



Translation of the

**UNAUDITED FINANCIAL REPORT OF THE  
SAVA RE GROUP AND  
FINANCIAL STATEMENTS OF SAVA RE, D.D.  
FOR THE THREE MONTHS TO 31 MARCH 2018**

Ljubljana, 15 May 2018



## CONTENTS

<b>INTRODUCTION .....</b>	<b>5</b>
1 INTRODUCTION.....	7
1.1 Key financials.....	9
1.2 Sava Re company profile.....	11
1.3 Bodies of the Company.....	12
1.4 Significant events in the three months to 31 March 2018.....	14
1.5 Significant events after the reporting period.....	15
1.6 Composition of the Sava Re Group.....	15
1.7 Shareholders and share trading.....	16
<b>SAVA RE GROUP INTERIM BUSINESS REPORT .....</b>	<b>21</b>
2 SAVA RE GROUP REVIEW OF OPERATIONS.....	23
2.1 Reinsurance.....	30
2.2 Non-life business.....	33
2.3 Life business.....	39
2.4 Pensions.....	43
3 FINANCIAL POSITION OF THE SAVA RE GROUP.....	45
3.1 Assets.....	45
3.2 Liabilities.....	49
3.3 Capital structure.....	51
3.4 Cash flow.....	51
3.5 Sava Re rating profile.....	51
4 PERSONNEL.....	51
5 RISK MANAGEMENT.....	52
<b>SUMMARY OF SAVA RE GROUP FINANCIAL STATEMENTS WITH NOTES .....</b>	<b>57</b>
6 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	59
6.1 Unaudited consolidated statement of financial position.....	59
6.2 Unaudited consolidated income statement.....	60
6.3 Unaudited consolidated statement of comprehensive income.....	61
6.4 Unaudited consolidated statement of cash flows.....	62
6.5 Unaudited consolidated statement of changes in equity.....	63
7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS.....	65
7.1 Overview of major accounting policies.....	65
7.2 Seasonality and cyclicity of interim operations.....	65
7.3 Nature and amount of extraordinary items.....	65
7.4 Materiality.....	65
7.5 Issuance, repurchase, and repayment of debt and equity securities.....	65
7.6 Key accounting estimates and judgements.....	66
7.7 Segment reporting.....	66
7.8 Business combinations.....	74
7.9 Notes to significant changes in the statement of financial position.....	76
8 RELATED-PARTY DISCLOSURES.....	83
<b>UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS OF SAVA RE .....</b>	<b>87</b>
9 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS.....	89
9.1 Unaudited statement of financial position.....	89
9.2 Unaudited income statement.....	90
9.3 Unaudited statement of comprehensive income.....	91
9.4 Unaudited statement of changes in equity.....	92
9.5 Unaudited statement of cash flows.....	93
<b>Appendix – Glossary of selected terms and calculation methodologies for indicators .....</b>	<b>95</b>
<b>Appendix – Glossary of selected terms and calculation methodologies for indicators .....</b>	<b>97</b>



# INTRODUCTION



## **1 INTRODUCTION**

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Sava Re, d.d., with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited financial report of the Sava Re Group and Sava Re, d.d. for the three months to 31 March 2018, which will also be posted on the Company's website, at [www.sava-re.si](http://www.sava-re.si), as from 24 May 2018.

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

To the best of our knowledge, the summary financial statements of the Sava Re Group with notes have been prepared to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim financial statements for the Sava Re Group and the separate financial statements of Sava Re, d.d., which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the European Union and should be read together with the annual financial statements for the financial year ended 31 December 2017. The interim financial statements have not been audited.

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



Marko Jazbec, Chairman of the Management Board



Srečko Čebren, Member of the Management Board



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board

Ljubljana, 15 May 2018



## 1.1 Key financials

(EUR, except percentages)	Sava Re Group		Sava Re	
	1–3/2018	1–3/2017	1–3/2018	1–3/2017
<b>Gross premiums written</b>	<b>166,968,540</b>	<b>159,895,660</b>	<b>56,757,490</b>	<b>55,982,617</b>
Year-on-year change	4.4%	4.2%	1.4%	0.4%
<b>Net premiums earned</b>	<b>115,496,846</b>	<b>110,869,332</b>	<b>30,254,371</b>	<b>26,297,750</b>
Year-on-year change	4.2%	-0.5%	15.0%	-15.2%
<b>Gross claims paid</b>	<b>90,371,208</b>	<b>81,337,850</b>	<b>19,299,446</b>	<b>18,881,232</b>
Year-on-year change	11.1%	22.5%	2.2%	-6.9%
<b>Net claims incurred</b>	<b>85,411,856</b>	<b>77,113,967</b>	<b>17,215,666</b>	<b>16,093,158</b>
Year-on-year change	10.8%	15.9%	7.0%	-12.6%
<b>Net incurred loss ratio</b>	<b>59.6%</b>	<b>61.8%</b>	<b>57.5%</b>	<b>62.0%</b>
<b>Net incurred loss ratio, excluding exchange differences</b>	<b>61.5%</b>	<b>60.7%</b>	<b>63.5%</b>	<b>58.4%</b>
<b>Operating expenses, including reinsurance commission income</b>	<b>40,385,265</b>	<b>34,402,333</b>	<b>10,193,771</b>	<b>7,559,194</b>
Year-on-year change	17.4%	-0.9%	34.9%	-16.3%
<b>Net expense ratio</b>	<b>35.0%</b>	<b>31.0%</b>	<b>33.7%</b>	<b>28.7%</b>
<b>Net expense ratio, excluding exchange differences</b>	<b>35.0%</b>	<b>31.0%</b>	<b>33.8%</b>	<b>28.7%</b>
<b>Gross expense ratio</b>	<b>26.0%</b>	<b>23.2%</b>	<b>24.1%</b>	<b>19.5%</b>
<b>Net combined ratio</b>	<b>97.3%</b>	<b>95.7%</b>	<b>92.5%</b>	<b>90.3%</b>
<b>Net combined ratio, excluding exchange differences</b>	<b>98.8%</b>	<b>94.6%</b>	<b>97.1%</b>	<b>86.7%</b>
Net inv. income of the investment portfolio	3,504,431	6,329,889	12,798,461	2,198,575
Return on the investment portfolio	1.3%	2.5%	2.6%	1.6%
Net inv. income of the investment portfolio, excluding exchange differences	5,007,561	5,827,488	14,203,286	1,623,334
Return on the investment portfolio, excluding exchange differences	1.9%	2.3%	3.9%	1.1%
<b>Profit or loss before tax</b>	<b>6,580,941</b>	<b>11,352,824</b>	<b>15,209,595</b>	<b>4,827,065</b>
Year-on-year change	-42.0%	31.3%	215.1%	27.9%
<b>Profit/loss, net of tax</b>	<b>4,631,793</b>	<b>9,189,572</b>	<b>14,426,301</b>	<b>4,502,646</b>
Year-on-year change	-49.6%	29.0%	220.4%	31.3%
<b>Comprehensive income</b>	<b>2,012,822</b>	<b>7,146,053</b>	<b>14,176,698</b>	<b>4,281,213</b>
Year-on-year change	-71.8%	-45.3%	231.1%	-12.7%
<b>Annualised return on equity</b>	<b>7.3%</b>	<b>11.6%</b>	<b>12.5%</b>	<b>14.5%</b>
Net earnings or loss per share	0.30	0.59	0.93	0.29
	<b>31/03/2018</b>	<b>31/12/2017</b>	<b>31/03/2018</b>	<b>31/12/2017</b>
<b>Total assets</b>	<b>1,746,419,419</b>	<b>1,708,348,066</b>	<b>625,054,968</b>	<b>580,886,180</b>
Change on 31 Dec of prior year	2.2%	2.2%	7.6%	2.2%
<b>Shareholders' equity</b>	<b>318,786,995</b>	<b>316,116,895</b>	<b>305,142,852</b>	<b>290,966,155</b>
Change on 31 Dec of prior year	0.8%	6.4%	4.9%	7.6%
<b>Net technical provisions</b>	<b>1,145,660,957</b>	<b>1,127,139,014</b>	<b>227,961,431</b>	<b>212,565,592</b>
Change on 31 Dec of prior year	1.6%	1.6%	7.2%	2.2%
Book value per share	20.57	20.40	-	-
No. of employees (full-time equivalent basis)	2,404.3	2,388.8	105.9	96.5
Solvency ratio under Solvency II rules	-	-	-	283%

### Notes:

- S** For details on the calculation of ratios and the net investment income, see the appended glossary.
- S** The net investment income of the investment portfolio does not include the net investment income from assets pertaining to policyholders who bear the investment risk since such assets do not affect the income statement. The mathematical provision of policyholders who bear the investment risk moves in line with this line item.
- S** In the period 1–3/2018, exchange rate differences in the reinsurance operating segment had a negative effect of EUR 1.4 million on the investment result and a positive effect of EUR 1.5 million on the underwriting result. The total impact in the period 1–3/2018 was a negative one of EUR 0.06 million, and in the period 1–3/2017, there was a negative one of EUR 0.4 million.

The table below compares actual figures against figures planned for the full year 2018:

(EUR million, except percentages)	1–3/2018	2018 plan	As % of plan
Consolidated gross premiums written	167.0	> 520.0	32.1%
Net profit or loss for the period	4.6	37.0–39.0	12.5%
Annualised return on equity	7.3%	> 11.0%	✘
Net combined ratio, excluding exchange differences	98.8%	94.0–94.5%	✘
Net incurred loss ratio, excluding exchange differences	61.5%	59.4–59.9%	✘
Net expense ratio, excluding exchange differences	35.0%	31.4–31.7%	✘
Annualised return on the investment portfolio, excluding exchange differences	1.9%	1.7%	✓

\*The net combined and the net incurred loss ratios have been calculated for the reinsurance and non-life operating segments.

Since exchange differences were not considered in the plan, the table shows ratios excluding the effect of exchange differences.

The profit for the period 1–3/2018 fell short of our target although gross premiums written were better than planned. The net incurred loss ratio was below target because of large international reinsurance claims totalling EUR 2.2 million. The expense ratio was higher than planned mainly because of high acquisition costs incurred in the reinsurance segment relating to increased premiums for proportional reinsurance business, which require higher commission payments. Another impact on the first quarter 2018 result is the change in the timing of posting certain categories, which last year were posted in the second quarter (mainly expenses of the Slovenian non-life segment). We estimate that the expense ratios for individual segments will approach planned figures as early as in the second quarter and that over the next quarters, the claims development will approach the planned level, set based on multi-year averages. We believe that the target 2018 profit will be realised despite the weaker first quarter results.

## 1.2 Sava Re company profile

Company name	Sava Re, d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
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
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<u>MANAGEMENT BOARD</u> Marko Jazbec (chairman) Srečko Čebren Jošt Dolničar Polona Pirš Zupančič <u>SUPERVISORY BOARD</u> Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Gjivoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10/12/1990, Ljubljana District Court
Certified auditor	Ernst & Young d.o.o. Dunajska 111 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenski državni holding, d.d. (Slovenian Sovereign Holding) 17.7% (no-par-value shares: 3,043,883)
Credit ratings:	
A.M. Best	A– /stable/ October 2017
Standard & Poor’s	A– /positive/ July 2017
Contact details for annual and sustainability reports	<a href="mailto:ir@sava-re.si">ir@sava-re.si</a>
The Company has no branches.	

## 1.3 Bodies of the Company

### Management board

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

In the period 1–3/2018, there was a change in the composition of the management board.

On 9 November 2017, the supervisory board voted unanimously in favour of the proposal of Marko Jazbec, chairman of the management board, and appointed a new Sava Re management board team. Srečko Čebren and Jošt Dolničar were re-elected to serve on the management board for a third consecutive term of office. Polona Pirš Zupančič was appointed as fourth member of the management board. The two board members who were re-elected are to start their new terms of office on 1 June 2018; the new management board member was to take up her office on the day after the licence to perform the function of management board member is issued by the Insurance Supervision Agency. Polona Pirš Zupančič started her term of office on 14 January 2018, after Mateja Treven concluded her term of office on 13 January 2018. Following the mentioned changes, Marko Jazbec as chairman of the management board is responsible for the coordination of the work of the management board, finance, general affairs, human resources, organisation and legal affairs, public relations, compliance, and internal audit. Srečko Čebren is – also in the new term of office – responsible for reinsurance operations, facultative reinsurance underwriting, and actuarial affairs. Jošt Dolničar is – in the new term of office – responsible for the management of strategic investments in primary insurance subsidiaries, modelling, IT, technologies and innovation, and pension insurance. Polona Pirš Zupančič is responsible for corporate finance and controlling, accounting, shareholder relations, and risk management.

#### *Members of the management board as at 31 March 2018*

Member	Title	Beginning of term of office	Duration of term of office
Marko Jazbec	chairman	12/05/2017	12/05/2022
Srečko Čebren	member	01/06/2013	01/06/2018
Jošt Dolničar	member	01/06/2013	01/06/2018
Polona Pirš Zupančič	member	14/01/2018	14/01/2023

#### Notes on memberships of management or supervisory bodies of third parties:

Jošt Dolničar:

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

### Supervisory board

Pursuant to the Company's articles of association and the applicable legislation, the supervisory board is composed of six members, of which four (shareholder representatives) are elected by the Company's general meeting of shareholders, and two (employee representatives) are elected by the workers' council.

In the three months to 31 March 2018, there were no changes in the composition of the supervisory board.

*Composition of the supervisory board as at 31 March 2018:*

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chair	16/07/2017	16/07/2021
Keith W. Morris	deputy chair	16/07/2017	16/07/2021
Andrej Kren	member	16/07/2017	16/07/2021
Davor Ivan Gjivoje	member	07/03/2017	07/03/2021
Andrej Gorazd Kunstek	member (employee representative)	11/06/2015	11/06/2019
Mateja Živec	member (employee representative)	01/04/2016	11/06/2019

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

Keith W. Morris:

- S European Reliance S.A., Kifisias Aven. 274, 152 32, Chalandri, Greece – non-executive member of the board of directors.

Davor Ivan Gjivoje, Jr.:

- S Networkd, Inc./DGG Holdings, Ltd., 89 Headquarters Plaza, North Tower, (Suite 1420) Morristown, NJ 07960, USA – managing director.
- S Adria Lines Dover, Delaware, USA – managing director.
- S Networkd Inc., 89 Headquarters Plaza, North Tower, Suite 1420 Morristown, NJ 07960, USA – managing director.

Andrej Kren:

- S Delo, d.o.o., Dunajska 5, 1000 Ljubljana, Slovenia – chief executive.
- S RSG Kapital, d.o.o., Breg 14, 1000 Ljubljana, Slovenia – member of the supervisory board.

***Supervisory board committees***

***Audit committee***

In the three months to 31 March 2018, there were no changes in the composition of the supervisory board's audit committee.

*Composition of the supervisory board's audit committee as at 31 March 2018*

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

***Risk committee***

In the three months to 31 March 2018, there were no changes in the composition of the supervisory board's risk committee.

*Composition of the supervisory board's risk committee as at 31 March 2018*

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

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

In the three months to 31 March 2018, the composition of the supervisory board's nominations and remuneration committee changed. Composition of the supervisory board's nominations and remuneration committee as at 31 March 2018:

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

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

In the nine months to 31 March 2018, the composition of the supervisory board's fit and proper committee changed. In its meeting of 8 March 2018, the supervisory board appointed Rok Saje as new external member of the supervisory board's fit and proper committee in place of Nika Matjan.

*Composition of the fit & proper committee as at 31 March 2018*

Member	Title	Beginning of term of office	Duration of term of office
Mateja Živec	chair	24/08/2017	01/06/2019
Keith W. Morris	member	24/08/2017	16/07/2021
Rok Saje	external member	08/03/2018	16/07/2021
Andrej Kren	alternate member	24/08/2017	16/07/2021

### ***General meeting of shareholders***

The Sava Re general meeting of shareholders was not convened in the period 1–3/2016. According to the Company's 2018 financial calendar, the 34th general meeting of shareholders is scheduled to be held on 29 May 2018.

## **1.4 Significant events in the three months to 31 March 2018**

- S** In January 2018, Polona Pirš Zupančič entered her five-year term of office as a member of the management board. After this change, the Sava Re management board continued to operate as a four-member body. This is because in its session on 20 December 2017, the supervisory board of Sava Re took note of the notice of Mateja Treven on her early termination of her term as Sava Re management board member and accepted Mateja Treven's proposal for a consensual termination of her employment contract as management board member. Mateja Treven concluded her role as management board member on 13 January 2018 and will continue her career as part of the Sava Re Group.
- S** On 31 January 2018, Sava Re satisfied all suspensive condition, thus becoming the owner of 75% of TBS Team 24.
- S** In accordance with article 171(7) of the Insurance Act (ZZavar-1; Uradni list RS/Official Gazette of the Republic of Slovenia, No. 93/15) Sava Re entered into outsourcing agreements with Zavarovalnica Sava and Sava pokojninska, based on which the internal audit key functions of the companies Zavarovalnica Sava and Sava pokojninska were transferred to Sava Re for an indefinite duration, starting as at 1 February 2018.
- S** On 13 March 2018, Sava Re satisfied all suspensive condition, thus becoming the owner of 100% of NLB Nov penziski fond AD Skopje.
- S** In March 2018, after obtaining approval from Serbia's central bank and other regulators, Sava Re became the owner of a 92.94% stake in the Serbian-based company Energoprojekt Garant. Following the acquisition of this majority stake and subsequent steps towards attaining sole

ownership, Sava Re intends to merge the target with its existing subsidiary, the Serbian non-life insurer Sava neživotno osiguranje (SRB), and then optimise the subsidiary's capital structure.

## 1.5 Significant events after the reporting period

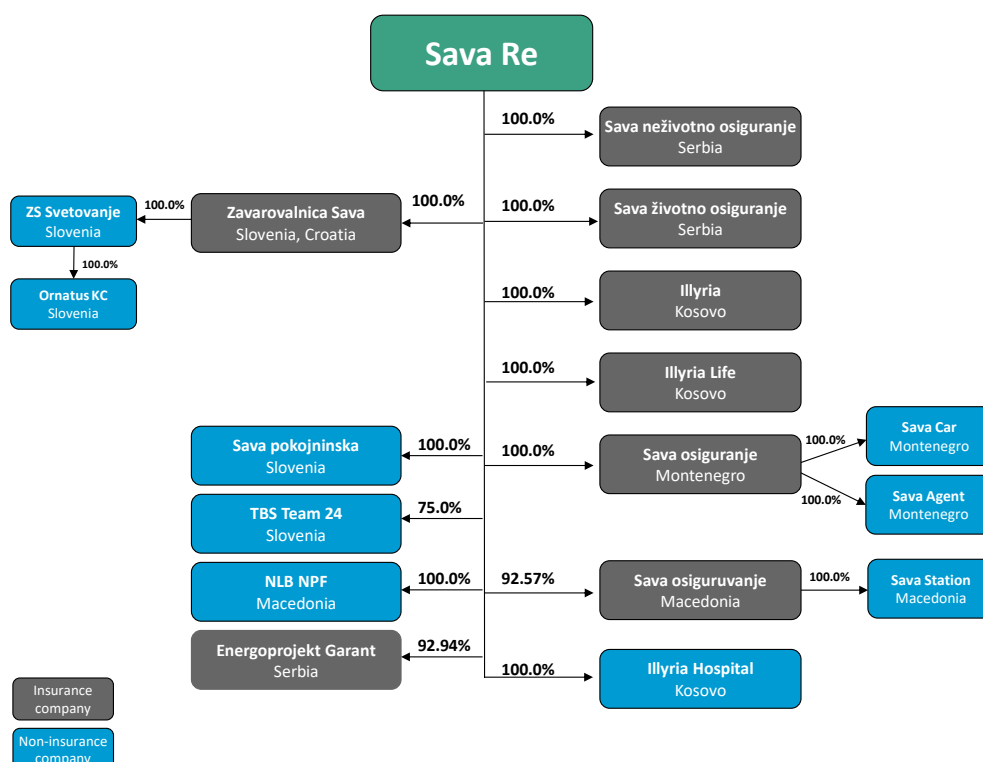
- S** In April 2018, the Company published the notice of the 34th general meeting of shareholders to be held on Tuesday, 29 May.
- S** In April 2018, Zavarovalnica Sava as the buyer signed a contract with the sellers Ergo Austria International AG and Ergo Versicherung Aktiengesellschaft for 100% of the Croatian-based companies ERGO osiguranje d.d. and Ergo životno osiguranje d.d.
- S** In May 2018, Sava Re published the Solvency and financial condition report of Sava Re, d.d. 2017. The Company's solvency ratio for 2017 is 283%. The Sava Re Group Solvency and financial condition report 2017 is scheduled to be published in June 2018. The Group's solvency ratio for 2016 stood at 204%.

## 1.6 Composition of the Sava Re Group

As at 31 March 2018, the insurance part of the Sava Re Group comprised – in addition to the controlling company Sava Re – eight insurers based in Slovenia and other countries of the Adria region (as shown in the Group chart below). In addition to the above (re)insurers, the Group consists of:

- S** Sava pokojninska: Slovenian-based pension company wholly-owned by Sava Re;
- S** Illyria Hospital: Kosovo-based wholly-owned subsidiary, which owns some property, but currently does not transact any business;
- S** TBS Team 24: Slovenian-based company offering assistance services relating to motor, health and homeowners insurance, 75.0% owned by Sava Re;
- S** NLB NPF: Macedonian-based pension company managing second and third pillar pension funds, wholly-owned by Sava Re.

Composition of the Sava Re Group as at 31 March 2018



## Company names of the Sava Re Group members

	Official long company name	Short name in this document
	Sava Re Group	Sava Re Group
1	Pozavarovalnica Sava, d.d. / Sava Reinsurance Company, d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava
	SAVA OSIGURANJE d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian part (in tables)
3	Sava pokojninska družba, d.d.	Zavarovalnica Sava, Croatian part (in tables)
	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava pokojninska
4	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava neživotno osiguranje (SRB)
5	“SAVA ŽIVOTNO OSIGURANJE” akcionarsko društvo za osiguranje, Beograd	Sava životno osiguranje (SRB)
6	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Illyria
7	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria Life
8	AKCIONARSKO DRUŠTVO SAVA OSIGURANJE PODGORICA	Sava osiguranje (MNE)
9	SAVA osiguruvanje a.d. Skopje	Sava osiguruvanje (MKD)
10	" Illyria Hospital " SH.P.K.	Illyria Hospital
11	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Sava Car
12	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	ZM Svetovanje
13	ORNATUS KLICNI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	Ornatus KC
14	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU “SAVA AGENT” D.O.O. – Podgorica	Sava Agent
15	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava Station
16	TBS TEAM 24 podjetje za storitvene dejavnosti in trgovino d.o.o.	TBS Team 24
17	Akcionersko društvo za upravljanje so zadolžitelni i dobrovolni penziski fondovi NLB Nov penziski fond Skopje	NLB NPF
18	ENERGOPROJEKT GARANT AKCIONARSKO DRUŠTVO ZA OSIGURANJE, BEOGRAD	Energoprojekt Garant (SRB)

## 1.7 Shareholders and share trading

Movement in the POSR share price in the period 1 April 2017 – 31 March 2018 compared to the SBITOP stock index



The SBITOP index has been rebased to the same level as the POSR share price (01/04/2017: EUR 16.20), while below is a presentation of the stock index growth rate in real terms.



The share price as at 31 December 2017 was EUR 15.80 and EUR 17.80 as at 31 March 2018, representing a 12.7% increase in the period.

*Basic details about the POSR share*

	31/03/2018	31/03/2017
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	4,034	4,194
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated net earnings per share (EUR)	0.30	0.59
Consolidated book value per share (EUR)	20.57	19.63
Share price at end of period (EUR)	17.80	16.20
	1-3/2018	1-3/2017
Average share price in reporting period (EUR)	17.01	15.63
Minimum share price in reporting period (EUR)	15.80	13.35
Maximum share price in reporting period (EUR)	17.80	17.20
Trade volume in reporting period (EUR)	4,394,749	6,077,395

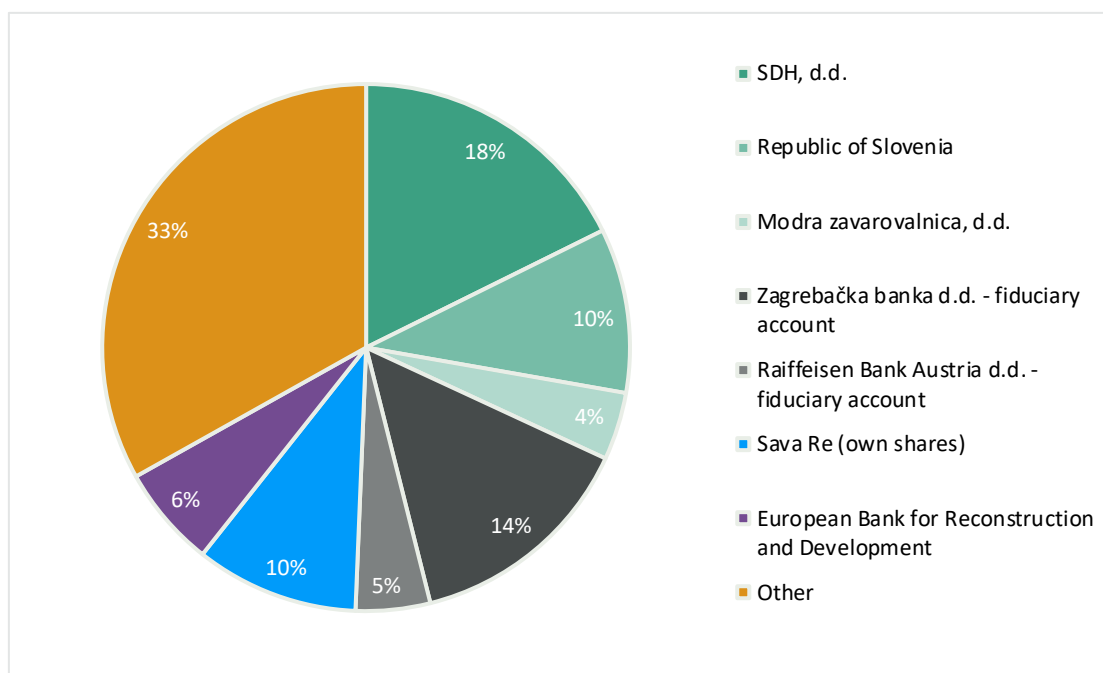
*Top ten shareholders of Sava Re as at 31 March 2018<sup>1</sup>*

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	3,043,883	17.7%
Zagrebačka banka d.d. – fiduciary account	2,439,852	14.2%
Republic of Slovenia	1,737,436	10.1%
Sava Re	1,721,966	10.0%
European Bank for Reconstruction and Development	1,071,429	6.2%
Raiffeisen Bank Austria d.d. (fiduciary account)	785,570	4.6%
Modra Zavarovalnica d.d.	714,285	4.1%
Abanka d.d.	655,000	3.8%
Hrvatska poštanska banka – fiduciary account	325,000	1.9%
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9%
<b>Total</b>	<b>12,814,767</b>	<b>74.4%</b>

On 2 June 2016, Sava Re received a notice from Adris grupa, d.d., Vladimira Nazora 1, 52210 Rovinj, Croatia, advising Sava Re of a change in major holdings in Sava Re. On 2 June 2016, Adris grupa, including its subsidiaries with fiduciary accounts, held 3,278,049 POSR shares, representing 19.04% and 21.15% of Sava Re issued and outstanding shares, respectively.

<sup>1</sup> Source: Central securities register KDD d.d. and own calculations.

### Top ten shareholders of Sava Re as at 31 March 2018<sup>2</sup>



As at 31 March 2018, 65.2% of shareholders were Slovenian and 34.8% foreign. The largest shareholder of POSR shares is Slovenian Sovereign Holding (Slovenski državni holding) with a 17.7% stake. In January 2018, Sava Re received a notice from Slovenian Sovereign Holding stating that based on a resolution of the government of the Republic of Slovenia, it transferred 1,261,034 of POSR shares to the Republic of Slovenia for no consideration. Prior to the transfer, Slovenian Sovereign Holding held 4,304,917 shares, which represented 25% (plus one share) of the total issued shares of Sava Re, d.d., or 27.8% of outstanding shares.

After the transaction, Slovenian Sovereign Holding held 3,043,883 shares, representing 17.7% and 19.6% of issued and outstanding shares of Sava Re, respectively. Prior to the transfer, the Republic of Slovenia held 476,402 shares, or 2.8% and 3.1% of issued and outstanding shares of Sava Re, respectively. After the transaction, the Republic of Slovenia held 1,737,436 shares, representing 10.1% and 11.2% of Sava Re issued and outstanding shares, respectively.

