



**Unaudited financial report  
of the Sava Insurance Group and  
financial statements of Sava Re d.d.  
for the period January–March 2020**

Ljubljana, 11 May 2020



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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 Insurance Group and financial statements of Sava Re d.d. for the period January–March 2020”, also available from the Company’s website, at [www.sava-re.si](http://www.sava-re.si), as from 19 May 2020.


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

To the best of our knowledge, the summary financial statements of the Sava Insurance 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 Insurance 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 2019. 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 Čebbron, Member of the Management Board



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board

Ljubljana, 11 May 2020

## 1.1 Key financials

EUR, except percentages	Sava Insurance Group	
	1–3/2020	1–3/2019
<b>Total of all operating segments</b>		
<b>Operating revenue</b>	<b>148,986,239</b>	<b>128,220,545</b>
Year-on-year change	16.2%	7.2%
<b>Profit or loss before tax</b>	<b>13,143,659</b>	<b>13,874,044</b>
Year-on-year change	-5.3%	110.8%
<b>Profit or loss, net of tax</b>	<b>10,301,851</b>	<b>10,915,137</b>
Year-on-year change	-5.6%	135.7%
<b>Comprehensive income</b>	<b>-7,292,944</b>	<b>17,512,503</b>
Year-on-year change	-141.6%	770.0%
<b>Return on revenue*</b>	<b>6.8%</b>	<b>8.4%</b>
<b>Net expense ratio, including operating revenue*</b>	<b>30.4%</b>	<b>31.9%</b>
<b>Return on equity</b>	<b>10.6%</b>	<b>12.2%</b>
Earnings or loss per share	0.66	0.70
Return on the investment portfolio*	1.4%	1.8%
<b>Reinsurance + non-life</b>		
<b>Gross premiums written</b>	<b>174,555,347</b>	<b>148,820,310</b>
Year-on-year change	17.3%	2.8%
<b>Net incurred loss ratio*</b>	<b>61.2%</b>	<b>58.6%</b>
<b>Net expense ratio</b>	<b>30.5%</b>	<b>33.6%</b>
<b>Net combined ratio*</b>	<b>93.3%</b>	<b>93.0%</b>
<b>Profit or loss before tax</b>	<b>11,343,348</b>	<b>10,627,944</b>
Year-on-year change	6.7%	172.1%
<b>Life insurance</b>		
<b>Gross premiums written</b>	<b>21,981,676</b>	<b>21,993,139</b>
Year-on-year change	-0.1%	2.3%
<b>Net expense ratio</b>	<b>28.9%</b>	<b>26.8%</b>
<b>Profit or loss before tax</b>	<b>2,358,204</b>	<b>2,474,580</b>
Year-on-year change	-4.7%	1.1%
<b>Total of all operating segments</b>		
	<b>31 Mar 2020</b>	<b>31 Dec 2019</b>
<b>Total assets</b>	<b>1,888,284,974</b>	<b>1,885,953,003</b>
Change on 31 Dec of prior year	0.1%	10.5%
<b>Shareholders' equity</b>	<b>377,483,902</b>	<b>384,776,847</b>
Change on 31 Dec of prior year	-1.9%	13.1%
<b>Net technical provisions</b>	<b>1,104,745,978</b>	<b>1,115,945,868</b>
Change on 31 Dec of prior year	-1.0%	1.2%
Book value per share	24.36	24.83
Number of employees (full-time equivalent basis)	2,713.7	2,723.3
Solvency ratio under Solvency II rules	-	220%

Notes:

\* Excluding the effect of exchange differences. The return on the investment portfolio does not include subordinated debt expenses.

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

The table below compares actual figures against figures planned for the full year 2020:

EUR million	1–3/2020	2020 plan	As % of plan
<b>Sava Insurance Group</b>			
Operating revenue	149.0	> 610	24.4%
Profit or loss, net of tax	10.3	> 45	22.9%
Return on equity (ROE)	10.6%	> 11%	✗
Return on revenue*	6.8%	> 7%	✗
Net expense ratio	30.4%	33–34%**	✓
Return on the investment portfolio*	1.4%	1.3%	✓
<b>(Re)insurance part</b>			
Gross premiums written	196.5	> 620	31.7%
Net incurred loss ratio (reins. + non-life)*	61.2%	59–60%	✗
Net combined ratio* (reins. + non-life)*	93.3%	< 94 %	✓

\* Excluding the effect of exchange differences.

\*\* About 2 p.p. relate to the cost of digitalisation and the IT transformation.

Because exchange differences were not factored into the plan, the table shows ratios excluding the effect of exchange differences.

In the period 1–3/2020, the Sava Insurance Group wrote EUR 197.5 million in gross premiums, up 15.1% year on year. The growth in gross premiums written in 1–3/2020 was also contributed by business written by Zavarovalnica Sava with companies based in the European Union. The net profit for the period was EUR 10.3 million, accounting for 22.9% of the full-year 2020 target. The net expense ratio for the first three months was better than planned as the result of a better expense ratio achieved in the reinsurance and non-life insurance segments. The net incurred loss ratio was somewhat weaker than planned, mainly due to the impact of higher net claims incurred in the reinsurance segment. The investment return was slightly better than planned. The operating revenue of the Sava Insurance Group accounts for 24.4% of the full-year 2020 target figure.

## 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
Fax	+386 1 47 50 264
Email	<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>
ID number	5063825
Tax identification number	SI17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<u>MANAGEMENT BOARD</u> Marko Jazbec (chairman) Srečko Čebren Jošt Dolničar Polona Pirš Zupančič <u>SUPERVISORY BOARD</u> Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Gjivoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor	KPMG Slovenija d.o.o. Železna cesta 8A 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenian Sovereign Holding 17.7% (no-par-value shares: 3,043,883)
Credit ratings: Standard & Poor's AM Best	A /stable/; July 2019 A /stable/; October 2019
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.

There were no changes in the composition of the management board from 1 January to 31 March 2020.

#### *Composition of the management board as at 31 March 2020*

Member	Title	Beginning of term of office	End of term of office
Marko Jazbec	chair	12/05/2017	12/05/2022
Srečko Čebron	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

In December, the supervisory board unanimously supported the proposal of Chairman of the Management Board Marko Jazbec to appoint Peter Skvarča as a new member of the management board. Peter Skvarča was appointed for a five-year term, beginning on the next business day following receipt of the Insurance Supervision Agency's decision to issue a licence to Peter Skvarča to act as a member of the management board.

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

Jošt Dolničar:

- Slovenian Rowing Federation, Župančičeva cesta 9, 4260 Bled, Slovenia – president.
- Olympic Committee of Slovenia – member of the executive board.

### Supervisory board

The shareholder representatives on the supervisory board are elected by the Company's general meeting, while the two employee representatives are elected by the Company's workers' council.

The composition of the supervisory board did not change from 1 January to 31 March 2020.

#### *Composition of the supervisory board as at 31 March 2020*

Member	Title	Beginning of term of office	End of term of office
Mateja Lovšin Herič	chair	16/07/2017	16/07/2021
Keith W. Morris	deputy chair	16/07/2017	16/07/2021
Andrej Kren	member	16/07/2017	16/07/2021
Davor Ivan Gjivoje	member	07/03/2017	07/03/2021
Andrej Gorazd Kunstek	member (employee representative)	12/06/2019	12/06/2023
Mateja Živec	member (employee representative)	12/06/2019	12/06/2023

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.
- HMS Victory Preservation Endowment Fund Ltd, HM Naval Base (PP66) Portsmouth Hampshire PO1 3NH, United Kingdom – chairman of the board of directors.

Davor Ivan Gjivoje Jr:

- Holdings, Ltd. & Subsidiaries, 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA – chief executive officer;
- Adria Lines Dover, Delaware, USA – chief executive officer

Andrej Kren:

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

Mateja Živec:

- Pinija, d.o.o., Sončna pot 41, 6320 Portorož, Slovenia – managing director of family business

## **Supervisory board committees**

### **Audit committee**

There were no changes in the composition of the supervisory board's audit committee from 1 January to 31 March 2020.

#### *Composition of the supervisory board's audit committee as at 31 March 2020*

Member	Title	Beginning of term of office	End of term of office
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**

There were no changes in the composition of the supervisory board's risk committee from 1 January to 31 March 2020.

#### *Composition of the supervisory board's risk committee as at 31 March 2020*

Member	Title	Beginning of term of office	End of term of office
Keith W. Morris	chairman	24/08/2017	16/07/2021
Davor Ivan Gjivoje	member	24/08/2017	07/03/2021
Slaven Mičković	external member and deputy chair	24/08/2017	16/07/2021

### **Nominations and remuneration committee**

There were no changes in the composition of the supervisory board's nominations and remuneration committee from 1 January to 31 March 2020.

#### *Composition of the supervisory board's nominations and remuneration committee as at 31 March 2020*

Member	Title	Beginning of term of office	End of term of office
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***

There were no changes in the composition of the supervisory board's fit and proper committee from 1 January to 31 March 2020.

#### ***Composition of the fit & proper committee as at 31 March 2020***

Member	Title	Beginning of term of office	End of term of office
Mateja Živec	chair	12/06/2019	16/07/2021
Keith W. Morris	member	24/08/2017	16/07/2021
Rok Saje	external member	08/03/2018	16/07/2021
Andrej Kren	alternate member	24/08/2017	16/07/2021

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

The Sava Re general meeting of shareholders was not convened in the period from 1 January to 31 March 2020.

In accordance with the amendment to the 2020 financial calendar, the notice of general meeting was published on 17 April 2020, with the meeting scheduled to be held on 16 June 2020.

## **1.4 Significant events in the first three months of 2020**

- In March 2020, ZTSR d.o.o, a 50-50 joint venture of Sava Re d.d. and Zavarovalnica Triglav d.d., completed the acquisition of the health-care provider Diagnostic Centre Bled d.o.o. (Diagnostics center Bled, d.o.o.).
- In the first quarter of 2020, Europe together with the rest of the world was hit by the Covid-19 pandemic, which affected both lives and global capital markets. The Sava Insurance Group also faced an emergency situation. On 17 April 2020, it posted a preliminary impact analysis on its website and through the Seonet system of the Ljubljana Stock Exchange, which revealed that the Sava Insurance Group remains in a strong position despite the new circumstances, allowing further smooth performance of its obligations. Although there may be adverse impacts on its operations, the Sava Insurance Group is planning to continue investing in growth and development in line with its strategic goals for the period 2020–2022. By the end of August 2020, the Sava Insurance Group is planning to prepare an updated financial plan for the period 2020–2022, taking into account impacts associated with the Covid-19 outbreak on business projections along with impacts of the NLB Vita acquisition, if completed by then.

## **1.5 Significant events after the reporting period**

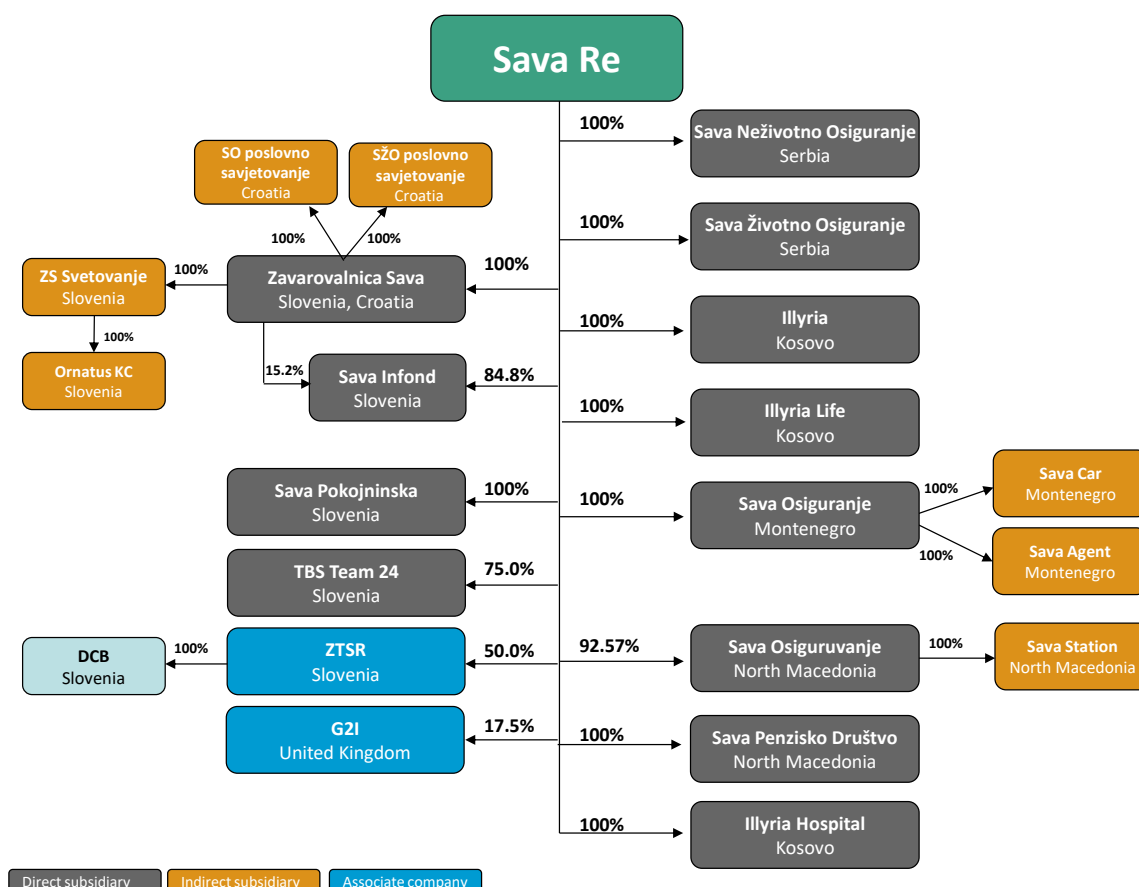
- In April 2020, Sava Re issued the "Solvency and financial condition report of Sava Re d.d. 2019". The Company's solvency ratio was 289% as at 31 December 2019. The "Solvency and financial condition report of the Sava Insurance Group 2019" was released on 19 May 2020. The Group's solvency ratio was 220% as at 31 December 2019.
- After 31 March 2020, POSR share ownership changed. In April 2020, a total of 2,439,852 shares were transferred from the shareholder Zagrebačak Banka d.d., fiduciary account, to the shareholder Interkapital Vrijednosni Papiri d.o.o., and then from that shareholder to INTERCAPITAL Securities Ltd., fiduciary account.
- In April 2020, the notice of the 36th general meeting of shareholders, to be held on 16 June 2020, was published.

## 1.6 Composition of the Sava Insurance Group

Sava Re, the ultimate parent company of the Sava Insurance Group, transacts reinsurance business. The insurance part of the Group is composed of seven insurers based in Slovenia and in the countries of the Adriatic region: the composite insurer Zavarovalnica Sava, the non-life insurers Sava Neživotno Osiguranje (Serbia), Sava Životno Osiguranje (Serbia), Sava Osiguranje (North Macedonia), Illyria and Sava Osiguranje (Montenegro), and the two life insurers Sava Životno Osiguranje (Serbia) and Illyria Life. In addition to these (re)insurers, the Group consists of:

- Sava Pokojninska: a Slovenian pension company;
- Sava Penzisko Društvo: a pension fund manager based in North Macedonia managing second- and third-pillar pension funds;
- Sava Infond: a subsidiary managing investment funds;
- TBS Team 24: a Slovenia-based company providing assistance services relating to motor, health and homeowners insurance;
- ZTSR: a Sava Re associate company, a holding company and owner of the Diagnostic Centre Bled;
- G2I: an associate company marketing on-line motor policies;
- Illyria Hospital: a company based in Kosovo that owns some real property but is currently dormant.

*Composition of the Sava Insurance Group as at 31 March 2020*



*Company names of Sava Insurance Group members*

	Official long name	Short name in this document
	Sava Insurance Group	Sava Insurance Group
1	Pozavarovalnica Sava, d.d. / Sava Reinsurance Company d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava
	SAVA OSIGURANJE, d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian part (in tables)
3	Sava pokojninska družba, d.d.	Zavarovalnica Sava, Croatian part (in tables)
		Sava Pokojninska
4	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava Neživotno Osiguranje (Serbia)
5	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava Životno Osiguranje (Serbia)
6	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Illyria
7	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria Life
8	AKCIONARSKO DRUŠTVO SAVA OSIGURANJE PODGORICA	Sava Osiguranje (Montenegro)
9	SAVA osiguruvanje a.d. Skopje	Sava Osiguruvanje (North Macedonia)
10	" Illyria Hospital " SH.P.K.	Illyria Hospital
11	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Sava Car
12	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	ZM Svetovanje
13	ORNATUS KLINICI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	Ornatus
14	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. - Podgorica	Sava Agent
15	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava Station
16	TBS TEAM 24 podjetje za storitvene dejavnosti in trgovino d.o.o.	TBS Team 24
17	Društvo za upravljanje so zadolžiteln i dobovolin penzisko fondovi SAVA PENZISKO DRUŠTVO A.D Skopje	Sava Penzisko Društvo
18	ZTSR, raziskovanje trga, d.o.o.	ZTSR
19	Got2Insure Ltd	G2I
20	SAVA INFOND, družba za upravljanje, d.o.o.	Sava Infond
21	SO poslovno savjetovanje d.o.o.	SO Poslovno Savjetovanje
22	SŽO poslovno savjetovanje d.o.o.	SŽO Poslovno Savjetovanje
23	Diagnostični center Bled d.o.o.	DCB

## 1.7 Shareholders and share trading

The promising beginning of 2020 in European and US stock markets has been upended because of the measures taken to battle the Covid-19 pandemic. Global stock markets crashed in March, falling by 35% and more. Since 20 March, a rising trend in global stock markets can be seen as the result of greater optimism arising from tackling the global pandemic and reopening of economies.

The Slovenian stock market was also hit by the global pandemic. The SBITOP stock index (Slovenian blue chip index) fell by 30%, from the market's quarter high to its quarter low. On a quarterly basis, the SBITOP fell by 21%. Since the end of March, we have seen similar positive trends in Slovenia as in other global stock markets. The SBITOP rose by 16% from its low on 23 March 2020 to 8 May 2020. In the year up to 8 May 2020, the return was -14%.

*POSR share price performance from 1 April 2019 to 31 March 2020 compared to the SBITOP stock index*



The SBITOP index has been rebased to the same level as the POSR share price (01/04/2019: EUR 17.2), this is followed by the stock index growth rate in real terms.

The POSR share price was EUR 18.00 and EUR 14.40 as at 31/12/2019 and 31/03/2020, respectively, representing a 20.0% fall in the period. The Sava Re share rose by 16% from its low on 23 March 2020 until 8 May 2020. Total turnover in the Sava Re share was EUR 11.9 million in the first quarter of 2020, compared to EUR 10.6 million in the full year 2019. Average daily turnover with the share in the first quarter 2020 was EUR 188,728, compared to EUR 43,417 in the full year 2019. In the period, the average daily turnover of the SBITOP stock index doubled (source: Bloomberg). The reason for this volatility is investor response to the Covid-19 pandemic.

### Basic details about the POSR share

	31 Mar 2020	31 Mar 2019
Share capital (EUR)	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,104	4,042
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated earnings per share (EUR)	0.66	0.70
Consolidated book value per share (EUR)	24.36	23.08
Share price at end of period (EUR)	14.40	17.20
Market capitalisation (EUR)	247,963,133	296,178,186
	1–3/2020	1–3/2019
Average share price in reporting period (EUR)	17.41	16.23
Period low (EUR)	13.40	15.00
Period high (EUR)	20.60	17.50
Turnover in reporting period (EUR)	11,889,841	2,213,747
Average daily turnover for the share (EUR)	188,728	39,531

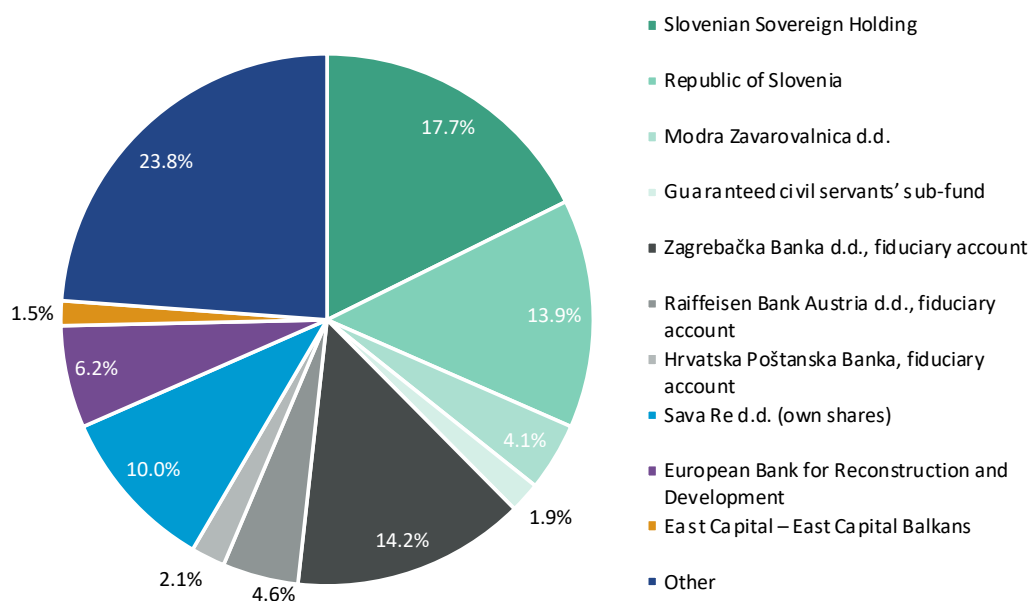
### Ten largest shareholders and qualifying shareholders under the Slovenian Takeover Act as at 31 March 2020<sup>1</sup>

Shareholder	Number of shares	Holding (%)
1 Slovenian Sovereign Holding	3,043,883	17.7%
2 Zagrebačka Banka d.d., fiduciary account	2,440,602	14.2%
3 Republic of Slovenia	2,392,436	13.9%
4 Sava Re	1,721,966	10.0%
5 European Bank for Reconstruction and Development	1,071,429	6.2%
6 Raiffeisen Bank Austria d.d., fiduciary account	793,110	4.6%
7 Modra Zavarovalnica d.d.	714,285	4.1%
8 Hrvatska Poštanska Banka – fiduciary account	356,010	2.1%
9 Guaranteed civil servants' sub-fund	320,346	1.9%
10 East Capital – East Capital Balkans	259,137	1.5%
<b>Total</b>	<b>13,113,204</b>	<b>76.2%</b>

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

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

### Top ten shareholders of Sava Re as at 31 March 2020<sup>2</sup>



As at 31 March 2020, 66.4% of shareholders were Slovenian and 33.6% foreign. The largest shareholder of POSR shares is Slovenian Sovereign Holding (Slovenski državni holding d.d.) with a 17.7% stake. Slovenian Sovereign Holding and the Republic of Slovenia jointly hold 5,436,319 shares, accounting for a 31.6% stake.

### Shareholder structure of Sava Re as at 31 March 2020<sup>3</sup>

Type of investor	Domestic investor	International investor
Insurance and pension companies	18.2%	0.0%
Other financial institutions*	17.9%	0.3%
Government	13.9%	0.0%
Natural persons	9.7%	0.1%
Investment funds and mutual funds	4.1%	2.6%
Banks	0.2%	29.6%
Other commercial companies	2.3%	1.1%
<b>Total</b>	<b>66.4%</b>	<b>33.6%</b>

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

\*\* Shares in custodian accounts are included in the bank category.

### POSR shares held by members of the supervisory and management boards as at 31 March 2020

Member	Number of shares	Holding (%)
Marko Jazbec	5,000	0.029%
Srečko Čebren	2,700	0.016%
Jošt Dolničar	4,363	0.025%
Polona Pirš Zupančič	2,478	0.014%
<b>Total management board</b>	<b>14,541</b>	<b>0.084%</b>
Andrej Gorazd Kunstek	2,900	0.017%
Mateja Živec	1,000	0.006%
<b>Total supervisory board</b>	<b>3,900</b>	<b>0.023%</b>
<b>Total management and supervisory boards</b>	<b>18,441</b>	<b>0.107%</b>

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

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

## Share buy-back

In the period from 1 January 2020 to 31 March 2020, Sava Re did not repurchase its own shares. The total number of own shares as at 31 March 2020 was 1,721,966, representing 10% less one share of all issued shares.

## Dividends

The Company did not distribute any dividends in the first quarter of 2020. On 31 March 2020, Sava Re received a letter from the Slovenian Insurance Supervision Agency calling on insurance, reinsurance and pension companies to temporarily suspend dividend payments and refrain from making any irrevocable commitments to pay dividends. Through this temporarily measure, in force until 1 October 2020, the Insurance Supervision Agency believed insurance companies would increase their resilience to the financial shock resulting from the impact of the Covid-19 epidemic, maintain financial stability and prevent any potential business disruptions.

In view of the above, the management and supervisory boards proposed to the Company's general meeting, to be held on 16 June 2020, to adopt a resolution to the effect that the distributable profit for 2019, of EUR 34,705,806.06, not be distributed to shareholders and be retained unallocated.

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

EUR	For 2013	For 2014	For 2015	For 2016	For 2017	For 2018
Dividend distributions (accounted)	4,386,985	9,065,978	12,398,157	12,398,157	12,398,157	14,722,811
Dividend/share	0.26	0.55	ordinary: 0.65 special: 0.15	0.80	0.80	0.95
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.8%	5.6%

## Contingent capital

As at 31 March 2020, the Company had no conditional equity.

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



# **Sava Insurance Group interim business report**



## 2 Review of operations and financial result of the Sava Insurance Group<sup>5</sup>

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:

- reinsurance business: Sava Re (non-Group business);
- non-life, Slovenia: Zavarovalnica Sava (Slovenian part, including FoS business);
- non-life business, international: Zavarovalnica Sava (Croatian part), Sava Neživotno Osiguranje (Serbia), Illyria, Sava Osiguranje (Montenegro), Sava Osiguruvanje (North Macedonia), Sava Car, Sava Agent, Sava Station;
- life business, Slovenia: Zavarovalnica Sava (Slovenian part), ZS Svetovanje, Ornatus KC;
- life business, international: Zavarovalnica Sava (Croatian part), Sava Životno Osiguranje (Serbia), Illyria Life;
- pension business: Sava Pokojninska, Sava Penzisko Društvo;
- other: TBS Team 24, Sava Infond (company included in the balance sheet as from 30 June 2019 and in the income statement for the period 7–12/2019), Illyria Hospital, ZTRS (equity method), G2I (equity method). The “other” segment also includes the costs of subordinate debt.

