and liabilities in excess of 10 % of total assets/liabilities at 30/09/2014.

### 4.1 Assets

#### *Consolidated total assets by type*

(€)	30/09/2014	In % at 30/09/2014	31/12/2013	In % at 31/12/2013
ASSETS	1,472,237,740	100.0 %	1,378,300,387	100.0 %
Intangible assets	37,121,894	2.5 %	40,226,072	2.9 %
Property and equipment	45,010,002	3.1 %	46,042,572	3.3 %
Deferred tax assets	1,036,962	0.1 %	3,496,592	0.3 %
Investment property	5,427,088	0.4 %	5,567,006	0.4 %
Financial investments in associates	2,982,649	0.2 %	2,866,665	0.2 %
Financial investments	967,137,382	65.7 %	931,121,110	67.6 %
Funds for the benefit of policyholders who bear the investment risk	204,081,381	13.9 %	175,776,228	12.8 %
Reinsurers' share of technical provisions	42,934,981	2.9 %	33,490,712	2.4 %
Receivables	138,185,695	9.4 %	116,212,767	8.4 %
Deferred acquisition costs	19,981,869	1.4 %	17,752,316	1.3 %
Other assets	1,893,314	0.1 %	1,593,291	0.1 %
Cash and cash equivalents	5,713,190	0.4 %	3,432,720	0.2 %
Non-current assets held for sale	731,333	0.0 %	722,336	0.1 %

#### 4.1.1 Financial investments and financial investments in associates

In 1–9/2014 financial investments grew by € 36.0 million, while the investment portfolio increased by € 38.3 million. This positive impact is both due to cash flow from core activities in the amount of € 40.2 million and because of the change in market prices and exchange rates of € 13 million. Negative impacts included an early repayment of subordinated debt in the amount of € 8 million, repayment of short-term loans of € 5 million and dividend payments to shareholders in the amount of € 4.4 million.

### Structure of the investment portfolio

(€)	30/09/2014	31/12/2013	Index
Deposits and CDs	110,217,188	113,256,253	97.3
Government bonds	495,673,277	517,929,608	95.7
Corporate bonds	325,946,635	259,635,233	125.5
Shares	22,245,290	19,632,282	113.3
Mutual funds	6,432,717	9,192,936	70.0
Loans granted and other	957,868	1,283,781	74.6
Deposits with cedants	5,664,407	10,191,017	55.6
<b>Total financial investments</b>	<b>967,137,382</b>	<b>931,121,110</b>	<b>103.9</b>
Financial investments in associates	2,982,649	2,866,665	104.0
Investment property	5,427,088	5,567,007	97.5
Cash and cash equivalents	5,713,190	3,432,720	166.4
<b>Total investment portfolio</b>	<b>981,260,309</b>	<b>942,987,502</b>	<b>104.1</b>
Investments for the benefit of life-insurance policyholders who bear the investment risk	204,081,381	175,776,228	116.1

### Reinsurance business

In 1–9/2014 the investment portfolio attributable to the reinsurance segment increased by € 9.6 million, primarily due to positive cash flow from reinsurance operations.

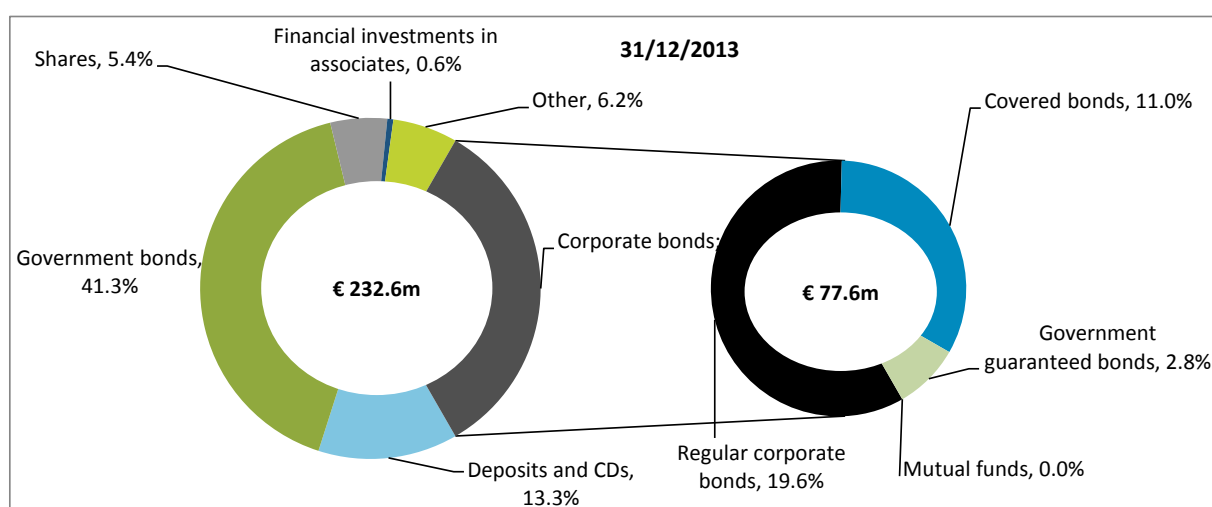
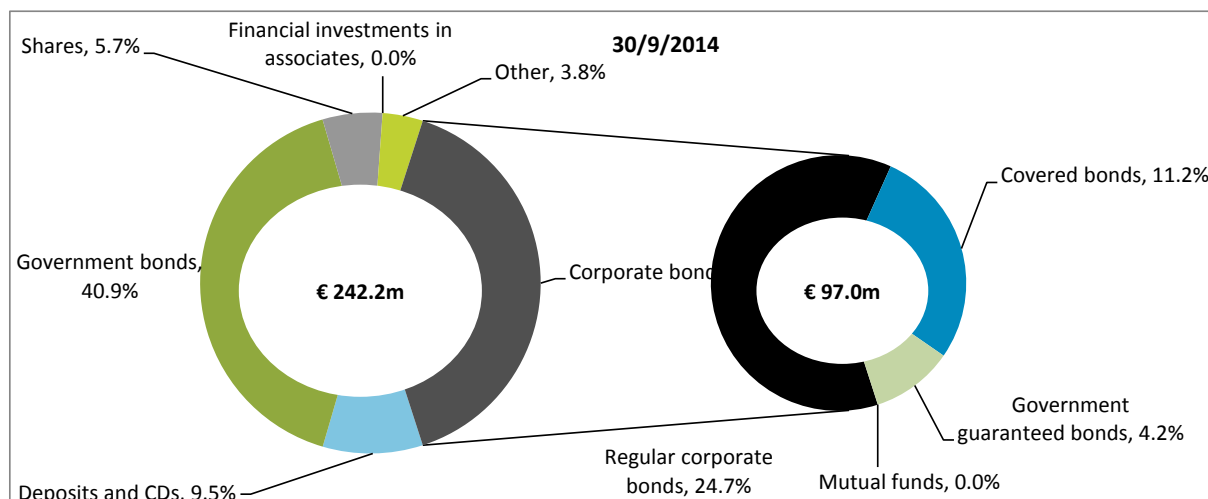
### The consolidated investment portfolio by asset class; reinsurance business

(€)	30/09/2014	31/12/2013	Index
Deposits and CDs	23,009,709	30,837,544	74.6
Government bonds	99,165,108	95,968,151	103.3
Corporate bonds	96,979,736	77,567,167	125.0
Shares	13,761,701	12,537,924	109.8
Mutual funds	2,619,207	3,855,136	67.9
Loans granted and other	0	333	0.0
Deposits with cedants	5,664,407	10,191,017	55.6
<b>Total financial investments</b>	<b>241,199,868</b>	<b>230,957,272</b>	<b>104.4</b>
Financial investments in associates	0	1,325,488	0.0
Investment property	120,310	153,920	78.2
Cash and cash equivalents	880,333	128,265	686.3
<b>Total investment portfolio</b>	<b>242,200,511</b>	<b>232,564,945</b>	<b>104.1</b>

The breakdown of the investment portfolio compared to 31 December 2013 changed mainly for the following asset classes:

- deposits and certificates of deposit (down by 3.8 percentage points) in order to reduce exposure to the banking sector;
- corporate bonds (up 6.7 percentage points) for additional diversification by investing in highly rated corporate bonds;
- "other" asset class (down 2.3 percentage points) due to a decline in deposits with cedants because of the reallocation of part of this item to receivables arising out of reinsurance business.

### Structure of the consolidated investment portfolio; reinsurance business



\*The other item includes mutual funds, deposits with cedants, loans granted, investment property and cash.

## Non-life insurance business

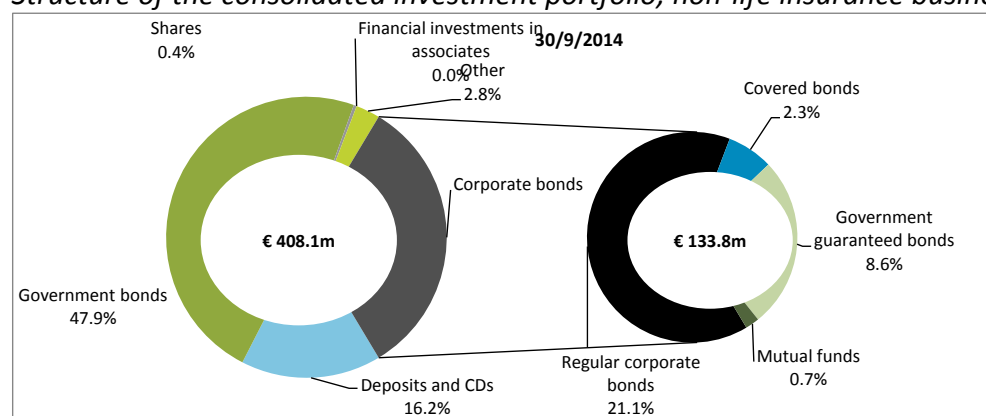
The balance on the investment portfolio associated to non-life insurance business increased by € 10.1 million compared to 31/12/2013.

### The consolidated investment portfolio by asset class; non-life insurance business

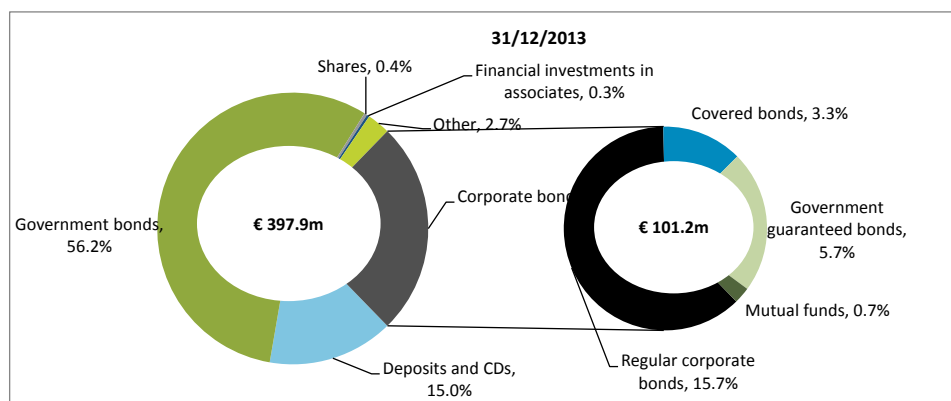
(€)	30/09/2014			31/12/2013			Index		
	Slovenia	International	Total	Slovenia	International	Total	Slovenia	International	Total
Deposits and CDs	38,426,979	27,486,125	65,913,104	31,645,823	28,110,622	59,756,445	121.4	97.8	110.3
Government bonds	167,760,556	27,844,472	195,605,028	195,874,283	27,611,977	223,486,260	85.6	100.8	87.5
Corporate bonds	133,735,134	25,623	133,760,757	101,129,931	25,404	101,155,335	132.2	100.9	132.2
Shares	1,184,561	260,060	1,444,621	1,137,451	262,156	1,399,607	104.1	99.2	103.2
Mutual funds	1,672,761	568,976	2,241,737	2,441,099	213,123	2,654,222	68.5	267.0	84.5
Loans granted and other	528,880	131,624	660,504	695,843	229,911	925,754	76.0	57.2	71.3
Deposits with cedants	0	0	0	0	0	0	0.0	0.0	0.0
<b>Total financial investments</b>	<b>343,308,871</b>	<b>56,316,880</b>	<b>399,625,751</b>	<b>332,924,430</b>	<b>56,453,193</b>	<b>389,377,623</b>	<b>103.1</b>	<b>99.8</b>	<b>102.6</b>
Financial investments in associates	0	0	0	1,240,728	0	1,240,728	0.0	0.0	0.0
Investment property	645,623	4,300,692	4,946,315	687,509	4,516,814	5,204,323	93.9	95.2	95.0
Cash and cash equivalents	194,042	3,284,646	3,478,688	445,211	1,669,569	2,114,780	43.6	196.7	164.5
<b>Total investment portfolio</b>	<b>344,148,536</b>	<b>63,902,218</b>	<b>408,050,754</b>	<b>335,297,878</b>	<b>62,639,576</b>	<b>397,937,454</b>	<b>102.6</b>	<b>102.0</b>	<b>102.5</b>

Compared to 31/12/2013, there was a decrease in the proportion of government bonds in the investment portfolio attributable to life business (down 8.0 percentage points) and an increase in the proportion of corporate bonds (up 8.5 percentage points), due to purchases of highly rated corporate bonds.

### Structure of the consolidated investment portfolio; non-life insurance business



\*The other item includes mutual funds, deposits with cedants, loans granted, investment property and cash.



### Life insurance business

The balance on the investment portfolio associated with life business increased by € 15.3 million compared to 31/12/2013, primarily due to positive operating cash flow.