### Shareholder structure of Sava Re as at 31 March 2018<sup>3</sup>

Type of Investor	Domestic investor	International investor
Insurers and pension companies	19.2%	0.0%
Other financial institutions	17.9%	0.2%
Government	10.1%	0.0%
Natural persons	9.0%	0.1%
Banks	3.9%	29.6%
Investment funds and mutual funds	3.0%	3.7%
Other commercial companies	2.1%	1.2%
<b>Total</b>	<b>65.2%</b>	<b>34.8%</b>

The other financial institutions item includes Slovenian Sovereign Holding with a stake of 17.7%.

<sup>2</sup> Source: Central securities register KDD d.d. and own calculations.

<sup>3</sup> Source: Central securities register KDD d.d. and own calculations.

## Own shares

In the period from 1 January 2018 to 31 March 2018, Sava Re did not repurchase any own shares. The total number of own shares as at 31 March 2018 was 1,721,966, representing 10% minus one share of all issued shares.

## Dividends

In the first quarter of 2018, the Company paid no dividends. In 1–3/2018, the Company held no conditional equity.

### Details on dividends

(EUR)	For 2013	For 2014	For 2015	For 2016
Dividend payouts	4,386,985	9,065,978	12,398,157	12,398,158
Dividend/share	0.26	0.55	ordinary: 0.65 special: 0.15	0.80
Dividend yield	2.0%	3.8%	5.8%	5.0%



# **SAVA RE GROUP INTERIM BUSINESS REPORT**



## 2 SAVA RE GROUP REVIEW OF OPERATIONS

Business is presented broken down by operating segment (reinsurance, non-life, life, pensions, and the 'other' segment) and by geography (Slovenia and international). The 'Slovenia' segment includes figures for the Slovenian part of Zavarovalnica Sava (under non-life and life) and for the companies ZS Svetovanje and Ornatus KC (under life). The 'international' segment covers the operations of the other subsidiaries, both insurance and non-insurance companies, including the Croatian part of Zavarovalnica Sava. The 'other' segment comprises data of the company TBS Team 24. The reinsurance segment is not broken down geographically, as after the elimination of transactions with subsidiaries, the majority of the remaining transactions relate to Sava Re's business in global reinsurance markets.

In addition to this segment breakdown, the segment reporting information reflects the effects of consolidation elimination and reallocation of certain income statement items:

- S** In the consolidation process, reinsurance effects are reallocated from the reinsurance segment to the other segments (Sava Re as the controlling company handles the reinsurance of most risks of the subsidiaries within the Sava Re Group): in the segment reporting information, reinsurance premiums assumed by the reinsurer from the subsidiaries are reallocated to the segment from where they arose (the same applies by analogy to reinsurance-related claims, commission income, change in unearned premiums, claims provisions and deferred acquisition costs). In the elimination process, the portions of business retroceded by Sava Re to foreign reinsurers is not allocated to the segments. Retrocession-related expenses usually exceed income (except in the case of catastrophe claims). In order to provide a more appropriate presentation of profitability by segment, the result of retroceded business is also allocated to the segment where it arose. All these items are adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to foreign reinsurers.
- S** Other operating expenses relating to the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava Re Group. Sava Re operates as a virtual holding company; hence a part of its expenses relates to the administration of the Group. This portion of expenses of the reinsurance segment is allocated to other segments based on income. Such reallocation is made also for other operating expenses relating to intra-group reinsurance transactions. In the period 1–3/2018, Sava Re allocated 64.7% of other operating expenses to segments as monitored by income structure (1–3/2017: 59.0%).
- S** Investment income and expenses are reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).

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

- S** Intangible assets – goodwill is allocated to the segment from which it arises (reallocated from the reinsurance segment to other segments, depending on which subsidiary it related to).
- S** The balance of financial investments is reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).
- S** The reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – in the same way as described in indent one of adjustments to income statement items.
- S** Equity was reallocated from the reinsurance segment to other segments based on the cost 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 insurance and other segments).

TBS Team 24 was first included in the consolidated accounts on 31 January 2018, the companies Energoprojekt Garant and NLB NPF on 31 March 2018.

Following is a brief commentary on the results of each operating segment.

### Summary of the consolidated income statement

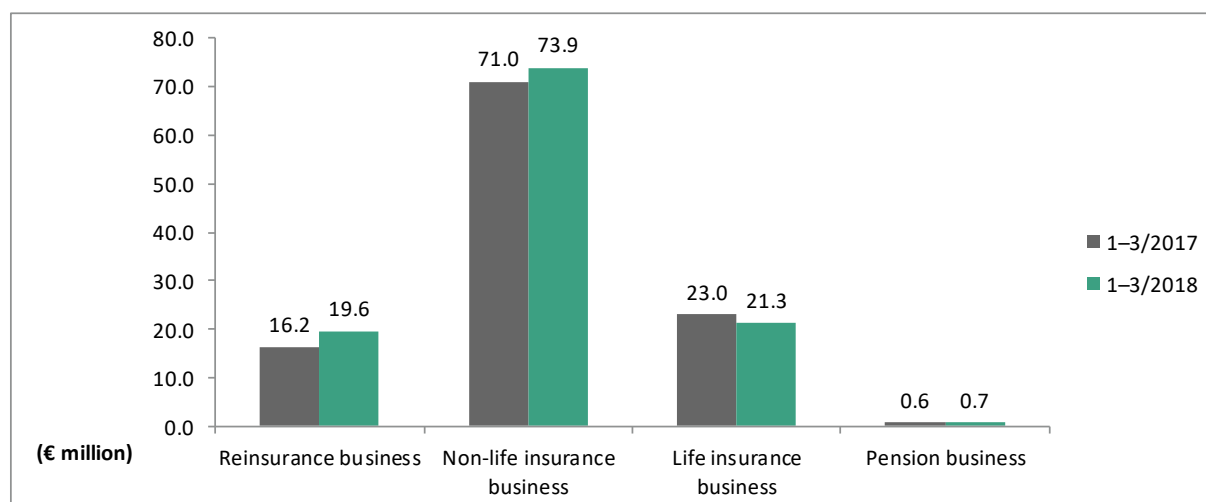
(EUR)	1-3/2018	1-3/2017	Index
Net earned premiums	115,496,846	110,869,332	104.2
Investment income	5,988,108	7,975,897	75.1
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	3,413,204	6,924,719	49.3
Other technical income	3,915,415	3,132,414	125.0
Other income	2,341,596	1,748,614	133.9
- Of which investment property	179,495	111,906	160.4
Net claims incurred	-85,411,856	-77,113,967	110.8
Change in other technical provisions	1,050,944	-5,812,951	-18.1
Change in technical provisions for policyholders who bear the investment risk	15,824,509	5,982,669	264.5
Expenses for bonuses and rebates	37,557	892,912	4.2
Operating expenses	-41,375,666	-35,001,354	118.2
Expenses for financial assets and liabilities	-2,512,291	-1,692,899	148.4
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-6,596,763	-1,640,976	402.0
Other technical expenses	-4,641,861	-4,484,558	103.5
Other expenses	-948,801	-427,028	222.2
- Of which investment property	-150,881	-94,921	159.0
<b>Profit or loss before tax</b>	<b>6,580,941</b>	<b>11,352,824</b>	<b>58.0</b>

### Consolidated net earned premiums

#### Consolidated net earned premiums

(EUR)	1-3/2018	1-3/2017	Index
Gross premiums written	166,968,540	159,895,660	104.4
Net premiums written	152,929,703	144,746,900	105.7
Change in net unearned premiums	-37,432,857	-33,877,568	110.5
<b>Net earned premiums</b>	<b>115,496,846</b>	<b>110,869,332</b>	<b>104.2</b>

#### Consolidated net premiums earned by operating segment

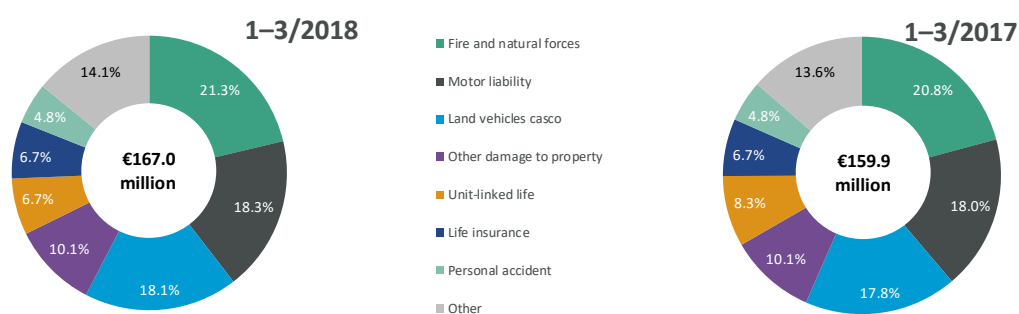




### Consolidated net earned premiums by class of business

(EUR)	1-3/2018	1-3/2017	Index
Personal accident	6,724,456	6,964,155	96.6
Health	2,467,840	908,332	271.7
Land vehicles casco	23,865,892	22,253,653	107.2
Railway rolling stock	35,475	35,261	100.6
Aircraft hull	299,536	17,962	1,667.6
Ships hull	1,076,356	1,289,304	83.5
Goods in transit	1,645,254	1,687,295	97.5
Fire and natural forces	17,430,933	15,316,366	113.8
Other damage to property	7,278,782	6,560,751	110.9
Motor liability	25,087,328	25,008,215	100.3
Aircraft liability	15,021	-26,140	257.5
Liability for ships	162,289	196,653	82.5
General liability	4,390,657	4,031,669	108.9
Credit	992,427	976,412	101.6
Suretyship	-98,443	136,259	-72.2
Miscellaneous financial loss	384,097	304,467	126.2
Legal expenses	48,799	46,756	104.4
Assistance	1,684,498	1,447,044	116.4
Life insurance	10,930,091	10,561,758	103.5
Unit-linked life	11,075,558	13,153,160	84.2
<b>Total non-life</b>	<b>93,491,197</b>	<b>87,154,414</b>	<b>107.3</b>
<b>Total life</b>	<b>22,005,649</b>	<b>23,714,918</b>	<b>92.8</b>
<b>Total</b>	<b>115,496,846</b>	<b>110,869,332</b>	<b>104.2</b>

### Consolidated gross premiums written by class of business



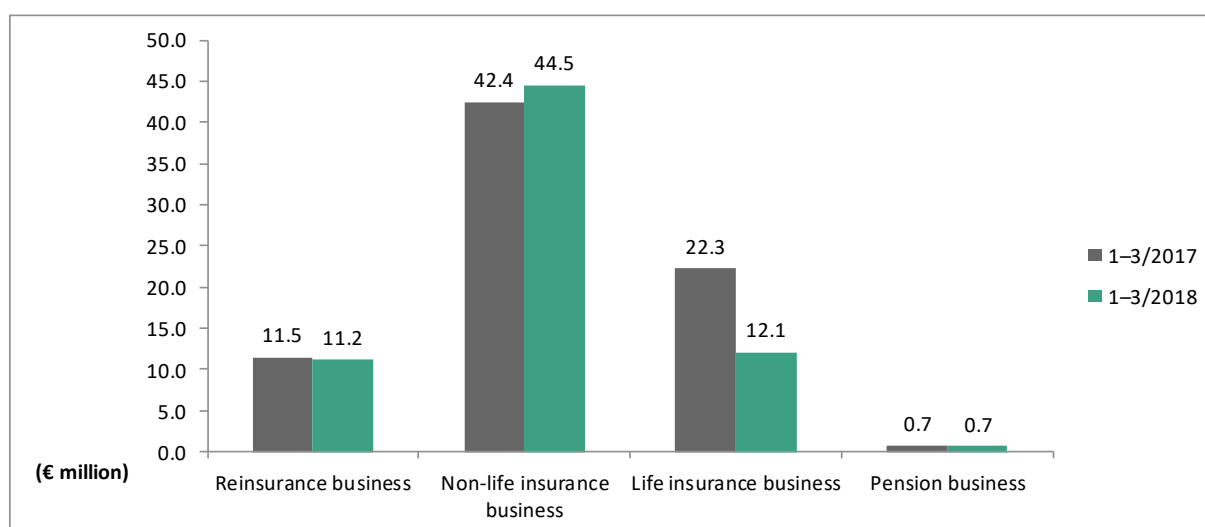
### Consolidated net claims incurred

#### Consolidated net claims incurred, including the change in the mathematical and UL provisions

(EUR)	1-3/2018	1-3/2017	Index
Gross claims paid	90,371,208	81,337,850	111.1
Net claims paid	88,234,872	79,187,458	111.4
Change in the net provision for outstanding claims	-2,823,016	-2,073,491	136.1
<b>Net claims incurred</b>	<b>85,411,856</b>	<b>77,113,967</b>	<b>110.8</b>
Change in other technical provisions*	-1,050,944	5,812,951	-18.1
Change in technical provisions for policyholders who bear the investment risk	-15,824,509	-5,982,669	264.5
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>68,536,403</b>	<b>76,944,249</b>	<b>89.1</b>

\*These provisions mainly comprise mathematical provisions.

*Composition of consolidated net claims incurred, including the change in mathematical and unit-linked provisions, by operating segment*



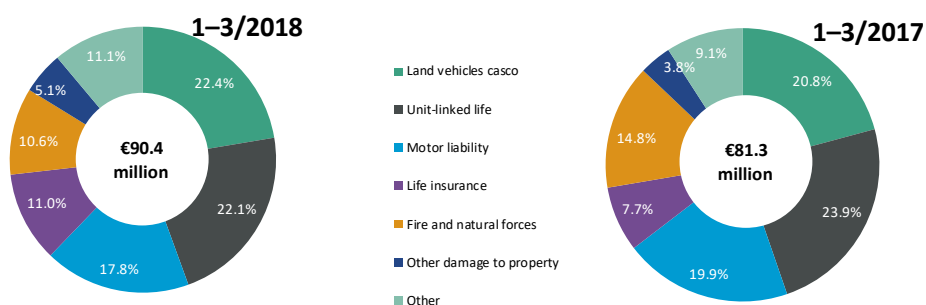
The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

*Consolidated net claims incurred by class of business<sup>4</sup>*

(EUR)	1-3/2018	1-3/2017	Index
Personal accident	2,624,613	8,010,260	32.8
Health	826,880	526,430	157.1
Land vehicles casco	19,736,179	15,128,398	130.5
Railway rolling stock	4,502	834	539.8
Aircraft hull	-19,648	35,752	-55.0
Ships hull	199,142	739,622	26.9
Goods in transit	1,959,969	606,033	323.4
Fire and natural forces	8,074,888	8,011,589	100.8
Other damage to property	3,220,356	2,890,223	111.4
Motor liability	17,684,963	12,881,358	137.3
Aircraft liability	-27,372	-10,285	-66.1
Liability for ships	-114,920	182,311	-63.0
General liability	794,474	2,783,544	28.5
Credit	-122,716	-416,647	170.5
Suretyship	-123,233	69,569	-177.1
Miscellaneous financial loss	428,056	-425,508	300.6
Legal expenses	-1,525	583	-261.6
Assistance	406,607	242,788	167.5
Life insurance	10,451,635	5,641,691	185.3
Unit-linked life	19,409,006	20,215,422	96.0
<b>Total non-life</b>	<b>55,551,215</b>	<b>51,256,854</b>	<b>108.4</b>
<b>Total life</b>	<b>29,860,641</b>	<b>25,857,113</b>	<b>115.5</b>
<b>Total</b>	<b>85,411,856</b>	<b>77,113,967</b>	<b>110.8</b>

<sup>4</sup> These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

## Consolidated gross premiums written by class of business

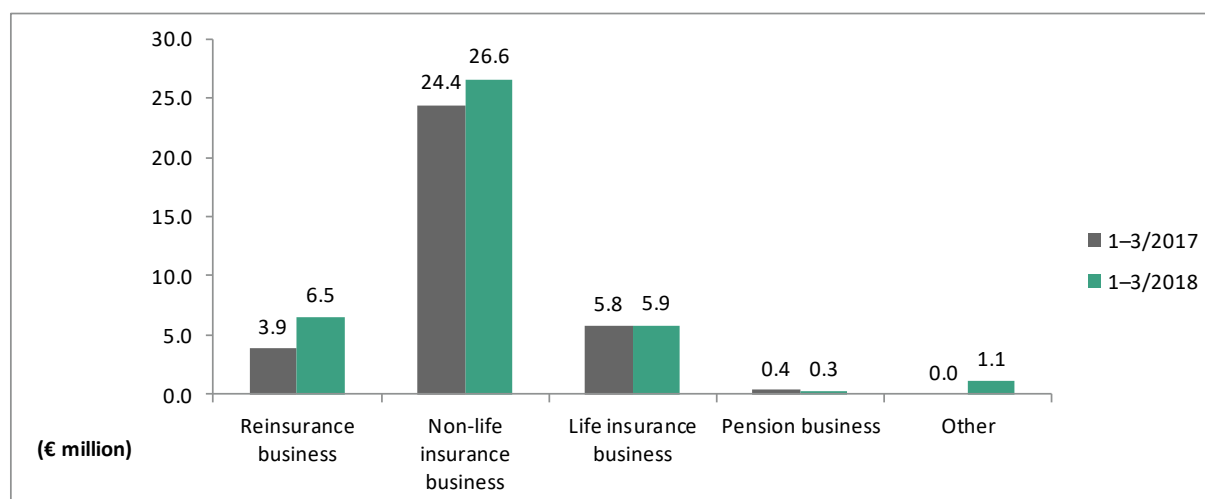


## Consolidated operating expenses

### Consolidated operating expenses

(EUR)	1-3/2018	1-3/2017	Index
Acquisition costs	15,041,539	10,917,656	137.8
Change in deferred acquisition costs (+/-)	-2,028,695	-2,076,124	97.7
Other operating expenses	28,362,822	26,159,822	108.4
<b>Operating expenses</b>	<b>41,375,666</b>	<b>35,001,354</b>	<b>118.2</b>
Reinsurance commission income	-990,401	-599,021	165.3
<b>Net operating expenses</b>	<b>40,385,265</b>	<b>34,402,333</b>	<b>117.4</b>
Gross expense ratio	26.0%	23.2%	
Net expense ratio	35.0%	31.0%	

### Consolidated net operating expenses by operating segment



\*The 'other' segment includes TBS Team 24, which was not a member of the Sava Re Group in 1-3/2017.

## Consolidated net investment income

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

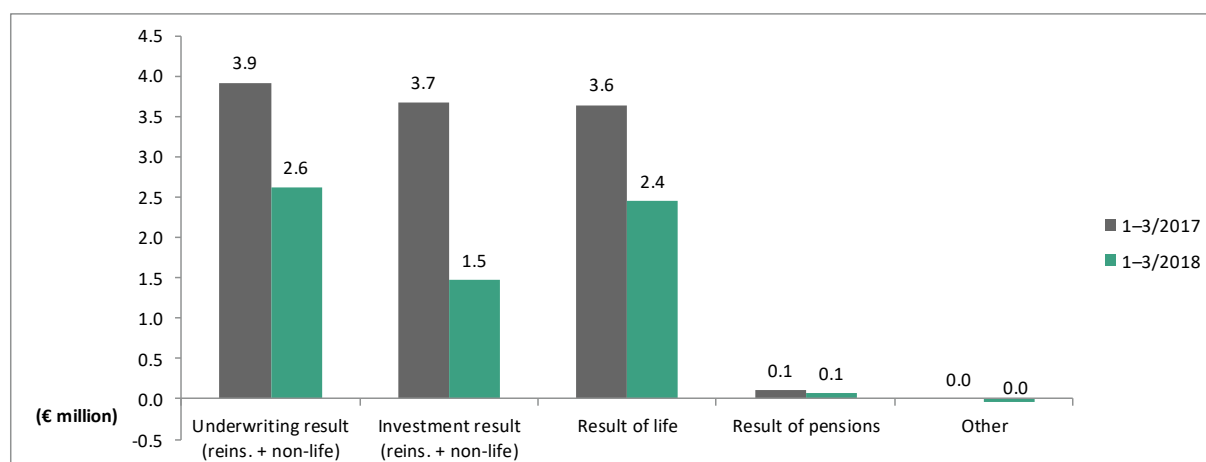
(EUR)	1–3/2018	1–3/2017	Absolute change
Net inv. income of the investment portfolio	3,504,431	6,329,889	-2,825,458
Net inv. income of the investment portfolio, excluding exchange differences	5,007,561	5,827,488	-819,927

### Consolidated income and expenses relating to the investment portfolio

(EUR)	1–3/2018	1–3/2017	Absolute change
<b>Income</b>			
Interest income	4,223,716	4,914,012	-690,296
Change in fair value and gains on disposal of FVPL assets	21,998	121,231	-99,233
Gains on disposal of other IFRS asset categories	881,565	1,128,133	-246,568
Income from dividends and shares – other investments	3,172	34,152	-30,980
Exchange gains	813,110	1,708,653	-895,543
Diverse other income	224,042	181,622	42,420
<b>Income relating to the investment portfolio</b>	<b>6,167,603</b>	<b>8,087,803</b>	<b>-1,920,200</b>
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	6,160,084	8,074,641	-1,914,557
<b>Expenses</b>			
Interest expenses	5,531	409,350	-403,819
Change in fair value and losses on disposal of FVPL assets	67,328	13,740	53,588
Losses on disposal of other IFRS asset categories	115,722	37,135	78,587
Exchange losses	2,316,240	1,206,252	1,109,988
Other	158,351	94,437	66,914
<b>Expenses relating to the investment portfolio</b>	<b>2,663,172</b>	<b>1,757,914</b>	<b>905,258</b>
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	2,655,653	1,774,658	880,995

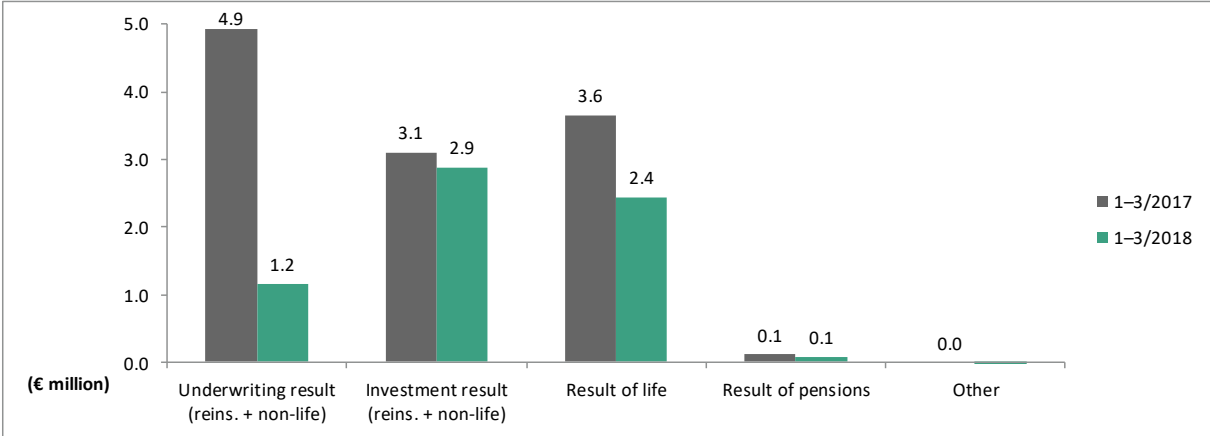
## Consolidated gross profit/loss

### Composition of consolidated gross profit

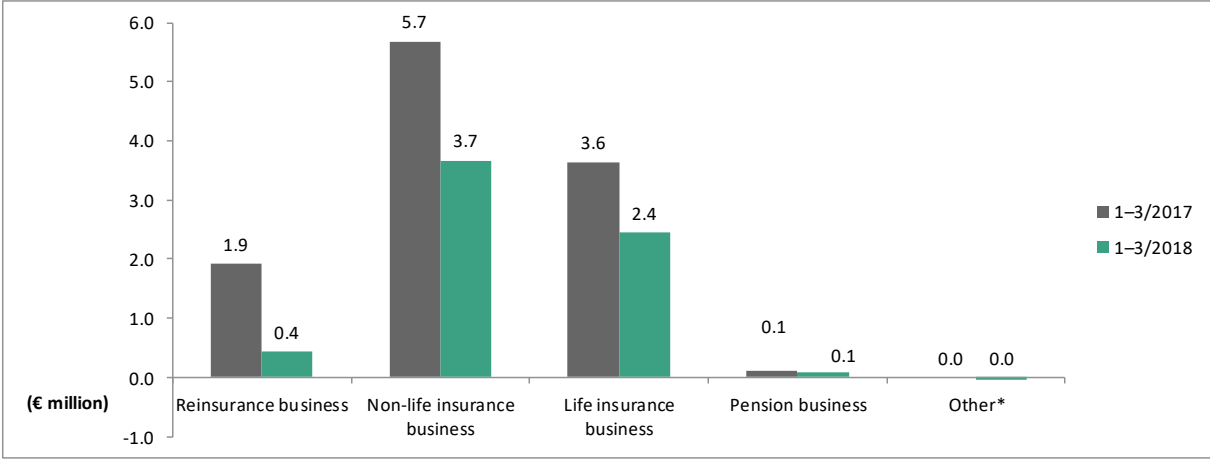


In 1–3/2018, exchange differences had a significant impact on the composition of the result, so below we set out the results excluding the effect of exchange differences. The impact of exchange differences on the result by operating segment was as follows: positive effect on the underwriting result of EUR 1.5 million (1–3/2017: EUR 1.0 million negative effect); negative effect on the investment result of EUR 1.4 million (1–3/2017: EUR 0.6 million positive effect). The total positive effect of exchange differences on the result of 1–3/2018 amounted to EUR 0.06 million (1–3/2017: EUR 0.4 million negative effect).

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



*Composition of the consolidated gross income statement by operating segment*

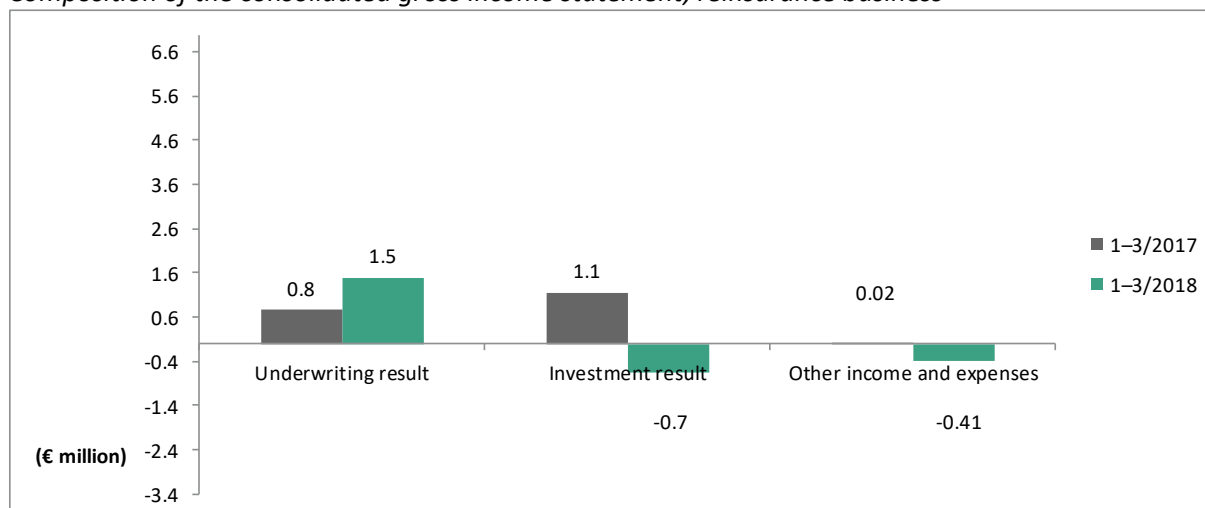


\*The 'other' segment includes TBS Team 24, which was not a member of the Sava Re Group in 1-3/2017.

## 2.1 Reinsurance

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 7.7 “Segment reporting”. The reinsurance segment reflects developments of the reinsurance portfolio written by Sava Re outside the Sava Re Group.