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

- Reallocations are made from the reinsurance segment to the other segments (Sava Re as the parent company handles the reinsurance of most risks of the subsidiaries within the Sava Insurance Group): in the segment reporting information, reinsurance premiums received by the reinsurer from the subsidiaries are reallocated to the segments from where they have arisen. The same applies, by analogy, to reinsurance-related claims, commission income, change in unearned premiums, claims provisions and deferred acquisition costs due to reinsurance. 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 was also allocated to the segment where it had arisen. All these items were adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to reinsurers abroad.
- Other operating expenses relating to the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava Insurance Group. Sava Re operates as a virtual holding company; hence, a part of its expenses relates to the administration of the Group. Such expenses relating to the reinsurance segment are allocated to other segments based on gross premiums written. Such reallocation was also made for other operating expenses relating to intra-Group reinsurance transactions. In 2020, Sava Re allocated 66.7% of other operating expenses to operating segments as monitored by income composition (2019: 64.7%). Furthermore, operating expenses of TBS Team 24 incurred in its activities on behalf of other Group companies were reallocated from the “other” segment to the Slovenian and international non-life segments. In the same way, income is eliminated in the consolidation process.
- Investment income and expenses are reallocated from the reinsurance segment to the non-life and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters). In 2020, the “other” segment also includes expenses relating to subordinate debt (EUR 0.7 million).

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<sup>5</sup> A glossary of selected insurance terms and calculation methods for ratios is appended to this report.

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

- Intangible assets – goodwill is allocated to the segment from which it has arisen (reallocated from the reinsurance segment to other segments depending on which subsidiary it relates to).
- 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).
- 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.
- With regard to the cash and cash equivalents item, investments in the amount of subordinate debt are shown in the "other" segment.
- 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).
- With regard to subordinate obligations, the amount of subordinate debt is shown in the "other" segment.

The companies ERGO Osiguranje and ERGO Životno Osiguranje joined the Sava Insurance Group on 31 March 2019, as the result of which they have been included in the consolidated income statement since 1 April 2019 and were already included in the statement of financial position as at 31 March 2019. Sava Infond has been included in the consolidated financial statements of the Sava Insurance Group since 30 June 2019.

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

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

EUR	1–3/2020	1–3/2019	Index
Net premiums earned	142,278,497	123,243,068	115.4
Investment income	5,395,636	6,583,297	82.0
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	12,386,664	-
Other technical income	3,138,169	3,844,436	81.6
Other income	5,050,387	2,807,994	179.9
- Of which investment property	338,258	333,935	101.3
Net claims incurred	-108,705,561	-93,758,826	115.9
Change in other technical provisions	11,852,445	10,661,245	111.2
Change in technical provisions for policyholders who bear the investment risk	29,847,961	-5,732,860	-520.6
Expenses for bonuses and rebates	33,678	54,171	62.2
Operating expenses	-46,778,608	-42,562,929	109.9
Expenses relating to investments in associates	-21,089	-75,290	28.0
Expenses for financial assets and liabilities	-3,499,714	-292,252	1,197.5
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-20,378,767	0	-
Other technical expenses	-4,201,769	-2,874,579	146.2
Other expenses	-867,606	-410,095	211.6
- Of which investment property	-93,372	-171,289	54.5
<b>Profit or loss before tax</b>	<b>13,143,659</b>	<b>13,874,044</b>	<b>94.7</b>

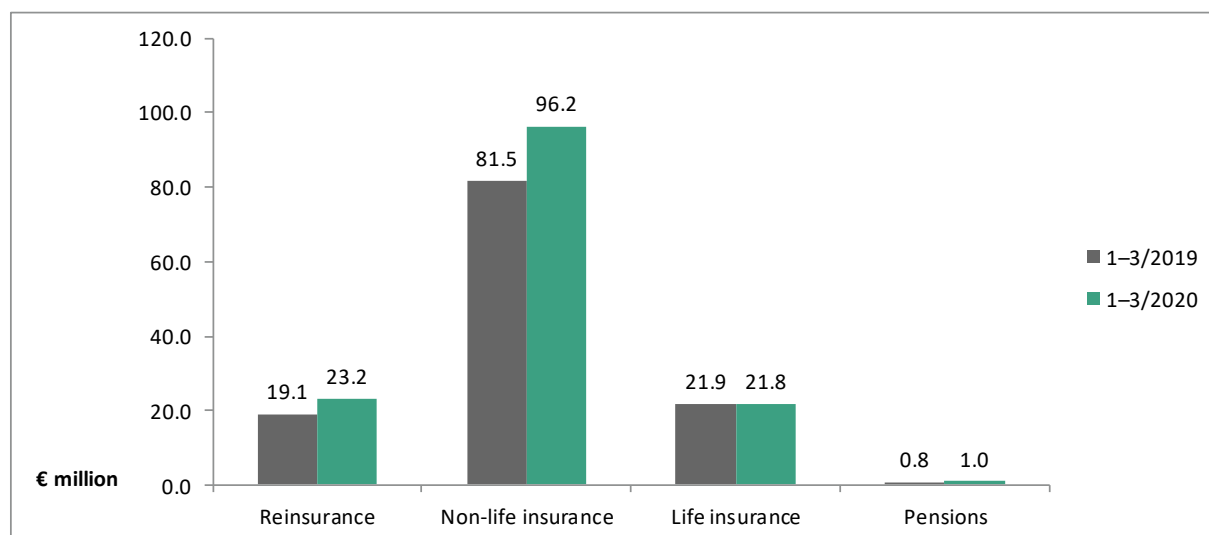
In 1–3/2020 operating revenue totalled EUR 149.0 million, up 16.2% year on year. Revenue was primarily driven by higher non-life revenue, a larger volume of business written by Zavarovalnica Sava with various EU companies and partly by acquisitions. Following is a discussion of the major items of the consolidated income statement.

## Consolidated net premiums earned<sup>6</sup>

### Consolidated net premiums earned

EUR	1-3/2020	1-3/2019	Index
Gross premiums written	197,504,302	171,605,211	115.1
Net premiums written	176,743,287	157,178,747	112.4
Change in net unearned premiums	-34,464,790	-33,935,679	101.6
<b>Net premiums earned</b>	<b>142,278,497</b>	<b>123,243,068</b>	<b>115.4</b>

### Consolidated net premiums earned by operating segment

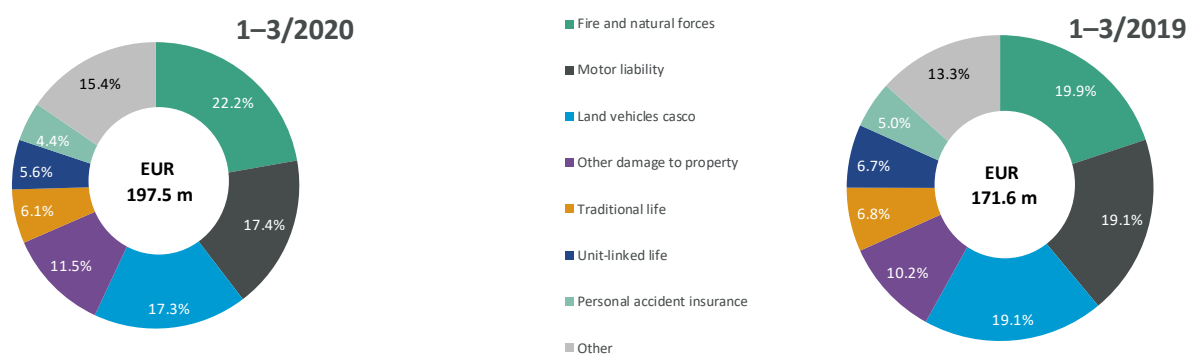


### Consolidated net premiums earned by class of business

EUR	1-3/2020	1-3/2019	Index
Personal accident	7,805,013	7,417,165	105.2
Health	1,793,436	2,529,459	70.9
Land vehicles casco	29,335,593	25,524,388	114.9
Railway rolling stock	82,571	55,344	149.2
Aircraft hull	52,426	71,009	73.8
Ships hull	1,997,341	171,541	1,164.4
Goods in transit	1,435,761	144,289	995.1
Fire and natural forces	21,674,454	15,959,442	135.8
Other damage to property	9,661,535	9,135,876	105.8
Motor liability	33,446,546	27,378,997	122.2
Aircraft liability	23,113	73,695	31.4
Liability for ships	147,016	-11,596	-
General liability	5,793,153	4,402,246	131.6
Credit	741,449	962,101	77.1
Suretyship	60,334	-4,208	-
Miscellaneous financial loss	1,065,110	3,135,369	34.0
Legal expenses	33,369	35,382	94.3
Assistance	4,249,755	3,518,924	120.8
Traditional life	11,837,584	11,310,766	104.7
Unit-linked life	11,042,938	11,432,879	96.6
<b>Total non-life</b>	<b>119,397,975</b>	<b>100,499,423</b>	<b>118.8</b>
<b>Total life</b>	<b>22,880,522</b>	<b>22,743,645</b>	<b>100.6</b>
<b>Total</b>	<b>142,278,497</b>	<b>123,243,068</b>	<b>115.4</b>

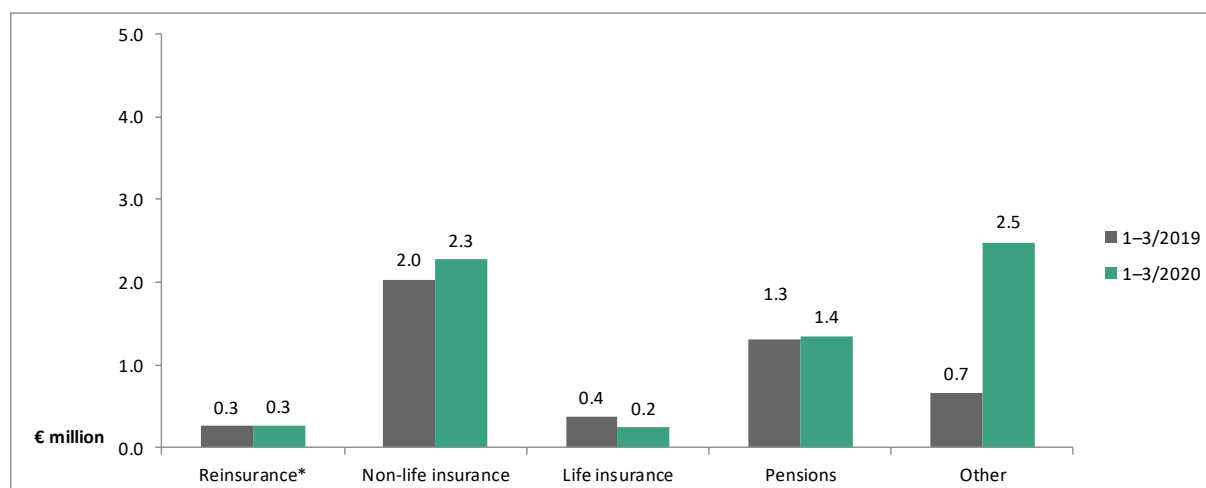
<sup>6</sup> Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

## 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 the effect of exchange differences.

## Consolidated net claims incurred<sup>7</sup>

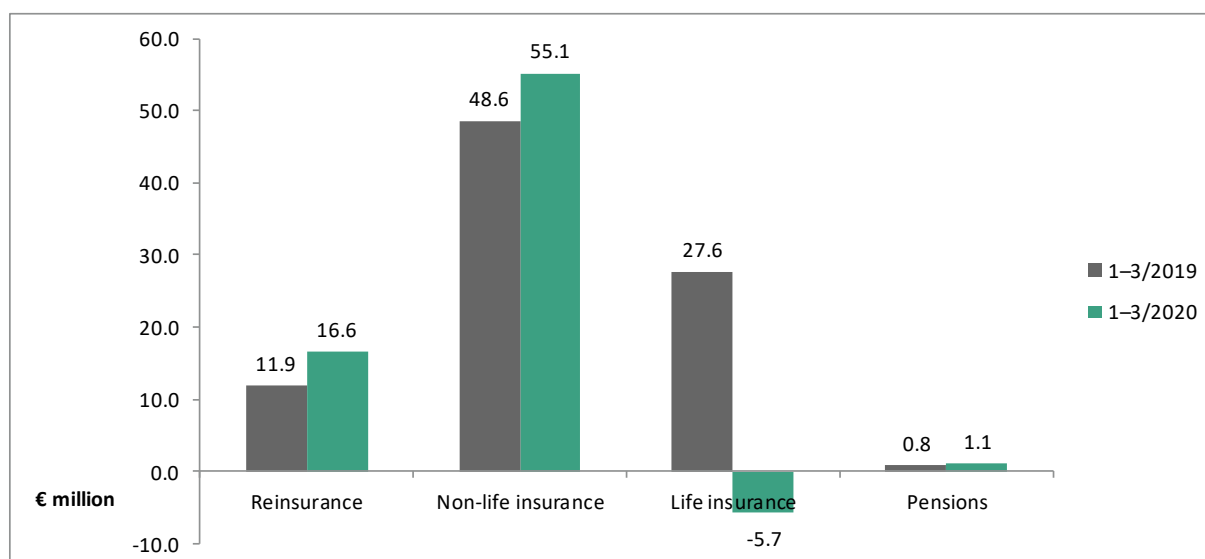
### Consolidated net claims incurred, including the change in provisions related to life business

EUR	1-3/2020	1-3/2019	Index
Gross claims paid	112,807,946	99,008,220	113.9
Net claims paid	111,264,630	97,176,113	114.5
Change in the net provision for outstanding claims	-2,559,069	-3,417,287	74.9
<b>Net claims incurred</b>	<b>108,705,561</b>	<b>93,758,826</b>	<b>115.9</b>
Change in other technical provisions*	-11,852,445	-10,661,245	111.2
Change in technical provisions for policyholders who bear the investment risk	-29,847,961	5,732,860	-520.6
<b>Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business</b>	<b>67,005,155</b>	<b>88,830,441</b>	<b>75.4</b>

\* These provisions mainly comprise mathematical provisions.

<sup>7</sup> Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

Composition of consolidated net claims incurred, including the change in life insurance provisions<sup>8</sup>



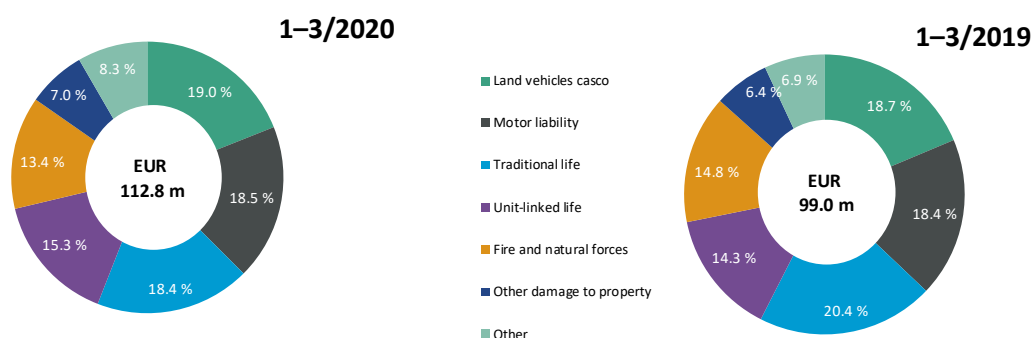
Consolidated net claims incurred by class of business<sup>9</sup>

EUR	1-3/2020	1-3/2019	Index
Personal accident	2,323,356	3,396,644	68.4
Health	1,105,605	1,059,529	104.3
Land vehicles casco	17,254,424	17,790,536	97.0
Railway rolling stock	4,333	15,795	27.4
Aircraft hull	97,572	150,183	65.0
Ships hull	1,813,271	-1,052,314	-
Goods in transit	1,398,948	-229,840	-
Fire and natural forces	17,871,879	12,380,023	144.4
Other damage to property	6,189,623	5,098,080	121.4
Motor liability	21,375,640	18,875,619	113.2
Aircraft liability	18,600	4,414	421.4
Liability for ships	37,014	95,551	38.7
General liability	374,347	498,894	75.0
Credit	-96,553	318	-
Suretyship	259,504	105,692	245.5
Miscellaneous financial loss	477,080	105,738	451.2
Legal expenses	9,629	1,024	940.3
Assistance	482,044	554,221	87.0
Traditional life	20,557,937	22,729,724	90.4
Unit-linked life	17,151,308	12,178,994	140.8
<b>Total non-life</b>	<b>70,996,316</b>	<b>58,850,107</b>	<b>120.6</b>
<b>Total life</b>	<b>37,709,245</b>	<b>34,908,718</b>	<b>108.0</b>
<b>Total</b>	<b>108,705,561</b>	<b>93,758,826</b>	<b>115.9</b>

<sup>8</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.

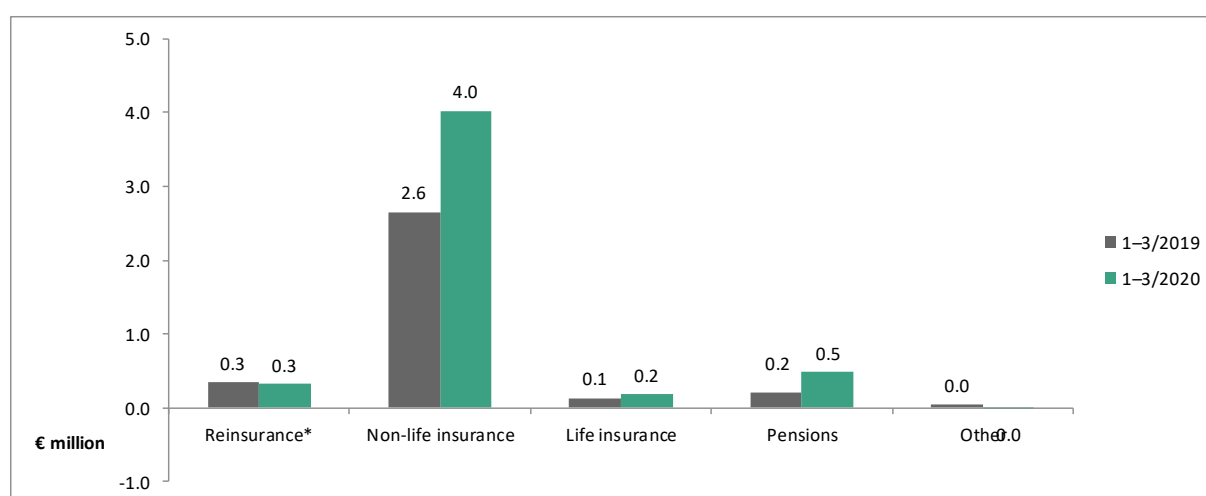
<sup>9</sup> These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

### Consolidated gross claims paid by class of business (including annuities)



### Consolidated other technical and other expenses

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



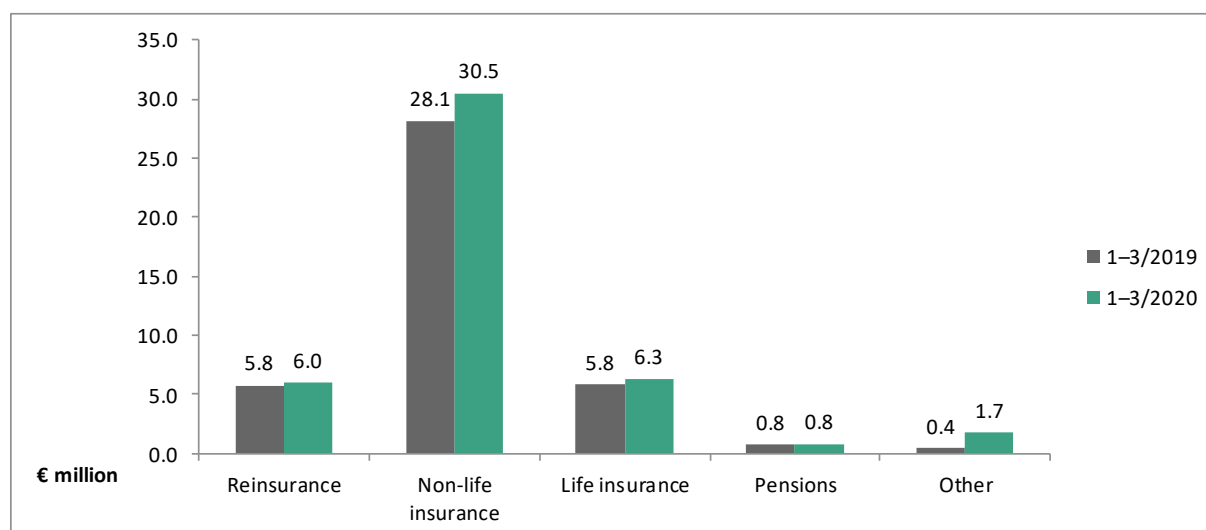
\* The reinsurance segment is shown excluding the effect of exchange differences.

### Consolidated operating expenses

#### Consolidated operating expenses

EUR	1-3/2020	1-3/2019	Index
Acquisition costs	19,711,180	16,073,428	122.6
Change in deferred acquisition costs (+/-)	-3,630,348	-2,555,062	142.1
Other operating expenses	30,697,776	29,044,564	105.7
<b>Operating expenses</b>	<b>46,778,608</b>	<b>42,562,930</b>	<b>109.9</b>
Reinsurance commission income	-1,480,814	-1,674,953	88.4
<b>Net operating expenses</b>	<b>45,297,794</b>	<b>40,887,976</b>	<b>110.8</b>

### Consolidated net operating expenses by operating segment



### Consolidated net investment income

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

EUR	1-3/2020	1-3/2019	Absolute change
Net investment income from the investment portfolio	2,162,960	6,420,274	-4,257,314
Net investment income of the investment portfolio, excluding the effect of exchange differences	3,151,394	4,953,466	-1,802,072

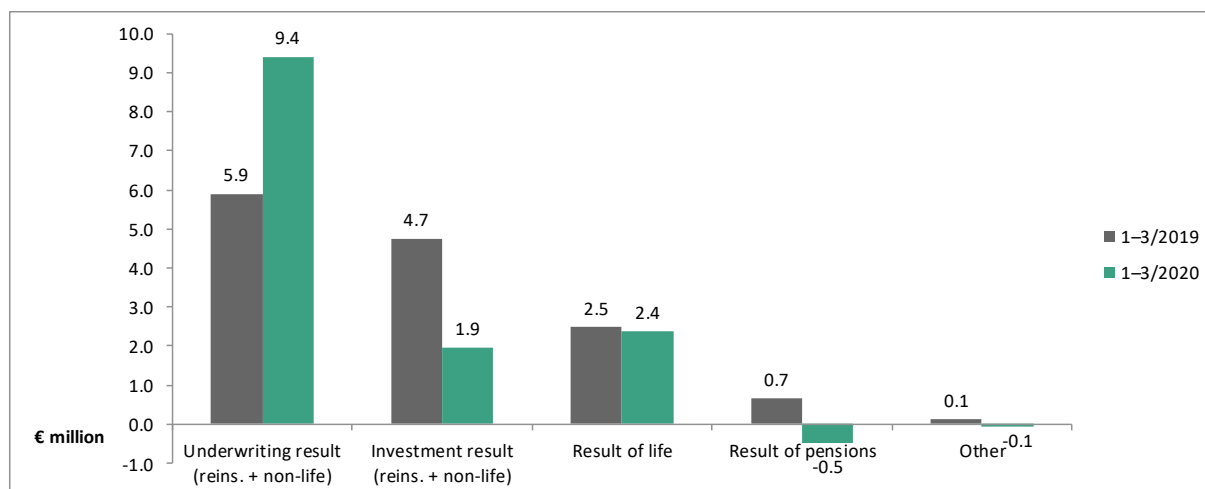
#### Consolidated income and expenses relating to the investment portfolio

EUR	1-3/2020	1-3/2019	Absolute change
<b>Income</b>			
Interest income	3,052,820	3,584,977	-532,157
Change in fair value and gains on disposal of FVTPL assets	369,101	428,066	-58,965
Gains on disposal of other IFRS asset categories	1,260,363	404,310	856,053
Income from dividends and shares – other investments	38,006	113,454	-75,448
Exchange gains	0	1,466,808	-1,466,808
Diverse other income	1,013,604	919,617	93,988
<b>Income relating to the investment portfolio</b>	<b>5,733,894</b>	<b>6,917,232</b>	<b>-1,183,338</b>
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	12,386,664	-12,386,664
<b>Expenses</b>			
Interest expenses	733,162	7,949	725,213
Change in fair value and losses on disposal of FVTPL assets	1,717,864	10,772	1,707,092
Losses on disposal of other IFRS asset categories	1,604	98,933	-97,329
Loss arising out of investments in equity-accounted associates	21,089	75,290	-54,201
Exchange losses	988,434	0	988,434
Other	108,781	304,014	-195,233
<b>Expenses relating to the investment portfolio</b>	<b>3,570,934</b>	<b>496,958</b>	<b>3,073,976</b>
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	20,378,767	0	21,673,249

\* Expenses for financial investments differ from the expenses in the income statement item "interest expenses" because they also include expenses for right-of-use assets (31 March 2020: EUR 43.2 thousand; 31 March 2019: EUR 41.9 thousand).

