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by Sava Re. The official original  
document is in Slovenian and is  
available on the Company's website.

**Unaudited financial report of the Sava Re Group  
and financial statements of Sava Re, d.d.,  
for the nine months to 30 September 2018**

**Ljubljana, 13 November 2018**



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# 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 Dunajska 56, Ljubljana, hereby publishes the 'Unaudited financial report of the Sava Re Group and Sava Re, d.d. for the nine months to 30 September 2018', which has also been posted on the company's website, [www.sava-re.si](http://www.sava-re.si), as from 21 November 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, 13 November 2018



## 1.1 Key financials

(EUR, except percentages)	Sava Re Group		Sava Re	
	1–9/2018	1–9/2017	1–9/2018	1–9/2017
<b>Gross premiums written</b>	<b>430,280,168</b>	<b>409,204,368</b>	<b>123,567,999</b>	<b>125,035,141</b>
Year-on-year change	5.2%	4.8%	-1.2%	1.6%
<b>Net premiums earned</b>	<b>370,713,252</b>	<b>350,613,615</b>	<b>97,619,911</b>	<b>95,139,763</b>
Year-on-year change	5.7%	2.0%	2.6%	-4.3%
<b>Gross claims paid</b>	<b>245,980,576</b>	<b>218,584,956</b>	<b>57,674,936</b>	<b>56,148,136</b>
Year-on-year change	12.5%	12.0%	2.7%	-10.4%
<b>Net claims incurred</b>	<b>236,915,700</b>	<b>219,696,644</b>	<b>58,908,275</b>	<b>56,104,153</b>
Year-on-year change	7.8%	7.7%	5.0%	-9.9%
<b>Net incurred loss ratio</b>	<b>58.5%</b>	<b>59.2%</b>	<b>60.5%</b>	<b>59.1%</b>
<b>Net incurred loss ratio, excluding exchange differences</b>	<b>58.8%</b>	<b>61.2%</b>	<b>61.4%</b>	<b>65.0%</b>
<b>Operating expenses, including reinsurance commission income (re/insurance business)</b>	<b>119,224,650</b>	<b>111,026,600</b>	<b>31,561,973</b>	<b>30,065,757</b>
Year-on-year change	7.4%	0.7%	5.0%	0.6%
<b>Net expense ratio</b>	<b>32.3%</b>	<b>31.8%</b>	<b>32.3%</b>	<b>31.6%</b>
<b>Gross expense ratio</b>	<b>29.1%</b>	<b>28.5%</b>	<b>28.8%</b>	<b>27.2%</b>
<b>Net combined ratio</b>	<b>94.3%</b>	<b>94.6%</b>	<b>92.5%</b>	<b>92.5%</b>
<b>Net combined ratio, excluding exchange differences</b>	<b>94.5%</b>	<b>96.0%</b>	<b>93.2%</b>	<b>96.7%</b>
Net investment income of the investment portfolio	14,382,106	11,375,146	36,085,942	24,106,455
Return on the investment portfolio	1.7%	1.4%	7.9%	5.2%
Net investment income of the investment portfolio, excluding exchange differences	15,139,986	17,120,459	36,797,471	29,517,534
Return on the investment portfolio, excluding exchange differences	1.8%	2.1%	8.2%	6.9%
<b>Profit or loss before tax</b>	<b>37,292,989</b>	<b>27,141,573</b>	<b>43,675,277</b>	<b>31,437,456</b>
Year-on-year change	37.4%	-2.4%	38.9%	-14.3%
<b>Profit or loss, net of tax</b>	<b>29,131,456</b>	<b>20,925,989</b>	<b>41,415,195</b>	<b>30,368,640</b>
Year-on-year change	39.2%	-7.5%	36.4%	-12.6%
<b>Comprehensive income</b>	<b>23,977,355</b>	<b>22,812,287</b>	<b>40,091,856</b>	<b>30,704,741</b>
Year-on-year change	5.1%	-38.1%	30.6%	-17.7%
<b>Annualised return on equity</b>	<b>11.8%</b>	<b>9.1%</b>	<b>14.4%</b>	<b>11.6%</b>
Net earnings or loss per share	1.87	1.35	2.67	1.96
	<b>30/09/2018</b>	<b>31/12/2017</b>	<b>30/09/2018</b>	<b>31/12/2017</b>
<b>Total assets</b>	<b>1,745,676,103</b>	<b>1,708,348,067</b>	<b>621,709,844</b>	<b>580,886,180</b>
Change on 31 Dec of prior year	2.2%	2.2%	7.0%	2.2%
<b>Shareholders' equity</b>	<b>327,488,405</b>	<b>316,116,895</b>	<b>318,659,854</b>	<b>290,966,155</b>
Change on 31 Dec of prior year	3.6%	6.4%	9.5%	7.6%
<b>Net technical provisions</b>	<b>1,152,900,687</b>	<b>1,127,139,014</b>	<b>226,141,033</b>	<b>212,565,592</b>
Change on 31 Dec of prior year	2.3%	1.6%	6.4%	2.2%
Book value per share	21.13	20.40	-	-
No. of employees (full-time equivalent basis)	2,420.4	2,388.8	109.0	96.5
Solvency ratio under Solvency II rules	-	220%	-	283%

### Notes:

- S** For details on the calculation of ratios and net investment income, see the appended glossary.
- S** The return on the investment portfolio for 1–9/2017 differs from the figure published in the 1–9/2017 financial report as the latter did not include depreciation charges relating to investment property equipment.
- S** Net investment income of the investment portfolio does not include 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** The Group's unaudited solvency ratio as at 30 June 2018 stood at 211% (calculated using the Group's solvency capital requirement as at 31 December 2017 and eligible own funds as at 30 June 2018).

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

(EUR million)	1–9/2018	2018 plan	As % of plan
Consolidated gross premiums written	430.3	> 520.0	82.7%
Net profit or loss for the period	29.1	37.0–39.0	78.7%
Annualised return on equity	11.8%	> 11.0%	✓
Net combined ratio, excluding exchange differences	94.5%	94.0–94.5%	✓
Net incurred loss ratio, excluding exchange differences	58.8%	59.4–59.9%	✓
Net expense ratio, excluding exchange differences	32.3%	31.4–31.7%	✗
Annualised return on the investment portfolio, excluding exchange differences	1.8%	1.7%	✓

\* The net combined and 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.

In the period 1–9/2018, the Sava Re Group achieved a net profit of EUR 29.1 million, which is 78.7% of the lower value of the planned range for the full year 2018 and a 39.2% increase year on year. The combined ratio is also within the planned range, and we believe it will remain so until the end of the year. The strong net profit figure reflects an improved technical performance of the reinsurance and non-life segments as the result of fewer major loss events year on year and favourable development of provisions of previous underwriting years. Consequently, the net incurred loss ratio is also favourable. The net expense ratio for 1–9/2018 slightly exceeded the full year target ratio mainly because of higher expenses incurred in the reinsurance segment (acquisition costs, including the change in deferred acquisition costs, were high owing to the decline in gross premiums written and the resulting lower change in deferred acquisition costs) and the life segment (lower premiums following a wave of policy maturities in conjunction with higher acquisition costs resulting from strong sales of new products, while these premiums failed to offset premiums lost through maturities).

## 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	MANAGEMENT BOARD Marko Jazbec (chairman) Srečko Čebren Jošt Dolničar Polona Pirš Zupančič SUPERVISORY BOARD Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Givoje 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: Standard & Poor's A.M. Best	A /stable/ July 2018 A- /stable/ October 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 1–9/2018, there was a change in the composition of the management board. On 9 November 2017, the supervisory board voted unanimously in support of the proposal of Marko Jazbec, chairman of the management board, and appointed a new Sava Re management board team. Srečko Čebren and Jošt Dolničar were re-elected to serve on the management board for a third consecutive term of office, starting their new terms on 1 June 2018. Polona Pirš Zupančič was appointed by the supervisory board as the fourth member, starting her term on 14 January 2018. Mateja Treven concluded her term of office as management board member on 13 January 2018.

#### *Members of the management board as at 30 September 2018*

Member	Title	Beginning of term	Expiry of term
Marko Jazbec	chairman	12/05/2017	12/05/2022
Srečko Čebren	member	01/06/2018	01/06/2023
Jošt Dolničar	member	01/06/2018	01/06/2023
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.


The composition of the supervisory board did not change in the nine months to 30 September 2018.

#### *Composition of the supervisory board as at 30 September 2018:*

Member	Title	Beginning of term	Expiry of term
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:

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

Davor Ivan Gjivoje, Jr.:

- S** Networkworld, 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** Networkworld 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 nine months to 30 September 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 30 September 2018*

Member	Title	Beginning of term	Expiry 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 nine months to 30 September 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 30 September 2018*

Member	Title	Beginning of term	Expiry 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 nine months to 30 September 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 30 September 2018:*

Member	Title	Beginning of term	Expiry 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 30 September 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 30 September 2018*

Member	Title	Beginning of term	Expiry of term
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 held once in the nine months to 30 September 2018.

As per the Company's 2018 financial calendar, the 34th general meeting of shareholders was held on 29 May 2018. Among other things, the general meeting was presented the annual report for 2017, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2017 with the opinion of the supervisory board thereto. Furthermore, the general meeting was informed of the remuneration of the members of management and supervisory bodies and of the management report on own shares. The general meeting resolved that part of the distributable profit in the amount of EUR 12,398,156.80 be appropriated for dividends, while the remaining part of the distributable profit of EUR 10,101,173.14 be left unappropriated. The general meeting granted a discharge for the financial year 2017 to both the supervisory and management boards.

## **1.4 Significant events in the nine months to 30 September 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.
- S** On 31 January 2018, Sava Re satisfied all suspensive conditions, 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 key function of internal audit of the companies Zavarovalnica Sava and Sava pokojninska was transferred to Sava Re for an indefinite period, starting on 1 February 2018.
- S** On 13 March 2018, Sava Re satisfied all suspensive conditions, thus becoming the owner of 100% of NLB Nov penziski fond AD Skopje.
- S** In March 2018, after obtaining approvals from Serbia's central bank and other licences from other regulators, Sava Re purchased a 92.94% stake in the Serbian-based company Energoprojekt Garant. In July 2018, Sava Re became the sole owner of the company under its takeover bid and subsequent squeeze-out of minority shareholders. After merging the acquired company with its existing subsidiary, the Serbian non-life insurer Sava neživotno osiguranje (SRB), Sava Re is planning to optimise the subsidiary's capital structure.
- 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. In the second and third quarters, the documentation was compiled required to obtain Croatian regulatory approval for the acquisition of a qualifying holding. At the time this report was written, the suspensive conditions had not yet been met.

- 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%. In June 2018, Sava Re published the ‘Solvency and financial condition report of the Sava Re Group 2017’. The Group’s solvency ratio for 2017 is 220%.
- S** In May 2018, the 34th general meeting of shareholders was held.
- S** In June 2018, the current management board members Srečko Čebren and Jošt Dolničar started their new five-year terms of office.
- S** On 8 June 2018, south-east Slovenia was hit by a hail storm. The damage was greatest in the town of Črnomelj and its surroundings. The subsidiary Zavarovalnica Sava, which has a relatively large market share in this part of Slovenia, assured its policyholders that it would settle all valid claims under its policies. This loss event has a EUR 5.2 million impact on the 1–9/2018 result.
- S** In July 2018, after its regular annual rating review, rating agency Standard & Poor’s raised its long-term issuer credit and issuer financial strength ratings on Sava Re and Zavarovalnica Sava to ‘A’. The outlook is ‘stable’.

## 1.5 Significant events after the reporting period

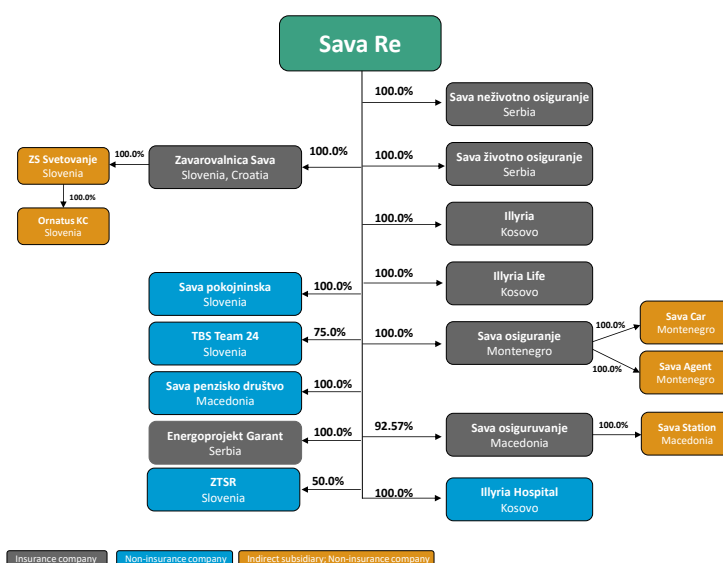
- S** There have been no events with any significant impact on operations after the reporting period and up until the writing of this report.

## 1.6 Composition of the Sava Re Group

As at 30 September 2018, the insurance part of the Sava Re Group comprised – in addition to the parent 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% owned by Sava Re;
- S** Sava penzisko društvo: Macedonian-based pension company managing second and third pillar pension funds, wholly-owned by Sava Re;
- S** ZTSR: associated company providing market research services.

*Composition of the Sava Re Group as at 30 September 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)
4	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava pokojninska
5	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava neživotno osiguranje (SRB)
6	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Sava životno osiguranje (SRB)
7	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria
8	AKCIONARSKO DRUŠTVO SAVA OSIGURANJE PODGORICA	Illyria Life
9	SAVA osiguruvanje a.d. Skopje	Sava osiguranje (MNE)
10	" Illyria Hospital " SH.P.K.	Sava osiguruvanje (MKD)
11	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Illyria Hospital
12	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	Sava Car
13	ORNATUS KLINICI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	ZM Svetovanje
14	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. – Podgorica	Ornatus KC
15	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava Agent
16	TBS TEAM 24 podjetje za storitvene dejavnosti in trgovino d.o.o.	Sava Station
17	SAVA PENSION FUND JSC Skopje (SAVA PENZISKO DRUSTVO AD Skopje)	TBS Team 24
18	ENERGOPROJEKT GARANT AKCIONARSKO DRUŠTVO ZA OSIGURANJE, BEOGRAD	Sava penzisko društvo
19	ZTSR, raziskovanje trga, d.o.o.	Energoprojekt Garant
		ZTSR



## 1.7 Shareholders and share trading

*POSR share price performance from 1 October 2017 to 30 September 2018 compared to the SBITOP stock index (EUR)*



The SBITOP index has been rebased to the same level as the POSR share price (01/10/2017: EUR 16.2), while below is a presentation of the stock index growth rate in real terms.

The share price as at 31 December 2017 and 30 September 2018 was EUR 15.80 and EUR 16.60, respectively, representing a 5.1% increase over the period. A dividend of EUR 0.8 per share was paid out in the second quarter of the year.

### *Basic details about the POSR share*

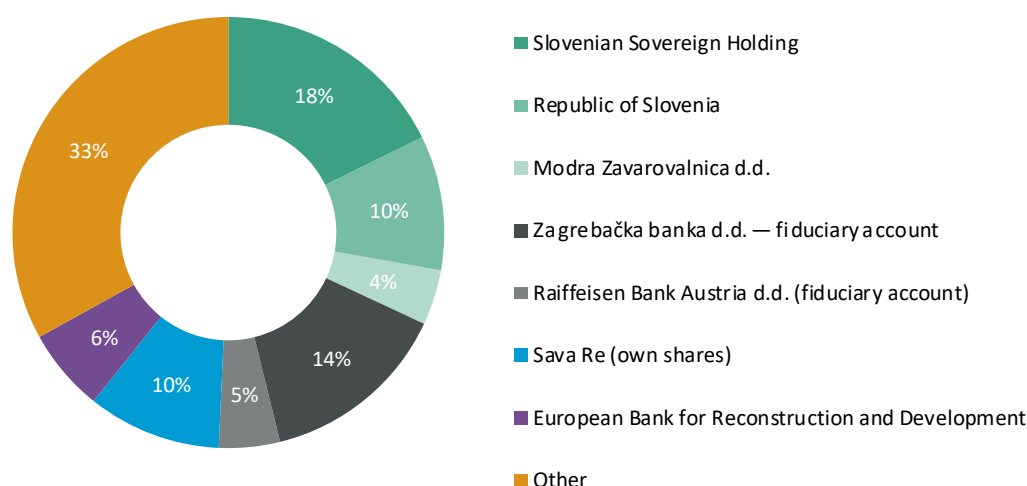
	30/09/2018	30/09/2017
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	4,079	4,088
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated net earnings per share (EUR)	1.87	1.35
Consolidated book value per share (EUR)	21.13	19.83
Share price at end of period (EUR)	16.60	16.30
	1-9/2018	1-9/2017
Average share price in reporting period (EUR)	17.27	16.04
Minimum share price in reporting period (EUR)	15.80	15.12
Maximum share price in reporting period (EUR)	19.00	16.95
Trade volume in reporting period (EUR)	8,315,539	2,944,096
Average daily turnover for share (EUR)	44,949	72,117

*Top ten shareholders of Sava Re as at 30 September 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)	786,690	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>12,815,887</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.

*Top ten shareholders of Sava Re as at 30 September 2018<sup>2</sup>*



As at 30 September 2018, 65.5% of shareholders were Slovenian and 34.5% foreign. The largest shareholder of POSR shares is Slovenian Sovereign Holding (Slovenski državni holding d.d.) with a 17.7% stake. In early 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.

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

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

### Shareholder structure of Sava Re as at 30 September 2018<sup>3</sup>

Type of Investor	Domestic investors	International investors
Insurers and pension companies	19.2%	0.0%
Other financial institutions*	17.9%	0.4%
Natural persons	9.2%	0.1%
Banks	3.9%	29.3%
Investment funds and mutual funds	3.0%	3.5%
Other commercial companies	2.1%	1.2%
Government	10.1%	0.0%
<b>Total</b>	<b>65.5%</b>	<b>34.5%</b>

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

### POSR shares held by supervisory and management board members as at 30 September 2018

	No. of shares	Holding (%)
Marko Jazbec	2,300	0.0134%
Srečko Čebren	2,700	0.0157%
Jošt Dolničar	4,363	0.0253%
Polona Pirš Zupančič	2,478	0.0144%
<b>Total management board</b>	<b>11,841</b>	<b>0.0688%</b>
Andrej Gorazd Kunstek	2,900	0.0168%
<b>Total supervisory board</b>	<b>2,900</b>	<b>0.0168%</b>
<b>Total management and supervisory boards</b>	<b>14,741</b>	<b>0.0856%</b>

### Own shares

In the period from 1 January 2018 to 30 September 2018, Sava Re did not purchase its own shares. The total number of own shares as at 30 September 2018 was 1,721,966, representing 10% minus one share of all issued shares.

### Dividends

In the second quarter of 2018, the Company paid out dividends of EUR 0.80 gross per share. In 1–9/2018, the Company held no conditional equity.

### Details on dividends<sup>4</sup>

(EUR)	For 2013	For 2014	For 2015	For 2016	For 2017
Dividend distributions	4,386,985	9,065,978	12,398,157	12,398,158	12,398,157
Dividend/share	0.26	0.55	ordinary: 0.65 special: 0.15	0.80	0.80
Distributed dividends as % of net profit of the Group	28%	30%	37%	38%	40%
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.7%

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

<sup>4</sup> Current year dividend distributions from distributable profits of the previous year.



# **Sava Re Group**

## **interim business report**



## 2 Sava Re Group review of operations

Business is presented by operating segment: reinsurance, non-life, life, pensions and the 'other' segment. The non-life and life segments are further broken down by geography (Slovenia and international).

The following companies are included in the operating segments:

- S** Reinsurance business: Sava Re;
- S** Non-life business, Slovenia: Zavarovalnica Sava, Slovenian part;
- S** Non-life business, international: Zavarovalnica Sava (Croatian part), Sava neživotno osiguranje (SRB), Illyria, Sava osiguranje (MNE), Sava osiguruvanje (MKD), Illyria Hospital, Sava Car, Sava Agent, Sava Station, Energoprojekt Garant;
- S** Life business, Slovenia: Zavarovalnica Sava (Slovenian part), ZS Svetovanje, Ornatus KC;
- S** Life business, international: Zavarovalnica Sava (Croatian part), Sava životno osiguranje (SRB), Illyria Life;
- S** Pensions: Sava pokojninska, Sava penzisko društvo;
- S** Other: TBS Team 24, ZTSR.

For the purpose of segment reporting, we have also made the following reallocations of income statement items:

- S** Reallocations are made 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 received by the reinsurer from the subsidiaries are reallocated to the segments 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 catastrophic 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 1–9/2018, Sava Re allocated 64.9% of other operating expenses to segments as monitored by income composition (1–9/2017: 62.7%). Furthermore, operating expenses of TBS Team 24 incurred by the company relating to its business with other Group companies were allocated to the Slovenian non-life operating segment (1–9/2018: EUR 1.9 million, 1–6/2017: EUR 0). In the same way, income is eliminated in the consolidation process.
- S** Investment income and expenses are reallocated from the reinsurance segment to the non-life and life segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).

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

- S** Intangible assets – goodwill is allocated to the segment from which it arises (reallocated from the reinsurance segment to other segments, depending on which subsidiary it relates to).
- S** The balance of financial investments is reallocated from the reinsurance segment to the non-life and life 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 is 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 is reallocated to the non-life segment, and that of life insurers is reallocated to the life insurance and other segments).

TBS Team 24 was first consolidated in the Group financial statement on 31 January 2018, and the companies Energoprojekt Garant and Sava penzisko društvo on 31 March 2018.

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

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

(EUR)	1–9/2018	1–9/2017	Index
Net earned premiums	370,713,252	350,613,615	105.7
Investment income	20,240,162	20,832,708	97.2
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	13,624,811	12,342,741	110.4
Other technical income	12,375,638	9,185,753	134.7
Other income	10,192,126	4,072,300	250.3
- of which investment property	803,871	343,409	234.1
Net claims incurred	-236,915,700	-219,696,644	107.8
Change in other technical provisions	1,841,673	-7,600,104	-24.2
Change in technical provisions for policyholders who bear the investment risk	7,746,913	3,150,931	245.9
Expenses for bonuses and rebates	159,986	143,544	111.5
Operating expenses	-128,314,188	-114,173,572	112.4
Expenses for financial assets and liabilities	-6,347,430	-9,637,706	65.9
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-10,024,287	-7,049,279	142.2
Other technical expenses	-15,936,269	-13,773,670	115.7
Other expenses	-2,063,698	-1,269,044	162.6
- of which investment property	-374,269	-162,320	230.6
<b>Profit or loss before tax</b>	<b>37,292,989</b>	<b>27,141,573</b>	<b>137.4</b>

All income (other than from investments) totalled EUR 393.3 million in 1–9/2018, up 8.1% from 1–9/2017. Income was driven primarily by the non-life and reinsurance segments and partly by acquisitions. Following is a discussion of the major items of the consolidated income statement.

Net premiums earned and net claims incurred relating to reinsurance and insurance business constitute over 99% of the consolidated items. Following is a discussion of consolidated net premiums earned and net claims incurred for all operating segments, while consolidated operating expenses are shown only for the reinsurance and insurance segments.