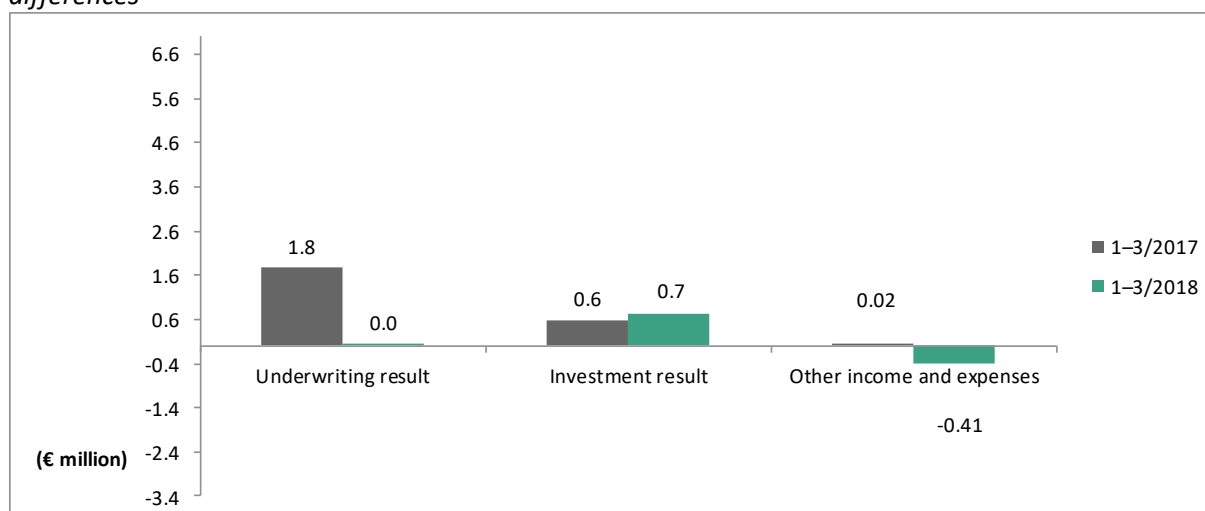
*Composition of the consolidated gross income statement; reinsurance business*



The performance of this operating segment was impacted by exchange differences, which is why the underwriting and investment results are not directly comparable. The impact of exchange differences is set out in section 2 under the heading “Consolidated gross profit” and refers to the reinsurance segment shown here.

The following graph shows the profit or loss, excluding exchange differences.

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



The underwriting result, excluding exchange differences, was weaker than in the same period in 2017 as a result of higher expenses and net claims incurred (comments on deviations are provided later in this section). In the period 1–3/2018, the investment result (excluding the effect of exchange differences) remained on approximately the same level year on year.

## Net premiums earned

### Net premiums earned; reinsurance business

(EUR)	1-3/2018	1-3/2017	Index
Gross premiums written	30,756,070	30,329,395	101.4
Net premiums written	30,235,944	30,020,719	100.7
Change in net unearned premiums	-10,646,130	-13,787,669	77.2
<b>Net earned premiums</b>	<b>19,589,814</b>	<b>16,233,050</b>	<b>120.7</b>

Gross premiums written in this segment were slightly higher in 1-3/2018 than year on year. Proportional reinsurance business grew, while non-proportional reinsurance business shrank compared to the previous year.

In the period 1-3/2017, the change in net unearned premiums was lower than year on year (while higher compared to the end of the previous year). This is due to the increased share of non-proportional reinsurance business in 1-3/2017, the premiums of which are accounted at the time of writing the contract, which is why a large amount of unearned premiums is set aside in the first quarter. The premium composition in 1-3/2018 reflects a minor increase in the share of proportional reinsurance business.

## Net claims incurred

### Net claims incurred; reinsurance business

(EUR)	1-3/2018	1-3/2017	Index
Gross claims paid	12,096,942	12,158,587	99.5
Net claims paid	11,931,361	12,056,973	99.0
Change in the net provision for outstanding claims	-900,825	-746,751	120.6
<b>Net claims incurred</b>	<b>11,030,536</b>	<b>11,310,222</b>	<b>97.5</b>

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

(EUR)	1-3/2018	1-3/2017	Index
Gross claims paid	12,096,942	12,158,587	99.5
Net claims paid	11,931,361	12,056,973	99.0
Change in the net provision for outstanding claims	805,559	-1,588,519	-50.7
<b>Net claims incurred</b>	<b>12,736,920</b>	<b>10,468,454</b>	<b>121.7</b>

Consolidated gross claims paid in this segment were lower in 1-3/2018 than year on year. Consequently, the paid loss ratio improved in the period 1-3/2018 year on year (1-3/2018: 39.3%; 1-3/2017: 40.1%).

The change in the net provision for outstanding claims in 1-3/2018 (decline) was lower than year on year mainly due to the effect of exchange differences that drove claims provisions down by EUR 1.7 million in 1-3/2018 and up by EUR 0.8 million in 1-3/2017. Excluding exchange differences, net provisions for outstanding claims grew (by EUR 0.8 million) in 1-3/2018 compared to the previous year-end, while in 1-3/2017 these provisions declined (by EUR 1.6 million). The claims provision grew over the 1-3/2018 period mainly as a result of an adverse development in claims (collision of two ships near Shanghai) and reserve strengthening relating to a claim on the facultative reinsurance portfolio (brick melting plant in Congo; EUR 0.6 million).

Excluding exchange differences, the ratio deteriorated by 0.5 percentage points year on year.

## Operating expenses

### Consolidated operating expenses; reinsurance business

(EUR)	1-3/2018	1-3/2017	Index
Acquisition costs	6,391,535	3,901,230	163.8
Change in deferred acquisition costs (+/-)	-690,551	-923,905	74.7
Other operating expenses	932,243	953,311	97.8
<b>Operating expenses</b>	<b>6,633,227</b>	<b>3,930,636</b>	<b>168.8</b>
Reinsurance commission income	-131,924	-56,539	33.3
<b>Net operating expenses</b>	<b>6,501,302</b>	<b>3,874,097</b>	<b>167.8</b>

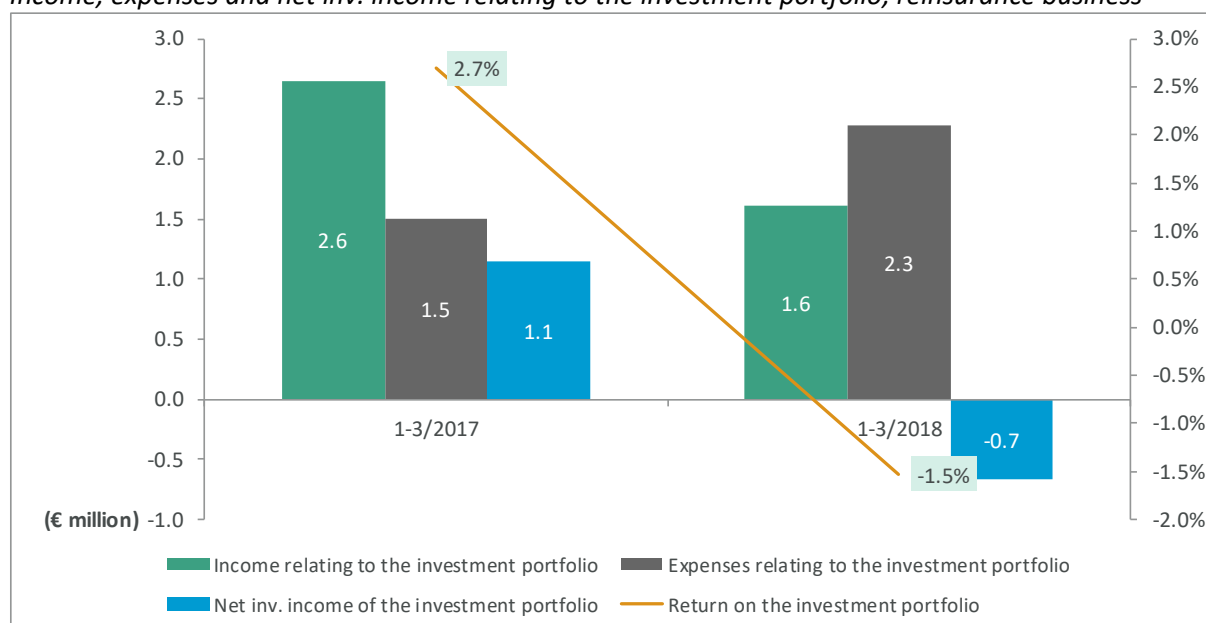
Acquisition costs increased significantly in 1-3/2018 as the result of growing proportional business, which requires higher commission payments (commissions on proportional business increased by 113.3%, or EUR 2.4 million, against a 5.8% increase in non-proportional commission, or EUR 0.09 million). The ratio of acquisition costs to gross premiums written was 20.8% in 1-3/2018.

In the period 1-3/2018, the increase in the level of deferred acquisition costs was smaller than last year, due to slower growth in non-proportional reinsurance business (1-3/2018: growth of 1.0%; 1-3/2017: growth of 2.4%) and is in line with the movement in unearned premiums.

Other operating expenses dropped by 2.2%, mainly due to lower expenses for intellectual and personal services and IT costs, in particular owing to lower legal expenses in 2018 and the implementation of new software in 2017.

## Net investment income

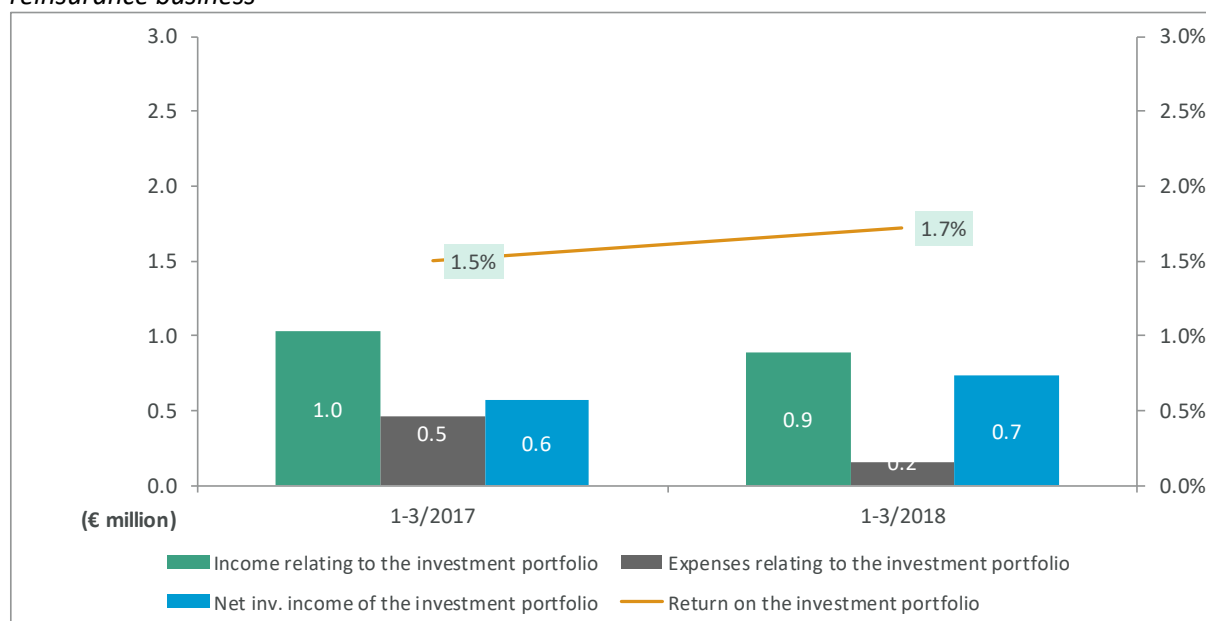
### Income, expenses and net inv. income relating to the investment portfolio; reinsurance business



The income and expenses items include income and expenses relating to investment property. These are shown in the income statement under other income/expenses.



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












The figures for 1–3/2017 differ from the figures published in the 1–3/2017 financial report, as exchange differences for the non-life and life segments were included.

Given that exchange differences relate mainly to Sava Re and the fact that their impact does not fully affect profit or loss, the graph above shows the net investment income relating to the investment portfolio, excluding exchange differences.

In 1–3/2018, net investment income totalled EUR 0.7 million, roughly the same level year on year. The investment return for the period was 1.7%.

## 2.2 Non-life business

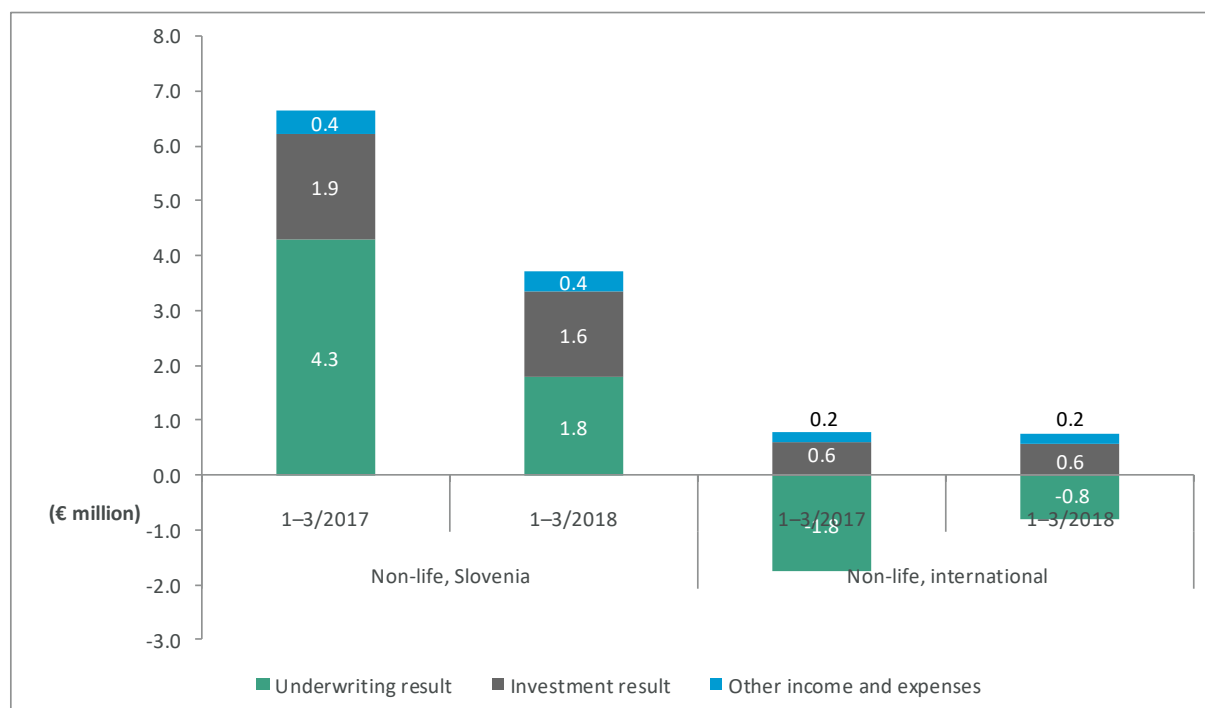
The non-life insurance segment comprises the operations of the following companies:

-  Zavarovalnica Sava, non-life
-  Sava osiguranje (MNE)
-  Sava neživotno osiguranje (SRB)
-  Sava osiguruvanje (MKD)
-  Illyria
-  Energoprojekt Garant
-  Sava Car
-  Sava Agent
-  Sava Station

For Energoprojekt Garant, only the statement of financial position was consolidated in 1–3/2018, and not the income statement (company included in the Group as of 31 March 2018). Hence this company is not included in the remaining part of this section. The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, while the Croatian part of the company is discussed under international non-life insurance.

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 7.7 “Segment reporting”.

## Composition of the consolidated gross income statement; non-life insurance business



The non-life insurance segment recorded a (EUR 2.0 million) weaker consolidated net result in 1–3/2018 than in the same period last year. This was the combined effect of a deterioration of EUR 2.9 million in the Slovenian insurance company and an improvement of EUR 0.9 million in non-Slovenian insurers.

The consolidated underwriting result of the Slovenian non-life insurer dropped by EUR 2.5 million as the result of higher net claims incurred and operating expenses. The underwriting performance of non-Slovenian non-life insurers improved by EUR 1.0 million, reflecting primarily higher net earned premiums as well as lower net claims incurred.

The investment result of the Slovenian non-life insurer declined by EUR 0.4 million year on year as a result of lower interest income (lower interest rates in capital markets) and marginally lower other types of income from investments. The investment result of international non-life business remained at the year-on-year level.

## Net premiums earned

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

(EUR)	1–3/2018	1–3/2017	Index
Gross premiums written	114,048,566	105,864,937	107.7
Net premiums written	100,589,551	91,092,765	110.4
Change in net unearned premiums	-26,646,707	-20,075,413	132.7
<b>Net earned premiums</b>	<b>73,942,844</b>	<b>71,017,353</b>	<b>104.1</b>

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

(EUR)	Slovenia			International		
	1–3/2018	1–3/2017	Index	1–3/2018	1–3/2017	Index
Gross premiums written	97,200,880	91,886,699	105.8	16,847,686	13,978,238	120.5
Net premiums written	85,226,809	78,346,010	108.8	15,362,742	12,746,756	120.5
Change in net unearned premiums	-25,187,414	-19,742,448	127.6	-1,459,293	-332,964	438.3
<b>Net earned premiums</b>	<b>60,039,395</b>	<b>58,603,561</b>	<b>102.5</b>	<b>13,903,449</b>	<b>12,413,791</b>	<b>112.0</b>

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

(EUR)	1–3/2018	1–3/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	97,292,371	91,943,570	105.8
Zavarovalnica Sava, Croatian part (non-life)	3,221,508	3,194,907	100.8
Sava neživotno osiguranje (SRB)	5,347,653	3,259,898	164.0
Illyria	2,377,756	1,945,910	122.2
Sava osiguruvanje (MKD)	2,909,658	3,005,163	96.8
Sava osiguranje (MNE)	2,992,116	2,580,728	115.9
<b>Total</b>	<b>114,141,062</b>	<b>105,930,176</b>	<b>107.8</b>

Gross non-life insurance premiums grew by 7.7% in 1–3/2018 as a result of the growth in gross non-life premiums of all insurance companies in the Group, except the Macedonian non-life insurer. Slovenian growth of 5.8% was driven primarily by motor business and earlier scheduled underwriting of commercial business than year on year. Motor premium growth with private customers was driven both by a higher number of policies written and the growth in average premiums, as well as by a larger number of policies sold with broader coverages. The Slovenian non-life insurance market grew at a rate of 4.6% in the reporting period.

Gross non-life insurance premiums written abroad rose by 20.5%. Gross non-life premiums grew in all of the Group's international non-life insurers, except in Macedonia, with the largest growth coming from the Serbian non-life insurer. The Serbian non-life insurer grew gross premiums written across its entire insurance portfolio. The fastest growing classes of insurance were voluntary health, personal accident, and roadside assistance during travel. The Kosovan non-life insurer also achieved premium growth in all classes of insurance in the first quarter of 2018, with the largest absolute growth in health insurance and motor liability insurance. The largest growth in relative terms was in personal accident insurance, albeit from a very low base, as a result of renewals and new business written. The Montenegrin subsidiary generated 15.9% growth in gross premiums written, driven mostly by motor vehicle casco and liability business, but also by large other damage to property policies written for the first time and a significant number of smaller policies and premium growth from existing policyholders. The Croatian branch of Zavarovalnica Sava produced a more modest 0.8% premium growth following an unplanned shrinkage in its sales network. It achieved the largest absolute growth in motor vehicle casco and miscellaneous financial loss, while the largest absolute decline was seen in motor liability business. The Macedonian insurance company experienced a decline in motor and general liability premiums following the closing of some sales points and non-renewal of certain larger policies.

Net non-life insurance premiums written grew by 10.4% in 1–3/2018.

Because of the dynamics involved in underwriting commercial lines, unearned premiums also grew.

Total net premiums earned grew by 12.0%.

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



## Net claims incurred

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

(EUR)	1-3/2018	1-3/2017	Index
Gross claims paid	48,434,960	43,434,372	111.5
Net claims paid	46,473,430	41,424,792	112.2
Change in the net provision for outstanding claims	-2,032,973	-1,624,674	125.1
<b>Net claims incurred</b>	<b>44,440,456</b>	<b>39,800,119</b>	<b>111.7</b>

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

(EUR)	Slovenia			International		
	1-3/2018	1-3/2017	Index	1-3/2018	1-3/2017	Index
Gross claims paid	41,691,559	37,234,462	112.0	6,743,401	6,199,910	108.8
Net claims paid	39,992,531	35,724,153	111.9	6,480,899	5,700,640	113.7
Change in the net provision for outstanding claims	-2,457,119	-3,220,076	76.3	424,146	1,595,403	26.6
<b>Net claims incurred</b>	<b>37,535,412</b>	<b>32,504,076</b>	<b>115.5</b>	<b>6,905,045</b>	<b>7,296,042</b>	<b>94.6</b>

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

(EUR)	1-3/2018	1-3/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	41,946,748	37,640,027	111.4
Zavarovalnica Sava, Croatian part (non-life)	1,390,180	1,060,990	131.0
Sava neživotno osiguranje (SRB)	1,752,246	1,515,021	115.7
Illyria	1,309,608	949,639	137.9
Sava osiguruvanje (MKD)	1,314,557	1,594,996	82.4
Sava osiguranje (MNE)	1,022,025	1,099,579	92.9
<b>Total</b>	<b>48,735,363</b>	<b>43,860,252</b>	<b>111.1</b>

Gross claims paid relating to Slovenian business in the period 1-3/2018 rose primarily as a result of an increase in motor gross claims paid. Other factors contributing to higher gross claims include the storm losses that hit Slovenia in 2017 and larger property claims.

Gross claims paid relating to non-Slovenian business rose by 8.8%. This increase was the combined effect of increases in the claims of the Kosovan insurer, the Croatian branch of Zavarovalnica Sava and the Serbian non-life insurer. The Kosovan insurer produced the largest absolute rise in gross claims in health insurance, owing to an increase in its group health portfolio and larger motor liability claims. The Croatian branch of Zavarovalnica Sava recorded a rise in claims particularly in motor business as a result of more policies underwritten and faster claims handling in the first two months of 2018 compared to the same period last year. The increased claims of the Serbian non-life insurer were mainly a result of larger claim payments for personal accident insurance, as well as fire and other

natural forces. The non-life insurers in Macedonia and Montenegro recorded lower gross claims paid in 1–3/2018 than year on year. The Macedonian insurer made one large claim payment in January 2017, while the Montenegrin insurance company paid out some larger fire and other natural forces claims in March 2017.

### Operating expenses

#### Consolidated operating expenses; non-life segment

(EUR)	1–3/2018	1–3/2017	Index
Acquisition costs	7,136,806	5,497,030	129.8
Change in deferred acquisition costs (+/-)	-1,159,742	-1,016,858	114.1
Other operating expenses	21,490,426	20,466,038	105.0
<b>Operating expenses</b>	<b>27,467,490</b>	<b>24,946,210</b>	<b>110.1</b>
Reinsurance commission income	-858,478	-542,482	158.3
<b>Net operating expenses</b>	<b>26,609,013</b>	<b>24,403,729</b>	<b>109.0</b>

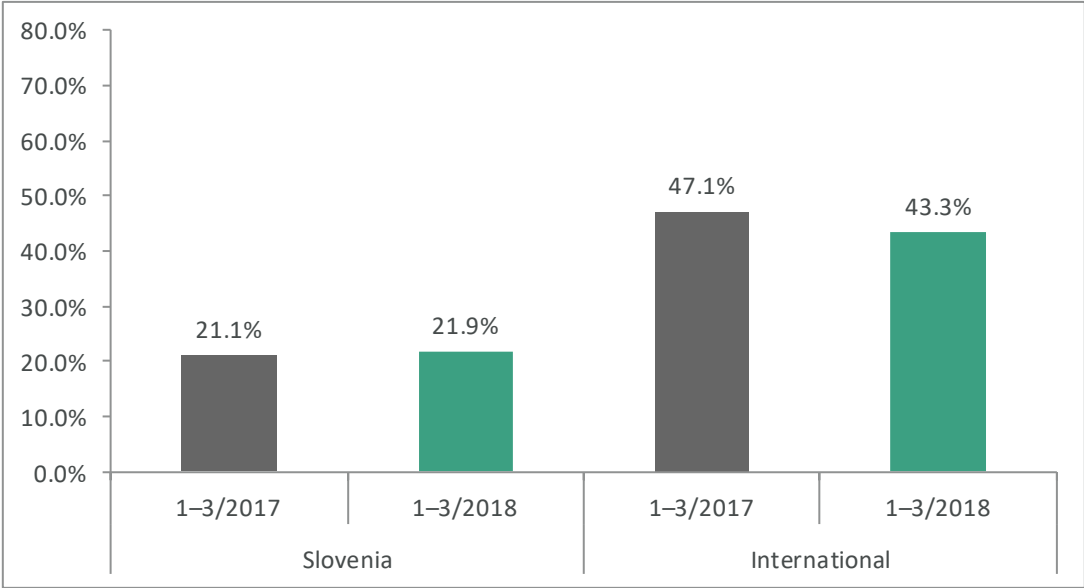
#### Unconsolidated gross operating expenses relating to the non-life segment by Sava Re Group member

(EUR)	1–3/2018	1–3/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	19,759,289	17,881,518	110.5
Other Group insurers	6,906,342	6,289,122	109.8
Non-insurance Group companies	328,713	311,930	105.4

Consolidated acquisition costs rose by 29.8%, chiefly as a result of a larger premium volume and commissions written and a minor change in the portfolio structure of the Slovenian non-life insurer, and premium growth generated by the Serbian non-life insurer.

The rise in other operating expenses is mainly due to the higher expenses incurred by the Slovenian non-life insurer. The increases in expenses related chiefly to redundancy payments, bonuses, marketing and IT. An additional factor resulting in an upward effect on expenses in the period 1–3/2018 year on year was the change in the time of posting certain types of expenses that earlier were posted in the second quarter of the year. These effects are estimated to be offset in the second quarter of 2018. The increase in other operating expenses is also the result of higher personnel costs of sales staff of the Serbian non-life insurer in the 1–3/2018 period year on year.

*Gross expense ratio; non-life segment*

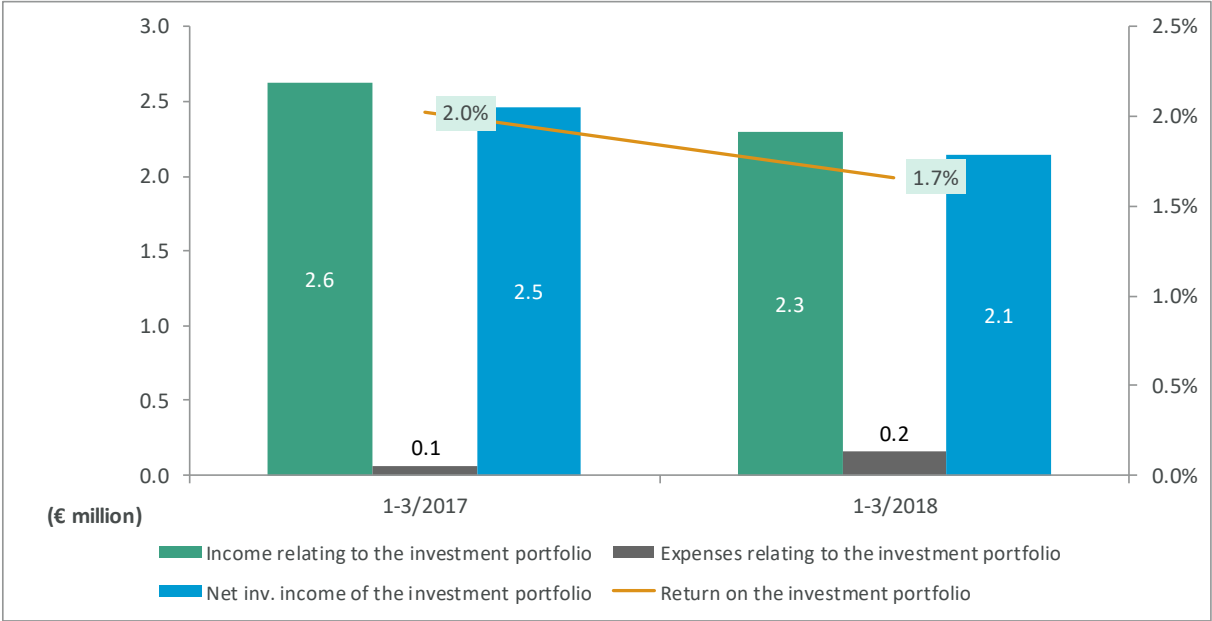


The consolidated gross expense ratio of the non-life segment rose at Zavarovalnica Sava by 0.8 percentage points year on year as the result of higher policy acquisition costs and lower other operating expenses.

The consolidated gross expense ratio of non-Slovenian non-life companies dropped by 3.8 percentage points due to a 20.5% growth in gross non-life premiums written against a 10.7% increase in acquisition costs with other operating expenses.

*Net investment income*






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



In 1-3/2018, net investment income relating to the non-life investment portfolio totalled EUR 2.1 million, down EUR 0.4 million year on year. Net investment income was lower, owing largely to lower interest income (EUR 0.3 million). The investment return for the period was 1.7%.

## 2.3 Life business

The life segment comprises the operations of the following companies:

-  Zavarovalnica Sava, life business
-  Sava životno osiguranje (SRB)
-  Illyria Life
-  ZM Svetovanje
-  Ornatus KC

The Slovenian part of Zavarovalnica Sava is discussed under Slovenian life business, while the Croatian part of the company is discussed under international life business. In the financial report for the three months to 31 March 2017, the company Sava pokojninska was included in the life segment. This company has been transferred to the pensions segment since the first quarter of 2018.