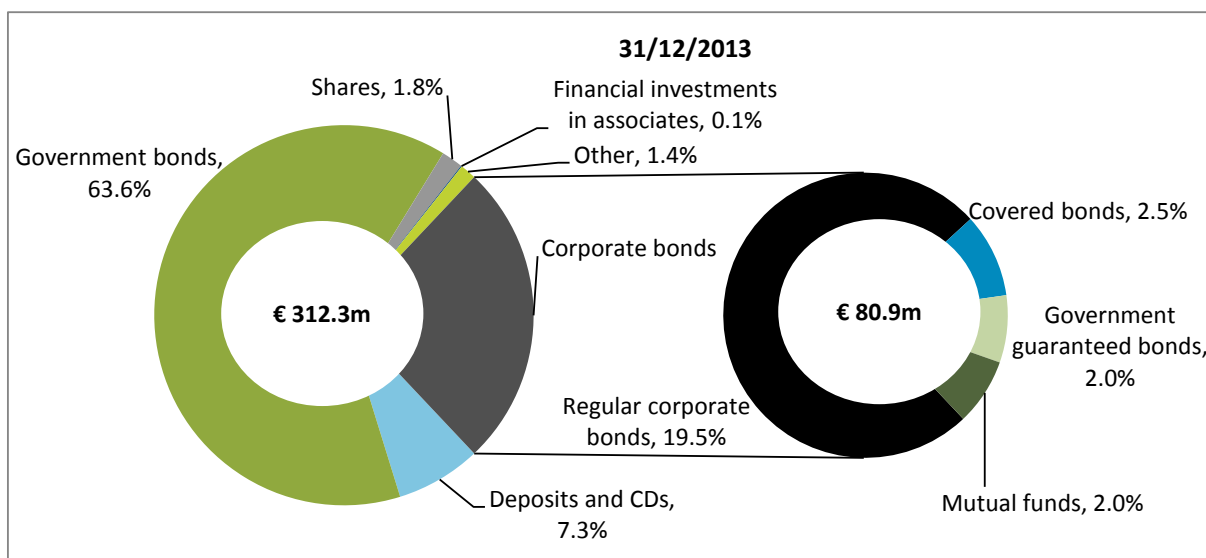
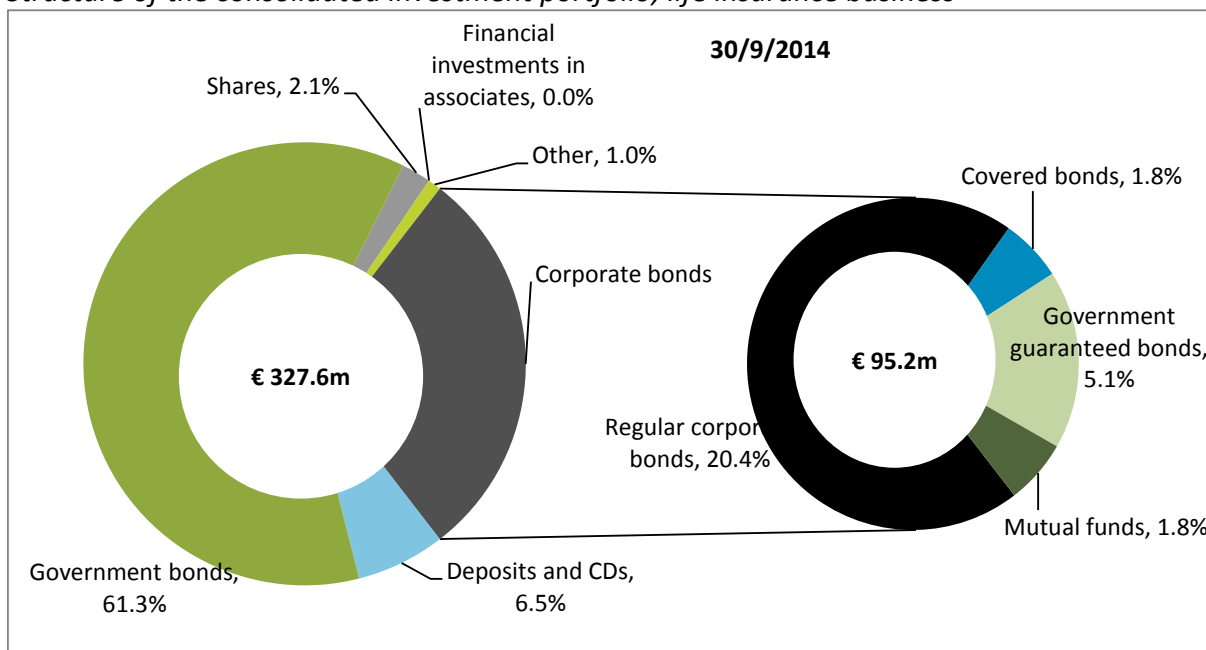
#### The consolidated investment portfolio by asset class; life insurance business

(€)	30/09/2014			31/12/2013			Index		
	Slovenia	International	Total	Slovenia	International	Total	Slovenia	International	Total
Deposits and CDs	15,430,882	5,863,493	21,294,375	16,138,825	6,523,439	22,662,264	95.6	89.9	94.0
Government bonds	194,127,919	6,775,222	200,903,141	193,463,501	5,011,696	198,475,197	100.3	135.2	101.2
Corporate bonds	94,817,452	388,690	95,206,142	80,912,731	0	80,912,731	117.2	0.0	117.7
Shares	6,869,508	167,210	7,036,718	5,519,437	175,314	5,694,751	124.5	95.4	123.6
Mutual funds	1,571,773	0	1,571,773	2,683,578	0	2,683,578	58.6	0.0	58.6
Loans granted and other	0	189,561	189,561	0	310,549	310,549	0.0	61.0	61.0
Deposits with cedants	0	0	0	0	0	0	0.0	0.0	0.0
<b>Total financial investments</b>	<b>312,817,534</b>	<b>13,384,176</b>	<b>326,201,710</b>	<b>298,718,072</b>	<b>12,020,998</b>	<b>310,739,070</b>	<b>104.7</b>	<b>111.3</b>	<b>105.0</b>
Financial investments in associates	0	0	0	300,449	0	300,449	0.0	0.0	0.0
Investment property	45,311	315,152	360,463	46,317	162,447	208,764	97.8	194.0	172.7
Cash and cash equivalents	169,623	885,090	1,054,713	72,602	976,977	1,049,579	233.6	90.6	100.5
<b>Total investment portfolio</b>	<b>313,032,468</b>	<b>14,584,418</b>	<b>327,616,886</b>	<b>299,137,440</b>	<b>13,160,422</b>	<b>312,297,862</b>	<b>104.6</b>	<b>110.8</b>	<b>104.9</b>
Investments for the benefit of life-insurance policyholders who bear the investment risk	204,064,308	17,073	204,081,381	175,765,101	11,127	175,776,228	116.1	153.4	116.1

Compared to the structure of life insurance investments at 31/12/2013, there was a decrease in the share of government bonds (down 2.2 percentage points) and increase in the share of corporate bonds (up 3.3 percentage points) due to purchases of corporate bonds.



### Structure of the consolidated investment portfolio; life insurance business



\*The other item includes mutual funds, deposits with cedants, loans granted, investment property and cash.

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

The second largest asset item is funds for the benefit of policyholders who bear the investment risk. At 30/09/2014, these funds totalled € 204.1 million, an increase by € 28.3 million from 31/12/2013. The following Sava Re Group companies market life products where policyholders bear the investment risk: Zavarovalnica Maribor, Zavarovalnica Tilja and Velebit životno osiguranje. The lion's share of this business is held by Zavarovalnica Maribor with € 171.1 million at 30/09/2014 (up € 25.4 million compared to year-end 2013). The growth of these funds is related to the size of the portfolio and the growth in the value of the funds to which assets are linked.

## 4.2 Liabilities

### *Consolidated equity & liabilities by type*

(€)	30/09/2014	In % at 30/09/2014	31/12/2013	In % at 31/12/2013
<b>EQUITY AND LIABILITIES</b>	<b>1,472,237,740</b>	<b>100.0 %</b>	<b>1,378,300,387</b>	<b>100.0 %</b>
Equity	272,672,240	18.5 %	240,099,321	17.4 %
Share capital	71,856,375	4.9 %	71,856,376	5.2 %
Capital reserves	43,562,777	3.0 %	42,423,360	3.1 %
Profit reserves	101,742,667	6.9 %	102,023,219	7.4 %
Treasury shares	-2,835,949	-0.2 %	-2,821,391	-0.2 %
Fair value reserve	18,748,948	1.3 %	7,739,714	0.6 %
Retained earnings	15,652,752	1.1 %	15,018,066	1.1 %
Net profit/loss for the period	25,285,153	1.7 %	5,023,423	0.4 %
Translation reserve	-3,275,623	-0.2 %	-3,128,947	-0.2 %
Equity attributable to owners of the controlling company	270,737,100	18.4 %	238,133,820	17.3 %
Non-controlling interest in equity	1,935,140	0.1 %	1,965,501	0.1 %
Subordinated liabilities	28,688,444	1.9 %	30,466,967	2.2 %
Technical provisions	897,048,658	60.9 %	846,224,719	61.4 %
Technical provision for the benefit of life insurance policyholders who bear the investment risk	192,639,835	13.1 %	170,786,799	12.4 %
Other provisions	6,188,412	0.4 %	5,878,803	0.4 %
Deferred tax liabilities	4,939,549	0.3 %	4,008,876	0.3 %
Other financial liabilities	93,424	0.0 %	5,006,946	0.4 %
Liabilities from operating activities	48,023,231	3.3 %	44,991,418	3.3 %
Other liabilities	21,943,947	1.5 %	30,836,538	2.2 %

#### **4.2.1 Technical provisions**

Gross technical provisions are the largest item of liabilities. These increased by 6.0 % from year-end 2013 to € 50.8 million at 30/09/2014. The largest increase was in unearned premiums (€ 30.0 million) as a result of underwriting trends during the year.

The gross provision of the life insurance segment increased by 6.4 % compared with year-end 2013. The rise in provisions compared to year-end 2013 is a result of both movements in unearned premiums and the dynamics of writing reinsurance contracts. Sava Reinsurance Company writes an increasing amount of business in reinsurance markets where treaty renewals are in the second or third quarters.

The gross provision of the non-life insurance segment increased by 7.9 % compared with year-end 2013. The largest increase was with claims provisions (ice damage).

The gross provision of the life insurance segment increased by 2.6 % compared with year-end 2013. The largest increase was with the mathematical provision.

### Movements in consolidated gross technical provisions

(€)	30/09/2014	31/12/2013	Index
Gross unearned premiums	174,576,009	144,611,911	120.7
Gross mathematical provisions	258,009,087	250,559,649	103.0
Gross provision for claims	452,904,367	437,267,628	103.6
Other gross technical provisions	11,559,195	13,785,531	83.9
Total gross technical provisions	897,048,658	846,224,719	106.0

## 4.2.2 Equity

The second largest item on the liabilities side is equity, which increased by 13.6 % or € 32.6 million from year-end 2013. The increase in equity is mainly due to the movements in the following equity components:

- S net profit for the year was € 25.3 million;
- S fair value reserve increased by € 11.0 million to € 18.7 million at 30/09/2014 (due to positive trends in capital markets);
- S profit reserves decreased by € 0.3 million due to the movements in the credit risk and the catastrophe equalisation reserves.

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

Technical provisions for the benefit of policyholders who bear the investment risk at 30/09/2014 grew by 12.8 % or € 21.8 million compared to year-end 2013. These provisions move in line with assets of policyholders who bear the investment risk.

## 4.3 Insolvency risk

Sava Reinsurance Company meets capital adequacy requirements and so do all its subsidiary companies under local regulations. At 30/09/2014 the available solvency margin of Sava Reinsurance Company exceeded the required solvency margin by € 22.1 million. Sava Reinsurance Company's surplus of available solvency margin over the required solvency margin increased by € 6.2 million compared to 31 December 2013. Profit reserves increased by € 3.9 million as after amending ***the Decision on detailed rules on the calculation of the capital required for meeting solvency requirements and capital adequacy requirements of insurance companies*** in September, reserves for treasury shares may be included in core capital as from 30/09/2014. Other reasons for the increase in available capital include increased retained earnings and fair value reserves. Negative impacts on available capital came from own share repurchases in the amount of € 0.9 million and recapitalizations of subsidiaries totalling € 0.4 million.

The solvency ratio stood at 168.8 % at year-end 2013 and at 195.6 % at 30/09/2014.

## Statement of capital adequacy for Sava Reinsurance Company

(€)		30/09/2014	31/12/2013
<b>CORE CAPITAL (Article 106 of the Slovenian Insurance Act ("ZZavar"))</b>			
Paid-up share capital, other than paid-up share capital arising from cumulative preference shares, or initial capital	1	71,856,376	71,856,376
Capital reserves, other than capital reserves arising from cumulative preference shares	2	54,239,757	54,239,757
Profit reserves, other than the reserves for credit and catastrophe risk equalisation	3	92,851,489	88,939,518
Net profit brought forward from previous years	4	15,713,039	12,717,998
Fair value reserve relating to assets not financed from technical provisions	5	1,445,244	755,747
Treasury shares and own interests	6	3,911,971	2,821,391
Intangible assets	7	90,565	134,952
<b>Core capital (1 + 2 + 3 + 4 + 5 – 6 – 7)</b>	<b>8</b>	<b>232,103,369</b>	<b>225,553,053</b>
<b>Guarantee fund</b>	<b>9</b>	<b>7,714,782</b>	<b>7,725,010</b>
<b>Compliance with Article 106 (4) of the ZZavar (8 – 9)</b>	<b>10</b>	<b>224,388,587</b>	<b>217,828,043</b>
<b>ADDITIONAL CAPITAL (Article 107 of the ZZavar)</b>			
Subordinated debt instruments	11	5,786,087	5,793,757
<b>Additional capital (15), however not more than 50 % of the lower of core capital and required solvency margin</b>	<b>12</b>	<b>5,786,087</b>	<b>5,793,757</b>
<b>AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL ADEQUACY (Article 108 of the ZZavar)</b>			
Total of core and additional capital (8 + 12)	13	237,889,456	231,346,810
Participations within the meaning of Article 108(1), point 1 of the ZZavar	14	191,882,854	191,481,452
Participations within the meaning of Article 108(1), point 2 of the ZZavar	15	734,952	734,952
<b>Available solvency margin of insurer (13 – 14 – 15)</b>	<b>16</b>	<b>45,271,650</b>	<b>39,130,406</b>
<b>Required solvency margin</b>	<b>17</b>	<b>23,144,348</b>	<b>23,175,031</b>
<b>Surplus/deficit of available solvency margin (16 – 17)</b>	<b>18</b>	<b>22,127,302</b>	<b>15,955,375</b>

## 4.4 Capital structure

At 30/09/2014, the Sava Re Group's capital comprised € 272.7 million of equity, € 28.7 million of subordinated liabilities and € 93,424 of other financial liabilities. Thus debt accounted for 9.5 % of total equity and debt capital.

Subordinated liabilities mainly relate to the subordinated debt of Sava Reinsurance Company taken out to expand to the Western Balkans. Zavarovalnica Maribor also holds subordinated debt, in the amount of € 5.2 million (in the first quarter 2014 ZM redeemed € 1.8 million of its subordinated debt).

## 4.5 Cash flow

Net cash from operating activities of the Sava Re Group in the period 1–9/2014 totalled € 40.2 million (1–9/2013: € 10.0 million).

Net disbursements in financing activities of the Sava Re Group in the period 1–9/2014 totalled € 18.5 million (1–9/2013: net cash was € 55.1 million). At the end of 2013, Sava Reinsurance Company entered a contract for repayment of part of its subordinated debt (the relating cash flow occurred only in the first quarter of 2014). Zavarovalnica Maribor also repaid part of its subordinated debt (€ 1.8 million), while Zavarovalnica Tilia redeemed its

short term loan of € 4.7 million. In July 2014, the general meeting of Sava Reinsurance Company adopted a resolution on the payment of dividends in the amount of € 4.4 million.

## 4.6 Credit rating

Sava Reinsurance Company has two credit ratings, one from Standard & Poor's and one from A.M. Best.

### *Credit ratings of Sava Reinsurance Company*

Agency	Rating <sup>1</sup>	Outlook	Action
Standard & Poor's	BBB+	stable	July 2014: confirmed existing rating
A.M. Best	A –	stable	October 2014: confirmed existing rating

A summary of the two reports is posted on the Company's website: [www.sava-re.si](http://www.sava-re.si).

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<sup>1</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.