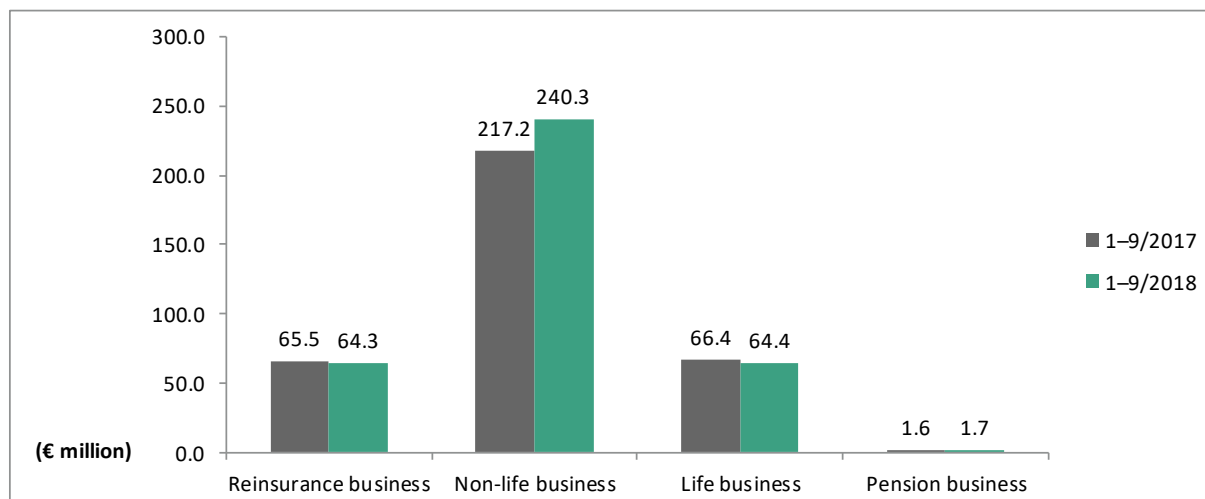
#### *Consolidated net earned premiums*

##### *Consolidated net earned premiums*

(EUR)	1–9/2018	1–9/2017	Index
Gross premiums written	430,280,168	409,204,368	105.2
Net premiums written	406,087,882	379,926,229	106.9
Change in net unearned premiums	-35,374,630	-29,312,614	120.7
<b>Net earned premiums</b>	<b>370,713,252</b>	<b>350,613,615</b>	<b>105.7</b>



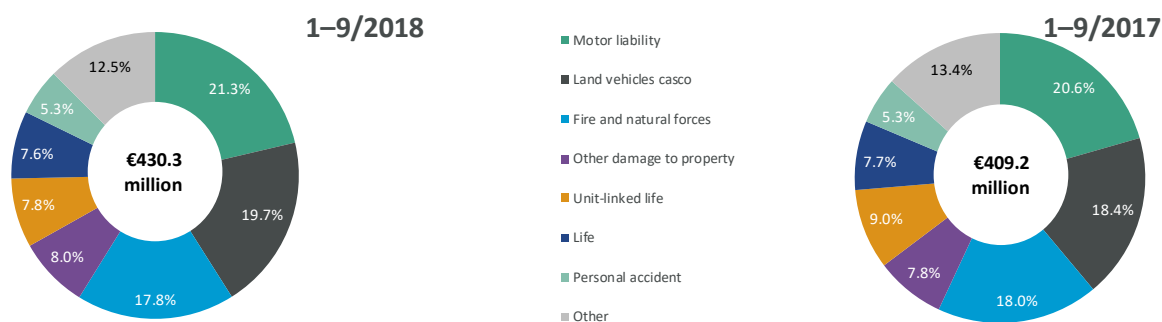
### Consolidated net premiums earned by operating segment



### Consolidated net earned premiums by class of business

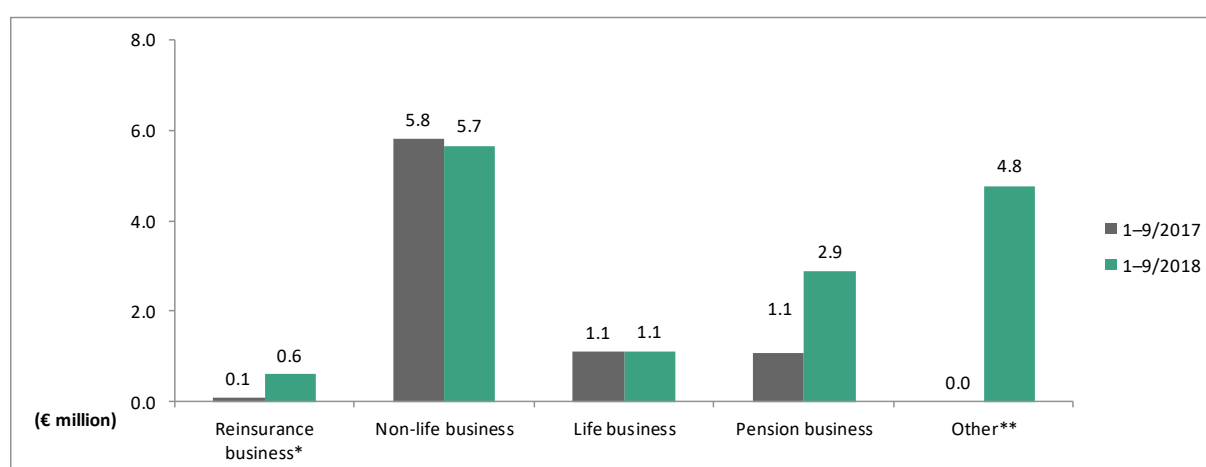
(EUR)	1-9/2018	1-9/2017	Index
Personal accident	20,987,075	20,827,657	100.8
Health	5,573,498	5,915,520	94.2
Land vehicles casco	74,713,019	65,386,481	114.3
Railway rolling stock	107,441	101,958	105.4
Aircraft hull	698,833	238,640	292.8
Ships hull	3,044,529	3,734,447	81.5
Goods in transit	4,221,976	4,811,444	87.7
Fire and natural forces	58,584,669	56,063,217	104.5
Other damage to property	26,269,384	24,293,261	108.1
Motor liability	81,749,756	76,595,705	106.7
Aircraft liability	106,089	60,849	174.3
Liability for ships	560,831	720,429	77.8
General liability	14,758,763	13,742,367	107.4
Credit	3,145,132	3,347,062	94.0
Suretyship	44,319	326,241	13.6
Miscellaneous financial loss	1,845,755	1,593,692	115.8
Legal expenses	118,958	163,270	72.9
Assistance	8,029,263	4,526,368	177.4
Life	32,648,336	31,545,231	103.5
Unit-linked life	33,505,626	36,619,776	91.5
<b>Total non-life</b>	<b>304,559,290</b>	<b>282,448,608</b>	<b>107.8</b>
<b>Total life</b>	<b>66,153,962</b>	<b>68,165,007</b>	<b>97.0</b>
<b>Total</b>	<b>370,713,252</b>	<b>350,613,615</b>	<b>105.7</b>

## Consolidated gross premiums written by class of business



## Consolidated other technical income and other income

### Composition of other technical and other income by operating segment



\* The reinsurance segment is shown excluding foreign exchange gains.

\* The 'other' segment includes TBS Team 24, which was not a member of the Sava Re Group in 1-9/2017.

## Consolidated net claims incurred

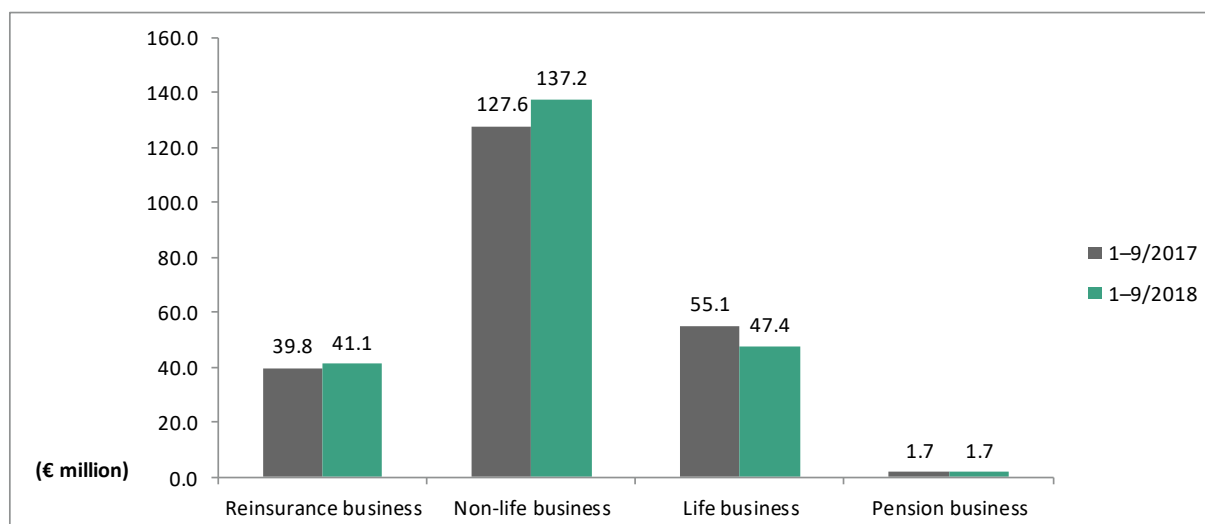
### Consolidated net claims incurred, including the change in the mathematical and UL provisions<sup>5</sup>

(EUR)	1-9/2018	1-9/2017	Index
Gross claims paid	245,980,576	218,584,956	112.5
Net claims paid	237,793,196	208,714,995	113.9
Change in the net provision for outstanding claims	-877,496	10,981,649	-8.0
<b>Net claims incurred</b>	<b>236,915,700</b>	<b>219,696,644</b>	<b>107.8</b>
Change in other technical provisions*	-1,841,673	7,600,104	-24.2
Change in technical provisions for policyholders who bear the investment risk	-7,746,913	-3,150,931	245.9
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>227,327,114</b>	<b>224,145,817</b>	<b>101.4</b>

\* These provisions mainly comprise mathematical provisions.

<sup>5</sup> UL provisions comprise the technical provisions for policyholders who bear the investment risk.

*Composition of consolidated net claims incurred, including the change in mathematical and unit-linked provisions, by operating segment<sup>6</sup>*



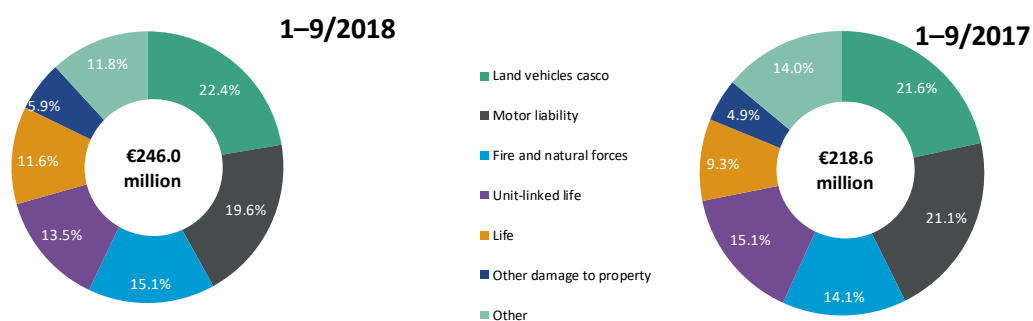
*Consolidated net claims incurred by class of business<sup>7</sup>*

(EUR)	1-9/2018	1-9/2017	Index
Personal accident	8,649,684	8,546,525	101.2
Health	3,049,450	4,048,598	75.3
Land vehicles casco	56,305,834	48,661,399	115.7
Railway rolling stock	86,902	40,594	214.1
Aircraft hull	455,404	297,174	153.2
Ships hull	3,187,691	4,174,489	76.4
Goods in transit	4,671,678	3,454,778	135.2
Fire and natural forces	33,998,013	38,651,341	88.0
Other damage to property	13,339,507	9,930,948	134.3
Motor liability	45,137,996	41,319,699	109.2
Aircraft liability	-20,267	-11,007	184.1
Liability for ships	150,602	431,681	34.9
General liability	3,240,278	4,353,117	74.4
Credit	11,580	-302,098	-3.8
Suretyship	203,762	261,494	77.9
Miscellaneous financial loss	923,732	1,327,651	69.6
Legal expenses	-7,282	626	-1,163.3
Assistance	2,128,121	994,629	214.0
Life	28,574,643	19,937,646	143.3
Unit-linked life	32,828,372	33,577,360	97.8
<b>Total non-life</b>	<b>175,512,685</b>	<b>166,181,638</b>	<b>105.6</b>
<b>Total life</b>	<b>61,403,015</b>	<b>53,515,006</b>	<b>114.7</b>
<b>Total</b>	<b>236,915,700</b>	<b>219,696,644</b>	<b>107.8</b>

<sup>6</sup> 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.

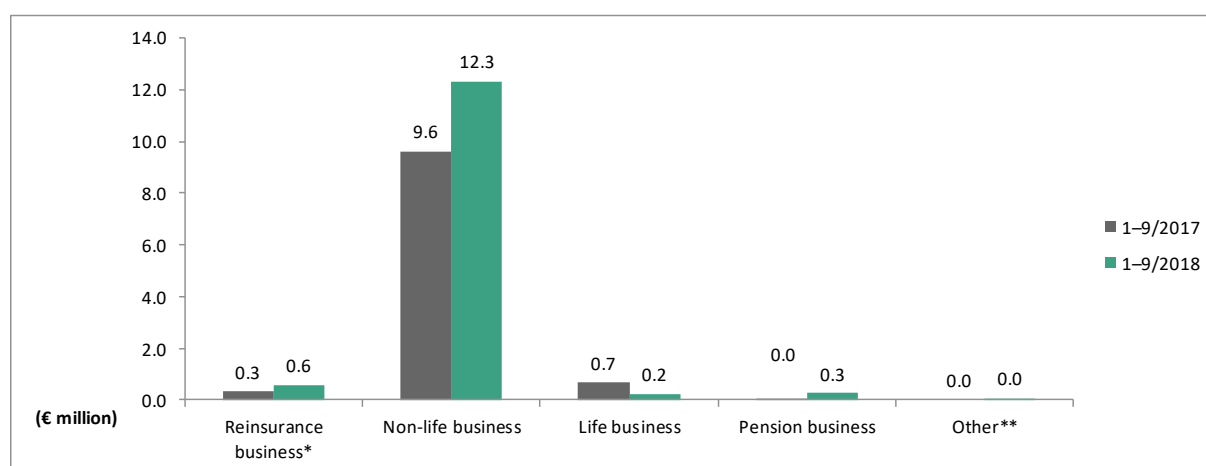
<sup>7</sup> These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

## Consolidated gross premiums written by class of business



## Consolidated other technical and other expenses

### Composition of other technical and other expenses by operating segment



\* The reinsurance segment is shown excluding foreign exchange losses.

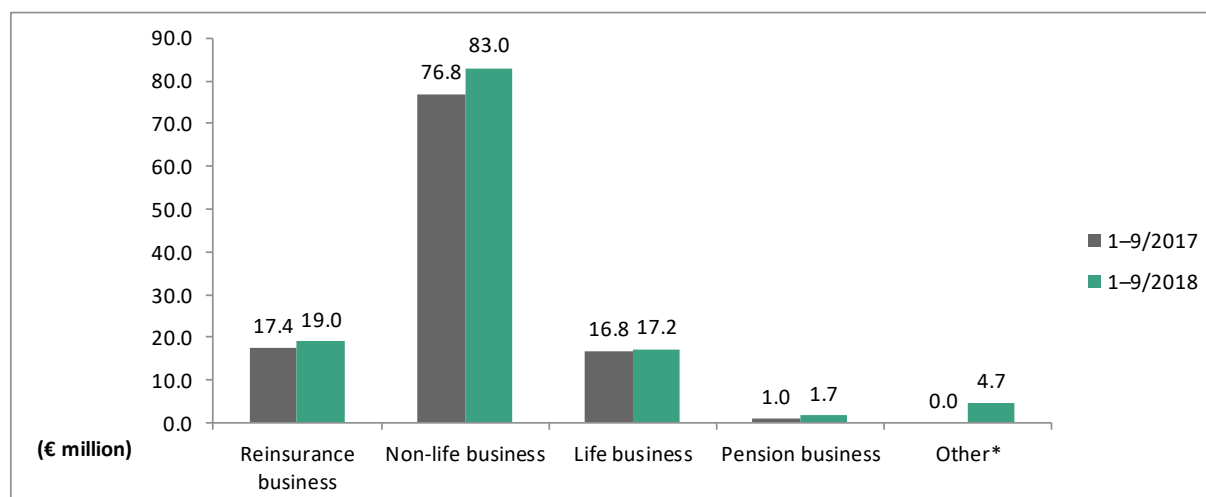
\*\* The 'other' segment includes TBS Team 24, which was not a member of the Sava Re Group in 1-9/2017.

## Consolidated operating expenses

### Consolidated operating expenses

(EUR)	1-9/2018	1-9/2017	Index
Acquisition costs	43,441,936	39,025,945	111.3
Change in deferred acquisition costs (+/-)	-2,707,182	-3,096,594	87.4
Other operating expenses	87,579,434	78,244,221	111.9
<b>Operating expenses</b>	<b>128,314,188</b>	<b>114,173,572</b>	<b>112.4</b>
Reinsurance commission income	-2,684,275	-2,125,844	126.3
<b>Net operating expenses</b>	<b>125,629,913</b>	<b>112,047,728</b>	<b>112.1</b>

## 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 1-9/2017.

## Consolidated net investment income

### Consolidated net investment income of the investment portfolio

(EUR)	1-9/2018	1-9/2017	Absolute change
Net investment income relating to financial investments	13,892,731	11,195,002	2,697,729
Net investment income relating to the investment property	489,375	180,144	309,231
<b>Net investment income of the investment portfolio</b>	<b>14,382,106</b>	<b>11,375,146</b>	<b>3,006,960</b>
<b>Net investment income of the investment portfolio, excluding exchange differences</b>	<b>15,139,986</b>	<b>17,120,459</b>	<b>-1,980,473</b>

The figures for 1-9/2017 differ from those published in the 1-9/2017 financial report as the table did not include depreciation charges relating to the equipment of investment property.

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

(EUR)	1-9/2018	1-9/2017	Absolute change
<b>Income</b>			
Interest income	12,300,094	14,089,379	-1,789,285
Change in fair value and gains on disposal of FVPL assets	156,187	135,920	20,267
Gains on disposal of other IFRS asset categories	1,555,414	1,983,186	-427,772
Income from dividends and shares – other investments	1,285,126	1,106,215	178,911
Exchange gains	4,870,076	2,610,843	2,259,233
Diverse other income	951,581	1,250,574	-298,993
<b>Income relating to the investment portfolio</b>	<b>21,118,478</b>	<b>21,176,117</b>	<b>-57,639</b>
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	13,624,811	12,342,741	1,282,070
<b>Expenses</b>			
Interest expenses	17,890	718,823	-700,933
Change in fair value and losses on disposal of FVPL assets	274,457	71,339	203,118
Losses on disposal of other IFRS asset categories	222,899	409,705	-186,806
Impairment losses on investments	0	48	-48
Exchange losses	5,627,956	8,356,156	-2,728,200
Other	593,170	244,900	348,270
<b>Expenses relating to the investment portfolio</b>	<b>6,736,372</b>	<b>9,800,971</b>	<b>-3,064,599</b>
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	10,024,287	7,049,279	2,975,008

The figures for 1-9/2017 differ from those published in the 1-9/2017 financial report as the table did not include depreciation charges relating to the equipment of investment property.

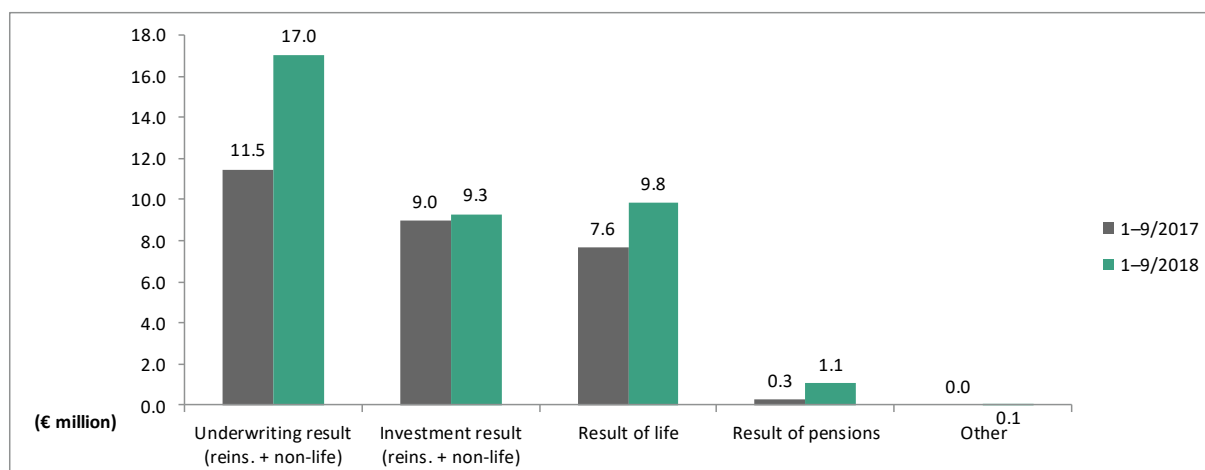
## Consolidated gross profit or loss

### Composition of the consolidated gross income statement

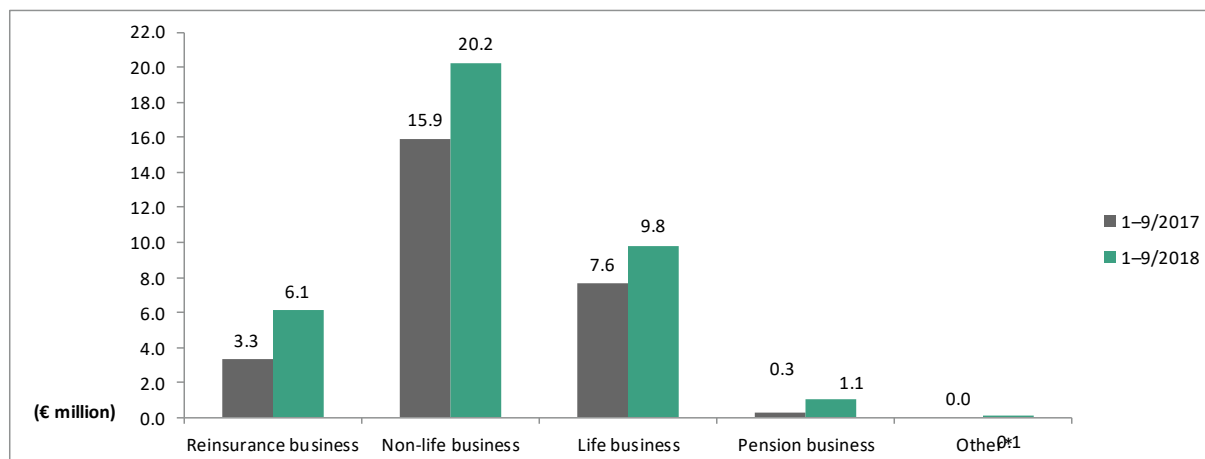


In 1-9/2017, exchange differences had a significant impact on the composition of the result, so below we set out results, excluding the effect of exchange differences. The impact of exchange differences on the result by operating segment was as follows: positive effect on the underwriting result of EUR 0.7 million (1-9/2017: EUR 4.2 million positive effect); negative effect on the investment result of EUR 0.7 million (1-9/2017: EUR 5.4 million negative effect). The total positive effect of exchange differences on the result of 1-9/2018 amounted to EUR 0.01 million (1-9/2017: EUR 1.2 million negative effect).

### Composition of the gross consolidated result (excluding exchange differences)



*Composition of the consolidated gross profit or loss by operating segment*

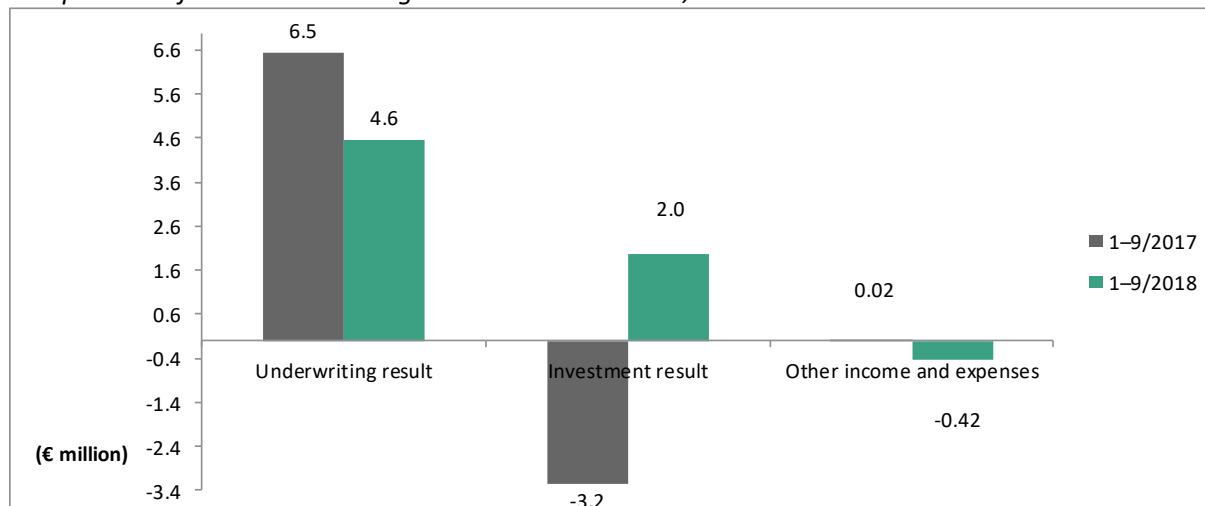


\* The 'other' segment includes TBS Team 24, which was not a member of the Sava Re Group in 1-9/2017.

## 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.

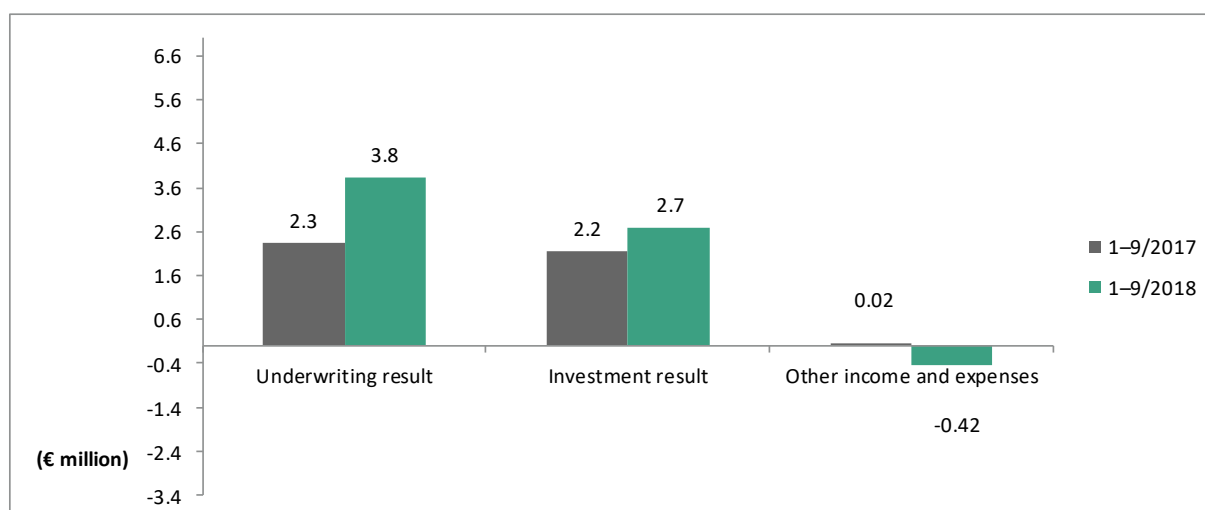
*Composition of the consolidated gross income statement; reinsurance business*



The performance of this operating segment is 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 or loss' 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 better year on year, largely as a result of lower claims incurred (see comments later in this report) and a one-off positive effect from a favourably resolved legal dispute (EUR 1.5 million). The investment result, excluding exchange differences, for the period 1-9/2017 was also better compared to the same period last year, thanks primarily to stronger investment income (up EUR 0.3 million) and lower interest expenses (down EUR 0.7 million).