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 7.7 "Segment reporting".

### Net premiums earned

#### Net premiums earned; life insurance business

(EUR)	1–3/2018	1–3/2017	Index
Gross premiums written	21,492,639	23,060,797	93.2
Net premiums written	21,432,943	22,992,884	93.2
Change in net unearned premiums	-140,020	-14,486	966.6
<b>Net earned premiums</b>	<b>21,292,923</b>	<b>22,978,398</b>	<b>92.7</b>

#### Net premiums earned; life insurance business

(EUR)	Slovenia			International		
	1–3/2018	1–3/2017	Index	1–3/2018	1–3/2017	Index
Gross premiums written	19,435,403	21,336,673	91.1	2,057,236	1,724,124	119.3
Net premiums written	19,376,863	21,269,897	91.1	2,056,080	1,722,987	119.3
Change in net unearned premiums	-39,889	-957	4,167.0	-100,131	-13,529	740.1
<b>Net earned premiums</b>	<b>19,336,974</b>	<b>21,268,940</b>	<b>90.9</b>	<b>1,955,949</b>	<b>1,709,458</b>	<b>114.4</b>

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

(EUR)	1–3/2018	1–3/2017	Index
Zavarovalnica Sava, Slovenian part (life)	19,435,403	21,336,673	91.1
Zavarovalnica Sava, Croatian part (life)	1,057,641	922,917	114.6
Illyria Life	505,929	443,128	114.2
Sava životno osiguranje (SRB)	493,311	360,031	137.0
<b>Total</b>	<b>21,492,283</b>	<b>23,062,749</b>	<b>93.2</b>

In 1–3/2018, gross premiums written by the Group's life insurers grew year on year. At Zavarovalnica Sava, gross premiums written decreased owing to the large number of policies reaching maturity. The insurer sought to compensate for this loss by writing new policies; however, it could not fully offset premiums lost on account of maturities, deaths and surrenders.

Non-Slovenian gross premiums written grew at double-digit rates across the Group. The largest, 37.0%, growth was achieved by the Serbian insurer Sava životno osiguranje (SRB), which managed to boost the productivity of its sales network, launching four new products in 2018. The growth in gross premiums written also drew on the information system implemented last year for planning and monitoring activities, which also features a key performance indicator system. The same system was set up at the Kosovan life insurer at the end of 2017, where some benefits were already evident in the period 1–3/2018. Another stabilising factor affecting premium income at the Kosovan company is the employment of all agents who in the past worked under contracts for services.

## Unconsolidated gross life insurance premiums by class of business



## Net claims incurred

### Net claims incurred; life insurance business

(EUR)	1-3/2018	1-3/2017	Index
Gross claims paid	29,682,868	25,649,533	115.7
Net claims paid	29,673,644	25,610,335	115.9
Change in the net provision for outstanding claims	110,782	297,933	-162.8
<b>Net claims incurred</b>	<b>29,784,426</b>	<b>25,908,268</b>	<b>115.0</b>
Change in other technical provisions*	-1,846,209	2,337,287	-79.0
Change in technical provisions for policyholders who bear the investment risk	-15,824,509	-5,982,669	264.5
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>12,113,708</b>	<b>22,262,886</b>	<b>54.4</b>

\*These provisions mainly comprise mathematical provisions.

### Net claims incurred; life insurance business

(EUR)	Slovenia			International		
	1-3/2018	1-3/2017	Index	1-3/2018	1-3/2017	Index
Gross claims paid	28,751,948	25,237,496	113.9	930,920	412,037	225.9
Net claims paid	28,742,724	25,198,298	114.1	930,920	412,037	225.9
Change in the net provision for outstanding claims	87,151	270,195	32.3	23,631	27,738	85.2
<b>Net claims incurred</b>	<b>28,829,875</b>	<b>25,468,493</b>	<b>113.2</b>	<b>954,551</b>	<b>439,775</b>	<b>217.1</b>
Change in other technical provisions*	-2,017,600	1,785,356	-113.0	171,391	551,931	31.1
Change in technical provisions for policyholders who bear the investment risk	-15,822,258	-5,990,768	264.1	-2,251	8,099	-27.8
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>10,990,017</b>	<b>21,263,081</b>	<b>51.7</b>	<b>1,123,691</b>	<b>999,805</b>	<b>112.4</b>

\*These provisions mainly comprise mathematical provisions.

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

(EUR)	1-3/2018	1-3/2017	Index
Zavarovalnica Sava, Slovenian part (life)	28,751,948	25,237,496	113.9
Zavarovalnica Sava, Croatian part (life)	698,165	206,247	338.5
Illyria Life	124,089	120,687	102.8
Sava životno osiguranje (SRB)	108,327	85,568	126.6
<b>Total</b>	<b>29,682,528</b>	<b>25,649,998</b>	<b>115.7</b>

Gross claims paid in Slovenia grew by 13.9% in 1-3/2018 as a result of a large number of unit-linked policies that matured in January 2018. The bulk of maturity payments in 1-3/2018 related to unit-linked life policies (EUR 16.6 million), while maturity payments for traditional life policies totalled EUR 6.5 million. Maturity payments for traditional and unit-linked life policies rose by EUR 3.4 million



and EUR 2.3 million year on year, respectively. The movement in claims needs to be viewed in conjunction with the change in technical provisions.

As is the case in Slovenia, the reason for the large rise in gross claims paid in non-Slovenian insurers is the large number of maturities in the Croatian branch of Zavarovalnica Sava. At Zavarovalnica Sava, claims increased by 238.5%, with the entire increase relating to maturities. However, this has no effect on the proportion of pay-outs at the Group level. Gross claims also increased in other life insurers: in Kosovo only marginally, while the Serbian life insurer Sava životno osiguranje (SRB) reported a 26.6% rise in gross claims paid. The rise in gross claims paid can be attributed to an increase in death benefits paid and surrenders.

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

## Operating expenses

### Consolidated operating expenses; life segment

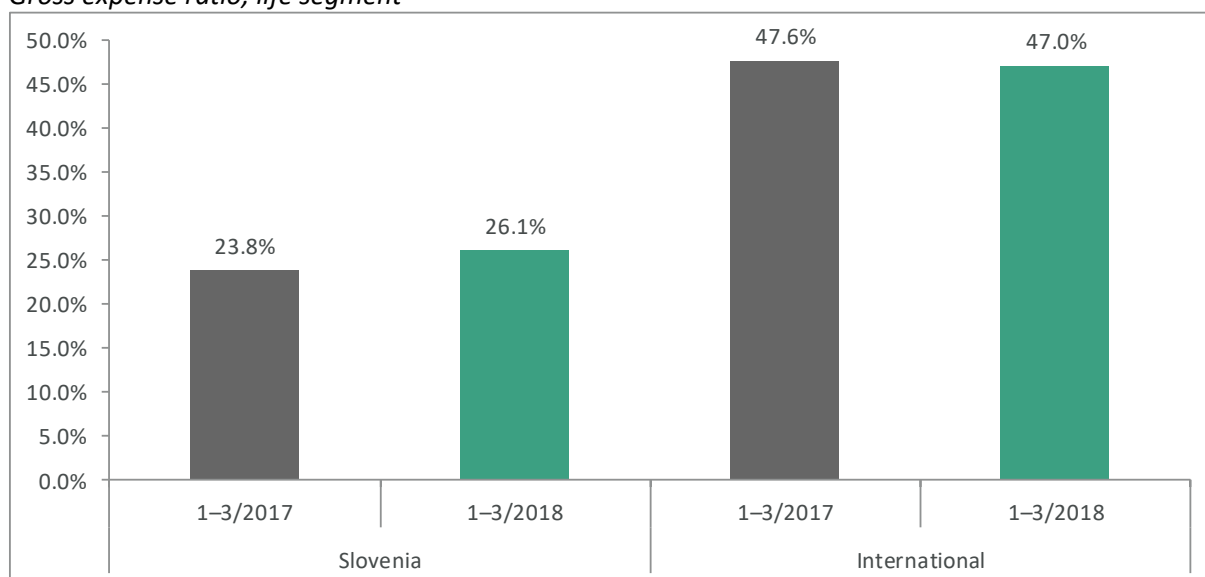
(EUR)	1-3/2018	1-3/2017	Index
Acquisition costs	1,510,250	1,503,315	100.5
Change in deferred acquisition costs (+/-)	-178,402	-135,361	131.8
Other operating expenses	4,525,193	4,401,530	102.8
<b>Operating expenses</b>	<b>5,857,041</b>	<b>5,769,484</b>	<b>101.5</b>
Reinsurance commission income	1	0	-
<b>Net operating expenses</b>	<b>5,857,042</b>	<b>5,769,484</b>	<b>101.5</b>

### Unconsolidated gross operating expenses relating to the life segment by Sava Re Group member

(EUR)	1-3/2018	1-3/2017	Index
Zavarovalnica Sava, Slovenian part (life)	4,688,786	4,565,767	102.7
Other Group insurers	952,128	809,275	117.7
Non-insurance Group companies	296,366	301,913	98.2

The rise in other operating expenses was due to increases posted in these expenses by non-Slovenian insurers, while Zavarovalnica Sava reported a decline in other operating expenses. Non-Slovenian insurers chiefly reported increases in personnel costs, while the Croatian branch of Zavarovalnica Sava also reported increased marketing costs. The increase in personnel costs at the Serbian insurer is attributable to a larger workforce (the average number of employees in the first three months of 2018 increased by 10 year on year), while in the Kosovan insurer, the headcount rose as the result of personnel previously working under contracts for services.

### Gross expense ratio; life segment

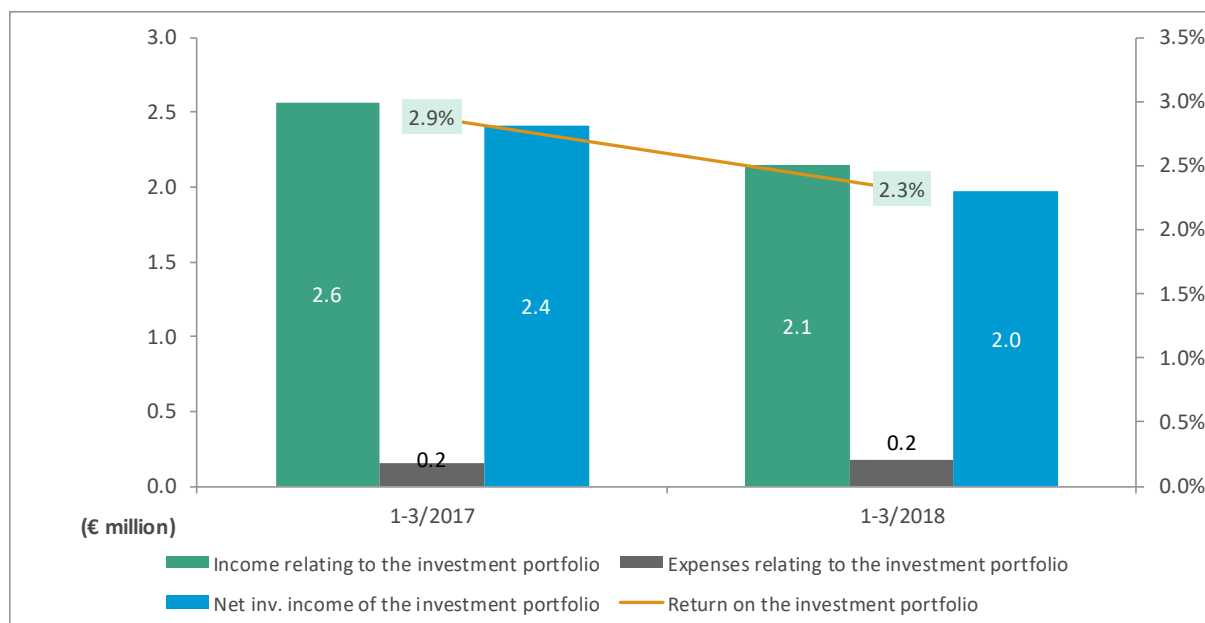


The consolidated gross expense ratio for Slovenian companies rose by 2.3 percentage points as a result of the decline in gross premiums written at Zavarovalnica Sava.

The consolidated gross expense ratio of the non-Slovenian companies dropped by 0.6 percentage points owing to the increase in gross premiums written.

### Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); life business, excluding life business of policyholders who bear the investment risk





The figures for 1-3/2017 differ from the figures published in the 1-3/2017 financial report as the table includes data on income, expenses and net investment income of the pension segment.

In 1-3/2018, net investment income relating to the life insurance investment portfolio totalled EUR 2.0 million, down EUR 0.4 million year on year. Net investment income was lower largely as the result of lower interest income (EUR 0.4 million). The investment return for the period was 2.3%.

## 2.4 Pensions

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

-  Sava pokojninska
-  NLB NPF

The company NLB NPF was included in the consolidated accounts only through the statement of financial position in the period 1–3/2018. Therefore, this company is not included in the remaining part of this section (the company was integrated in the Group on 31/03/2018).

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 7.7 “Segment reporting”.

### *Savings portion*

#### *Other technical income*

(EUR)	1–3/2018	1–3/2017	Index
Other technical income	378,855	354,526	106.9

Other technical income includes income from entry and exit charges, and management fees relating to the management of the My-life-cycle group of funds and administrative expenses. Other technical income increased by 6.9% in the period 1–3/2018 owing to growth of the group of My-life-cycle funds.

#### *Balance of the mathematical provision of the group of My-life-cycle long-term business funds*

(EUR)	2018	2017	Index
<b>Opening balance of mathematical provisions of funds (1 January)</b>	<b>128,862,922</b>	<b>119,926,669</b>	<b>107.5</b>
Gross fund contributions	2,599,434	2,448,143	106.2
Gross fund pay-outs	1,948,087	2,253,414	86.5
Asset transfers	826,264	259,925	317.9
Net investment income of the fund	-573,833	1,470,816	-39.0
Entry and exit charges	49,213	48,055	102.4
<b>Closing balance of mathematical provisions of funds (31 March)</b>	<b>129,717,487</b>	<b>121,804,083</b>	<b>106.5</b>

Gross fund contributions into the My-life-cycle group of funds increased by 6.2% in the period 1–3/2018 year on year. This growth was the result of both more policyholders and higher average contributions to the fund.

Gross fund pay-outs from the My-life-cycle group of funds dropped by 13.5% in the period 1–3/2018 year on year. Gross pay-outs may include both regular and extraordinary pay-outs. The major part of the latter related to exits.

In the period 1–3/2018, the Company transferred assets in the amount of EUR 0.9 million from other pension service providers, while transfers to other providers totalled EUR 0.04 million, which resulted in a positive net effect.

Entry and exit charges relating to the My-life-cycle group of funds increased by 2.4% in the period 1–3/2018 year on year. This was due to the growth of the group of My-life-cycle long-term business funds.

As at 31 March 2018, the net value of assets managed by the Macedonian pension company totalled EUR 452.5 million, up 2.1% from 31 December 2017.

## Annuity portion

(EUR)	1-3/2018	1-3/2017	Index
Gross premiums written	671,265	640,531	104.8
Gross claims paid	156,438	95,358	164.1
Change in other net technical provisions (+/-)*	-557,231	-637,915	87.4

Gross premiums written relate to the KS MRS fund<sup>5</sup>. Until June 2015 inclusive, policyholders had contracts for the KS DPRZ fund<sup>6</sup>; since June 2015, they are insured under a new pension plan that is aligned with the Pension and Disability Insurance Act-2, for the KS MRS fund. In 1-3/2018, the gross premiums of the annuity fund rose by 4.8% year on year, largely because a number of policyholders opted for additional pension annuities.

Gross claims paid include benefits for additional pension insurance relating to both pension funds: KS DPRZ and KS MRS. Pension benefit pay-outs rose by 64.1% over 1-3/2018 year on year. When policyholders become eligible for pension benefits, savings are transferred from their savings accounts to the annuity part, resulting in a rise in annuity fund assets.

The change in technical provisions includes the change in the technical provision relating to the KS DPRZ and KS MRS funds. The change in other net technical provisions reflects the change in premiums and claims, and the change due to revaluation for 2017.

## Operating expenses

### Operating expenses; pension insurance

(EUR)	1-3/2018	1-3/2017	Index
Acquisition costs	2,948	16,081	18.3
Other operating expenses	287,833	325,088	88.5
<b>Operating expenses</b>	<b>290,781</b>	<b>341,169</b>	<b>85.2</b>

Operating expenses are 14.8% lower in 1-3/2018 year on year, primarily due to lower personnel costs and service costs.

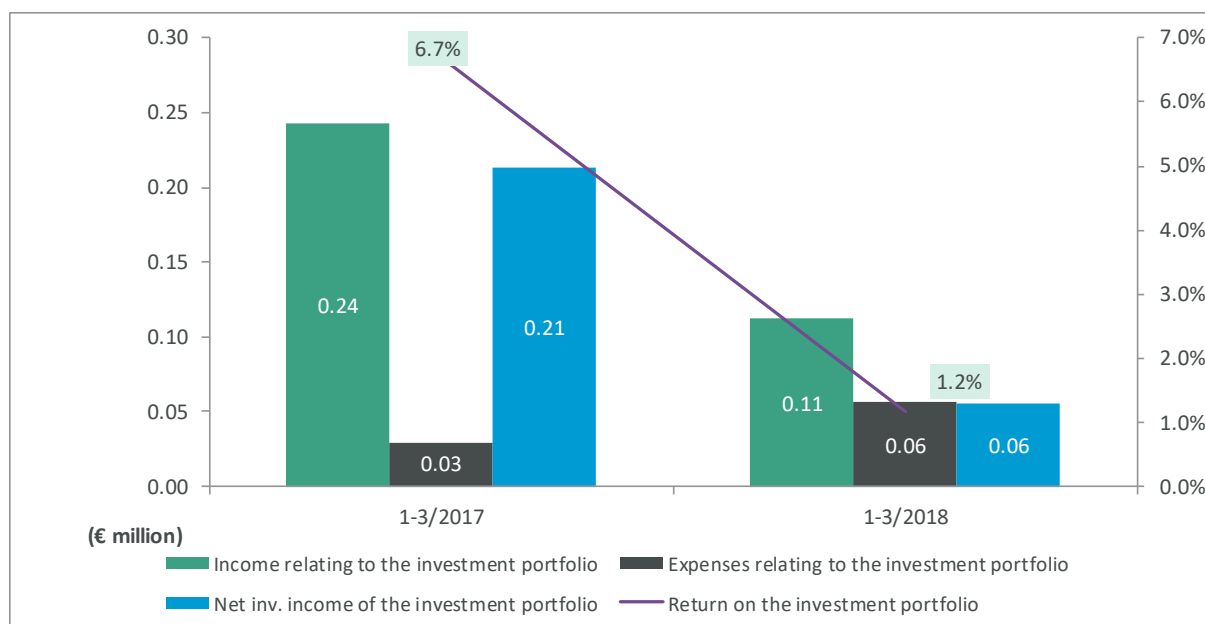
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<sup>5</sup> Long-term business fund "MOJ rentni sklad" (MY annuity fund).

<sup>6</sup> Long-term business fund for supplementary pension annuity insurance.

## Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); pensions



In 1–3/2018, net investment income relating to the pensions investment portfolio totalled EUR 0.06 million, down EUR 0.15 million year on year. Net investment income was lower largely as the result of lower interest income (EUR 0.05 million), and the change in the fair value and losses on the disposal of FVPL assets (EUR 0.05 million). The investment return for the period was 1.2%.

### 3 FINANCIAL POSITION OF THE SAVA RE GROUP

As at 31 March 2018, total assets of the Sava Re Group stood at EUR 1,746.4 million, an increase of 2.2% over year-end 2017. Below we set out items of assets and liabilities in excess of 5% of total assets as at 31 March 2018, or items that changed by more than 2% of equity.

#### 3.1 Assets

Consolidated total assets by type

(EUR)	31/03/2018	As % of total 31/03/2018	31/12/2017	As % of total 31/12/2017
<b>ASSETS</b>	<b>1,746,419,419</b>	<b>100.0%</b>	<b>1,708,348,066</b>	<b>100.0%</b>
Intangible assets	36,012,697	2.1%	22,712,944	1.3%
Property and equipment	45,039,090	2.6%	45,438,014	2.7%
Deferred tax assets	1,401,590	0.1%	2,107,564	0.1%
Investment property	17,350,261	1.0%	15,364,184	0.9%
Financial investments	1,018,210,027	58.3%	1,038,125,019	60.8%
Funds for the benefit of policyholders who bear the investment risk	208,264,825	11.9%	227,228,053	13.3%
Reinsurers' share of technical provisions	36,571,442	2.1%	30,787,241	1.8%
Investment contract assets	130,518,381	7.5%	129,622,131	7.6%
Receivables	175,027,561	10.0%	138,455,525	8.1%
Deferred acquisition costs	20,422,600	1.2%	18,507,193	1.1%
Other assets	3,718,889	0.2%	2,043,395	0.1%
Cash and cash equivalents	53,881,372	3.1%	37,956,119	2.2%
Non-current assets held for sale	684	0.0%	684	0.0%

\*TP = technical provisions

### 3.1.1 Intangible assets

As at 31 March 2018, intangible assets totalled EUR 36.0 million, up 58.6%. This increase relates to the increase in goodwill of EUR 14.0 million as a result of acquisitions. For details, see section 7.8 “Business combinations”.

### 3.1.2 Investment portfolio

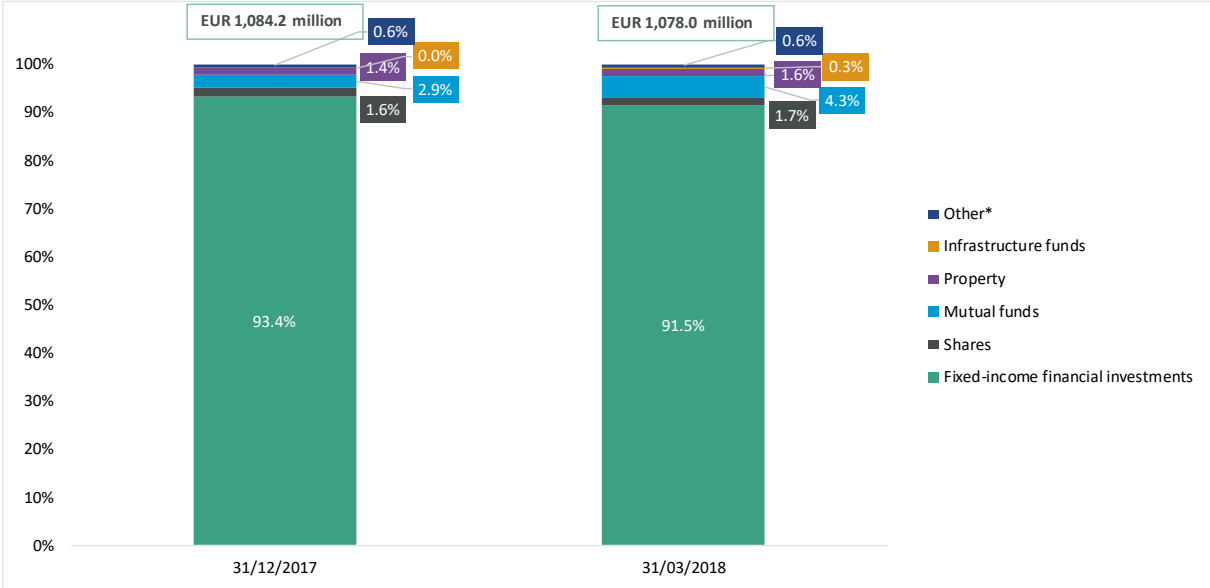
The investment portfolio consists of the following statement of financial position items: financial investments, investment property and cash.

#### *The Sava Re Group investment portfolio*

(EUR)	31/03/2018	31/12/2017	Absolute change	Index
Deposits	27,726,814	21,605,211	6,121,603	128.3
Government bonds	556,704,358	566,515,923	-9,811,565	98.3
Corporate bonds	360,031,888	394,196,963	-34,165,075	91.3
Equities	17,878,496	17,524,834	353,662	102.0
Quoted shares	12,572,667	12,230,529	342,138	102.8
Unquoted shares	5,305,829	5,294,305	11,524	100.2
Mutual funds	46,015,270	31,857,756	14,157,514	144.4
<i>Bond and money market funds</i>	<i>36,787,093</i>	<i>29,456,221</i>	<i>7,330,872</i>	<i>124.9</i>
<i>Equity and mixed mutual funds</i>	<i>9,228,177</i>	<i>2,401,535</i>	<i>6,826,642</i>	<i>384.3</i>
Infrastructure funds	3,621,054	0	3,621,054	
Loans granted and other investments	658,292	591,985	66,307	111.2
Deposits with cedants	5,573,855	5,832,347	-258,492	95.6
<b>Total financial investments</b>	<b>1,018,210,027</b>	<b>1,038,125,019</b>	<b>-19,914,992</b>	<b>98.1</b>
Investment property	17,350,261	15,364,184	1,986,077	112.9
Cash and cash equivalents	42,456,987	30,746,332	11,710,655	138.1
<b>Total investment portfolio</b>	<b>1,078,017,275</b>	<b>1,084,235,535</b>	<b>-6,218,260</b>	<b>99.4</b>
Funds for the benefit of policyholders who bear the investment risk	219,689,210	234,437,840	-14,748,630	93.7
- financial investments	208,264,825	227,228,053	-18,963,228	91.7
- funds for the benefit of policyholders who bear the investment risk	11,424,385	7,209,787	4,214,598	158.5
Investment contract assets	130,518,381	129,622,131	896,250	100.7

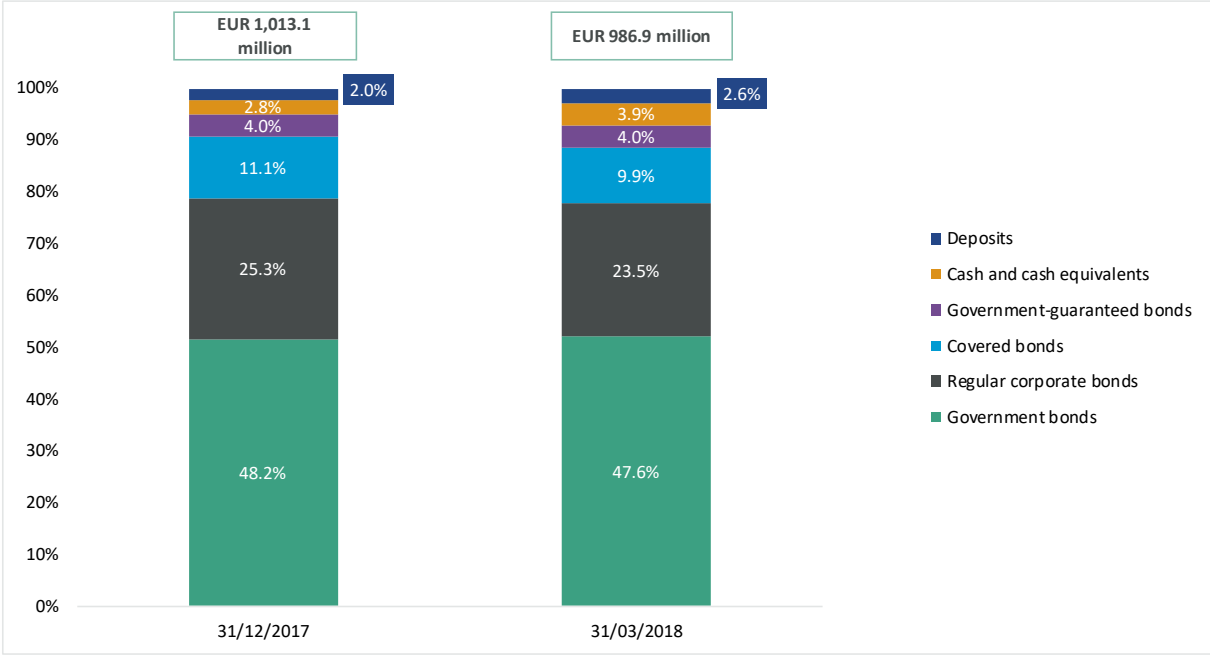
As at 31 March 2018, the Group’s investment portfolio totalled EUR 1,078.0 million, a decline of EUR 6.2 million from the year-end 2017 figure. The decline in the investment portfolio is chiefly the result of effects relating to acquisitions (posting of goodwill of EUR 14.0 million; for details, see section 7.8 “Business combinations”). Positive contributions to the investment portfolio came from cash flows from core (re)insurance business, the change in accrued interest and realised gains on disposal of investments.

Composition of the Sava Re Group investment portfolio as at 31 December 2017 and 31/03/2018



\*The 'other' item includes deposits with cedants and loans granted.