## 5 PERSONNEL

### *Employment figures for Group members*

	30/09/2014	31/12/2013	Change
Zavarovalnica Maribor	777	822	-45
Zavarovalnica Tilia	366	362	4
Sava osiguranje, Belgrade	280	273	7
Illyria	171	164	7
Sava osiguruvanje, Skopje	161	126	35
Velebit osiguranje	138	151	-13
Illyria Life	138	120	18
Sava Montenegro	127	145	-18
Sava Reinsurance Company	74	67	7
Sava životno osiguranje	72	83	-11
Velebit životno osiguranje	65	74	-9
Sava Car	28	24	4
Montagent	18	0	18
Total	2,415	2,411	4

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, and at Zavarovalnica Maribor due to reorganisations in 2014.

## 6 RISK MANAGEMENT

### 6.1 Underwriting risks

All Group subsidiaries assume risks from policyholders and mostly transfer excess risks to Sava Reinsurance Company. Sava Reinsurance Company also assumes risks from other cedants; any excess is retroceded to other reinsurers.

Due to underwriting process risk, losses may be incurred because of incorrect selection and approval of risks to be assumed for (re)insurance. 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.

In the Sava Re Group, pricing risk is mainly controlled by using actuarial analyses of loss ratios, monitoring their trends and by making adequate adjustments.

Claims risk is managed by appropriate insurance conditions and pricing, adequate underwriting, controlling risk concentration, and especially adequate reinsurance programmes for subsidiaries and an adequate retrocession programme for Sava Reinsurance Company.

Sava Re Group members mitigate net retention risk by setting appropriate maximum net retention limits and by designing adequate reinsurance or retrocession programmes.

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.

## 6.2 Financial risks

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

The Sava Re Group complies with local legal requirements governing investment diversification, limits and valuation, as well as asset-liability matching as well as internal rules for mitigating financial risk.

At 30/09/2014, the value of assets exposed to financial risks was € 967.1 million (31 December 2013: € 931.1 million). The increase is primarily a result of positive cash flow from core operations.

The table below shows the value of investments exposed to financial risks and the estimated change in risk compared to year-end 2013. The estimated change in risk compared to the value of investments at year-end 2013 is due to the changed allocations of financial investments and the resulting different results of qualitative risk assessment methods discussed in more detail below.

### Own risk assessment

Type of investment				Market risk			Liquidity risk	Credit risk
	30/09/2014	31/12/2013	30/9/2014 - 31/12/2013	Interest rate risk	Equity risk	Currency risk		
Deposits and CDs	110,217,188	113,256,253	-3,039,065					
Government bonds	495,673,277	517,929,608	-22,256,331					
Corporate bonds	325,946,635	259,635,233	66,311,402					
Shares (excluding strategic shares)	22,245,290	19,632,282	2,613,008					
Mutual funds	6,432,717	9,192,936	-2,760,219					
Bonds funds	2,350,421	3,589,821	-1,239,400					
Equity funds	4,082,296	5,603,115	-1,520,819					
Loans granted and other financial investments	957,868	1,283,781	-325,913					
Deposits with cedants	5,664,407	10,191,017	-4,526,610					
Total financial investments sensitive to market risk	967,137,382	931,121,110	36,016,272					

#### Key:

Decrease in risk	Risk on same level	Increase in risk
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### 6.2.1 Market risks

As part of market risks, the Group makes assessments of interest rate risk, equity risk and currency risk.

#### 6.2.1.1 Interest rate risk

Interest rate risk sensitivity is monitored by the Group through calculating the loss in the bond portfolio if interest rates rose by two percentage points. The bond portfolio includes government and corporate bonds, bond mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5. The analysis does not include bonds classified by the Group as held-to-maturity.

At a basis of € 455.4 million (31/12/2013: € 431.3 million), a sensitivity analysis for non-life insurance investments (including the reinsurance segment) showed that if interest rates had increased by two percentage points, the value of the investment portfolio sensitive to interest rate risk would have decreased by € 18.9 million or by 4.2 % (31/12/2013: € 16.5 million or 3.8 %).

Interest rate risk in life business affects both mathematical provisions and the value of investments covering mathematical provisions. An increase in interest rates would result in a decrease in both the mathematical provision as well as in invested assets. Such an increase in invested assets would fully offset the increase in mathematical provisions only if maturities and amounts of liabilities and investments were fully matched.

At a basis of € 205.8 million (31/12/2013: € 189.0 million), a sensitivity analysis for life insurance investments showed that if interest rates had increased by two percentage points, the value of the investment portfolio sensitive to interest rate risk would have decreased by € 11.7 million or 5.7 % (31/12/2013: € 10.4 million or 5.4 %).

**At the end of 2013, interest rate risk increased slightly due to the increased amount of bonds in the investment portfolio.**

#### 6.2.1.2 Equity risk

Equity risk is measured through a stress test assuming a 10-percent drop in equity prices. Equity risk affects shares, equity mutual funds and mixed mutual funds (in stress tests, we include half of the amount).

To assess the Group's sensitivity of investments to equity securities risk, we assume a 10 % drop in the value of all equity securities. At 30/09/2014, this would have decreased the value of the Group portfolio by € 2.6 million (31/12/2013: € 2.6 million).

With equity risk, linearity may be used for decreases in the value of investments. Accordingly, the larger the drop in prices, the larger the negative change in the value of investments sensitive to equity risk.

**We estimate that compared to year-end 2013, there has been a slight increase in risk, primarily due to an increased value of investments resulting from fair-value revaluation.**



### 6.2.1.3 Currency risk

Currency risk is the risk that changes in exchange rates will decrease foreign investments or increase liabilities denominated in foreign currencies.

The Sava Re Group manages currency risk through the efforts of each Group member to optimise asset-liability currency matching.

Sava Reinsurance Company is the Sava Re Group member with the largest exposure to currency risk. Due to the increased business volume from abroad (and the increasing number of foreign currencies), in 2013 Sava Reinsurance Company adopted a currency matching policy introducing a co-ordinated approach to the currency matching of assets and liabilities in order to reduce currency risk.

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 affected by currency risk. Other Group companies whose local currency is not the euro, transact most business in their respective local currencies, while due to Group relations, they are to a minor extent subject to euro-related currency risk.

We consider that currency risk on the Group level did not change significantly in the third quarter of 2014 compared to year-end 2013. At 30/09/2014, assets and liabilities were matched 97.4 % in terms of currencies (31/12/2013: 96.3 %).

### 6.2.2 Liquidity risk

The Group manages liquidity risk by having Group companies draw up annual liquidity plans with daily planned cash-flows (investments, reinsurance, expenses). In addition, the Group mitigates liquidity risk by diversifying the maturities of deposits that serve to meet day-to-day liquidity needs. The bond portfolio consists mainly of highly liquid and listed bonds.

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

For extraordinary liquidity situations, the controlling company has arranged a credit line with a commercial bank in the total amount of € 5 million.

Sudden liquidity needs arising in any Group subsidiary could be met by the controlling company through short-term bridge loans.

**In view of the above measures, we estimate that liquidity risk is well managed.**

### 6.2.3 Credit risk

We estimate credit risk for the investment portfolio based on issuer credit ratings for deposits, bonds and financial investments of reinsurers with cedants based on reinsurance contracts. At 30/09/2014, in this part of the investment portfolio 45.5 % of the portfolio exposed to market risks is invested in investments with a minimum credit rating of A– by

Standard & Poor's (31/12/2013: 42.7 %). As much as 79.5 % of the portfolio exposed to market risks is invested in investments with a minimum credit rating of BBB by Standard & Poor's (31 December 2013: 79.3 %).

*The credit rating of bonds, deposits and deposits with cedants*

(%)	30/09/2014	31/12/2013
Rated by S&P/Moody's		
AAA/Aaa	18.2 %	20.0 %
AA/Aa	12.4 %	9.3 %
A/A	14.8 %	13.4 %
BBB/Baa	34.0 %	36.6 %
Less than BBB/Baa	10.7 %	8.8 %
Not rated	9.8 %	11.9 %
Total	100.0 %	100.0 %

**Based on above data, we estimate that the rating profile of the portfolio improved from year-end 2013, as the share of investments rated A– or better increased by 2.8 percentage points.**

The Group is also exposed to credit risk in relation to its retrocession programme. As a rule, subsidiaries conclude reinsurance contracts directly with the controlling company, unless they are subject to localisation requirements. Even if subject to such requirements, the subsidiary would still transfer at least part of its risk exposure to the controlling company, thus reducing the effective credit risk exposure relating to reinsurers below the one correctly shown according to accounting rules.

Retrocession programmes are mostly placed with first-class reinsurers with an adequate credit rating. This is at least A– according to Standard & Poor's for long-term business, and at least BBB+ for short-term business. Reinsurers rated A– or better accounted for over 80 % of the credit risk exposure relating to reinsurers.

#### 6.2.3.1 Concentration risk

The Group's investment portfolio is reasonably diversified in order to avoid heavy concentration in any one asset class, counterparty, industry or in any other category. Assets are diversified by asset class (e.g. time deposits, debt and equity securities, structured products, mutual funds), maturity and currency.

*Exposure to industries*

(%)	30/09/2014	31/12/2013
Banking	26.7 %	27.6 %
Government	51.5 %	55.7 %
Finance	3.5 %	4.0 %
Industry	8.1 %	7.2 %
Other	10.2 %	5.5 %
Total	100.0 %	100.0 %

The data shows that there was a decrease in exposure to governments, banking and finance.

### *Regional exposure*

(%)	30/09/2014	31/12/2013
Slovenia	43.3 %	45.7 %
EU members	43.0 %	42.2 %
Other Europe	9.2 %	8.8 %
Rest of the world	4.5 %	3.2 %
Total	100.0 %	100.0 %

According to the above data, exposure to Slovenia decreased: Slovenian government bonds accounted for 25.7 %, while other issuers represented less than 2.0 % of the portfolio.

**Based on the above data, we estimate that concentration risk in the third quarter of 2014 decreased compared with year-end 2013.**

## 6.3 Operational risks

Operational risk includes human capital risk, management control risk, system risk, process risk, legal risk and such like.

Sava Re Group members mitigate operational risk by setting up adequate IT-supported procedures and controls in the most important business areas. In addition, this risk is managed through the internal audit function and through staff training.

## 6.4 Exposure to risk up until year-end 2014

We expect that in the remaining three months of the year, the exposure of Sava Reinsurance Company and the Sava Re Group to risks will not change significantly. Due to the nature of its business, 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 risks could be expected as a result of an increased frequency of storms with massive losses or as a result of unfavourable trends in financial markets.



# SUMMARY OF SAVA RE GROUP FINANCIAL STATEMENTS WITH NOTES



## 7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 7.1 Unaudited consolidated statement of financial position

(€)	30/09/2014	31/12/2013
<b>ASSETS</b>	<b>1,472,237,740</b>	<b>1,378,300,387</b>
Intangible assets	37,121,894	40,226,072
Property and equipment	45,010,002	46,042,572
Deferred tax assets	1,036,962	3,496,592
Investment property	5,427,088	5,567,006
Financial investments in associates	2,982,649	2,866,665
Financial investments:	967,137,382	931,121,110
- loans and deposits	116,274,872	124,155,090
- held to maturity	163,469,305	164,086,323
- available for sale	661,067,951	608,760,093
- at fair value through profit or loss	26,325,254	34,119,604
Funds for the benefit of policyholders who bear the investment risk	204,081,381	175,776,228
Reinsurers' share of technical provisions	42,934,981	33,490,712
Receivables	138,185,695	116,212,767
Receivables arising out of primary insurance business	59,412,410	56,871,392
Receivables arising out of reinsurance and co-insurance business	59,544,439	48,273,297
Current tax assets	355,917	1,707,675
Other receivables	18,872,929	9,360,403
Deferred acquisition costs	19,981,869	17,752,316
Other assets	1,893,314	1,593,291
Cash and cash equivalents	5,713,190	3,432,720
Non-current assets held for sale	731,333	722,336
<b>EQUITY AND LIABILITIES</b>	<b>1,472,237,740</b>	<b>1,378,300,387</b>
Equity	272,672,240	240,099,321
Share capital	71,856,376	71,856,376
Capital reserves	43,562,777	42,423,360
Profit reserves	101,742,667	102,023,219
Treasury shares	-2,835,949	-2,821,391
Fair value reserve	18,748,948	7,739,714
Retained earnings	15,652,752	15,018,066
Net profit/loss for the period	25,285,153	5,023,423
Translation reserve	-3,275,623	-3,128,947
Equity attributable to owners of the controlling company	270,737,100	238,133,820
Non-controlling interest in equity	1,935,140	1,965,501
Subordinated liabilities	28,688,444	30,466,967
Technical provisions	897,048,658	846,224,719
Unearned premiums	174,576,009	144,611,911
Mathematical provisions	258,009,087	250,559,649
Provision for outstanding claims	452,904,367	437,267,628
Other technical provisions	11,559,195	13,785,531
Technical provision for the benefit of life insurance policyholders who bear the investment risk	192,639,835	170,786,799
Other provisions	6,188,412	5,878,803
Deferred tax liabilities	4,939,549	4,008,876
Other financial liabilities	93,424	5,006,946
Liabilities from operating activities	48,023,231	44,991,418
Liabilities from primary insurance business	12,174,302	12,951,255
Liabilities from reinsurance and co-insurance business	32,278,925	31,423,916
Current income tax liabilities	3,570,004	616,247
Other liabilities	21,943,947	30,836,538

## 7.2 Unaudited consolidated income statement

(€)	1–9/2014	1–9/2013
<b>Net earned premiums</b>	<b>321,333,777</b>	<b>270,850,194</b>
Gross premiums written	371,165,705	291,793,236
Written premiums ceded to reinsurers and co-insurers	-23,792,627	-19,087,087
Change in gross unearned premiums	-30,277,787	-4,482,921
Change in unearned premiums for the reinsurance and co-insurance part	4,238,486	2,626,966
<b>Income from investments in associates</b>	<b>181,817</b>	<b>10,166,703</b>
Profit from investments in equity-accounted associate companies	181,817	2,256,962
Other income	0	7,909,741
<b>Investment income</b>	<b>29,137,910</b>	<b>22,462,901</b>
Interest income	19,779,815	17,052,740
Other investment income	9,358,095	5,410,161
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>16,129,973</b>	<b>6,005,068</b>
<b>Other technical income</b>	<b>6,999,911</b>	<b>4,909,604</b>
Commission income	2,244,745	1,394,743
Other technical income	4,755,166	3,514,861
<b>Other income</b>	<b>1,579,463</b>	<b>2,610,034</b>
<b>Net claims incurred</b>	<b>-189,314,184</b>	<b>-161,106,921</b>
Gross claims payments less income from recourse receivables	-187,602,164	-149,832,966
Reinsurers' and co-insurers' shares	8,036,382	5,587,895
Change in the gross claims provision	-15,032,001	-13,975,630
Change in the provision for outstanding claims for the reinsurance and co-insurance part	5,283,599	-2,886,220
<b>Change in other technical provisions</b>	<b>-5,915,035</b>	<b>-1,828,583</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>-22,178,977</b>	<b>-6,435,511</b>
<b>Expenses for bonuses and rebates</b>	<b>-360,028</b>	<b>-357,063</b>
<b>Operating expenses</b>	<b>-105,726,609</b>	<b>-90,908,523</b>
Acquisition costs	-35,827,285	-35,665,806
Change in deferred acquisition costs	2,014,996	-37,137
Other operating expenses	-71,914,320	-55,205,580
<b>Expenses for financial assets and liabilities</b>	<b>-3,137,838</b>	<b>-11,564,064</b>
Impairment losses on financial assets not at fair value through profit or loss	-14,984	-5,442,525
Interest expense	-1,072,897	-1,228,408
Other investment expenses	-2,049,957	-4,893,131
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>-4,607,920</b>	<b>-7,826,165</b>
<b>Other technical expenses</b>	<b>-12,106,257</b>	<b>-9,801,134</b>
<b>Other expenses</b>	<b>-1,135,829</b>	<b>-706,640</b>
Profit/loss before tax	30,880,174	26,469,900
<b>Income tax expense</b>	<b>-5,916,989</b>	<b>-3,072,505</b>
<b>Net profit/loss for the period</b>	<b>24,963,185</b>	<b>23,397,395</b>
<b>Net profit/loss attributable to owners of the controlling company</b>	<b>25,002,868</b>	<b>23,508,920</b>
<b>Net profit/loss attributable to non-controlling interests</b>	<b>-39,683</b>	<b>-111,525</b>
<b>Basic and diluted earnings per share</b>	<b>1.48</b>	<b>1.79</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