## Net premiums earned

### Net premiums earned; reinsurance business

(EUR)	1–9/2018	1–9/2017	Index
Gross premiums written	71,937,165	77,012,312	93.4
Net premiums written	68,534,511	73,845,412	92.8
Change in net unearned premiums	-4,191,273	-8,362,000	50.1
<b>Net earned premiums</b>	<b>64,343,238</b>	<b>65,483,412</b>	<b>98.3</b>

In 1–9/2018 gross premiums written in this segment were slightly lower year on year. This drop reflects lower premium volume sourced abroad as a result of systematic restrictions on premium growth and the decline of less profitable business. On the other hand, the Company enjoyed premium growth in Asian markets, mainly due to organic business growth and larger lines written on contract renewals. In 1–9/2018, net premiums earned were 1.7% lower year on year.

The change in net unearned premiums was lower year on year owing to the drop in gross premiums written, largely as the result of a smaller volume of new business in the period 1–9/2018.

## Net claims incurred

### Net claims incurred; reinsurance business

(EUR)	1–9/2018	1–9/2017	Index
Gross claims paid	35,750,243	35,530,759	100.6
Net claims paid	35,132,995	35,084,859	100.1
Change in the net provision for outstanding claims	5,833,479	4,514,273	129.2
<b>Net claims incurred</b>	<b>40,966,475</b>	<b>39,599,131</b>	<b>103.5</b>

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

(EUR)	1–9/2018	1–9/2017	Index
Gross claims paid	35,750,243	35,530,759	100.6
Net claims paid	35,132,995	35,084,859	100.1
Change in the net provision for outstanding claims	6,702,118	9,688,899	69.2
<b>Net claims incurred</b>	<b>41,835,113</b>	<b>44,773,758</b>	<b>93.4</b>

In 1–9/2018, net claims incurred rose by 3.5%, but this increase is largely the result of a considerable impact of exchange differences in the period 1–9/2017 (1–9/2018: EUR 0.8 million; 1–9/2017: EUR 5.1 million). Excluding exchange differences, claims incurred in this year are lower year on year because there were fewer major loss events (2017: US storms and individual major losses in Russia; 2018: floods in India of EUR 0.9 million, typhoon losses in Japan of EUR 2.7 million and individual loss events in Russia). The net incurred loss ratio of 65.0% is consequently better year on year (1–9/2017: 69.1%).

## Operating expenses

### Consolidated operating expenses; reinsurance business

(EUR)	1-9/2018	1-9/2017	Index
Acquisition costs	16,554,704	16,527,620	100.2
Change in deferred acquisition costs (+/-)	-187,039	-1,700,576	11.0
Other operating expenses	2,898,399	2,857,546	101.4
<b>Operating expenses</b>	<b>19,266,064</b>	<b>17,684,590</b>	<b>108.9</b>
Reinsurance commission income	-292,554	-252,812	-84.3
<b>Net operating expenses</b>	<b>18,973,510</b>	<b>17,431,778</b>	<b>108.8</b>

In 1-9/2018, acquisition costs increased by 0.2% despite a 6.6% drop in gross premiums written. Acquisition costs as a percentage of gross premiums written in 1-9/2017 rose by 1.5 percentage points year on year to 23.0%. The rise in commission expenses reflects the Company's shift towards more profitable business, which involves higher commission payments, in particular under soft market conditions.

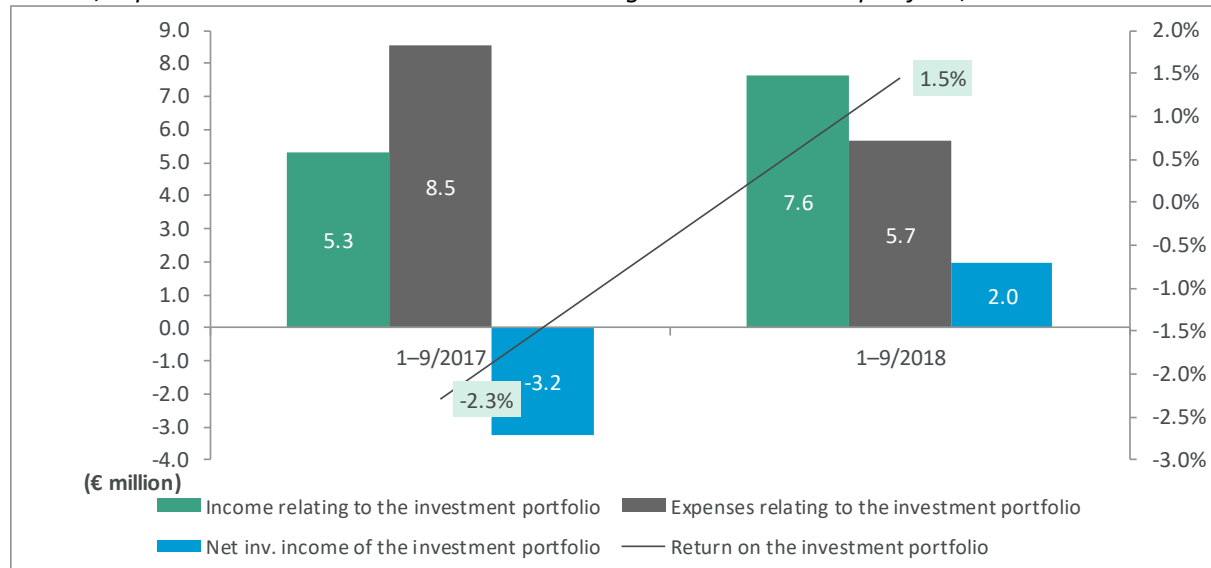
In 1-9/2018, the change in deferred acquisition costs was smaller than the year-on-year figure, which is in line with the trend in unearned premiums and is driven by the same factors.

Other operating expenses rose by 1.4%, mainly on account of legal services required to obtain licences for expansion to new markets.

In 1-9/2018, the net expense ratio deteriorated by 2.8 percentage points as a result of higher acquisition costs, including the change in deferred acquisition costs.

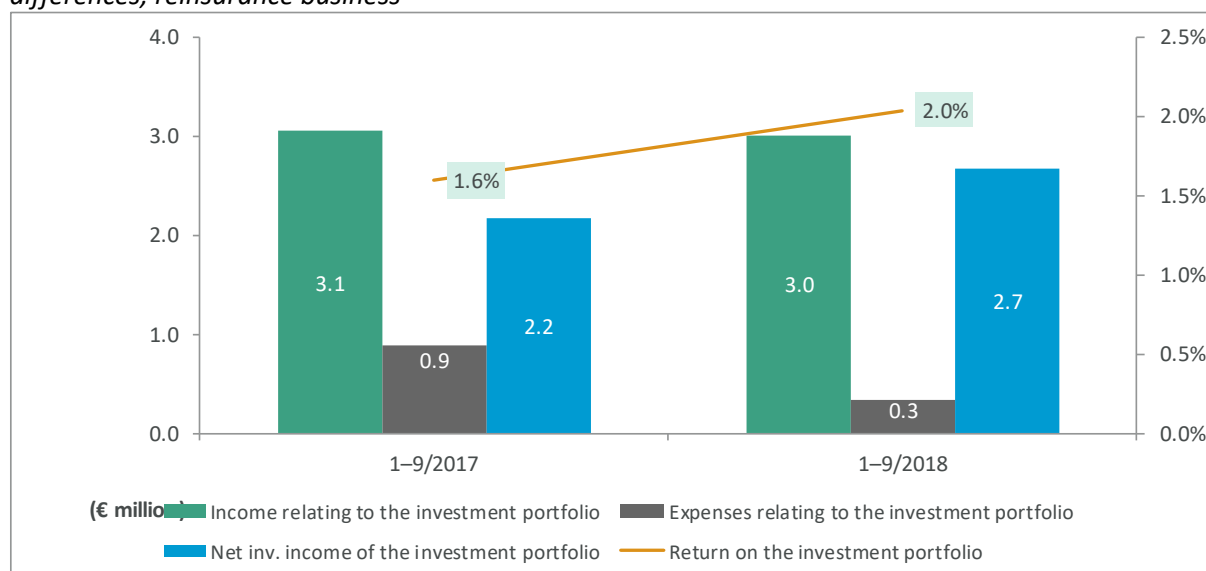
## Net investment income

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



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

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












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

In 1-9/2018, net investment income totalled EUR 2.7 million, up EUR 0.5 million year on year. The increase in net investment income was driven by higher income from investment property (up EUR 0.3 million) and lower interest expenses (down EUR 0.7 million) after Sava Re fully repaid its subordinated debt in mid-2017. On the other hand, realised net profits dropped by EUR 0.2 million, while interest income declined by EUR 0.2 million. The return on investment for the period was 2.0%.

## 2.2 Non-life business

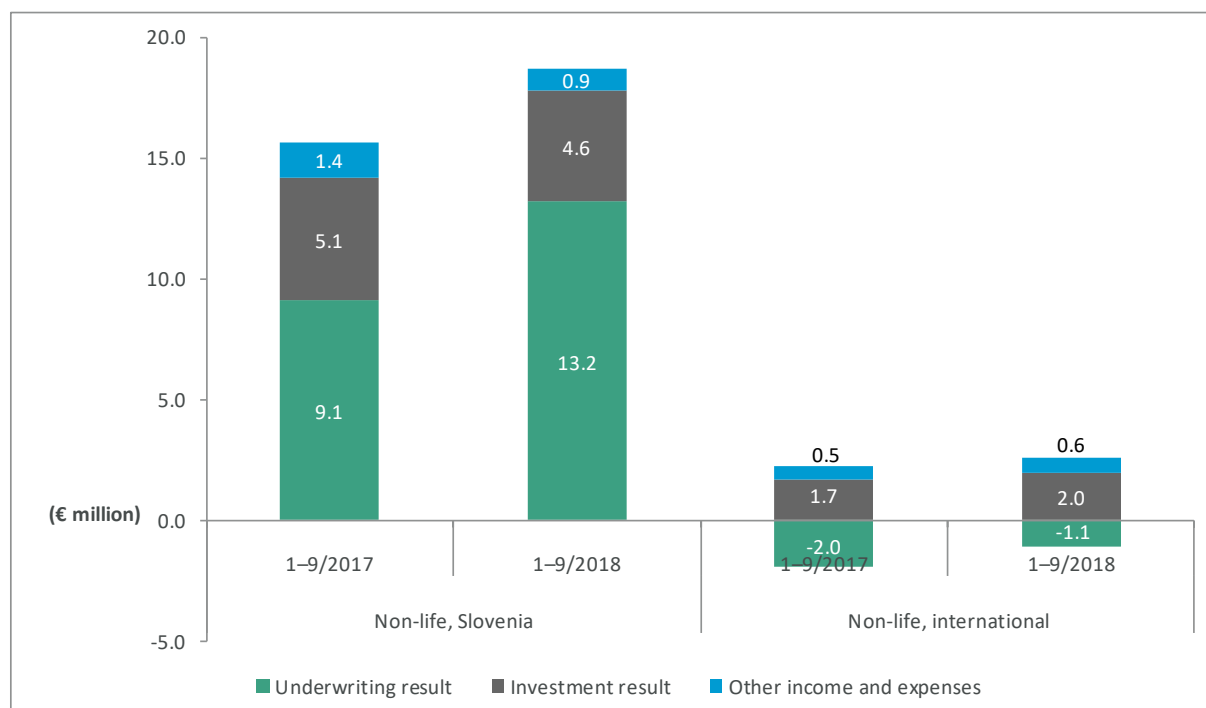
The non-life segment comprises the operations of the following companies:

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

Energoprojekt Garant joined the Sava Re Group on 31 March 2018 and has been included in the consolidated income statement as of 1 April 2018. 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 segment recorded a (EUR 4.3 million) better consolidated net result in 1-9/2018 compared to the same period last year. Slovenian insurance companies generated EUR 0.3 million of this growth, while EUR 0.5 million was generated by non-Slovenian insurers.

The consolidated underwriting result of the Slovenian non-life insurer improved by EUR 4.1 million, driven by growth in net premiums incurred. Similarly, the underwriting performance of non-Slovenian non-life insurers improved by EUR 0.9 million, largely as the result of higher net earned premiums.

The investment result of the Slovenian non-life insurer declined by EUR 0.4 million year on year owing to lower capital gains and interest income (lower interest rates in capital markets). The investment result of international non-life companies improved by EUR 0.3 million, mainly driven by higher gains on the disposal of securities of the Montenegrin non-life insurer.

### Net premiums earned

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

(EUR)	1-9/2018	1-9/2017	Index
Gross premiums written	292,142,635	264,322,225	110.5
Net premiums written	271,532,082	238,411,397	113.9
Change in net unearned premiums	-31,235,028	-21,223,621	147.2
<b>Net earned premiums</b>	<b>240,297,054</b>	<b>217,187,776</b>	<b>110.6</b>

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

(EUR)	Slovenia			International		
	1-9/2018	1-9/2017	Index	1-9/2018	1-9/2017	Index
Gross premiums written	239,750,028	218,193,803	109.9	52,392,607	46,128,422	113.6
Net premiums written	222,579,975	195,592,522	113.8	48,952,107	42,818,875	114.3
Change in net unearned premiums	-28,176,963	-18,787,742	150.0	-3,058,066	-2,435,879	125.5
<b>Net earned premiums</b>	<b>194,403,012</b>	<b>176,804,780</b>	<b>110.0</b>	<b>45,894,042</b>	<b>40,382,996</b>	<b>113.6</b>

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

(EUR)	1–9/2018	1–9/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	239,880,906	218,322,270	109.9
Zavarovalnica Sava, Croatian part (non-life)	9,589,017	8,284,786	115.7
Sava neživotno osiguranje (SRB)	15,219,706	12,452,005	122.2
Illyria	7,102,569	6,102,527	116.4
Sava osiguruvanje (MKD)	9,820,064	9,731,657	100.9
Sava osiguranje (MNE)	9,918,297	9,565,411	103.7
Energoprojekt Garant	754,640		
<b>Total</b>	<b>292,285,198</b>	<b>264,458,656</b>	<b>110.5</b>

Gross non-life insurance premiums grew by 10.5% in 1–9/2018 as a result of the growth in gross non-life premiums of all insurance companies in the Group.

Slovenia recorded a 9.9% rise, primarily reflecting a larger volume of motor insurance policies. Motor premium growth achieved with private individuals was driven both by a higher number of policies written and growth in average premiums. Premiums also grew in part as the result of an increase in the number of policyholders and wider coverages taken out. The Slovenian non-life insurance market grew at a rate of 6.1% in the period.

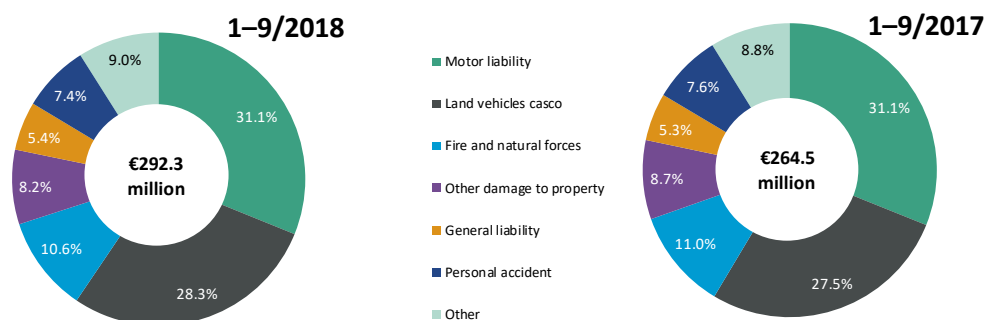
Gross non-life insurance premiums written abroad rose by 13.6%. Gross non-life premiums grew in all of the Group's international non-life insurers, with the largest growth coming from the Serbian non-life insurer. The Serbian non-life insurer grew gross premiums written across its entire insurance portfolio. The fastest growth was achieved through better sales of voluntary health, personal accident and motor liability business. The Kosovan non-life insurer also achieved premium growth in all classes of insurance in 1–9/2018, with the largest absolute growth in health insurance, driven by a larger number of active policies and motor vehicle liability insurance. The Croatian branch of Zavarovalnica Sava grew by 15.7%. The highest absolute growth was achieved in motor vehicle liability insurance and motor casco. The Montenegrin insurer produced 3.2% premium growth, especially on account of the growth in gross premiums relating to motor vehicle liability and land motor vehicles business. The Macedonian insurer recorded the largest premium growth in health insurance as a result of the introduction of new products and other damage to property business.

Net non-life insurance premiums written abroad grew by 14.3% in 1–9/2018.

Owing to the schedule of writing commercial policies and additional growth in the volume of gross premiums written, there was also a larger change in unearned premiums.

Total net premiums earned grew by 10.6%.

## Unconsolidated gross non-life premiums written by class of business



## Net claims incurred

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

(EUR)	1-9/2018	1-9/2017	Index
Gross claims paid	148,383,983	129,816,240	114.3
Net claims paid	140,848,896	120,463,489	116.9
Change in the net provision for outstanding claims	-6,360,410	6,008,836	-105.9
<b>Net claims incurred</b>	<b>134,488,486</b>	<b>126,472,325</b>	<b>106.3</b>

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

(EUR)	Slovenia			International		
	1-9/2018	1-9/2017	Index	1-9/2018	1-9/2017	Index
Gross claims paid	126,798,715	112,252,743	113.0	21,585,268	17,563,497	122.9
Net claims paid	120,454,613	103,785,137	116.1	20,394,282	16,678,352	122.3
Change in the net provision for outstanding claims	-8,701,023	3,154,200	-275.9	2,340,613	2,854,636	82.0
<b>Net claims incurred</b>	<b>111,753,590</b>	<b>106,939,337</b>	<b>104.5</b>	<b>22,734,895</b>	<b>19,532,988</b>	<b>116.4</b>

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

(EUR)	1-9/2018	1-9/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	129,190,220	112,783,803	114.5
Zavarovalnica Sava, Croatian part (non-life)	4,202,767	3,225,592	130.3
Sava neživotno osiguranje (SRB)	6,336,658	4,456,226	142.2
Illyria	3,933,456	2,631,748	149.5
Sava osiguruvanje (MKD)	3,832,275	4,345,774	88.2
Sava osiguranje (MNE)	3,208,332	2,973,957	107.9
Energoprojekt Garant	184,694		
<b>Total</b>	<b>150,888,402</b>	<b>130,417,100</b>	<b>115.7</b>

Gross claims paid for Slovenian business in the period 1-9/2018 rose primarily as a result of increased gross motor claims paid. Additionally, gross claims paid increased year on year owing to storm claim payments (of which EUR 3.7 million relates to the storm loss of 8 June 2018) and the rise in property claims (primarily fire and other damage to property).

Gross claims paid relating to non-Slovenian business rose by 22.9%. This increase was driven by higher gross claims paid of all international non-life insurers, except the Macedonian non-life insurer. Gross claims paid by the Kosovan non-life insurer rose, reflecting larger claims in health insurance and motor liability as a result of higher loss frequency and larger than average claim amounts. The rise in the claims of the Serbian non-life insurer were mainly the result of larger claim payments relating to personal accident and a fire loss incurred in the property business. The Croatian branch of Zavarovalnica Sava saw an increase in gross claims paid primarily in motor business, driven by a larger volume of business and an increase in reported and settled claims. The Montenegrin non-life insurer,

by contrast, paid more claims relating to accident insurance (under group policies) and land motor vehicles insurance due to several large claims. The Macedonian non-life insurer recorded lower gross claims paid in 1–9/2018 year on year. This is related to a large claim settled in January 2017.

The change in the net provision for outstanding claims of the Slovenian non-life insurer was negative, at EUR 8.7 million in 1–9/2018, while in 1–9/2017 it was positive, at EUR 3.1 million. Last year, the net provision for outstanding claims increased due to the storms of August 2017. This year, the net provision for outstanding claims decreased by EUR 3.6 million as the result of claim payments made relating to the mentioned storms of 2017 and for some major property losses.

In 1–9/2018, the change in the net provision for outstanding claims of the Group's non-Slovenian non-life insurers was EUR 0.5 million lower year on year. The change in the net provision for outstanding claims declined mainly because of the Kosovan and Croatia non-life insurers. The decline in the change in the net provision for outstanding claims of the Kosovan non-life insurer reflected a major claim payment made at the end of 2017, which had been reserved during 1–9/2017. The Croatian non-life insurer, in contrast, reported a lower change in the net provision for outstanding claims year on year as the result of the 2017 alignment of the accounting of technical provisions with the Slovenian non-life insurer.

## Operating expenses

### Consolidated operating expenses; non-life segment

(EUR)	1–9/2018	1–9/2017	Index
Acquisition costs	22,143,882	17,971,831	123.2
Change in deferred acquisition costs (+/-)	-2,270,397	-1,219,976	186.1
Other operating expenses	65,527,586	61,877,692	105.9
<b>Operating expenses</b>	<b>85,401,071</b>	<b>78,629,547</b>	<b>108.6</b>
Reinsurance commission income	-2,391,721	-1,876,017	127.5
<b>Net operating expenses</b>	<b>83,009,351</b>	<b>76,753,530</b>	<b>108.2</b>

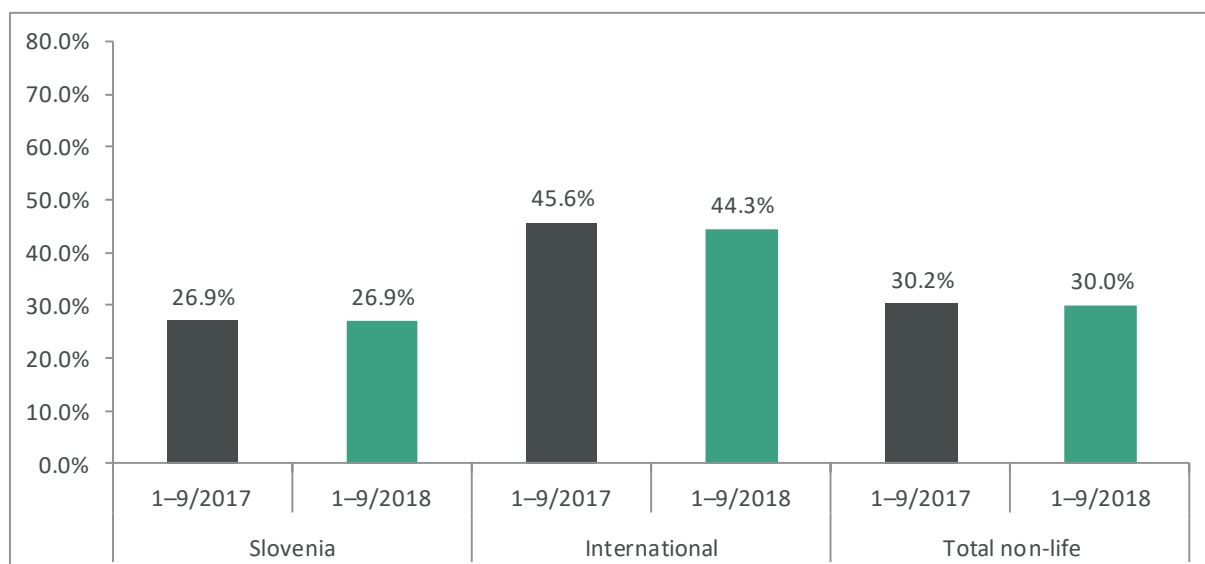
### Unconsolidated gross operating expenses relating to the non-life segment by Sava Re Group member

(EUR)	1–9/2018	1–9/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	58,334,693	53,873,390	108.3
Other Group insurers	22,073,795	20,053,537	110.1
Non-insurance Group companies	941,759	877,381	107.3

Consolidated acquisition costs rose by 23.2%, chiefly owing to larger premium volumes and premium growth in classes of insurance for which higher acquisition costs are typically incurred, while target combined ratios remain at an appropriate level, and owing to premium growth in the Serbian non-life insurer and expanded external distribution channels of the Croatian non-life insurer.

The rise in other operating expenses largely reflects the higher expenses incurred by the Serbian non-life insurer.