Composition of fixed-income investments as at 31 December 2017 and 31/03/2018



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

- S** the 1.3-percentage-point increase in the share of investments in mutual funds. The increase is largely due to the purchases of ETF<sup>7</sup> money market funds of EUR 36.8 million in 1–3/2018;
- S** the 1.7-percentage-point drop in the proportion of investments in corporate bonds. The decline in the proportion mainly relates to finance sector bonds;
- S** the 1.1-percentage-point increase in the share of cash and cash equivalents. This increase is due to matured financial investments that had not been reinvested by the reporting date;

<sup>7</sup> ETF = exchange-traded fund; mutual funds purchased through brokers.

- S** government bonds, the percentage share of which decreased by 0.6 percentage points compared to year-end 2017 owing to disposals and maturities;
- S** infrastructure funds, which increased by 0.3 percentage points year on year.

The structure of other investments remained broadly unchanged compared to year-end 2017.

### **3.1.3 Funds for the benefit of policyholders who bear the investment risk**

Funds for the benefit of policyholders who bear the investment risk are a major asset item. Zavarovalnica Sava is the only Group company to market life products where the investment risk is borne by policyholders (unit-linked products).

Funds of policyholders who bear the investment risk are invested in financial investments (mainly in mutual funds selected by policyholders) and cash. As at 31 March 2018, funds for the benefit of policyholders who bear the investment risk totalled EUR 219.7, of which EUR 208.3 million were financial investments and EUR 11.4 million were cash and cash equivalents. The level of funds for the benefit of policyholders who bear the investment risk fell by EUR 14.7 million compared to the previous year end. The main downward impacting factors consisted in the decrease in the fair value reserve and increased payments for maturity benefits to beneficiaries.

### **3.1.4 Investment contract assets**

The investment contract assets item includes liability fund assets relating to the life cycle funds 'MOJI skladi življenjskega cikla' managed by the Sava pokojninska pension company for the benefit of policyholders since 1 January 2016. This group consists of three long-term business funds: MOJ dinamični sklad (MY Dynamic Fund, MDF) and MOJ uravnoteženi sklad (MY Balanced Fund, MBF) (where policyholders bear the full investment risk) and MOJ zjamčeni sklad (MY Guaranteed Fund, MGF), where policyholders bear the investment risk in excess of the guaranteed funds. As at 31 March 2018, investment contract assets totalled EUR 130.5 million, up 0.7% compared to 31 December 2017. This minor growth was the result of net flows (EUR 1.4 million; inflows of EUR 3.8 million, outflows of EUR 2.4 million), while the change in the fair value reserve was negative, at EUR 0.6 million.

As at 31 March 2018, financial investments accounted for 87.2% of total assets; the remaining amount comprises receivables, investment property, and cash and cash equivalents.

Just as in the previous category, the movement in investment contract assets depends on new premium contributions, outflows and changes in the unit prices of funds.

### **3.1.5 Receivables**

Receivables increased by 26.4% or EUR 36.6 million compared to year-end 2017 (1–3/2017: increase of 28.8% or EUR 36.7 million). Receivables typically show a significant increase in the first quarter.

All types of receivables rose, with the largest increase in receivables arising out of primary insurance business, which rose by EUR 32.5 million compared to 31 December 2017. The bulk related to not-past-due receivables (EUR 26.8 million) and the rest to receivables due within 90 days. In absolute terms, the largest increase was in the non-life segment in Slovenia (increase of EUR 19.5 million; in 1–3/2017: increase of EUR 22.8 million) and in the reinsurance segment (increase of EUR 10.8 million; in 1–3/2017: increase of EUR 12.0 million). The reason for the increase in the Slovenian non-life segment is the annual renewal of insurance contracts with legal entities; in the reinsurance segment, the increase is due to the renewal of reinsurance contracts with cedants and the timing of preparing estimates for reinsurance business.



There were also significant increases in other receivables, of EUR 2.9 million or 37.3%. One reason for this is the integration of TBS Team 24 into the Group, with other receivables of EUR 1.8 million as at 31 March 2018. In addition, there was a rise in other receivables of EUR 1.1 million in the Slovenian non-life segment, chiefly as the result of receivables due from the government for the excess of prepaid corporate income tax over the course of 2017 over and above the actual tax liability for 2017.

### 3.1.6 Cash and cash equivalents

As at 31 March 2018, cash assets stood at EUR 42.5 million, up 11.7% compared to year-end 2017. This increase in cash and cash equivalents is due to matured financial investments that had not been reinvested by the reporting date.

As at 31 March 2018, cash assets of policyholders who bear the investment risk totalled EUR 11.4 million, a EUR 0.9 million increase over 31 December 2017.

## 3.2 Liabilities

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

(EUR)	31/03/2018	As % of total 31/03/2018	31/12/2017	As % of total 31/12/2017
<b>EQUITY AND LIABILITIES</b>	<b>1,746,419,419</b>	<b>100.0%</b>	<b>1,708,348,066</b>	<b>100.0%</b>
Capital	318,786,995	18.3%	316,116,895	18.5%
<i>Share capital</i>	71,856,376	4.1%	71,856,376	4.2%
<i>Capital reserves</i>	43,035,948	2.5%	43,035,948	2.5%
<i>Profit reserves</i>	162,549,912	9.3%	162,548,076	9.5%
<i>Own shares</i>	-24,938,709	-1.4%	-24,938,709	-1.5%
<i>Fair value reserve</i>	15,691,556	0.9%	18,331,697	1.1%
<i>Reserve due to fair value revaluation</i>	658,530	0.0%	667,518	0.0%
<i>Retained earnings</i>	47,648,975	2.7%	33,093,591	1.9%
<i>Net profit/loss for the period</i>	4,583,832	0.3%	14,557,220	0.9%
<i>Translation reserve</i>	-3,321,721	-0.2%	-3,353,304	-0.2%
<i>Equity attributable to owners of the controlling company</i>	317,764,699	18.2%	315,798,413	18.5%
<i>Non-controlling interests in equity</i>	1,022,296	0.1%	318,482	0.0%
Technical provisions	972,794,214	55.7%	931,398,362	54.5%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	209,438,185	12.0%	226,527,893	13.3%
Other provisions	7,711,815	0.4%	7,600,613	0.4%
Deferred tax liabilities	4,319,325	0.2%	5,781,494	0.3%
Investment contract liabilities	130,390,731	7.5%	129,483,034	7.6%
Other financial liabilities	226,682	0.0%	245,204	0.0%
Liabilities from operating activities	71,410,185	4.1%	60,598,188	3.5%
Other liabilities	31,341,287	1.8%	30,596,383	1.8%

### 3.2.1 Equity

Equity increased by 0.8%, or EUR 2.7 million, compared to year-end 2017.

In 1–3/2018, equity grew by the amount of net profit for the year of EUR 4.6 million and EUR 0.7 million relating to the increase in non-controlling interests in equity following the acquisitions of two companies not wholly owned by Sava Re. The decline in the fair value reserve had a negative impact of EUR 2.6 million on equity.

### 3.2.2 Technical provisions

Gross technical provisions are the largest item of liabilities. The figure as at 31 March 2018 was an increase of 4.4%, or EUR 41.4 million, over year-end 2017. The largest increase (EUR 43.9 million) was in gross unearned premiums driven by seasonal movements – the setting of high unearned premiums for coverages for which annual premiums had been accounted at the beginning of the year.

#### *Movements in consolidated gross technical provisions*

(EUR)	31/03/2018	31/12/2017	Index
Gross unearned premiums	215,793,687	171,857,259	125.6
Gross mathematical provisions	269,948,654	271,409,915	99.5
Gross provision for outstanding claims	477,349,503	479,072,582	99.6
Provision for bonuses, rebates and cancellations	1,740,722	1,780,231	97.8
Other gross technical provisions	7,961,648	7,278,375	109.4
<b>Gross technical provisions</b>	<b>972,794,214</b>	<b>931,398,362</b>	<b>104.4</b>

Gross technical provisions attributable to the reinsurance segment grew by 5.0%, or EUR 7.8 million, compared to year-end 2017. The increase is due to the rise in unearned premiums as a result of the annual dynamics of underwriting reinsurance business (up EUR 10.0 million; 1–3/2017: up EUR 13.2 million), while provisions for outstanding claims dropped by EUR 2.4 million. The decline in provisions of EUR 1.7 million was due to favourable movements in exchange differences.

Gross technical provisions attributable to the non-life insurance segment increased by 7.0%, or EUR 34.3 million, compared to year-end 2017 due to the above mentioned seasonal movement. Of this, EUR 33.8 million related to growth in unearned premiums (1–3/2017: growth of EUR 28.6 million), while provisions for outstanding claims remained flat compared to year-end 2017.

Gross mathematical provisions decreased by 0.5%, or EUR 1.5 million, mainly as a result of maturity benefits.

Other technical provisions (bonuses and discounts, unexpired risks) account for a smaller proportion and grew by a total of EUR 0.6 million.

### 3.2.3 Technical provisions for the benefit of life insurance policyholders who bear the investment risk

Gross mathematical provisions associated with unit-linked life business decreased by 7.5%, or EUR 17.1 million, mainly due to maturity benefits.

### 3.2.4 Investment contract liabilities

The investment contract liabilities of Sava pokojninska totalled EUR 130.4 million at 31 March 2018, up 0.7%, or EUR 0.9 million, from year-end 2017. They move in line with investment contract assets.

### 3.2.5 Liabilities from operating activities

Liabilities from operating activities increased by 17.8%, or EUR 10.8 million, over the year-end 2017 figure (1–3/2017: rise of EUR 12.0 million). There was an increase in liabilities from reinsurance and co-insurance business of EUR 9.5 million as a result of the annual renewal of reinsurance contracts with reinsurance companies and current tax liabilities of EUR 1.4 million.

### 3.3 Capital structure

As at 31 March 2018, the Sava Re Group held EUR 318.8 million of equity. The Group had no subordinated liabilities as at that date and was thus solely financed through equity.

### 3.4 Cash flow

In the period 1–3/2018, the Sava Re Group had a negative cash flow from operating activities of EUR 7.9 million (1–3/2017: EUR 2.2 million), as the result of maturity benefits paid for life insurance business.

In the period 1–3/2018, the Sava Re Group recorded a negative cash flow from financing activities of EUR 0.005 million (1–3/2017: negative of EUR 12.6 million). The large amount of negative cash flow from financing activities in 2017 is due to the payment of dividends and early repayment of a part of the subordinated debt.

The net cash flow for the period 1–3/2018 was EUR 15.7 million lower than year on year.

### 3.5 Sava Re rating profile

Sava Re is rated by two rating agencies, Standard & Poor's and A.M. Best.

#### Financial strength rating of Sava Re

Agency	Rating <sup>8</sup>	Outlook	Latest review
Standard & Poor's	A–	positive	July 2017: improved outlook
A.M. Best	A–	stable	October 2017: affirmed existing rating

## 4 PERSONNEL

#### Staffing figures for Group members

	31/03/2018	31/12/2017	Change
Zavarovalnica Sava	1,194.9	1,231.0	-36.1
Sava neživotno osiguranje (SRB)	339.3	339.3	0.0
Sava osiguruvanje (MKD)	195.0	193.8	1.2
Illyria	144.5	178.5	-34.0
Sava osiguranje (MNE)	130.3	132.5	-2.2
Sava Re	105.9	96.5	9.4
Sava životno osiguranje (SRB)	74.1	71.5	2.6
Illyria Life	40.0	29.9	10.1
Sava Car	38.8	39.5	-0.7
NLB NPF	31.0	0.0	31.0
ZM Svetovanje	30.0	28.0	2.0
TBS Team 24	22.5	0.0	22.5
Sava Agent	19.0	20.0	-1.0
Sava pokojninska	14.0	14.4	-0.4
Energoprojekt Garant	11.0	0.0	11.0
Ornatus KC	9.0	9.0	0.0
Sava Station	5.0	5.0	0.0
<b>Total</b>	<b>2,404.3</b>	<b>2,388.8</b>	<b>15.4</b>

<sup>8</sup>Credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

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

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees in the Group is subject to fluctuations mainly due to fluctuations in the agency network. The increased headcount is mainly the result of acquisitions (64.5). The headcount is further affected by streamlining operations following the merger of four of the Group's EU-based insurers.

## 5 RISK MANAGEMENT

In its operation, the Group companies are exposed to various categories of risk: insolvency risk, underwriting risk, risk associated with policies where policyholders bear the investment risk, risk associated with investment contracts, financial risk, operational risk and strategic risk. The Group companies identify, measure, manage, monitor and report on these risks in line with prescribed risk management processes. In addition, these risk management processes are set up at the Group level. The processes and methods of measuring and managing risk, and the exposure of the Group to the various categories of risk are detailed in the Sava Re Group annual report 2017 and are therefore not repeated in this report.

### *Capital adequacy and capital management in the Sava Re Group*

For the solvency calculation, the Sava Re Group uses the Solvency II standard formula. The most recent capital adequacy calculation has been carried out as at 31 December 2016. As at that date, the Group was very well capitalised and had a solvency ratio of 204%. We believe that the Group's solvency position as at 31 December 2017 moderately improved since 31 December 2016. Details on the valuation, the calculation of eligible own funds and the Group's SCR as at 31 December 2017 will be set out in the Sava Re Group Solvency and financial condition report 2017 to be posted on the Sava Re website on 18 June 2018.

### *Underwriting risk*

The Group's subsidiaries assume risks from policyholders and mostly transfer excess risks to Sava Re. The controlling company assumes such risks also from other cedants; any excess is retroceded to other reinsurers.

The Group is exposed to the following non-life underwriting risks: underwriting process risk (insurance and reinsurance), pricing risk, claims risk, retention risk and reserving risk; while its life operations are exposed to lapse risk, mortality risk and life expense risk.

An increase in realised underwriting risk would essentially result in an increase in net claims. As the Group has in place an adequate retrocession programme, it is not exposed to the risk of a sharp increase in net claims, not even in case of catastrophic losses. A more likely scenario to which the Group is exposed to is the deterioration of the net combined ratio as the result of an increase in claims or expenses along with a decrease in premiums. If the Group's net combined ratio increased/decreased by 1 percentage point, its profit before tax would decrease/increase by EUR 0.9 million (31/03/2017: EUR 0.9 million).

The Group's exposure to underwriting risk did not change significantly in the first quarter compared to year-end 2017. Accordingly, the Group's retrocession programme is largely unchanged from year-end 2017.

### *Risks associated with policies where policyholders bear the investment risk*

In policies where policyholders bear the investment risk, market risk is transferred to policyholders, as mathematical provisions move in line with assets, except for products with a guaranteed return feature.

The following table shows risk registers for unit-linked life insurance business where the risk of failing to achieve the guaranteed return and market risks are born by the insurer.

Financial investments covering life insurance liabilities with guaranteed NAV	31/03/2018	31/12/2017
Zavarovalnica Sava d.d. – ZS Zajamčeni (ZS Guaranteed)	25,042,175	24,414,858
Zavarovalnica Sava d.d. – ZS Garant	1,345,154	1,313,503
Zavarovalnica Sava d.d. ZS Varnost (ZS Security) and ZS Zajamčeni (ZS Guaranteed)	34,579,651	45,805,687
<b>Total financial investments</b>	<b>60,966,980</b>	<b>71,534,048</b>

Exposures to risks arising out of such policies declined in the period due to maturing insurance contracts.

### *Risks associated with investment contracts*

The Group classifies as investment contracts its voluntary supplementary pension insurance (VSPI) business of the Sava pokojninska pension company during the accumulation phase, which is part of the company's group of liability funds (MY life cycle funds).

The value of the investments covering the obligations arising out of investment contracts totalled EUR 130.5 million as at 31 March 2018, up EUR 0.9 million compared to 31 December 2017.

The risk related to the failure to achieve the guaranteed return did not increase in the period.

### *Financial risks*

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

#### **Market risk**

The investment portfolio sensitive to market risk of EUR 1,078 million shrank by EUR 6.2 million compared to 31 December 2017. Details are provided in section 3.1.2 "Investment portfolio".

#### **Interest rate risk**

The value of investments included in the interest-rate risk calculation as at 31 March 2018 was EUR 843.4 million (31/12/2017: EUR 882.8 million). Of this, EUR 555.6 million (31/12/2017: EUR 593.9 million) relates to assets of non-life insurers (including Sava Re) and EUR 287.8 million (31/12/2017: EUR 288.9 million) to assets of life insurers.

The average maturity of non-life insurance assets was 3.03 years as at 31 March 2018 (31/12/2017: 3.15 years), while the expected maturity of non-life obligations was 3.09 years (31/12/2017: 3.18 years).

The average maturity of life insurance assets was 3.33 years as at 31 March 2018 (31/12/2017: 3.46 years), while the expected duration of life insurance obligations was 4.68 (31/12/2017: 4.68).

The maturity mismatch between assets and liabilities did not change significantly, which is why interest rate risk did not change significantly in the period.

#### **Equity risk**

The value of investments that the Company includes in the equity risk calculation totalled EUR 27.0 million as at 31 March 2018 (31/12/2017: EUR 19.8 million). A 10% drop in equity prices would result in a decline of EUR 2.7 million (31/12/2017: EUR 2.3 million).

The risk increased marginally compared to year-end 2017.

## **Property risk**

The value of investments that the Company includes in the property risk calculation totalled EUR 17.4 million as at 31 December 2018 (31/12/2017: EUR 15.4 million). A 25% drop in property prices would result in a decline in property investments of EUR 4.3 million (31/12/2017: EUR 3.8 million).

Property risk rose marginally compared to year-end 2017 because of the higher amount of property investments.

## **Currency risk**

The Company monitors the matching of assets and liabilities both by the ALM and the accounting aspects. As at 31 March 2018, the position was 99.1% matched according to the ALM aspect (31/12/2017: 96.5%) and 97.0% matched according to the accounting aspect.

The risk of a currency mismatch decreased slightly in the reporting period.

## **Credit risk**

As at 31 March 2018, fixed-income investments rated 'A' or better accounted for 72.1% of the total fixed-income portfolio (31/12/2017: 74.2%). In the first quarter of 2018, the share of the best-rated investments remained unchanged from the previous year.

As at 31 March 2018, the exposure to the ten largest issuers was EUR 415.4 million, representing 38.5% of financial investments (31/12/2017: EUR 396.7 million; 36.6%). The largest single issuer of securities that the Group is exposed to is the Republic of Slovenia. As at 31 March 2018, the exposure to Slovenian issuers totalled EUR 158.5 million, representing 14.7% of financial investments (31/12/2017: EUR 170.0 million; 15.7%). No other corporate issuer exceeded the 3.2% of financial assets threshold.

Based on the above, we estimate that particularly through reducing their exposure to Slovenia and increased diversification by issuer, region and industry, the Sava Re Group companies managed their exposure to credit risk well in the first quarter of 2018, reducing it compared to the year-end 2017.

Credit risk to other counterparties relating to which the companies hold receivables as at 31 March 2018 remained flat compared to the balance as at 31 December 2017.

## **Liquidity risk**

In the reporting period, the Company did not change the monitoring or management of liquidity risk. Nor did it notice any indications of an increase in such risk.

We believe that liquidity risk is low and well managed.

## **Operational risks**

The Group periodically measures operational risks in terms of qualitative assessment of the probability of loss and financial severity of risks listed in the risk register, while the EU-based companies additionally use scenario analysis.

Operational risks are not among the Group's most significant risks. We assess that in the first quarter, the Group's exposure to this category of risk remained at about the level at year-end 2017.

## **Strategic risks**

Strategic risks are very diverse by nature. They are difficult to quantify and are heavily dependent on diverse (external) factors. The Group and its members are exposed to diverse internal and external strategic risks.

The Group's strategic risks are assessed qualitatively in the risk register by assessing the probability of loss and the potential financial severity of each event. Additionally, we seek to quantify key strategic risks by analysing various scenarios.

In the first quarter, the Group's exposure to strategic risk remained at about the same level as in 2017.

### ***Risk exposure up until year-end 2018***

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. An increase in realised underwriting risks could arise as a result of an increased frequency of storms with massive losses, while the realisation of financial risks could increase owing to unfavourable trends in financial markets.





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



## 6 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 6.1 Unaudited consolidated statement of financial position

(EUR)	31/03/2018	31/12/2017
<b>ASSETS</b>	<b>1,746,419,419</b>	<b>1,708,348,067</b>
Intangible assets	36,012,697	22,712,944
Property and equipment	45,039,090	45,438,014
Deferred tax assets	1,401,590	2,107,564
Investment property	17,350,261	15,364,184
<b>Financial investments:</b>	<b>1,018,210,027</b>	<b>1,038,125,019</b>
- loans and deposits	33,958,961	28,029,543
- held to maturity	95,594,960	106,232,327
- available for sale	882,264,141	897,645,279
- at fair value through profit or loss	6,391,965	6,217,870
<b>Funds for the benefit of policyholders who bear the investment risk</b>	<b>208,264,825</b>	<b>227,228,053</b>
Reinsurers' share of technical provisions	36,571,442	30,787,241
<b>Investment contract assets</b>	<b>130,518,381</b>	<b>129,622,131</b>
<b>Receivables</b>	<b>175,027,561</b>	<b>138,455,525</b>
Receivables arising out of primary insurance business	156,792,962	124,324,547
Reinsurance and co-insurance receivables	7,027,287	6,197,717
Current tax assets	343,170	17,822
Other receivables	10,864,142	7,915,439
<b>Deferred acquisition costs</b>	<b>20,422,600</b>	<b>18,507,194</b>
<b>Other assets</b>	<b>3,718,889</b>	<b>2,043,395</b>
<b>Cash and cash equivalents</b>	<b>53,881,372</b>	<b>37,956,119</b>
<b>Non-current assets held for sale</b>	<b>684</b>	<b>684</b>
<b>EQUITY AND LIABILITIES</b>	<b>1,746,419,419</b>	<b>1,708,348,067</b>
<b>Equity</b>	<b>318,786,995</b>	<b>316,116,895</b>
Share capital	71,856,376	71,856,376
Capital reserves	43,035,948	43,035,948
Profit reserves	162,549,912	162,548,076
Own shares	-24,938,709	-24,938,709
Fair value reserve	15,691,556	18,331,697
Reserve due to fair value revaluation	658,530	667,518
Retained earnings	47,648,975	33,093,591
Net profit or loss for the period	4,583,832	14,557,220
Translation reserve	-3,321,721	-3,353,304
<b>Equity attributable to owners of the controlling company</b>	<b>317,764,699</b>	<b>315,798,413</b>
<b>Non-controlling interests in equity</b>	<b>1,022,296</b>	<b>318,482</b>
<b>Technical provisions</b>	<b>972,794,214</b>	<b>931,398,362</b>
Unearned premiums	215,793,687	171,857,259
Technical provisions for life insurance business	269,948,654	271,409,915
Provision for outstanding claims	477,349,503	479,072,582
Other technical provisions	9,702,370	9,058,606
<b>Technical provisions for the benefit of life insurance policyholders who bear the investment risk</b>	<b>209,438,185</b>	<b>226,527,893</b>
<b>Other provisions</b>	<b>7,711,815</b>	<b>7,600,613</b>
<b>Deferred tax liabilities</b>	<b>4,319,325</b>	<b>5,781,494</b>
<b>Investment contract liabilities</b>	<b>130,390,731</b>	<b>129,483,034</b>
<b>Other financial liabilities</b>	<b>226,682</b>	<b>245,205</b>
<b>Liabilities from operating activities</b>	<b>71,410,185</b>	<b>60,598,188</b>
Liabilities from primary insurance business	54,562,785	54,711,289
Liabilities from reinsurance and co-insurance business	14,704,768	5,160,183
Current income tax liabilities	2,142,632	726,716
<b>Other liabilities</b>	<b>31,341,287</b>	<b>30,596,383</b>

## 6.2 Unaudited consolidated income statement

(EUR)	1–3/2018	1–3/2017
<b>Net earned premiums</b>	<b>115,496,846</b>	<b>110,869,332</b>
Gross premiums written	166,968,540	159,895,660
Written premiums ceded to reinsurers and co-insurers	-14,038,837	-15,148,760
Change in gross unearned premiums	-43,119,198	-41,638,074
Change in unearned premiums, reinsurers' and co-insurers' shares	5,686,341	7,760,506
<b>Investment income</b>	<b>5,988,108</b>	<b>7,975,897</b>
Interest income	4,223,716	4,914,012
Other investment income	1,764,392	3,061,885
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>3,413,204</b>	<b>6,924,719</b>
<b>Other technical income</b>	<b>3,915,415</b>	<b>3,132,414</b>
Commission income	990,401	599,021
Other technical income	2,925,014	2,533,393
<b>Other income</b>	<b>2,341,596</b>	<b>1,748,614</b>
<b>Net claims incurred</b>	<b>-85,411,856</b>	<b>-77,113,967</b>
Gross claims payments, net of income from recourse receivables	-90,371,208	-81,337,850
Reinsurers' and co-insurers' shares	2,136,336	2,150,392
Change in the gross claims provision	3,006,291	4,078,303
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-183,275	-2,004,812
<b>Change in other technical provisions</b>	<b>1,050,944</b>	<b>-5,812,951</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>15,824,509</b>	<b>5,982,669</b>
<b>Expenses for bonuses and rebates</b>	<b>37,557</b>	<b>892,912</b>
<b>Operating expenses</b>	<b>-41,375,666</b>	<b>-35,001,354</b>
Acquisition costs	-15,041,539	-10,917,656
Change in deferred acquisition costs	2,028,695	2,076,124
Other operating expenses	-28,362,822	-26,159,822
<b>Expenses for financial assets and liabilities</b>	<b>-2,512,291</b>	<b>-1,692,899</b>
Interest expense	-5,531	-409,350
Other investment expenses	-2,506,760	-1,283,549
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>-6,596,763</b>	<b>-1,640,976</b>
<b>Other technical expenses</b>	<b>-4,641,861</b>	<b>-4,484,558</b>
<b>Other expenses</b>	<b>-948,801</b>	<b>-427,028</b>
<b>Profit or loss before tax</b>	<b>6,580,941</b>	<b>11,352,824</b>
<b>Income tax expense</b>	<b>-1,949,148</b>	<b>-2,163,252</b>
<b>Net profit or loss for the period</b>	<b>4,631,793</b>	<b>9,189,572</b>
<b>Net profit or loss attributable to owners of the controlling company</b>	<b>4,583,832</b>	<b>9,175,263</b>
<b>Net profit or loss attributable to non-controlling interests</b>	<b>47,961</b>	<b>14,309</b>
<b>Earnings per share (basic and diluted)</b>	<b>0.30</b>	<b>0.59</b>

The change in the weighted average number of shares outstanding is shown in section 7.9.6 “Net earnings or loss per share”.