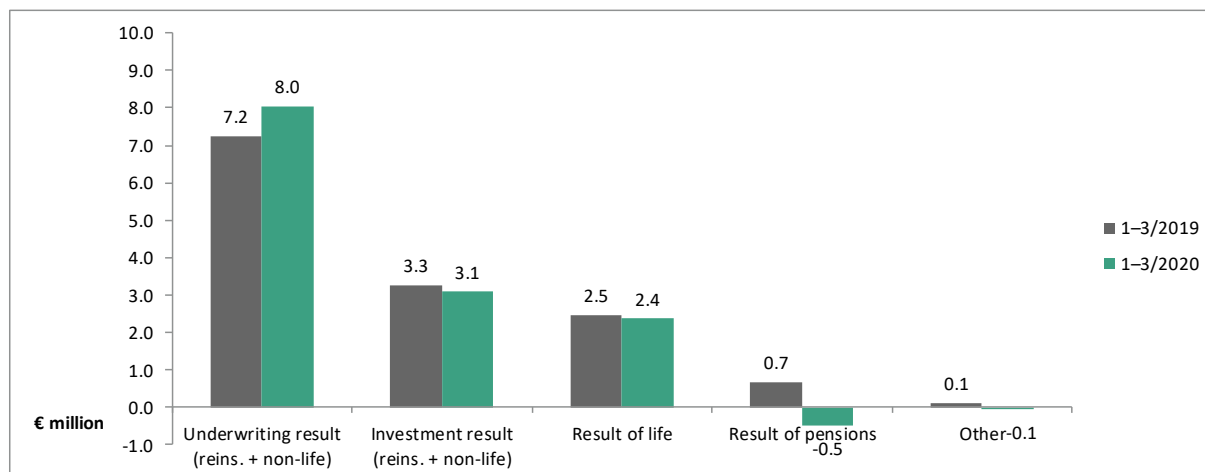
## Consolidated gross profit or loss

### Composition of the consolidated gross income statement

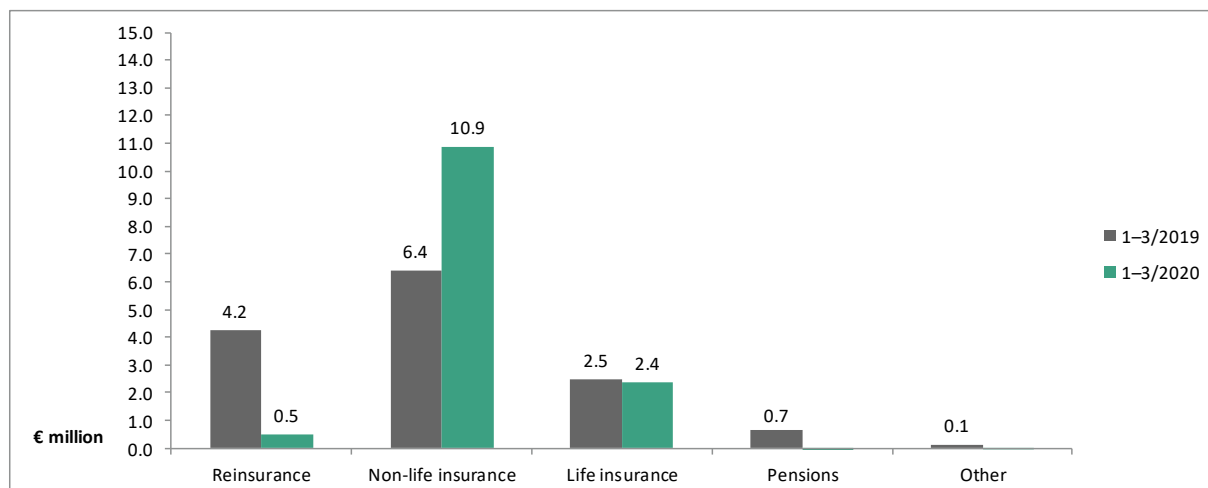


In the period 1-3/2020, exchange differences had a significant impact on the composition of the underwriting and investment results, which is why the results below are presented excluding the effect of exchange differences. The impact of exchange differences on the result by operating segment was as follows: positive effect on the underwriting result of EUR 1.4 million (1-3/2019: EUR 1.3 million negative effect); negative effect on the investment result of EUR 1.1 million (1-3/2019: EUR 1.5 million positive effect). The total positive effect of exchange differences on the 1-3/2020 result totalled EUR 0.2 million (1-3/2019: EUR 0.1 million positive effect).

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



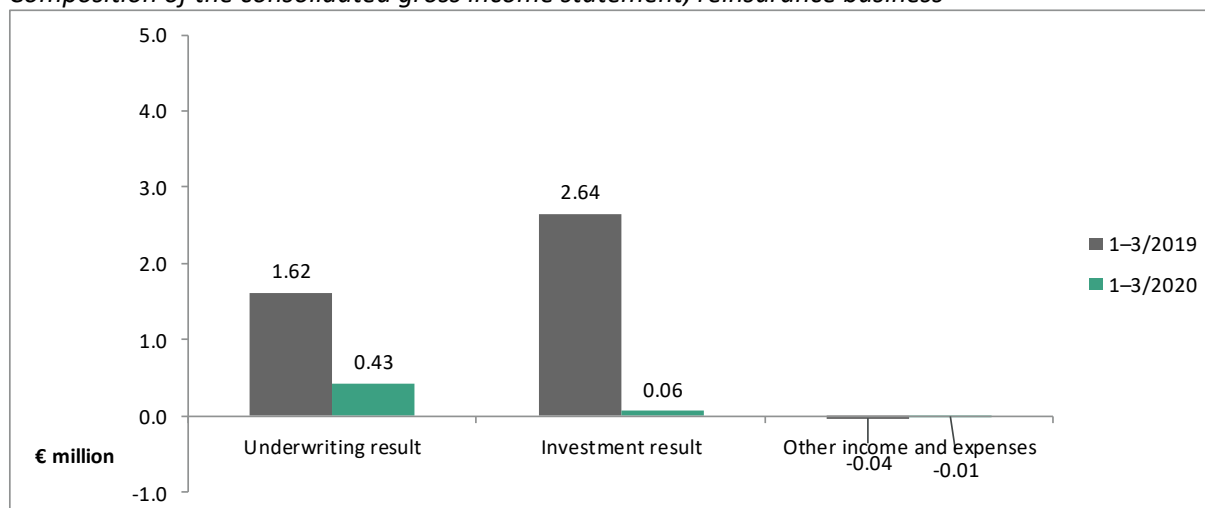
*Composition of the consolidated gross profit or loss by operating segment*



## 2.1 Reinsurance business

The 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 primarily reflects the developments in the portfolio that Sava Re writes outside Slovenia with extra-Group companies.

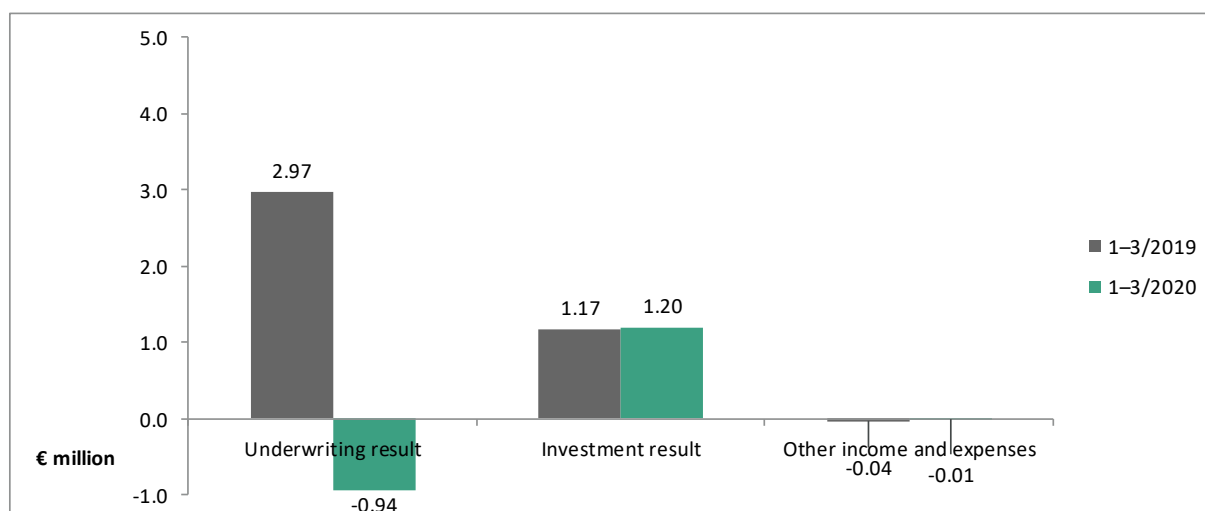
*Composition of the consolidated gross income statement; reinsurance business*



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 profit or loss, excluding the effect of exchange differences.

*Composition of the consolidated gross income statement; reinsurance business (excluding the effect of exchange differences)*



The underwriting result excluding the impact of exchange differences was weaker in 1–3/2020 year on year, mainly as the result of high claims incurred (as explained below in this section). In the period 1–3/2020, the investment result (excluding the effect of exchange differences) remained approximately on the same level year on year.

## Net premiums earned

### Net premiums earned; reinsurance business

EUR	1-3/2020	1-3/2019	Index
Gross premiums written	40,176,655	32,768,090	122.6
Net premiums earned	23,238,933	19,070,122	121.9

In 1-3/2020, gross premiums written of this segment were 22.6% higher year on year. Premium growth was achieved in non-proportional and proportional reinsurance business, especially in Asian markets (through organic growth and new contracts). The growth in premiums earned was in line with gross premium growth.

## Net claims incurred

### Net claims incurred; reinsurance business

EUR	1-3/2020	1-3/2019	Index
Gross claims paid	16,158,692	15,222,632	106.1
Net claims incurred	16,697,026	11,659,902	143.2

### Net claims incurred; reinsurance business (excluding the effect of exchange differences)

EUR	1-3/2020	1-3/2019	Index
Gross claims paid	16,158,692	15,222,632	106.1
Net claims incurred	17,970,310	10,258,388	175.2

In 1-3/2020, exchange differences had a positive impact on net claims incurred in the amount of EUR 1.3 million (1-3/2019: negative impact of EUR 1.4 million). Net claims incurred, excluding the effect of exchange differences, rose by 75.2% because a major loss event (a fire loss in South Korea) occurred this year whereas there were no events of a similar magnitude last year. In addition, net claims incurred were impacted by the change in the reinsurers' share of net provision for outstanding claims, which was higher in 1-3/2020 year on year. The growth in net claims incurred was also driven by organic growth of business (net premiums earned rose by 21.9%). The net incurred loss ratio relating to the reinsurance segment (excluding the effect of exchange differences) deteriorated by 23.8 p.p. year on year, to 78.1% (1-3/2019: 54.3%).

## Operating expenses

### Consolidated operating expenses; reinsurance business

EUR	1-3/2020	1-3/2019	Index
Acquisition costs	7,335,598	6,316,109	116.1
Change in deferred acquisition costs (+/-)	-2,213,353	-1,291,341	171.4
Other operating expenses	1,044,449	982,734	106.3
<b>Operating expenses</b>	<b>6,166,694</b>	<b>6,007,502</b>	<b>102.6</b>
Reinsurance commission income	-199,104	-239,573	-116.9
<b>Net operating expenses</b>	<b>5,967,590</b>	<b>5,767,929</b>	<b>103.5</b>

In 1-3/2020, acquisition costs rose by 16.1%, against 22.6% growth in gross premiums written. Acquisition costs as a percentage of gross premiums written rose by 1.0 p.p. year on year to 18.3% compared to 1-3/2019.

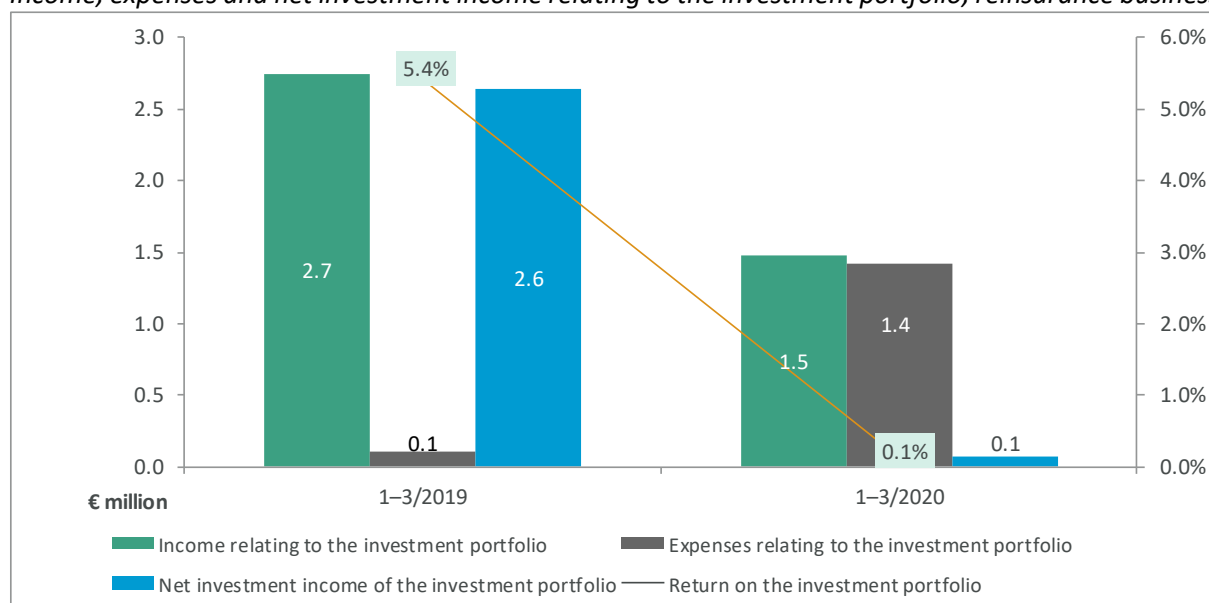
In 1-3/2020, the change in deferred acquisition costs was larger year on year, due to stronger growth in gross premiums written for new business in line with the movement in unearned premiums.

Other operating expenses increased by 6.3%, primarily due to personnel costs following expanded business operations.

In 1–3/2020, the net expense ratio improved by 4.5 p.p. as the result of faster growth in net premiums earned compared to net operating expenses. In 1–3/2020, acquisition costs, including the change in deferred acquisition costs, were up 1.9% year on year.

### Net investment income

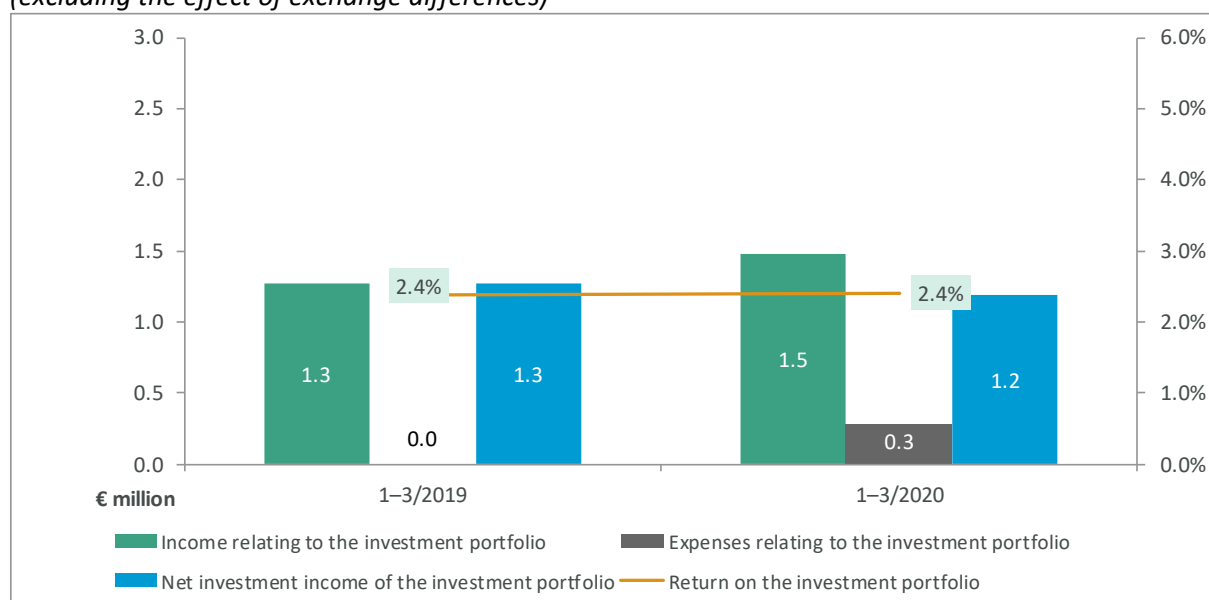
#### Income, expenses and net investment income relating to the investment portfolio; reinsurance business



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

Income and expenses for 1–3/2019 differ from those presented in the financial report for 1–3/2019 because exchange gains and losses were presented separately, while the 1–3/2020 report shows the net effect of exchange differences.

#### Income, expenses and net investment income relating to the investment portfolio; reinsurance business (excluding the effect of exchange differences)



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 1–3/2020, net investment income totalled EUR 1.2 million and was flat year on year. The investment return for the period was 2.4%.

## 2.2 Non-life business

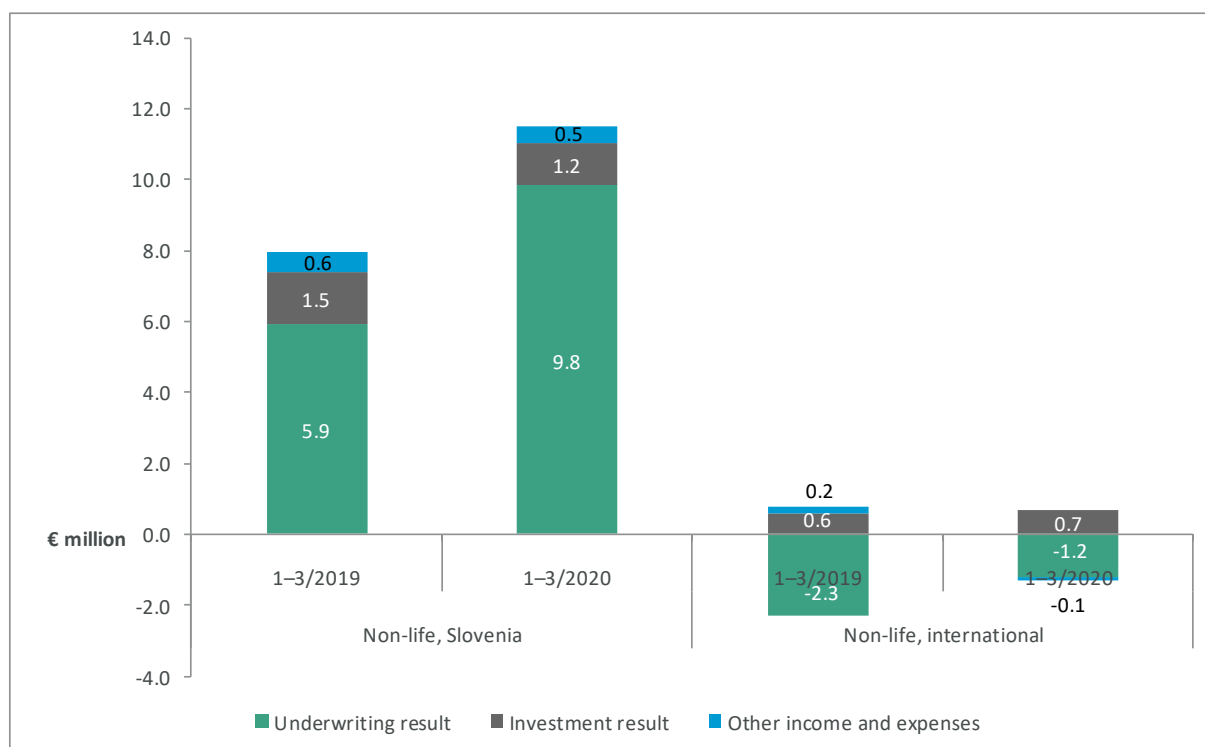
The non-life segment comprises the operations of the following companies:

- Zavarovalnica Sava, non-life
- Sava Osiguranje (Montenegro)
- Sava Neživotno Osiguranje (Serbia)
- Sava Osiguruvanje (North Macedonia)
- Illyria
- Sava Car
- Sava Agent
- Sava Station

The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, and the Croatian part of the company is discussed under international non-life insurance. FoS business is shown in the Slovenian non-life insurance segment.

The 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*



In 1-3/2020, the non-life segment recorded a (EUR 4.5 million) better gross consolidated result year on year. Of this, EUR 3.5 million related to the Slovenian insurer, and EUR 1.0 million to non-Slovenian insurers.

The consolidated underwriting result of the Slovenian non-life insurer improved by EUR 3.9 million, mainly driven by growth in net premiums earned. Likewise, the underwriting performance of non-Slovenian non-life insurers improved by EUR 1.1 million, largely as the result of higher net earned premiums.

The investment result of the Slovenian non-life insurer deteriorated by EUR 0.3 million, mainly because of fair value changes and losses on disposal of FVTPL investments. The investment result of the non-Slovenian non-life insurers remained at about the year-on-year level.

The result of other income and expenses of the Slovenian non-life insurer remained at about the year-on-year level, whereas the result of other income and expenses of non-Slovenian non-life insurers declined by EUR 0.3 million, owing to increased other expenses of the Serbian non-life insurance company.

### *Net premiums earned*

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

EUR	1–3/2020	1–3/2019	Index
Gross premiums written	134,378,692	116,052,220	115.8
Net premiums earned	96,237,193	81,526,756	118.0

#### *Net premiums earned by region; non-life insurance business*

EUR	Slovenia			International		
	1–3/2020	1–3/2019	Index	1–3/2020	1–3/2019	Index
Gross premiums written	113,385,405	97,134,354	116.7	20,993,287	18,917,866	111.0
Net premiums earned	77,628,429	66,705,037	116.4	18,608,765	14,821,719	125.6

#### *Unconsolidated gross non-life premiums of Sava Insurance Group members*

EUR	1–3/2020	1–3/2019	Index
Zavarovalnica Sava, Slovenian part (non-life)	113,472,439	97,222,838	116.7
Zavarovalnica Sava, Croatian part (non-life)	5,127,801	4,219,321	121.5
Sava Neživotno Osiguranje (Serbia)	6,257,407	5,821,625	107.5
Illyria	2,912,604	2,350,499	123.9
Sava Osiguruvanje (North Macedonia)	3,369,314	3,175,802	106.1
Sava Osiguranje (Montenegro)	3,320,986	3,353,038	99.0
<b>Total</b>	<b>134,460,552</b>	<b>116,143,124</b>	<b>115.8</b>

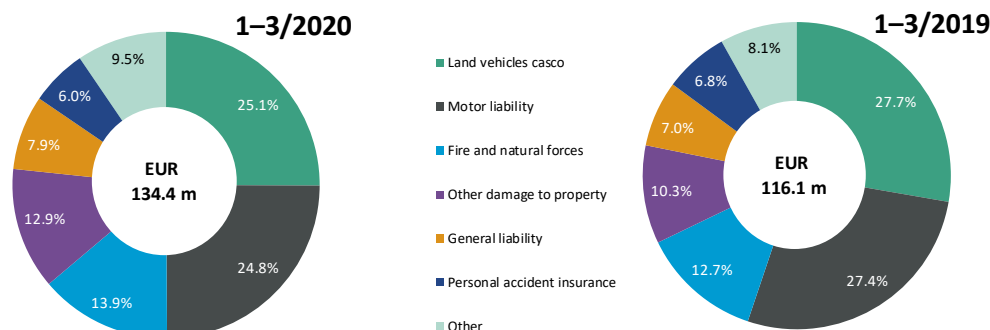
Gross non-life insurance premiums grew by 15.8% in 1–3/2020 as the result of growth in gross non-life premiums of virtually all non-life insurers. Accordingly, net premiums earned also grew, by 18.0% in total.

Slovenia-sourced gross non-life premiums grew by 16.7%. The growth in gross premiums was also contributed by business written under the freedom of services regime of EUR 7.9 million, which the Slovenian non-life insurer generated in cooperation with various EU partners. This chiefly relates to property, ships, general liability and motor business. The increase in gross premiums of the Slovenian non-life insurer in the amount of EUR 8.4 million refers to non-life insurances, excluding FoS business. In the aforementioned period, the Slovenian insurance market registered 5.3% growth in non-life gross premiums, excluding FoS business and accepted co-insurance, while the Slovenian part of Zavarovalnica Sava achieved 8.8% premium growth. The growth in gross premiums written by the Slovenian non-life insurer, excluding FoS business, mostly stemmed from growth in property business due to different timing of premium accounting for a major client. There has already been seen a premium decline in the motor liability insurance segment owing to the measures taken in response to the Covid-19 pandemic. On subtraction of gross premiums of a large client in the property segment resulting from the different interim dynamics of premium accounting, gross non-life premiums would register 3.0% growth, if FoS business and accepted co-insurance is excluded. Net non-life insurance premiums earned in Slovenia grew by 16.4% in 1–3/2020.

Gross non-life insurance premiums written abroad rose by 11.0%. The largest jump in absolute terms was in motor premiums in Croatia, which is solely the result of the acquisition of Ergo Osiguranje,

included in the Group as of 31 March 2019. Without Ergo, Croatian gross motor premiums fell due to planned more selective underwriting. In addition to growth in gross motor premiums abroad, there was also growth in other damage to property insurance business resulting from new clients in Serbia and increased marketing activities in Kosovo. In the period 1–3/2020, the increased marketing activities in Kosovo also led to an growth in health business.

*Composition of unconsolidated gross non-life insurance premiums by class of business*



**Net claims incurred**

*Net claims incurred; non-life insurance business*

EUR	1–3/2020	1–3/2019	Index
Gross claims paid	58,494,801	49,409,323	118.4
Net claims incurred	54,307,543	47,202,122	115.1

*Net claims incurred by region; non-life insurance business*

EUR	Slovenia			International		
	1–3/2020	1–3/2019	Index	1–3/2020	1–3/2019	Index
Gross claims paid	48,273,223	41,219,847	117.1	10,221,578	8,189,476	124.8
Net claims incurred	44,268,340	38,882,185	113.9	10,039,203	8,319,936	120.7

*Unconsolidated gross non-life claims paid by Sava Insurance Group companies*

EUR	1–3/2020	1–3/2019	Index
Zavarovalnica Sava, Slovenian part (non-life)	48,648,441	42,839,516	113.6
Zavarovalnica Sava, Croatian part (non-life)	3,375,526	2,119,124	159.3
Sava Neživotno Osiguranje (Serbia)	2,596,628	2,258,180	115.0
Illyria	1,271,371	1,168,373	108.8
Sava Osiguruvanje (North Macedonia)	1,682,415	1,479,566	113.7
Sava Osiguranje (Montenegro)	1,306,565	1,172,639	111.4
<b>Total</b>	<b>58,880,946</b>	<b>51,037,399</b>	<b>115.4</b>

Consolidated gross non-life claims grew by 18.4% in 1–3/2020, as the result of growth in gross non-life claims of the Slovenian and the non-Slovenian non-life insurers.