(€)	1-9/2014			1-9/2013		
	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/LOSS FOR THE PERIOD, NET OF TAX</b>	<b>25,002,868</b>	<b>-39,683</b>	<b>24,963,185</b>	<b>23,508,920</b>	<b>-111,525</b>	<b>23,397,395</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>10,862,558</b>	<b>9,322</b>	<b>10,871,880</b>	<b>-7,866,312</b>	<b>-930,011</b>	<b>-8,796,322</b>
<b>ITEMS THAT WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT OR LOSS</b>	<b>-722</b>	<b>0</b>	<b>-722</b>	<b>0</b>	<b>0</b>	<b>0</b>
Other net gains/losses of other comprehensive income	-722	0	-722	0	0	0
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>10,863,280</b>	<b>9,322</b>	<b>10,872,602</b>	<b>-7,866,312</b>	<b>-930,011</b>	<b>-8,796,322</b>
<b>Net gain/loss from revaluation of financial assets available-for-sale</b>	<b>12,206,194</b>	<b>9,857</b>	<b>12,216,051</b>	<b>-7,722,284</b>	<b>-919,730</b>	<b>-8,642,014</b>
Net change recognised in the fair value reserve	12,297,058	9,857	12,306,915	-7,166,475	-919,730	-8,086,205
Net change transferred from fair value reserve to profit or loss	-90,864	0	-90,864	-555,809	0	-555,809
<b>Net gains/losses attributable to the Group recognised in fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies</b>	<b>-65,831</b>	<b>0</b>	<b>-65,831</b>	<b>-1,496,449</b>	<b>0</b>	<b>-1,496,449</b>
<b>Tax on other comprehensive income</b>	<b>-1,130,407</b>	<b>0</b>	<b>-1,130,407</b>	<b>1,423,880</b>	<b>-791</b>	<b>1,423,089</b>
<b>Net gains/losses from translation of financial statements of non-domestic companies</b>	<b>-146,676</b>	<b>-535</b>	<b>-147,211</b>	<b>-71,458</b>	<b>-9,490</b>	<b>-80,948</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>35,865,425</b>	<b>-30,361</b>	<b>35,835,065</b>	<b>15,642,608</b>	<b>-1,041,536</b>	<b>14,601,073</b>
<b>Attributable to owners of the controlling company</b>	<b>35,865,425</b>	<b>0</b>	<b>35,865,425</b>	<b>15,642,608</b>	<b>0</b>	<b>15,642,608</b>
<b>Attributable to non-controlling interest</b>	<b>0</b>	<b>-30,361</b>	<b>-30,361</b>	<b>0</b>	<b>-1,041,536</b>	<b>-1,041,536</b>

## 7.4 Unaudited consolidated statement of cash flows

(€)	1–9/2014	1–9/2013
<b>A. Cash flows from operating activities</b>		
<b>a.) Items of the income statement</b>	<b>61,199,581</b>	<b>32,513,252</b>
1. Net premiums written in the period	347,373,088	272,706,149
2. Investment income (other than financial income), financed from:	8,413,683	9,021,652
- technical provisions	7,323,057	8,618,805
- other sources	1,090,626	402,847
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	8,579,374	7,519,638
4. Net claims payments in the period	-179,565,782	-144,245,071
5. Expenses for bonuses and rebates	-360,028	-357,063
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-102,016,738	-88,313,667
7. Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-2,064,941	-10,238,107
- technical sources	-1,849,874	-9,781,932
- other sources	-215,067	-456,175
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-13,242,086	-10,507,774
9. Tax on profit and other taxes not included in operating expenses	-5,916,989	-3,072,505
<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>-20,960,411</b>	<b>-22,503,538</b>
1. Change in receivables from primary insurance	-2,541,018	-41,017,680
2. Change in receivables from reinsurance	-11,271,142	-4,538,237
3. Change in other receivables from (re)insurance business	-1,141,948	-574,960
4. Change in other receivables and other assets	1,455,623	-3,101,443
5. Change in deferred tax assets	2,459,630	-3,368,892
6. Change in inventories	-77,929	-140,319
7. Change in liabilities arising out of primary insurance	-776,953	11,599,419
8. Change in liabilities arising out of reinsurance business	855,009	-1,145,257
9. Change in other operating liabilities	-8,892,472	9,845,569
10. Change in other liabilities (except unearned premiums)	-1,959,884	5,961,884
11. Change in deferred tax liabilities	930,673	3,976,378
<b>c.) Net cash from/used in operating activities (a + b)</b>	<b>40,239,170</b>	<b>10,009,714</b>
<b>B. Cash flows from investing activities</b>		
<b>a.) Cash receipts from investing activities</b>	<b>583,365,377</b>	<b>661,634,480</b>
1. Interest received from investing activities relating to:	19,779,815	17,052,740
- investments financed from technical provisions	18,984,535	16,053,533
- other investments	795,280	999,207
2. Proceeds from dividends and shares in the profit of others, relating to:	887,558	10,645,503
- investments financed from technical provisions	587,574	453,931
- other investments	299,984	10,191,572
3. Proceeds from sale of intangible assets, financed from:	0	506,495
- other sources	0	506,495
4. Proceeds from sale of property and equipment, financed from:	774,147	50,770
- technical provisions	53,000	0
- other sources	721,147	50,770
5. Proceeds from sale of long-term financial investments, financed from:	145,334,587	198,332,292
- technical provisions	130,670,888	186,949,645
- other sources	14,663,699	11,382,647
6. Proceeds from sale of short-term financial investments, financed from:	416,589,270	435,046,680
- technical provisions	326,382,657	413,325,071
- other sources	90,206,613	21,721,609
<b>b.) Cash disbursements in investing activities</b>	<b>-602,915,139</b>	<b>-726,034,026</b>
1. Purchase of intangible assets	-461,066	-370,423
2. Purchase of property and equipment, financed from:	-1,773,410	-3,491,886
- technical provisions	-56,489	-529,335
- other sources	-1,716,921	-2,962,551
3. Purchase of long-term financial investments, financed from:	-158,077,666	-301,745,730
- technical provisions	-135,514,349	-203,937,827
- other sources	-22,563,317	-97,807,903
4. Purchase of short-term financial investments, financed from:	-442,602,997	-420,425,987
- technical provisions	-360,911,860	-402,747,791
- other sources	-81,691,137	-17,678,196
<b>c.) Net cash from/used in investing activities (a + b)</b>	<b>-19,549,762</b>	<b>-64,399,546</b>
<b>C. Cash flows from financing activities</b>		
<b>a.) Cash receipts from financing activities</b>	<b>0</b>	<b>56,353,282</b>
1. Proceeds from paid-in capital	0	54,023,282
3. Proceeds from short-term borrowing	0	2,330,000
<b>b.) Cash disbursements in financing activities</b>	<b>-18,466,634</b>	<b>-1,228,408</b>
1. Interest paid	-1,072,897	-1,228,408
3. Repayment of long-term financial liabilities	-8,093,230	0
4. Repayment of short-term financial liabilities	-4,913,522	0
5. Dividends and other profit participations paid	-4,386,985	0
<b>c.) Net cash from/used in financing activities (a + b)</b>	<b>-18,466,634</b>	<b>55,124,874</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>5,713,190</b>	<b>5,082,656</b>
<b>Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>2,222,774</b>	<b>735,042</b>
<b>Opening balance of cash and cash equivalents</b>	<b>3,432,720</b>	<b>4,058,490</b>
<b>Opening balance of cash and cash equivalents – acquisition</b>	<b>57,696</b>	<b>289,124</b>

## 7.5 Unaudited consolidated statement of changes in equity

### Unaudited consolidated statement of changes in equity for the nine months to 30/09/2014

(€)	III. Profit reserves							IV. Fair value reserve	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 (14 + 15)
	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other								
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
<b>Opening balance in the financial period</b>	<b>71,856,376</b>	<b>42,423,360</b>	<b>11,138,541</b>	<b>2,821,391</b>	<b>800,075</b>	<b>12,070,719</b>	<b>75,192,493</b>	<b>7,739,714</b>	<b>15,018,066</b>	<b>5,023,423</b>	<b>-2,821,391</b>	<b>-3,128,947</b>	<b>238,133,820</b>	<b>1,965,501</b>	<b>240,099,321</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>0</b>	<b>11,009,234</b>	<b>0</b>	<b>25,002,868</b>	<b>0</b>	<b>-146,676</b>	<b>35,865,426</b>	<b>-30,361</b>	<b>35,835,065</b>
Net purchase/sale of treasury shares	0	1,139,417	0	0	0	0	0	0	0	0	-14,558	0	1,124,859	0	1,124,859
Payout of (accounting for) dividends	0	0	0	0	0	0	0	0	-4,386,985	0	0	0	-4,386,985	0	-4,386,985
Allocation of net profit to profit reserve	0	0	1,730	14,558	0	0	0	0	-1,730	-14,558	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	56,939	-353,781	0	0	0	296,842	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	5,023,423	-5,023,423	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	-23	0	0	0	-23	0	-23
<b>Closing balance in the financial period</b>	<b>71,856,376</b>	<b>43,562,777</b>	<b>11,140,273</b>	<b>2,835,949</b>	<b>857,014</b>	<b>11,716,938</b>	<b>75,192,493</b>	<b>18,748,948</b>	<b>15,652,752</b>	<b>25,285,153</b>	<b>-2,835,949</b>	<b>-3,275,623</b>	<b>270,737,100</b>	<b>1,935,140</b>	<b>272,672,240</b>

### Unaudited consolidated statement of changes in equity for the nine months to 30/09/2013

(€)	III. Profit reserves							IV. Fair value reserve	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 (14 + 15)
	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other								
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
<b>Opening balance in the financial period</b>	<b>39,069,100</b>	<b>25,352,645</b>	<b>16,677,980</b>	<b>1,774</b>	<b>753,026</b>	<b>9,950,193</b>	<b>69,542,800</b>	<b>1,527,689</b>	<b>4,016,817</b>	<b>5,461,807</b>	<b>-1,774</b>	<b>-3,014,477</b>	<b>169,337,580</b>	<b>2,015,862</b>	<b>171,353,442</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>0</b>	<b>-9,813,353</b>	<b>2,018,501</b>	<b>23,508,920</b>	<b>0</b>	<b>-71,458</b>	<b>15,642,610</b>	<b>-1,041,536</b>	<b>14,601,073</b>
Subscription (payment) of new equity capital	32,787,276	21,236,004	0	0	0	0	0	0	0	0	0	0	54,023,280	0	54,023,280

Allocation of net profit to profit reserve	0	0	3,214	0	0	0	0	0	-3,214	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-69,254	89,737	0	0	0	-20,483	0	0	0	0	0
Acquisition of non-controlling interests	0	-4,165,289	0	0	0	0	0	-920,745	0	0	0	0	-5,086,034	-46,320,548	-51,406,582
Transfer of profit	0	0	0	0	0	0	0	0	5,461,807	-5,461,807	0	0	0	0	0
Additions, acquisition	0	0	0	0	0	0	0	0	0	0	-2,871,582	0	-2,871,582	47,241,292	44,369,710
<b>Closing balance in the financial period</b>	<b>71,856,376</b>	<b>42,423,360</b>	<b>16,681,194</b>	<b>1,774</b>	<b>683,772</b>	<b>10,039,930</b>	<b>69,542,800</b>	<b>-9,206,410</b>	<b>11,493,913</b>	<b>23,488,437</b>	<b>-2,873,356</b>	<b>-3,085,935</b>	<b>231,045,855</b>	<b>1,895,072</b>	<b>232,940,927</b>

## 8 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The selected notes to the financial statements for the nine months to 30 September are significant to an understanding of the changes in financial position and performance of the Group in the first nine months of 2014 as compared to both the first nine months of 2013 and end-of-year 2013.

### 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 2013.

The financial statements with notes as at and for the nine months to 30/09/2014 have not been audited.

The interim financial statements at 30/09/2014 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2013.

### 8.2 Seasonality and cyclicity of interim operations

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

### 8.3 The nature and amount of unusual items

There were no unusual events that by their nature, scope or manner of occurrence would affect the assets, liabilities, equity, net profit or cash flows in the nine months to 30/09/2014.

### 8.4 Materiality

To serve as a starting point in determining a materiality threshold for the consolidated financial statements we used the equity of the Sava Re Group, specifically 2 % at 30/09/2014, which is € 5.5 million. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been presented in detail in interim financial statements. Disclosures and notes that the Group is required to present

under IAS 34 or statutory requirements are given in the report, even though they may not exceed the materiality threshold.

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

The Group did not issue any new debt securities, while one Group member repaid subordinated debt in the amount of € 1.8 million.

## 8.6 Key accounting estimates and judgements

The Group is predominately composed of financial companies that invest their assets (those supporting liabilities as well as capital funds) in financial instruments. If the fair value of any financial instrument falls below its cost, the Group – pursuant to applicable accounting rules – considers whether the decrease is a significant and long-term one, in the event of which the financial instrument is impaired.

## 8.7 Analysis of operating segments

Operating segments as disclosed and monitored were determined based on the different activities carried out in the Group. Segments have been formed based on similar services provided by companies (features of insurance products, market networks and the environment in which companies operate).

In view of the nature, scope and organisation of work, CODM (Chief Operating Decision Maker) is a group composed of management board members, director of finance, director of controlling, and director of risk management. CODM can monitor quarterly the results of operations by segments. These results include technical results, net investment income and other aggregated performance indicators, as well as the amounts of assets, equity and technical provisions. All figures reviewed by CODM are part of the quarterly financial report submitted to the management board.