### Gross expense ratio; non-life segment



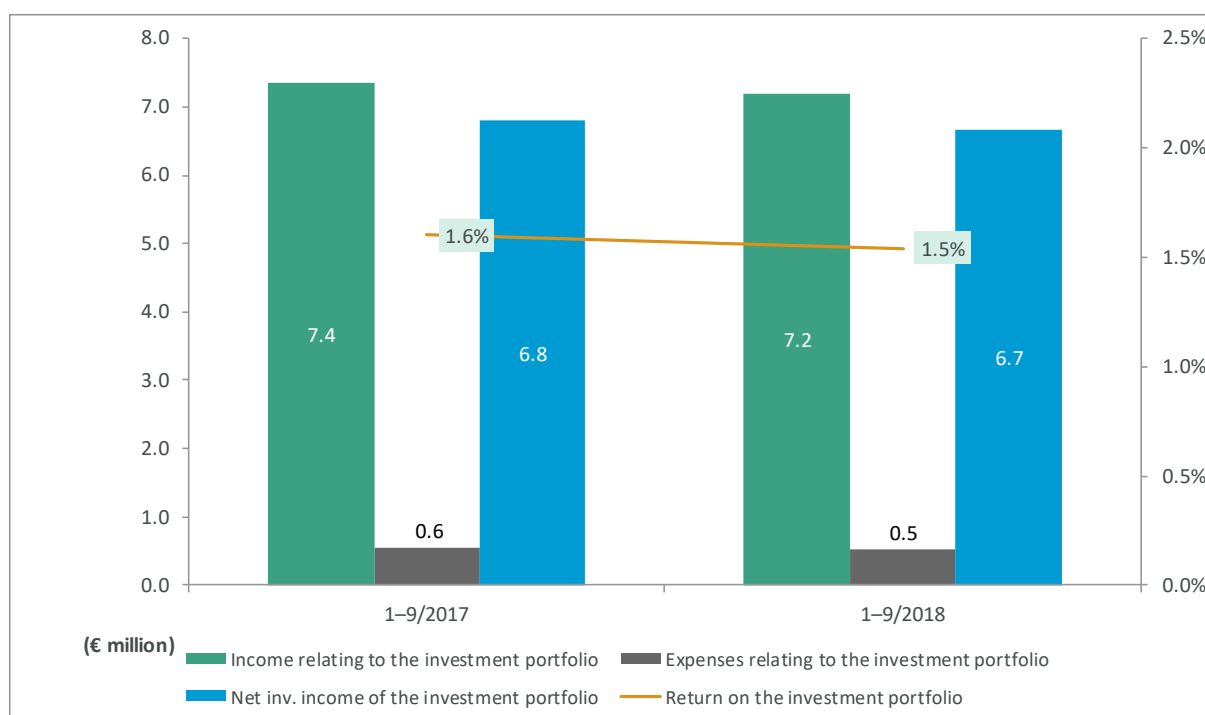
The consolidated gross expense ratio of the non-life segment dropped by 0.2 percentage points due to a 10.5% growth in gross non-life premiums written, while acquisition costs and other operating expenses together increased by 9.4%.

The consolidated gross expense ratio relating to the Slovenian non-life insurer also remained flat.

The consolidated gross expense ratio of non-Slovenian non-life companies dropped by 1.3 percentage points due to a 13.6% growth in gross non-life premiums written, while acquisition costs plus other operating expenses grew 10.3%.

### Net investment income

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










In 1–9/2018, net investment income relating to the non-life insurance portfolio amounted to EUR 6.7 million, broadly on the same level year on year. The return on investment for the period was 1.5%.

## 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 as Slovenian life insurance, while the Croatian part of the company is discussed as international life insurance. In the financial report for the period 1–9/2017, the life operating segment still included the pension company Sava pokojninska, which has been reallocated to the pension segment since the first quarter of 2018. For the sake of comparability, the tables below do not include data of Sava pokojninska.

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)	1–9/2018	1–9/2017	Index
Gross premiums written	64,505,068	66,297,315	97.3
Net premiums written	64,325,989	66,096,904	97.3
Change in net unearned premiums	51,671	273,007	18.9
<b>Net earned premiums</b>	<b>64,377,660</b>	<b>66,369,911</b>	<b>97.0</b>

#### Net premiums earned; life insurance business

(EUR)	Slovenia			International		
	1–9/2018	1–9/2017	Index	1–9/2018	1–9/2017	Index
Gross premiums written	58,512,527	61,057,900	95.8	5,992,541	5,239,415	114.4
Net premiums written	58,335,604	60,859,773	95.9	5,990,385	5,237,131	114.4
Change in net unearned premiums	105,370	267,299	39.4	-53,699	5,708	-940.8
<b>Net earned premiums</b>	<b>58,440,974</b>	<b>61,127,072</b>	<b>95.6</b>	<b>5,936,686</b>	<b>5,242,839</b>	<b>113.2</b>

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

(EUR)	1–9/2018	1–9/2017	Index
Zavarovalnica Sava, Slovenian part (life)	58,512,526	61,057,900	95.8
Zavarovalnica Sava, Croatian part (life)	2,889,155	2,746,886	105.2
Illyria Life	1,543,840	1,270,162	121.5
Sava životno osiguranje (SRB)	1,561,279	1,222,367	127.7
<b>Total</b>	<b>64,506,801</b>	<b>66,297,316</b>	<b>97.3</b>

In 1–9/2018, gross premiums written by the Group's life insurers grew year on year. At Zavarovalnica Sava, gross premiums written decreased because a large number of policies reached maturity. The insurer sought to compensate for this loss by writing new policies; however, could not fully offset premiums lost on account of maturities, deaths and surrenders.

Non-Slovenian gross premiums written grew at Illyria Life and Sava životno osiguranje (SRB), both generating double-digit growth rates. The largest, 27.7%, growth was achieved by the Serbian insurer, who managed to boost the productivity of its sales network and launched four new products in 2018. The growth in gross premiums written was also significantly affected by the information system

implemented last year for planning and monitoring activities, which is technically supported and includes a key performance indicator system. The same system was set up at the Kosovan life insurer at the end of 2017, where some benefits already showed in 1–9/2018. Another factor benefitting growth in gross premiums written was the stabilisation of the sales network.

The branch of Zavarovalnica Sava achieved a 5.2% growth in gross premiums written, which is marginally less than in previous years and below the growth rate achieved by the Croatian life insurance market of 10.5%. Growth slowed down because of the large number of policies that reached maturity in early 2018. Similar to the Slovenian part of Zavarovalnica Sava, the Croatian branch increased sales of new products, but growth was not as high as in the past because of the large number of policy maturities.

#### *Unconsolidated gross life insurance premiums written by class of business*



### *Net claims incurred*

#### *Net claims incurred; life insurance business*

(EUR)	1–9/2018	1–9/2017	Index
Gross claims paid	61,334,711	52,917,133	115.9
Net claims paid	61,299,666	52,845,824	116.0
Change in the net provision for outstanding claims	-350,565	458,540	-276.5
<b>Net claims incurred</b>	<b>60,949,101</b>	<b>53,304,364</b>	<b>114.3</b>
Change in other technical provisions*	-5,845,675	4,900,507	-119.3
Change in technical provisions for policyholders who bear the investment risk	-7,746,913	-3,150,931	245.9
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>47,356,513</b>	<b>55,053,940</b>	<b>86.0</b>

\* These provisions mainly comprise mathematical provisions.

#### *Net claims incurred; life insurance business*

(EUR)	Slovenia			International		
	1–9/2018	1–9/2017	Index	1–9/2018	1–9/2017	Index
Gross claims paid	59,274,896	51,707,311	114.6	2,059,815	1,209,822	170.3
Net claims paid	59,239,856	51,636,022	114.7	2,059,810	1,209,802	170.3
Change in the net provision for outstanding claims	-307,825	462,738	-66.5	-42,740	-4,198	1018.1
<b>Net claims incurred</b>	<b>58,932,031</b>	<b>52,098,760</b>	<b>113.1</b>	<b>2,017,070</b>	<b>1,205,604</b>	<b>167.3</b>
Change in other technical provisions*	-7,321,896	2,774,644	-263.9	1,476,221	2,125,863	69.4
Change in technical provisions for policyholders who bear the investment risk	-7,739,115	-3,165,733	244.5	-7,798	14,802	-52.7
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>43,871,020</b>	<b>51,707,671</b>	<b>84.8</b>	<b>3,485,493</b>	<b>3,346,269</b>	<b>104.2</b>

\* These provisions mainly comprise mathematical provisions.

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

(EUR)	1-9/2018	1-9/2017	Index
Zavarovalnica Sava, Slovenian part (life)	59,274,896	51,707,311	114.6
Zavarovalnica Sava, Croatian part (life)	1,422,094	578,956	245.6
Illyria Life	351,691	344,907	102.0
Sava životno osiguranje (SRB)	286,030	285,959	100.0
<b>Total</b>	<b>61,334,710</b>	<b>52,917,132</b>	<b>115.9</b>

Gross claims paid in Slovenia grew by 14.6% in 1-9/2018 as the result of a large number of unit-linked policies that matured in 2018. The lion's share of maturities in 1-9/2018 related to unit-linked life insurance where policyholders bear the investment risk (EUR 23.1 million), while maturities of traditional life policies totalled EUR 19.6 million. Compared to the previous year, total maturities relating to traditional life policies increased by EUR 9.3 million; maturities of unit-linked life policies grew by EUR 5.2 million. The movement in claims needs to be viewed in conjunction with the change in technical provisions.

As in Slovenia, the reason for the large increase in gross claims paid in non-Slovenian insurers is the large number of maturities in the Croatian branch of Zavarovalnica Sava. At the branch of Zavarovalnica Sava, claims increased by 145.6%, which is entirely due to policy maturities. However, this has no significant effect on the proportion of pay-outs at the Group level. Gross claims paid also rose at the Kosovan insurer, while in 1-9/2018, the Serbian company recorded claims at the same level year on year.

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

## *Operating expenses*

*Consolidated operating expenses; life segment*

(EUR)	1-9/2018	1-9/2017	Index
Acquisition costs	4,734,301	4,502,278	105.2
Change in deferred acquisition costs (+/-)	-249,746	-176,042	141.9
Other operating expenses	12,757,234	12,512,071	102.0
<b>Operating expenses</b>	<b>17,241,789</b>	<b>16,838,307</b>	<b>102.4</b>
Reinsurance commission income	0	2,985	0.0
<b>Net operating expenses</b>	<b>17,241,789</b>	<b>16,841,292</b>	<b>102.4</b>

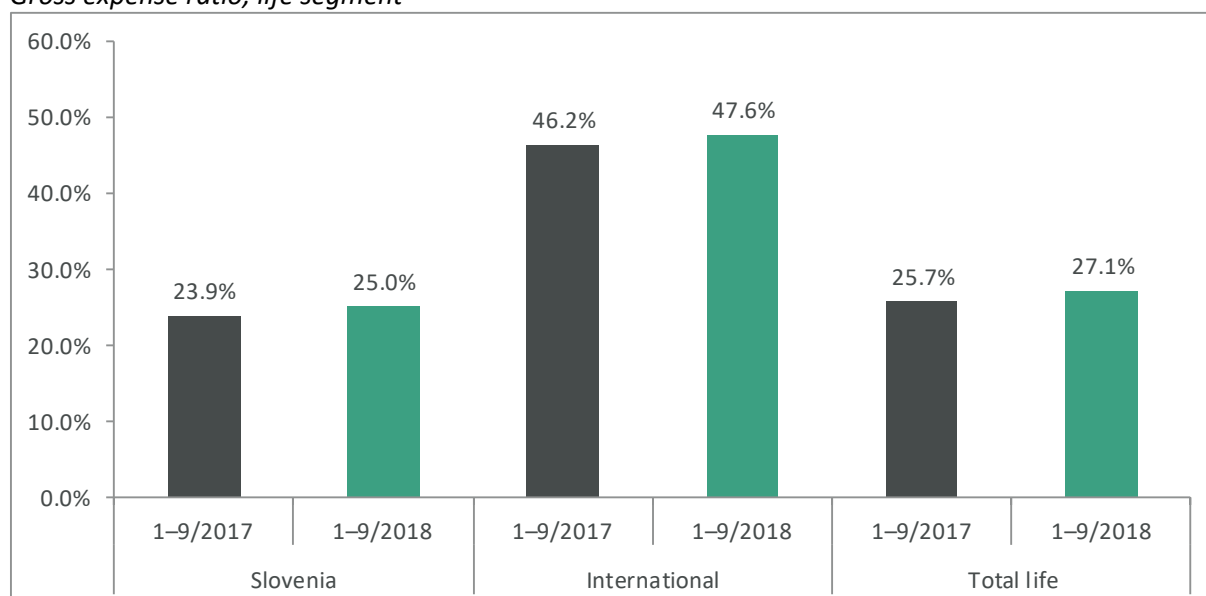
*Unconsolidated gross operating expenses relating to the life segment by Sava Re Group member*

(EUR)	1-9/2018	1-9/2017	Index
Zavarovalnica Sava, Slovenian part (life)	13,487,075	13,044,659	103.4
Other Group insurers	2,809,076	2,374,398	118.3
Non-insurance Group companies	782,723	829,641	94.3

Acquisition costs rose as the result of larger sales of new insurance products.

The rise in other operating expenses was due to increases posted in these expenses by non-Slovenian insurers, whereas 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, transaction costs and costs of intellectual services. The reason for the increase in personnel costs at the Serbian insurer is a larger workforce (in 1-9/2018 the average number of employees rose by 19 year on year), while at the Kosovan insurer, personnel costs rose following the employment of agents.

### Gross expense ratio; life segment

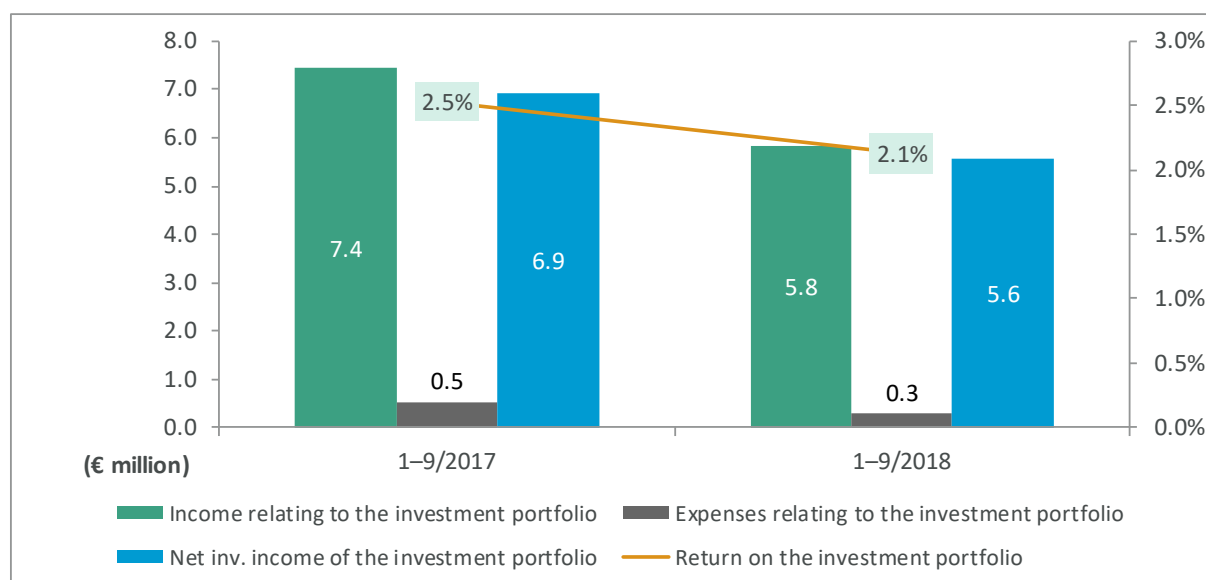


The consolidated gross expense ratio for Slovenian companies rose by 1.1 percentage points as the result of a drop in gross premiums written due to maturities, growth in sales of new products and the resulting growth in acquisition costs of Zavarovalnica Sava, while operating expenses remained largely flat.

At the international companies, the consolidated gross expense ratio increased by 1.4 percentage points as costs outpaced premium growth, mainly owing to increased sales of new products.

### 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 1-9/2017 differ from those published in the 1-9/2017 financial report as income also included management fee income of the unit-linked life liability fund and recorded income and expenses of the pensions segment, which are shown separately in 1-9/2018.

In 1-9/2018, net investment income relating to the life insurance investment portfolio totalled EUR 5.6 million, down EUR 1.3 million year on year. Net investment income was lower largely because of lower

interest income (EUR 0.9 million) and realised capital gains (EUR 0.2 million). The return on investment for the period was 2.1%.

## 2.4 Pensions

The pensions segment comprises the operations of the following companies:

-  Sava pokojninska
-  Sava penzisko društvo

Sava penzisko društvo was included in the consolidated financial statements on 31 March 2018.

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

### *Savings phase*

#### *Other technical income*

(EUR)	1-9/2018	1-9/2017	Index
Other technical income	1,147,812	1,076,964	106.6

Other technical income includes income of the Slovenian pension company for entry and exit charges charged to clients, management fees relating to the management of the My-Life-Cycle group of funds, and administrative expenses charged to clients upon transfer of funds from the savings to the distribution scheme.

#### *Other income*

(EUR)	1-9/2018	1-9/2017	Index
Other income	1,752,986	5,450	32,164.9

Other income comprises income of the Macedonian pension company for client entry and exit charges, and management fees relating to the management of the mandatory and voluntary pension funds.

#### *The balance of the mathematical provision of the group of My-Life-Cycle long-term business funds*

(EUR)	2018	2017	Index
<b>Opening balance of fund assets (1 January)</b>	<b>128,862,922</b>	<b>119,926,669</b>	<b>107.5</b>
Gross fund inflows	7,942,824	7,673,501	103.5
Gross fund outflows	4,082,909	4,399,729	92.8
Asset transfers	540,037	856,138	63.1
Net investment income of the fund	1,079,523	2,650,190	40.7
Entry and exit charges	141,091	139,885	100.9
<b>Closing balance of fund assets (30 September)</b>	<b>134,201,307</b>	<b>126,566,884</b>	<b>106.0</b>

Gross inflows into the My-Life-Cycle group of funds of the Slovenian pension company increased by 3.5% in the period 1-9/2018 year on year. Growth was partly driven by an increase in the number of policyholders.

Gross fund outflows from the My-Life-Cycle group of funds of the Slovenian pension insurer dropped by 7.2% in the period 1-9/2018 year on year. Gross pay-outs may relate to regular or extraordinary terminations. The major part of the latter related to exits.

In the period 1-9/2018, the Company transferred assets in the amount of EUR 1.1 million from other pension service providers, while transfers to other providers totalled EUR 0.6 million, which resulted in a positive net effect.

Entry and exit charges relating to the My-Life-Cycle group of funds increased by 0.9% in the period 1–9/2018 year on year.

*Performance of the mandatory and voluntary funds of the Macedonian pension company*

(EUR)	4-9/2018
Gross fund inflows	28,021,626
Gross fund outflows	381,185
Asset transfers	24,225
Net investment income of the fund	23,588,059
Entry and exit charges	701,863
<b>Net assets under management as at 30 September 2018</b>	<b>501,947,459</b>

In 4–9/2018, gross inflows into the mandatory and voluntary funds of the Macedonian pension company totalled EUR 28.0 million, while gross outflows were EUR 0.4 million. Net investment income of funds totalled EUR 23.6 million in 4–9/2018. As at 30 September 2018, the net asset value of managed funds was EUR 501.9 million, representing a 13.3% growth since 31 December 2017.

The value of assets under management is not recognised in the statement of financial position of Sava penzisko društvo because the Macedonian pension company only manages the assets.

*Pension annuities – distribution phase*

(EUR)	1–9/2018	1–9/2017	Index
Gross premiums written	1,695,300	1,572,516	107.8
Gross claims paid	511,639	320,824	159.5
Change in other net technical provisions (+/-)	-1,199,307	-1,374,524	87.3

Gross premiums written relate to the KS MRS fund<sup>8</sup>. Until June 2015 inclusive, policyholders had contracts for the KS DPRZ fund<sup>9</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 1–9/2018, the gross premiums of the annuity fund rose by 7.8% 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 59.5% over 1–9/2018 year on year. Once insured persons meet pension eligibility requirements, their assets are transferred from savings accounts to annuity accounts, which creates growth for annuity funds.

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; pensions segment*

(EUR)	1–9/2018	1–9/2017	Index
Acquisition costs	9,049	24,216	37.4
Other operating expenses	1,732,870	996,912	173.8
<b>Operating expenses</b>	<b>1,741,919</b>	<b>1,021,128</b>	<b>170.6</b>

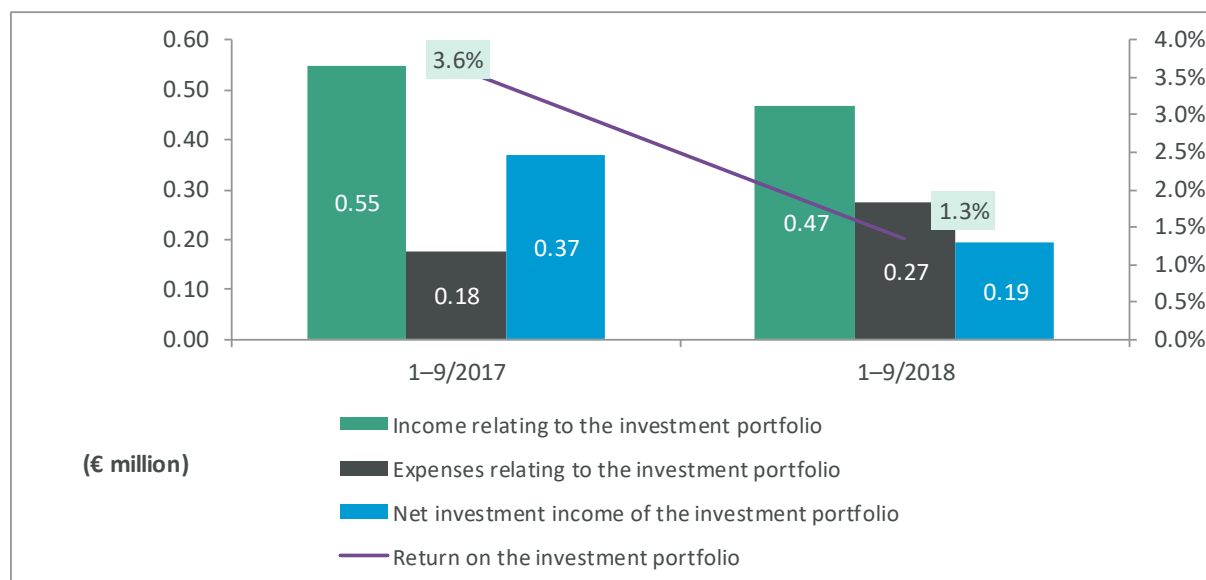
<sup>8</sup> Long-term business fund 'MOJ rentni sklad' (MY annuity fund).

<sup>9</sup> Long-term business fund for supplementary pension annuity insurance.

Operating expenses increased by 70.6% in 1–9/2018 year on year as a result of including the Macedonian pension company into the Group on 31 March 2018. The operating expenses of the Slovenian pension company in 1–9/2018 dropped by 10.5% year on year.

### Net investment income

*Income, expenses and net investment income relating to the investment portfolio (EUR); pensions segment<sup>10</sup>*



In 1–9/2018, net investment income relating to the investment portfolio of pension companies totalled EUR 0.2 million, down EUR 0.2 million year on year. Net investment income was lower largely because of lower interest income (EUR 0.01 million) and realised gains (EUR 0.1 million). Compared to the same period last year, expenses rose, by EUR 0.1 million, as a result of the adjustment of the level of liabilities relating to annuity contracts. The return on investment for the period was 1.3%.

<sup>10</sup> The table includes the portfolios of Sava pokojninska (excluding investment contracts) and Sava penzisko društvo (excluding investment income of funds because the assets of these funds managed by Sava penzisko društvo are not included in the company's statement of financial position).

### 3 Financial position of the Sava Re Group

As at 30 September 2018, total assets of the Sava Re Group stood at EUR 1,745.7 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 30 September 2018 and items that changed by more than 2% of equity.

#### 3.1 Assets

*Consolidated total assets by type*

(EUR)	30/09/2018	As % of total 30/09/2018	31/12/2017	As % of total 31/12/2017
<b>ASSETS</b>	<b>1,745,676,103</b>	<b>100.0%</b>	<b>1,708,348,067</b>	<b>100.0%</b>
Intangible assets	36,231,565	2.1%	22,712,944	1.3%
Property, plant and equipment	41,984,977	2.4%	45,438,014	2.7%
Deferred tax assets	1,654,710	0.1%	2,107,564	0.1%
Investment property	16,633,143	1.0%	15,364,184	0.9%
Financial investments in associates	125,000	0.0%	0	0.0%
Financial investments	1,046,850,124	60.0%	1,038,125,019	60.8%
Funds for the benefit of policyholders who bear the investment risk	216,150,938	12.4%	227,228,053	13.3%
Reinsurers' share of technical provisions	31,131,218	1.8%	30,787,241	1.8%
Investment contract assets	134,845,556	7.7%	129,622,131	7.6%
Receivables	153,236,744	8.8%	138,455,525	8.1%
Deferred acquisition costs	21,069,650	1.2%	18,507,194	1.1%
Other assets	3,441,187	0.2%	2,043,395	0.1%
Cash and cash equivalents	42,320,607	2.4%	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 30 September 2018, intangible assets totalled EUR 36.2 million, up 59.5% compared to 31 December 2017. This increase relates to the increase in goodwill of EUR 14.0 million as the result of acquisitions. For more 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, financial investments in associated companies, and cash and cash equivalents.