### 6.3 Unaudited consolidated statement of comprehensive income

(EUR)	1-3/2018			1-3/2017		
	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total
<b>PROFIT OR LOSS FOR THE PERIOD, NET OF TAX</b>	<b>4,583,832</b>	<b>47,961</b>	<b>4,631,793</b>	<b>9,175,263</b>	<b>14,309</b>	<b>9,189,572</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>-2,617,546</b>	<b>-1,425</b>	<b>-2,618,971</b>	<b>-2,043,085</b>	<b>-434</b>	<b>-2,043,519</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>-8,988</b>	<b>0</b>	<b>-8,988</b>	<b>5,694</b>	<b>0</b>	<b>5,694</b>
Other items that will not be reclassified subsequently to profit or loss	-8,988	0	-8,988	5,694	0	5,694
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>-2,608,558</b>	<b>-1,425</b>	<b>-2,609,983</b>	<b>-2,048,779</b>	<b>-434</b>	<b>-2,049,213</b>
<b>Net gains/losses on remeasuring available-for-sale financial assets</b>	<b>-3,266,311</b>	<b>197</b>	<b>-3,266,114</b>	<b>-2,766,393</b>	<b>-3,249</b>	<b>-2,769,642</b>
Net change recognised in the fair value reserve	-2,426,806	197	-2,426,609	-1,814,781	-1,570	-1,816,351
Net change transferred from fair value reserve to profit or loss	-839,505	0	-839,505	-951,612	-1,679	-953,291
<b>Tax on items that may be reclassified subsequently to profit or loss</b>	<b>626,170</b>	<b>0</b>	<b>626,170</b>	<b>593,971</b>	<b>1,428</b>	<b>595,399</b>
<b>Net gains/losses from translation of financial statements of non-domestic companies</b>	<b>31,583</b>	<b>-1,622</b>	<b>29,961</b>	<b>123,643</b>	<b>1,387</b>	<b>125,030</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>1,966,286</b>	<b>46,536</b>	<b>2,012,822</b>	<b>7,132,178</b>	<b>13,875</b>	<b>7,146,053</b>
Attributable to owners of the controlling company	1,966,286	0	1,966,286	7,132,178	0	7,132,178
Attributable to non-controlling interests	0	46,536	46,536	0	13,875	13,875

## 6.4 Unaudited consolidated statement of cash flows

(EUR)	Notes	1–3/2018	1–3/2017
<b>A. Cash flows from operating activities</b>			
<b>a) Items of the income statement</b>	36	<b>31,950,494</b>	<b>33,194,983</b>
1. Net premiums written in the period	28	162,929,703	144,746,900
2. Investment income (other than financial income)	29	44,547	69,716
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables		6,257,011	4,881,028
4. Net claims payments in the period	31	-88,234,872	-75,109,155
5. Expenses for bonuses and rebates		37,557	892,912
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	33	-41,536,172	-35,185,158
7. Investment expenses (excluding amortisation and financial expenses)		-7,470	-26,422
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	34	-5,590,662	-4,911,586
9. Tax on profit and other taxes not included in operating expenses	35	-1,949,148	-2,163,252
<b>b) Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement</b>		<b>-39,836,533</b>	<b>-35,426,685</b>
1. Change in receivables from primary insurance	9	-32,468,415	-22,778,468
2. Change in receivables from reinsurance	9	-829,570	-11,969,167
3. Change in other receivables from (re)insurance business	9	-334,095	-47,447
4. Change in other receivables and other assets	9	-4,973,176	-5,333,054
5. Change in deferred tax assets	3	705,974	-52,667
6. Change in inventories		-22,900	-12,545
7. Change in liabilities arising out of primary insurance	25	-148,504	-400,171
8. Change in liabilities arising out of reinsurance business	25	9,544,585	10,994,503
9. Change in other operating liabilities	26	-4,503,323	2,564,948
10. Change in other liabilities (except unearned premiums)	26	-5,344,940	-7,946,618
11. Change in deferred tax liabilities	3	-1,462,169	-445,999
<b>c) Net cash from/used in operating activities (a + b)</b>		<b>-7,886,039</b>	<b>-2,231,702</b>
<b>B. Cash flows from investing activities</b>			
<b>a) Cash receipts from investing activities</b>		<b>412,586,119</b>	<b>310,702,622</b>
1. Interest received from investing activities		4,223,716	4,914,012
2. Cash receipts from dividends and participation in the profit of others		3,172	34,152
4. Proceeds from sale of property and equipment		517,038	325,748
5. Proceeds from sale of financial investments		407,842,193	305,428,710
<b>b) Cash disbursements in investing activities</b>		<b>-390,125,392</b>	<b>-265,577,697</b>
1. Purchase of intangible assets		-124,990	-249,638
2. Purchase of property and equipment		-553,391	-1,069,078
3. Purchase of long-term financial investments		-389,447,011	-264,258,981
<b>c) Net cash from/used in investing activities (a + b)</b>		<b>22,460,727</b>	<b>45,124,925</b>
<b>C. Cash flows from financing activities</b>			
<b>b) Cash disbursements in financing activities</b>		<b>-5,531</b>	<b>-12,591,390</b>
1. Interest paid		-5,531	-409,350
3. Repayment of long-term financial liabilities		0	-12,182,040
<b>c) Net cash from/used in financing activities (a + b)</b>		<b>-5,531</b>	<b>-12,591,390</b>
<b>C2. Closing balance of cash and cash equivalents</b>			
<b>x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>		<b>14,569,157</b>	<b>30,301,833</b>
<b>y) Opening balance of cash and cash equivalents</b>		<b>37,956,119</b>	<b>33,939,160</b>
Opening balance of cash and cash equivalents – acquisition		1,356,096	0

## 6.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the three months to 31 March 2018

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,035,948	11,578,919	24,938,709	11,225,068	114,805,380	18,331,697	667,518	33,093,591	14,557,220	-24,938,709	-3,353,304	315,798,413	318,482	316,116,895
Opening balance in the financial period	71,856,376	43,035,948	11,578,919	24,938,709	11,225,068	114,805,380	18,331,697	667,518	33,093,591	14,557,220	-24,938,709	-3,353,304	315,798,413	318,482	316,116,895
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-2,640,141	-8,988	0	4,583,832	0	31,583	1,966,286	46,536	2,012,822
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	4,583,832	0	0	4,583,832	47,961	4,631,793
b) Other comprehensive income	0	0	0	0	0	0	-2,640,141	-8,988	0	0	0	31,583	-2,617,546	-1,425	-2,618,971
Allocation of net profit to profit reserve	0	0	1,836	0	0	0	0	0	-1,836	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	14,557,220	-14,557,220	0	0	0	0	0
Acquisition, subsidiary	0	0	0	0	0	0	0	0	0	0	0	0	0	657,278	657,278
Closing balance in the financial period	71,856,376	43,035,948	11,580,755	24,938,709	11,225,068	114,805,380	15,691,556	658,530	47,648,975	4,583,832	-24,938,709	-3,321,721	317,764,699	1,022,296	318,786,995

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

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,681,441	11,411,550	24,938,709	11,225,068	98,318,285	17,458,948	351,655	36,778,941	9,049,238	-24,938,709	-3,854,182	296,277,319	761,008	297,038,327
Opening balance in the financial period	71,856,376	43,681,441	11,411,550	24,938,709	11,225,068	98,318,285	17,458,948	351,655	36,778,941	9,049,238	-24,938,709	-3,854,182	296,277,319	761,008	297,038,327
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-2,172,422	5,694	0	9,175,263	0	123,643	7,132,178	13,875	7,146,053
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	9,175,263	0	0	9,175,263	14,309	9,189,572
b) Other comprehensive income	0	0	0	0	0	0	-2,172,422	5,694	0	0	0	123,643	-2,043,085	-434	-2,043,519
Allocation of net profit to profit reserve	0	0	143,672	0	0	0	0	0	-143,672	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	9,049,238	-9,049,238	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,681,441	11,555,222	24,938,709	11,225,068	98,318,285	15,286,526	357,349	45,684,506	9,175,263	-24,938,709	-3,730,539	303,409,496	774,883	304,184,379



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

The selected notes to the financial statements for the three months to 31 March are significant to an understanding of the changes in the financial position and performance of the Group in the first three months of 2018 as compared to both the first three months of 2017 and the year-end 2017.

### **7.1 Overview of major accounting policies**

The financial statements with notes have been prepared in compliance with IAS 34 “Interim Financial Reporting”.

In accordance with IAS 34, explanatory notes are provided for events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial report, which was prepared for 2017.

The financial statements with notes as at and for the nine months to 31 March 2018 have not been audited.

The interim financial statements as at 31 March 2018 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2017.

### **7.2 Seasonality and cyclicity of interim operations**

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

### **7.3 Nature and amount of extraordinary items**

There were no extraordinary items in terms of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the period 1–3/2018.

### **7.4 Materiality**

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2% thereof, which is EUR 6.3 million as at 31 March 2018. 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.

### **7.5 Issuance, repurchase, and repayment of debt and equity securities**

The Group issued no new debt or equity securities.

## **7.6 Key accounting estimates and judgements**

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

## **7.7 Segment reporting**

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

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

Operating segments include reinsurance business, non-life business, life business, pension business and the 'other' segment. Non-life and life business are separately monitored whether sourced in Slovenia or abroad (international); the predominant part of the reinsurance segment is foreign-sourced. The performance of these segments is monitored based on different indicators, a common performance indicator for all segments being net profit calculated in accordance with IFRSs.

Statement of financial position items by operating segment – assets as at 31 March 2018

31/03/2018	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>ASSETS</b>	<b>280,994,617</b>	<b>577,401,959</b>	<b>129,056,335</b>	<b>706,458,294</b>	<b>555,223,707</b>	<b>30,747,968</b>	<b>585,971,675</b>	<b>168,107,051</b>	<b>4,887,782</b>	<b>1,746,419,419</b>
Intangible assets	789,022	5,043,321	8,728,256	13,771,577	5,786,776	34,641	5,821,417	13,356,918	2,273,763	36,012,697
Property and equipment	2,530,733	24,748,653	13,278,618	38,027,271	2,082,786	2,197,682	4,280,468	89,169	111,449	45,039,090
Deferred tax assets	1,295,337	9,888	96,018	105,906	0	347	347	0	0	1,401,590
Investment property	8,226,181	3,070,624	6,012,842	9,083,466	40,614	0	40,614	0	0	17,350,261
<b>Financial investments:</b>	<b>157,245,752</b>	<b>424,325,512</b>	<b>75,700,303</b>	<b>500,025,815</b>	<b>313,760,846</b>	<b>25,717,225</b>	<b>339,478,071</b>	<b>21,460,389</b>	<b>0</b>	<b>1,018,210,027</b>
- loans and deposits	5,530,128	2,829,078	17,369,549	20,198,627	6,395	4,182,640	4,189,035	4,041,171	0	33,958,961
- held to maturity	1,386,795	34,041,754	3,348,809	37,390,563	51,091,098	2,881,757	53,972,855	2,844,747	0	95,594,960
- available for sale	150,047,070	387,336,632	54,973,058	442,309,690	261,872,513	18,345,819	280,218,333	9,689,048	0	882,264,141
- at fair value through profit or loss	281,758	118,048	8,887	126,935	790,840	307,009	1,097,848	4,885,423	0	6,391,965
<b>Funds for the benefit of policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>208,210,047</b>	<b>54,778</b>	<b>208,264,825</b>	<b>0</b>	<b>0</b>	<b>208,264,825</b>
<b>Reinsurers' share of technical provisions</b>	<b>7,619,472</b>	<b>23,883,196</b>	<b>4,867,499</b>	<b>28,750,694</b>	<b>198,557</b>	<b>2,719</b>	<b>201,276</b>	<b>0</b>	<b>0</b>	<b>36,571,442</b>
Investment contract assets	0	0	0	0	0	0	0	130,518,381	0	130,518,381
<b>Receivables</b>	<b>88,417,382</b>	<b>69,248,210</b>	<b>12,312,979</b>	<b>81,561,189</b>	<b>1,360,955</b>	<b>1,831,298</b>	<b>3,192,253</b>	<b>25,843</b>	<b>1,830,894</b>	<b>175,027,561</b>
Receivables arising out of primary insurance business	82,562,679	64,702,376	8,117,093	72,819,469	820,344	580,138	1,400,482	10,332	0	156,792,962
Reinsurance and co-insurance receivables	5,400,832	1,283,385	343,070	1,626,455	0	0	0	0	0	7,027,287
Current tax assets	0	0	8,451	8,451	334,719	0	334,719	0	0	343,170
Other receivables	453,871	3,262,449	3,844,365	7,106,814	205,892	1,251,160	1,457,052	15,511	1,830,894	10,864,142
<b>Deferred acquisition costs</b>	<b>6,150,152</b>	<b>10,233,824</b>	<b>3,657,005</b>	<b>13,890,829</b>	<b>379,413</b>	<b>2,206</b>	<b>381,619</b>	<b>0</b>	<b>0</b>	<b>20,422,600</b>
<b>Other assets</b>	<b>626,485</b>	<b>1,963,142</b>	<b>467,551</b>	<b>2,430,693</b>	<b>0</b>	<b>27,498</b>	<b>27,498</b>	<b>311,963</b>	<b>322,250</b>	<b>3,718,889</b>
<b>Cash and cash equivalents</b>	<b>8,094,101</b>	<b>14,874,906</b>	<b>3,935,264</b>	<b>18,810,170</b>	<b>23,403,713</b>	<b>879,574</b>	<b>24,283,287</b>	<b>2,344,388</b>	<b>349,426</b>	<b>53,881,372</b>
<b>Non-current assets held for sale</b>	<b>0</b>	<b>684</b>	<b>0</b>	<b>684</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>684</b>

Statement of financial position items by operating segment – equity and liabilities as at 31 March 2018

31/03/2018	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>EQUITY AND LIABILITIES</b>	<b>376,932,811</b>	<b>507,216,900</b>	<b>122,734,743</b>	<b>629,951,643</b>	<b>537,702,904</b>	<b>29,480,092</b>	<b>567,182,998</b>	<b>167,533,478</b>	<b>4,818,491</b>	<b>1,746,419,419</b>
Equity	159,178,168	31,647,737	36,830,290	68,478,026	48,230,015	10,917,874	59,147,889	28,931,620	3,051,292	318,786,995
Equity attributable to owners of the controlling company	159,178,168	31,647,737	36,030,977	67,678,713	48,230,015	10,917,874	59,147,889	28,931,620	2,828,309	317,764,699
Non-controlling interests in equity	0	0	799,313	799,313	0	0	0	0	222,983	1,022,296
Technical provisions	163,766,999	443,649,631	77,377,035	521,026,666	264,795,237	16,092,363	280,887,600	7,112,949	0	972,794,214
Unearned premiums	37,783,534	146,588,046	30,258,933	176,846,979	833,573	329,601	1,163,174	0	0	215,793,687
Mathematical provisions	0	0	0	0	247,348,095	15,487,610	262,835,705	7,112,949	0	269,948,654
Provision for outstanding claims	125,448,452	290,092,079	44,920,633	335,012,712	16,613,569	274,770	16,888,339	0	0	477,349,503
Other technical provisions	535,013	6,969,506	2,197,469	9,166,975	0	382	382	0	0	9,702,370
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	209,384,979	53,206	209,438,185	0	0	209,438,185
Other provisions	394,466	5,374,139	681,067	6,055,206	1,151,506	2,539	1,154,045	108,098	0	7,711,815
Deferred tax liabilities	0	1,770,086	268,046	2,038,132	2,218,683	44,698	2,263,381	17,812	0	4,319,325
Investment contract liabilities	0	0	0	0	0	0	0	130,390,731	0	130,390,731
Other financial liabilities	91,119	0	133,422	133,422	0	2,141	2,141	0	0	226,682
Liabilities from operating activities	50,437,847	8,967,285	2,299,815	11,267,100	9,424,407	233,314	9,657,721	32,460	15,057	71,410,185
Liabilities from primary insurance business	39,602,364	5,294,999	840,488	6,135,487	8,639,669	185,236	8,824,905	29	0	54,562,785
Liabilities from reinsurance and co-insurance business	10,307,435	3,131,395	1,248,014	4,379,409	17,924	0	17,924	0	0	14,704,768
Current income tax liabilities	528,048	540,891	211,313	752,204	766,814	48,078	814,892	32,431	15,057	2,142,632
Other liabilities	3,064,210	15,808,022	5,145,069	20,953,091	2,498,079	2,133,957	4,632,036	939,808	1,752,142	31,341,287

Statement of financial position items by operating segment – assets as at 31 December 2017

31/12/2017	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>ASSETS</b>	<b>276,777,815</b>	<b>562,908,852</b>	<b>121,083,650</b>	<b>683,992,502</b>	<b>573,395,292</b>	<b>29,257,618</b>	<b>602,652,910</b>	<b>144,924,839</b>	<b>0</b>	<b>1,708,348,067</b>
Intangible assets	807,011	5,930,640	8,669,940	14,600,580	7,213,397	38,444	7,251,841	53,512	0	22,712,944
Property and equipment	2,485,645	25,240,112	13,318,247	38,558,359	2,116,782	2,197,557	4,314,339	79,671	0	45,438,014
Deferred tax assets	1,238,826	534,480	95,467	629,947	238,446	345	238,791	0	0	2,107,564
Investment property	8,230,878	3,066,546	4,025,810	7,092,356	40,950	0	40,950	0	0	15,364,184
<b>Financial investments:</b>	<b>165,705,134</b>	<b>440,654,143</b>	<b>71,018,548</b>	<b>511,672,691</b>	<b>323,558,775</b>	<b>24,247,593</b>	<b>347,806,367</b>	<b>12,940,827</b>	<b>0</b>	<b>1,038,125,019</b>
- loans and deposits	5,540,491	3,026,235	15,203,684	18,229,919	6,926	4,242,206	4,249,131	10,001	0	28,029,543
- held to maturity	1,396,816	40,299,903	3,651,181	43,951,084	55,863,552	2,881,934	58,745,486	2,138,941	0	106,232,327
- available for sale	158,492,132	397,200,750	52,154,364	449,355,114	266,897,438	16,810,484	283,707,922	6,090,111	0	897,645,279
- at fair value through profit or loss	275,695	127,256	9,318	136,574	790,859	312,968	1,103,827	4,701,774	0	6,217,870
<b>Funds for the benefit of policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>227,172,652</b>	<b>55,401</b>	<b>227,228,053</b>	<b>0</b>	<b>0</b>	<b>227,228,053</b>
Reinsurers' share of technical provisions	9,744,947	16,212,812	4,626,944	20,839,757	198,672	3,866	202,538	0	0	30,787,241
Investment contract assets	0	0	0	0	0	0	0	129,622,131	0	129,622,131
<b>Receivables</b>	<b>74,851,935</b>	<b>47,924,024</b>	<b>12,954,338</b>	<b>60,878,362</b>	<b>856,334</b>	<b>1,867,321</b>	<b>2,723,655</b>	<b>1,573</b>	<b>0</b>	<b>138,455,525</b>
Receivables arising out of primary insurance business	71,773,739	45,187,064	6,451,723	51,638,787	741,601	170,420	912,021	0	0	124,324,547
Reinsurance and co-insurance receivables	2,906,051	567,453	2,721,346	3,288,799	0	2,867	2,867	0	0	6,197,717
Current tax assets	0	0	17,822	17,822	0	0	0	0	0	17,822
Other receivables	172,145	2,169,507	3,763,447	5,932,954	114,733	1,694,034	1,808,767	1,573	0	7,915,439
Deferred acquisition costs	6,235,348	8,743,590	3,214,513	11,958,103	311,809	1,933	313,742	0	0	18,507,194
Other assets	799,634	880,008	324,817	1,204,825	1,391	30,286	31,677	7,259	0	2,043,395
Cash and cash equivalents	6,678,458	13,721,812	2,835,026	16,556,838	11,686,085	814,872	12,500,957	2,219,866	0	37,956,119
Non-current assets held for sale	0	684	0	684	0	0	0	0	0	684

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

31/12/2017	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>EQUITY AND LIABILITIES</b>	<b>345,352,373</b>	<b>515,078,617</b>	<b>120,152,010</b>	<b>635,230,627</b>	<b>554,636,153</b>	<b>27,411,026</b>	<b>582,047,178</b>	<b>145,717,890</b>	<b>0</b>	<b>1,708,348,067</b>
Equity	143,382,173	67,041,741	37,684,149	104,725,890	47,700,274	11,099,491	58,799,765	9,209,069	0	316,116,895
Equity attributable to owners of the controlling company	143,382,173	67,041,741	37,365,667	104,407,408	47,700,274	11,099,491	58,799,765	9,209,069	0	315,798,413
Non-controlling interests in equity	0	0	318,482	318,482	0	0	0	0	0	318,482
Technical provisions	155,981,500	413,731,878	73,020,045	486,751,923	266,379,368	15,729,853	282,109,221	6,555,718	0	931,398,362
Unearned premiums	27,784,980	115,284,582	27,763,773	143,048,355	794,499	229,425	1,023,924	0	0	171,857,259
Mathematical provisions	0	0	0	0	249,604,958	15,249,239	264,854,197	6,555,718	0	271,409,915
Provision for outstanding claims	127,827,170	290,994,868	44,020,475	335,015,343	15,979,911	250,158	16,230,069	0	0	479,072,582
Other technical provisions	369,350	7,452,428	1,235,797	8,688,225	0	1,031	1,031	0	0	9,058,606
<b>Technical provisions for the benefit of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>226,472,492</b>	<b>55,401</b>	<b>226,527,893</b>	<b>0</b>	<b>0</b>	<b>226,527,893</b>
Other provisions	351,250	5,356,300	664,997	6,021,297	1,154,362	31,137	1,185,499	42,567	0	7,600,613
Deferred tax liabilities	0	2,674,519	257,798	2,932,317	2,799,681	49,496	2,849,177	0	0	5,781,494
Investment contract liabilities	0	0	0	0	0	0	0	129,483,034	0	129,483,034
Other financial liabilities	91,181	0	154,023	154,023	1	0	1	0	0	245,205
Liabilities from operating activities	43,115,652	5,423,252	4,101,107	9,524,359	7,683,212	274,965	7,958,177	0	0	60,598,188
Liabilities from primary insurance business	39,870,845	4,204,601	2,989,748	7,194,349	7,464,498	181,597	7,646,095	0	0	54,711,289
Liabilities from reinsurance and co-insurance business	3,090,008	1,218,651	845,443	2,064,094	1,308	4,773	6,081	0	0	5,160,183
Current income tax liabilities	154,799	0	265,916	265,916	217,406	88,595	306,001	0	0	726,716
Other liabilities	2,430,618	20,850,927	4,269,891	25,120,818	2,446,762	170,683	2,617,445	427,502	0	30,596,383

Income statement items by operating segment 1–3/2018

(EUR) 1–3/2018	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total	
<b>Net earned premiums</b>	<b>19,589,814</b>	<b>60,039,395</b>	<b>13,903,449</b>	<b>73,942,844</b>	<b>19,336,974</b>	<b>1,955,949</b>	<b>21,292,923</b>	<b>671,265</b>	<b>0</b>	<b>115,496,846</b>
Gross premiums written	30,756,070	97,200,880	16,847,686	114,048,566	19,435,403	2,057,236	21,492,639	671,265	0	166,968,540
Written premiums ceded to reinsurers and co-insurers	-520,126	-11,974,071	-1,484,944	-13,459,015	-58,540	-1,156	-59,696	0	0	-14,038,837
Change in gross unearned premiums	-9,998,552	-31,231,548	-1,752,946	-32,984,494	-36,021	-100,131	-136,152	0	0	-43,119,198
Change in unearned premiums, reinsurers' and co-insurers' shares	-647,578	6,044,134	293,653	6,337,787	-3,868	0	-3,868	0	0	5,686,341
<b>Investment income</b>	<b>1,510,018</b>	<b>1,633,597</b>	<b>586,115</b>	<b>2,219,712</b>	<b>1,905,460</b>	<b>240,806</b>	<b>2,146,266</b>	<b>112,112</b>	<b>0</b>	<b>5,988,108</b>
Interest income	602,485	1,211,206	541,198	1,752,405	1,631,506	180,104	1,811,610	57,216	0	4,223,716
Other investment income	907,533	422,390	44,917	467,307	273,954	60,702	334,656	54,896	0	1,764,392
<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>3,412,993</b>	<b>211</b>	<b>3,413,204</b>	<b>0</b>	<b>0</b>	<b>3,413,204</b>
<b>Other technical income</b>	<b>1,223,685</b>	<b>1,346,355</b>	<b>582,543</b>	<b>1,928,898</b>	<b>334,531</b>	<b>49,446</b>	<b>383,977</b>	<b>378,855</b>	<b>0</b>	<b>3,915,415</b>
Commission income	131,924	675,311	183,167	858,478	0	-1	-1	0	0	990,401
Other technical income	1,091,761	671,044	399,376	1,070,420	334,531	49,447	383,978	378,855	0	2,925,014
<b>Other income</b>	<b>96,755</b>	<b>676,019</b>	<b>332,432</b>	<b>1,008,451</b>	<b>102,706</b>	<b>9,641</b>	<b>112,347</b>	<b>0</b>	<b>1,124,043</b>	<b>2,341,596</b>
<b>Net claims incurred</b>	<b>-11,030,536</b>	<b>-37,535,412</b>	<b>-6,905,045</b>	<b>-44,440,457</b>	<b>-28,829,873</b>	<b>-954,551</b>	<b>-29,784,425</b>	<b>-156,438</b>	<b>0</b>	<b>-85,411,856</b>
Gross claims payments less income from recourse receivables	-12,096,942	-41,691,559	-6,743,401	-48,434,960	-28,751,948	-930,920	-29,682,868	-156,438	0	-90,371,208
Reinsurers' and co-insurers' shares	165,581	1,699,028	262,502	1,961,530	9,224	0	9,224	0	0	2,136,336
Change in the gross claims provision	2,378,720	933,652	-191,545	742,107	-90,905	-23,631	-114,536	0	0	3,006,291
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,477,895	1,523,467	-232,601	1,290,866	3,754	0	3,754	0	0	-183,275
<b>Change in other technical provisions</b>	<b>-165,660</b>	<b>437,880</b>	<b>-510,254</b>	<b>-72,374</b>	<b>2,017,600</b>	<b>-171,391</b>	<b>1,846,209</b>	<b>-557,231</b>	<b>0</b>	<b>1,050,944</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>15,822,258</b>	<b>2,251</b>	<b>15,824,509</b>	<b>0</b>	<b>0</b>	<b>15,824,509</b>
<b>Expenses for bonuses and rebates</b>	<b>1</b>	<b>45,042</b>	<b>-7,486</b>	<b>37,556</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,557</b>
<b>Operating expenses</b>	<b>-6,633,227</b>	<b>-20,634,353</b>	<b>-6,833,138</b>	<b>-27,467,490</b>	<b>-4,890,207</b>	<b>-966,834</b>	<b>-5,857,041</b>	<b>-299,876</b>	<b>-1,118,031</b>	<b>-41,375,666</b>
Acquisition costs	-6,391,535	-5,899,695	-1,237,111	-7,136,806	-1,380,744	-129,506	-1,510,250	-2,948	0	-15,041,539
Change in deferred acquisition costs	690,551	700,797	458,945	1,159,742	178,205	197	178,402	0	0	2,028,695
Other operating expenses	-932,243	-15,435,455	-6,054,972	-21,490,426	-3,687,668	-837,525	-4,525,193	-296,928	-1,118,031	-28,362,822
<b>Expenses relating to investments in related parties</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Impairment loss on goodwill	0	0	0	0	0	0	0	0	0	0
<b>Expenses for financial assets and liabilities</b>	<b>-2,171,591</b>	<b>-56,878</b>	<b>-55,791</b>	<b>-112,669</b>	<b>-18,413</b>	<b>-152,565</b>	<b>-170,979</b>	<b>-56,585</b>	<b>-467</b>	<b>-2,512,291</b>
Impairment losses on financial assets not at fair value through profit or loss	0	0	0	0	0	0	0	0	0	0
Interest expense	0	0	-5,064	-5,064	0	0	0	0	-467	-5,531
Other investment expenses	-2,171,591	-56,878	-50,727	-107,605	-18,413	-152,565	-170,979	-56,585	0	-2,506,760
<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>-6,595,872</b>	<b>-891</b>	<b>-6,596,763</b>	<b>0</b>	<b>0</b>	<b>-6,596,763</b>
<b>Other technical expenses</b>	<b>-1,483,729</b>	<b>-1,917,567</b>	<b>-1,034,048</b>	<b>-2,951,615</b>	<b>-33,218</b>	<b>-115,506</b>	<b>-148,724</b>	<b>-16,503</b>	<b>-41,290</b>	<b>-4,641,861</b>
<b>Other expenses</b>	<b>-508,681</b>	<b>-311,689</b>	<b>-112,592</b>	<b>-424,281</b>	<b>-11,816</b>	<b>-3,996</b>	<b>-15,812</b>	<b>-2</b>	<b>-25</b>	<b>-948,801</b>
<b>Profit or loss before tax</b>	<b>426,849</b>	<b>3,722,389</b>	<b>-53,815</b>	<b>3,668,575</b>	<b>2,553,121</b>	<b>-107,431</b>	<b>2,445,690</b>	<b>75,597</b>	<b>-35,770</b>	<b>6,580,941</b>
Income tax expense										-1,949,148
<b>Net profit or loss for the period</b>										<b>4,631,793</b>
<b>Net profit or loss attributable to owners of the controlling company</b>										<b>4,583,832</b>
<b>Net profit or loss attributable to non-controlling interests</b>										<b>47,961</b>