Operating segments include reinsurance business, non-life insurance business, life insurance business, and other. 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 by operating segment – assets at 30/09/2014*

30/09/2014	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>ASSETS</b>	<b>347,693,951</b>	<b>459,474,202</b>	<b>107,853,827</b>	<b>567,328,029</b>	<b>529,080,027</b>	<b>19,691,488</b>	<b>548,771,515</b>	<b>8,444,245</b>	<b>1,472,237,740</b>
Intangible assets	90,566	16,068,474	13,412,068	29,480,542	5,483,596	2,041,841	7,525,437	25,349	37,121,894
Property and equipment	2,431,040	24,266,319	10,924,224	35,190,543	2,674,505	2,654,008	5,328,513	2,059,906	45,010,002
Deferred tax assets	988,761	47,289	0	47,289	0	912	912	0	1,036,962
Investment property	120,310	645,623	4,300,692	4,946,315	45,311	315,152	360,463	0	5,427,088
Financial investments in associates	0	0	0	0	0	0	0	2,982,649	2,982,649
Financial investments:	241,199,868	343,308,871	56,316,880	399,625,751	312,817,534	13,384,176	326,201,710	110,053	967,137,382
- loans and deposits	28,674,116	38,909,380	27,617,749	66,527,129	14,912,770	6,053,054	20,965,824	107,803	116,274,872
- held to maturity	2,047,911	62,828,014	5,889,944	68,717,958	90,092,247	2,611,189	92,703,436	0	163,469,305
- available for sale	198,888,854	234,800,262	22,001,379	256,801,641	201,504,544	3,870,662	205,375,206	2,250	661,067,951
- at fair value through profit or loss	11,588,987	6,771,215	807,808	7,579,023	6,307,973	849,271	7,157,244	0	26,325,254
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	204,064,308	17,073	204,081,381	0	204,081,381
Reinsurers' share of technical provisions	34,401,616	4,565,571	3,967,676	8,533,247	37	81	118	0	42,934,981
Receivables	60,931,376	59,064,107	11,405,496	70,469,603	3,530,701	364,207	3,894,908	2,889,808	138,185,695
- Receivables arising out of primary insurance business	0	51,406,749	6,867,163	58,273,912	1,008,441	130,057	1,138,498	0	59,412,410
- Receivables arising out of reinsurance and co-insurance business	58,227,862	565,148	751,429	1,316,577	0	0	0	0	59,544,439
- Current tax assets	0	0	251,015	251,015	104,902	0	104,902	0	355,917
- Other receivables	2,703,514	7,092,210	3,535,889	10,628,099	2,417,358	234,150	2,651,508	2,889,808	18,872,929
Deferred acquisition costs	6,221,259	10,208,216	3,280,866	13,489,082	270,106	1,422	271,528	0	19,981,869
Other assets	428,822	848,509	487,127	1,335,636	24,306	27,526	51,832	77,024	1,893,314
Cash and cash equivalents	880,333	194,042	3,284,646	3,478,688	169,623	885,090	1,054,713	299,456	5,713,190
Non-current assets held for sale	0	257,181	474,152	731,333	0	0	0	0	731,333

*Statement of financial position by operating segment – equity and liabilities at 30/09/2014*

30/09/2014	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>EQUITY AND LIABILITIES</b>	<b>292,943,029</b>	<b>523,658,824</b>	<b>113,473,743</b>	<b>637,132,567</b>	<b>522,058,849</b>	<b>19,101,771</b>	<b>541,160,620</b>	<b>1,001,525</b>	<b>1,472,237,740</b>
Equity	97,553,818	73,877,024	40,499,734	114,376,758	49,089,686	10,892,920	59,982,606	759,059	272,672,240
Equity attributable to owners of the controlling company	97,553,818	73,877,024	39,907,336	113,784,360	49,089,686	9,550,178	58,639,864	759,059	270,737,100
Non-controlling interest in equity	0	0	592,398	592,398	0	1,342,742	1,342,742	0	1,935,140
Subordinated liabilities	23,488,444	5,200,000	0	5,200,000	0	0	0	0	28,688,444
Technical provisions	135,802,927	421,052,759	67,123,944	488,176,703	265,469,196	7,599,832	273,069,028	0	897,048,658
- Unearned premiums	33,456,439	116,620,227	23,733,664	140,353,891	665,017	100,662	765,679	0	174,576,009
- Mathematical provisions	0	0	0	0	250,699,143	7,309,944	258,009,087	0	258,009,087
- Provision for outstanding claims	102,333,344	293,123,792	43,152,969	336,276,761	14,105,036	189,226	14,294,262	0	452,904,367
- Other technical provisions	13,144	11,308,740	237,311	11,546,051	0	0	0	0	11,559,195
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	192,622,762	17,073	192,639,835	0	192,639,835
Other provisions	230,659	4,205,217	442,306	4,647,523	1,329,523	-16,493	1,313,030	-2,800	6,188,412
Deferred tax liabilities	0	3,400,019	64,463	3,464,482	1,473,838	0	1,473,838	1,229	4,939,549
Other financial liabilities	88,591	301	997	1,298	0	3,535	3,535	0	93,424
Liabilities from operating activities	32,165,574	5,260,942	2,041,302	7,302,244	8,406,982	148,431	8,555,413	0	48,023,231
- Liabilities from primary insurance business	0	3,698,734	752,885	4,451,619	7,617,094	105,589	7,722,683	0	12,174,302
- Liabilities from reinsurance and co-insurance business	30,654,322	457,510	1,167,093	1,624,603	0	0	0	0	32,278,925
- Current income tax liabilities	1,511,252	1,104,698	121,324	1,226,022	789,888	42,842	832,730	0	3,570,004
Other liabilities	3,613,016	10,662,562	3,300,997	13,963,559	3,666,862	456,473	4,123,335	244,037	21,943,947



*Statement of financial position by operating segment – assets at 31/12/2013*

31.12.2013	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>ASSETS</b>	<b>307,219,115</b>	<b>454,818,907</b>	<b>108,505,148</b>	<b>563,324,055</b>	<b>486,878,937</b>	<b>18,351,581</b>	<b>505,230,518</b>	<b>2,526,698</b>	<b>1,378,300,387</b>
Intangible assets	112,212	18,413,841	13,570,233	31,984,074	5,835,160	2,080,868	7,916,028	213,757	40,226,072
Property and equipment	2,341,711	25,032,108	11,294,869	36,326,977	2,611,969	2,743,079	5,355,048	2,018,836	46,042,572
Deferred tax assets	1,833,254	1,189,104	728	1,189,832	472,982	524	473,506	0	3,496,592
Investment property	153,920	687,509	4,516,813	5,204,322	46,317	162,447	208,764	0	5,567,006
Financial investments in associates	1,325,488	1,240,728	0	1,240,728	300,449	0	300,449	0	2,866,665
Financial investments:	230,957,272	332,924,430	56,453,193	389,377,623	298,718,072	12,020,998	310,739,070	47,145	931,121,110
- loans and deposits	41,028,894	32,290,023	28,340,533	60,630,556	15,614,507	6,833,988	22,448,495	47,145	124,155,090
- held to maturity	2,073,728	63,369,954	5,763,238	69,133,192	91,206,086	1,673,317	92,879,403	0	164,086,323
- available for sale	174,820,862	226,344,198	21,280,331	247,624,529	183,764,440	2,550,262	186,314,702	0	608,760,093
- at fair value through profit or loss	13,033,788	10,920,255	1,069,091	11,989,346	8,133,039	963,431	9,096,470	0	34,119,604
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	175,765,101	11,127	175,776,228	0	175,776,228
Reinsurers' share of technical provisions	17,905,592	11,217,326	4,081,517	15,298,843	284,916	1,361	286,277	0	33,490,712
Receivables	47,936,419	52,410,997	13,069,540	65,480,537	2,427,940	317,520	2,745,460	50,351	116,212,767
- Receivables arising out of primary insurance business	0	46,924,361	8,873,467	55,797,828	930,617	121,654	1,052,271	21,293	56,871,392
- Receivables arising out of reinsurance and co-insurance business	46,949,541	523,400	797,292	1,320,692	0	3,064	3,064	0	48,273,297
- Current tax assets	431,000	0	257,982	257,982	1,018,580	0	1,018,580	113	1,707,675
- Other receivables	555,878	4,963,236	3,140,799	8,104,035	478,743	192,802	671,545	28,945	9,360,403
Deferred acquisition costs	4,179,298	10,152,439	3,104,019	13,256,458	314,622	1,938	316,560	0	17,752,316
Other assets	345,684	838,029	289,516	1,127,545	28,807	34,742	63,549	56,513	1,593,291
Cash and cash equivalents	128,265	445,211	1,669,569	2,114,780	72,602	976,977	1,049,579	140,096	3,432,720
Non-current assets held for sale	0	267,185	455,151	722,336	0	0	0	0	722,336

*Statement of financial position by operating segment – equity and liabilities at 31/12/2013*

31.12.2013	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
<b>EQUITY AND LIABILITIES</b>	<b>260,834,230</b>	<b>507,480,238</b>	<b>108,327,363</b>	<b>615,807,601</b>	<b>481,598,548</b>	<b>18,154,801</b>	<b>499,753,349</b>	<b>1,905,207</b>	<b>1,378,300,387</b>
Equity	70,740,259	80,590,876	38,469,914	119,060,790	37,149,992	11,405,724	48,555,716	1,742,556	240,099,321
Equity attributable to owners of the controlling company	70,740,259	80,590,876	37,912,076	118,502,952	37,149,992	9,998,061	47,148,053	1,742,556	238,133,820
Non-controlling interest in equity	0	0	557,838	557,838	0	1,407,663	1,407,663	0	1,965,501
Subordinated liabilities	23,466,967	7,000,000	0	7,000,000	0	0	0	0	30,466,967
Technical provisions	127,590,901	388,535,141	64,010,214	452,545,355	260,016,395	6,072,068	266,088,463	0	846,224,719
- Unearned premiums	19,202,208	102,130,353	22,385,018	124,515,371	778,571	115,761	894,332	0	144,611,911
- Mathematical provisions	0	0	0	0	244,771,550	5,788,099	250,559,649	0	250,559,649
- Provision for outstanding claims	108,370,854	273,123,094	41,139,198	314,262,292	14,466,274	168,208	14,634,482	0	437,267,628
- Other technical provisions	17,839	13,281,694	485,998	13,767,692	0	0	0	0	13,785,531
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	170,775,672	11,127	170,786,799	0	170,786,799
Other provisions	220,033	4,019,643	437,351	4,456,994	1,201,776	0	1,201,776	0	5,878,803
Deferred tax liabilities	0	3,956,962	42,692	3,999,654	7,075	1,697	8,772	450	4,008,876
Other financial liabilities	549	4,275,300	2,016	4,277,316	725,000	0	725,000	4,081	5,006,946
Liabilities from operating activities	29,617,675	5,482,486	1,757,124	7,239,610	7,966,143	165,312	8,131,455	2,678	44,991,418
- Liabilities from primary insurance business	0	3,910,666	1,090,204	5,000,870	7,830,569	119,816	7,950,385	0	12,951,255
- Liabilities from reinsurance and co-insurance business	29,617,675	1,248,947	554,088	1,803,035	0	3,206	3,206	0	31,423,916
- Current income tax liabilities	0	322,873	112,832	435,705	135,574	42,290	177,864	2,678	616,247
Other liabilities	9,197,846	13,619,830	3,608,052	17,227,882	3,756,495	498,873	4,255,368	155,442	30,836,538

## Income statement by operating segment 1–9/2014

1–9/2014	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total
<b>Net earned premiums</b>	<b>43,862,449</b>	<b>175,244,208</b>	<b>36,218,786</b>	<b>211,462,993</b>	<b>62,201,611</b>	<b>3,806,723</b>	<b>66,008,334</b>	<b>0</b>	<b>321,333,777</b>
Gross premiums written	62,092,297	203,824,995	39,094,306	242,919,301	62,361,219	3,792,888	66,154,107	0	371,165,705
Written premiums ceded to reinsurers and co-insurers	-4,465,760	-16,645,596	-2,395,987	-19,041,583	-284,007	-1,277	-285,284	0	-23,792,627
Change in gross unearned premiums	-14,254,233	-14,709,864	-1,453,489	-16,163,353	124,687	15,112	139,799	0	-30,277,787
Change in unearned premiums for the reinsurance and co-insurance part	490,145	2,774,673	973,955	3,748,628	-288	0	-288	0	4,238,486
<b>Income from investments in subsidiary and associate companies</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>181,817</b>	<b>181,817</b>
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	181,817	181,817
<b>Investment income</b>	<b>8,335,067</b>	<b>7,810,997</b>	<b>2,231,198</b>	<b>10,042,195</b>	<b>10,218,064</b>	<b>541,879</b>	<b>10,759,943</b>	<b>705</b>	<b>29,137,910</b>
Interest income	3,313,628	6,617,730	2,003,342	8,621,072	7,461,432	382,978	7,844,410	705	19,779,815
Other investment income	5,021,439	1,193,267	227,856	1,421,123	2,756,632	158,901	2,915,533	0	9,358,095
<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>16,129,758</b>	<b>215</b>	<b>16,129,973</b>	<b>0</b>	<b>16,129,973</b>
<b>Other technical income</b>	<b>2,147,577</b>	<b>3,094,946</b>	<b>882,067</b>	<b>3,977,013</b>	<b>793,276</b>	<b>69,090</b>	<b>862,366</b>	<b>12,955</b>	<b>6,999,911</b>
Commission income	442,737	1,634,383	162,830	1,797,213	4,795	0	4,795	0	2,244,745
Other technical income	1,704,840	1,460,563	719,237	2,179,800	788,481	69,090	857,571	12,955	4,755,166
<b>Other income</b>	<b>12,504</b>	<b>632,515</b>	<b>536,699</b>	<b>1,169,214</b>	<b>159,626</b>	<b>70,212</b>	<b>229,838</b>	<b>167,907</b>	<b>1,579,463</b>
<b>Net claims incurred</b>	<b>-24,480,645</b>	<b>-115,348,926</b>	<b>-15,455,018</b>	<b>-130,803,943</b>	<b>-33,429,094</b>	<b>-600,502</b>	<b>-34,029,596</b>	<b>0</b>	<b>-189,314,184</b>
Gross claims payments less income from recourse receivables	-32,068,633	-106,749,286	-14,123,196	-120,872,482	-34,082,084	-578,965	-34,661,049	0	-187,602,164
Reinsurers' and co-insurers' shares	8,521,337	-526,689	130,622	-396,067	-88,888	0	-88,888	0	8,036,382
Change in the gross claims provision	6,037,562	-19,828,757	-1,883,059	-21,711,816	663,790	-21,537	642,253	0	-15,032,001
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-6,970,910	11,755,806	420,615	12,176,422	78,087	0	78,087	0	5,283,599
<b>Change in other technical provisions</b>	<b>0</b>	<b>1,596,294</b>	<b>-144,427</b>	<b>1,451,867</b>	<b>-5,846,120</b>	<b>-1,520,782</b>	<b>-7,366,902</b>	<b>0</b>	<b>-5,915,035</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>-22,173,010</b>	<b>-5,967</b>	<b>-22,178,977</b>	<b>0</b>	<b>-22,178,977</b>
<b>Expenses for bonuses and rebates</b>	<b>4,691</b>	<b>-215,055</b>	<b>-149,664</b>	<b>-364,719</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-360,028</b>
<b>Operating expenses</b>	<b>-15,345,902</b>	<b>-56,090,775</b>	<b>-16,127,937</b>	<b>-72,218,712</b>	<b>-14,516,991</b>	<b>-2,321,741</b>	<b>-16,838,732</b>	<b>-1,323,263</b>	<b>-105,726,609</b>
Acquisition costs	-14,074,916	-14,555,720	-2,890,268	-17,445,988	-3,529,931	-776,450	-4,306,381	0	-35,827,285
Change in deferred acquisition costs	1,727,590	579,226	263,551	842,777	-554,855	-516	-555,371	0	2,014,996
Other operating expenses	-2,998,576	-42,114,281	-13,501,220	-55,615,501	-10,432,205	-1,544,775	-11,976,980	-1,323,263	-71,914,320
<b>Expenses for financial assets and liabilities</b>	<b>-2,424,872</b>	<b>-436,373</b>	<b>-100,933</b>	<b>-537,306</b>	<b>-80,200</b>	<b>-94,567</b>	<b>-174,767</b>	<b>-893</b>	<b>-3,137,838</b>
Impairment losses on financial assets not at fair value through profit or loss	-11,384	-1,767	0	-1,767	-1,833	0	-1,833	0	-14,984
Interest expense	-717,087	-330,143	-9,999	-340,142	-3,650	-11,125	-14,775	-893	-1,072,897
Other investment expenses	-1,696,401	-104,463	-90,934	-195,397	-74,717	-83,442	-158,159	0	-2,049,957
<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>-4,607,726</b>	<b>-194</b>	<b>-4,607,920</b>	<b>0</b>	<b>-4,607,920</b>
<b>Other technical expenses</b>	<b>-1,849,280</b>	<b>-5,885,470</b>	<b>-4,027,416</b>	<b>-9,912,886</b>	<b>-169,779</b>	<b>-174,312</b>	<b>-344,091</b>	<b>0</b>	<b>-12,106,257</b>
<b>Other expenses</b>	<b>-651</b>	<b>-691,167</b>	<b>-427,816</b>	<b>-1,118,983</b>	<b>-12,479</b>	<b>-1,426</b>	<b>-13,905</b>	<b>-2,290</b>	<b>-1,135,829</b>
<b>Profit/loss before tax</b>	<b>10,260,939</b>	<b>9,711,194</b>	<b>3,435,539</b>	<b>13,146,733</b>	<b>8,666,936</b>	<b>-231,372</b>	<b>8,435,564</b>	<b>-963,062</b>	<b>30,880,174</b>
Income tax expense	-2,129,213	-1,755,335	-336,463	-2,091,798	-1,695,978	0	-1,695,978	0	-5,916,989
<b>Net profit/loss for the period</b>	<b>8,131,726</b>	<b>7,955,859</b>	<b>3,099,076</b>	<b>11,054,935</b>	<b>6,970,958</b>	<b>-231,372</b>	<b>6,739,586</b>	<b>-963,062</b>	<b>24,963,185</b>
Net profit/loss attributable to owners of the controlling company	8,131,726	7,955,859	3,078,068	11,033,927	6,970,958	-170,681	6,800,277	-963,062	25,002,868
Net profit/loss attributable to non-controlling interest	0	0	21,008	21,008	0	-60,691	-60,691	0	-39,683