Consolidated gross claims paid in 1–3/2020 relating to Slovenian business rose 17.1% year on year. Growth in gross claims paid of EUR 4.3 million reflects growth in Slovenian business in 2020, partly also contributed (EUR 1.5 million) by higher gross claims paid on FoS business. The largest absolute growth was recorded in land motor vehicles due to a larger number of policies sold and a rise in the level of average claims. Zavarovalnica Sava also incurred larger claims in property business year on year. This is because some large weather-related claims were reported and settled in 1–3/2020.

Consolidated gross claims paid relating to non-Slovenian business rose by 24.8%. The largest increase in gross claims was recorded in motor business of the Croatian branch office of Zavarovalnica Sava. This is the result of the acquisition of Ergo Osiguranje, included in the Group as of 31 March 2019. Growth in motor TPL gross claims paid was also registered by the Macedonian and Serbian non-life insurers because of larger claims.

### *Operating expenses*

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

EUR	1–3/2020	1–3/2019	Index
Acquisition costs	10,849,015	8,257,421	131.4
Change in deferred acquisition costs (+/-)	-1,569,808	-1,271,601	123.5
Other operating expenses	22,464,575	22,529,539	99.7
<b>Operating expenses</b>	<b>31,743,782</b>	<b>29,515,359</b>	<b>107.6</b>
Reinsurance commission income	-1,280,221	-1,435,380	89.2
<b>Net operating expenses</b>	<b>30,463,561</b>	<b>28,079,978</b>	<b>108.5</b>

#### *Consolidated gross operating expenses of the non-life segment*

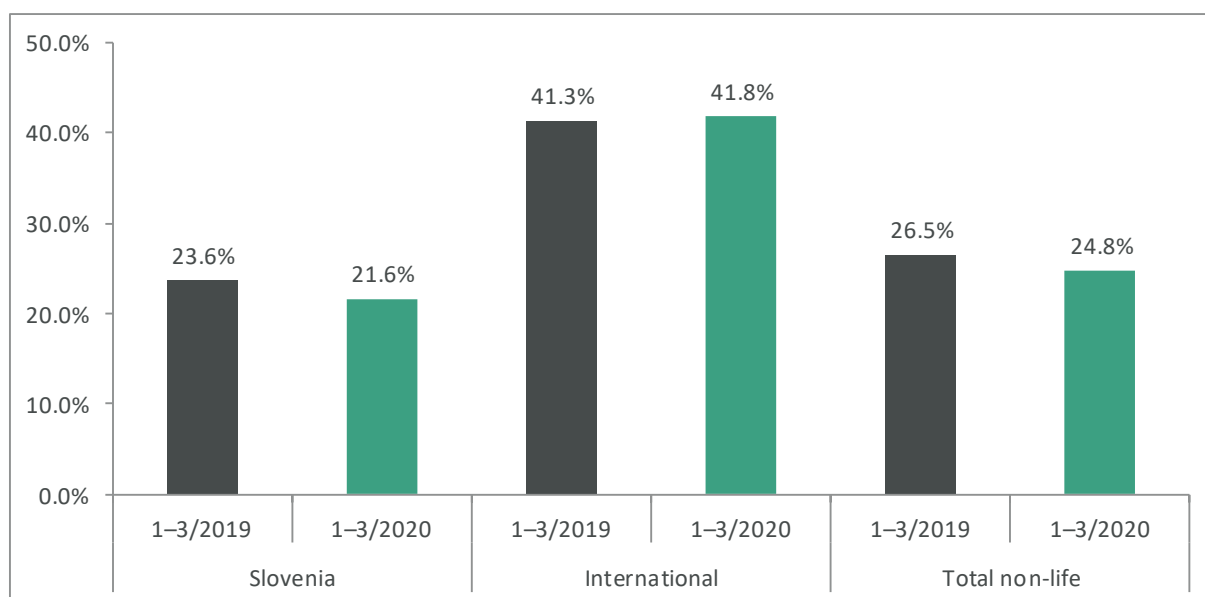
EUR	1–3/2020	1–3/2019	Index
Non-life business, Slovenia	24,540,739	22,966,818	106.9
Non-life business, international	8,772,851	7,820,142	112.2

Consolidated acquisition costs were up by 31.4%. Growth in acquisition costs is related to growth in FoS business of the Slovenian non-life insurer.

Consolidated other operating expenses remained flat compared to 1–3/2020. In this regard, the Slovenian non-life insurer experienced a fall, the non-Slovenian non-life insurance companies a rise. The other operating expenses of the Slovenian non-life insurer declined due to the expenses of its assistance service provider. This is because in 2019 operating expenses of the assistance service provider incurred in its activities on behalf of other Group companies were reallocated from the “other” segment to the non-life segment. In 2020, a part of these expenses was reallocated to the gross claims paid item. The reallocation is due to the fact that Zavarovalnica Sava has been marketing its own policies since 2019.

The largest growth abroad was registered by the Croatian branch of Zavarovalnica Sava, as the inclusion of the portfolio of Ergo Osiguranje into Zavarovalnica Sava resulted in increased expenses (especially personnel expenses).

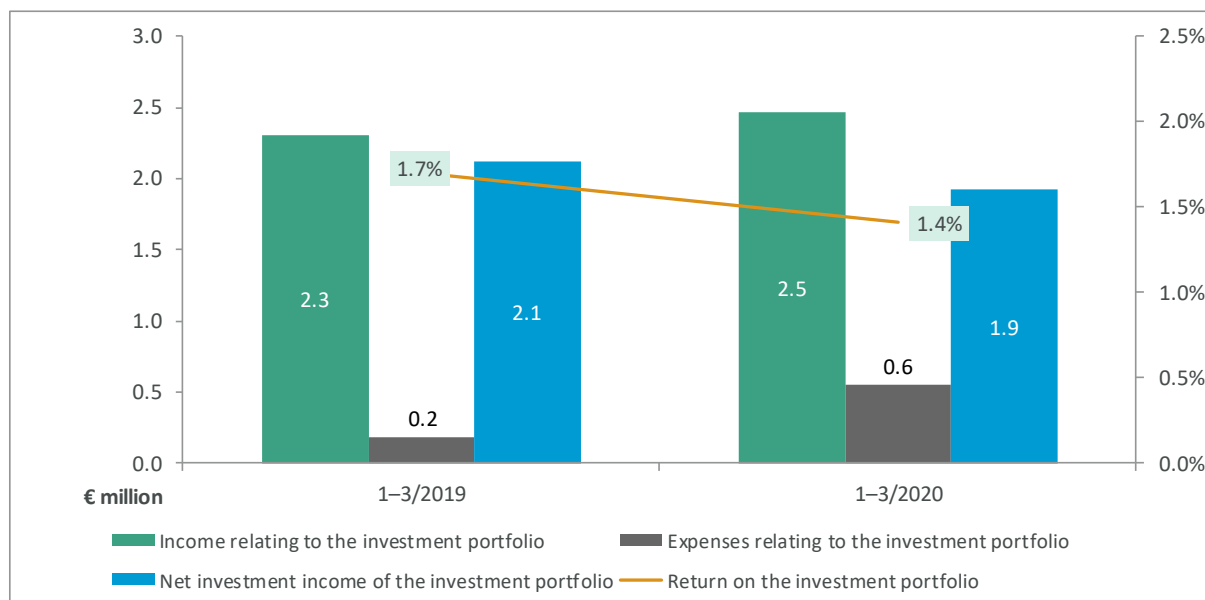
### Consolidated gross expense ratio; non-life segment



The consolidated gross expense ratio of the non-life segment dropped by 1.7 p.p. The gross expense ratio of the Slovenian non-life insurer dropped by 2.0 p.p. because of growth in gross premiums written, whereas the gross expense ratio of non-Slovenian non-life insurers rose by 0.5 p.p. because gross operating expenses rose faster than gross premiums written.

### Net investment income

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



Income and expenses for 1-3/2019 differ from those presented in the financial report for 1-3/2019 because exchange gains and losses were presented separately, while the 1-3/2020 report shows the net effect of exchange differences.

In 1-3/2020, net investment income of non-life companies totalled EUR 1.9 million, down EUR 0.2 million year on year. Lower net investment income was largely due to fair value changes and losses on the disposal of FVTPL assets. The return on investment for the period was 1.4%.

## 2.3 Life insurance

The life segment comprises the operations of the following companies:

- Zavarovalnica Sava, life business
- Sava Životno Osiguranje (Serbia)
- Illyria Life
- ZS Svetovanje (insurance agency services)
- Ornatus KC (call centre)

The Slovenian part of Zavarovalnica Sava is discussed as Slovenian life insurance, and the Croatian part of the company is discussed as international life insurance.

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

### Net premiums earned

#### Net premiums earned; life insurance business

EUR	1-3/2020	1-3/2019	Index
Gross premiums written	21,981,676	21,993,139	99.9
Net premiums earned	21,835,092	21,854,428	99.9

#### Net premiums earned by region; life insurance business

EUR	Slovenia			International		
	1-3/2020	1-3/2019	Index	1-3/2020	1-3/2019	Index
Gross premiums written	19,318,673	19,946,122	96.9	2,663,003	2,047,017	130.1
Net premiums earned	19,202,894	19,830,416	96.8	2,632,198	2,024,012	130.0

#### Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	1-3/2020	1-3/2019	Index
Zavarovalnica Sava, Slovenian part (life)	19,318,673	19,946,123	96.9
Zavarovalnica Sava, Croatian part (life)	1,135,063	796,452	142.5
Illyria Life	627,785	605,882	103.6
Sava Životno Osiguranje (Serbia)	899,965	644,315	139.7
<b>Total</b>	<b>21,981,487</b>	<b>21,992,772</b>	<b>99.9</b>

In 1-3/2020, gross premiums written by the Slovenian life insurer dropped by 3.1% year on year. The company did not managed to write sufficient new business to fully offset premiums lost due to policy maturities, deaths and surrenders.

In 1-3/2019, gross premiums written by the Group's non-Slovenian life insurers grew by 30.1% year on year, with the largest growth coming from the Croatian part of Zavarovalnica Sava (inclusion of the life insurer Ergo Životno Osiguranje into the Group as of 31 March 2019 and transfer of portfolio to Zavarovalnica Sava in November 2019) and from the Serbian market reflecting greater efficiency of the own sales network.

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



### Net claims incurred

#### Net claims incurred; life insurance business

EUR	1-3/2020	1-3/2019	Index
Gross claims paid	37,935,373	34,163,541	111.0
Net claims incurred	37,481,631	34,684,078	108.1
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	-5,698,458	27,568,256	-20.7

#### Net claims incurred by region; life insurance business

EUR	Slovenia			International		
	1-3/2020	1-3/2019	Index	1-3/2020	1-3/2019	Index
Gross claims paid	36,796,081	33,123,509	111.1	1,139,292	1,040,032	109.5
Net claims incurred	36,279,178	33,615,764	107.9	1,202,453	1,068,314	112.6
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	-7,516,492	26,307,284	-28.6	1,818,034	1,260,972	144.2

#### Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	1-3/2020	1-3/2019	Index
Zavarovalnica Sava, Slovenian part (life)	36,796,081	33,123,509	111.1
Zavarovalnica Sava, Croatian part (life)	771,623	762,005	101.3
Illyria Life	118,517	143,752	82.4
Sava Životno Osiguranje (Serbia)	246,648	133,788	184.4
<b>Total</b>	<b>37,932,869</b>	<b>34,163,053</b>	<b>111.0</b>

In 1-3/2020, gross claims paid in Slovenia rose by 11.1% year on year as the result of a large number of policies reaching maturity. The bulk of the maturity benefits incurred in the period related to traditional life policies, specifically EUR 17.1 million, an increase of EUR 0.4 million year on year. Unit-linked life business where policyholders bear the investment risk paid out EUR 6.7 million in surrenders and advance payments, up EUR 4.9 million year on year, whereas this class of insurance incurred lower maturity benefits (by EUR 2.0 million) than in the previous year.

Of the non-Slovenian insurers, Sava Životno Osiguranje (Serbia) recorded the largest relative increase in gross claims paid, at 84.4%, mainly from death and maturity benefits. The Croatian branch of Zavarovalnica Sava registered a rise of 1.3%. Illyria Life's gross claims paid dropped by 17.6% (reduced level of surrenders).

## Operating expenses

### Consolidated operating expenses; life segment

EUR	1-3/2020	1-3/2019	Index
Acquisition costs	1,522,644	1,496,511	101.7
Change in deferred acquisition costs (+/-)	152,813	7,880	1,939.3
Other operating expenses	4,641,047	4,345,187	106.8
<b>Operating expenses</b>	<b>6,316,504</b>	<b>5,849,578</b>	<b>108.0</b>
Reinsurance commission income	-1,489	-	-
<b>Net operating expenses</b>	<b>6,315,015</b>	<b>5,849,578</b>	<b>108.0</b>

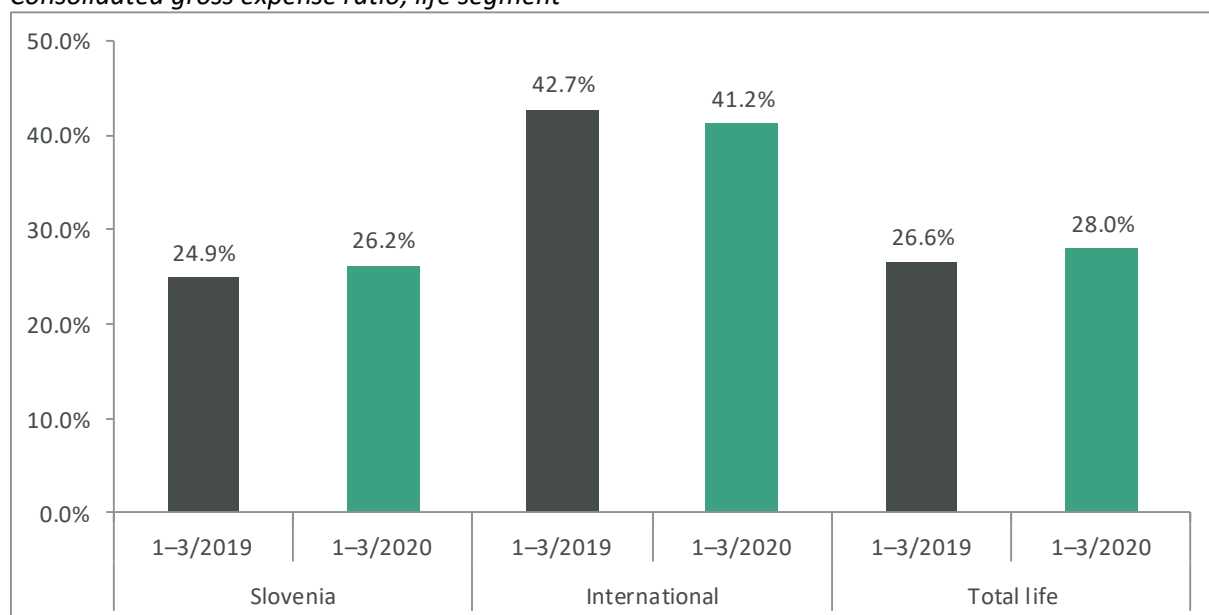
### Consolidated gross operating expenses of the life segment

EUR	1-3/2020	1-3/2019	Index
Life business, Slovenia	5,066,503	4,967,293	102.0
Life business, international	1,097,188	874,405	125.5

In 1-3/2019, policy acquisition costs rose by 1.7% year on year. They increased at the Croatian branch of Zavarovalnica Sava and for life business in Serbia due to a rapid growth in premium volume, but declined year on year for life business in Slovenia and Kosovo. The difference in the change in deferred acquisition costs between the years chiefly relates to Slovenian life business.

In the first three months of 2020, other operating expenses rose by 6.8% year on year, a trend consistent across all life insurance companies of the Group.

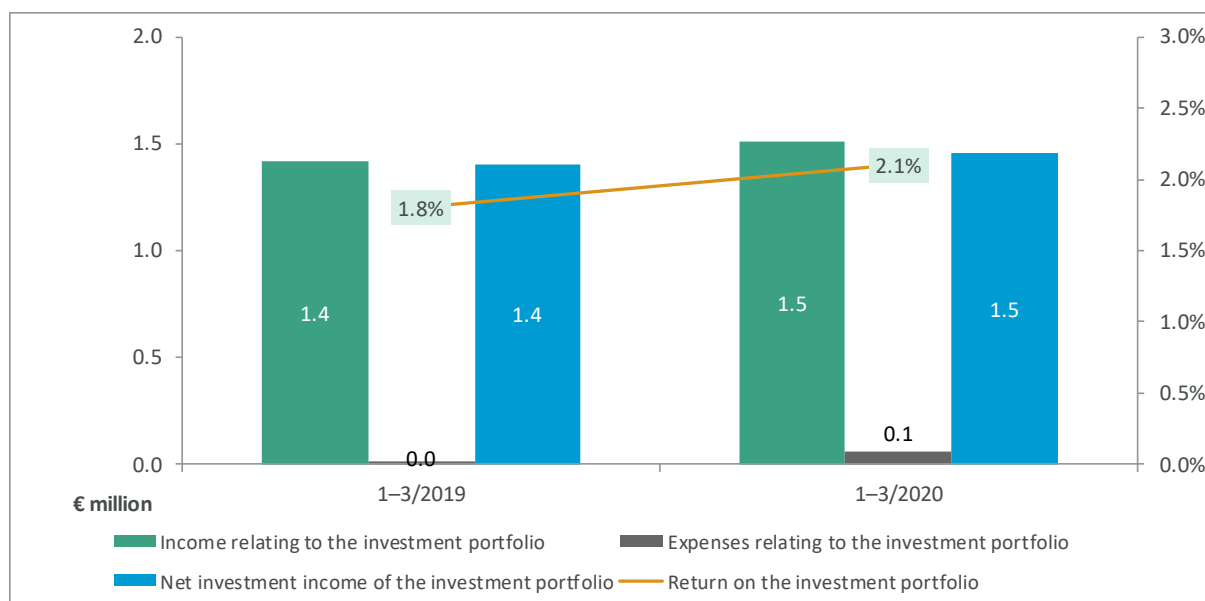
### Consolidated gross expense ratio; life segment



The consolidated gross expense ratio rose by 1.4 p.p. year on year. The gross expense ratio of the Slovenian insurer went up by 1.3 p.p. (higher other operating expenses with otherwise lower gross premiums and policy acquisition expenses). In contrast, the non-Slovenian companies saw a decline, by 1.5 p.p. (higher growth in gross premiums and policy acquisition expenses with otherwise higher other operating expenses).

## 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)



In 1-3/2020, net investment income relating to life business amounted to EUR 1.5 million, broadly flat year on year. The return on investment for the period was 2.1%. One underlying reason is the significantly lower average investment portfolio position in the life segment compared to year-end 2019. The lower average position is partly the result of higher maturity benefit payments and negative revaluation of investments due to falling prices of assets valued through equity.

## 2.4 Pension business

The pensions segment comprises the operations of the following companies:

- Sava Pokojninska
- Sava Penzisko Društvo

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

## Savings phase

### Other technical income and other income

EUR	1-3/2020	1-3/2019	Index
Other technical income and other income	1,354,016	1,309,175	103.4

Other technical income and other income include:

- income of the Slovenian pension company relating to entry charges paid by customers, exit charges, management fees that belong to the company in the management of the life cycle funds MOJI Skladi Življenjskega Cikla, and overheads charged to customers when transferring assets from the savings part to the annuity part; and
- income of the North Macedonian pension company relating to entry charges paid by customers and management fees to which the company is entitled for the management of mandatory and voluntary pension funds.

*Movements in assets relating to the life cycle funds MOJI Skladi Življenjskega Cikla (Sava Pokojninska, Slovenia)*

EUR	1–3/2020	1–3/2019	Index
<b>Opening balance of fund assets (31 Dec)</b>	<b>148,585,345</b>	<b>134,926,064</b>	<b>110.1</b>
Gross fund inflows	2,915,327	2,668,476	109.3
Gross fund outflows	-2,188,976	-1,951,970	112.1
Asset transfers	26,169	23,558	111.1
Fund return	-8,653,948	3,011,578	-
Entry and exit charges	-50,473	-47,229	106.9
<b>Closing balance of fund assets (31 Mar)</b>	<b>140,633,444</b>	<b>138,630,477</b>	<b>101.4</b>

The difference in the balance of fund assets and the balance sheet item assets of financial investments are the receivables of financial investments. Gross inflows into the My-Life-Cycle group of funds of the Slovenian pension company rose by 9.3% in the period 1–3/2020 year on year, which is chiefly the result of higher average premium contributions, but also reflects an increase in the number of policyholders.

In the period 1–3/2020, gross fund outflows from the My-Life-Cycle group of funds of the Slovenian pension insurer increased by 12.1% year on year. Gross outflows may relate to regular or extraordinary terminations. The major part of the latter stemmed from exits.

In the period 1–3/2020, the Company transferred assets in the amount of EUR 190 thousand from other pension service providers, and transfers to other providers totalled EUR 164 thousand, resulting in an overall positive net effect.

The negative fund return of EUR 8.7 million reflects the extremely unfavourable developments in financial markets in the first quarter of 2020 related to the Covid-19 pandemic and the resulting situation in financial markets at the end of March 2020.

Consequently, in the first quarter of 2020, the level of total assets of the group of long-term business funds fell by 5.4% to EUR 140.6 million as at 31 March 2020.

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

EUR	1–3/2020	1–3/2019	Index
<b>Opening balance of net value of fund assets in period (31 Dec)</b>	<b>594,459,173</b>	<b>502,570,316</b>	<b>118.3</b>
Gross fund inflows	17,075,447	19,373,880	88.1
Gross fund outflows	-149,928	-9,348,327	1.6
Asset transfers	-1,392,791	34,091	-
Fund return	-28,763,865	19,999,767	-
Entry and exit charges	-347,337	-406,998	85.3
Transfer to liabilities due to state pension fund	0	-26,580,579	0
Fair value reserve and exchange differences	-2,934,434	-1,099,791	266.8
<b>Closing balance of net value of fund assets in period (31 Mar)</b>	<b>577,946,265</b>	<b>504,542,359</b>	<b>114.5</b>

In 1–3/2020, gross inflows into the mandatory and voluntary funds of the North Macedonian pension company totalled EUR 17.1 million, and gross outflows were EUR 0.1 million. In the period, the return on funds was negative, at -4.9%, owing to the negative trends in financial markets.

In the first three quarters of 2020, the net asset value of funds under management dropped by 2.8% to EUR 577.9 million as at 31 March 2020.

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

## Pension annuities – distribution phase

EUR	1–3/2020	1–3/2019	Index
Gross premiums written	967,279	791,762	122.2
Gross claims paid	219,361	212,724	103.1
Change in other net technical provisions (+/-)	-834,895	-582,272	143.4

The annuity part relates to the operation of Sava Pokojninska. The gross premiums written relate to the annuity fund and, in the period 1–3/2020, the fund grew by 22.2% year on year because a number of policyholders opted for additional pension annuities.

Gross claims paid include supplementary pension annuity payouts, which increased by 3.1% in the period 1–3/2020 year on year. After 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 annuity funds. These rose by EUR 0.8 million in 2020, or by 43.3% more than in the first quarter of the previous year, because of large new premium contributions at roughly unchanged claim payments.

## Operating expenses

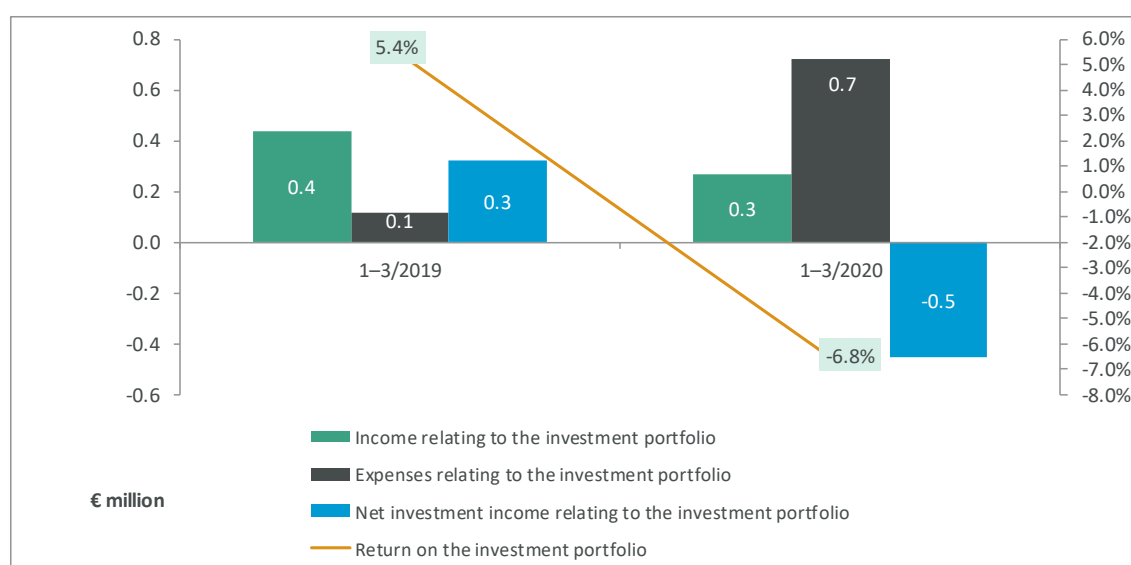
### Operating expenses; pensions segment

EUR	1–3/2020	1–3/2019	Index
Operating expenses	821,188	756,315	108.6

In the period 1–3/2020, operating expenses increased by 8.6% year on year, entirely due to the amortisation of a client list set up as an intangible asset of the Group after the inclusion of Sava Penzisko into the Group.

## Net investment income

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



Income and expenses for 1–3/2019 differ from those presented in the financial report for 1–3/2019 because exchange gains and losses were presented separately, while the 1–3/2020 report shows the net effect of exchange differences.

<sup>10</sup> The table includes the portfolio of Sava Pokojninska (excluding investment contracts) and Sava Penzisko Društvo (excluding the return on the funds because the assets managed by Sava Penzisko Društvo are not disclosed in its statement of financial position).

Net investment income from the pension companies' investment portfolio totalled EUR -0.5 million in 1–3/2020. Lower net investment income was largely due to fair value changes for disposals of investments. The investment return for the period was -6.8%.