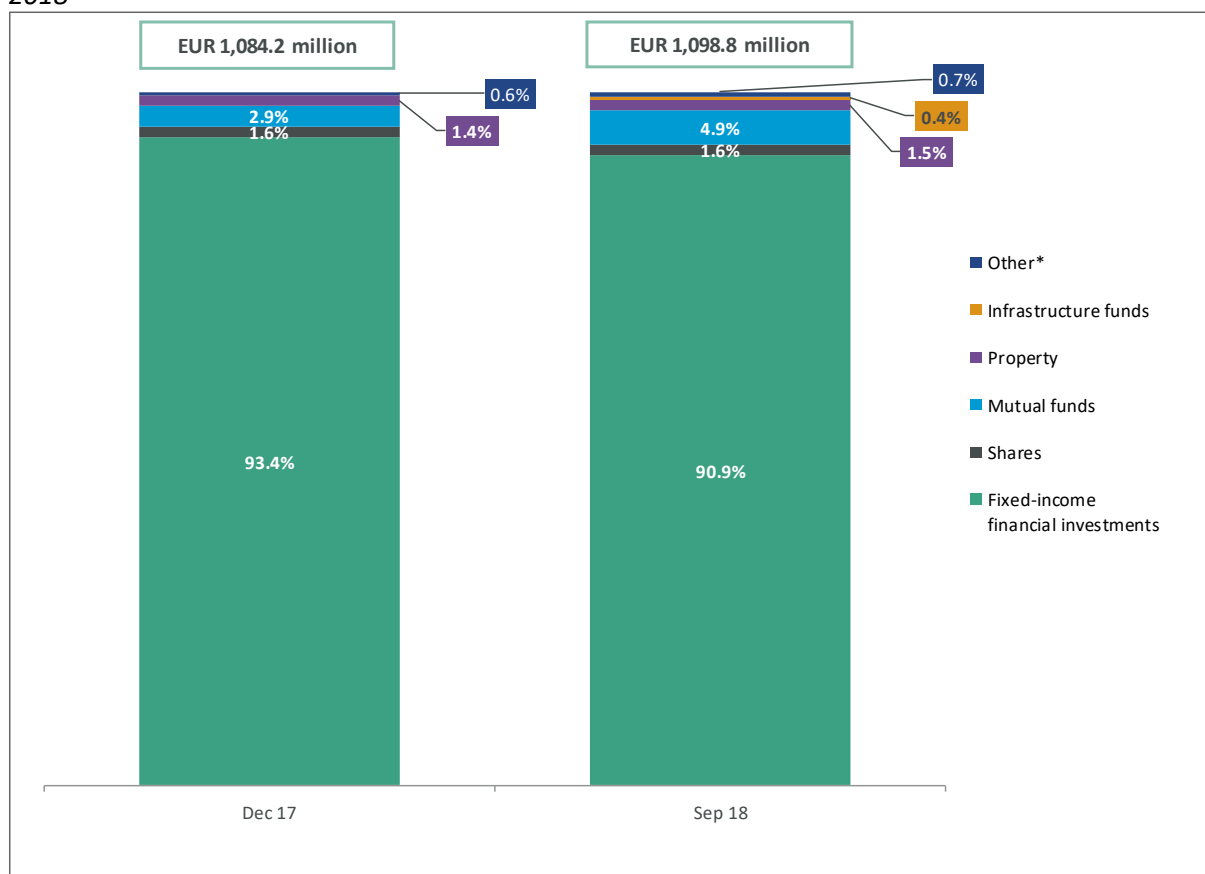
*The Sava Re Group investment portfolio*

(EUR)	30/09/2018	31/12/2017	Absolute change	Index
Deposits	29,461,880	21,605,211	7,856,669	136.4
Government bonds	534,477,348	566,515,923	-32,038,575	94.3
Corporate bonds	399,150,290	394,196,963	4,953,327	101.3
Shares	17,278,098	17,524,834	-246,736	98.6
Mutual funds	54,207,718	31,857,756	22,349,962	170.2
- bond and money market funds	50,840,763	29,456,221	21,384,542	172.6
- equity and mixed mutual funds	3,366,955	2,401,535	965,420	140.2
Infrastructure funds	4,608,390	0	4,608,390	-
Loans granted	1,240,257	591,985	648,272	209.5
Deposits with cedants	6,426,143	5,832,347	593,796	110.2
<b>Total financial investments</b>	<b>1,046,850,124</b>	<b>1,038,125,019</b>	<b>8,725,105</b>	<b>100.8</b>
Financial investments in associates	125,000	0	125,000	
Investment property	16,633,143	15,364,184	1,268,959	108.3
Cash and cash equivalents	35,141,953	30,746,332	4,395,621	114.3
<b>Total investment portfolio</b>	<b>1,098,750,220</b>	<b>1,084,235,535</b>	<b>14,514,685</b>	<b>101.3</b>
Funds for the benefit of policyholders who bear the investment risk	223,329,592	234,437,840	-11,108,248	95.3
- financial investments	216,150,938	227,228,053	-11,077,115	95.1
- cash and cash equivalents	7,178,654	7,209,787	-31,133	99.6
Investment contract assets	134,845,556	129,622,131	5,223,425	104.0

As at 30 September 2018, the Group's investment portfolio totalled EUR 1,098.8 million, an increase of EUR 14.5 million from the year-end 2017 figure. Positive contributions to the investment portfolio came from core (re)insurance cash flows<sup>11</sup>, change in accrued interest, realised gains on disposal of investments and dividend income from financial investments. Financial investments declined as a result of dividend distributions and a negative change in the fair value reserve but also because of the acquisitions of companies in the first quarter (more under 7.8 'Business combinations').

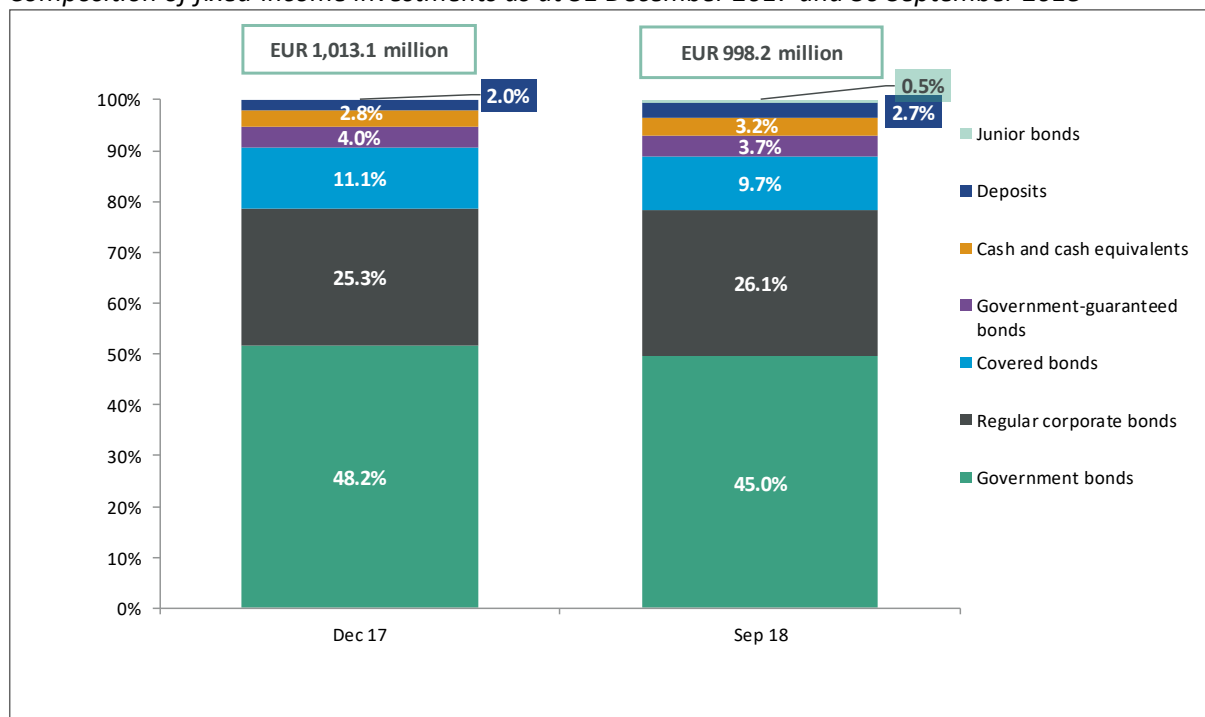
<sup>11</sup> Cash flow from core (re)insurance business does not include cash flow from unit-linked business.

*Composition of the Sava Re Group investment portfolio as at 31 December 2017 and 30 September 2018*



\* 'Other' investments comprise deposits with cedants, loans granted to or factoring business with infrastructure project company and financial investments in associated companies.

*Composition of fixed-income investments as at 31 December 2017 and 30 September 2018*



The composition of the Sava Re Group investment portfolio changed as follows:

- S** 2.5-percentage-point drop in the proportion of fixed-income investments;
- S** 2.0-percentage-point increase in the share of investments in mutual funds. This increase is largely the result of acquired bond and ETF<sup>12</sup> money market funds;
- S** larger proportion of infrastructure funds, which rose by 0.4 percentage points from the year-end (requests for payments into funds under commitments made in early 2018).

In the period, the decline and composition of fixed-income investments were largely the result of the following factors:

- S** lower exposure to government bonds of EUR 32.0 million (3.3-percentage-point decline in the proportion of fixed-income investments), largely due to investments reaching maturity;
- S** higher exposure to regular corporate and covered bonds by EUR 5.0 million. The value of investments in regular corporate bonds rose by EUR 13.5 million (larger share of fixed-income investments by 0.9 percentage points), the value of covered bonds dropped by EUR 14.4 million (smaller share of fixed-income investments by 1.5 percentage points);
- S** increase in cash and cash equivalents of EUR 4.4 million (0.7 percentage point rise in their proportion of fixed-income investments).

### **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 30 September 2018, funds for the benefit of policyholders who bear the investment risk totalled EUR 223.3, of which EUR 216.2 million were financial investments and EUR 7.2 million were cash and cash equivalents. The level of funds for the benefit of policyholders who bear the investment risk fell by EUR 11.1 million compared to the previous year end. The main reasons for the decline is the negative cash flow from core business owing to maturing policies, which leads to larger payouts (-EUR 14.8 million), and transfers among funds.

### **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 30 September 2018, investment contract assets totalled EUR 134.8 million, up 4.0% compared to 31 December 2017. The increase in investment contract assets relates to net flows (EUR 4.3 million; in the reporting period, inflows totalled EUR 9.4 million and outflows EUR 5.2 million) and the positive change in the fair value reserve (EUR 1.0 million).

As at 30 September 2018, financial investments accounted for 83.4% of total assets; the remaining amount comprises receivables, investment property, and cash and cash equivalents.

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<sup>12</sup> ETF = exchange-traded fund; mutual funds purchased through brokers.

Assets under the management of Sava penzisko društvo are not shown in the Company's statement of financial position; these amounts are shown in section 2.4 'Pensions'.

### 3.1.5 Receivables

Receivables increased by 10.7%, or EUR 14.8 million, compared to year-end 2017 (1–9/2017: increase of 19.4% or EUR 24.7 million). A higher increase in receivables is normal in the first nine months.

There was an increase in all categories of receivables other than those arising from reinsurance and co-insurance business. The largest increase was with receivables arising from primary insurance business, up EUR 15.0 million, or 12.0%, compared to 31 December 2017; however, the lion's share of this increase relates to not-past-due receivables (EUR 12.6 million). In absolute terms, the largest increase was in the non-life segment in Slovenia (increase of EUR 10.2 million; in 1–9/2017: increase of EUR 4.5 million), in the non-life segment (increase of EUR 2.2 million; in 1–9/2017: increase of EUR 2.0 million) and in the reinsurance segment (increase of EUR 2.2 million; in 1–9/2017: increase of EUR 1.0 million). The reason for the increase in the 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 making estimates for reinsurance business.

There were also significant increases in other receivables, of EUR 1.6 million or 20.3%. The higher growth in other receivables of Sava Re of EUR 2.2 million mainly reflects the inclusion of TBS Team 24 into the Group. TBS Team 24 held receivables of EUR 1.9 million as at 30 September 2018.

## 3.2 Liabilities

### Consolidated total liabilities by type

(EUR)	30/09/2018	As % of total 30/09/2018	31/12/2017	As % of total 31/12/2017
<b>EQUITY AND LIABILITIES</b>	<b>1,745,676,103</b>	<b>100.0%</b>	<b>1,708,348,067</b>	<b>100.0%</b>
Equity	327,488,405	18.8%	316,116,895	18.5%
Share capital	71,856,376	4.1%	71,856,376	4.2%
Capital reserves	42,996,384	2.5%	43,035,948	2.5%
Profit reserves	162,660,118	9.3%	162,548,076	9.5%
Own shares	-24,938,709	-1.4%	-24,938,709	-1.5%
Fair value reserve	13,188,685	0.8%	18,331,697	1.1%
Reserve due to fair value revaluation	702,383	0.0%	667,518	0.0%
Retained earnings	35,140,612	2.0%	33,093,591	1.9%
Net profit or loss for the period	29,046,101	1.7%	14,557,220	0.9%
Translation reserve	-3,397,349	-0.2%	-3,353,304	-0.2%
Equity attributable to owners of the controlling company	327,254,601	18.7%	315,798,413	18.5%
Non-controlling interests in equity	233,804	0.0%	318,482	0.0%
Subordinated liabilities	0	0.0%	0	0.0%
Technical provisions	966,142,553	55.3%	931,398,362	54.5%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	217,889,352	12.5%	226,527,893	13.3%
Other provisions	8,042,922	0.5%	7,600,613	0.4%
Deferred tax liabilities	3,669,778	0.2%	5,781,494	0.3%
Investment contract liabilities	134,716,146	7.7%	129,483,034	7.6%
Other financial liabilities	261,644	0.0%	245,205	0.0%
Liabilities from operating activities	57,073,571	3.3%	60,598,188	3.5%
Other liabilities	30,391,732	1.7%	30,596,383	1.8%

### 3.2.1 Equity

Equity increased by 3.6%, or EUR 11.4 million, compared to year-end 2017.

In 1–9/2018, equity grew by the amount of net profit for the year of EUR 29.1 million and EUR 0.6 million relating to the increase in non-controlling interests in equity following the acquisitions of two companies not wholly owned by Sava Re as at 30 September 2018. On the other hand, capital decreased by EUR 12.7 million, reflecting dividend distributions (of which EUR 12.4 million relates to Sava Re dividend distributions and the rest to dividend distributions by minority interests), by EUR 5.2 million due to the decline in the fair value reserve and by EUR 0.5 million as the result of the acquisition of minority interests in Energoprojekt Garant.

### 3.2.2 Technical provisions

Gross technical provisions are the largest item under liabilities. The figure as at 30 September 2018 was an increase of 3.7%, or EUR 34.7 million, over year-end 2017. The largest growth (EUR 36.8 million) stems from gross unearned premiums driven by seasonal movements: at the beginning of the year, high unearned premiums are set for annual premiums written, which are then gradually amortised over the year so that at year-end 2018, they will be comparable to year-end 2017.

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

(EUR)	30/09/2018	31/12/2017	Index
Gross unearned premiums	208,687,085	171,857,259	121.4
Gross mathematical provisions	266,627,260	271,409,915	98.2
Gross provision for outstanding claims	478,696,316	479,072,582	99.9
Gross provision for bonuses, rebates and cancellations	1,618,839	1,780,231	90.9
Other gross technical provisions	10,513,053	7,278,375	144.4
<b>Gross technical provisions</b>	<b>966,142,553</b>	<b>931,398,362</b>	<b>103.7</b>

The gross technical provisions attributable to the reinsurance segment grew by 5.5%, or EUR 8.5 million, compared to year-end 2017. The increase is due to the rise in unearned premiums as the result of the annual dynamics of underwriting reinsurance business (up EUR 4.7 million; 1–9/2017: up EUR 8.7 million), while provisions for outstanding claims rose by EUR 3.7 million. This increase mainly is mainly related to the typhoon in Japan and floods in India.

Gross technical provisions attributable to the non-life segment grew by 6.4%, or EUR 31.0 million, compared to year-end 2017. Of this, EUR 32.2 million related to the growth in unearned premiums and seasonal movements (1–9/2017: growth of EUR 26.0 million), while provisions for outstanding claims shrank by EUR 4.1 million compared to year-end 2017. The latter is due to storm claim payments of the Slovenian insurer relating to previous year.

Gross mathematical provisions decreased by 1.8%, or EUR 4.8 million, mainly as the result of maturity benefits.

Other technical provisions (provisions for bonuses, rebates and cancellations, and other provisions) account for a smaller proportion and grew in total by EUR 3.1 million. This growth is primarily due to the strengthening of the provision for unexpired risks relating to the Slovenian non-life segment by EUR 2.7 million on account of some results of new policies that were weaker than expected.

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

The gross provisions associated with unit-linked life business totalled EUR 217.9 million as at 30 September 2018 and shrank by 3.8%, or EUR 8.6 million, mainly due to maturity benefits paid.

### 3.2.4 Investment contract liabilities

Investment contract liabilities of Sava pokojninska totalled EUR 134.7 million as at 30 September 2018, up 4.0%, or EUR 5.2 million, from year-end 2017. They move in line with investment contract assets depending on new inflows, outflows and movements in fund unit prices.

## 3.3 Capital structure

As at 30 September 2018, the Sava Re Group held EUR 327.5 million of equity. It held no subordinated debt and was thus exclusively financed from equity.

## 3.4 Cash flow

In the period 1–9/2018, the Sava Re Group's net cash from operating activities was a positive one of EUR 11.9 million (1–9/2017: EUR 28.9 million), which is below the year-on-year figure due to the payment of higher non-life claims and life insurance maturity benefits.

In the period 1–9/2018, the Sava Re Group's net cash from financing was a negative one of EUR 12.7 million (mostly relating to dividend payments), while in 1–9/2017, it had a negative net cash position of EUR 37.9 million, on account of both dividend distributions and the repayment of part of its subordinated debt.

The net increase in cash and cash equivalents in the period 1–9/2018 was smaller by EUR 21.3 million, which is the result of a lower cash flow from investing activities due to a tactical decision of the investment portfolio asset managers to reinvest assets at the reporting date, which was on account of market conditions. The net cash and cash equivalents position deteriorated owing to the cash outflow from financing activities relating to the repayment of the subordinated debt in 2017.

## 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>13</sup>	Outlook	Latest review
Standard & Poor's	A	stable	July 2018: rating upgrade
A.M. Best	A-	stable	October 2017: affirmed existing rating

Following its regular annual rating review in July 2018, rating agency Standard & Poor's upgraded its insurer financial strength rating on Sava Re. The upgrading reflected the Company's high capital

<sup>13</sup> The 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).

adequacy over an extended period both under the rating agency's capital model and under Solvency II, further supported by a stable dividend policy. Additional factors were the Group's sound market position and profitability. The credit agency further believed the Group was benefitting from its acquisitions.

## 4 Personnel

### *Staffing figures for Group members*

	30/09/2018	31/12/2017	Change
Zavarovalnica Sava	1,192.2	1,231.0	-38.8
Sava neživotno osiguranje (SRB)	340.0	339.3	0.7
Sava osiguruvanje (MKD)	198.0	193.8	4.2
Illyria	144.5	178.5	-34.0
Sava osiguranje (MNE)	128.8	132.5	-3.7
Sava Re	109.0	96.5	12.5
Sava životno osiguranje (SRB)	77.6	71.5	6.1
Illyria Life	44.0	29.9	14.1
Sava Car	43.0	39.5	3.5
Sava penzisko društvo	30.0	0.0	30.0
ZM Svetovanje	28.0	28.0	0.0
TBS Team 24	26.0	0.0	26.0
Sava Agent	20.3	20.0	0.3
Sava pokojninska	14.0	14.4	-0.4
Energoprojekt Garant	11.0	0.0	11.0
Ornatus KC	8.0	9.0	-1.0
Sava Station	6.0	5.0	1.0
<b>Total</b>	<b>2,420.4</b>	<b>2,388.8</b>	<b>31.5</b>

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees of the Group is subject to fluctuations, mainly due to fluctuations in the agency network. The headcount increased following the acquisition of new companies (67.0), and decreased as the result of streamlining operations following the merger of four of the Group's EU-based insurers (-38.8).

## 5 Risk management

In their operation, the Group companies are exposed to various categories of risk: insolvency risk, underwriting risk, risks associated with policies where policyholders bear the investment risk, risk associated with investment contracts, financial risk, operational risk, and strategic risk. 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*

The Sava Re Group uses the Solvency II standard formula for its solvency calculations. The most recent solvency calculation was carried out as at 31 December 2017. On that date, the Group was well capitalised and had a solvency ratio of 220%. Details on the valuation, the calculation of eligible own funds and the Group's SCR as at 31 December 2017 are set out in the 'Sava Re Group solvency and financial condition report 2017' and are available on the Sava Re website.

The Group's eligible own funds as at 30 June 2018 decreased somewhat compared to 31 December 2017, while the risk profile remained roughly the same compared to year-end 2017, remaining in line

with the Group's risk management strategy. As at 30 June 2018, the Group's solvency ratio stood at 211%, taking into account its eligible own funds as at 30 June 2018<sup>14</sup> and the adjusted balance of the solvency capital requirement as at 31 December 2017. The solvency capital requirement was adjusted because of the changed capital requirement for Sava pokojninska and the inclusion of the new pension company Sava penzisko društvo. The risk to the Group's capital adequacy is very small.

### *Underwriting risk*

The Group's subsidiaries assume risk from policyholders and mostly transfer excess risk to Sava Re. The controlling company also assumes such risk 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 the case of catastrophic losses. A more likely scenario to which the Group is exposed is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums. A rise/drop in the Group's net combined ratio of 1 percentage point would decrease/increase its profit before tax by EUR 3.0 million (30/09/2017: EUR 2.8 million).

The Group's exposure to underwriting risk did not change significantly in the third 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 market risk and the risk of failing to achieve the guaranteed return are born by the insurer.

Financial investments covering life insurance liabilities with guaranteed NAV	30/09/2018	31/12/2017
Zavarovalnica Sava d.d. – ZS Zajamčeni (ZS Guaranteed)	26,417,578	24,414,858
Zavarovalnica Sava d.d. – ZS Garant	1,469,753	1,313,503
Zavarovalnica Sava d.d. – ZS Varnost (ZS Security) and ZS Zajamčeni (ZS Guaranteed)	35,924,891	45,805,687
<b>Total financial investments</b>	<b>63,812,222</b>	<b>71,534,048</b>

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

<sup>14</sup> Latest available calculation.



## *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 investment contract liabilities totalled EUR 134.8 million as at 30 September 2018, up EUR 5.2 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 their financial operations, individual Group companies are exposed to financial risk, such as market, liquidity and credit risk.

### **Market risk**

The investment portfolio sensitive to market risk as at 30 September 2018 of EUR 1,098.8 million shrank by EUR 14.5 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 30 September 2018 was EUR 892.8 million (31/12/2017: EUR 882.8 million). Of this, EUR 595.2 million (31/12/2017: EUR 593.9 million) relates to assets of non-life insurers (including Sava Re) and EUR 297.7 million (31/12/2017: EUR 288.9 million) to assets of life insurers.

The average maturity of non-life insurance assets was 3.22 years as at 30 September 2018 (31/12/2017: 3.15 years), while the expected maturity of non-life obligations was 2.92 years (31/12/2017: 3.18 years).

The average maturity of life insurance assets was 3.60 years as at 30 September 2018 (31/12/2017: 3.46 years), while the expected duration of life insurance obligations was 4.45 (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 20.6 million as at 30 September 2018 (31/12/2017: EUR 19.8 million). A 10% drop in equity prices would result in a decline of EUR 2.1 million (31/12/2017: EUR 2.3 million).

The risk remained at about the same level as at year-end 2017.

### **Property risk**

The value of investments that the Company includes in the property risk calculation totalled EUR 16.6 million as at 31 September 2018 (31/12/2017: EUR 15.4 million). A 25% drop in property prices would result in a decline in the value of property investments of EUR 4.2 million (31/12/2017: EUR 3.8 million).

Property risk increased marginally compared to year-end 2017 owing to higher property investments.

## Currency risk

The Company monitors the matching of assets and liabilities by both the ALM and accounting aspect. As at 30 September 2018, the position was 99.5% matched according to the management aspect (31/12/2017: 98.8%) and 97.0% matched according to the ALM aspect (31/12/2017: 96.5%).

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

## Credit risk

As at 30 September 2018, fixed-income investments rated 'A' or better accounted for 69.7% of the total fixed-income portfolio (31/12/2017: 74.2%). In the reporting period 2018, the share of the best-rated investments dropped slightly compared to the prior year-end. This is because cash equivalents (unrated) increased somewhat, since not all proceeds from disposals and maturities were reinvested.

As at 30 September 2018, the exposure to the ten largest issuers was EUR 376.3 million, representing 34.3% of financial investments (31/12/2017: EUR 396.7 million; 36.6%). The largest single issuer of securities to which the Group is exposed is the Republic of Slovenia. As at 30 September 2018, the exposure to Slovenian issuers totalled EUR 132.6 million, representing 12.1% of financial investments (31/12/2017: EUR 170.0 million; 15.7%). No other corporate issuer exceeded the 2.0% 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 1–9/2018, reducing it compared to year-end 2017.

Credit risk associated with counterparties of which the companies hold receivables as at 30 September 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 were there any indications of any 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 third quarter, the Group's exposure to this category of risk remained at about the level at year-end 2017.

## Strategic risks

Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including external) factors. The Group and its members are exposed to a diverse range of internal and external strategic risks.