## Income statement by operating segment 1–9/2013

1–9/2013	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total
<b>Net earned premiums</b>	<b>72,700,508</b>	<b>120,144,271</b>	<b>36,513,711</b>	<b>156,657,982</b>	<b>38,388,640</b>	<b>3,103,064</b>	<b>41,491,704</b>	<b>0</b>	<b>270,850,194</b>
Gross premiums written	82,978,401	126,963,920	40,342,977	167,306,897	38,427,685	3,080,253	41,507,938	0	291,793,236
Written premiums ceded to reinsurers and co-insurers	-6,508,348	-9,912,937	-2,459,676	-12,372,613	-205,310	-816	-206,126	0	-19,087,087
Change in gross unearned premiums	-7,761,790	4,890,052	-1,791,868	3,098,184	157,058	23,627	180,685	0	-4,482,921
Change in unearned premiums for the reinsurance and co-insurance part	3,992,245	-1,796,764	422,278	-1,374,487	9,207	0	9,207	0	2,626,966
<b>Income from investments in subsidiary and associate companies</b>	<b>0</b>	<b>5,646,158</b>	<b>0</b>	<b>5,646,158</b>	<b>4,441,332</b>	<b>0</b>	<b>4,441,332</b>	<b>79,213</b>	<b>10,166,703</b>
Profit from investments in equity-accounted associate companies	0	849,675	0	849,675	1,328,074	0	1,328,074	79,213	2,256,962
Other income	0	4,796,483	0	4,796,483	3,113,258	0	3,113,258	0	7,909,741
<b>Investment income</b>	<b>7,081,886</b>	<b>6,437,744</b>	<b>2,541,051</b>	<b>8,978,795</b>	<b>5,816,151</b>	<b>585,104</b>	<b>6,401,255</b>	<b>965</b>	<b>22,462,901</b>
Interest income	4,166,882	4,927,352	2,322,479	7,249,831	5,253,427	381,635	5,635,062	965	17,052,740
Other investment income	2,915,004	1,510,392	218,572	1,728,964	562,724	203,469	766,193	0	5,410,161
<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>6,004,849</b>	<b>219</b>	<b>6,005,068</b>	<b>0</b>	<b>6,005,068</b>
<b>Other technical income</b>	<b>628,374</b>	<b>2,295,273</b>	<b>993,207</b>	<b>3,288,480</b>	<b>409,690</b>	<b>60,971</b>	<b>470,661</b>	<b>522,089</b>	<b>4,909,604</b>
Commission income	-312,643	1,397,118	310,268	1,707,386	0	0	0	0	1,394,743
Other technical income	941,017	898,155	682,939	1,581,094	409,690	60,971	470,661	522,089	3,514,861
<b>Other income</b>	<b>7,303</b>	<b>2,080,907</b>	<b>450,072</b>	<b>2,530,979</b>	<b>12,044</b>	<b>57,808</b>	<b>69,852</b>	<b>1,900</b>	<b>2,610,034</b>
<b>Net claims incurred</b>	<b>-45,888,538</b>	<b>-78,232,893</b>	<b>-15,408,706</b>	<b>-93,641,599</b>	<b>-21,120,798</b>	<b>-455,986</b>	<b>-21,576,784</b>	<b>0</b>	<b>-161,106,921</b>
Gross claims payments less income from recourse receivables	-41,003,292	-73,527,013	-15,398,191	-88,925,204	-19,467,723	-436,747	-19,904,470	0	-149,832,966
Reinsurers' and co-insurers' shares	491,115	4,358,919	557,150	4,916,069	180,711	0	180,711	0	5,587,895
Change in the gross claims provision	-3,138,238	-8,172,665	-765,877	-8,938,542	-1,879,611	-19,239	-1,898,850	0	-13,975,630
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-2,238,123	-892,134	198,212	-693,922	45,825	0	45,825	0	-2,886,220
<b>Change in other technical provisions</b>	<b>0</b>	<b>-1,145,334</b>	<b>-14,625</b>	<b>-1,159,959</b>	<b>343,006</b>	<b>-1,011,630</b>	<b>-668,624</b>	<b>0</b>	<b>-1,828,583</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>-6,431,731</b>	<b>-3,780</b>	<b>-6,435,511</b>	<b>0</b>	<b>-6,435,511</b>
<b>Expenses for bonuses and rebates</b>	<b>-55,654</b>	<b>-113,969</b>	<b>-192,271</b>	<b>-306,240</b>	<b>4,831</b>	<b>0</b>	<b>4,831</b>	<b>0</b>	<b>-357,063</b>
<b>Operating expenses</b>	<b>-21,504,421</b>	<b>-37,474,962</b>	<b>-16,777,564</b>	<b>-54,252,526</b>	<b>-11,971,135</b>	<b>-2,526,687</b>	<b>-14,497,823</b>	<b>-653,754</b>	<b>-90,908,523</b>
Acquisition costs	-19,045,759	-9,479,881	-3,154,089	-12,633,970	-3,175,559	-810,518	-3,986,077	0	-35,665,806
Change in deferred acquisition costs	597,113	488,658	-363,860	124,798	-758,445	-603	-759,048	0	-37,137
Other operating expenses	-3,055,775	-28,483,739	-13,259,615	-41,743,354	-8,037,131	-1,715,566	-9,752,698	-653,754	-55,205,580
<b>Expenses for financial assets and liabilities</b>	<b>-6,164,120</b>	<b>-2,166,864</b>	<b>-131,487</b>	<b>-2,298,351</b>	<b>-2,871,712</b>	<b>-229,881</b>	<b>-3,101,593</b>	<b>0</b>	<b>-11,564,064</b>
Impairment losses on financial assets not at fair value through profit or loss	-2,366,394	-1,012,024	17,538	-994,486	-2,016,962	-64,683	-2,081,645	0	-5,442,525
Interest expense	-943,620	-242,598	-20,821	-263,419	-8,765	-12,604	-21,369	0	-1,228,408
Other investment expenses	-2,854,106	-912,242	-128,204	-1,040,446	-845,985	-152,594	-998,579	0	-4,893,131
<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>-7,822,763</b>	<b>-3,402</b>	<b>-7,826,165</b>	<b>0</b>	<b>-7,826,165</b>
<b>Other technical expenses</b>	<b>-1,561,154</b>	<b>-3,665,725</b>	<b>-4,216,412</b>	<b>-7,882,137</b>	<b>-203,507</b>	<b>-154,336</b>	<b>-357,843</b>	<b>0</b>	<b>-9,801,134</b>
<b>Other expenses</b>	<b>-4,812</b>	<b>-431,842</b>	<b>-250,437</b>	<b>-682,279</b>	<b>-12,812</b>	<b>-4,585</b>	<b>-17,397</b>	<b>-2,152</b>	<b>-706,640</b>
<b>Profit/loss before tax</b>	<b>5,239,371</b>	<b>13,372,764</b>	<b>3,506,538</b>	<b>16,879,303</b>	<b>4,986,085</b>	<b>-583,122</b>	<b>4,402,964</b>	<b>-51,740</b>	<b>26,469,900</b>
Income tax expense	-1,349,371	-1,196,670	-385,698	-1,582,368	-140,766	0	-140,766	0	-3,072,505
<b>Net profit/loss for the period</b>	<b>3,890,000</b>	<b>12,176,094</b>	<b>3,120,840</b>	<b>15,296,935</b>	<b>4,845,319</b>	<b>-583,122</b>	<b>4,262,198</b>	<b>-51,740</b>	<b>23,397,395</b>
Net profit/loss attributable to owners of the controlling company	3,890,000	12,176,094	3,130,492	15,306,587	4,845,319	-481,249	4,364,071	-51,740	23,508,920
Net profit/loss attributable to non-controlling interest	0	0	9,652	9,652	0	101,873	101,873	0	111,525

*Inter-segment business*

(€)	Reinsurance business		Non-life insurance business		Life insurance business		Other	
	1–9/2014	1–9/2013	1–9/2014	1–9/2013	1–9/2014	1–9/2013	1–9/2014	1–9/2013
Net earned premiums	45,025,432	28,064,627	246,965	210,516	0	0	0	0
Net claims incurred	-20,486,214	-16,240,601	-12,118	-35,107	0	0	0	0
Operating expenses	-8,947,293	-7,016,148	-495,060	-137,528	-33,983	-36,915	-73,126	0
Investment income	149,654	248,752	5,606	2,384	0	0	0	0
Other income	15,425	3,620	61,376	8,397	210	0	1,387,294	0

## 8.8 Notes to significant changes in the statement of financial position

### 8.8.1 Property and equipment

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

(€)	Land	Buildings	Equipment	Other property and equipment	Total
<b>Cost</b>					
01/01/2014	7,174,821	45,344,479	23,624,554	442,183	76,586,037
Additions	4,217	980,041	1,164,798	1,820	2,150,876
Disposals	-45,884	-225,886	-1,277,268	0	-1,549,038
Foreign exchange differences	-1,116	-92,343	-31,909	-10,415	-135,783
30/09/2014	7,132,038	46,006,291	23,480,175	433,588	77,052,092
<b>Accumulated depreciation and impairment losses</b>					
01/01/2014	0	13,708,736	16,633,514	201,215	30,543,465
Additions	0	877,397	1,767,790	26,836	2,672,023
Disposals	0	-60,669	-1,056,621	0	-1,117,290
Impairment losses	0	0	0	0	0
Foreign exchange differences	0	-30,514	-21,000	-4,594	-56,108
30/09/2014	0	14,494,950	17,323,683	223,457	32,042,090
Carrying amount as at 01/01/2014	7,174,821	31,635,743	6,991,040	240,968	46,042,572
Carrying amount as at 30/09/2014	7,132,038	31,511,341	6,156,492	210,131	45,010,002

### 8.8.2 Financial investments

Financial investments in nine months to 30/09/2014 increased by € 36.0 million compared to year-end 2013, mainly due to positive cash flow from core operations.

*Financial investments at 30/09/2014*

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Held for trading	Designated to this category			
30/09/2014						
Debt instruments	163,469,305	0	24,592,710	634,076,009	110,493,457	932,631,481
Deposits and CDs	518,112	0	0	0	109,699,076	110,217,188
Government bonds	162,951,193	0	9,489,708	323,232,376	0	495,673,277
Corporate bonds	0	0	15,103,002	310,843,633	0	325,946,635
Loans granted	0	0	0	0	794,381	794,381
Equity instruments	0	0	1,732,544	26,945,463	0	28,678,007
Shares	0	0	634,535	21,610,755	0	22,245,290
Mutual funds	0	0	1,098,009	5,334,708	0	6,432,717
Other investments	0	0	0	46,479	117,008	163,487
Deposits with cedants	0	0	0	0	5,664,407	5,664,407
Total	163,469,305	0	26,325,254	661,067,951	116,274,872	967,137,382
Investments for the benefit of life-insurance policyholders who bear the investment risk	10,137,733	0	155,301,893	133,934	10,202,668	175,776,228

### Financial investments at 31.12.2013

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Held for trading	Designated to this category			
31/12/2013						
Debt instruments	164,086,323	0	32,908,100	581,094,736	113,850,488	891,939,647
Deposits and CDs	524,318	0	0	0	112,731,935	113,256,253
Government bonds	163,562,005	0	22,901,806	331,465,797	0	517,929,608
Corporate bonds	0	0	10,006,294	249,628,939	0	259,635,233
Loans granted	0	0	0	0	1,118,553	1,118,553
Equity instruments	0	0	1,211,504	27,613,714	0	28,825,218
Shares	0	0	488,336	19,143,946	0	19,632,282
Mutual funds	0	0	723,168	8,469,768	0	9,192,936
Other investments	0	0	0	51,643	113,585	165,228
Deposits with cedants	0	0	0	0	10,191,017	10,191,017
Total	164,086,323	0	34,119,604	608,760,093	124,155,090	931,121,110
Investments for the benefit of life-insurance policyholders who bear the investment risk	10,137,733	0	155,301,893	133,934	10,202,668	175,776,228

### 8.8.3 Technical provisions ceded to reinsurers

#### Technical provisions ceded to reinsurers

(€)	30/09/2014	31/12/2013
From unearned premiums	9,997,517	5,673,885
From mathematical provisions	37	100
From provisions for claims outstanding	33,028,259	27,561,112
From other technical provisions	-90,832	255,615
Total	42,934,981	33,490,712

Unearned premiums relating to technical provisions ceded to reinsurers are higher than at year-end 2013. This is due to new business written and renewals of retrocession contracts with foreign reinsurers, mostly realised in the first half of the year.