## **2.5 Other**

This “other” segment comprises the subsidiaries Sava Infond, TBS Team 24 and Illyria Hospital, and the two associates ZTSR and G2I (consolidated using the equity method). Sava Infond was first included in the consolidated account of the Sava Insurance Group on 30 June 2019, which means that it was not included in the income statement for 1–3/2019. The “other” segment reduced the consolidated result for 1–3/2020 by EUR 67,607, mainly due to interest expenses on subordinated debt (EUR 0.7 million). The “other” segment improved the consolidated result for 1–3/2019 by EUR 107,961.

### 3 Financial position of the Sava Insurance Group

As at 31 March 2020, total assets of the Sava Insurance Group stood at EUR 1,888.3 million, an increase of 0.1% over year-end 2019. Below we set out items of assets and liabilities in excess of 5% of total assets as at 31 March 2020 and items that changed by more than 2% of equity.

#### 3.1 Assets

*Consolidated total assets by type*

EUR	31 Mar 2020	As % of total 31 Mar 2020	31 Dec 2019	As % of total 31 Dec 2019
<b>ASSETS</b>	<b>1,888,284,974</b>	<b>100.0%</b>	<b>1,885,953,003</b>	<b>100.0%</b>
1 Intangible assets	60,680,906	3.2%	61,060,069	3.2%
2 Property, plant and equipment	47,894,832	2.5%	47,615,710	2.5%
3 Right-of-use assets	9,872,554	0.5%	9,974,252	0.5%
4 Deferred tax assets	4,991,081	0.3%	2,044,124	0.1%
5 Investment property	16,651,634	0.9%	16,695,132	0.9%
6 Financial investments in associates	14,060,016	0.7%	581,104	0.0%
7 Financial investments	1,005,820,869	53.3%	1,064,874,239	56.5%
8 Assets held for the benefit of policyholders who bear the investment risk	187,727,373	9.9%	213,159,889	11.3%
9 Reinsurers' share of technical provisions	52,202,693	2.8%	38,620,539	2.0%
10 Investment contract assets	146,335,528	7.7%	151,197,102	8.0%
11 Receivables	195,688,704	10.4%	159,413,917	8.5%
12 Deferred acquisition costs	27,180,536	1.4%	23,500,521	1.2%
13 Other assets	4,902,355	0.3%	2,841,516	0.2%
14 Cash and cash equivalents	113,706,660	6.0%	93,804,031	5.0%
15 Non-current assets held for sale	569,233	0.0%	570,858	0.0%

##### 3.1.1 Investment portfolio

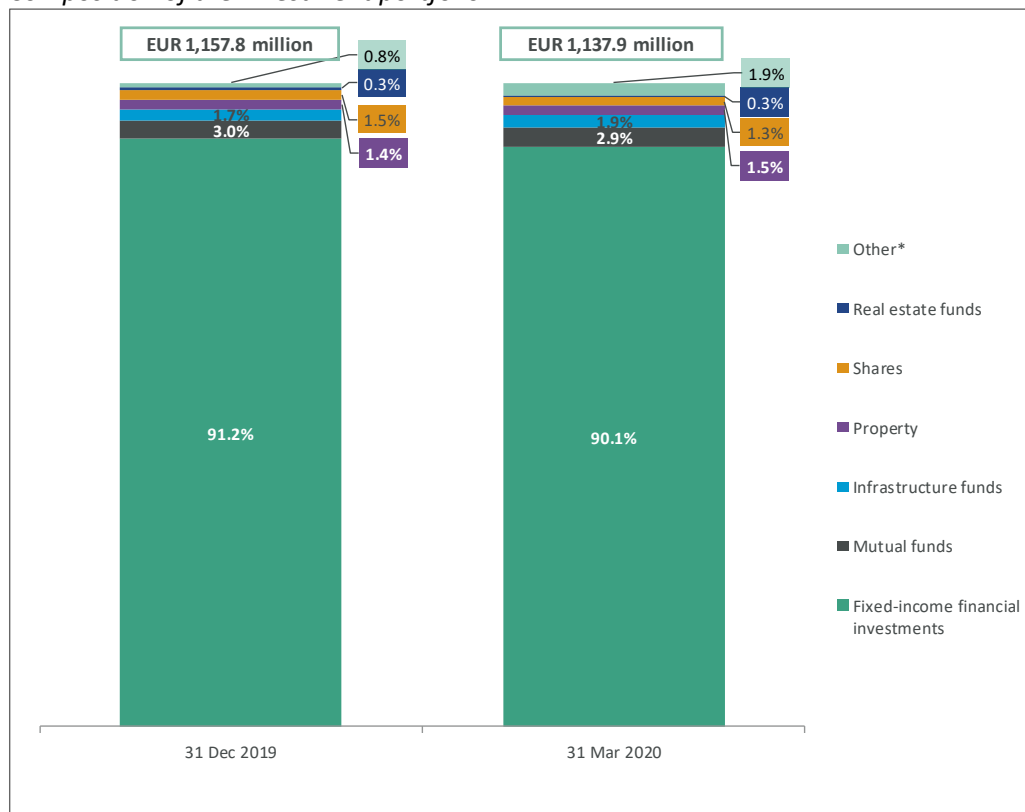
The investment portfolio consists of the following statement of financial position items: financial investments (7), investment property (5), financial investments in associates (6), and cash and cash equivalents (14).

### Sava Insurance Group investment portfolio

EUR	31 Mar 2020	31 Dec 2019	Absolute change	Index
Deposits	46,366,749	46,667,934	-301,185	99.4
Government bonds	481,820,524	539,303,226	-57,482,702	89.3
Corporate bonds	395,727,005	394,677,700	1,049,305	100.3
Shares	14,939,974	17,503,726	-2,563,752	85.4
Quoted shares	12,791,000	15,354,718	-2,563,718	83.3
Unquoted shares	2,148,974	2,149,008	-34	100.0
Mutual funds	33,217,846	34,270,743	-1,052,897	96.9
Bond and money market funds	26,785,227	28,944,568	-2,159,341	92.5
Equity and mixed mutual funds	6,432,619	5,326,175	1,106,444	120.8
Infrastructure funds	21,817,681	20,159,022	1,658,659	108.2
Real estate funds	3,954,757	4,000,000	-45,243	98.9
Loans granted	1,269,685	1,202,867	66,818	105.6
Deposits with cedants	6,706,648	7,089,021	-382,373	94.6
<b>Total financial investments</b>	<b>1,005,820,869</b>	<b>1,064,874,239</b>	<b>-59,053,370</b>	<b>94.5</b>
Financial investments in associates	14,060,016	581,104	13,478,912	2,419.5
Investment property	16,651,634	16,695,132	-43,498	99.7
Cash and cash equivalents	101,405,999	75,657,844	25,748,155	134.0
<b>Total investment portfolio</b>	<b>1,137,938,518</b>	<b>1,157,808,320</b>	<b>-19,869,802</b>	<b>98.3</b>
Assets held for the benefit of policyholders who bear the investment risk				
- Financial investments	200,028,034	231,306,076	-31,278,042	86.5
- Cash and cash equivalents	187,727,373	213,159,889	-25,432,516	88.1
- Cash and cash equivalents	12,300,661	18,146,187	-5,845,526	67.8
Investment contract assets	146,335,528	151,197,102	-4,861,574	96.8

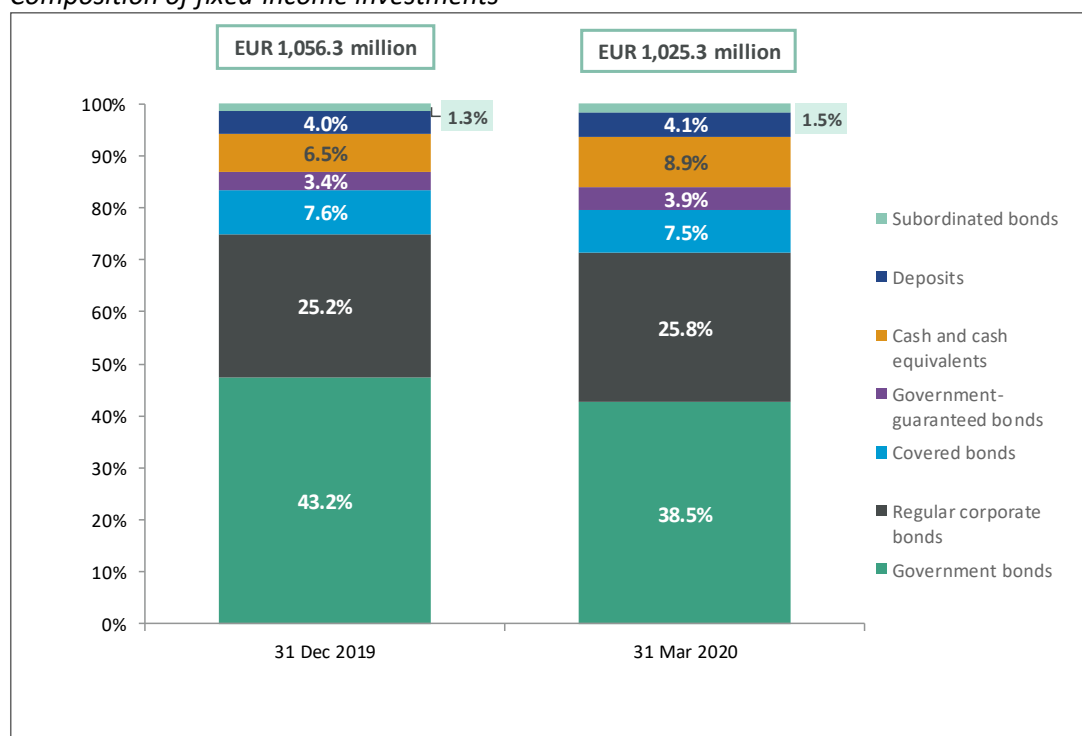
As at 31 March 2020, the investment portfolio of the Sava Insurance Group totalled EUR 1,137.9 million, an decrease of EUR 19.9 million from year-end 2019. The balance on the investment portfolio was chiefly impacted by the negative fair value reserve and negative cash flow from core business. The balance of financial investments in associates rose due to the acquisition of DCB.

### Composition of the investment portfolio



\* The "other" item comprises deposits with cedants, loans granted and financial investments in associates.

### Composition of fixed-income investments



As at 31 March 2020, fixed-income investments accounted for 90.1% of the portfolio, down 1.1 p.p. compared to the end of the previous year. The following movements in the structure of fixed-income investments have been seen:

- lower exposure to government bonds and government-guaranteed corporate bonds of EUR 57.5 million (a 4.2-point decline in the proportion of fixed-income investments), largely due to investments reaching their maturity;
- increase in cash and cash equivalents of EUR 25.7 million (a 2.4-point rise in the proportion of fixed-income investments).

#### 3.1.2 Assets held for the benefit of policyholders who bear the investment risk

Assets held for the benefit of policyholders who bear the investment risk is a major asset item (8). Most unit-linked products of the Sava Insurance Group are marketed by Zavarovalnica Sava.

Assets of policyholders who bear the investment risk are invested in financial investments (mainly in mutual funds selected by policyholders) and cash. As at 31 March 2020, assets held for the benefit of policyholders who bear the investment risk totalled EUR 200.0 million, of which EUR 187.7 million was financial investments and EUR 12.3 million was cash and cash equivalents. Assets held for the benefit of policyholders who bear the investment risk declined by EUR 31.3 million compared to the previous year end as the result of falling asset prices.

#### 3.1.3 Reinsurers' share of technical provisions

The reinsurers' and co-insurers' share of technical provisions (9) increased by EUR 13.6 million, or 35.2%, compared to 31 December 2019. Unearned premiums increased by EUR 11.4 million (seasonal movement – set aside for contracts effective as of 1 January), and claims provisions rose by EUR 2.1 million on account of several large retroceded claims on the Slovenian non-life portfolio.

### 3.1.4 Investment contract assets

The investment contract assets item (9) includes liability fund assets relating to the group of life cycle funds MOJI Skladi Življenjskega Cikla (MY Life-cycle Funds) that have been 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), Moj Uravnoteženi Sklad (My Balanced Fund, MBF), in which policyholders bear the full investment risk, and Moj Zajamčeni Sklad (My Guaranteed Fund, MGF), in which policyholders bear the investment risk in excess of the guaranteed funds. As at 31 March 2020, investment contract assets totalled EUR 146.3 million, down 3.2% from 31 December 2019. The return achieved in the first quarter was negative, at EUR 8.7 million. Positive effects were derived from the difference between inflows and outflows of EUR 0.8 million (in the first quarter of 2020, inflows totalled EUR 4.2 million, outflows EUR 3.4 million) and EUR 2.3 million from annuity policies, which are classified as financial insurance contracts because of the insufficient level of risk transfer.

As at 31 March 2020, investment contract assets accounted for 91.6% of total assets relating to investment contracts; the rest were receivables, investment property, and cash and cash equivalents.

Assets under the management of Sava Penzisko Društvo are not shown in the Group's statement of financial position; these amounts are shown in section 2.4 "Pension business".

### 3.1.5 Receivables

Receivables (11) increased by 22.8%, or EUR 36.3 million, compared to year-end 2019 (compared to 31 December 2018: increase of 27.3% or EUR 38.4 million). A higher increase in receivables is normal in the first three months.

Increases were recorded in all types of receivables. The largest increase was with receivables arising from direct insurance business, up EUR 35.1 million, or 25.1%, compared to 31 December 2019; however, the lion's share of this increase (EUR 40.1 million) relates to not-past-due receivables, and there was a decrease in past-due up to 180 days of EUR 5.9 million. In absolute terms, the largest increase was in the non-life segment in Slovenia (increase of EUR 17.6 million; 1–3/2019: EUR 18.6 million), in the reinsurance segment (an increase of EUR 17.1 million; 1–3/2019: EUR 16.4 million) and in the international non-life segment (an increase of EUR 2.3 million; 1–3/2019: of EUR 3.3 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.

## 3.2 Equity and liabilities

### Consolidated total equity and liabilities by type

EUR	31 Mar 2020	As % of total 31 Mar 2020	31 Dec 2019	As % of total 31 Dec 2019
<b>EQUITY AND LIABILITIES</b>	<b>1,888,284,974</b>	<b>100.0%</b>	<b>1,885,953,003</b>	<b>100.0%</b>
1 Equity	377,483,902	20.0%	384,776,847	20.4%
Share capital	71,856,376	3.8%	71,856,376	3.8%
Capital reserves	43,035,948	2.3%	43,035,948	2.3%
Profit reserves	202,170,500	10.7%	202,170,501	10.7%
Share buy-back	-24,938,709	-1.3%	-24,938,709	-1.3%
Fair value reserve	3,457,739	0.2%	20,718,610	1.1%
Reserve due to fair value revaluation	910,704	0.0%	924,038	0.0%
Retained earnings	73,675,202	3.9%	42,128,483	2.2%
Net profit or loss for the period	10,245,059	0.5%	31,546,718	1.7%
Translation reserve	-3,485,893	-0.2%	-3,168,414	-0.2%
Equity attributable to owners of the controlling company	376,926,926	20.0%	384,273,551	20.4%
Non-controlling interests in equity	556,976	0.0%	503,296	0.0%
2 Subordinated liabilities	75,530,912	4.0%	74,822,710	4.0%
3 Technical provisions	966,507,992	51.2%	933,952,709	49.5%
4 Technical provisions for the benefit of life insurance policyholders who bear the investment risk	190,440,679	10.1%	220,613,698	11.7%
5 Other provisions	9,308,954	0.5%	8,705,469	0.5%
6 Deferred tax liabilities	4,277,953	0.2%	5,294,664	0.3%
7 Investment contract liabilities	146,200,973	7.7%	151,040,643	8.0%
8 Other financial liabilities	643,886	0.0%	355,908	0.0%
9 Liabilities from operating activities	74,893,576	4.0%	61,290,549	3.2%
10 Lease liability	10,357,081	0.5%	10,448,915	0.6%
11 Other liabilities	32,639,066	1.7%	34,650,891	1.8%

### 3.2.1 Equity

Equity (1) decreased by 1.9%, or EUR 7.3 million, compared to year-end 2019. In the period 1–3/2020, equity shrank as the result of a decline in the fair value reserve relating to available-for-sale financial assets. The net profit for the year had a positive impact on the change in equity, of EUR 10.3 million.

### 3.2.2 Technical provisions

Gross technical provisions (3) are the largest item on the liabilities side. The figure as at 31 March 2020 was an increase of 3.5%, or EUR 32.6 million, over year-end 2019. The largest growth (EUR 45.4 million) was in gross unearned premiums, which is due to the method of setting technical provisions: high unearned premiums are set aside for annual premiums written at the beginning of the year. These are then gradually amortised over the year, and only on 31 December 2020 will they be comparable to the unearned premiums as at 31 December 2019.

#### Development of consolidated gross technical provisions

EUR	31 Mar 2020	31 Dec 2019	Index
Gross unearned premiums	253,302,466	207,895,397	121.8
Gross mathematical provisions	198,996,763	211,877,103	93.9
Gross provision for outstanding claims	502,158,874	502,914,277	99.8
Gross provision for bonuses, rebates and cancellations	1,180,819	1,234,753	95.6
Other gross technical provisions	10,869,070	10,031,179	108.4
<b>Gross technical provisions</b>	<b>966,507,992</b>	<b>933,952,709</b>	<b>103.5</b>

The gross technical provisions attributable to the reinsurance segment grew by 8.9%, or EUR 15.2 million, compared to year-end 2019. The increase is due to the rise in unearned premiums as the result of the annual dynamics of underwriting reinsurance business (increase of EUR 15.5 million; 1–3/2019: of EUR 12.5 million).

Gross technical provisions attributable to the non-life segment grew by 5.7%, or EUR 30.5 million, compared to year-end 2019. Of this, unearned premiums grew – in line with business growth – by EUR 29.5 million (1–3/2019: growth of EUR 31.8 million).

Gross mathematical provisions decreased by 6.1% (or EUR 12.9 million) because the decline due to maturity benefits exceeded growth owing to aging of insured persons and the growth in the portfolio of traditional life insurance business, including the newly acquired portfolio and pension annuity business in the distribution phase.

Other technical provisions (provisions for bonuses, rebates and cancellations, and other provisions) account for a smaller proportion and grew by a total of EUR 0.8 million compared to year-end 2019.

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

The gross provisions associated with unit-linked life business (4) totalled EUR 190.4 million as at 31 March 2020 and shrank by 13.7%, or EUR 30.2 million, mainly due to the fall in the value of fund assets and portfolio movements relating to death and maturity benefits paid.

### 3.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 146.2 million as at 31 March 2020, down 3.2%, or EUR 4.8 million, from year-end 2019. Their movement is in line with the investment contract assets, driven largely by new premium contributions, payouts and changes in the unit prices of funds, which fell in the three months of the year.

### 3.2.5 Liabilities from operating activities

Liabilities from operating activities (9) increased by EUR 13.6 million from year-end 2019, reflecting renewals of annual reinsurance contracts and consequently increased liabilities from reinsurance and co-insurance business, which rose by EUR 9.9 million.

## 3.3 Capital structure

As at 31 March 2020, the Sava Insurance Group held EUR 377.5 million in equity. Subordinated debt amounted to EUR 75.5 million. The ratio of debt to equity financing was 20.2%.

## 3.4 Cash flow

In the period 1–3/2020, the Sava Insurance Group's net cash from operating activities was negative, at EUR 13.2 million (1–3/2019: negative net cash of EUR 13.0 million).

In 1–3/2020, the Sava Insurance Group recorded a positive cash flow from financing activities of EUR 34.0 million (largely because of higher inflows from disposals than disbursements for purchase of long-term financial investments); in 1–3/2019, cash flow was positive, at EUR 62.2 million.

Net cash and cash equivalents in the period 1–3/2020 decreased by EUR 29.3 as the result of lower inflows from disposals of financial investments.

### 3.5 Sava Re rating profile

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

#### *Financial strength ratings of Sava Re*

Agency	Rating <sup>11</sup>	Outlook	Latest review
Standard & Poor's	A	stable	July 2019: affirmed existing rating
AM Best	A	stable	October 2019: affirmed existing rating

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<sup>11</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.

AM 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).

## 4 Personnel

*Number of employees by Sava Insurance Group member*

	31 Mar 2020	31 Dec 2019	Change
Zavarovalnica Sava	1,330.3	1,332.3	-2.0
Sava Neživotno Osiguranje (Serbia)	346.5	358.5	-12.0
Sava Osiguruvanje (North Macedonia)	224.3	224.8	-0.4
Illyria	196.5	195.5	1.0
Sava Osiguranje (Montenegro)	130.5	127.5	3.0
Sava Re	114.6	115.1	-0.5
Sava Životno Osiguranje (Serbia)	87.1	80.9	6.2
Illyria Life	60.0	70.0	-10.0
Sava Car	48.8	47.0	1.8
Sava Penzisko Društvo	35.0	32.0	3.0
Sava Infond	32.0	32.2	-0.2
TBS Team 24	30.0	33.0	-3.0
ZM Svetovanje	28.5	26.5	2.0
Sava Agent	18.3	18.3	0.0
Sava Pokojninska	13.0	13.0	0.0
Sava Station	10.3	8.8	1.6
Ornatus KC	8.0	8.0	0.0
<b>Total</b>	<b>2,713.7</b>	<b>2,723.3</b>	<b>-9.6</b>

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees of insurance companies is subject to change, mainly due to fluctuations in the agency network.

## **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 Insurance Group annual report 2019 and are therefore not repeated in this report.

### **5.1 Capital adequacy and capital management at the Sava Insurance Group**

The Sava Insurance Group calculates its solvency position using the Solvency II standard formula. The most recent calculation of the Group's solvency position as at 31 December 2019 indicates that the Group is well capitalised and has a solvency ratio of 220%. The Group's Solvency Capital Requirement (Group SCR) totalled EUR 237.7 million as at 31 December 2019, and eligible own funds to meet the Group SCR were EUR 522.0 million. Details on the valuation, the calculation of eligible own funds and the Group's SCR as at 31 December 2019 are set out in the "Solvency and financial condition report of the Sava Insurance Group 2019" available on the Sava Re website.

The Group has a strong solvency ratio and its insolvency risk is small. Due to the impact of the Covid-19 outbreak, we have rerun the assessment of the Group's solvency position as at 31 December 2020. Taking into account the assessed impact of Covid-19, the Group maintains a high solvency ratio, and its solvency is not compromised.

### **5.2 Underwriting risk**

The Group's subsidiaries assume risk from policyholders and mostly transfer excess risk to Sava Re. The parent 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. 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. Because the Group has an adequate retrocession programme in place, 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 that the Group is exposed to 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 relating to non-life (re)insurance business of one p.p. would decrease/increase its profit before tax by EUR 1.24 million (31 March 2019: EUR 1.03 million).

The Group's exposure to underwriting risk did not change significantly in the period 1–3/2020 compared to year-end 2019. In the first quarter of 2020, there was no material increase in the Group's exposure to underwriting risk due to Covid-19.

### **5.3 Investment portfolio risk**

In their financial operations, individual Group companies are exposed to investment portfolio risk such as investment property risk, and financial risks such as market, liquidity and credit risk, as well as the risk of failure to realise guaranteed returns on life business.

The risk of failure to realise guaranteed returns also includes the risk of investment contracts relating to the long-term business funds of the voluntary supplementary pension insurance (VSPI) that Sava Pokojninska manages for the benefit of policyholders.

#### 5.3.1 Risk of failure to realise guaranteed returns

##### *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 146.3 million as at 31 March 2020, up EUR 4.9 million from 31 December 2019.

The volatility in financial investments in the first quarter had an impact on the valuation of financial investments, resulting in a significant effect on return. The fall in the value of financial instruments in the first quarter put pressure on returns on portfolios of financial investments and resulted in increased provisions set aside to cover potential losses incurred in the event of failure to realise guaranteed returns.

The risk of failure to achieve the guaranteed return increase in the period.

##### *Traditional and unit-linked life insurance contracts*

With regard to its traditional life insurance and unit-linked life insurance business with a guaranteed unit value (value of a unit of the fund), the Group is exposed to the risk of failure to realise the guaranteed return. Taking into account the realised book return on financial investments and the guaranteed return on the liabilities side in the period 1–3/2020, the effect of not achieving the guaranteed return totals EUR 133.8 thousand.

#### 5.3.2 Investment property risk

As at 31 March 2020, the value of the Group's investments exposed to property risk stood at EUR 20.6 million (31 December 2019: EUR 20.7 million) and did not substantially change compared to the previous period.

In addition to investment property, real estate funds shown as alternative investments under financial investments are also exposed to the risk.

The risk of alternative investments has been determined based on stressed values as prescribed under Solvency II regulations for the capital adequacy calculation. We assumed a 15% decrease in the value of investment property and real estate funds.

A shock would reduce the value of the Group's investments exposed to investment property risk by EUR 3.1 million (31 December 2019: EUR 3.1 million).

Property risk remained at approximately the same level.

#### 5.3.3 Market risk

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

The investment portfolio sensitive to market risk as at 31 March 2020 of EUR 1,187.2 million shrank by EUR 54.2 million since 31 December 2019.

### *Interest rate risk*

The total value of investments included in the calculation as at 31 March 2020 was EUR 1,034.4 million (31 December 2019: EUR 1,100.0 million). Of this, EUR 675.8 million (31 December 2019: EUR 706.6 million) relates to assets of non-life insurers and the reinsurer and EUR 358.5 million (31 December 2019: EUR 393.5 million) to assets of life insurers.

The average maturity of non-life insurance and reinsurance assets was 3.87 years as at 31 March 2019, whereas the expected maturity of non-life and reinsurance obligations was 2.17 years.

The average maturity of life insurance assets was 4.62 years as at 31 March 2020, and the expected duration of life insurance obligations was 7.2 years.

Interest rate risk increased moderately in the latest reporting period.

### *Equity risk*

The value of investments that the Company included in the equity risk calculation totalled EUR 43.1 million as at 31 March 2020 (31 December 2019: EUR 42.9 million). A 10% drop in equity prices would result in a decline of EUR 4.3 million (31 December 2019: EUR 4.3 million).

We estimate that there has been no material increase in the risk in the period despite considerable volatility.

### *Currency risk*

The Company monitors the matching of assets and liabilities by both the ALM aspect (by accounting currency) and the accounting aspect (by transaction currency). As at 31 March 2020, the position was 99.3% matched according to the ALM aspect (31 December 2019: 99.6%) and 96.0% matched according to the accounting aspect (31 December 2019: 96.0%).