*Income statement items by operating segment 1–3/2017*

(EUR) 1–3/2017	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total	
<b>Net earned premiums</b>	<b>16,233,050</b>	<b>58,603,561</b>	<b>12,413,791</b>	<b>71,017,353</b>	<b>21,268,940</b>	<b>1,709,458</b>	<b>22,978,398</b>	<b>640,531</b>	<b>0</b>	<b>110,869,332</b>
Gross premiums written	30,329,395	91,886,699	13,978,238	105,864,937	21,336,673	1,724,124	23,060,797	640,531	0	159,895,660
Written premiums ceded to reinsurers and co-insurers	-308,676	-13,540,689	-1,231,482	-14,772,172	-66,776	-1,137	-67,913	0	0	-15,148,760
Change in gross unearned premiums	-13,202,221	-27,727,025	-697,363	-28,424,388	1,832	-13,297	-11,465	0	0	-41,638,074
Change in unearned premiums, reinsurers' and co-insurers' shares	-585,448	7,984,577	364,399	8,348,975	-2,789	-232	-3,021	0	0	7,760,506
<b>Investment income</b>	<b>2,583,641</b>	<b>1,963,599</b>	<b>617,552</b>	<b>2,581,150</b>	<b>2,357,131</b>	<b>211,135</b>	<b>2,568,266</b>	<b>242,840</b>	<b>0</b>	<b>7,975,897</b>
Interest income	682,411	1,442,672	559,962	2,002,634	1,972,949	148,941	2,121,890	107,077	0	4,914,012
Other investment income	1,901,230	520,927	57,590	578,516	384,182	62,194	446,376	135,763	0	3,061,885
<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>6,924,499</b>	<b>220</b>	<b>6,924,719</b>	<b>0</b>	<b>0</b>	<b>6,924,719</b>
<b>Other technical income</b>	<b>839,407</b>	<b>934,920</b>	<b>580,057</b>	<b>1,514,977</b>	<b>416,973</b>	<b>6,531</b>	<b>423,504</b>	<b>354,526</b>	<b>0</b>	<b>3,132,414</b>
Commission income	56,539	401,601	140,881	542,482	0	0	0	0	0	599,021
Other technical income	782,868	533,319	439,176	972,495	416,973	6,531	423,504	354,526	0	2,533,393
<b>Other income</b>	<b>83,232</b>	<b>618,995</b>	<b>364,970</b>	<b>983,965</b>	<b>669,956</b>	<b>6,011</b>	<b>675,967</b>	<b>5,450</b>	<b>0</b>	<b>1,748,614</b>
<b>Net claims incurred</b>	<b>-11,310,222</b>	<b>-32,504,076</b>	<b>-7,296,042</b>	<b>-39,800,119</b>	<b>-25,468,493</b>	<b>-439,775</b>	<b>-25,908,268</b>	<b>-95,358</b>	<b>0</b>	<b>-77,113,967</b>
Gross claims payments less income from recourse receivables	-12,158,587	-37,234,462	-6,199,910	-43,434,372	-25,237,496	-412,037	-25,649,533	-95,358	0	-81,337,850
Reinsurers' and co-insurers' shares	101,614	1,510,309	499,270	2,009,580	39,198	0	39,198	0	0	2,150,392
Change in the gross claims provision	867,719	4,008,707	-496,312	3,512,395	-275,309	-26,502	-301,811	0	0	4,078,303
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-120,968	-788,631	-1,099,091	-1,887,721	5,114	-1,236	3,878	0	0	-2,004,812
<b>Change in other technical provisions</b>	<b>-202,999</b>	<b>-2,478,361</b>	<b>-156,389</b>	<b>-2,634,750</b>	<b>-1,785,356</b>	<b>-551,931</b>	<b>-2,337,287</b>	<b>-637,915</b>	<b>0</b>	<b>-5,812,951</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>5,990,768</b>	<b>-8,099</b>	<b>5,982,669</b>	<b>0</b>	<b>0</b>	<b>5,982,669</b>
<b>Expenses for bonuses and rebates</b>	<b>0</b>	<b>907,552</b>	<b>-14,640</b>	<b>892,912</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>892,912</b>
<b>Operating expenses</b>	<b>-3,930,636</b>	<b>-18,751,362</b>	<b>-6,194,849</b>	<b>-24,946,210</b>	<b>-4,949,517</b>	<b>-819,967</b>	<b>-5,769,484</b>	<b>-355,023</b>	<b>0</b>	<b>-35,001,354</b>
Acquisition costs	-3,901,230	-4,800,444	-696,586	-5,497,030	-1,364,612	-138,703	-1,503,315	-16,081	0	-10,917,656
Change in deferred acquisition costs	923,905	626,907	389,951	1,016,858	135,193	168	135,361	0	0	2,076,124
Other operating expenses	-953,311	-14,577,825	-5,888,214	-20,466,038	-3,720,098	-681,432	-4,401,530	-338,942	0	-26,159,822
<b>Expenses for financial assets and liabilities</b>	<b>-1,463,313</b>	<b>-30,029</b>	<b>-12,533</b>	<b>-42,561</b>	<b>-6,741</b>	<b>-150,982</b>	<b>-157,723</b>	<b>-29,302</b>	<b>0</b>	<b>-1,692,899</b>
Interest expense	-409,340	0	-10	-10	0	0	0	0	0	-409,350
Other investment expenses	-1,053,973	-30,029	-12,523	-42,551	-6,741	-150,982	-157,723	-29,302	0	-1,283,549
<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>-1,640,970</b>	<b>-6</b>	<b>-1,640,976</b>	<b>0</b>	<b>0</b>	<b>-1,640,976</b>
<b>Other technical expenses</b>	<b>-872,103</b>	<b>-2,416,884</b>	<b>-1,094,407</b>	<b>-3,511,291</b>	<b>-49,504</b>	<b>-42,975</b>	<b>-92,479</b>	<b>-8,685</b>	<b>0</b>	<b>-4,484,558</b>
<b>Other expenses</b>	<b>-40,505</b>	<b>-203,454</b>	<b>-179,345</b>	<b>-382,799</b>	<b>-509</b>	<b>-3,217</b>	<b>-3,726</b>	<b>2</b>	<b>0</b>	<b>-427,028</b>
<b>Profit or loss before tax</b>	<b>1,919,553</b>	<b>6,644,461</b>	<b>-971,834</b>	<b>5,672,626</b>	<b>3,727,176</b>	<b>-83,597</b>	<b>3,643,579</b>	<b>117,066</b>	<b>0</b>	<b>11,352,824</b>
Income tax expense										-2,163,252
<b>Net profit or loss for the period</b>										<b>9,189,572</b>
<b>Net profit or loss attributable to owners of the controlling company</b>										<b>9,175,263</b>
<b>Net profit or loss attributable to non-controlling interests</b>										<b>14,309</b>



*Inter-segment business*

(EUR)	Reinsurance business		Non-life business		Life business		Pension business		Other	
	1-3/2018	1-3/2017	1-3/2018	1-3/2017	1-3/2018	1-3/2017	1-3/2018	1-3/2017	1-3/2018	1-3/2017
Net earned premiums	26,001,419	25,653,221	93,171	57,881	0	0	0	0	0	0
Net claims incurred	-7,202,504	-6,722,644	-62,303	-168,547	0	0	0	0	0	0
Operating expenses	-2,589,510	-2,510,790	-457,735	-325,772	-271,727	-97,419	-271,727	-97,419	0	0
Investment income	16,640	37,475	124	866	0	0	0	0	0	0
Other income	61,950	6,978	207,832	278,786	296,640	150,000	296,640	150,000	186,978	0

## 7.8 Business combinations

In January 2018, the acquisition of the Slovenian-based company TBS Team 24 was finalised. The controlling company became the company's majority owner with a stake of 75%. TBS Team 24 was first consolidated in the Group financial statement on 31 January 2018. The following table shows the fair value of the net assets of the acquired company in the business combination and goodwill recognised.

(EUR)	TBS Team 24
Intangible assets	2,942
Property and equipment	106,510
Receivables	2,274,115
Cash and cash equivalents	14,951
Other assets	173,922
<b>A. Total assets</b>	<b>2,572,440</b>
Liabilities from operating activities and other liabilities	1,850,202
<b>B. Total liabilities</b>	<b>1,850,202</b>
Fair value of net assets acquired (A – B)	722,238
Non-controlling interests in equity as at 31/01/2018	180,559
<b>Goodwill</b>	<b>2,270,821</b>
<b>Market value of investment as at 31/01/2018</b>	<b>2,812,500</b>

### *Cash flow on acquisition of the company TBS Team 24*

(EUR)	TBS Team 24
Acquisitions of interest	-2,812,500
Net cash and cash equivalents acquired in the business combination	14,951
<b>Net cash relating to the business combination</b>	<b>-2,797,549</b>

In March 2018, the acquisition of the companies Energoprojekt Garant (SRB) and NLB NPF (MKD) was finalised. The controlling company became the owner of a 92.94% stake in Energoprojekt Garant and the sole owner of NLB NPF. Energoprojekt Garant and NLB NPF were first consolidated in the Group financial statement on 31 March 2018. The following tables show the fair value of the net assets of the acquired companies in the business combinations and goodwill recognised.

(EUR)	Energoprojekt Garant
Intangible assets	16,156
Property and equipment	32,992
Investment property	1,972,586
Financial investments	5,425,457
Reinsurers' share of technical provisions	181,305
Receivables	340,752
Cash and cash equivalents	751,942
Other assets	29,023
<b>A. Total assets</b>	<b>8,750,213</b>
Technical provisions	1,846,333
Other provisions	3,011
Deferred tax liabilities	1,032
Liabilities from operating activities and other liabilities	147,437
<b>B. Total liabilities</b>	<b>1,997,814</b>
Fair value of net assets acquired (A – B)	6,752,398
Non-controlling interests in equity as at 31 March 2018	476,719
<b>Goodwill</b>	<b>54,356</b>
<b>Market value of investment as at 31 March 2018</b>	<b>6,330,035</b>

*Cash flow on acquisition of the company Energoprojekt Garant*

(EUR)	Energoprojekt Garant
Acquisitions of interest	-6,330,035
Net cash and cash equivalents acquired in the business combination	751,942
<b>Net cash relating to the business combination</b>	<b>-5,578,093</b>

(EUR)	NLB NPF
Intangible assets	38,971
Property and equipment	17,448
Financial investments	7,917,244
Receivables	13,076
Cash and cash equivalents	46,440
Other assets	311,408
<b>A. Total assets</b>	<b>8,344,587</b>
Other provisions	60,602
Deferred tax liabilities	17,812
Liabilities from operating activities and other liabilities	441,600
<b>B. Total liabilities</b>	<b>520,014</b>
Fair value of net assets acquired (A – B)	7,824,573
Goodwill	11,710,411
<b>Market value of investment as at 31 March 2018</b>	<b>19,534,984</b>

*Cash flow on acquisition of the company NLB NPF*

(EUR)	NLB NPF
Acquisitions of interest	-19,534,984
Net cash and cash equivalents acquired in the business combination	46,440
<b>Net cash relating to the business combination</b>	<b>-19,488,544</b>

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

### 7.9.1 Intangible assets

In the first quarter, there was a material increase in intangible assets. It mainly relates to the increase in goodwill of EUR 14.0 million as a result of acquisitions. The disclosure of newly recognised goodwill by company is shown in section 7.8. "Business combinations".

(EUR)	Software	Goodwill	Property rights	Deferred acquisition costs	Other property and equipment	Total
<b>Cost</b>						
01/01/2018	11,062,977	14,548,585	0	3,883,806	15,292,194	44,787,562
Additions – acquisition of company	460,613	14,035,588	7,205	0	0	14,503,406
Additions	123,330	0	0	110,599	1,362	235,291
Disposals	0	0	0	0	-906	-906
Exchange differences	-9,150	0	0	0	0	-9,150
31/03/2018	11,637,770	28,584,173	7,205	3,994,405	15,292,650	59,516,203
<b>Accumulated amortisation and impairment losses</b>						
01/01/2018	8,074,618	0	0	0	14,000,000	22,074,618
Additions – acquisition of company	397,815	0	7,205	0	0	405,020
Additions	282,679	0	0	0	750,000	1,032,679
Exchange differences	-8,811	0	0	0	0	-8,811
31/03/2018	8,746,301	0	7,205	0	14,750,000	23,503,506
Carrying amount as at 01/01/2018	2,988,359	14,548,585	0	3,883,806	1,292,194	22,712,944
Carrying amount as at 31/03/2018	2,891,469	28,584,173	0	3,994,405	542,650	36,012,697

### 7.9.2 Property and equipment

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

(EUR)	Land	Buildings	Equipment	Other property and equipment	Total
<b>Cost</b>					
01/01/2018	7,834,841	49,629,117	23,976,932	242,407	81,683,297
Additions – acquisition of company	0	0	289,181	252,926	542,107
Additions	786	40,627	474,377	4,940	520,730
Disposals	-2,957	-173,003	-447,511	0	-623,471
Reclassification	0	0	-22,462	-32,885	-55,347
Exchange differences	0	-42	2,555	609	3,122
31/03/2018	7,832,670	49,496,699	24,273,072	467,997	82,070,438
<b>Accumulated depreciation and impairment losses</b>					
01/01/2018	0	17,924,007	18,243,994	77,283	36,245,284
Additions – acquisition of company	0	0	235,821	146,417	382,238
Additions	0	309,810	547,523	406	857,739
Disposals	0	-95,238	-345,923	0	-441,161
Reclassification	0	0	-9,395	-3,220	-12,615
Exchange differences	0	-1,654	1,517	1	-136
31/03/2018	0	18,136,925	18,673,537	220,887	37,031,349
Carrying amount as at 01/01/2018	7,834,841	31,705,110	5,732,938	165,124	45,438,014
Carrying amount as at 31/03/2018	7,832,670	31,359,774	5,599,535	247,110	45,039,090

### 7.9.3 Financial investments

In the first quarter of 2018, financial investments shrank by EUR 19.9 million compared to year-end 2017 owing to the maturing of the portion of the investment portfolio that the Group records as an increase in cash and cash equivalents. Another reason is the reinvestment of the portion of matured financial investments into the finalised acquisition of companies that joined the Sava Re Group in the first quarter of 2018.

*Financial investments as at 31 March 2018*

(EUR)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and deposits	Total
		Non-derivative				
		Designated to this category				
<b>31/03/2018</b>						
<b>Debt instruments</b>	<b>95,594,960</b>	<b>4,938,346</b>		<b>816,202,940</b>	<b>28,385,106</b>	<b>945,121,352</b>
Deposits and CDs	0	0		0	27,726,814	27,726,814
Government bonds	95,395,356	1,323,725		459,985,277	0	556,704,358
Corporate bonds	199,604	3,614,621		356,217,663	0	360,031,888
Loans granted	0	0		0	658,292	658,292
<b>Equity instruments</b>	<b>0</b>	<b>1,453,619</b>		<b>66,061,201</b>	<b>0</b>	<b>67,514,820</b>
Equities	0	538,345		17,340,151	0	17,878,496
Mutual funds	0	915,274		48,721,050	0	49,636,324
<b>Financial investments of reinsurers i.r.o. reinsurance contracts with cedants</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>5,573,855</b>	<b>5,573,855</b>
<b>Total</b>	<b>95,594,960</b>	<b>6,391,965</b>		<b>882,264,141</b>	<b>33,958,961</b>	<b>1,018,210,027</b>

*Financial investments as at 31 December 2017*

(EUR)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and deposits	Total
		Non-derivative				
		Designated to this category				
<b>31/12/2017</b>						
<b>Debt instruments</b>	<b>106,232,327</b>	<b>4,998,211</b>		<b>849,482,348</b>	<b>22,197,196</b>	<b>982,910,082</b>
Deposits and CDs	0	0		0	21,605,211	21,605,211
Government bonds	106,033,885	1,479,811		459,002,227	0	566,515,923
Corporate bonds	198,442	3,518,400		390,480,121	0	394,196,963
Loans granted	0	0		0	591,985	591,985
<b>Equity instruments</b>	<b>0</b>	<b>1,219,659</b>		<b>48,162,931</b>	<b>0</b>	<b>49,382,590</b>
Equities	0	561,191		16,963,643	0	17,524,834
Mutual funds	0	658,468		31,199,288	0	31,857,756
<b>Financial investments of reinsurers i.r.o. reinsurance contracts with cedants</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>5,832,347</b>	<b>5,832,347</b>
<b>Total</b>	<b>106,232,327</b>	<b>6,217,870</b>		<b>897,645,279</b>	<b>28,029,543</b>	<b>1,038,125,019</b>

(EUR)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and deposits	Total
		Non-derivative				
		Designated to this category				
<b>31/03/2018</b>						
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,721,270	138,787,171		58,249,673	1,506,711	208,264,825

(EUR)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and deposits	Total
		Non-derivative				
		Designated to this category				
<b>31/12/2017</b>						
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,903,616	145,131,820		58,665,766	13,526,851	227,228,053

## 7.9.4 Receivables

Receivables grew by EUR 36.6 million compared to the balance as at the end of 2017, chiefly due to the annual renewal of insurance contracts with legal entities but also with annual reinsurance contracts with cedants, and due to the dynamics of assessing reinsurance business. Some effect on the increase in receivables is also derived from the acquisitions finalised in the first quarter.

### Receivables by type

(EUR)	31/03/2018			31/12/2017		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	180,457,576	-26,733,620	153,723,956	148,688,925	-26,763,334	121,925,591
Receivables from insurance brokers	3,712,037	-789,524	2,922,513	3,117,305	-897,079	2,220,226
Other receivables arising out of primary insurance business	271,354	-124,861	146,493	311,426	-132,696	178,730
<b>Receivables arising out of primary insurance business</b>	<b>184,440,967</b>	<b>-27,648,005</b>	<b>156,792,962</b>	<b>152,117,656</b>	<b>-27,793,109</b>	<b>124,324,547</b>
Receivables for shares in claims payments	5,366,163	-176,987	5,189,176	6,013,897	-176,975	5,836,922
Other receivables from co-insurance and reinsurance	1,838,111	0	1,838,111	360,795	0	360,795
<b>Reinsurance and co-insurance receivables</b>	<b>7,204,274</b>	<b>-176,987</b>	<b>7,027,287</b>	<b>6,374,692</b>	<b>-176,975</b>	<b>6,197,717</b>
<b>Current tax assets</b>	<b>343,170</b>	<b>0</b>	<b>343,170</b>	<b>17,822</b>	<b>0</b>	<b>17,822</b>
Other short-term receivables arising out of insurance business	22,841,537	-20,221,826	2,619,711	22,890,785	-20,605,169	2,285,616
Receivables arising out of investments	2,137,212	-1,216,917	920,295	2,047,648	-1,212,006	835,642
Other receivables	8,781,060	-1,456,924	7,324,136	6,231,887	-1,437,706	4,794,181
<b>Other receivables</b>	<b>33,759,809</b>	<b>-22,895,667</b>	<b>10,864,142</b>	<b>31,170,320</b>	<b>-23,254,881</b>	<b>7,915,439</b>
<b>Total</b>	<b>225,748,220</b>	<b>-50,720,659</b>	<b>175,027,561</b>	<b>189,680,490</b>	<b>-51,224,965</b>	<b>138,455,525</b>

### Movement in allowance for receivables

(EUR)	31/03/2018						31/03/2018
	01/01/2018	Additions	Collection	Write-offs	Additions – acquisition of non-controlling interests	Exchange differences	
Receivables due from policyholders	-26,763,334	-789,045	367,077	482,298	-43,786	13,170	-26,733,620
Receivables from insurance brokers	-897,079	-10,989	120,572	0	-25	-2,003	-789,524
Other receivables arising out of primary insurance business	-132,696	0	7,043	0	0	792	-124,861
<b>Receivables arising out of primary insurance business</b>	<b>-27,793,109</b>	<b>-800,034</b>	<b>494,692</b>	<b>482,298</b>	<b>-43,811</b>	<b>11,959</b>	<b>-27,648,005</b>
Receivables for premiums arising out of reinsurance and co-insurance	0	0	0	0	0	0	0
Receivables for shares in claims payments	-176,975	0	0	0	0	-12	-176,987
<b>Reinsurance and co-insurance receivables</b>	<b>-176,975</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-12</b>	<b>-176,987</b>
Other short-term receivables arising out of insurance business	-20,605,169	-5,747	98,624	281,151	0	9,315	-20,221,826
Receivables arising out of investments	-1,212,006	-81	0	0	0	-4,830	-1,216,917
Other short-term receivables	-1,437,706	-32,840	15,997	0	0	-2,375	-1,456,924
<b>Other receivables</b>	<b>-23,254,881</b>	<b>-38,668</b>	<b>114,621</b>	<b>281,151</b>	<b>0</b>	<b>2,110</b>	<b>-22,895,667</b>
<b>Total</b>	<b>-51,224,965</b>	<b>-838,702</b>	<b>609,313</b>	<b>763,449</b>	<b>-43,811</b>	<b>14,057</b>	<b>-50,720,659</b>

### Receivables ageing analysis

(EUR)	31/03/2018			
	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	121,961,634	23,656,841	8,105,481	153,723,956
Receivables from insurance brokers	928,896	1,946,935	46,682	2,922,513
Other receivables arising out of primary insurance business	74,863	63,929	7,701	146,493
<b>Receivables arising out of primary insurance business</b>	<b>122,965,393</b>	<b>25,667,705</b>	<b>8,159,864</b>	<b>156,792,962</b>
Receivables for reinsurers' shares in claims	3,327,137	1,340,722	521,317	5,189,176
Other receivables from co-insurance and reinsurance	1,748,422	89,689	0	1,838,111
<b>Reinsurance and co-insurance receivables</b>	<b>5,075,559</b>	<b>1,430,411</b>	<b>521,317</b>	<b>7,027,287</b>
<b>Current tax assets</b>	<b>343,170</b>	<b>0</b>	<b>0</b>	<b>343,170</b>
Other short-term receivables arising out of insurance business	2,099,548	482,699	37,464	2,619,711
Short-term receivables arising out of financing	837,121	43,967	39,207	920,295
Other short-term receivables	6,477,103	761,018	86,015	7,324,136
<b>Other receivables</b>	<b>9,413,772</b>	<b>1,287,684</b>	<b>162,686</b>	<b>10,864,142</b>
<b>Total</b>	<b>137,797,894</b>	<b>28,385,800</b>	<b>8,843,867</b>	<b>175,027,561</b>

(EUR) 31/12/2017	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	95,115,426	19,205,728	7,604,437	121,925,591
Receivables from insurance brokers	910,753	1,269,562	39,911	2,220,226
Other receivables arising out of primary insurance business	106,151	66,590	5,989	178,730
<b>Receivables arising out of primary insurance business</b>	<b>96,132,330</b>	<b>20,541,880</b>	<b>7,650,337</b>	<b>124,324,547</b>
Receivables for premiums arising out of assumed reinsurance and co-insurance	0	0	0	0
Receivables for reinsurers' shares in claims	2,734,526	2,580,876	521,520	5,836,922
Other receivables from co-insurance and reinsurance	343,008	17,787	0	360,795
<b>Reinsurance and co-insurance receivables</b>	<b>3,077,534</b>	<b>2,598,663</b>	<b>521,520</b>	<b>6,197,717</b>
<b>Current tax assets</b>	<b>17,822</b>	<b>0</b>	<b>0</b>	<b>17,822</b>
Other short-term receivables arising out of insurance business	1,832,858	404,434	48,324	2,285,616
Short-term receivables arising out of financing	777,596	15,578	42,468	835,642
Other short-term receivables	4,369,177	341,327	83,677	4,794,181
<b>Other receivables</b>	<b>6,979,631</b>	<b>761,339</b>	<b>174,469</b>	<b>7,915,439</b>
<b>Total</b>	<b>106,207,317</b>	<b>23,901,882</b>	<b>8,346,326</b>	<b>138,455,525</b>

### 7.9.5 Cash and cash equivalents

(EUR)	31/03/2018	31/12/2017
Cash in hand	25,976	25,546
Cash in bank accounts	15,096,544	10,759,226
Cash equivalents	38,758,852	27,171,347
<b>Total</b>	<b>53,881,372</b>	<b>37,956,119</b>

As explained in section 7.9.3 “Financial investments”, in the first quarter of 2018, cash in bank accounts and cash equivalents increased compared to year-end 2017, mainly as the result of maturing financial investments that had not been reinvested by the date of this report. Cash and cash equivalent assets increased owing to an increased balance of call deposits.

### 7.9.6 Net earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 31 March 2018, the controlling company held 1,721,966 own shares, which are excluded when calculating the weighted average number of shares.

#### *Net earnings or loss per share*

(EUR)	1–3/2018	1–3/2017
Net profit or loss for the period	4,631,793	9,189,572
Net profit or loss for the period attributable to owners of the controlling company	4,583,832	9,175,263
Weighted average number of shares	15,497,696	15,497,696
<b>Net earnings or loss per share</b>	<b>0.30</b>	<b>0.59</b>

#### *Comprehensive income per share*

(EUR)	1–3/2018	1–3/2017
Comprehensive income for the period	2,012,822	7,146,053
Comprehensive income for the period attributable to owners of the controlling company	1,966,286	7,132,178
Weighted average number of shares	15,497,696	15,497,696
<b>Comprehensive income per share</b>	<b>0.13</b>	<b>0.46</b>

### 7.9.7 Technical provisions

Technical provisions increased by EUR 41.4 million, or 4.4%, compared to 31 December 2017. The largest increase was recorded in gross unearned premiums (EUR 43.9 million) and relates partly to the

establishment of high unearned premiums for coverages for which the annual premiums were accounted for at the beginning of the year and partly to the growth in non-life insurance business. The gross provision for traditional life policies decreased by 0.5% (or EUR 1.5 million). Downward pressures on provisions were due to numerous maturity benefits and surrender payments (EUR 7.9 million), while provisions were strengthened on account of the portfolio's aging and to a minor extent on account of new traditional life policies written, including pension annuity business during the distribution phase. Gross provisions for outstanding claims decreased by 0.4% (EUR 1.7 million), with uses relating to claim payments setting off increases resulting from new claims and portfolios, and positive effects from exchange differences. Gross mathematical provisions associated with unit-linked life business decreased by 7.5%, or EUR 17.1 million, mainly due to maturity benefits. Other technical provisions (bonuses and discounts, unexpired risks, diverse other) account for a smaller proportion and grew in total by EUR 0.6 million.

#### *Movements in gross technical provisions*

(EUR)	01/01/2018	Additions	Uses and releases	Additions, acquisition	Exchange differences	31/03/2018
Gross unearned premiums	171,857,259	107,077,499	-63,674,655	715,562	-181,978	215,793,687
Technical provisions for life insurance business	271,409,915	6,429,892	-7,909,825	0	18,672	269,948,654
Gross provision for outstanding claims	479,072,582	70,180,514	-70,941,179	674,115	-1,636,529	477,349,503
Gross provision for bonuses, rebates and cancellations	1,780,231	213,065	-252,343	0	-231	1,740,722
Other gross technical provisions	7,278,375	3,259,748	-3,031,621	448,977	6,169	7,961,648
<b>Total</b>	<b>931,398,362</b>	<b>187,160,718</b>	<b>-145,809,623</b>	<b>1,838,654</b>	<b>-1,793,897</b>	<b>972,794,214</b>
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	226,527,893	5,086,790	-22,176,498	0	0	209,438,185

### **7.9.8 Liabilities from operating activities**

Liabilities increased by EUR 10.8 million compared to the balance as at the end of 2017, chiefly due to the annual renewal of reinsurance treaties resulting in increased liabilities for reinsurance and co-insurance premiums, but also due to the dynamics of assessing reinsurance business.