The Slovenian ice damage event caused an increase in the provision for outstanding claims ceded to reinsurers. This is because the major part of this loss is reinsured in international markets.

## 8.8.4 Receivables

Receivables increased by € 22.0 million compared to year-end 2013. Receivables arising out of primary insurance business increased by € 2.5 million due to the annual renewal of insurance contracts with legal entities. There was also an increase of € 11.2 million in receivables arising out of reinsurance and co-insurance business, which is likewise a result of the annual renewal of reinsurance contracts with cedants and the timing of estimates made for reinsurance business. Other receivables increased by € 9.5 million and mainly relate to receivables due from the sale of investments.

### Receivables by type

(€)	30/09/2014			31/12/2013		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	89,983,708	-32,367,224	57,616,484	84,693,324	-31,631,699	53,061,625
Receivables from insurance brokers	2,234,004	-542,278	1,691,726	4,226,493	-584,375	3,642,118
Other receivables arising out of primary insurance business	240,736	-136,536	104,200	551,591	-383,942	167,649
Receivables arising out of primary insurance business	92,458,448	-33,046,038	59,412,410	89,471,408	-32,600,016	56,871,392
Receivables for premiums arising out of reinsurance and co-insurance	55,321,723	-549,849	54,771,874	44,062,745	-527,782	43,534,963
Receivables for shares in claims payments	4,132,579	-85,282	4,047,297	4,280,239	-96,438	4,183,801
Other receivables from co-insurance and reinsurance	725,268	0	725,268	554,533	0	554,533
Receivables arising out of reinsurance and co-insurance business	60,179,570	-635,131	59,544,439	48,897,517	-624,220	48,273,297
Current tax assets	355,917	0	355,917	1,707,675	0	1,707,675
Other short-term receivables arising out of insurance business	31,566,971	-26,289,540	5,277,431	30,239,794	-26,104,311	4,135,483
Receivables arising out of investments	1,915,705	-1,259,409	656,296	2,247,073	-1,285,966	961,107
Other receivables	14,577,381	-1,638,179	12,939,202	5,912,078	-1,648,265	4,263,813
Other receivables	48,060,057	-29,187,128	18,872,929	38,398,945	-29,038,542	9,360,403
Total	201,053,992	-62,868,297	138,185,695	178,475,545	-62,262,778	116,212,767

### Movements in allowances for receivables

(€)	31/01/2014	Additions	Reversals	Write-offs	Foreign exchange differences	30/09/2014
30/09/2014						
Receivables due from policyholders	-31,631,699	-1,932,268	340,718	813,440	42,585	-32,367,224
Receivables from insurance brokers	-584,375	-16,934	52,866	1,688	4,477	-542,278
Other receivables arising out of primary insurance business	-383,942	-61,893	3,651	306,311	-663	-136,536
Receivables arising out of primary insurance business	-32,600,016	-2,011,095	397,235	1,121,439	46,399	-33,046,038
Receivables for premiums arising out of reinsurance and co-insurance	-527,782	-24,080	2,013	0	0	-549,849
Receivables for shares in claims payments	-96,438	0	0	11,156	0	-85,282
Receivables arising out of reinsurance and co-insurance business	-624,220	-24,080	2,013	11,156	0	-635,131
Other short-term receivables arising out of insurance business	-26,104,311	-547,781	302,476	71,407	-11,331	-26,289,540
Receivables arising out of investments	-1,285,966	-3,629	0	0	30,186	-1,259,409
Other short-term receivables	-1,648,265	-247,848	32,414	205,612	19,908	-1,638,179
Other receivables	-29,038,542	-799,258	334,890	277,019	38,763	-29,187,128
Total	-62,262,778	-2,834,433	734,138	1,409,614	85,162	-62,868,297

### Ageing structure of receivables

(€)	Not past due	Past due up to 180 days	Past due more than 180 days	Total
30/09/2014				
Receivables due from policyholders	40,763,632	11,413,796	5,439,056	57,616,484
Receivables from insurance brokers	729,815	938,389	23,522	1,691,726
Other receivables arising out of primary insurance business	82,550	11,600	10,050	104,200
Receivables for premiums arising out of assumed reinsurance and co-insurance	43,549,629	7,819,908	3,402,337	54,771,874
Receivables for reinsurers' shares in claims	3,063,378	384,425	599,494	4,047,297
Other receivables from co-insurance and reinsurance	723,083	6,411	-4,226	725,268
Other short-term receivables arising out of insurance business	2,768,849	2,214,381	294,201	5,277,431
Short-term receivables arising out of financing	459,619	39,123	157,554	656,296
Current tax assets	355,917	0	0	355,917
Other short-term receivables	10,969,071	875,827	1,094,304	12,939,202
Total	103,465,543	23,703,860	11,016,292	138,185,695



### 8.8.5 Technical provisions

Receivables increased by € 50.8 million compared to 31/12/2013. The largest increase was recorded in gross unearned premiums (€ 30.0 million) as a result of underwriting dynamics during the year and due to the fact that the controlling company writes more business in reinsurance markets where treaty renewals are in the second or the third quarters.

#### *Movements in gross technical provisions*

(€)	01/01/2014	Additions	Uses and releases	Foreign exchange differences	30/09/2014
Gross unearned premiums	144,611,911	141,876,400	-112,287,065	374,763	174,576,009
Mathematical provisions	250,559,649	21,005,312	-13,509,464	-46,410	258,009,087
Gross provision for claims	437,267,628	77,513,616	-64,244,567	2,367,690	452,904,367
Gross provision for bonuses, rebates and cancellations	832,938	586,095	-610,862	242	808,413
Other gross technical provisions	12,952,593	4,000,327	-6,200,675	-1,463	10,750,782
<b>Total</b>	<b>846,224,719</b>	<b>244,981,750</b>	<b>-196,852,633</b>	<b>2,694,822</b>	<b>897,048,658</b>
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	170,786,799	27,530,212	-5,677,155	-21	192,639,835

### 8.8.6 Other liabilities

#### *Types of liabilities*

(€)	30/09/2014	31/12/2013
Other liabilities	12,121,134	18,973,596
Deferred income and accrued expenses	9,903,058	11,862,942
<b>Total</b>	<b>22,024,192</b>	<b>30,836,538</b>

These liabilities are not secured and are mainly short-term. They decreased by € 8.8 million compared to year-end 2013, mainly because the controlling company redeemed € 6.5 million of its subordinated debt in early 2014. Other liabilities include other short-term liabilities from insurance operations (due to insurance brokers) and due to employees in a total amount of € 6.8 million, and € 4.9 million of trade payables. Short-term provisions comprise accrued costs (expenses) and deferred revenues.

### 8.8.7 Net earnings/loss per share

The weighted average number of shares outstanding in the financial period was 16,872,707. At 30/09/2014, the controlling company owned 347,683 treasury shares, which are deducted in the calculation of the weighted average number of shares. The weighted average number of shares was significantly higher in the period 1–9/2014 year-on-year, as in July 2013 the controlling company successfully completed a recapitalisation and new shares were entered in the companies register on 11/07/2013.

*Net earnings/loss per share*

(€)	1–9/2014	1–9/2013
Net profit/loss for the period	24,963,185	23,397,395
Net profit/loss attributable to owners of the controlling company	25,002,868	23,508,920
Weighted average number of shares outstanding	16,872,707	13,117,664
<b>Net earnings/loss per share</b>	<b>1.48</b>	<b>1.79</b>

*Comprehensive income per share*

(€)	1–9/2014	1–9/2013
Comprehensive income for the period	35,835,065	14,601,073
Comprehensive income for the owners of the controlling company	35,865,425	15,642,608
Weighted average number of shares outstanding	16,872,707	13,117,664
<b>Comprehensive income per share</b>	<b>2.13</b>	<b>1.19</b>

## 9 RELATED-PARTY DISCLOSURES

### Key management personnel

Fixed salaries of management board members for performing their function in 1–9/2014 totalled € 358,832 (1–9/2013: € 425,750). Variable remuneration amounted to € 106,831 (1–9/2013: € 96,402). Fringe benefits were € 20,815 (1–9/2013: € 25,731).

Remunerations paid to supervisory board members and members of the supervisory board audit committee in 1–9/2014 totalled € 97,324 (1–9/2013: € 100,590).

*Remuneration paid to management board members in 1–9/2014*

(€)	Gross salary – fixed amount	Gross salary - variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Zvonko Ivanušič	120,309	31,872	4,698	2,380	159,259
Srečko Čebren	108,339	28,680	3,945	2,430	143,395
Jošt Dolničar	108,339	28,680	3,843	2,592	143,454
Mateja Treven	21,844	17,599	927	0	40,370
<b>Total</b>	<b>358,832</b>	<b>106,831</b>	<b>13,413</b>	<b>7,402</b>	<b>486,478</b>

*Liabilities to management board members*

(€)	30/09/2014	31/12/2013
Zvonko Ivanušič	6,487	6,094
Srečko Čebren	6,250	5,799
Jošt Dolničar	5,530	5,446
Mateja Treven	5,709	5,662
<b>Total</b>	<b>23,977</b>	<b>23,000</b>

*Remuneration paid to members of the supervisory board and the auditing committee in the nine months to 30/09/2014*

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total
<b>Supervisory board members</b>					
Branko Tomažič	chairman of the SB	1,925	14,625	2,838	19,388
Mateja Lovšin Herič	deputy chair of the SB	1,925	10,725	127	12,777
Martin Albreht	member of the SB	1,650	9,750	0	11,400
Gorazd Andrej Kunstek	member of the SB	1,650	9,750	0	11,400
Slaven Mičković	member of the SB	1,925	9,750	0	11,675
Keith William Morris	member of the SB	1,925	9,750	3,859	15,534
Total supervisory board members		11,000	64,350	6,824	82,174
<b>Audit committee members</b>					
Mateja Lovšin Herič	chair of the AC	1,320	3,656	0	4,976
Slaven Mičković	member of the AC	1,320	2,437	0	3,758
Ignac Dolenšek	external member	0	6,300	116	6,416
Total audit committee members		2,640	12,394	116	15,150
<b>Nomination committee members</b>					
Mateja Lovšin Herič	member	0	0	0	0
Vesna Razpotnik	member	0	0	0	0
Branko Tomažič	member	0	0	0	0
Total nomination committee members		0	0	0	0

*Liabilities to members of the supervisory board and the audit committee*

As at 30/09/2014 we had liabilities to members of the supervisory board and audit committee of € 15,554 (31/12/2013: € 7,284).

**Transactions with subsidiaries**

*Investments in and amounts due from Group companies*

(€)		30/09/2014	31/12/2013
Debt securities and loans granted to Group companies	gross	3,534,953	5.634.953
	allowance	0	0
	net	3,534,953	5.634.953
Receivables for premiums arising out of reinsurance assumed	gross	14,532,734	15.862.222
	allowance	0	0
	net	14,532,734	15.862.222
Short-term receivables arising out of financing	gross	26,140	34.070
	allowance	0	0
	net	26,140	34.070
Other short-term receivables	gross	200	1.359
	allowance	0	0
	net	200	1.359
Short-term deferred acquisition costs	gross	5,068,946	4.518.719
	allowance	0	0
	net	5,068,946	4.518.719
Total		23,162,973	26.051.323

### *Liabilities to Group companies*

(€)	30/09/2014	31/12/2013
Liabilities for shares in reinsurance claims	7,924,396	10,041,333
Other liabilities due from co-insurance and reinsurance	2,988,400	3,274,481
Other short-term liabilities	669	6,070
Total (excl. provisions)	10,913,466	13,321,883

### *Income and expenses relating to Group companies*

(€)	1-9/2014	1-9/2013
Gross premiums written	45,025,432	28,064,627
Gross claims payments	-22,890,961	-16,949,285
Income from gross recourse receivables	2,404,747	708,684
Other operating expenses	-83,716	-46,519
Dividend income	10,250,880	14,659,724
Interest income	149,654	248,752
Acquisition costs	-8,863,577	-6,423,700
Other income	15,425	0
Total	26,007,884	20,262,283

### **Transactions with associates**

#### *Operating income and expenses relating to associate companies*

(€)	1-9/2014	1-9/2013
Acquisition costs	0	0
Gross claims payments	0	-8,065,244
Income from gross recourse receivables	0	165,326
Income from shares in associates	181,817	2,256,962
Acquisition costs	0	-3,054,894
Additional pension insurance premium	-51,254	-49,107
Total	130,563	11,034,389

The sharp decline in business with associated companies compared with the comparative period is a result of the acquisition of Zavarovalnica Maribor, which became a Sava Re Group subsidiary on 01/05/2013.