Matching risk remained on about the same level in the period.

#### 5.3.4 Credit risk

As at 31 March 2020, fixed-income investments rated “A” or better accounted for 57.2% of the total fixed-income portfolio (31 December 2019: 60.9%). In the reporting period 2020, the share of the best-rated investments dropped moderately compared to the prior year-end. This is due to the increased balance of deposits and cash equivalents (unrated).

As at 31 March 2020, the exposure to the ten largest issuers was EUR 357.7 million, representing 29.6% of financial investments (31 December 2019: EUR 388.4 million; 30.7%), with the largest exposure of the Group to any single issuer being the Republic of Slovenia (31 March 2020: EUR 74.2 million; 6.1%; 31/12/2019: EUR 79.2 million; 6.3%), while the maximum single exposure to any commercial issuer was 3.8% of financial investments.

Based on the above, we estimate that particularly through reducing their exposure to Slovenia and increased diversification by issuer, region and industry the Sava Insurance Group companies managed their exposure to credit risk well in 1–3/2020.

The Covid-19 outbreak led to reduced economic activity and destabilised financial markets, affecting the credit risk relating to the portfolio of financial investments. We estimate that credit risk increased due to the Covid-19 pandemic.

#### 5.3.5 Liquidity risk

In the reporting period, the Company did not change the monitoring or management of liquidity risk. In addition, the Company did not register any situation associated with the Covid-19 outbreak that would affect the provision of liquidity in a material way. We assess that liquidity risk did rise moderately as the result of the pandemic but remains low.

### 5.4 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.

Operational risks are not among the Group's most significant risks. Owing to Covid-19, the Group's exposure to operational risk grew significantly in the first quarter. The Group immediately started analysing developments and adopted relevant measures. All Group companies prepared necessary measures to ensure the smooth running of all critical business functions and processes. Processes were set up so that almost all employees could work from home to better protect them from the virus so they could continue to service customers and business partners.

### 5.5 Strategic risks

Strategic risks are by nature very diverse, difficult to quantify and heavily dependent on various (including external) factors. The Group and its subsidiaries 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 first quarter 2020, the Group's exposure to strategic risk significantly increased due to Covid-19. There was an increase in the following risks: risk that realised Group results deviate from planned results, deterioration in macroeconomic conditions leading to reduced profitability for the Group, and risk that the local political situation in a country where a Group member is based spills over to other Group companies. The Group immediately started analysing developments leading to the adoption of relevant measures: monitoring developments in the Group's companies with immediate response where necessary; continuous monitoring of sales and business performance; analysis of potential impacts of Covid-19; and preparing a revised strategic plan.

### 5.6 Risk exposure up to year-end 2020

The main risks that the Group is exposed to remain underwriting risk, followed by market risk. As the realisation of underwriting risk is fortuitous, these could be realised to a larger extent as the result of an increased number of catastrophic events (in Slovenia and abroad); however, we do not expect a material increase in underwriting risk due to Covid-19. In the first quarter of 2020, we registered a fall in the value of investments as the result of the situation in financial markets resulting as a response to Covid-19. Until the year-end financial risk could be realised to a larger extent because of unfavourable movements in financial markets. The likelihood of such a scenario is heightened because of Covid-19

in view of the unpredictable situation in financial markets. Risk also arise from the general deterioration in the economic situation and the impact on some industries from restricted movement and shutdown as well as any associated consequences. By the end of 2020, we therefore expect exposure to strategic risk to remain high, whereas operational risk is expected to gradually decrease.



## **Summary of Sava Insurance Group financial statements with notes**



## 6 Unaudited condensed financial statements

### 6.1 Unaudited statement of financial position

EUR	Sava Insurance Group		Sava Re	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>ASSETS</b>	<b>1,888,284,974</b>	<b>1,885,953,003</b>	<b>779,522,063</b>	<b>735,585,561</b>
Intangible assets	60,680,906	61,060,069	1,347,173	1,294,110
Property, plant and equipment	47,894,832	47,615,710	2,439,957	2,507,611
Right-of-use assets	9,872,554	9,974,252	203,578	115,400
Deferred tax assets	4,991,081	2,044,124	1,788,824	1,141,098
Investment property	16,651,634	16,695,132	8,105,299	8,142,714
Financial investments in subsidiaries and associates	14,060,016	581,104	253,477,698	238,177,654
Financial investments:	1,005,820,869	1,064,874,239	285,063,464	296,096,594
- Loans and deposits	54,343,082	53,363,639	33,418,496	32,047,969
- Held to maturity	18,237,602	41,586,644	1,997,446	2,075,784
- Available for sale	908,702,508	943,663,578	242,328,872	255,270,080
- At fair value through profit or loss	24,537,677	26,260,378	7,318,650	6,702,761
Assets held for the benefit of policyholders who bear the investment risk	187,727,373	213,159,889	0	0
Reinsurers' share of technical provisions	52,202,693	38,620,539	40,875,865	31,159,308
Investment contract assets	146,335,528	151,197,102	0	0
Receivables	195,688,704	159,413,917	129,550,234	97,024,000
Receivables arising out of primary insurance business	175,073,383	139,954,356	121,104,193	89,537,760
Receivables arising out of reinsurance and co-insurance business	8,208,885	6,734,564	4,573,633	4,214,830
Current tax assets	3,505,366	3,002,507	3,285,224	2,802,044
Other receivables	8,901,070	9,722,490	587,184	469,366
Deferred acquisition costs	27,180,536	23,500,521	10,933,193	6,554,598
Other assets	4,902,355	2,841,516	752,556	441,253
Cash and cash equivalents	113,706,660	93,804,031	44,984,221	52,931,222
Non-current assets held for sale	569,233	570,858	0	0
<b>EQUITY AND LIABILITIES</b>	<b>1,888,284,974</b>	<b>1,885,953,003</b>	<b>779,522,063</b>	<b>735,585,561</b>
<b>Equity</b>	<b>377,483,902</b>	<b>384,776,847</b>	<b>342,067,710</b>	<b>343,920,689</b>
Share capital	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	43,035,948	43,035,948	54,239,757	54,239,757
Profit reserves	202,170,500	202,170,501	202,818,558	202,818,558
Share buy-back	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	3,457,739	20,718,610	2,141,891	5,217,524
Reserve due to fair value revaluation	910,704	924,038	16,271	21,376
Retained earnings	73,675,202	42,128,483	34,705,806	14,517,789
Net profit or loss for the period	10,245,059	31,546,718	1,227,759	20,188,017
Translation reserve	-3,485,893	-3,168,414	0	0
Equity attributable to owners of the controlling company	376,926,926	384,273,551	342,067,710	343,920,689
Non-controlling interests in equity	556,976	503,296	0	0
Subordinated liabilities	75,530,912	74,822,710	75,530,912	74,822,710
Technical provisions	966,507,992	933,952,709	295,053,360	261,338,591
Unearned premiums	253,302,466	207,895,397	85,433,700	54,588,057
Technical provisions for life insurance business	198,996,763	211,877,103	0	0
Provision for outstanding claims	502,158,874	502,914,277	208,114,943	205,064,638
Other technical provisions	12,049,889	11,265,932	1,504,717	1,685,896
Technical provision for the benefit of life insurance policyholders who bear the investment risk	190,440,679	220,613,698	0	0
Other provisions	9,308,954	8,705,469	484,004	466,901
Deferred tax liabilities	4,277,953	5,294,664	76,227	76,227
Investment contract liabilities	146,200,973	151,040,643	0	0
Other financial liabilities	643,886	355,908	87,504	87,504
Liabilities from operating activities	74,893,576	61,290,549	62,040,742	51,086,602
Liabilities from primary insurance business	53,496,256	50,356,998	49,206,458	44,373,937
Liabilities from reinsurance and co-insurance business	19,169,215	9,300,437	12,834,284	6,712,665
Current income tax liabilities	2,228,105	1,633,114	0	0
Lease liability	10,357,081	10,448,915	204,499	115,491
Other liabilities	32,639,066	34,650,891	3,977,104	3,670,845

## 6.2 Unaudited income statement

EUR	Sava Insurance Group		Sava Re	
	1–3/2020	1–3/2019	1–3/2020	1–3/2019
<b>Net premiums earned</b>	<b>142,278,497</b>	<b>123,243,068</b>	<b>37,966,581</b>	<b>29,964,306</b>
Gross premiums written	197,504,302	171,605,211	75,564,147	59,202,488
Written premiums ceded to reinsurers and co-insurers	-20,761,015	-14,426,464	-14,992,058	-10,009,962
Change in gross unearned premiums	-45,893,263	-40,046,612	-30,845,643	-23,005,619
Change in unearned premiums, reinsurers' and co-insurers' shares	11,428,473	6,110,933	8,240,135	3,777,399
<b>Income from investments in subsidiaries and associates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,387,908</b>
<b>Investment income</b>	<b>5,395,636</b>	<b>6,583,297</b>	<b>1,824,744</b>	<b>3,043,086</b>
Interest income	3,052,820	3,584,977	802,895	883,253
Other investment income	2,342,816	2,998,320	1,021,849	2,159,833
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>12,386,664</b>	<b>0</b>	<b>0</b>
<b>Other technical income</b>	<b>3,138,169</b>	<b>3,844,436</b>	<b>1,110,749</b>	<b>1,657,296</b>
Commission income	1,480,814	1,674,953	995,568	1,313,419
Other technical income	1,657,355	2,169,483	115,181	343,877
<b>Other income</b>	<b>5,050,387</b>	<b>2,807,994</b>	<b>199,429</b>	<b>198,170</b>
<b>Net claims incurred</b>	<b>-108,705,561</b>	<b>-93,758,826</b>	<b>-25,074,003</b>	<b>-18,820,383</b>
Gross claims paid, net of income from recourse receivables	-112,807,946	-99,008,220	-24,367,884	-23,258,885
Reinsurers' and co-insurers' shares	1,543,316	1,832,107	867,763	1,185,595
Change in the gross provision for outstanding claims	289,345	570,818	-3,050,305	1,791,162
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	2,269,724	2,846,469	1,476,423	1,461,746
<b>Change in other technical provisions</b>	<b>11,852,445</b>	<b>10,661,245</b>	<b>133,990</b>	<b>-235,173</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>29,847,961</b>	<b>-5,732,860</b>	<b>0</b>	<b>0</b>
<b>Expenses for bonuses and rebates</b>	<b>33,678</b>	<b>54,171</b>	<b>47,189</b>	<b>71,092</b>
<b>Operating expenses</b>	<b>-46,778,608</b>	<b>-42,562,930</b>	<b>-11,977,847</b>	<b>-11,661,064</b>
Acquisition costs	-19,711,180	-16,073,428	-13,187,038	-11,124,620
Change in deferred acquisition costs	3,630,348	2,555,062	4,378,594	2,286,279
Other operating expenses	-30,697,776	-29,044,564	-3,169,403	-2,822,722
<b>Expenses for investments in associates and impairment losses on goodwill</b>	<b>-21,089</b>	<b>-75,290</b>	<b>0</b>	<b>0</b>
Loss arising out of investments in equity-accounted associate	-21,089	-75,290	0	0
<b>Expenses for financial assets and liabilities</b>	<b>-3,499,714</b>	<b>-292,252</b>	<b>-2,163,481</b>	<b>-49,151</b>
Impairment losses on financial assets not at fair value through profit or loss	0	0	0	0
Interest expense	-776,403	-49,822	-719,023	-166
Other investment expenses	-2,723,311	-242,430	-1,444,458	-48,985
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>-20,378,767</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Other technical expenses</b>	<b>-4,201,769</b>	<b>-2,874,579</b>	<b>-306,001</b>	<b>-44,513</b>
<b>Other expenses</b>	<b>-867,606</b>	<b>-410,095</b>	<b>-61,630</b>	<b>-84,676</b>
<b>Profit or loss before tax</b>	<b>13,143,659</b>	<b>13,874,043</b>	<b>1,699,719</b>	<b>38,426,898</b>
<b>Income tax expense</b>	<b>-2,841,808</b>	<b>-2,958,906</b>	<b>-471,961</b>	<b>-686,450</b>
<b>Net profit or loss for the period</b>	<b>10,301,851</b>	<b>10,915,137</b>	<b>1,227,759</b>	<b>37,740,448</b>
<b>Net profit or loss attributable to owners of the controlling company</b>	<b>10,245,058</b>	<b>10,903,144</b>	<b>-</b>	<b>-</b>
<b>Net profit or loss attributable to non-controlling interests</b>	<b>56,793</b>	<b>11,993</b>	<b>-</b>	<b>-</b>
<b>Earnings per share (basic and diluted)</b>	<b>0.66</b>	<b>0.70</b>	<b>-</b>	<b>-</b>

The change in the weighted average number of shares outstanding is shown in section 7.8.10 "Earnings or loss per share".

### 6.3 Unaudited statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	1–3/2020	1–3/2019	1–3/2020	1–3/2019
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	10,301,851	10,915,137	1,227,759	37,740,448
OTHER COMPREHENSIVE INCOME, NET OF TAX	-17,594,795	6,597,366	-3,080,737	1,893,043
a) Items that will not be reclassified subsequently to profit or loss	-13,333	-95,354	-5,105	-6,699
Other items that will not be reclassified subsequently to profit or loss	-33,396	-95,354	-5,105	-6,699
Tax on items that will not be reclassified subsequently to profit or loss	20,063	0	0	0
b) Items that may be reclassified subsequently to profit or loss	-17,581,462	6,692,720	-3,075,633	1,899,742
Net gains/losses on remeasuring available-for-sale financial assets	-21,114,093	8,292,755	-3,797,079	2,345,362
Net change recognised in the fair value reserve	-20,275,011	8,296,407	-3,797,079	2,332,637
Net change transferred from fair value reserve to profit or loss	-839,082	-3,652	0	12,725
Tax on items that may be reclassified subsequently to profit or loss	3,851,718	-1,533,511	721,446	-445,620
Net gains or losses from translation of financial statements of non-domestic companies	-319,087	-66,524	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	-7,292,944	17,512,503	-1,852,979	39,633,492
Attributable to owners of the controlling company	-7,346,626	17,498,991	-	-
Attributable to non-controlling interests	53,681	13,512	-	-

## 6.4 Unaudited statement of cash flows

		Sava Insurance Group		Sava Re	
EUR		1–3/2020	1–3/2019	1–3/2020	1–3/2019
<b>A. Cash flows from operating activities</b>					
a)	Items of the income statement	36,118,613	2,940,019	2,924,868	1,376,732
	Net profit or loss for the period	10,301,851	10,915,137	1,227,759	37,740,448
	Adjustments for:				
2	Realised gains or losses on the disposal of property, plant and equipment assets	-34,217	-71,664	16,895	0
3	Gains or losses of equity-accounted subsidiary	21,089	75,290	0	0
5	Other financial expenses/income	19,142,781	-10,914,889	-332,127	-35,494,813
6	Depreciation/amortisation	2,359,781	1,707,452	172,267	177,074
7	Income tax expense	2,841,808	2,958,906	471,961	686,450
8	Net exchange differences	1,485,520	-1,730,213	1,368,114	-1,732,428
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	-49,305,584	-15,965,133	-3,397,661	-4,168,782
1.	Change in receivables from primary insurance	-35,119,027	-36,143,819	-31,566,433	-28,123,686
2.	Change in receivables from reinsurance	-1,474,321	-1,425,625	-358,803	-368,848
3.	Change in other receivables from (re)insurance business	-2,030,805	107,690	0	0
4.	Change in other receivables and other assets	-5,758,506	-2,312,472	-5,938,621	-830,222
5.	Change in deferred tax assets	-2,929,305	0	0	0
6.	Change in inventories	-48,186	2,437	0	0
7.	Change in liabilities arising out of primary insurance	3,139,258	6,756,928	4,832,520	5,934,536
8.	Change in liabilities arising out of reinsurance business	9,868,778	8,734,821	6,121,620	5,731,435
9.	Change in other operating liabilities	6,192,312	-17,071,191	28,682	-1,779,965
10.	Change in other liabilities (except unearned premiums)	-12,350,166	-1,654,538	366,584	9,997
11.	Change in technical provisions	-4,676,547	31,368,935	23,998,212	16,139,393
	- change in unearned premiums	34,464,790	33,935,679	22,605,508	19,228,220
	- change in provision for outstanding claims	2,559,069	3,417,287	1,573,883	-3,252,908
	- change in other technical provisions	644,788	1,605,165	-181,179	164,081
	- change in mathematical provision	-12,497,233	-13,322,056	0	0
	- change in mathematical provision for policyholders who bear the investment risk	-29,847,961	5,732,860	0	0
12	Tax expense	-4,119,069	-4,328,299	-881,422	-881,422
c)	Net cash from/used in operating activities (a + b)	-13,186,971	-13,025,114	-472,793	-2,792,050
<b>B. Cash flows from investing activities</b>					
a)	Cash receipts from investing activities	275,235,582	-65,591,919	34,550,076	69,197,314
1.	Interest received from investing activities	3,052,820	3,584,977	802,895	883,253
2.	Cash receipts from dividends and participation in the profit of others	38,006	113,454	8,704	34,420,135
4.	Proceeds from sale of property, plant and equipment	59,746	205,570	0	373
5.	Proceeds from disposal of financial investments	272,085,010	-69,503,847	33,738,477	33,893,553
5.2.	Other proceeds from disposal of financial investments	272,085,010	-69,503,847	33,738,477	33,893,553
b)	Cash disbursements in investing activities	-241,236,918	127,821,380	-41,289,485	-30,679,082
1.	Purchase of intangible assets	-550,333	-258,784	-115,797	-8,767
2.	Purchase of property, plant and equipment	-1,220,571	-547,086	-7,249	-53,208
3.	Purchase of long-term financial investments	-239,466,014	128,627,250	-41,166,438	-30,617,107
3.1.	Purchase of subsidiary companies	-31,537,763	-3,665,460	-15,300,000	-172,851
3.2.	Other disbursements to acquire financial investments	-207,928,251	132,292,710	-25,866,438	-30,444,256
c)	Net cash from/used in investing activities (a + b)	33,998,664	62,229,461	-6,739,408	38,518,232
<b>C. Cash flows from financing activities</b>					
b)	Cash disbursements in financing activities	-909,064	-49,822	-734,799	-166
1.	Interest paid	-776,403	-49,822	-719,023	-166
3.	Repayment of long-term financial liabilities	-132,661	0	-15,776	0
c)	Net cash from/used in financing activities (a + b)	-909,064	-49,822	-734,799	-166
<b>C2. Closing balance of cash and cash equivalents</b>					
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	19,902,629	49,154,525	-7,947,001	35,726,015
y)	Opening balance of cash and cash equivalents	93,804,031	64,657,431	52,931,221	10,651,451
	Opening balance of cash and cash equivalents – acquisition	0	955,339	0	0

## 6.5 Unaudited statement of changes in equity

### Unaudited statement of changes in equity for the period 1 January – 31 March 2020

Sava Insurance Group															
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847
Opening balance in the financial period	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-17,260,871	-13,333	0	10,245,058	0	-317,479	-7,346,625	53,681	-7,292,944
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	10,245,058	0	0	10,245,058	56,793	10,301,851
b) Other comprehensive income	0	0	0	0	0	0	-17,260,871	-13,333	0	0	0	-317,479	-17,591,683	-3,112	-17,594,795
Movements within equity	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	3,457,739	910,704	73,675,202	10,245,059	-24,938,709	-3,485,889	376,926,926	556,976	377,483,902

Sava Re												
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	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.	17.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,525	21,376	14,517,789	20,188,017	-24,938,709	343,920,690
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,525	21,376	14,517,789	20,188,017	-24,938,709	343,920,690
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-3,075,633	-5,105	0	1,227,759	0	-1,852,979
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	1,227,759	0	1,227,759
b) Other comprehensive income	0	0	0	0	0	0	-3,075,633	-5,105	0	0	0	-3,080,737
Movements within equity	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Transfer of profit	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	2,141,892	16,272	34,705,806	1,227,758	-24,938,709	342,067,710

Unaudited statement of changes in equity for the period 1 January – 31 March 2019

Sava Insurance Group															
EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + 16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,035,948	11,704,009	24,938,709	11,225,068	135,739,128	11,613,059	836,745	35,140,493	21,843,940	-24,938,709	-3,368,928	339,625,838	549,617	340,175,455
Opening balance in the financial period	71,856,376	43,035,948	11,704,009	24,938,709	11,225,068	135,739,128	11,613,059	836,745	35,140,493	21,843,940	-24,938,709	-3,368,928	339,625,838	549,617	340,175,455
Comprehensive income for the period, net of tax	0	0	0	0	0	0	6,757,041	-95,354	0	10,903,144	0	-65,841	17,498,990	13,512	17,512,502
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	10,903,144	0	0	10,903,144	11,993	10,915,137
b) Other comprehensive income	0	0	0	0	0	0	6,757,041	-95,354	0	0	0	-65,841	6,595,846	1,519	6,597,365
Transactions with owners – payouts	0	0	1,375	0	0	10,632	0	0	-12,007	0	0	0	0	0	0
Allocation of net profit to profit reserve	0	0	1,375	0	0	10,632	0	0	-12,007	0	0	0	0	0	0
Movements within equity	0	0	0	0	0	0	0	0	21,843,940	-21,843,940	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	21,843,940	-21,843,940	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,035,948	11,705,384	24,938,709	11,225,068	135,749,760	18,370,100	741,391	56,972,426	10,903,144	-24,938,709	-3,434,769	357,124,828	563,130	357,687,958

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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	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.	17.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,628	2,697,381	40,772	10,101,172	20,933,749	-24,938,709	319,355,359
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,628	2,697,381	40,772	10,101,172	20,933,749	-24,938,709	319,355,360
Comprehensive income for the period, net of tax	0	0	0	0	0	0	1,899,742	-6,699	0	37,740,448	0	39,633,493
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	37,740,448	0	37,740,448
b) Other comprehensive income	0	0	0	0	0	0	1,899,742	-6,699	0	0	0	1,893,044
Movements within equity	0	0	0	0	0	0	0	0	20,933,749	-20,933,749	0	0
Transfer of profit	0	0	0	0	0	0	0	0	20,933,749	-20,933,749	0	0
Closing balance in the financial period	71.85.376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,628	4,597,123	34,073	31,034,921	37,740,449	-24,938,709	358,988,851

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

The selected notes to the quarterly financial statements are significant to an understanding of the changes in the financial position and performance of the Group in the first three months of 2020 as compared to both the first three months of 2019 and the year-end 2019.

### **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 prepared for 2019.

The financial statements with notes as at and for the three months to 31 March 2020 have not been audited.

The interim financial statements as at 31 March 2020 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2019.

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

The operations of the Group are not seasonal in nature. Pursuant to underwriting rules, the Group’s insurance companies defer those costs (expenses and income) that may or must 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 1–3/2020 other than the effects of the Covid-19 pandemic on operations, which has been discussed at length in the Company’s report published on 17 April 2020 and is detailed in section 5 “Risk management”.

### **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 7.5 million as at 31 March 2020. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been disaggregated in the interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are given in the report, although 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).

Business is broken down by operating segment: reinsurance, non-life, life, pensions and the “other” segment. 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. The management board monitors performance by segment to the level of underwriting results, net investment income and other aggregated performance indicators, as well as the amounts of assets, equity and technical provisions on a quarterly basis.