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 diverse scenarios.

In the third quarter, the Group's exposure to strategic risk remained at about the same level as at year-end 2017.

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

The main risks to which the Group is exposed are underwriting risk followed by market risk. The realisation of underwriting risk is fortuitous and only for certain classes of insurance seasonal. Underwriting risk could realise to a larger extent as a result of a larger number of catastrophic events (in Slovenia and abroad), while the realisation of financial risk 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)	30/09/2018	31/12/2017
<b>ASSETS</b>	<b>1,745,676,103</b>	<b>1,708,348,067</b>
Intangible assets	36,231,565	22,712,944
Property, plant and equipment	41,984,977	45,438,014
Deferred tax assets	1,654,710	2,107,564
Investment property	16,633,143	15,364,184
Financial investments in associates	125,000	0
<b>Financial investments:</b>	<b>1,046,850,124</b>	<b>1,038,125,019</b>
- loans and deposits	35,484,722	28,029,543
- held to maturity	75,276,943	106,232,327
- available for sale	920,118,430	897,645,279
- at fair value through profit or loss	15,970,029	6,217,870
<b>Funds for the benefit of policyholders who bear the investment risk</b>	<b>216,150,938</b>	<b>227,228,053</b>
<b>Reinsurers' share of technical provisions</b>	<b>31,131,218</b>	<b>30,787,241</b>
<b>Investment contract assets</b>	<b>134,845,556</b>	<b>129,622,131</b>
<b>Receivables</b>	<b>153,236,744</b>	<b>138,455,525</b>
Receivables arising out of primary insurance business	139,278,989	124,324,547
Reinsurance and co-insurance receivables	4,402,845	6,197,717
Current tax assets	29,213	17,822
Other receivables	9,525,697	7,915,439
<b>Deferred acquisition costs</b>	<b>21,069,650</b>	<b>18,507,194</b>
<b>Other assets</b>	<b>3,441,187</b>	<b>2,043,395</b>
<b>Cash and cash equivalents</b>	<b>42,320,607</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>1,745,676,103</b>	<b>1,708,348,067</b>
<b>Equity</b>	<b>327,488,405</b>	<b>316,116,895</b>
Share capital	71,856,376	71,856,376
Capital reserves	42,996,384	43,035,948
Profit reserves	162,660,118	162,548,076
Own shares	-24,938,709	-24,938,709
Fair value reserve	13,188,685	18,331,697
Reserve due to fair value revaluation	702,383	667,518
Retained earnings	35,140,612	33,093,591
Net profit or loss for the period	29,046,101	14,557,220
Translation reserve	-3,397,349	-3,353,304
<b>Equity attributable to owners of the controlling company</b>	<b>327,254,601</b>	<b>315,798,413</b>
<b>Non-controlling interests in equity</b>	<b>233,804</b>	<b>318,482</b>
<b>Technical provisions</b>	<b>966,142,553</b>	<b>931,398,362</b>
Unearned premiums	208,687,085	171,857,259
Technical provisions for life insurance business	266,627,260	271,409,915
Provision for outstanding claims	478,696,316	479,072,582
Other technical provisions	12,131,892	9,058,606
<b>Technical provisions for the benefit of life insurance policyholders who bear the investment risk</b>	<b>217,889,352</b>	<b>226,527,893</b>
<b>Other provisions</b>	<b>8,042,922</b>	<b>7,600,613</b>
<b>Deferred tax liabilities</b>	<b>3,669,778</b>	<b>5,781,494</b>
<b>Investment contract liabilities</b>	<b>134,716,146</b>	<b>129,483,034</b>
<b>Other financial liabilities</b>	<b>261,644</b>	<b>245,205</b>
<b>Liabilities from operating activities</b>	<b>57,073,571</b>	<b>60,598,188</b>
Liabilities from primary insurance business	46,865,884	54,711,289
Liabilities from reinsurance and co-insurance business	7,599,653	5,160,183
Current income tax liabilities	2,608,034	726,716
<b>Other liabilities</b>	<b>30,391,732</b>	<b>30,596,383</b>

## 6.2 Unaudited consolidated income statement

(EUR)	1–9/2018	1–9/2017
<b>Net earned premiums</b>	<b>370,713,252</b>	<b>350,613,615</b>
Gross premiums written	430,280,168	409,204,368
Written premiums ceded to reinsurers and co-insurers	-24,192,286	-29,278,139
Change in gross unearned premiums	-35,783,929	-33,983,269
Change in unearned premiums, reinsurers' and co-insurers' shares	409,299	4,670,655
<b>Investment income</b>	<b>20,240,162</b>	<b>20,832,708</b>
Interest income	12,300,094	14,089,379
Other investment income	7,940,068	6,743,329
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>13,624,811</b>	<b>12,342,741</b>
<b>Other technical income</b>	<b>12,375,638</b>	<b>9,185,753</b>
Commission income	2,684,275	2,125,844
Other technical income	9,691,363	7,059,909
<b>Other income</b>	<b>10,192,126</b>	<b>4,072,300</b>
<b>Net claims incurred</b>	<b>-236,915,700</b>	<b>-219,696,644</b>
Gross claims paid, net of income from recourse receivables	-245,980,576	-218,584,956
Reinsurers' and co-insurers' shares	8,187,380	9,869,961
Change in the gross provision for outstanding claims	1,611,349	-13,996,503
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-733,853	3,014,854
<b>Change in other technical provisions</b>	<b>1,841,673</b>	<b>-7,600,104</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>7,746,913</b>	<b>3,150,931</b>
<b>Expenses for bonuses and rebates</b>	<b>159,986</b>	<b>143,544</b>
<b>Operating expenses</b>	<b>-128,314,188</b>	<b>-114,173,572</b>
Acquisition costs	-43,441,936	-39,025,945
Change in deferred acquisition costs	2,707,182	3,096,593
Other operating expenses	-87,579,434	-78,244,220
<b>Expenses for financial assets and liabilities</b>	<b>-6,347,430</b>	<b>-9,637,706</b>
Interest expense	-17,890	-718,823
Other investment expenses	-6,329,540	-8,918,883
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>-10,024,287</b>	<b>-7,049,279</b>
<b>Other technical expenses</b>	<b>-15,936,269</b>	<b>-13,773,670</b>
<b>Other expenses</b>	<b>-2,063,698</b>	<b>-1,269,044</b>
<b>Profit or loss before tax</b>	<b>37,292,989</b>	<b>27,141,573</b>
<b>Income tax expense</b>	<b>-8,161,533</b>	<b>-6,215,584</b>
<b>Net profit or loss for the period</b>	<b>29,131,456</b>	<b>20,925,989</b>
<b>Net profit or loss attributable to owners of the controlling company</b>	<b>29,046,101</b>	<b>20,877,389</b>
<b>Net profit or loss attributable to non-controlling interests</b>	<b>85,355</b>	<b>48,600</b>
<b>Earnings per share (basic and diluted)</b>	<b>1.87</b>	<b>1.35</b>

The change in the weighted average number of shares outstanding is shown in section 7.9.5 'Net earnings or loss per share'.



### 6.3 Unaudited consolidated statement of comprehensive income

(EUR)	1-9/2018			1-9/2017		
	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>29,046,101</b>	<b>85,355</b>	<b>29,131,456</b>	<b>20,877,389</b>	<b>48,600</b>	<b>20,925,989</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>-5,152,192</b>	<b>-1,909</b>	<b>-5,154,101</b>	<b>1,879,870</b>	<b>6,428</b>	<b>1,886,298</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>34,865</b>	<b>0</b>	<b>34,865</b>	<b>404,168</b>	<b>1,028</b>	<b>405,196</b>
Other items that will not be reclassified subsequently to profit or loss	34,865	0	34,865	404,168	1,028	405,196
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>-5,187,057</b>	<b>-1,909</b>	<b>-5,188,966</b>	<b>1,475,702</b>	<b>5,400</b>	<b>1,481,102</b>
<b>Net gains or losses on remeasuring available-for-sale financial assets</b>	<b>-6,579,653</b>	<b>68</b>	<b>-6,579,585</b>	<b>1,094,796</b>	<b>2,531</b>	<b>1,097,327</b>
Net change recognised in the fair value reserve	-5,517,222	68	-5,517,154	2,178,990	4,964	2,183,954
Net change transferred from fair value reserve to profit or loss	-1,062,431	0	-1,062,431	-1,084,194	-2,433	-1,086,627
<b>Tax on items that may be reclassified subsequently to profit or loss</b>	<b>1,436,641</b>	<b>0</b>	<b>1,436,641</b>	<b>-72,587</b>	<b>7</b>	<b>-72,580</b>
<b>Net gains or losses from translation of financial statements of non-domestic companies</b>	<b>-44,045</b>	<b>-1,977</b>	<b>-46,022</b>	<b>453,493</b>	<b>2,862</b>	<b>456,355</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>23,893,909</b>	<b>83,446</b>	<b>23,977,355</b>	<b>22,757,259</b>	<b>55,028</b>	<b>22,812,287</b>
<b>Attributable to owners of the controlling company</b>	<b>23,893,909</b>	<b>0</b>	<b>23,893,909</b>	<b>22,757,259</b>	<b>0</b>	<b>22,757,259</b>

## 6.4 Unaudited consolidated statement of cash flows

(EUR)	1–9/2018	1–9/2017
<b>A. Cash flows from operating activities</b>		
<b>a) Items of the income statement</b>	<b>37,899,666</b>	<b>38,516,294</b>
1. Net premiums written in the period	406,087,882	379,926,229
2. Investment income (other than financial income)	73,265	907,165
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	22,567,764	13,258,053
4. Net claims paid in the period	-237,793,196	-222,711,498
5. Expenses for bonuses and rebates	159,986	143,544
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-126,830,307	-111,667,266
7. Investment expenses (excluding amortisation and financial expenses)	-204,228	-81,635
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-17,999,967	-15,042,714
9. Tax on profit and other taxes not included in operating expenses	-8,161,533	-6,215,584
<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>-26,046,712</b>	<b>-9,590,229</b>
1. Change in receivables from primary insurance	-14,954,442	-81,481,389
2. Change in receivables from reinsurance	1,794,872	62,935,739
3. Change in other receivables from (re)insurance business	188,014	354,608
4. Change in other receivables and other assets	-7,517,175	-7,233,798
5. Change in deferred tax assets	452,854	305,991
6. Change in inventories	-19,999	-27,427
7. Change in liabilities arising out of primary insurance	-7,845,405	34,591,811
8. Change in liabilities arising out of reinsurance business	2,439,470	-29,385,113
9. Change in other operating liabilities	7,542,821	3,165,976
10. Change in other liabilities (except unearned premiums)	-6,016,006	7,366,932
11. Change in deferred tax liabilities	-2,111,716	-183,559
<b>c) Net cash from/used in operating activities (a + b)</b>	<b>11,852,954</b>	<b>28,926,065</b>
<b>B. Cash flows from investing activities</b>		
<b>a) Cash receipts from investing activities</b>	<b>1,329,500,620</b>	<b>780,432,723</b>
1. Interest received from investing activities	12,300,094	14,089,379
2. Cash receipts from dividends and participation in the profit of others	1,285,126	1,106,215
4. Proceeds from sale of property, plant and equipment	1,128,922	2,984,529
5. Proceeds from sale of financial investments	1,314,786,478	762,252,600
<b>b) Cash disbursements in investing activities</b>	<b>-1,325,646,981</b>	<b>-747,113,835</b>
1. Purchase of intangible assets	-1,006,956	-969,901
2. Purchase of property, plant and equipment	-1,588,239	-3,970,085
3rd Purchase of long-term financial investments	-1,323,051,786	-742,173,849
<b>c) Net cash from/used in investing activities (a + b)</b>	<b>3,853,639</b>	<b>33,318,888</b>
<b>C. Cash flows from financing activities</b>		
<b>b) Cash disbursements in financing activities</b>	<b>-12,698,201</b>	<b>-37,899,534</b>
1. Interest paid	-17,890	-718,823
3. Repayment of long-term financial liabilities	0	-24,000,000
4. Repayment of short-term financial liabilities	0	-716,684
5. Dividends and other profit participations paid	-12,680,311	-12,464,027
<b>c) Net cash from/used in financing activities (a + b)</b>	<b>-12,698,201</b>	<b>-37,899,534</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>42,320,607</b>	<b>58,284,579</b>
<b>x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>3,008,392</b>	<b>24,345,419</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 nine months to 30 September 2018*

(EUR)	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)
	I. Share capital	II. Capital reserves	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	-5,143,012	34,865	0	29,046,101	0	-44,045	23,893,909	83,446	23,977,355
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	29,046,101	0	0	29,046,101	85,355	29,131,456
b) Other comprehensive income	0	0	0	0	0	0	-5,143,012	34,865	0	0	0	-44,045	-5,152,192	-1,909	-5,154,101
Dividend distributions	0	0	0	0	0	0	0	0	-12,398,157	0	0	0	-12,398,157	-282,154	-12,680,311
Allocation of net profit to profit reserve	0	0	112,043	0	0	0	0	0	-112,043	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	590,749	590,749
Acquisition of non-controlling interests	0	-39,564	0	0	0	0	0	0	0	0	0	0	-39,564	-476,719	-516,283
Closing balance in the financial period	71,856,376	42,996,384	11,690,961	24,938,709	11,225,068	114,805,380	13,188,685	702,383	35,140,612	29,046,101	-24,938,709	-3,397,349	327,254,601	233,804	327,488,405

*Unaudited consolidated statement of changes in equity for the nine months to 30 September 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	1,022,210	404,167	0	20,877,389	0	453,493	22,757,259	55,028	22,812,287
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	20,877,389	0	0	20,877,389	48,600	20,925,989
b) Other comprehensive income	0	0	0	0	0	0	1,022,210	404,167	0	0	0	453,493	1,879,870	6,428	1,886,298
Dividend distributions	0	0	0	0	0	0	0	0	-12,398,157	0	0	0	-12,398,157	-65,870	-12,464,027
Allocation of net profit to profit reserve	0	0	146,646	0	0	0	0	0	-146,646	0	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	0	-5,722	-5,722
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	11,558,196	24,938,709	11,225,068	98,318,285	18,481,158	755,822	33,283,372	20,877,389	-24,938,709	-3,400,689	306,636,417	744,443	307,380,860

## **7 Notes to the consolidated financial statements**

The selected notes to the nine-month financial statements are significant to an understanding of the changes in the financial position and performance of the Group in the first nine months of 2018 as compared to both the first nine 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 30 September 2018 have not been audited.

The interim financial statements as at 30 September 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, also may or are required to be deferred 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 1–9/2018.

### **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 6.5 million as at 30 September 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.

Business is broken down by operating segment: reinsurance, non-life, life, pensions 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. Performance of these segments is monitored based on different indicators, a common performance indicator for all segments being net profit calculated in accordance with IFRSs.

*Statement of financial position items by operating segment – assets as at 30 September 2018*

30/09/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>ASSETS</b>	<b>282,016,755</b>	<b>571,943,930</b>	<b>134,392,724</b>	<b>706,336,654</b>	<b>548,556,916</b>	<b>30,624,274</b>	<b>579,181,189</b>	<b>172,371,600</b>	<b>5,769,905</b>	<b>1,745,676,103</b>
Intangible assets	780,345	5,075,832	8,696,100	13,771,932	5,783,006	32,194	5,815,200	13,393,048	2,471,040	36,231,565
Property, plant and equipment	2,505,199	21,671,127	13,419,202	35,090,329	2,017,770	2,152,027	4,169,797	75,967	143,685	41,984,977
Deferred tax assets	1,548,381	9,888	96,095	105,983	0	346	346	0	0	1,654,710
Investment property	8,325,372	3,070,919	5,196,908	8,267,827	39,944	0	39,944	0	0	16,633,143
Financial investments in associates	0	0	0	0	0	0	0	0	125,000	125,000
Financial investments:	170,322,174	439,096,768	78,975,392	518,072,160	309,653,316	26,682,073	336,335,389	22,120,401	0	1,046,850,124
- loans and deposits	5,335,950	2,851,878	18,734,361	21,586,239	6,731	3,345,581	3,352,312	5,210,221	0	35,484,722
- held to maturity	1,413,423	34,867,499	3,439,562	38,307,061	30,241,026	2,098,086	32,339,112	3,217,347	0	75,276,943
- available for sale	160,795,320	396,269,433	53,976,564	450,245,996	279,402,056	20,942,569	300,344,624	8,732,490	0	920,118,430
- at fair value through profit or loss	2,777,481	5,107,958	2,824,905	7,932,864	3,504	295,838	299,341	4,960,343	0	15,970,029
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	216,103,288	47,650	216,150,938	0	0	216,150,938
Reinsurers' share of technical provisions	8,130,345	18,538,915	4,307,680	22,846,595	152,575	1,703	154,278	0	0	31,131,218
Investment contract assets	0	0	0	0	0	0	0	134,845,556	0	134,845,556
Receivables	77,580,103	58,900,478	13,315,677	72,216,155	904,060	629,112	1,533,172	7,338	1,899,976	153,236,744
Receivables arising out of primary insurance business	73,961,184	55,351,009	8,643,307	63,994,316	793,502	527,034	1,320,536	2,953	0	139,278,989
Reinsurance and co-insurance receivables	2,156,092	1,512,539	734,196	2,246,735	0	18	18	0	0	4,402,845
Current tax assets	0	0	29,213	29,213	0	0	0	0	0	29,213
Other receivables	1,462,827	2,036,930	3,908,961	5,945,891	110,558	102,060	212,618	4,385	1,899,976	9,525,697
Deferred acquisition costs	6,053,104	10,931,429	3,643,253	14,574,682	424,589	17,275	441,864	0	0	21,069,650
Other assets	463,557	1,217,171	561,495	1,778,666	9,163	16,240	25,403	335,004	838,557	3,441,187
Cash and cash equivalents	6,308,175	13,430,719	6,180,922	19,611,641	13,469,204	1,045,654	14,514,858	1,594,286	291,647	42,320,607
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 30 September 2018*

30/09/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>EQUITY AND LIABILITIES</b>	<b>356,691,925</b>	<b>522,361,899</b>	<b>126,860,162</b>	<b>649,222,061</b>	<b>530,845,292</b>	<b>29,886,016</b>	<b>560,731,311</b>	<b>173,254,576</b>	<b>5,776,233</b>	<b>1,745,676,103</b>
<b>Equity</b>	<b>149,908,861</b>	<b>57,242,510</b>	<b>37,632,259</b>	<b>94,874,768</b>	<b>38,630,866</b>	<b>11,670,046</b>	<b>50,300,913</b>	<b>29,873,968</b>	<b>2,529,896</b>	<b>327,488,405</b>
Equity attributable to owners of the controlling company	149,908,861	57,242,510	37,303,195	94,545,704	38,630,866	11,670,046	50,300,913	29,873,968	2,625,156	327,254,601
Non-controlling interests in equity	0	0	329,064	329,064	0	0	0	0	-95,260	233,804
<b>Technical provisions</b>	<b>164,514,875</b>	<b>438,027,559</b>	<b>79,733,604</b>	<b>517,761,163</b>	<b>258,887,022</b>	<b>17,224,468</b>	<b>276,111,490</b>	<b>7,755,025</b>	<b>0</b>	<b>966,142,553</b>
Unearned premiums	32,475,561	143,627,062	31,611,321	175,238,383	694,685	278,456	973,141	0	0	208,687,085
Mathematical provisions	0	0	0	0	242,131,275	16,740,960	258,872,235	7,755,025	0	266,627,260
Provision for outstanding claims	131,546,742	284,476,018	46,407,695	330,883,713	16,061,062	204,799	16,265,861	0	0	478,696,316
Other technical provisions	492,572	9,924,479	1,714,588	11,639,067	0	253	253	0	0	12,131,892
<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>217,841,702</b>	<b>47,650</b>	<b>217,889,352</b>	<b>0</b>	<b>0</b>	<b>217,889,352</b>
<b>Other provisions</b>	<b>409,953</b>	<b>5,623,457</b>	<b>718,346</b>	<b>6,341,803</b>	<b>1,193,871</b>	<b>2,422</b>	<b>1,196,293</b>	<b>94,873</b>	<b>0</b>	<b>8,042,922</b>
<b>Deferred tax liabilities</b>	<b>0</b>	<b>1,592,593</b>	<b>243,319</b>	<b>1,835,912</b>	<b>1,766,760</b>	<b>46,319</b>	<b>1,813,079</b>	<b>20,787</b>	<b>0</b>	<b>3,669,778</b>
<b>Investment contract liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>134,716,146</b>	<b>0</b>	<b>134,716,146</b>
<b>Other financial liabilities</b>	<b>89,387</b>	<b>0</b>	<b>169,535</b>	<b>169,535</b>	<b>0</b>	<b>429</b>	<b>429</b>	<b>1,658</b>	<b>635</b>	<b>261,644</b>
<b>Liabilities from operating activities</b>	<b>37,502,324</b>	<b>6,686,849</b>	<b>4,086,608</b>	<b>10,773,457</b>	<b>8,499,446</b>	<b>277,571</b>	<b>8,777,017</b>	<b>31,712</b>	<b>-10,939</b>	<b>57,073,571</b>
Liabilities from primary insurance business	32,703,287	4,680,537	1,181,675	5,862,212	8,083,993	216,338	8,300,331	54	0	46,865,884
Liabilities from reinsurance and co-insurance business	3,648,637	1,350,068	2,585,737	3,935,805	15,173	38	15,211	0	0	7,599,653
Current income tax liabilities	1,150,400	656,244	319,196	975,440	400,280	61,195	461,475	31,658	-10,939	2,608,034
<b>Other liabilities</b>	<b>4,266,523</b>	<b>13,188,931</b>	<b>4,276,492</b>	<b>17,465,423</b>	<b>4,025,627</b>	<b>617,111</b>	<b>4,642,738</b>	<b>760,407</b>	<b>3,256,641</b>	<b>30,391,732</b>



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

31/12/2017	Reinsurance business	Non-life business			Life business			Pensions	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, plant 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>
<b>Reinsurers' share of technical provisions</b>	<b>9,744,947</b>	<b>16,212,812</b>	<b>4,626,944</b>	<b>20,839,757</b>	<b>198,672</b>	<b>3,866</b>	<b>202,538</b>	<b>0</b>	<b>0</b>	<b>30,787,241</b>
<b>Investment contract assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>129,622,131</b>	<b>0</b>	<b>129,622,131</b>
<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
<b>Deferred acquisition costs</b>	<b>6,235,348</b>	<b>8,743,590</b>	<b>3,214,513</b>	<b>11,958,103</b>	<b>311,809</b>	<b>1,933</b>	<b>313,742</b>	<b>0</b>	<b>0</b>	<b>18,507,194</b>
<b>Other assets</b>	<b>799,634</b>	<b>880,008</b>	<b>324,817</b>	<b>1,204,825</b>	<b>1,391</b>	<b>30,286</b>	<b>31,677</b>	<b>7,259</b>	<b>0</b>	<b>2,043,395</b>
<b>Cash and cash equivalents</b>	<b>6,678,458</b>	<b>13,721,812</b>	<b>2,835,026</b>	<b>16,556,838</b>	<b>11,686,085</b>	<b>814,872</b>	<b>12,500,957</b>	<b>2,219,866</b>	<b>0</b>	<b>37,956,119</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 December 2017

31/12/2017	Reinsurance business	Non-life business			Life business			Pensions	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>
<b>Equity</b>	<b>143,382,173</b>	<b>67,041,741</b>	<b>37,684,149</b>	<b>104,725,890</b>	<b>47,700,274</b>	<b>11,099,491</b>	<b>58,799,765</b>	<b>9,209,069</b>	<b>0</b>	<b>316,116,895</b>
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
<b>Technical provisions</b>	<b>155,981,500</b>	<b>413,731,878</b>	<b>73,020,045</b>	<b>486,751,923</b>	<b>266,379,368</b>	<b>15,729,853</b>	<b>282,109,221</b>	<b>6,555,718</b>	<b>0</b>	<b>931,398,362</b>
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>
<b>Other provisions</b>	<b>351,250</b>	<b>5,356,300</b>	<b>664,997</b>	<b>6,021,297</b>	<b>1,154,362</b>	<b>31,137</b>	<b>1,185,499</b>	<b>42,567</b>	<b>0</b>	<b>7,600,613</b>
<b>Deferred tax liabilities</b>	<b>0</b>	<b>2,674,519</b>	<b>257,798</b>	<b>2,932,317</b>	<b>2,799,681</b>	<b>49,496</b>	<b>2,849,177</b>	<b>0</b>	<b>0</b>	<b>5,781,494</b>
<b>Investment contract liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>129,483,034</b>	<b>0</b>	<b>129,483,034</b>
<b>Other financial liabilities</b>	<b>91,181</b>	<b>0</b>	<b>154,023</b>	<b>154,023</b>	<b>1</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>245,205</b>
<b>Liabilities from operating activities</b>	<b>43,115,652</b>	<b>5,423,252</b>	<b>4,101,107</b>	<b>9,524,359</b>	<b>7,683,212</b>	<b>274,965</b>	<b>7,958,177</b>	<b>0</b>	<b>0</b>	<b>60,598,188</b>
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
<b>Other liabilities</b>	<b>2,430,618</b>	<b>20,850,927</b>	<b>4,269,891</b>	<b>25,120,818</b>	<b>2,446,762</b>	<b>170,683</b>	<b>2,617,445</b>	<b>427,502</b>	<b>0</b>	<b>30,596,383</b>