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

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

(€)	30/09/2014	31/12/2013
Interests in companies	13,575,942	6,631,027
Debt securities and loans	81,293,700	128,824,612
Receivables due from policyholders	211,855	233,663
Total	95,081,497	135,689,302

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

(€)	30/09/2014	31/12/2013
Liabilities for shares in claims	364,751	238,210
Total	364,751	238,210

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

(€)	1-9/2014	1-9/2013
Gross premiums written	7,946,776	23,651,955
Gross claims payments	-8,571,705	-9,662,406
Dividend income	987,853	2,098,298
Interest income	1,877,989	4,061,294
Gains on disposal of securities	363,688	0
Income from shares in associates	181,817	2,227,078
Acquisition costs	0	-3,054,894
Total	2,786,418	19,321,325

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



**UNAUDITED CONDENSED  
FINANCIAL STATEMENTS OF SAVA  
REINSURANCE COMPANY**





## 10 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

### 10.1 Unaudited statement of financial position

(€)	30/09/2014	31/12/2013
<b>ASSETS</b>	<b>562,998,918</b>	<b>530,636,968</b>
Intangible assets	90,566	112,212
Property and equipment	2,431,040	2,341,711
Deferred tax assets	988,761	1,833,254
Investment property	120,310	153,920
Financial investments in subsidiaries and associates	192,141,994	189,940,275
<b>Financial investments:</b>	<b>244,734,821</b>	<b>236,592,225</b>
- loans and deposits	32,209,069	46,663,847
- held to maturity	2,047,911	2,073,728
- available for sale	198,888,854	174,820,862
- at fair value through profit or loss	11,588,987	13,033,788
<b>Reinsurers' share of technical provisions</b>	<b>34,401,616</b>	<b>26,342,964</b>
<b>Receivables</b>	<b>75,490,450</b>	<b>63,834,070</b>
Receivables arising out of reinsurance and co-insurance business	72,760,596	62,811,763
Current tax assets	0	431,000
Other receivables	2,729,854	591,307
<b>Deferred acquisition costs</b>	<b>11,290,205</b>	<b>9,012,388</b>
<b>Other assets</b>	<b>428,822</b>	<b>345,684</b>
<b>Cash and cash equivalents</b>	<b>880,333</b>	<b>128,265</b>
<b>EQUITY AND LIABILITIES</b>	<b>562,998,918</b>	<b>530,636,968</b>
<b>Equity</b>	<b>262,722,044</b>	<b>246,188,770</b>
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	103,684,412	99,741,367
Treasury shares	-3,911,971	-1,774
Fair value reserve	4,507,817	253,020
Retained earnings	15,713,039	12,717,998
Net profit/loss for the period	16,632,614	7,382,026
<b>Subordinated liabilities</b>	<b>23,488,444</b>	<b>23,466,967</b>
<b>Technical provisions</b>	<b>229,777,125</b>	<b>208,623,243</b>
Unearned premiums	55,839,215	37,825,792
Provision for outstanding claims	173,707,506	170,525,177
Other technical provisions	230,404	272,274
<b>Other provisions</b>	<b>230,659</b>	<b>220,033</b>
<b>Other financial liabilities</b>	<b>88,591</b>	<b>550</b>
<b>Liabilities from operating activities</b>	<b>43,078,372</b>	<b>42,933,488</b>
Liabilities from reinsurance and co-insurance business	41,567,120	42,933,488
Current income tax liabilities	1,511,252	0
<b>Other liabilities</b>	<b>3,613,683</b>	<b>9,203,917</b>

## 10.2 Unaudited income statement

(€)	1–9/2014	1–9/2013
<b>Net earned premiums</b>	<b>76,540,500</b>	<b>94,735,879</b>
Gross premiums written	107,117,729	111,043,028
Written premiums ceded to reinsurers and co-insurers	-15,994,724	-14,080,678
Change in gross unearned premiums	-18,013,423	-4,501,951
Change in unearned premiums for the reinsurance and co-insurance part	3,430,918	2,275,480
<b>Income from investments in subsidiaries and associates</b>	<b>10,250,880</b>	<b>14,659,724</b>
<b>Investment income</b>	<b>8,484,721</b>	<b>7,330,638</b>
Interest income	3,463,282	4,415,634
Other investment income	5,021,439	2,915,004
<b>Other technical income</b>	<b>3,229,382</b>	<b>1,900,548</b>
Commission income	1,512,470	873,043
Other income	1,716,912	1,027,505
<b>Other income</b>	<b>15,857</b>	<b>10,923</b>
<b>Net claims incurred</b>	<b>-44,607,979</b>	<b>-58,117,066</b>
Gross claims payments less income from recourse receivables	-52,554,847	-57,243,893
Reinsurers' and co-insurers' shares	6,501,462	3,979,581
Change in the gross claims provision	-3,182,328	-1,324,700
Change in the provision for outstanding claims for the reinsurance and co-insurance part	4,627,734	-3,528,054
<b>Expenses for bonuses and rebates</b>	<b>41,869</b>	<b>-37,560</b>
<b>Operating expenses</b>	<b>-27,006,192</b>	<b>-30,941,093</b>
Acquisition costs	-23,488,720	-25,469,459
Change in deferred acquisition costs	2,277,817	75,947
Other operating expenses	-5,795,289	-5,547,581
<b>Expenses for financial assets and liabilities</b>	<b>-2,424,872</b>	<b>-6,164,120</b>
Impairment losses on financial assets not measured at fair value through profit or loss	-11,384	-2,366,394
Interest expenses	-717,087	-943,620
Diverse other expenses	-1,696,401	-2,854,106
<b>Other technical expenses</b>	<b>-1,818,957</b>	<b>-1,561,154</b>
<b>Other expenses</b>	<b>-337</b>	<b>-4,812</b>
<b>Profit/loss before tax</b>	<b>22,704,872</b>	<b>21,811,907</b>
<b>Income tax expense</b>	<b>-2,129,213</b>	<b>-1,349,371</b>
<b>Net profit/loss for the period</b>	<b>20,575,659</b>	<b>20,462,536</b>
<b>Net diluted earnings/loss per share</b>	<b>1.22</b>	<b>1.56</b>

### 10.3 Unaudited statement of comprehensive income

(€)	1–9/2014	1–9/2013
<b>PROFIT/LOSS FOR THE PERIOD, NET OF TAX</b>	<b>20,575,659</b>	<b>20,462,536</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>4,254,798</b>	<b>-2,580,623</b>
<b>ITEMS THAT MAY BE RECLASSIFIED SUBSEQUENTLY TO PROFIT OR LOSS</b>	<b>4,254,798</b>	<b>-2,580,623</b>
<b>Net gain/loss from revaluation of financial assets available-for-sale</b>	<b>5,126,264</b>	<b>-3,185,805</b>
Net change recognised in the fair value reserve	5,217,127	-2,629,996
Net change transferred from fair value reserve to profit or loss	-90,863	-555,809
<b>Tax on other comprehensive income</b>	<b>-871,465</b>	<b>605,182</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>24,830,457</b>	<b>17,881,913</b>

## 10.4 Unaudited statement of changes in equity

### Unaudited statement of changes in equity for the nine months to 30/09/2014

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1–12)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other					
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	1,774	800,075	10,000,000	73,952,993	253,020	12,717,998	7,382,026	-1,774	246,188,770
Comprehensive income for the year, net of tax	0	0	0	0	0	0	0	4,254,798	0	20,575,659	0	24,830,457
Net purchase/sale of treasury shares	0	0	0	0	0	0	0	0	0	0	-3,910,197	-3,910,197
Payout of (accounting for) dividends	0	0	0	0	0	0	0	0	-4,386,985	0	0	-4,386,985
Allocation of net profit to profit reserve	0	0	0	3,910,197	0	0	0	0	0	-3,910,197	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	32,848	0	0	0	0	-32,848	0	0
Transfer of profit	0	0	0	0	0	0	0	0	7,382,026	-7,382,026	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	3,911,971	832,923	10,000,000	73,952,993	4,507,817	15,713,039	16,632,614	-3,911,971	262,722,044
Distributable profit	0	0	0	0	0	0	0	0	15,713,039	16,632,614	0	32,345,653

### Unaudited statement of changes in equity for the nine months to 30/09/2013

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1–12)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other					
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Opening balance in the financial period	39,069,099	33,003,752	14,986,525	1,774	753,026	8,314,716	68,303,300	-2,358,606	7,915,508	4,802,490	-1,774	174,789,811
Comprehensive income for the year, net of tax	0	0	0	0	0	0	0	-2,580,623	0	20,462,536	0	17,881,913
Subscription (payment) of new equity capital	32,787,277	21,236,004	0	0	0	0	0	0	0	0	0	54,023,281
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-69,254	0	0	0	0	69,254	0	0
Transfer of profit	0	0	0	0	0	0	0	0	4,802,490	-4,802,490	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	1,774	683,772	8,314,716	68,303,300	-4,939,229	12,717,998	20,531,790	-1,774	246,695,005
Distributable profit	0	0	0	0	0	0	0	0	12,717,998	20,531,790	0	33,249,788

## 10.5 Unaudited statement of cash flows

(€)	1–9/2014	1–9/2013
<b>A. Cash flows from operating activities</b>		
<b>a.) Items of the income statement</b>	<b>18,007,048</b>	<b>11,497,658</b>
Net premiums written in the period	91,123,005	96,962,350
Investment income (other than financial income), financed from:	4,415,742	2,548,160
- technical provisions	4,321,052	2,455,834
- other sources	94,690	92,326
Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	3,245,239	1,911,471
Net claims payments in the period	-46,053,384	-53,264,312
Expenses for bonuses and rebates	41,869	-37,560
Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-29,120,513	-30,853,008
Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-1,696,403	-2,854,106
- technical sources	-1,619,602	-2,802,460
- other sources	-76,801	-51,646
Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-1,819,294	-1,565,966
Tax on profit and other taxes not included in operating expenses	-2,129,213	-1,349,371
<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>-8,174,436</b>	<b>-3,396,083</b>
Change in receivables from reinsurance	-9,948,833	-11,997,789
Change in other receivables and other assets	-6,018	1,894,845
Change in deferred tax assets	844,493	-955,072
Change in liabilities arising out of reinsurance business	-1,366,368	6,000,235
Change in other operating liabilities	1,831,866	880,055
Change in other liabilities (except unearned premiums)	470,424	781,643
<b>c.) Net cash from/used in operating activities (a + b)</b>	<b>9,832,613</b>	<b>8,101,576</b>
<b>B. Cash flows from investing activities</b>		
<b>a.) Cash receipts from investing activities</b>	<b>308,344,442</b>	<b>203,830,418</b>
Interest received from investing activities relating to:	3,463,282	4,415,634
- investments financed from technical provisions	2,971,350	3,783,729
- other investments	491,931	631,905
Proceeds from dividends and shares in the profit of others, relating to:	10,856,579	15,026,568
- investments financed from technical provisions	358,650	209,966
- other investments	10,497,929	14,816,602
Proceeds from sale of property and equipment, financed from:	6,260	320
- other sources	6,260	320
Proceeds from sale of long-term financial investments, financed from:	51,934,101	62,230,081
- technical provisions	44,897,116	45,000,031
- other sources	7,036,985	17,230,050
Proceeds from sale of short-term financial investments, financed from:	242,084,221	122,157,815
- technical provisions	155,203,602	53,281,815
- other sources	86,880,619	68,876,000
<b>b.) Cash disbursements in investing activities</b>	<b>-305,698,557</b>	<b>-265,181,291</b>
Purchase of intangible assets	-22,067	-4,589
Purchase of property and equipment, financed from:	-188,724	-53,009
- other sources	-188,724	-53,009
Purchase of long-term financial investments, financed from:	-70,357,189	-121,055,110
- technical provisions	-54,953,144	-63,986,297
- other sources	-15,404,045	-57,068,813
Purchase of short-term financial investments, financed from:	-235,130,577	-144,068,583
- technical provisions	-159,236,594	-56,106,733
- other sources	-75,893,983	-87,961,850
<b>c.) Net cash from/used in investing activities (a + b)</b>	<b>2,645,886</b>	<b>-61,350,873</b>
<b>C. Cash flows from financing activities</b>		
<b>a.) Cash receipts from financing activities</b>	<b>0</b>	<b>54,023,282</b>
Proceeds from paid-in capital	0	54,023,282
<b>b.) Cash disbursements in financing activities</b>	<b>-11,726,430</b>	<b>-1,367,951</b>
Interest paid	-717,087	-943,620
Repayment of long-term financial liabilities	-6,220,956	0
Repayment of short-term financial liabilities	-401,402	-424,331
Dividends and other profit participations paid	-4,386,985	0
<b>c.) Net cash from/used in financing activities (a + b)</b>	<b>-11,726,430</b>	<b>52,655,331</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>880,333</b>	<b>418,706</b>
<b>Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>752,069</b>	<b>-593,966</b>
<b>C2. Opening balance of cash and cash equivalents</b>	<b>128,265</b>	<b>1,012,672</b>



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





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

<b>Administrative expense ratio.</b> The ratio of operating expenses net of acquisition costs and change in deferred acquisition costs as a percentage of gross premiums written.
<b>Associate.</b> 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.
<b>Book value per share.</b> Ratio of total equity to weighted average number of shares outstanding.
<b>Capital fund.</b> Assets representing the capital of the Company.
<b>Cedant, cede, cession.</b> 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.
<b>Chief Operating Decision Maker (CODM).</b> 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.
<b>Claims payments.</b> 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. <b>Gross claims paid are gross claims payments less subrogation receivables.</b>
<b>Net claims paid is short for net claims payments.</b>
<b>Claims risk.</b> The risk that the number of claims or the average claim amount will be higher than expected.
<b>Composite insurer.</b> Insurer that writes both life and non-life business.
<b>Concentration risk.</b> 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.
<b>Consolidated book value per share.</b> Ratio of consolidated total equity to weighted average number of shares outstanding.
<b>Consolidated earnings per share.</b> Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.
<b>Credit risk.</b> The risk that issuers or other counter-parties will fail to meet their obligations to the Group. The Group assesses concentration risk as part of credit risk.
<b>Currency risk.</b> The risk that changes in exchange rates will decrease the value of assets denominated in foreign currencies or increase liabilities denominated in foreign currencies.
<b>Earnings per share.</b> Ratio of net profit/loss as a percentage of the weighted average number of shares outstanding.
<b>Equity risk.</b> The risk that the value of investments will decrease due to fluctuations in equity markets. Also equity securities risk.
<b>Excess of loss reinsurance.</b> 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".
<b>Facultative reinsurance.</b> 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.
<b>FATCA.</b> Foreign Account Tax Compliance Act; for details see <a href="http://www.sava-re.si/en/o-druzbi/FATCA/">http://www.sava-re.si/en/o-druzbi/FATCA/</a>
<b>Financial investments.</b> Financial investments do not include financial investments in associates, investment property nor cash and cash equivalents.
<b>Gross claims paid.</b> 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.
<b>Gross expense ratio.</b> The ratio of operating expenses as a percentage of gross premiums written.
<b>Gross incurred loss ratio.</b> 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.
<b>Gross operating expenses.</b> Operating expenses, excluding commission income.
<b>Gross premiums written.</b> 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.
<b>Gross/net.</b> In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.
<b>Guarantee fund.</b> One third of the required solvency margin.
<b>IBNER.</b> Provision for claims that are <b>Incurred But Not Enough Reported</b> .
<b>IBNR.</b> Provision for claims that are <b>Incurred But Not Reported</b> .
<b>Insurance density.</b> The ratio of gross premiums written as a percentage of the number of inhabitants.
<b>Insurance penetration.</b> The ratio of gross premiums written as a percentage of gross domestic product.
<b>Interest rate risk.</b> The risk of exposure to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities.
<b>Investment portfolio.</b> The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.
<b>Liability fund.</b> Assets covering technical provisions.
<b>Life insurance liability fund.</b> Assets covering mathematical provisions.
<b>Liquidity risk.</b> The risk that an entity will not have sufficient liquid assets to meet its obligations as they fall due, and will have to sell its less liquid assets at an inopportune time or raise loans outside the schedule.
<b>Market risks.</b> Include interest rate risk, equity risk and currency risk.
<b>Net claims incurred.</b> Net claims payments (short: net claims paid) in the period gross of the change in the net provision for outstanding claims.
<b>Net claims paid.</b> 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. <b>Gross claims paid are gross claims payments less subrogation receivables.</b>
<b>Net combined ratio.</b> Ratio of total expenses net of investment expenses as a percentage of total income net of investment income.
<b>Net expense ratio.</b> The ratio of operating expenses, net of commission income, as a percentage of net earned premiums.
<b>Net incurred loss ratio.</b> Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned.
<b>Net investment income of the investment portfolio.</b> 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 –

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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.

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

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

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**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.

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

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

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**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.

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

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**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.

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

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

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**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.

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

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**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.

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**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.

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

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

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**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.

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

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

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**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.

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

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

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**Total comprehensive income, net of tax.** 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.

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

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**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.

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