Statement of financial position items by operating segment – assets as at 31 March 2020

31 Mar 2020 EUR	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>ASSETS</b>	<b>315,198,409</b>	<b>637,107,028</b>	<b>158,162,533</b>	<b>795,269,561</b>	<b>440,383,499</b>	<b>48,147,294</b>	<b>488,530,793</b>	<b>186,447,689</b>	<b>102,838,526</b>	<b>1,888,284,974</b>
Intangible assets	1,347,174	7,015,856	8,675,038	15,690,894	5,798,885	26,479	5,825,364	12,945,007	24,872,468	60,680,906
Property, plant and equipment	2,439,956	27,141,233	13,908,496	41,049,729	1,857,927	1,973,155	3,831,082	120,448	453,617	47,894,832
Right-of-use assets	131,146	4,165,017	5,392,847	9,557,864	0	19,209	19,209	124,316	40,019	9,872,554
Deferred tax assets	1,788,824	1,868,367	10,948	1,879,315	1,274,475	30,560	1,305,035	397	17,510	4,991,081
Investment property	8,105,299	3,282,118	4,805,393	8,087,511	37,931	0	37,931	0	420,893	16,651,634
Financial investments in associates	0	0	0	0	0	0	0	0	14,060,015	14,060,016
Financial investments:	179,202,327	426,491,845	87,330,596	513,822,441	219,665,456	39,824,191	259,489,647	24,451,820	28,854,635	1,005,820,869
- Loans and deposits	5,178,173	2,352,761	16,100,702	18,453,463	4,008,090	2,393,931	6,402,021	4,308,160	20,001,265	54,343,082
- Held to maturity	1,423,413	1,503,030	3,045,262	4,548,292	5,372,212	2,306,416	7,678,628	4,587,269	0	18,237,602
- Available for sale	167,571,433	415,414,404	66,768,132	482,182,536	205,616,048	34,418,302	240,034,349	11,734,800	7,179,390	908,702,508
- at fair value through profit or loss	5,029,308	7,221,650	1,416,500	8,638,150	4,669,106	705,543	5,374,649	3,821,591	1,673,980	24,537,677
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	186,902,919	824,454	187,727,373	0	0	187,727,373
Reinsurers' share of technical provisions	6,963,988	38,541,942	6,615,875	45,157,816	73,571	7,318	80,889	0	0	52,202,693
Investment contract assets	0	0	0	0	0	0	0	146,335,528	0	146,335,528
Receivables	92,876,334	84,681,233	15,563,100	100,244,333	728,659	735,300	1,463,959	38,245	1,065,834	195,688,704
Receivables arising out of primary insurance business	84,567,504	79,013,232	10,230,888	89,244,120	650,516	605,534	1,256,050	5,709	0	175,073,383
Receivables arising out of reinsurance and co-insurance business	4,573,634	2,838,063	797,204	3,635,267	0	-16	-16	0	0	8,208,885
Current tax assets	3,285,224	0	182,117	182,117	0	13,294	13,294	24,731	0	3,505,366
Other receivables	449,972	2,829,938	4,352,891	7,182,829	78,143	116,488	194,631	7,805	1,065,834	8,901,070
Deferred acquisition costs	6,122,321	15,853,545	4,785,942	20,639,487	374,869	43,859	418,728	0	0	27,180,536
Other assets	752,556	2,698,516	806,954	3,505,470	9,966	27,874	37,840	271,994	334,495	4,902,355
Cash and cash equivalents	15,468,483	25,342,906	9,722,562	35,065,468	23,658,841	4,634,895	28,293,736	2,159,934	32,719,039	113,706,660
Non-current assets held for sale	0	24,451	544,782	569,233	0	0	0	0	0	569,233

*Statement of financial position items by operating segment – equity and liabilities as at 31 March 2020*

31 Mar 2020 EUR	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>EQUITY AND LIABILITIES</b>	<b>439,232,584</b>	<b>536,318,596</b>	<b>152,133,980</b>	<b>688,452,576</b>	<b>425,318,639</b>	<b>41,970,050</b>	<b>467,288,690</b>	<b>185,751,203</b>	<b>107,559,922</b>	<b>1,888,284,974</b>
Equity	202,353,900	28,407,261	34,186,202	62,593,463	42,336,601	11,446,859	53,783,461	28,582,995	30,170,083	377,483,902
Equity attributable to owners of the controlling company	202,353,900	28,407,261	33,811,149	62,218,410	42,336,601	11,446,859	53,783,461	28,582,995	29,988,160	376,926,926
Non-controlling interests in equity	0	0	375,053	375,053	0	0	0	0	181,923	556,976
Subordinated liabilities	0	0	0	0	0	0	0	0	75,530,912	75,530,912
Technical provisions	185,253,588	465,925,403	99,110,434	565,035,837	178,844,755	27,940,543	206,785,298	9,433,269	0	966,507,992
Unearned premiums	40,572,149	172,882,406	38,783,576	211,665,982	753,348	310,987	1,064,335	0	0	253,302,466
Mathematical provisions	0	0	0	0	162,809,051	26,754,776	189,563,827	9,432,936	0	198,996,763
Provision for outstanding claims	143,399,475	285,546,586	57,055,344	342,601,930	15,282,356	874,780	16,157,136	333	0	502,158,874
Other technical provisions	1,281,964	7,496,411	3,271,514	10,767,925	0	0	0	0	0	12,049,889
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	189,019,579	1,421,100	190,440,679	0	0	190,440,679
Other provisions	484,004	5,618,999	1,346,277	6,965,276	1,167,227	6,597	1,173,824	461,741	224,109	9,308,954
Deferred tax liabilities	76,227	2,193,978	136,817	2,330,795	1,856,972	46,015	1,902,987	-32,056	0	4,277,953
Investment contract liabilities	0	0	0	0	0	0	0	146,200,973	0	146,200,973
Other financial liabilities	87,501	-2	213,810	213,808	0	7	7	342,570	0	643,886
Liabilities from operating activities	46,872,257	13,677,703	4,105,300	17,783,003	9,765,637	330,625	10,096,262	190	141,864	74,893,576
Liabilities from primary insurance business	34,037,973	7,572,111	2,293,834	9,865,945	9,283,296	308,852	9,592,148	190	0	53,496,256
Liabilities from reinsurance and co-insurance business	12,834,284	4,742,411	1,578,762	6,321,173	13,758	0	13,758	0	0	19,169,215
Current income tax liabilities	0	1,363,181	232,704	1,595,885	468,583	21,773	490,356	0	141,864	2,228,105
Lease liability	130,232	4,259,113	5,778,017	10,037,130	0	19,620	19,620	129,900	40,199	10,357,081
Other liabilities	3,974,872	16,236,140	7,257,124	23,493,264	2,327,868	758,684	3,086,552	631,621	1,452,757	32,639,066

Statement of financial position items by operating segment – assets as at 31 December 2019

EUR 31 Dec 2019	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>ASSETS</b>	<b>298,625,514</b>	<b>603,147,268</b>	<b>154,705,530</b>	<b>757,852,797</b>	<b>490,007,934</b>	<b>45,893,861</b>	<b>535,901,795</b>	<b>190,884,814</b>	<b>102,688,084</b>	<b>1,885,953,003</b>
Intangible assets	891,724	7,354,868	8,654,223	16,009,091	5,896,408	29,086	5,925,494	13,099,839	25,133,921	61,060,069
Property, plant and equipment	2,507,609	26,714,599	13,909,984	40,624,583	1,889,359	2,007,331	3,896,690	119,278	467,550	47,615,710
Right-of-use assets	30,853	4,463,261	5,350,660	9,813,921	0	21,532	21,532	105,436	2,510	9,974,252
Deferred tax assets	1,141,099	639,920	0	639,920	244,178	1,030	245,208	387	17,510	2,044,124
Investment property	8,142,714	3,300,880	4,790,362	8,091,242	38,266	0	38,266	0	422,910	16,695,132
Financial investments in associates	0	0	0	0	0	0	0	0	581,103	581,104
Financial investments:	174,162,291	448,185,266	92,607,855	540,793,120	245,743,594	38,199,758	283,943,353	25,191,766	40,783,709	1,064,874,239
- Loans and deposits	5,779,224	2,881,423	13,681,894	16,563,317	4,010,208	2,556,408	6,566,616	4,453,975	20,000,508	53,363,639
- Held to maturity	1,426,459	17,190,551	3,506,122	20,696,673	11,113,743	4,025,478	15,139,221	4,324,291	0	41,586,644
- Available for sale	162,350,533	421,046,903	72,948,012	493,994,915	225,821,861	30,696,014	256,517,876	11,782,721	19,017,533	943,663,578
- at fair value through profit or loss	4,606,075	7,066,389	2,471,827	9,538,216	4,797,782	921,858	5,719,640	4,630,779	1,765,668	26,260,378
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	212,284,264	875,625	213,159,889	0	0	213,159,889
Reinsurers' share of technical provisions	8,683,681	24,178,390	5,628,400	29,806,790	107,813	22,255	130,068	0	0	38,620,539
Investment contract assets	0	0	0	0	0	0	0	151,197,102	0	151,197,102
Receivables	75,742,820	67,105,872	13,290,126	80,395,998	806,629	677,652	1,484,281	55,819	1,734,999	159,413,917
Receivables arising out of primary insurance business	68,309,854	61,956,001	8,311,675	70,267,676	765,470	599,472	1,364,942	11,884	0	139,954,356
Receivables arising out of reinsurance and co-insurance business	4,214,830	2,083,275	430,592	2,513,867	0	5,867	5,867	0	0	6,734,564
Current tax assets	2,802,044	0	159,219	159,219	0	0	0	41,244	0	3,002,507
Other receivables	416,092	3,066,596	4,388,640	7,455,236	41,159	72,313	113,472	2,691	1,734,999	9,722,490
Deferred acquisition costs	4,950,425	13,092,210	4,979,149	18,071,359	439,559	39,178	478,737	0	0	23,500,521
Other assets	441,253	1,216,743	707,741	1,924,484	0	29,051	29,051	260,699	186,029	2,841,516
Cash and cash equivalents	21,931,044	6,870,808	4,240,623	11,111,431	22,557,864	3,991,362	26,549,226	854,488	33,357,842	93,804,031
Non-current assets held for sale	0	24,451	546,407	570,858	0	0	0	0	0	570,858

*Statement of financial position items by operating segment – equity and liabilities as at 31 December 2019*

EUR 31 Dec 2019	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>EQUITY AND LIABILITIES</b>	<b>367,798,941</b>	<b>552,898,523</b>	<b>150,448,073</b>	<b>703,346,596</b>	<b>472,078,939</b>	<b>44,714,957</b>	<b>516,793,896</b>	<b>191,096,763</b>	<b>106,916,803</b>	<b>1,885,953,003</b>
Equity	155,445,408	74,314,493	35,589,466	109,903,959	44,949,546	14,459,766	59,409,312	30,489,571	29,528,592	384,776,847
Equity attributable to owners of the controlling company	155,445,408	74,314,493	35,224,038	109,538,531	44,949,546	14,459,766	59,409,312	30,489,571	29,390,724	384,273,551
Non-controlling interests in equity	0	0	365,428	365,428	0	0	0	0	137,868	503,296
Subordinated liabilities	0	0	0	0	0	0	0	0	74,822,710	74,822,710
Technical provisions	170,080,102	436,211,501	98,321,928	534,533,429	193,127,114	27,613,972	220,741,086	8,598,092	0	933,952,709
Unearned premiums	25,100,729	143,184,999	38,631,915	181,816,914	689,607	288,147	977,754	0	0	207,895,397
Mathematical provisions	0	0	0	0	176,803,531	26,475,532	203,279,063	8,598,040	0	211,877,103
Provision for outstanding claims	143,563,417	285,671,540	57,194,999	342,866,539	15,633,976	850,293	16,484,269	52	0	502,914,277
Other technical provisions	1,415,956	7,354,962	2,495,014	9,849,976	0	0	0	0	0	11,265,932
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	219,142,364	1,471,334	220,613,698	0	0	220,613,698
Other provisions	466,901	5,384,572	1,334,068	6,718,640	1,137,841	6,617	1,144,458	150,441	225,029	8,705,469
Deferred tax liabilities	76,227	2,433,270	204,397	2,637,667	2,471,341	119,701	2,591,042	-10,272	0	5,294,664
Investment contract liabilities	0	0	0	0	0	0	0	151,040,643	0	151,040,643
Other financial liabilities	87,505	0	267,374	267,374	0	1,029	1,029	0	0	355,908
Liabilities from operating activities	37,944,541	9,912,042	3,569,373	13,481,415	9,204,616	319,943	9,524,559	0	340,034	61,290,549
Liabilities from primary insurance business	31,231,876	7,524,823	2,488,649	10,013,472	8,830,988	280,662	9,111,650	0	0	50,356,998
Liabilities from reinsurance and co-insurance business	6,712,665	1,764,935	788,214	2,553,149	12,353	22,270	34,623	0	0	9,300,437
Current income tax liabilities	0	622,284	292,510	914,794	361,275	17,011	378,286	0	340,034	1,633,114
Lease liability	30,942	4,535,643	5,676,898	10,212,541	0	21,894	21,894	150,899	32,639	10,448,915
Other liabilities	3,667,315	20,107,002	5,484,569	25,591,571	2,046,117	700,701	2,746,818	677,389	1,967,799	34,650,891

### Income statement items by operating segment 1–3/2020

Sava Insurance Group EUR 1–3/2020	Reinsurance business	Non-life business			Slovenia	Life business			Pension business	Other	Total
		Slovenia	International	Total		Slovenia	International	Total			
<b>Net premiums earned</b>	<b>23,238,933</b>	<b>77,628,429</b>	<b>18,608,765</b>	<b>96,237,193</b>	<b>19,202,894</b>	<b>2,632,198</b>	<b>21,835,092</b>	<b>967,279</b>	<b>0</b>	<b>0</b>	<b>142,278,497</b>
Gross premiums written	40,176,655	113,385,405	20,993,287	134,378,692	19,318,673	2,663,003	21,981,676	967,279	0	0	197,504,302
Written premiums ceded to reinsurers and co-insurers	-695,710	-17,135,698	-2,882,382	-20,018,080	-41,802	-5,423	-47,225	0	0	0	-20,761,015
Change in gross unearned premiums	-15,471,421	-29,747,874	-584,950	-30,332,824	-64,298	-24,720	-89,018	0	0	0	-45,893,263
Change in unearned premiums, reinsurers' and co-insurers' shares	-770,591	11,126,596	1,082,810	12,209,405	-9,679	-662	-10,341	0	0	0	11,428,473
<b>Investment income</b>	<b>1,282,860</b>	<b>1,718,894</b>	<b>611,434</b>	<b>2,330,329</b>	<b>1,228,266</b>	<b>285,231</b>	<b>1,513,497</b>	<b>268,951</b>	<b>0</b>	<b>0</b>	<b>5,395,636</b>
Interest income	554,672	749,606	558,551	1,308,157	783,982	268,215	1,052,197	137,794	0	0	3,052,820
Other investment income	728,187	969,289	52,883	1,022,172	444,284	17,016	461,300	131,157	0	0	2,342,816
<b>Other technical income</b>	<b>222,131</b>	<b>1,962,893</b>	<b>777,923</b>	<b>2,740,816</b>	<b>149,256</b>	<b>478</b>	<b>149,734</b>	<b>14,766</b>	<b>10,722</b>	<b>0</b>	<b>3,138,169</b>
Commission income	199,104	875,175	405,046	1,280,221	1,062	427	1,489	0	0	0	1,480,814
Other technical income	23,027	1,087,718	372,877	1,460,595	148,194	51	148,245	14,766	10,722	0	1,657,355
<b>Other income</b>	<b>199,429</b>	<b>601,526</b>	<b>351,480</b>	<b>953,006</b>	<b>69,210</b>	<b>29,444</b>	<b>98,654</b>	<b>1,339,250</b>	<b>2,460,048</b>	<b>0</b>	<b>5,050,387</b>
<b>Net claims incurred</b>	<b>-16,697,026</b>	<b>-44,268,340</b>	<b>-10,039,204</b>	<b>-54,307,544</b>	<b>-36,279,177</b>	<b>-1,202,453</b>	<b>-37,481,630</b>	<b>-219,361</b>	<b>0</b>	<b>0</b>	<b>-108,705,561</b>
Gross claims paid, net of income from recourse receivables	-16,158,692	-48,273,223	-10,221,578	-58,494,801	-36,796,081	-1,139,292	-37,935,373	-219,080	0	0	-112,807,946
Reinsurers' and co-insurers' shares	246,447	592,507	695,783	1,288,289	8,522	58	8,580	0	0	0	1,543,316
Change in the gross provision for outstanding claims	164,322	107,347	-460,376	-353,029	532,943	-54,610	478,333	-281	0	0	289,345
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-949,102	3,305,029	-53,032	3,251,997	-24,561	-8,609	-33,171	0	0	0	2,269,724
<b>Change in other technical provisions</b>	<b>133,990</b>	<b>-153,698</b>	<b>-625,080</b>	<b>-778,778</b>	<b>13,977,170</b>	<b>-645,042</b>	<b>13,332,128</b>	<b>-834,895</b>	<b>0</b>	<b>0</b>	<b>11,852,445</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>29,818,500</b>	<b>29,461</b>	<b>29,847,961</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>29,847,961</b>
<b>Expenses for bonuses and rebates</b>	<b>0</b>	<b>12,249</b>	<b>21,429</b>	<b>33,678</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,678</b>
<b>Operating expenses</b>	<b>-6,166,694</b>	<b>-22,836,047</b>	<b>-8,907,734</b>	<b>-31,743,781</b>	<b>-5,224,111</b>	<b>-1,092,393</b>	<b>-6,316,504</b>	<b>-821,188</b>	<b>-1,730,441</b>	<b>0</b>	<b>-46,778,608</b>
Acquisition costs	-7,335,598	-9,415,950	-1,433,065	-10,849,015	-1,320,147	-202,497	-1,522,644	-3,923	0	0	-19,711,180
Change in deferred acquisition costs	2,213,353	1,704,691	-134,883	1,569,808	-157,608	4,795	-152,813	0	0	0	3,630,348
Other operating expenses	-1,044,449	-15,124,788	-7,339,786	-22,464,574	-3,746,356	-894,691	-4,641,047	-817,265	-1,730,441	0	-30,697,776
<b>Expenses relating to investments in related parties</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-21,089</b>	<b>0</b>	<b>-21,089</b>
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	-21,089	0	-21,089
<b>Expenses for financial assets and liabilities</b>	<b>-1,366,080</b>	<b>-552,850</b>	<b>2,692</b>	<b>-550,159</b>	<b>-263,842</b>	<b>204,560</b>	<b>-59,282</b>	<b>-723,458</b>	<b>-800,735</b>	<b>0</b>	<b>-3,499,714</b>
Interest expense	-11,233	-16,804	-33,052	-49,856	-5,268	-150	-5,418	-850	-709,046	0	-776,403
Other investment expenses	-1,354,847	-536,047	35,744	-500,303	-258,574	204,710	-53,864	-722,608	-91,689	0	-2,723,311
<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>-20,337,538</b>	<b>-41,229</b>	<b>-20,378,767</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-20,378,767</b>
<b>Other technical expenses</b>	<b>-306,001</b>	<b>-2,499,911</b>	<b>-1,077,915</b>	<b>-3,577,826</b>	<b>-108,435</b>	<b>-69,546</b>	<b>-177,981</b>	<b>-153,935</b>	<b>13,974</b>	<b>0</b>	<b>-4,201,769</b>
<b>Other expenses</b>	<b>-61,678</b>	<b>-112,023</b>	<b>-362,536</b>	<b>-474,559</b>	<b>-791</b>	<b>-2,797</b>	<b>-3,588</b>	<b>-327,695</b>	<b>-86</b>	<b>0</b>	<b>-867,606</b>
<b>Profit or loss before tax</b>	<b>479,864</b>	<b>11,501,121</b>	<b>-638,746</b>	<b>10,862,376</b>	<b>2,231,400</b>	<b>127,912</b>	<b>2,359,312</b>	<b>-490,286</b>	<b>-67,607</b>	<b>0</b>	<b>13,143,659</b>
Income tax expense											-2,841,808
<b>Net profit or loss for the period</b>											<b>10,301,851</b>
<b>Net profit or loss attributable to owners of the controlling company</b>											<b>10,245,058</b>
<b>Net profit or loss attributable to non-controlling interests</b>											<b>56,793</b>

### Income statement items by operating segment 1–3/2019

Sava Insurance Group										
EUR										
1–3/2019	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>Net premiums earned</b>	<b>19,070,122</b>	<b>66,705,037</b>	<b>14,821,719</b>	<b>81,526,756</b>	<b>19,830,416</b>	<b>2,024,012</b>	<b>21,854,428</b>	<b>791,762</b>	<b>0</b>	<b>123,243,068</b>
Gross premiums written	32,768,090	97,134,354	18,917,866	116,052,220	19,946,122	2,047,017	21,993,139	791,762	0	171,605,211
Written premiums ceded to reinsurers and co-insurers	-634,372	-11,496,927	-2,238,902	-13,735,828	-53,218	-3,046	-56,264	0	0	-14,426,464
Change in gross unearned premiums	-12,545,091	-24,800,082	-2,623,083	-27,423,165	-58,397	-19,959	-78,356	0	0	-40,046,612
Change in unearned premiums, reinsurers' and co-insurers' shares	-518,505	5,867,691	765,838	6,633,529	-4,091	0	-4,091	0	0	6,110,933
<b>Investment income</b>	<b>2,552,217</b>	<b>1,596,908</b>	<b>576,582</b>	<b>2,173,490</b>	<b>1,187,742</b>	<b>230,035</b>	<b>1,417,777</b>	<b>439,812</b>	<b>0</b>	<b>6,583,297</b>
Interest income	600,752	982,165	560,773	1,542,939	1,108,276	200,943	1,309,219	132,067	0	3,584,977
Other investment income	1,951,465	614,743	15,809	630,552	79,466	29,093	108,558	307,745	0	2,998,320
<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>12,386,597</b>	<b>67</b>	<b>12,386,664</b>	<b>0</b>	<b>0</b>	<b>12,386,664</b>
<b>Other technical income</b>	<b>497,569</b>	<b>1,978,106</b>	<b>644,384</b>	<b>2,622,490</b>	<b>300,376</b>	<b>22,110</b>	<b>322,486</b>	<b>401,891</b>	<b>0</b>	<b>3,844,436</b>
Commission income	239,573	1,119,652	315,728	1,435,380	0	0	0	0	0	1,674,953
Other technical income	257,996	858,454	328,656	1,187,110	300,376	22,110	322,486	401,891	0	2,169,483
<b>Other income</b>	<b>199,708</b>	<b>701,368</b>	<b>283,153</b>	<b>984,521</b>	<b>43,928</b>	<b>12,771</b>	<b>56,699</b>	<b>907,284</b>	<b>659,783</b>	<b>2,807,994</b>
<b>Net claims incurred</b>	<b>-11,659,902</b>	<b>-38,882,185</b>	<b>-8,319,936</b>	<b>-47,202,123</b>	<b>-33,615,763</b>	<b>-1,068,314</b>	<b>-34,684,077</b>	<b>-212,724</b>	<b>0</b>	<b>-93,758,826</b>
Gross claims paid, net of income from recourse receivables	-15,222,632	-41,219,847	-8,189,476	-49,409,323	-33,123,509	-1,040,032	-34,163,541	-212,724	0	-99,008,220
Reinsurers' and co-insurers' shares	175,178	811,586	829,624	1,641,211	15,719	0	15,719	0	0	1,832,107
Change in the gross provision for outstanding claims	2,703,042	-304,355	-1,321,919	-1,626,274	-477,664	-28,286	-505,950	0	0	570,818
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	684,510	1,830,430	361,835	2,192,264	-30,310	4	-30,306	0	0	2,846,469
<b>Change in other technical provisions</b>	<b>-235,172</b>	<b>-215,242</b>	<b>-1,154,751</b>	<b>-1,369,993</b>	<b>13,041,273</b>	<b>-192,591</b>	<b>12,848,682</b>	<b>-582,272</b>	<b>0</b>	<b>10,661,245</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-5,732,793</b>	<b>-67</b>	<b>-5,732,860</b>	<b>0</b>	<b>0</b>	<b>-5,732,860</b>
<b>Expenses for bonuses and rebates</b>	<b>0</b>	<b>76,928</b>	<b>-22,757</b>	<b>54,171</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>54,171</b>
<b>Operating expenses</b>	<b>-6,007,502</b>	<b>-22,294,234</b>	<b>-7,221,125</b>	<b>-29,515,359</b>	<b>-4,977,218</b>	<b>-872,360</b>	<b>-5,849,578</b>	<b>-756,315</b>	<b>-434,176</b>	<b>-42,562,930</b>
Acquisition costs	-6,316,109	-6,782,756	-1,474,665	-8,257,421	-1,367,180	-129,331	-1,496,511	-3,387	0	-16,073,428
Change in deferred acquisition costs	1,291,341	672,584	599,017	1,271,601	-9,925	2,045	-7,880	0	0	2,555,062
Other operating expenses	-982,734	-16,184,062	-6,345,477	-22,529,539	-3,600,113	-745,074	-4,345,187	-752,928	-434,176	-29,044,564
<b>Expenses relating to investments in related parties</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-75,290</b>	<b>-75,290</b>
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	-75,290	-75,290
<b>Expenses for financial assets and liabilities</b>	<b>-34,215</b>	<b>-85,929</b>	<b>-38,072</b>	<b>-124,001</b>	<b>-47</b>	<b>-11,362</b>	<b>-11,409</b>	<b>-117,480</b>	<b>-5,147</b>	<b>-292,252</b>
Interest expense	-166	-12,269	-30,351	-42,620	0	-216	-216	-1,673	-5,147	-49,822
Other investment expenses	-34,049	-73,660	-7,721	-81,381	-47	-11,146	-11,193	-115,807	0	-242,430
<b>Other technical expenses</b>	<b>-44,513</b>	<b>-1,440,854</b>	<b>-1,091,226</b>	<b>-2,532,080</b>	<b>-77,583</b>	<b>-56,359</b>	<b>-133,942</b>	<b>-160,539</b>	<b>-3,505</b>	<b>-2,874,579</b>
<b>Other expenses</b>	<b>-110,773</b>	<b>-163,635</b>	<b>-52,164</b>	<b>-215,799</b>	<b>-491</b>	<b>-1,468</b>	<b>-1,959</b>	<b>-47,860</b>	<b>-33,704</b>	<b>-410,095</b>
<b>Profit or loss before tax</b>	<b>4,227,539</b>	<b>7,976,269</b>	<b>-1,574,193</b>	<b>6,402,075</b>	<b>2,386,435</b>	<b>86,474</b>	<b>2,472,909</b>	<b>663,559</b>	<b>107,961</b>	<b>13,874,043</b>
Income tax expense										-2,958,906
<b>Net profit or loss for the period</b>										<b>10,915,137</b>
<b>Net profit or loss attributable to owners of the controlling company</b>										<b>10,903,144</b>
<b>Net profit or loss attributable to non-controlling interests</b>										<b>11,993</b>

*Inter-segment business*

EUR	Reinsurance business		Non-life business		Life business		Pension business		Other	
	1-3/2020	1-3/2019	1-3/2020	1-3/2019	1-3/2020	1-3/2019	1-3/2020	1-3/2019	1-3/2020	1-3/2019
Gross premiums written	75,564,148	59,202,489	134,470,044	116,145,090	21,981,676	21,993,139	967,279	791,762	0	0
Net premiums written	40,176,655	32,768,090	134,378,692	116,052,220	21,981,676	21,993,139	967,279	791,762	0	0
Net claims incurred	-8,209,192	-8,036,254	-1,650,730	-1,596,137	0	0	0	2,326,383	0	0
Operating expenses	-3,717,285	-3,853,374	-365,810	-337,988	-169,635	-218,817	-70,505	-20,396	-204,331	-36,390
Investment income	24,535	18,987	0	5,217	0	0	0	0	0	0
Other technical income	92,154	85,881	3,759,500	3,884,148	157,700	3,643	0	0	298,286	287,234
Other income	0	0	5,479	6,949	0	0	0	3,462	2,095,244	1,953,288

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

### 7.8.1 Property, plant and equipment

#### *Movements in cost of and value adjustments to property, plant and equipment assets*

EUR	Land	Buildings	Equipment	Other property, plant and equipment assets	Total
<b>Cost</b>					
1 Jan 2020	5,630,201	55,121,213	25,334,980	465,576	86,551,970
Additions	0	977,780	429,795	3,809	1,411,384
Disposals	0	0	-968,858	0	-968,858
Exchange differences	-12,965	-85,323	-24,118	-295	-122,701
31 Mar 2020	5,617,236	56,013,671	24,771,799	469,090	86,871,794
<b>Accumulated depreciation and impairment losses</b>					
1 Jan 2020	0	-21,104,688	-17,592,037	-239,535	-38,936,260
Additions	0	-302,286	-560,741	-11,947	-874,974
Disposals	0	0	792,126	0	792,126
Exchange differences	0	21,437	20,705	3	42,145
31 Mar 2020	0	-21,385,537	-17,339,947	-251,479	-38,976,963
Carrying amount as at 1 Jan 2020	5,630,201	34,016,525	7,742,943	226,041	47,615,710
Carrying amount as at 31 Mar 2020	5,617,236	34,628,134	7,431,852	217,611	47,894,832

### 7.8.2 Financial investments in associates

Sava Insurance Group									
EUR	31 Dec 2019			Additions		Attributed profit or loss 1-3/2020	31 Mar 2020		
	Holding	Value	Share of voting rights (%)	Holding	Value		Holding	Value	Share of voting rights (%)
ZTSR	50.00%	41,303	50.00%	0.00%	13,500,000	-16,763	50.00%	13,524,540	50.00%
G2I	17.50%	539,801	25.00%	0.00%	0	-4,326	17.50%	535,475	25.00%
<b>Total</b>		<b>581,104</b>			<b>13,500,000</b>	<b>-21,089</b>		<b>14,060,016</b>	

EUR	31 Mar 2020	31 Dec 2019
<b>ZTSR</b>		
Value of assets	27,061,835	95,491
Liabilities	12,757	12,885
Equity	27,049,078	82,605
Income	0	48,300
Net profit or loss for the period	-33,526	-122,518
Part of the profit or loss attributable to the Group	-16,763	-61,258
<b>G2I</b>		
Value of assets	4,371,471	3,477,661
Liabilities	3,513,163	2,585,680
Equity	858,308	891,981
Income	1,202,971	3,045,607
Net profit or loss for the period	-27,804	37,350
Part of the profit or loss attributable to the Group	-4,326	5,565

### 7.8.3 Financial investments

At the end of the first quarter of 2020, financial investments totalled EUR 1,005.8 million, down EUR 59.1 million from year-end 2019. Compared to the end of last year, the asset mix changed

somewhat. Held-to-maturity assets shrank due to maturing investments, whereas assets at FVTPL, and assets of the loans and receivables category remained on a similar level.