*Income statement items by operating segment 1–9/2018*

(EUR) 1–9/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>Net earned premiums</b>	<b>64,343,238</b>	<b>194,403,012</b>	<b>45,894,042</b>	<b>240,297,054</b>	<b>58,440,974</b>	<b>5,936,686</b>	<b>64,377,660</b>	<b>1,695,300</b>	<b>0</b>	<b>370,713,252</b>
Gross premiums written	71,937,165	239,750,028	52,392,607	292,142,635	58,512,527	5,992,541	64,505,068	1,695,300	0	430,280,168
Written premiums ceded to reinsurers and co-insurers	-3,402,654	-17,170,053	-3,440,500	-20,610,553	-176,923	-2,156	-179,079	0	0	-24,192,286
Change in gross unearned premiums	-4,690,580	-27,990,146	-3,164,120	-31,154,266	109,936	-49,019	60,917	0	0	-35,783,929
Change in unearned premiums, reinsurers' and co-insurers' shares	499,307	-186,817	106,054	-80,762	-4,566	-4,680	-9,246	0	0	409,299
<b>Investment income</b>	<b>7,133,009</b>	<b>4,803,420</b>	<b>1,996,389</b>	<b>6,799,809</b>	<b>5,134,101</b>	<b>705,358</b>	<b>5,839,459</b>	<b>467,886</b>	<b>0</b>	<b>20,240,162</b>
Interest income	1,798,131	3,501,759	1,668,601	5,170,360	4,441,629	571,025	5,012,655	318,949	0	12,300,094
Other investment income	5,334,878	1,301,661	327,788	1,629,449	692,472	134,332	826,804	148,937	0	7,940,068
<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>13,624,201</b>	<b>610</b>	<b>13,624,811</b>	<b>0</b>	<b>0</b>	<b>13,624,811</b>
<b>Other technical income</b>	<b>4,925,909</b>	<b>3,435,621</b>	<b>1,861,526</b>	<b>5,297,147</b>	<b>934,213</b>	<b>70,557</b>	<b>1,004,770</b>	<b>1,147,812</b>	<b>0</b>	<b>12,375,638</b>
Commission income	292,554	1,918,818	472,903	2,391,721	0	0	0	0	0	2,684,275
Other technical income	4,633,355	1,516,803	1,388,623	2,905,426	934,213	70,557	1,004,770	1,147,812	0	9,691,363
<b>Other income</b>	<b>495,792</b>	<b>2,113,824</b>	<b>959,148</b>	<b>3,072,972</b>	<b>103,356</b>	<b>14,780</b>	<b>118,136</b>	<b>1,752,986</b>	<b>4,752,240</b>	<b>10,192,126</b>
<b>Net claims incurred</b>	<b>-40,966,475</b>	<b>-111,753,590</b>	<b>-22,734,896</b>	<b>-134,488,487</b>	<b>-58,932,029</b>	<b>-2,017,070</b>	<b>-60,949,100</b>	<b>-511,639</b>	<b>0</b>	<b>-236,915,700</b>
Gross claims paid, net of income from recourse receivables	-35,750,243	-126,798,715	-21,585,268	-148,383,983	-59,274,896	-2,059,815	-61,334,711	-511,639	0	-245,980,576
Reinsurers' and co-insurers' shares	617,248	6,344,102	1,190,986	7,535,087	35,040	5	35,045	0	0	8,187,380
Change in the gross provision for outstanding claims	-3,719,571	6,746,903	-1,808,077	4,938,826	349,356	42,738	392,094	0	0	1,611,349
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-2,113,908	1,954,120	-532,536	1,421,584	-41,530	2	-41,528	0	0	-733,853
<b>Change in other technical provisions</b>	<b>-123,220</b>	<b>-2,650,493</b>	<b>-30,982</b>	<b>-2,681,475</b>	<b>7,321,896</b>	<b>-1,476,221</b>	<b>5,845,675</b>	<b>-1,199,307</b>	<b>0</b>	<b>1,841,673</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>7,739,115</b>	<b>7,798</b>	<b>7,746,913</b>	<b>0</b>	<b>0</b>	<b>7,746,913</b>
<b>Expenses for bonuses and rebates</b>	<b>0</b>	<b>192,177</b>	<b>-32,191</b>	<b>159,986</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>159,986</b>
<b>Operating expenses</b>	<b>-19,266,064</b>	<b>-62,645,713</b>	<b>-22,755,359</b>	<b>-85,401,071</b>	<b>-14,403,262</b>	<b>-2,838,527</b>	<b>-17,241,789</b>	<b>-1,741,919</b>	<b>-4,663,344</b>	<b>-128,314,188</b>
Acquisition costs	-16,554,704	-18,639,164	-3,504,718	-22,143,882	-4,276,431	-457,870	-4,734,301	-9,049	0	-43,441,936
Change in deferred acquisition costs	187,039	1,818,260	452,137	2,270,397	234,407	15,339	249,746	0	0	2,707,182
Other operating expenses	-2,898,399	-45,824,809	-19,702,778	-65,527,586	-10,361,238	-2,395,996	-12,757,234	-1,732,870	-4,663,344	-87,579,434
<b>Expenses for financial assets and liabilities</b>	<b>-5,449,773</b>	<b>-210,074</b>	<b>-135,048</b>	<b>-345,122</b>	<b>-27,149</b>	<b>-248,967</b>	<b>-276,116</b>	<b>-273,722</b>	<b>-2,697</b>	<b>-6,347,430</b>
Interest expense	0	0	-15,192	-15,192	0	0	0	-1	-2,697	-17,890
Other investment expenses	-5,449,773	-210,074	-119,856	-329,930	-27,149	-248,967	-276,116	-273,721	0	-6,329,540
<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>-10,022,979</b>	<b>-1,308</b>	<b>-10,024,287</b>	<b>0</b>	<b>0</b>	<b>-10,024,287</b>
<b>Other technical expenses</b>	<b>-4,352,484</b>	<b>-7,806,885</b>	<b>-3,289,053</b>	<b>-11,095,938</b>	<b>-114,468</b>	<b>-106,750</b>	<b>-221,218</b>	<b>-261,912</b>	<b>-4,717</b>	<b>-15,936,269</b>
<b>Other expenses</b>	<b>-633,705</b>	<b>-1,174,392</b>	<b>-234,715</b>	<b>-1,409,107</b>	<b>-12,719</b>	<b>-7,116</b>	<b>-19,835</b>	<b>-333</b>	<b>-718</b>	<b>-2,063,698</b>
<b>Profit or loss before tax</b>	<b>6,106,227</b>	<b>18,706,907</b>	<b>1,498,862</b>	<b>20,205,768</b>	<b>9,785,247</b>	<b>39,830</b>	<b>9,825,078</b>	<b>1,075,152</b>	<b>80,764</b>	<b>37,292,989</b>
Income tax expense										-8,161,533
<b>Net profit or loss for the period</b>										<b>29,131,456</b>
<b>Net profit or loss attributable to owners of the controlling company</b>										<b>29,046,101</b>
<b>Net profit or loss attributable to non-controlling interests</b>										<b>85,355</b>

*Income statement items by operating segment 1–9/2017*

(EUR) 1–9/2017	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>Net earned premiums</b>	<b>65,483,412</b>	<b>176,804,780</b>	<b>40,382,996</b>	<b>217,187,776</b>	<b>61,127,072</b>	<b>5,242,839</b>	<b>66,369,911</b>	<b>1,572,516</b>	<b>0</b>	<b>350,613,615</b>
Gross premiums written	77,012,312	218,193,803	46,128,422	264,322,225	61,057,900	5,239,415	66,297,315	1,572,516	0	409,204,368
Written premiums ceded to reinsurers and co-insurers	-3,166,900	-22,601,281	-3,309,547	-25,910,828	-198,127	-2,284	-200,411	0	0	-29,278,139
Change in gross unearned premiums	-8,737,579	-22,375,581	-3,054,650	-25,430,231	179,673	4,868	184,541	0	0	-33,983,269
Change in unearned premiums, reinsurers' and co-insurers' shares	375,579	3,587,839	618,771	4,206,610	87,626	840	88,466	0	0	4,670,655
<b>Investment income</b>	<b>5,085,525</b>	<b>5,371,033</b>	<b>1,850,974</b>	<b>7,222,006</b>	<b>7,305,929</b>	<b>670,761</b>	<b>7,976,690</b>	<b>548,486</b>	<b>0</b>	<b>20,832,708</b>
Interest income	2,003,089	4,170,424	1,657,046	5,827,470	5,495,903	456,357	5,952,260	306,560	0	14,089,379
Other investment income	3,082,436	1,200,609	193,927	1,394,536	1,810,026	214,405	2,024,431	241,926	0	6,743,329
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,341,547</b>	<b>1,194</b>	<b>12,342,741</b>	<b>0</b>	<b>0</b>	<b>12,342,741</b>
<b>Other technical income</b>	<b>3,023,015</b>	<b>3,079,729</b>	<b>1,612,168</b>	<b>4,691,897</b>	<b>265,435</b>	<b>128,441</b>	<b>393,876</b>	<b>1,076,965</b>	<b>0</b>	<b>9,185,753</b>
Commission income	252,812	1,502,004	374,013	1,876,017	-3,002	17	-2,985	0	0	2,125,844
Other technical income	2,770,203	1,577,725	1,238,155	2,815,880	268,437	128,424	396,861	1,076,965	0	7,059,909
<b>Other income</b>	<b>236,468</b>	<b>2,271,299</b>	<b>848,127</b>	<b>3,119,426</b>	<b>699,321</b>	<b>11,635</b>	<b>710,956</b>	<b>5,450</b>	<b>0</b>	<b>4,072,300</b>
<b>Net claims incurred</b>	<b>-39,599,131</b>	<b>-106,939,337</b>	<b>-19,532,988</b>	<b>-126,472,325</b>	<b>-52,098,760</b>	<b>-1,205,604</b>	<b>-53,304,364</b>	<b>-320,824</b>	<b>0</b>	<b>-219,696,644</b>
Gross claims paid, net of income from recourse receivables	-35,530,759	-112,252,743	-17,563,497	-129,816,240	-51,707,311	-1,209,822	-52,917,133	-320,824	0	-218,584,956
Reinsurers' and co-insurers' shares	445,900	8,467,606	885,145	9,352,751	71,289	20	71,309	0	0	9,869,961
Change in the gross provision for outstanding claims	-4,780,974	-3,942,028	-4,798,049	-8,740,077	-479,262	3,810	-475,452	0	0	-13,996,503
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	266,701	787,828	1,943,413	2,731,241	16,524	388	16,912	0	0	3,014,854
<b>Change in other technical provisions</b>	<b>-151,555</b>	<b>-773,923</b>	<b>-399,595</b>	<b>-1,173,518</b>	<b>-2,774,644</b>	<b>-2,125,863</b>	<b>-4,900,507</b>	<b>-1,374,524</b>	<b>0</b>	<b>-7,600,104</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,165,733</b>	<b>-14,802</b>	<b>3,150,931</b>	<b>0</b>	<b>0</b>	<b>3,150,931</b>
<b>Expenses for bonuses and rebates</b>	<b>1</b>	<b>182,558</b>	<b>-39,015</b>	<b>143,543</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>143,544</b>
<b>Operating expenses</b>	<b>-17,684,590</b>	<b>-58,205,356</b>	<b>-20,424,191</b>	<b>-78,629,547</b>	<b>-14,416,629</b>	<b>-2,421,679</b>	<b>-16,838,307</b>	<b>-1,021,128</b>	<b>0</b>	<b>-114,173,572</b>
Acquisition costs	-16,527,620	-15,482,663	-2,489,168	-17,971,831	-4,110,819	-391,459	-4,502,278	-24,216	0	-39,025,945
Change in deferred acquisition costs	1,700,576	595,631	624,345	1,219,976	176,272	-230	176,042	0	0	3,096,594
Other operating expenses	-2,857,546	-43,318,324	-18,559,368	-61,877,692	-10,482,082	-2,029,990	-12,512,071	-996,912	0	-78,244,221
<b>Expenses for financial assets and liabilities</b>	<b>-8,447,787</b>	<b>-264,776</b>	<b>-218,917</b>	<b>-483,693</b>	<b>-117,570</b>	<b>-411,253</b>	<b>-528,823</b>	<b>-177,403</b>	<b>0</b>	<b>-9,637,706</b>
Interest expense	-718,338	0	-485	-485	0	0	0	0	0	-718,823
Other investment expenses	-7,729,449	-264,776	-218,432	-483,208	-117,570	-411,253	-528,823	-177,403	0	-8,918,883
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-7,048,816</b>	<b>-463</b>	<b>-7,049,279</b>	<b>0</b>	<b>0</b>	<b>-7,049,279</b>
<b>Other technical expenses</b>	<b>-4,540,046</b>	<b>-5,060,462</b>	<b>-3,569,679</b>	<b>-8,630,141</b>	<b>-158,739</b>	<b>-416,943</b>	<b>-575,682</b>	<b>-27,801</b>	<b>0</b>	<b>-13,773,670</b>
<b>Other expenses</b>	<b>-95,766</b>	<b>-832,723</b>	<b>-239,179</b>	<b>-1,071,902</b>	<b>-95,029</b>	<b>-6,347</b>	<b>-101,376</b>	<b>0</b>	<b>0</b>	<b>-1,269,044</b>
<b>Profit or loss before tax</b>	<b>3,309,545</b>	<b>15,632,823</b>	<b>270,700</b>	<b>15,903,523</b>	<b>8,194,850</b>	<b>-548,083</b>	<b>7,646,767</b>	<b>281,737</b>	<b>0</b>	<b>27,141,573</b>
Income tax expense										-6,215,584
<b>Net profit or loss for the period</b>										<b>20,925,989</b>
<b>Net profit or loss attributable to owners of the controlling company</b>										<b>20,877,389</b>
<b>Net profit or loss attributable to non-controlling interests</b>										<b>48,600</b>

*Inter-segment business*

(EUR)	Reinsurance business		Non-life business		Life business		Pensions		Other	
	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017	1-9/2018	1-9/2017
Net earned premiums	51,630,835	48,022,829	142,564	136,429	0	0	0	0	0	0
Net claims incurred	-21,924,693	-20,617,377	-1,896,334	-92,266	0	0	0	0	0	0
Operating expenses	-8,820,315	-9,026,457	-1,100,664	-973,293	-643,188	-294,995	-30,529	-4,509	-133,368	-106,254
Investment income	51,982	59,533	124	3,299	0	0	0	0	0	0
Other income	241,246	17,361	147,503	88,258	21	1	0	0	3,969,338	1,324,652

## 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, plant and equipment	106,510
Receivables	2,003,806
Cash and cash equivalents	14,951
Other assets	180,198
<b>A. Total assets</b>	<b>2,308,407</b>
Liabilities from operating activities and other liabilities	1,852,281
<b>B. Total liabilities</b>	<b>1,852,281</b>
Fair value of net assets acquired (A - B)	456,126
Non-controlling interests in equity as at 31/01/2018	114,030
Goodwill	2,470,404
<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 acquisitions of the companies Energoprojekt Garant and Sava penzisko društvo were finalised. The controlling company became the owner of a 92.94% stake in Energoprojekt Garant and the sole owner of Sava penzisko društvo. Energoprojekt Garant and Sava penzisko društvo 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, plant 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 31/03/2018	476,719
Goodwill	54,356
<b>Market value of investment as at 31/03/2018</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)	Sava penzisko društvo
Intangible assets	38,971
Property, plant 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 31/03/2018</b>	<b>19,534,984</b>

*Cash flow on acquisition of the company Sava penzisko društvo*

(EUR)	Sava penzisko društvo
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>

The company ZTSR, d.o.o. was established in September 2018. Its initial capital is EUR 250,000. By contributing EUR 125,000, Sava Re became a 50% owner of the company.

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

### 7.9.1 Intangible assets

In the nine months, there was a material increase in intangible assets. It mainly relates to the increase in goodwill of EUR 14.2 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 intangible assets	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 companies	460,243	14,235,171	7,205	0	0	14,702,619
Additions	838,313	0	0	121,627	74,363	1,034,303
Disposals	-13,481	0	0	0	0	-13,481
Exchange differences	-14,540	0	0	0	0	-14,540
30/09/2018	12,333,512	28,783,756	7,205	4,005,433	15,366,557	60,496,463
<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 companies	399,069	0	7,205	0	0	406,274
Additions	792,555	0	0	0	1,000,000	1,792,555
Disposals	-10,593	0	0	0	0	-10,593
Exchange differences	2,044	0	0	0	0	2,044
30/09/2018	9,257,693	0	7,205	0	15,000,000	24,264,898
<b>Carrying amount as at 01/01/2018</b>	<b>2,988,359</b>	<b>14,548,585</b>	<b>0</b>	<b>3,883,806</b>	<b>1,292,194</b>	<b>22,712,944</b>
<b>Carrying amount as at 30/09/2018</b>	<b>3,075,819</b>	<b>28,783,756</b>	<b>0</b>	<b>4,005,433</b>	<b>366,557</b>	<b>36,231,565</b>

### 7.9.2 Property, plant and equipment

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

(EUR)	Land	Buildings	Equipment	Other property, plant and equipment assets	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	134,370	181,522	1,271,460	9,570	1,596,922
Disposals	-3,931	-215,910	-1,152,005	0	-1,371,846
Reclassification	5,811	101,391	-67,517	-32,885	6,800
Impairment	-346,445	-2,201,472	0	0	-2,547,917
Exchange differences	551	3,390	-4,336	258	-137
30/09/2018	7,625,197	47,498,038	24,313,715	472,276	79,909,226
<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	235,580	118,811	354,391
Additions	0	914,308	1,473,042	1,220	2,388,570
Disposals	0	-112,469	-932,863	0	-1,045,332
Reclassification	0	0	-45,756	-3,220	-48,976
Exchange differences	0	33,177	-2,865	0	30,312
30/09/2018	0	18,759,023	18,971,132	194,094	37,924,249
<b>Carrying amount as at 01/01/2018</b>	<b>7,834,841</b>	<b>31,705,110</b>	<b>5,732,938</b>	<b>165,124</b>	<b>45,438,014</b>
<b>Carrying amount as at 30/09/2018</b>	<b>7,625,197</b>	<b>28,739,015</b>	<b>5,342,583</b>	<b>278,182</b>	<b>41,984,977</b>



### 7.9.3 Financial investments

In the first nine months of 2018, financial investments grew by EUR 8.7 million compared to year-end 2017. Financial investments grew from operating cash flows and net investment income. The composition of financial investments also changed because some assets were used for strategic investments. New acquisition of companies that were included in the Sava Re Group were finalised in the first quarter 2018.

#### *Financial investments as at 30 September 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>30/09/2018</b>					
<b>Debt instruments</b>	<b>75,276,943</b>	<b>14,364,082</b>	<b>845,630,171</b>	<b>29,058,580</b>	<b>964,329,776</b>
Deposits and CDs	0	1,643,558	0	27,818,322	29,461,880
Government bonds	74,921,162	3,736,288	455,819,898	0	534,477,348
Corporate bonds	355,781	8,984,236	389,810,273	0	399,150,290
Loans granted	0	0	0	1,240,258	1,240,258
<b>Equity instruments</b>	<b>0</b>	<b>1,605,947</b>	<b>69,879,869</b>	<b>0</b>	<b>71,485,816</b>
Shares	0	521,744	16,756,354	0	17,278,098
Mutual funds	0	1,084,203	53,123,515	0	54,207,718
<b>Investments in infrastructure funds</b>	<b>0</b>	<b>0</b>	<b>4,608,390</b>	<b>0</b>	<b>4,608,390</b>
<b>Financial investments of reinsurers i.r.o. reinsurance contracts with cedants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,426,142</b>	<b>6,426,142</b>
<b>Total</b>	<b>75,276,943</b>	<b>15,970,029</b>	<b>920,118,430</b>	<b>35,484,722</b>	<b>1,046,850,124</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>
Shares	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>

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

Funds for the benefit of policyholders who bear the investment risk fell by EUR 11.1 million compared to the previous year end. This decline mainly relates to the transfer of profits for the financial year 2017, specifically from KSNT1 to the life insurance capital fund (EUR 7.4 million), and maturity benefits paid out.

(EUR)	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and deposits	Total
		Non-derivative			
		Designated to this category			
<b>30/09/2018</b>					
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,626,008	143,117,494	63,407,436	0	216,150,938

(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

#### 7.9.5 Receivables

Receivables grew by EUR 14.8 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 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)	30/09/2018			31/12/2017		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	162,303,891	-26,278,443	136,025,448	148,688,925	-26,763,334	121,925,591
Receivables due from insurance brokers	3,684,589	-1,026,700	2,657,889	3,117,305	-897,079	2,220,226
Other receivables arising out of primary insurance business	726,848	-131,196	595,652	311,426	-132,696	178,730
<b>Receivables arising out of primary insurance business</b>	<b>166,715,328</b>	<b>-27,436,339</b>	<b>139,278,989</b>	<b>152,117,656</b>	<b>-27,793,109</b>	<b>124,324,547</b>
Receivables for shares in claims payments	3,789,836	-176,980	3,612,856	6,013,897	-176,975	5,836,922
Other receivables from co-insurance and reinsurance	789,989	0	789,989	360,795	0	360,795
<b>Reinsurance and co-insurance receivables</b>	<b>4,579,825</b>	<b>-176,980</b>	<b>4,402,845</b>	<b>6,374,692</b>	<b>-176,975</b>	<b>6,197,717</b>
<b>Current tax assets</b>	<b>29,213</b>	<b>0</b>	<b>29,213</b>	<b>17,822</b>	<b>0</b>	<b>17,822</b>
Other short-term receivables arising out of insurance business	21,523,538	-19,425,936	2,097,602	22,890,785	-20,605,169	2,285,616
Receivables arising out of investments	2,209,030	-1,212,820	996,210	2,047,648	-1,212,006	835,642
Other receivables	7,909,457	-1,477,572	6,431,885	6,231,887	-1,437,706	4,794,181
<b>Other receivables</b>	<b>31,642,025</b>	<b>-22,116,328</b>	<b>9,525,697</b>	<b>31,170,320</b>	<b>-23,254,881</b>	<b>7,915,439</b>
<b>Total</b>	<b>202,966,391</b>	<b>-49,729,647</b>	<b>153,236,744</b>	<b>189,680,490</b>	<b>-51,224,965</b>	<b>138,455,525</b>

### Movements in allowance for receivables

(EUR)	01/01/2018	Additions	Collection	Write-offs	Additions – acquisition of company	Exchange differences	30/09/2018
Receivables due from policyholders	-26,763,334	-1,735,359	1,707,535	524,191	-21,165	9,689	-26,278,443
Receivables due from insurance brokers	-897,079	-216,809	87,461	0	-24	-249	-1,026,700
Other receivables arising out of primary insurance business	-132,696	-6,642	7,164	0	0	978	-131,196
<b>Receivables arising out of primary insurance business</b>	<b>-27,793,109</b>	<b>-1,958,810</b>	<b>1,802,160</b>	<b>524,191</b>	<b>-21,189</b>	<b>10,418</b>	<b>-27,436,339</b>
Receivables for shares in claims payments	-176,975	0	0	0	0	-5	-176,980
<b>Reinsurance and co-insurance receivables</b>	<b>-176,975</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5</b>	<b>-176,980</b>
Other short-term receivables arising out of insurance business	-20,605,169	-11,183	125,643	1,049,640	0	15,133	-19,425,936
Receivables arising out of investments	-1,212,006	0	437	0	0	-1,251	-1,212,820
Other short-term receivables	-1,437,706	-53,669	12,834	1,974	0	-1,005	-1,477,572
<b>Other receivables</b>	<b>-23,254,881</b>	<b>-64,852</b>	<b>138,914</b>	<b>1,051,614</b>	<b>0</b>	<b>12,877</b>	<b>-22,116,328</b>
<b>Total</b>	<b>-51,224,965</b>	<b>-2,023,662</b>	<b>1,941,074</b>	<b>1,575,805</b>	<b>-21,189</b>	<b>23,290</b>	<b>-49,729,647</b>

### Receivables ageing analysis

(EUR) 30/09/2018	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	107,551,763	19,544,047	8,929,638	136,025,448
Receivables due from insurance brokers	897,101	1,729,804	30,984	2,657,889
Other receivables arising out of primary insurance business	309,264	133,412	152,976	595,652
<b>Receivables arising out of primary insurance business</b>	<b>108,758,128</b>	<b>21,407,263</b>	<b>9,113,598</b>	<b>139,278,989</b>
Receivables for reinsurers' shares in claims	2,951,107	243,546	418,203	3,612,856
Other receivables from co-insurance and reinsurance	781,910	3,156	4,923	789,989
<b>Reinsurance and co-insurance receivables</b>	<b>3,733,017</b>	<b>246,702</b>	<b>423,126</b>	<b>4,402,845</b>
<b>Current tax assets</b>	<b>29,213</b>	<b>0</b>	<b>0</b>	<b>29,213</b>
Other short-term receivables arising out of insurance business	608,577	1,430,578	58,447	2,097,602
Short-term receivables arising out of financing	947,757	6,779	41,674	996,210
Other short-term receivables	5,989,905	346,510	95,470	6,431,885
<b>Other receivables</b>	<b>7,546,239</b>	<b>1,783,867</b>	<b>195,591</b>	<b>9,525,697</b>
<b>Total</b>	<b>120,066,597</b>	<b>23,437,832</b>	<b>9,732,315</b>	<b>153,236,744</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 due 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 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>

## 7.9.6 Net earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 September 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)	1-9/2018	1-9/2017
Net profit or loss for the period	29,131,456	20,925,989
Net profit or loss for the period attributable to owners of the controlling company	29,046,101	20,877,389
Weighted average number of shares	15,497,696	15,497,696
<b>Net earnings or loss per share</b>	<b>1.87</b>	<b>1.35</b>

### *Comprehensive income per share*

(EUR)	1-9/2018	1-9/2017
Comprehensive income for the period	23,977,355	22,812,287
Comprehensive income for the period attributable to owners of the controlling company	23,893,909	22,757,259
Weighted average number of shares	15,497,696	15,497,696
<b>Comprehensive income per share</b>	<b>1.54</b>	<b>1.47</b>

## 7.9.7 Technical provisions

Technical provisions increased by EUR 34.7 million, or 3.7%, compared with 31 December 2017. The largest increase was recorded in gross unearned premiums (EUR 36.8 million) and relates mainly 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 1.8% (or EUR 4.8 million) – as much as the decline due to maturity benefits exceeded growth owing to aging of insureds and the growth in the portfolio of traditional life insurance business, including pension annuity business in the distribution phase. Gross claims provisions remained at about the same level (decline of EUR 0.4 million). As part of other gross technical provisions, the provision for unexpired risks increased by EUR 2.9 million on account of some results of new policies that were weaker than expected.