#### *Types of liabilities*

(EUR)	31/03/2018	31/12/2017
Liabilities to policyholders	23,638,618	25,853,797
Liabilities to insurance intermediaries	2,549,783	2,697,913
Other liabilities from primary insurance business	28,374,384	26,159,579
<b>Liabilities from primary insurance business</b>	<b>54,562,785</b>	<b>54,711,289</b>
Liabilities for reinsurance and co-insurance premiums	14,670,034	5,112,473
Liabilities for shares in reinsurance claims	20,785	42,392
Other liabilities from co-insurance and reinsurance business	13,949	5,318
<b>Liabilities from reinsurance and co-insurance business</b>	<b>14,704,768</b>	<b>5,160,183</b>
<b>Current tax liabilities</b>	<b>2,142,632</b>	<b>726,716</b>
<b>Total</b>	<b>71,410,185</b>	<b>60,598,188</b>



### Maturity structure of liabilities

(EUR) 31/03/2018	Maturity		
	1–5 years	Up to 1 year	Total
Liabilities to policyholders	0	23,638,618	23,638,618
Liabilities to insurance intermediaries	6,148	2,543,635	2,549,783
Other liabilities from primary insurance business	6,855	28,367,529	28,374,384
<b>Liabilities from primary insurance business</b>	<b>13,003</b>	<b>54,549,782</b>	<b>54,562,785</b>
Liabilities for reinsurance and co-insurance premiums	2,490	14,667,544	14,670,034
Liabilities for shares in reinsurance claims	0	20,785	20,785
Other liabilities from co-insurance and reinsurance business	0	13,949	13,949
<b>Liabilities from reinsurance and co-insurance business</b>	<b>2,490</b>	<b>14,702,278</b>	<b>14,704,768</b>
Current tax liabilities	0	2,142,632	2,142,632
<b>Total</b>	<b>15,493</b>	<b>71,394,692</b>	<b>71,410,185</b>

(EUR) 31/12/2017	Maturity		
	1–5 years	Up to 1 year	Total
Liabilities to policyholders	0	25,853,797	25,853,797
Liabilities to insurance intermediaries	301	2,697,612	2,697,913
Other liabilities from primary insurance business	0	26,159,579	26,159,579
<b>Liabilities from primary insurance business</b>	<b>301</b>	<b>54,710,988</b>	<b>54,711,289</b>
Liabilities for reinsurance and co-insurance premiums	1,756	5,110,717	5,112,473
Liabilities for shares in reinsurance claims	0	42,392	42,392
Other liabilities from co-insurance and reinsurance business	0	5,318	5,318
<b>Liabilities from reinsurance and co-insurance business</b>	<b>1,756</b>	<b>5,158,427</b>	<b>5,160,183</b>
Current tax liabilities	0	726,716	726,716
<b>Total</b>	<b>2,057</b>	<b>60,596,131</b>	<b>60,598,188</b>

### 7.9.9 Fair values of assets and liabilities

#### Financial assets measured at fair value by level of the fair value hierarchy as at 31 March 2018

(EUR) 31/03/2018	Carrying amount	Fair value				Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3			
<b>Financial investments measured at fair value</b>	<b>888,656,106</b>	<b>715,045,764</b>	<b>150,914,703</b>	<b>22,695,639</b>	<b>888,656,106</b>	<b>0</b>	
<i>At fair value through P/L</i>	<i>6,391,965</i>	<i>3,852,974</i>	<i>2,227,557</i>	<i>311,434</i>	<i>6,391,965</i>	<i>0</i>	
<i>Designated to this category</i>	<i>6,391,965</i>	<i>3,852,974</i>	<i>2,227,557</i>	<i>311,434</i>	<i>6,391,965</i>	<i>0</i>	
Debt instruments	4,938,346	2,913,224	1,713,688	311,434	4,938,346	0	
Equity instruments	1,453,619	939,750	513,869	0	1,453,619	0	
<b>Available-for-sale</b>	<b>882,264,141</b>	<b>711,192,790</b>	<b>148,687,146</b>	<b>22,384,205</b>	<b>882,264,141</b>	<b>0</b>	
Debt instruments	816,202,940	665,860,216	135,836,201	14,506,523	816,202,940	0	
Equity instruments	66,061,201	45,332,574	12,850,945	7,877,682	66,061,201	0	
Investments for the benefit of life policyholders who bear the investment risk measured at fair value	197,036,844	191,025,200	6,011,644	0	197,036,844	0	
<b>Investments not measured at fair value</b>	<b>129,553,921</b>	<b>73,480,990</b>	<b>57,784,249</b>	<b>9,078,780</b>	<b>140,344,019</b>	<b>10,790,098</b>	
<i>Held-to-maturity assets</i>	<i>95,594,960</i>	<i>73,480,990</i>	<i>28,985,423</i>	<i>0</i>	<i>102,466,413</i>	<i>6,871,453</i>	
Debt instruments	95,594,960	73,480,990	28,985,423	0	102,466,413	6,871,453	
<b>Loans and receivables</b>	<b>33,958,961</b>	<b>0</b>	<b>28,798,826</b>	<b>9,078,780</b>	<b>37,877,606</b>	<b>3,918,645</b>	
Deposits	27,726,814	0	28,798,826	0	28,798,826	1,072,012	
Loans granted	658,292	0	0	3,504,925	3,504,925	2,846,633	
Deposits with cedants	5,573,855	0	0	5,573,855	5,573,855	0	
Investments for the benefit of life policyholders who bear the investment risk not measured at fair value	11,227,981	10,375,010	1,708,101	0	12,083,111	855,130	

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

(EUR) 31/12/2017	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
<b>Investments measured at fair value</b>	<b>903,863,149</b>	<b>693,779,164</b>	<b>195,278,191</b>	<b>14,805,794</b>	<b>903,863,149</b>	<b>0</b>
<i>At fair value through P/L</i>	6,217,870	3,522,808	2,384,776	310,286	6,217,870	0
<i>Designated to this category</i>	6,217,870	3,522,808	2,384,776	310,286	6,217,870	0
Debt instruments	4,998,211	2,821,388	1,866,537	310,286	4,998,211	0
Equity instruments	1,219,659	701,420	518,239	0	1,219,659	0
<b>Available-for-sale</b>	<b>897,645,279</b>	<b>690,256,356</b>	<b>192,893,415</b>	<b>14,495,508</b>	<b>897,645,279</b>	<b>0</b>
Debt instruments	849,482,348	658,821,312	180,410,633	10,250,403	849,482,348	0
Equity instruments	48,162,931	31,435,044	12,482,782	4,245,105	48,162,931	0
Other investments	0	0	0	0	0	0
<b>Investments for the benefit of policyholders who bear the investment risk</b>	<b>203,797,586</b>	<b>192,098,788</b>	<b>11,698,798</b>		<b>203,797,586</b>	<b>0</b>
<b>Investments not measured at fair value</b>	<b>134,261,870</b>	<b>85,121,533</b>	<b>51,603,990</b>	<b>6,424,332</b>	<b>143,149,855</b>	<b>8,887,985</b>
<b>Held-to-maturity assets</b>	<b>106,232,327</b>	<b>85,121,533</b>	<b>29,118,080</b>	<b>0</b>	<b>114,239,613</b>	<b>8,007,286</b>
Debt instruments	106,232,327	85,121,533	29,118,080	0	114,239,613	8,007,286
<b>Loans and receivables</b>	<b>28,029,543</b>	<b>0</b>	<b>22,485,910</b>	<b>6,424,332</b>	<b>28,910,242</b>	<b>880,699</b>
Deposits	21,605,211	0	22,485,910	0	22,485,910	880,699
Loans granted	591,985	0	0	591,985	591,985	0
Deposits with cedants	5,832,347	0	0	5,832,347	5,832,347	0
<b>Investments for the benefit of policyholders who bear the investment risk</b>	<b>23,430,467</b>	<b>10,650,182</b>	<b>13,729,849</b>		<b>24,380,031</b>	<b>949,564</b>

*Movements in level 3 FVPL financial assets*

(EUR)	Debt instruments		Equity instruments	
	31/03/2018	31/12/2017	31/03/2018	31/12/2017
<b>Opening balance</b>	<b>10,560,689</b>	<b>7,138,804</b>	<b>4,245,105</b>	<b>4,565,105</b>
Additions – acquisition of companies	2,772,780	0	11,524	0
Additions	1,561,554	3,344,783	3,621,053	0
Impairment	0	0	0	-320,000
Maturity	-100,000	-354,754	0	0
Revaluation to fair value	22,934	431,856	0	0
<b>Closing balance</b>	<b>14,817,957</b>	<b>10,560,689</b>	<b>7,877,682</b>	<b>4,245,105</b>

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

31/03/2018	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Property		56,475,686	54,769,937	
Owner-occupied property	31/03/2018	39,192,445	36,965,271	market approach and income approach (weighted 50: 50), new purchases at cost
Investment property	31/03/2018	17,283,241	17,804,666	
<b>Total</b>		<b>56,475,686</b>	<b>54,769,937</b>	

*Changes in fair value of property in the period 1–3/2018*

(EUR)	Opening balance	Acquisitions	Disposals	Change in fair value	Additions – acquisition of non-controlling interests	Exchange differences	Closing balance
Owner-occupied property	37,093,592	41,413	-87,700	-85,778	0	3,744	36,965,271
Investment property	15,831,277	808	-12,027	-5,000	1,964,383	25,225	17,804,666
<b>Total</b>	<b>52,924,869</b>	<b>42,221</b>	<b>-99,727</b>	<b>-90,778</b>	<b>1,964,383</b>	<b>28,969</b>	<b>54,769,937</b>

*Reclassification of assets and financial liabilities between levels in the period 1–3/2018*

(EUR)	Level 1	Level 2
<b>Available-for-sale</b>	<b>35,262,510</b>	<b>-35,262,510</b>
Debt instruments	35,262,510	-35,262,510
<b>Total</b>	<b>35,262,510</b>	<b>-35,262,510</b>

Reclassifications from the previous period relate to debt securities reclassified into level 1 due to the increase in the reliability of the price source (CBBT price<sup>9</sup>).

## 8 RELATED-PARTY DISCLOSURES

Fixed remuneration of management board members for performing their function in the first quarter of 2018 totalled EUR 149,388 (1–3/2017: EUR 117,138); there was no variable remuneration in the first quarter (1–3/2017: EUR 0). Fringe benefits were EUR 10,370 (1–3/2017: EUR 10,182).

Remunerations paid to supervisory board members and the members of SB committees in the first quarter of 2018 totalled EUR 35,567 (1–3/2017: EUR 33,806).

### *Remuneration of management board members in 1–3/2018*

(EUR)	Gross salary – fixed amount	Gross salary – variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Marko Jazbec	39,840	0	57	2,049	41,946
Jošt Dolničar	35,850	0	1,329	2,166	39,345
Srečko Čebtron	37,848	0	1,310	1,449	40,607
Polona Pirš Zupančič	30,654	0	1,118	892	32,664
Mateja Treven	5,196	0	0	0	5,196
<b>Total</b>	<b>149,388</b>	<b>0</b>	<b>3,814</b>	<b>6,556</b>	<b>159,758</b>

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

(EUR)	31/03/2018	31/12/2017
Marko Jazbec	13,280	13,280
Jošt Dolničar	11,950	11,950
Srečko Čebtron	12,616	12,616
Polona Pirš Zupančič	11,950	0
Mateja Treven	0	11,950
<b>Total</b>	<b>49,796</b>	<b>49,796</b>

<sup>9</sup> Composite Bloomberg Bond Trader: closing price published by the Bloomberg system based on binding bids.

*Remuneration of the members of the supervisory board and its committees in 1–3/2018*

(EUR)		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
<b>Supervisory board members</b>					
Mateja Lovšin Herič	chair of the SB	275	4,875	0	5,150
Keith William Morris	deputy chair	275	3,575	1,716	5,566
Gorazd Andrej Kunstek	member of the SB	275	3,250	0	3,525
Mateja Živec	member of the SB	275	3,250	0	3,525
Davor Ivan Gjivoje	member of the SB	330	3,250	0	3,580
Andrej Kren	member of the SB	275	3,250	39	3,564
<b>Total supervisory board members</b>		<b>1,705</b>	<b>21,450</b>	<b>1,755</b>	<b>24,910</b>
<b>Audit committee members</b>					
Andrej Kren	chair	440	1,219	58	1,717
Mateja Lovšin Herič	member	440	812	0	1,253
Ignac Dolenšek	external member	0	2,850	39	2,889
<b>Total audit committee members</b>		<b>880</b>	<b>4,881</b>	<b>97</b>	<b>5,858</b>
<b>Members of the nominations and remuneration committee</b>					
Mateja Lovšin Herič	chair	220	0	0	220
Keith William Morris	member	220	0	0	220
Davor Ivan Gjivoje	member	308	0	0	308
Andrej Kren	member	220	0	0	220
<b>Total nominations committee members</b>		<b>968</b>	<b>0</b>	<b>0</b>	<b>968</b>
<b>Members of the risk committee</b>					
Keith William Morris	chair of the committee	220	1,219	0	1,439
Davor Ivan Gjivoje	member	220	1,083	0	1,303
Slaven Mičković	external member	0	1,088	0	1,088
<b>Total risk committee members</b>		<b>440</b>	<b>3,390</b>	<b>0</b>	<b>3,830</b>

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

(EUR)	31/03/2018	31/12/2017
Mateja Lovšin Herič	2,611	2,391
Slaven Mičković	1,088	788
Gorazd Andrej Kunstek, member	1,358	1,358
Keith William Morris	7,225	3,714
Mateja Živec	1,358	1,358
Davor Ivan Gjivoje	1,849	1,534
Andrej Kren	2,282	2,023
Ignac Dolenšek	2,889	844
<b>Total</b>	<b>20,660</b>	<b>14,011</b>

*Transactions with subsidiaries*

*Investments in and amounts due from Group companies*

(EUR)	31/03/2018	31/12/2017
Debt securities and loans granted to Group companies	2,856,414	4,609,924
Receivables for premiums arising out of reinsurance assumed	27,103,757	13,394,084
Short-term receivables arising out of financing	6,243	6,308
Other short-term receivables	69,850	53,154
Short-term deferred acquisition costs	3,249,413	1,182,922
<b>Total</b>	<b>33,285,677</b>	<b>19,246,392</b>

*Liabilities to Group companies*

(EUR)	31/03/2018	31/12/2017
Liabilities for shares in reinsurance claims due to Group companies	7,379,884	8,248,985
Other liabilities from co-insurance and reinsurance	5,330,749	3,040,284
Other short-term liabilities	4,259	2,891
<b>Total (excl. provisions)</b>	<b>12,714,892</b>	<b>11,292,160</b>

*Income and expenses relating to Group companies*

(EUR)	1-3/2018	1-3/2017
Gross premiums written	26,001,419	25,653,221
Change in gross unearned premiums	-11,645,678	-12,406,388
Gross claims payments	-7,412,523	-6,998,740
Change in the gross claims provision	-1,207,518	1,407,943
Income from gross recourse receivables	210,019	276,096
Other operating expenses	-26,351	-5,705
Dividend income	13,116,985	570,000
Interest income	16,640	37,475
Acquisition costs	-4,629,649	-4,658,748
Change in deferred acquisition costs	2,066,490	2,153,663
Other technical income	59,162	6,585
Other non-life income	0	393
<b>Total</b>	<b>16,548,996</b>	<b>6,035,795</b>

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

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

<b>(EUR)</b>	<b>31/03/2018</b>	<b>31/12/2017</b>
Interests in companies	10,040,812	9,645,208
Debt securities and loans	191,865,077	203,987,529
Receivables due from policyholders	1,224,034	126,693
<b>Total</b>	<b>203,129,923</b>	<b>213,759,429</b>

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

<b>(EUR)</b>	<b>31/03/2018</b>	<b>31/12/2017</b>
Liabilities for shares in claims	6,017	19,478

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

<b>(EUR)</b>	<b>1-3/2018</b>	<b>1-3/2017</b>
Gross premiums written	7,856,838	9,508,027
Gross claims payments	-886,130	-1,026,056
Interest income	1,796,645	2,265,119
<b>Total</b>	<b>8,767,353</b>	<b>10,747,090</b>

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

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





## 9 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

### 9.1 Unaudited statement of financial position

(EUR)	31/03/2018	31/12/2017
<b>ASSETS</b>	<b>625,054,968</b>	<b>580,886,180</b>
Intangible assets	789,022	807,011
Property and equipment	2,530,733	2,485,645
Deferred tax assets	1,295,337	1,238,826
Investment property	8,226,181	8,230,878
Financial investments in subsidiaries and associates	222,456,270	193,409,578
<b>Financial investments:</b>	<b>229,445,897</b>	<b>250,781,685</b>
- loans and deposits	10,825,271	12,840,885
- held to maturity	1,998,357	2,075,111
- available for sale	216,216,258	235,456,116
- at fair value through profit or loss	406,011	409,573
Reinsurers' share of technical provisions	25,248,151	20,073,571
<b>Receivables</b>	<b>115,807,251</b>	<b>88,602,395</b>
Receivables arising out of primary insurance business	109,666,436	85,167,822
Reinsurance and co-insurance receivables	5,610,851	3,202,926
Other receivables	529,964	231,647
<b>Deferred acquisition costs</b>	<b>10,535,540</b>	<b>7,778,499</b>
<b>Other assets</b>	<b>626,485</b>	<b>799,634</b>
<b>Cash and cash equivalents</b>	<b>8,094,101</b>	<b>6,678,458</b>
<b>EQUITY AND LIABILITIES</b>	<b>625,054,968</b>	<b>580,886,180</b>
<b>Equity</b>	<b>305,142,852</b>	<b>290,966,155</b>
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	163,491,114	163,491,114
Own shares	-24,938,709	-24,938,709
Fair value reserve	3,563,847	3,804,764
Reserve due to fair value revaluation	4,837	13,524
Retained earnings	22,499,329	6,012,233
Net profit or loss for the period	14,426,301	16,487,096
<b>Technical provisions</b>	<b>253,209,582</b>	<b>232,639,163</b>
Unearned premiums	69,246,687	47,602,457
Provision for outstanding claims	183,098,291	184,269,492
Other technical provisions	864,604	767,214
<b>Other provisions</b>	<b>394,466</b>	<b>351,250</b>
<b>Other financial liabilities</b>	<b>91,127</b>	<b>91,182</b>
<b>Liabilities from operating activities</b>	<b>63,148,480</b>	<b>54,404,921</b>
Liabilities from primary insurance business	52,312,997	51,160,114
Liabilities from reinsurance and co-insurance business	10,307,435	3,090,008
Current income tax liabilities	528,048	154,799
<b>Other liabilities</b>	<b>3,068,461</b>	<b>2,433,509</b>

## 9.2 Unaudited income statement

(EUR)	1–3/2018	1–3/2017
<b>Net earned premiums</b>	<b>30,254,371</b>	<b>26,297,750</b>
Gross premiums written	56,757,489	55,982,616
Written premiums ceded to reinsurers and co-insurers	-9,977,442	-10,113,873
Change in gross unearned premiums	-21,644,230	-25,608,609
Change in unearned premiums, reinsurers' and co-insurers' shares	5,118,554	6,037,616
<b>Income from investments in subsidiaries and associates</b>	<b>13,116,985</b>	<b>570,000</b>
<b>Investment income</b>	<b>1,876,313</b>	<b>3,053,979</b>
Interest income	884,815	1,025,116
Other investment income	991,498	2,028,863
<b>Other technical income</b>	<b>1,889,201</b>	<b>1,108,719</b>
Commission income	738,278	254,610
Other income	1,150,923	854,109
<b>Other income</b>	<b>99,543</b>	<b>18,969</b>
<b>Net claims incurred</b>	<b>-17,215,666</b>	<b>-16,093,158</b>
Gross claims payments, net of income from recourse receivables	-19,299,446	-18,881,231
Reinsurers' and co-insurers' shares	856,551	934,132
Change in the gross claims provision	1,171,202	2,275,662
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	56,027	-421,721
<b>Change in other technical provisions</b>	<b>-165,660</b>	<b>-202,999</b>
<b>Expenses for bonuses and rebates</b>	<b>68,270</b>	<b>239,496</b>
<b>Operating expenses</b>	<b>-10,932,049</b>	<b>-7,813,804</b>
Acquisition costs	-11,021,184	-8,559,978
Change in deferred acquisition costs	2,757,041	3,077,568
Other operating expenses	-2,667,906	-2,331,394
<b>Expenses for financial assets and liabilities</b>	<b>-2,193,479</b>	<b>-1,469,278</b>
Interest expenses	0	-409,340
Diverse other expenses	-2,193,479	-1,059,938
<b>Other technical expenses</b>	<b>-1,483,729</b>	<b>-857,928</b>
<b>Other expenses</b>	<b>-104,505</b>	<b>-24,681</b>
<b>Profit or loss before tax</b>	<b>15,209,595</b>	<b>4,827,065</b>
<b>Income tax expense</b>	<b>-783,294</b>	<b>-324,419</b>
<b>Net profit or loss for the period</b>	<b>14,426,301</b>	<b>4,502,646</b>
<b>Earnings or loss per share (basic and diluted)</b>	<b>0.93</b>	<b>0.29</b>

### 9.3 Unaudited statement of comprehensive income

(EUR)	1-3/2018	1-3/2017
<b>PROFIT OR LOSS FOR THE PERIOD, NET OF TAX</b>	<b>14,426,301</b>	<b>4,502,646</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>-249,603</b>	<b>-221,433</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>-8,687</b>	<b>5,694</b>
Other items that will not be reclassified subsequently to profit or loss	-8,687	5,694
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>-240,917</b>	<b>-227,127</b>
<b>Net gains/losses on remeasuring available-for-sale financial assets</b>	<b>-297,429</b>	<b>-280,405</b>
Net change recognised in the fair value reserve	13,393	34,309
Net change transferred from fair value reserve to profit or loss	-310,822	-314,714
Tax on items that may be reclassified subsequently to profit or loss	<b>56,513</b>	<b>53,278</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>14,176,698</b>	<b>4,281,213</b>

## 9.4 Unaudited statement of changes in equity

### Unaudited statement of changes in equity for the three months to 31 March 2018

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves			IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares (contra account)	Total (1–13)	
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve							Other
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	113,565,881	3,804,764	13,524	6,012,233	16,487,096	-24,938,709	290,966,155
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	113,565,881	3,804,764	13,524	6,012,233	16,487,096	-24,938,709	290,966,155
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-240,916	-8,687	0	14,426,301	0	14,176,698
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	14,426,301	0	14,426,301
b) Other comprehensive income	0	0	0	0	0	0	-240,916	-8,687	0	0	0	-249,603
Transfer of profit	0	0	0	0	0	0	0	0	16,487,096	-16,487,096	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	113,565,880	3,563,847	4,837	22,499,329	14,426,301	-24,938,709	305,142,852

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

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves			IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares (contra account)	Total (1–13)	
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve							Other
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	97,078,786	3,785,553	-1,765	9,283,163	9,127,228	-24,938,709	270,355,622
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	97,078,786	3,785,553	-1,765	9,283,163	9,127,228	-24,938,709	270,355,622
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-227,127	5,694	0	4,502,646	0	4,281,213
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	4,502,646	0	4,502,646
b) Other comprehensive income	0	0	0	0	0	0	-227,127	5,694	0	0	0	-221,433
Transfer of profit	0	0	0	0	0	0	0	0	9,127,228	-9,127,228	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	97,078,786	3,558,426	3,929	18,410,391	4,502,646	-24,938,709	274,636,834

## 9.5 Unaudited statement of cash flows

(EUR)	1–3/2018	1–3/2017
<b>A. Cash flows from operating activities</b>		
<b>a.) Items of the income statement</b>	<b>14,485,703</b>	<b>17,290,386</b>
1. Net premiums written in the period	46,780,047	45,868,743
2. Investment income (other than financial income)	1,419	2,476
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	1,988,743	1,127,688
4. Net claims payments in the period	-18,442,895	-17,947,099
5. Expenses for bonuses and rebates	68,270	239,496
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-13,572,707	-10,793,841
7. Investment expenses (excluding amortisation and financial expenses)	0	-50
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-1,553,881	-882,609
9. Tax on profit and other taxes not included in operating expenses	-783,294	-324,419
<b>b.) Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position</b>	<b>-17,540,466</b>	<b>-13,259,259</b>
1. Change in receivables from primary insurance	-24,498,614	0
2. Change in receivables from reinsurance	-2,407,925	-27,484,539
4. Change in other receivables and other assets	-125,168	-3,003,160
5. Change in deferred tax assets	-56,512	-53,276
7. Change in liabilities arising out of primary insurance	1,152,883	0
6. Change in liabilities arising out of reinsurance business	7,217,427	13,695,817
7. Change in other operating liabilities	282,140	2,802,553
8. Change in other liabilities (except unearned premiums)	895,303	783,346
<b>c.) Net cash from/used in operating activities (a + b)</b>	<b>-3,054,763</b>	<b>4,031,127</b>
<b>B. Cash flows from investing activities</b>		
<b>a.) Cash receipts from investing activities</b>	<b>232,596,105</b>	<b>144,985,876</b>
1. Interest received from investing activities	884,815	1,025,116
2. Cash receipts from dividends and participation in the profit of others	13,116,985	572,599
4. Proceeds from sale of property and equipment	5,130	995
5. Proceeds from sale of financial investments	218,589,176	143,387,166
<b>b.) Cash disbursements in investing activities</b>	<b>-228,125,699</b>	<b>-135,031,852</b>
1. Purchase of intangible assets	-38,902	-46,718
2. Purchase of property and equipment	-153,332	-53,262
3. Purchase of financial investments	-227,933,466	-134,931,873
<b>c.) Net cash from/used in investing activities (a + b)</b>	<b>4,470,406</b>	<b>9,954,023</b>
<b>C. Cash flows from financing activities</b>		
<b>b.) Cash disbursements in financing activities</b>	<b>0</b>	<b>-12,591,380</b>
1. Interest paid	0	-409,340
3. Repayment of long-term financial liabilities	0	-12,182,040
<b>c.) Net cash from/used in financing activities (a + b)</b>	<b>0</b>	<b>-12,591,380</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>8,094,101</b>	<b>9,383,589</b>
<b>x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>1,415,643</b>	<b>1,393,770</b>
<b>y) Opening balance of cash and cash equivalents</b>	<b>6,678,458</b>	<b>7,989,819</b>



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





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

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<b>Accounting currency.</b> A local currency used in the accounting documentation. Reinsurance contracts may be accounted for using various accounting currencies. Generally, this is the currency in which are denominated liabilities and receivables in relation to the cedant, and hence also the reinsurer.
<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>Business continuity plan.</b> Document comprising procedures for ensuring continuity of key business processes and systems. The contingency plan is an integral part of the business continuity plan, setting out technical and organisational measures to return to normal operation and minimise the consequences of severe business disruptions.
<b>BVAL price. Engl. Bloomberg valuation price. The price obtained from the Bloomberg information system.</b>
<b>Capital fund.</b> Assets representing the capital of the Company.
<b>CBBT price.</b> Engl. Composite Bloomberg Bond Trader price. Closing price available in the Bloomberg information system based on binding bids.
<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. 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>Comprehensive income.</b> 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.
<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 of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.
<b>Currency risk.</b> The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.
<b>Dividend yield.</b> Ratio of dividend per share to the average price per share in the period.
<b>Earnings per share.</b> Ratio of net profit/loss as a percentage of the weighted average number of shares outstanding.
<b>EIOPA.</b> European Insurance and Occupational Pensions Authority.
<b>Eligible own funds.</b> The value of own funds eligible to cover the solvency capital requirement.
<b>Equity risk.</b> The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
<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.

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<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>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 sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.
<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 insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.
<b>Market risks.</b> Include interest rate risk, equity risk and currency risk.
<b>Minimum capital requirement (MCR).</b> The minimum capital requirement must be equal to the amount of eligible own funds under which policyholders, insured persons and other beneficiaries under insurance contracts would be exposed to an unacceptable risk level if the undertaking were allowed to continue operations.
<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 – 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.
<b>Net operating expenses.</b> Operating expenses net of commission income.
<b>Net premiums earned.</b> Net premiums written for a given period adjusted for the change in net unearned premiums.
<b>Net premiums written.</b> 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.
<b>Net retention risk.</b> The risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience.
<b>Net/gross.</b> In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.
<b>Non-proportional reinsurance (excess reinsurance).</b> 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.
<b>Operational limit.</b> Operational limits for particular areas are determined on the basis of expressed risk tolerance limits. In absolute terms, this is the maximum amount acceptable for a particular risk so that the Company remains within its risk appetite framework.
<b>Operational risk.</b> The risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.
<b>ORSA.</b> Own risk and solvency assessment: an own assessment of the risks associated with an insurer's business and strategic plan, and the sufficiency of own funds to support those risks
<b>OTC market.</b> Engl. Over-The-Counter market. OTC market transactions are transactions outside the regulated market.
<b>Paid loss ratio.</b> The ratio of gross claims paid as a percentage of gross premiums written.

<b>Premiums written.</b> 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.
<b>Pricing risk.</b> The risk that (re)insurance premiums charged will be insufficient to cover future obligations arising from (re)insurance contracts.
<b>Primary insurer.</b> Insurance company that has a direct contractual relationship with the holder of the insurance policy (private individual, firm or organisation).
<b>Proportional reinsurance.</b> 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.
<b>RBNS.</b> Provision for claims that are <b>Reported But Not Settled</b> .
<b>Recourse receivables.</b> 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.
<b>Reputation risk.</b> Risk of loss due to the Company's negative image as perceived by its policyholders, business partners, owners and investors, supervisors or other stakeholders.
<b>Required solvency margin.</b> 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.
<b>Reserving risk.</b> The risk that technical provisions will be inadequate.
<b>Retention ratio.</b> Ratio of net premiums written as a percentage of gross premiums written.
<b>Retention.</b> 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.
<b>Retrocession.</b> The reinsurance bought by reinsurers; a transaction by which a reinsurer cedes risks to another reinsurer.
<b>Return on equity (ROE).</b> The ratio of net profit for the period as a percentage of average equity in the period.
<b>Return on the investment portfolio.</b> 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 as at the reporting date and as at the end of the prior year.
<b>Risk appetite.</b> The level of risk that a company is willing to take in pursuit of its strategic objectives. It is determined based on the acceptable solvency ratio, ratio of high-quality liquid assets as a percentage of the investment portfolio, profitability of insurance products and reputation risk.
<b>Risk register.</b> Catalogue of all identified risks maintained regularly updated by the Company.
<b>Solvency capital requirement (SCR).</b> Level of capital calculated as prescribed by law based on all measurable risks, including life and non-life insurance risk, health insurance risk, market risk, counterparty default risk and operational risk.
<b>Solvency ratio.</b> The ratio of eligible own funds as a percentage of the SCR. A solvency ratio in excess of 100 per cent indicates that the firm has sufficient resources to meet the SCR.
<b>Solvency ratio.</b> The ratio of the available solvency margin as a percentage of the required solvency margin.
<b>Standard formula.</b> Formulas laid down by Solvency II regulations for the calculation of the Solvency Capital Requirement.
<b>Strategic risk.</b> Risk of unexpected decline in the company's value due to adverse impact of wrong business decisions, changes to the business or legal environment and market development.
<b>Subsidiary entity.</b> An entity that is controlled by another entity.
<b>Transaction currency.</b> The currency in which reinsurance contract transactions are processed.
<b>Underwriting result.</b> Profit or loss realised from insurance operations as opposed to that realised from investments or other items.
<b>Underwriting risk.</b> The risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.
<b>Unearned premiums.</b> 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.