Gross mathematical provisions associated with unit-linked life business decreased by 3.8%, or EUR 8.6 million, mainly due to maturity benefits.

### *Movements in gross technical provisions*

(EUR)	01/01/2018	Additions	Uses and releases	Additions – acquisition of company	Exchange differences	30/09/2018
Gross unearned premiums	171,857,259	166,031,811	-129,879,592	715,562	-37,955	208,687,085
Technical provisions for life insurance business	271,409,915	17,534,387	-22,324,732	0	7,690	266,627,260
Gross provision for outstanding claims	479,072,582	155,905,997	-156,069,151	674,115	-887,227	478,696,316
Gross provision for bonuses, rebates and cancellations	1,780,231	536,769	-697,853	0	-308	1,618,839
Other gross technical provisions	7,278,375	8,631,399	-5,846,734	448,977	1,036	10,513,053
<b>Total</b>	<b>931,398,362</b>	<b>348,640,363</b>	<b>-314,818,062</b>	<b>1,838,654</b>	<b>-916,764</b>	<b>966,142,553</b>
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	226,527,893	24,481,990	-33,120,531	0	0	217,889,352

## 7.9.8 Fair values of assets and liabilities

### Financial assets measured at fair value by level of the fair value hierarchy as at 30 September 2018

(EUR) 30/09/2018	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>936,088,459</b>	<b>776,012,233</b>	<b>136,400,704</b>	<b>23,675,522</b>	<b>936,088,459</b>	<b>0</b>
<i>At fair value through P/L</i>	<b>15,970,029</b>	<b>10,234,935</b>	<b>3,729,659</b>	<b>2,005,435</b>	<b>15,970,029</b>	<b>0</b>
<i>Designated to this category</i>	15,970,029	10,234,935	3,729,659	2,005,435	15,970,029	0
Debt instruments	14,364,082	8,741,063	3,629,067	1,993,952	14,364,082	0
Equity instruments	1,605,947	1,493,872	100,592	11,483	1,605,947	0
<b>Available-for-sale</b>	<b>920,118,430</b>	<b>765,777,298</b>	<b>132,671,045</b>	<b>21,670,087</b>	<b>920,118,430</b>	<b>0</b>
Debt instruments	845,630,171	712,409,479	120,404,100	12,816,592	845,630,171	0
Equity instruments	69,879,869	53,367,819	12,266,945	4,245,105	69,879,869	0
Investments in infrastructure funds	4,608,390	0	0	4,608,390	4,608,390	0
Inv. for the benefit of life policyholders who bear the inv. risk	206,524,930	206,524,930	0	0	206,524,930	0
<b>Investments not measured at fair value</b>	<b>110,761,665</b>	<b>73,065,833</b>	<b>35,949,375</b>	<b>10,994,265</b>	<b>120,009,473</b>	<b>9,247,808</b>
<b>Held-to-maturity assets</b>	<b>75,276,943</b>	<b>72,939,487</b>	<b>7,358,988</b>	<b>0</b>	<b>80,298,475</b>	<b>5,021,532</b>
Debt instruments	75,276,943	72,939,487	7,358,988	0	80,298,475	5,021,532
<b>Loans and receivables</b>	<b>35,484,722</b>	<b>126,346</b>	<b>28,590,387</b>	<b>10,994,265</b>	<b>39,710,998</b>	<b>4,226,276</b>
Deposits	27,818,322	126,346	28,093,963	0	28,220,309	401,987
Loans granted	1,240,258	0	496,424	4,568,123	1,240,258	0
Deposits with cedants	6,426,142	0	0	6,426,142	6,426,142	0
Inv. for the benefit of life policyholders who bear the inv. risk	9,626,008	10,292,786	0	0	10,292,786	666,778
<b>Total investments</b>	<b>1,046,850,124</b>	<b>849,078,066</b>	<b>172,350,079</b>	<b>34,669,787</b>	<b>1,056,097,932</b>	<b>9,247,808</b>
<b>Total investments for the benefit of life policyholders who bear the inv. risk</b>	<b>216,150,938</b>	<b>216,817,716</b>	<b>0</b>	<b>0</b>	<b>216,817,716</b>	<b>666,778</b>

### 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>	<b>6,217,870</b>	<b>3,522,808</b>	<b>2,384,776</b>	<b>310,286</b>	<b>6,217,870</b>	<b>0</b>
<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
Investments for the benefit of policyholders who bear the investment risk	203,797,586	192,098,788	11,698,798	0	203,797,586	0
<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
Investments for the benefit of policyholders who bear the investment risk	23,430,467	10,650,182	13,729,849	0	24,380,031	949,564
<b>Total investments</b>	<b>1,038,125,019</b>	<b>778,900,697</b>	<b>246,882,181</b>	<b>21,230,126</b>	<b>1,047,013,004</b>	<b>8,887,985</b>
<b>Total investments for the benefit of life policyholders who bear the investment risk</b>	<b>227,228,053</b>	<b>202,748,970</b>	<b>25,428,647</b>	<b>0</b>	<b>228,177,617</b>	<b>949,564</b>

### Movements in level 3 FVPL financial assets

(EUR)	Debt instruments		Equity instruments		Investments in infrastructure funds	
	30/09/2018	31/12/2017	30/09/2018	31/12/2017	30/09/2018	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>	<b>0</b>	<b>0</b>
Exchange differences	0	0	2	0	0	0
Additions	6,095,214	3,344,783	0	0	5,328,420	0
Impairment	0	0	0	-320,000	0	0
Disposals	-2,613,832	0	0	0	-1,048,540	0
Maturities	-815,540	-354,754	0	0	0	0
Revaluation to fair value	-59,545	431,856	0	0	328,510	0
Reclassification into level	1,643,558	0	11,481	0	0	0
<b>Closing balance</b>	<b>14,810,544</b>	<b>10,560,689</b>	<b>4,256,588</b>	<b>4,245,105</b>	<b>4,608,390</b>	<b>0</b>

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

30/09/2018	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
<b>Property</b>				
Owner-occupied property	30/09/2018	36,364,213	37,270,028	market approach and income approach (weighted 50:50), new purchases at cost
Investment property	30/09/2018	16,523,421	17,100,050	
<b>Total</b>		<b>52,887,634</b>	<b>54,370,078</b>	

31/12/2017	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
<b>Property</b>				
Owner-occupied property	31/12/2017	39,539,952	37,093,592	market approach and income approach (weighted 50:50), new purchases at cost
Investment property	31/12/2017	15,364,184	15,831,277	
<b>Total</b>		<b>54,904,136</b>	<b>52,924,869</b>	

### Changes in fair value of property in the period 1–9/2018

(EUR) 2018	Opening balance	Acquisitions	Disposals	Change in fair value	Reclassification	Additions – acquisition of non-controlling interests	Exchange differences	Closing balance
Owner-occupied property	37,093,592	315,892	110,240	-376,836	136,991	0	-9,851	37,270,028
Investment property	15,831,277	256,402	-635,988	-187,307	-136,991	1,964,383	8,274	17,100,050
<b>Total</b>	<b>52,924,869</b>	<b>572,294</b>	<b>-525,748</b>	<b>-564,143</b>	<b>0</b>	<b>1,964,383</b>	<b>-1,577</b>	<b>54,370,078</b>

### Reclassification of assets and financial liabilities between levels in the period 1–9/2018

(EUR)	Level 1	Level 2	Level 3
<b>At fair value through P/L</b>	<b>0</b>	<b>-1,643,558</b>	<b>1,643,558</b>
<i>Designated to this category</i>	0	-1,643,558	1,643,558
Debt instruments	0	-1,643,558	1,643,558
<b>Available for sale</b>	<b>8,811,925</b>	<b>-8,811,925</b>	<b>0</b>
Debt instruments	8,811,925	-8,811,925	0
<b>Total</b>	<b>8,811,925</b>	<b>-10,455,483</b>	<b>1,643,558</b>

The classification into a different level compared with the previous period is the result of the reclassification of debt securities (of EUR 8.8 million) into level 1 owing to the improved reliability of

the price source (CBBT<sup>15</sup> price) and due to the classification of listed debt securities into level 2. The reclassification of EUR 1.6 million from level 2 into level 3 is the result of changed conditions for the debt security, which is now valued using the internal model.

## 8 Related-party disclosures

Fixed remuneration of management board members for performing their function in the first nine months of 2018 totalled EUR 445,901 (1–9/2017: EUR 400,076), in the nine months of 2018, variable remuneration totalled EUR 55,663 (1–9/2017: EUR 29,253). Benefits in kind were EUR 31,397 (1–9/2017: EUR 32,598).

Remunerations paid to supervisory board members and the members of its committees in the first nine months of 2018 totalled EUR 100,003 (1–9/2017: EUR 99,167).

### *Remuneration of management board members in 1–9/2018*

(EUR)	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	120,720	12,630	185	5,943	139,478
Jošt Dolničar	108,750	18,655	3,965	6,062	137,432
Srečko Čebren	114,744	12,189	3,933	4,347	135,213
Polona Pirš Zupančič	96,491	0	3,394	3,568	103,453
Mateja Treven	5,196	12,189	0	0	17,385
<b>Total</b>	<b>445,901</b>	<b>55,663</b>	<b>11,477</b>	<b>19,920</b>	<b>532,961</b>

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

(EUR)	30/09/2018	31/12/2017
Marko Jazbec	13,280	13,280
Jošt Dolničar	11,950	11,950
Srečko Čebren	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>15</sup> Engl. 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 1–9/2018*

(EUR)		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
<b>Supervisory board members</b>					
Mateja Lovšin Herič	chair	1,650	14,625	0	16,275
Keith William Morris	deputy chair	1,650	10,725	6,238	18,613
Gorazd Andrej Kunstek	member	1,650	9,750	93	11,493
Mateja Živec	member	1,375	9,750	81	11,206
Davor Ivan Gjivoje	member	1,705	9,750	4,869	16,324
Andrej Kren	member	1,650	9,750	182	11,582
<b>Total supervisory board members</b>		<b>9,680</b>	<b>64,350</b>	<b>11,463</b>	<b>85,493</b>
<b>Audit committee members</b>					
Andrej Kren	chairman	1,100	3,656	116	4,872
Mateja Lovšin Herič	member	1,100	2,437		3,537
Ignac Dolenšek	external member	0	6,525	297	6,822
<b>Total audit committee members</b>		<b>2,200</b>	<b>12,618</b>	<b>413</b>	<b>15,231</b>
<b>Members of the nominations and remuneration committee</b>					
Mateja Lovšin Herič	chair	440	0	0	440
Keith William Morris	member	440	0	0	440
Davor Ivan Gjivoje	member	748	0	0	748
Andrej Kren	member	440	0	0	440
<b>Total nominations committee members</b>		<b>2,068</b>	<b>0</b>	<b>0</b>	<b>2,068</b>
<b>Members of the risk committee</b>					
Keith William Morris	chair	880	3,656	0	4,536
Davor Ivan Gjivoje	member	660	2,708	0	3,368
Slaven Mičković	external member	0	4,538	0	4,538
<b>Total risk committee members</b>		<b>1,540</b>	<b>10,902</b>	<b>0</b>	<b>12,442</b>

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

(EUR)	30/09/2018	31/12/2017
Mateja Lovšin Herič	1,896	2,391
Slaven Mičković	0	788
Gorazd Andrej Kunstek, member	1,083	1,358
Keith William Morris	12,791	3,714
Mateja Živec	1,083	1,358
Davor Ivan Gjivoje	1,849	1,534
Andrej Kren	1,490	2,023
Ignac Dolenšek	0	844
<b>Total</b>	<b>20,193</b>	<b>14,011</b>

**Transactions with subsidiaries**

*Investments in and amounts due from Group companies*

(EUR)	30/09/2018	31/12/2017
Debt securities and loans granted to Group companies	3,704,290	4,609,924
Receivables for premiums arising out of reinsurance assumed	16,836,388	13,394,084
Short-term receivables arising out of financing	3,412	6,308
Other short-term receivables	69,850	53,154
Short-term deferred acquisition costs	3,158,380	1,182,922
<b>Total</b>	<b>23,772,319</b>	<b>19,246,392</b>



*Liabilities to Group companies*

(EUR)	30/09/2018	31/12/2017
Liabilities for shares in reinsurance claims due to Group companies	7,573,048	8,248,985
Other liabilities from co-insurance and reinsurance	3,820,159	3,040,284
Other short-term liabilities	287	2,891
<b>Total (excl. provisions)</b>	<b>11,393,494</b>	<b>11,292,160</b>

*Income and expenses relating to Group companies*

(EUR)	1-9/2018	1-9/2017
Gross premiums written	51,630,835	48,022,829
Change in gross unearned premiums	-7,220,499	-7,184,580
Gross claims paid	-22,750,879	-21,486,844
Change in the gross provision for outstanding claims	-1,040,003	-471,692
Income from gross recourse receivables	826,187	869,467
Other operating expenses	-85,728	-71,667
Dividend income	32,983,069	26,036,830
Interest income	51,983	59,533
Acquisition costs	-10,710,133	-9,725,254
Change in deferred acquisition costs	1,975,458	770,464
Other technical income	234,740	8,604
Other non-life income	6,506	393
<b>Total</b>	<b>45,901,535</b>	<b>36,828,083</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*

(EUR)	30/09/2018	31/12/2017
Interests in companies	9,606,964	9,645,208
Debt securities and loans	158,292,166	203,987,529
Receivables due from policyholders	382,461	126,693
<b>Total</b>	<b>168,281,590</b>	<b>213,759,429</b>

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

(EUR)	30/09/2018	31/12/2017
Liabilities for shares in claims	5,370	19,478

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

(EUR)	1-9/2018	1-9/2017
Gross premiums written	10,351,456	12,147,667
Gross claims paid	-3,924,865	-2,671,143
Dividend income	412,395	532,091
Interest income	4,749,382	6,242,599
Other investment income	164,443	591,262
<b>Total</b>	<b>11,752,811</b>	<b>16,842,477</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)	30/09/2018	31/12/2017
<b>ASSETS</b>	<b>621,709,844</b>	<b>580,886,180</b>
Intangible assets	780,345	807,011
Property, plant and equipment	2,505,199	2,485,645
Deferred tax assets	1,548,381	1,238,826
Investment property	8,325,372	8,230,878
Financial investments in subsidiaries and associates	223,097,597	193,409,578
Financial investments:	250,653,748	250,781,685
- loans and deposits	11,440,862	12,840,885
- held to maturity	2,049,317	2,075,111
- available for sale	233,136,510	235,456,116
- at fair value through profit or loss	4,027,059	409,573
Reinsurers' share of technical provisions	23,247,274	20,073,571
Receivables	94,839,198	88,602,395
Receivables arising out of primary insurance business	91,147,017	85,167,822
Reinsurance and co-insurance receivables	2,156,092	3,202,926
Other receivables	1,536,089	231,647
Deferred acquisition costs	9,940,995	7,778,499
Other assets	463,560	799,634
Cash and cash equivalents	6,308,175	6,678,458
<b>EQUITY AND LIABILITIES</b>	<b>621,709,844</b>	<b>580,886,180</b>
<b>Equity</b>	<b>318,659,854</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	2,485,081	3,804,764
Reserve due to fair value revaluation	9,867	13,524
Retained earnings	10,101,172	6,012,233
Net profit or loss for the period	41,415,195	16,487,096
<b>Technical provisions</b>	<b>249,388,307</b>	<b>232,639,163</b>
Unearned premiums	59,513,536	47,602,457
Provision for outstanding claims	189,029,067	184,269,492
Other technical provisions	845,704	767,214
<b>Other provisions</b>	<b>409,953</b>	<b>351,250</b>
<b>Other financial liabilities</b>	<b>89,388</b>	<b>91,182</b>
<b>Liabilities from operating activities</b>	<b>48,895,530</b>	<b>54,404,921</b>
Liabilities from primary insurance business	44,096,493	51,160,114
Liabilities from reinsurance and co-insurance business	3,648,637	3,090,008
Current income tax liabilities	1,150,400	154,799
<b>Other liabilities</b>	<b>4,266,812</b>	<b>2,433,509</b>

## 9.2 Unaudited income statement

(EUR)	1-9/2018	1-9/2017
<b>Net earned premiums</b>	<b>97,619,911</b>	<b>95,139,764</b>
Gross premiums written	123,567,999	125,035,141
Written premiums ceded to reinsurers and co-insurers	-16,901,671	-17,247,903
Change in gross unearned premiums	-11,911,078	-15,922,159
Change in unearned premiums, reinsurers' and co-insurers' shares	2,864,661	3,274,685
<b>Income from investments in subsidiaries and associates</b>	<b>32,983,069</b>	<b>26,036,830</b>
<b>Investment income</b>	<b>8,322,328</b>	<b>6,413,266</b>
Interest income	2,659,085	2,957,698
Other investment income	5,663,243	3,455,568
<b>Other technical income</b>	<b>6,751,650</b>	<b>4,217,278</b>
Commission income	1,883,555	1,438,471
Other income	4,868,095	2,778,807
<b>Other income</b>	<b>502,298</b>	<b>245,225</b>
<b>Net claims incurred</b>	<b>-58,908,275</b>	<b>-56,104,152</b>
Gross claims paid, net of income from recourse receivables	-57,674,936	-56,148,136
Reinsurers' and co-insurers' shares	3,217,192	4,454,896
Change in the gross provision for outstanding claims	-4,759,574	-5,252,666
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	309,043	841,754
<b>Change in other technical provisions</b>	<b>-123,220</b>	<b>-151,555</b>
<b>Expenses for bonuses and rebates</b>	<b>44,730</b>	<b>205,337</b>
<b>Operating expenses</b>	<b>-33,445,528</b>	<b>-31,504,228</b>
Acquisition costs	-27,264,838	-26,252,874
Change in deferred acquisition costs	2,162,497	2,471,039
Other operating expenses	-8,343,187	-7,722,393
<b>Expenses for financial assets and liabilities</b>	<b>-5,509,715</b>	<b>-8,479,497</b>
Interest expenses	0	-718,338
Diverse other expenses	-5,509,715	-7,761,159
<b>Other technical expenses</b>	<b>-4,352,484</b>	<b>-4,485,046</b>
<b>Other expenses</b>	<b>-209,487</b>	<b>-95,766</b>
<b>Profit or loss before tax</b>	<b>43,675,277</b>	<b>31,437,456</b>
<b>Income tax expense</b>	<b>-2,260,082</b>	<b>-1,068,816</b>
<b>Net profit or loss for the period</b>	<b>41,415,195</b>	<b>30,368,640</b>
<b>Earnings or loss per share (basic and diluted)</b>	<b>2.67</b>	<b>1.96</b>

### 9.3 Unaudited statement of comprehensive income

(EUR)	1–9/2018	1–9/2017
<b>PROFIT OR LOSS FOR THE PERIOD, NET OF TAX</b>	<b>41,415,195</b>	<b>30,368,640</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>-1,323,340</b>	<b>336,101</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>-3,657</b>	<b>14,197</b>
Other items that will not be reclassified subsequently to profit or loss	-3,657	14,197
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>-1,319,683</b>	<b>321,905</b>
<b>Net gains losses on remeasuring available-for-sale financial assets</b>	<b>-1,629,240</b>	<b>397,411</b>
Net change recognised in the fair value reserve	-1,509,714	558,472
Net change transferred from fair value reserve to profit or loss	-119,525	-161,061
Tax on items that may be reclassified subsequently to profit or loss	<b>309,557</b>	<b>-75,506</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>40,091,856</b>	<b>30,704,741</b>

## 9.4 Unaudited statement of changes in equity

### Unaudited statement of changes in equity for the nine months to 30 September 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	-1,319,683	-3,657	0	41,415,195	0	40,091,856
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	41,415,195	0	41,415,195
b) Other comprehensive income	0	0	0	0	0	0	-1,319,683	-3,657	0	0	0	-1,323,340
Dividend distributions	0	0	0	0	0	0	0	0	-12,398,157	0	0	-12,398,157
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	113,565,881	2,485,081	9,867	10,101,172	41,415,195	-24,938,709	318,659,854

### Unaudited statement of changes in equity for the nine months to 30 September 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	321,904	14,197	0	30,368,640	0	30,704,741
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	30,368,640	0	30,368,640
b) Other comprehensive income	0	0	0	0	0	0	321,904	14,197	0	0	0	336,101
Dividend payouts	0	0	0	0	0	0	0	0	-12,398,158	0	0	-12,398,158
Transfer of profit	0	0	0	0	0	0	0	0	9,127,228	-9,127,228	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	97,078,785	4,107,459	12,432	6,012,233	30,368,640	-24,938,709	288,662,207



## 9.5 Unaudited statement of cash flows

(EUR)		1-9/2018	1-9/2017
<b>A. Cash flows from operating activities</b>			
<b>a.) Items of the income statement</b>		<b>17,437,302</b>	<b>21,441,693</b>
1. Net premiums written		106,666,328	107,787,238
2. Investment income (other than financial income)		4,268	8,223
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables		7,253,948	4,462,503
4. Net claims paid		-54,457,744	-51,693,240
5. Expenses for bonuses and rebates		44,730	205,337
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs		-35,252,175	-33,678,318
7. Investment expenses (excluding amortisation and financial expenses)		0	-422
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)		-4,561,971	-4,580,812
9. Tax on profit and other taxes not included in operating expenses		-2,260,082	-1,068,816
<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>-11,767,943</b>	<b>-8,502,992</b>
1. Change in receivables from primary insurance		-5,979,195	-90,344,466
2. Change in receivables from reinsurance		1,046,834	75,946,976
4. Change in other receivables and other assets		-968,368	-1,148,584
5. Change in deferred tax assets		-309,555	292,984
7. Change in liabilities arising out of primary insurance		-7,063,621	44,117,055
6. Change in liabilities arising out of reinsurance business		558,629	-39,806,403
7. Change in other operating liabilities		862,527	2,717,066
8. Change in other liabilities (except unearned premiums)		84,806	-277,620
<b>c.) Net cash from/used in operating activities (a + b)</b>		<b>5,669,359</b>	<b>12,938,701</b>
<b>B. Cash flows from investing activities</b>			
<b>a.) Cash receipts from investing activities</b>		<b>807,176,014</b>	<b>609,320,458</b>
1. Interest received from investing activities		2,659,083	2,957,698
2. Cash receipts from dividends and participation in the profit of others		33,629,984	26,622,110
4. Proceeds from sale of property, plant and equipment assets		7,908	9,879
5. Proceeds from sale of financial investments		770,879,039	579,730,771
<b>b.) Cash disbursements in investing activities</b>		<b>-800,817,499</b>	<b>-587,168,621</b>
1. Purchase of intangible assets		-107,201	-269,153
2. Purchase of property, plant and equipment		-253,584	-208,526
3. Purchase of financial investments		-800,456,714	-586,690,942
<b>c.) Net cash from/used in investing activities (a + b)</b>		<b>6,358,515</b>	<b>22,151,837</b>
<b>C. Cash flows from financing activities</b>			
<b>b.) Cash disbursements in financing activities</b>		<b>-12,398,157</b>	<b>-37,833,179</b>
1. Interest paid		0	-718,338
3. Repayment of long-term financial liabilities		0	-24,000,000
4. Repayment of short-term financial liabilities		0	-716,684
5. Dividends and other profit participations paid		-12,398,157	-12,398,157
<b>c.) Net cash from/used in financing activities (a + b)</b>		<b>-12,398,157</b>	<b>-37,833,179</b>
<b>C2. Closing balance of cash and cash equivalents</b>		<b>6,308,175</b>	<b>5,247,179</b>
<b>x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>		<b>-370,283</b>	<b>-2,742,640</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

<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.</b> Engl. Bloomberg valuation price. The price obtained from the Bloomberg information system.
<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 paid.</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 paid less subrogation receivables.</b>
<b>Net claims paid is short for net claims payments.</b>
<b>Claims risk.</b> The risk that the number of claims or the average claim amount will be higher than expected.
<b>Composite insurer.</b> Insurer that writes both life and non-life business.
<b>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.
<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 register of assets.</b> Register of assets used to cover 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 paid 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 or 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-life insurance register of assets.</b> Register of assets used to cover non-life technical provisions.
<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>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 relating to 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% indicates that the firm has sufficient resources to meet the SCR.
<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.