*Financial investments as at 31 March 2020*

EUR	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
<b>31 Mar 2020</b>					
<b>Debt instruments</b>	<b>18,237,602</b>	<b>21,953,740</b>	<b>837,356,187</b>	<b>47,636,434</b>	<b>925,183,963</b>
Deposits and CDs	0	0	0	46,366,749	46,366,749
Government bonds	15,882,998	1,487,320	464,450,206	0	481,820,524
Corporate bonds	2,354,604	20,466,420	372,905,981	0	395,727,005
Loans granted	0	0	0	1,269,685	1,269,685
<b>Equity instruments</b>	<b>0</b>	<b>2,583,937</b>	<b>45,573,883</b>	<b>0</b>	<b>48,157,820</b>
Shares	0	577,263	14,362,711	0	14,939,974
Mutual funds	0	2,006,674	31,211,172	0	33,217,846
Investments in infrastructure funds	0	0	21,817,681	0	21,817,681
Investments in property funds	0	0	3,954,757	0	3,954,757
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	6,706,648	6,706,648
<b>Total</b>	<b>18,237,602</b>	<b>24,537,677</b>	<b>908,702,508</b>	<b>54,343,082</b>	<b>1,005,820,869</b>

*Financial investments as at 31 December 2019*

EUR	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
<b>31 Dec 2019</b>					
<b>Debt instruments</b>	<b>41,586,644</b>	<b>22,984,531</b>	<b>871,005,933</b>	<b>46,274,618</b>	<b>981,851,726</b>
Deposits and CDs	0	1,596,183	0	45,071,751	46,667,934
Government bonds	39,556,443	2,764,926	497,082,775	0	539,404,144
Corporate bonds	2,030,201	18,623,422	373,923,158	0	394,576,781
Loans granted	0	0	0	1,202,867	1,202,867
<b>Equity instruments</b>	<b>0</b>	<b>3,275,847</b>	<b>48,498,622</b>	<b>0</b>	<b>51,774,469</b>
Shares	0	647,824	16,855,902	0	17,503,726
Mutual funds	0	2,628,023	31,642,720	0	34,270,743
Investments in infrastructure funds	0	0	20,159,022	0	20,159,022
Investments in property funds	0	0	4,000,000	0	4,000,000
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,089,021	7,089,021
<b>Total</b>	<b>41,586,644</b>	<b>26,260,378</b>	<b>943,663,578</b>	<b>53,363,639</b>	<b>1,064,874,239</b>

## 7.8.4 Assets held for the benefit of policyholders who bear the investment risk

### *Assets held for the benefit of policyholders who bear the investment risk as at 31 March 2020*

EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
<b>31 Mar 2020</b>					
<b>Debt instruments</b>	<b>6,091,707</b>	<b>2,156,858</b>	<b>67,194,867</b>	<b>4,002,954</b>	<b>79,446,386</b>
Deposits and CDs	0	0	0	4,002,954	4,002,954
Government bonds	1,608,048	0	38,099,573	0	39,707,621
Corporate bonds	4,483,659	2,156,858	29,095,294	0	35,735,811
<b>Equity instruments</b>	<b>0</b>	<b>105,065,625</b>	<b>3,215,361</b>	<b>0</b>	<b>108,280,986</b>
Mutual funds	0	105,065,625	3,215,361	0	108,280,986
<b>Total</b>	<b>6,091,707</b>	<b>107,222,483</b>	<b>70,410,228</b>	<b>4,002,954</b>	<b>187,727,373</b>

### *Assets held for the benefit of policyholders who bear the investment risk as at 31 December 2019*

Sava Insurance Group					
EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
<b>31 Dec 2019</b>					
<b>Debt instruments</b>	<b>6,444,636</b>	<b>1,823,699</b>	<b>71,068,660</b>	<b>4,000,954</b>	<b>83,337,949</b>
Deposits and CDs	0	0	0	4,000,954	4,000,954
Government bonds	1,904,811	0	38,796,630	0	40,701,441
Corporate bonds	4,539,825	1,823,699	32,272,030	0	38,635,554
<b>Equity instruments</b>	<b>0</b>	<b>126,437,769</b>	<b>3,384,170</b>	<b>0</b>	<b>129,821,939</b>
Mutual funds	0	126,437,769	3,384,170	0	129,821,939
<b>Total</b>	<b>6,444,636</b>	<b>128,261,468</b>	<b>74,452,830</b>	<b>4,000,954</b>	<b>213,159,889</b>

## 7.8.5 Reinsurers' share of technical provisions

EUR	31 Mar 2020	31 Dec 2019
From unearned premiums	22,145,608	10,705,397
From provisions for claims outstanding	30,057,085	27,915,142
<b>Total</b>	<b>52,202,693</b>	<b>38,620,539</b>

The reinsurers' share of unearned premiums increased by EUR 11.4 million, which partly stems from seasonal movements – set aside for contracts effective as of 1 January 2020. The reinsurers' share of claims provisions grew by EUR 2.1 million, attributable to certain large reinsurance claims of the Slovenian non-life portfolio.

## 7.8.6 Investment contract assets

Investment contract assets shrank by EUR 4.9 million compared to year-end 2019, chiefly because of the negative return realised in the first three months of 2020.

## 7.8.7 Receivables

Receivables grew by EUR 36.3 million compared to the balance as at year-end 2019, chiefly due to the annual renewal of insurance contracts with legal entities but partly also because of the annual renewal of reinsurance contracts with cedants and the dynamics of assessing reinsurance business.

## Receivables by type

EUR	31 Mar 2020			31 Dec 2019		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	194,056,613	-23,024,514	171,032,099	160,675,555	-23,040,976	137,634,579
Receivables due from insurance brokers	3,702,625	-844,186	2,858,439	2,640,726	-964,939	1,675,787
Other receivables arising out of primary insurance business	1,314,602	-131,757	1,182,845	766,506	-122,516	643,990
<b>Receivables arising out of primary insurance business</b>	<b>199,073,840</b>	<b>-24,000,457</b>	<b>175,073,383</b>	<b>164,082,787</b>	<b>-24,128,431</b>	<b>139,954,356</b>
Receivables for shares in claims	6,067,476	-177,656	5,889,820	5,928,753	-177,662	5,751,091
Other receivables arising out of co-insurance and reinsurance business	2,319,065	0	2,319,065	983,473	0	983,473
<b>Receivables arising out of reinsurance and co-insurance business</b>	<b>8,386,541</b>	<b>-177,656</b>	<b>8,208,885</b>	<b>6,912,226</b>	<b>-177,662</b>	<b>6,734,564</b>
<b>Current tax assets</b>	<b>3,505,366</b>	<b>0</b>	<b>3,505,366</b>	<b>3,002,507</b>	<b>0</b>	<b>3,002,507</b>
Other short-term receivables arising out of insurance business	19,828,335	-17,481,561	2,346,774	20,113,224	-17,646,665	2,466,559
Receivables arising out of investments	2,388,174	-1,220,988	1,167,186	2,384,139	-1,226,600	1,157,539
Other receivables	6,666,126	-1,279,016	5,387,110	7,351,916	-1,253,524	6,098,392
<b>Other receivables</b>	<b>28,882,635</b>	<b>-19,981,565</b>	<b>8,901,070</b>	<b>29,849,279</b>	<b>-20,126,789</b>	<b>9,722,490</b>
<b>Total</b>	<b>239,848,382</b>	<b>-44,159,678</b>	<b>195,688,704</b>	<b>203,846,799</b>	<b>-44,432,882</b>	<b>159,413,917</b>

## Movements in allowance for receivables

EUR	1 Jan 2020	Additions	Collection	Write-offs	Exchange differences	31 Mar 2020
<b>31 Mar 2020</b>						
Receivables due from policyholders	-23,040,976	-479,543	197,268	276,517	22,220	-23,024,514
Receivables due from insurance brokers	-964,939	-8,572	127,311	0	2,014	-844,186
Other receivables arising out of primary insurance business	-122,516	-9,868	0	0	627	-131,757
<b>Receivables arising out of primary insurance business</b>	<b>-24,128,431</b>	<b>-497,983</b>	<b>324,579</b>	<b>276,517</b>	<b>24,861</b>	<b>-24,000,457</b>
Receivables for shares in claims	-177,662	0	0	0	6	-177,656
<b>Receivables arising out of reinsurance and co-insurance business</b>	<b>-177,662</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>-177,656</b>
Other short-term receivables arising out of insurance business	-17,646,665	-93,621	150	244,806	13,769	-17,481,561
Receivables arising out of investments	-1,226,600	0	1,967	0	3,645	-1,220,988
Other short-term receivables	-1,253,524	-62,216	35,251	135	1,338	-1,279,016
<b>Other receivables</b>	<b>-20,126,789</b>	<b>-155,837</b>	<b>37,368</b>	<b>244,941</b>	<b>18,752</b>	<b>-19,981,565</b>
<b>Total</b>	<b>-44,432,882</b>	<b>-653,820</b>	<b>361,947</b>	<b>521,458</b>	<b>43,619</b>	<b>-44,159,678</b>

### Receivables ageing analysis

EUR					
31 Mar 2020	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	134,145,327	25,770,919	4,031,340	7,084,509	171,032,099
Receivables due from insurance brokers	2,130,928	705,106	4,140	18,268	2,858,439
Other receivables arising out of primary insurance business	724,594	375,682	19,337	63,234	1,182,845
<b>Receivables arising out of primary insurance business</b>	<b>137,000,849</b>	<b>26,851,707</b>	<b>4,054,817</b>	<b>7,166,011</b>	<b>175,073,383</b>
Receivables for reinsurers' shares in claims	4,127,905	908,875	235,957	617,088	5,889,820
Other receivables arising out of co-insurance and reinsurance business	2,210,264	42,806	33,781	32,214	2,319,065
<b>Receivables arising out of reinsurance and co-insurance business</b>	<b>6,338,169</b>	<b>951,681</b>	<b>269,738</b>	<b>649,302</b>	<b>8,208,885</b>
<b>Current tax assets</b>	<b>3,505,366</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,505,366</b>
Other short-term receivables arising out of insurance business	790,212	686,573	244,852	625,136	2,346,774
Short-term receivables arising out of financing	1,144,198	1,316	1,957	19,716	1,167,186
Other short-term receivables	5,081,341	194,037	37,546	74,185	5,387,110
<b>Other receivables</b>	<b>7,015,751</b>	<b>881,926</b>	<b>284,355</b>	<b>719,037</b>	<b>8,901,070</b>
<b>Total</b>	<b>153,860,135</b>	<b>28,685,314</b>	<b>4,608,910</b>	<b>8,534,350</b>	<b>195,688,704</b>

EUR					
31 Dec 2019	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	95,758,889	31,644,784	3,874,248	6,356,658	137,634,579
Receivables due from insurance brokers	587,073	1,065,597	4,254	18,863	1,675,787
Other receivables arising out of primary insurance business	541,983	18,497	29,979	53,531	643,990
<b>Receivables arising out of primary insurance business</b>	<b>96,887,945</b>	<b>32,728,878</b>	<b>3,908,481</b>	<b>6,429,052</b>	<b>139,954,356</b>
Receivables for reinsurers' shares in claims	4,379,202	692,022	358,812	321,055	5,751,091
Other receivables arising out of co-insurance and reinsurance business	870,233	71,068	38,580	3,592	983,473
<b>Receivables arising out of reinsurance and co-insurance business</b>	<b>5,249,435</b>	<b>763,090</b>	<b>397,392</b>	<b>324,647</b>	<b>6,734,564</b>
<b>Current tax assets</b>	<b>3,002,507</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,002,507</b>
Other short-term receivables arising out of insurance business	503,612	1,109,979	234,679	618,289	2,466,559
Short-term receivables arising out of financing	1,107,957	1,423	2,474	45,685	1,157,539
Other short-term receivables	5,205,345	805,882	23,284	63,881	6,098,392
<b>Other receivables</b>	<b>6,816,914</b>	<b>1,917,284</b>	<b>260,437</b>	<b>727,855</b>	<b>9,722,490</b>
<b>Total</b>	<b>111,956,801</b>	<b>35,409,252</b>	<b>4,566,310</b>	<b>7,481,554</b>	<b>159,413,917</b>

## 7.8.8 Cash and cash equivalents

EUR	31 Mar 2020	31 Dec 2019
Cash in hand	25,052	18,284
Cash in bank accounts	54,380,298	32,260,496
Cash equivalents	59,301,310	61,525,251
<b>Total</b>	<b>113,706,660</b>	<b>93,804,031</b>

Compared to year-end 2019, the balance of cash and cash equivalents increased by EUR 19.9 million. The balance of cash and cash equivalents at the end of the year was higher because of the lack of favourable reinvestment opportunities in financial markets. Proceeds from maturities and disposals were not fully reinvested but held in transaction accounts.

## 7.8.9 Fair value reserve

The fair value reserve comprises the change in fair value of available-for-sale financial assets.

The decline in the fair value reserve is mainly the result of the fall in the market prices of available-for-sale assets valued through the fair value reserve.

EUR	2020	2019
<b>As at 1 January</b>	<b>20,718,610</b>	<b>11,613,059</b>
Change in fair value	-20,273,507	11,353,956
Transfer from fair value reserve to the IS due to disposal	-839,082	-479,329
Deferred tax	3,851,718	-1,769,074
<b>Total fair value reserve</b>	<b>3,457,739</b>	<b>20,718,610</b>

## 7.8.10 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 31 March 2019, the parent company held 1,721,966 own shares, which are subtracted when calculating the weighted average number of shares.

### *Earnings or loss per share*

EUR	1-3/2020	1-3/2019
Net profit or loss for the period	10,301,851	10,915,137
Net profit or loss for the period attributable to owners of the controlling company	10,245,058	10,903,144
Weighted average number of shares	15,497,696	15,497,696
<b>Earnings or loss per share</b>	<b>0.66</b>	<b>0.70</b>

### *Comprehensive income per share*

EUR	1-3/2020	1-3/2019
Comprehensive income for the period	-7,292,944	17,512,503
Comprehensive income for the period attributable to owners of the controlling company	-7,346,626	17,498,991
Weighted average number of shares	15,497,696	15,497,696
<b>Comprehensive income per share</b>	<b>-0.47</b>	<b>1.13</b>

## 7.8.11 Subordinated liabilities

In October 2019, Sava Re issued subordinated bonds with a scheduled maturity of 2039, ISIN code XS2063427574 and with an early recall option for 7 November 2029.

The total issue size is EUR 75 million. Until the early recall option of the bond, the annual interest rate is fixed at 3.75% and the coupon is payable annually. If the issuer does not exercise the early recall option, the annual interest rate after the date of the early recall will be 4.683% over the three-month Euribor, with coupons payable quarterly.

The bond is admitted to trading on the regulated market of the Luxembourg Stock Exchange. As at 31 March 2020, the market price of the bond was 100.4470% (market value EUR 76,376,546.60).

The effective interest rate on the bond issued (calculated from the early recall option) is 3.86%.

#### 7.8.12 Technical provisions

Technical provisions increased by EUR 32.6 million, or 3.5%, compared to 31 December 2019. The largest increase was recorded in gross unearned premiums (EUR 45.4 million) and mainly relates to the establishment of high unearned premiums for coverages for which the annual premiums were accounted for at the inception of the coverage and partly to the growth in non-life insurance business. The gross provision for outstanding claims shrank by EUR 0.8 million, the amount by which uses, releases and exchange differences exceeded provisions newly set aside. The gross provision for traditional life policies decreased by EUR 12.9 million because the decline due to maturity benefits exceeded growth owing to growth in the portfolio of traditional life insurance business, including pension annuity business in the distribution phase. The gross provisions relating to unit-linked business shrank by EUR 30.2 million due to payouts and falling fund unit prices.

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

EUR	1 Jan 2020	Additions	Uses and releases	Exchange differences	31 Mar 2020
Gross unearned premiums	207,895,397	125,133,198	-79,296,131	-429,998	253,302,466
Technical provisions for life insurance business	211,877,103	6,478,010	-19,343,372	-14,978	198,996,763
Gross provision for outstanding claims	502,914,277	87,616,953	-86,894,956	-1,477,400	502,158,874
Gross provision for bonuses, rebates and cancellations	1,234,753	198,052	-251,714	-272	1,180,819
Other gross technical provisions	10,031,179	5,908,442	-5,068,284	-2,267	10,869,070
<b>Total</b>	<b>933,952,709</b>	<b>225,334,655</b>	<b>-190,854,457</b>	<b>-1,924,915</b>	<b>966,507,992</b>
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	220,613,698	4,055,997	-34,229,016	0	190,440,679

#### 7.8.13 Investment contract liabilities

Investment contract liabilities related to Sava Pokojninska and totalled EUR 146.2 million as at 31 March 2020, down 3.2% or EUR 4.8 million from year-end 2019. Their movement is in line with the investment contract assets, driven largely by new premium contributions, payouts and changes in the unit prices of funds, which fell in the three months of the year.

#### 7.8.14 Liabilities from operating activities

Liabilities from operating activities rose by EUR 13.6 million from year-end 2019, primarily as the result of the renewal of annual reinsurance contracts and consequently higher liabilities from reinsurance and co-insurance business, which increased by EUR 9.9 million.

EUR	31 Mar 2020	31 Dec 2019
Liabilities to policyholders	17,809,897	16,711,456
Liabilities to insurance intermediaries	5,527,802	5,141,808
Other liabilities from primary insurance business	30,158,557	28,503,734
<b>Liabilities from primary insurance business</b>	<b>53,496,256</b>	<b>50,356,998</b>
Liabilities for reinsurance and co-insurance premiums	18,989,771	9,138,599
Liabilities for shares in reinsurance claims	159,604	153,892
Other liabilities from co-insurance and reinsurance business	19,840	7,946
<b>Liabilities from reinsurance and co-insurance business</b>	<b>19,169,215</b>	<b>9,300,437</b>
<b>Current income tax liabilities</b>	<b>2,228,105</b>	<b>1,633,114</b>
<b>Total</b>	<b>74,893,576</b>	<b>61,290,549</b>

EUR 31 Mar 2020	Maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	0	17,809,897	17,809,897
Liabilities to insurance intermediaries	3,131	5,524,671	5,527,802
Other liabilities from primary insurance business	8,666	30,149,891	30,158,557
<b>Liabilities from primary insurance business</b>	<b>11,797</b>	<b>53,484,459</b>	<b>53,496,256</b>
Liabilities for reinsurance and co-insurance premiums	2,493	18,987,278	18,989,771
Liabilities for shares in reinsurance claims	0	159,604	159,604
Other liabilities from co-insurance and reinsurance business	0	19,840	19,840
<b>Liabilities from reinsurance and co-insurance business</b>	<b>2,493</b>	<b>19,166,722</b>	<b>19,169,215</b>
<b>Current income tax liabilities</b>	<b>0</b>	<b>2,228,105</b>	<b>2,228,105</b>
<b>Total</b>	<b>14,290</b>	<b>74,879,286</b>	<b>74,893,576</b>

EUR 31 Dec 2019	Maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	0	16,711,456	16,711,456
Liabilities to insurance intermediaries	3,087	5,138,721	5,141,808
Other liabilities from primary insurance business	5,009	28,498,725	28,503,734
<b>Liabilities from primary insurance business</b>	<b>8,096</b>	<b>50,348,902</b>	<b>50,356,998</b>
Liabilities for reinsurance and co-insurance premiums	2,497	9,136,102	9,138,599
Liabilities for shares in reinsurance claims	0	153,892	153,892
Other liabilities from co-insurance and reinsurance business	0	7,946	7,946
<b>Liabilities from reinsurance and co-insurance business</b>	<b>2,497</b>	<b>9,297,940</b>	<b>9,300,437</b>
<b>Current income tax liabilities</b>	<b>0</b>	<b>1,633,114</b>	<b>1,633,114</b>
<b>Total</b>	<b>10,593</b>	<b>61,279,956</b>	<b>61,290,549</b>

## 7.8.15 Fair values of assets and liabilities

### Financial assets measured at fair value by level of the fair value hierarchy as at 31 March 2020

EUR 31/03/2020	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>933,240,185</b>	<b>725,027,885</b>	<b>160,334,470</b>	<b>47,493,919</b>	<b>932,856,274</b>	<b>-383,911</b>
<i>FVTPL</i>	<i>24,537,677</i>	<i>4,992,271</i>	<i>16,997,940</i>	<i>1,735,705</i>	<i>23,725,916</i>	<i>-811,761</i>
<i>Designated to this category</i>	<i>24,537,677</i>	<i>4,992,271</i>	<i>16,997,940</i>	<i>1,735,705</i>	<i>23,725,916</i>	<i>-811,761</i>
Debt instruments	21,953,740	2,985,597	16,432,220	1,724,162	21,141,979	-811,761
Equity instruments	2,583,937	2,006,674	565,720	11,543	2,583,937	0
<i>Available-for-sale</i>	<i>908,702,508</i>	<i>720,035,614</i>	<i>143,336,530</i>	<i>45,758,214</i>	<i>909,130,358</i>	<i>427,850</i>
Debt instruments	837,356,187	688,814,456	131,196,645	17,791,354	837,802,455	446,268
Equity instruments	45,573,883	31,221,158	12,139,885	2,212,840	45,573,883	0
Investments in infrastructure funds	21,817,681	0	0	21,817,681	21,817,681	0
Investments in property funds	3,954,757	0	0	3,936,339	3,936,339	-18,418
<b>Investments for the benefit of life policyholders who bear the investment risk</b>	<b>177,632,712</b>	<b>173,699,983</b>	<b>3,932,729</b>	<b>0</b>	<b>177,632,712</b>	<b>0</b>
<b>Investments not measured at fair value</b>	<b>72,580,683</b>	<b>13,777,793</b>	<b>6,842,362</b>	<b>55,154,753</b>	<b>75,774,908</b>	<b>3,194,225</b>
<i>Held-to-maturity assets</i>	<i>18,237,602</i>	<i>13,777,793</i>	<i>6,842,362</i>	<i>811,672</i>	<i>21,431,827</i>	<i>3,194,225</i>
Debt instruments	18,237,602	13,777,793	6,842,362	811,672	21,431,827	3,194,225
<i>Loans and receivables</i>	<i>54,343,082</i>	<i>0</i>	<i>0</i>	<i>54,343,081</i>	<i>54,343,081</i>	<i>0</i>
Deposits	46,366,748	0	0	46,366,748	46,366,748	0
Loans granted	1,269,685	0	0	1,269,685	1,269,685	0
Deposits with cedants	6,706,648	0	0	6,706,648	6,706,648	0
<b>Investments for the benefit of life policyholders who bear the investment risk</b>	<b>10,094,661</b>	<b>6,406,564</b>	<b>0</b>	<b>4,002,954</b>	<b>10,409,518</b>	<b>314,857</b>
<b>Total investments</b>	<b>1,005,820,869</b>	<b>738,805,678</b>	<b>167,176,832</b>	<b>102,648,672</b>	<b>1,008,631,182</b>	<b>2,810,314</b>
<b>Total investments for the benefit of life policyholders who bear the investment risk</b>	<b>187,727,373</b>	<b>180,106,547</b>	<b>3,932,729</b>	<b>4,002,954</b>	<b>188,042,230</b>	<b>314,857</b>

### Financial assets measured at fair value by level of the fair value hierarchy as at 31 December 2019

EUR 31 Dec 2019	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>969,923,955</b>	<b>759,148,773</b>	<b>165,450,052</b>	<b>45,325,130</b>	<b>969,923,955</b>	<b>0</b>
<i>At fair value through P/L</i>	<i>26,260,378</i>	<i>5,991,532</i>	<i>18,585,312</i>	<i>1,683,534</i>	<i>26,260,378</i>	<i>0</i>
<i>Designated to this category</i>	<i>26,260,378</i>	<i>5,991,532</i>	<i>18,585,312</i>	<i>1,683,534</i>	<i>26,260,378</i>	<i>0</i>
Debt instruments	22,984,531	3,363,509	17,949,066	1,671,956	22,984,531	0
Equity instruments	3,275,847	2,628,023	636,246	11,578	3,275,847	0
<i>Available-for-sale</i>	<i>943,663,578</i>	<i>753,157,241</i>	<i>146,864,740</i>	<i>43,641,596</i>	<i>943,663,577</i>	<i>0</i>
Debt instruments	871,005,933	721,504,536	132,260,355	17,241,042	871,005,933	0
Equity instruments	48,498,622	31,652,705	14,604,385	2,241,532	48,498,622	0
Investments in infrastructure funds	20,159,022	0	0	20,159,022	20,159,022	0
Investments in property funds	4,000,000	0	0	4,000,000	4,000,000	0
<b>Investments for the benefit of policyholders who bear the investment risk</b>	<b>202,714,299</b>	<b>198,183,199</b>	<b>4,531,100</b>	<b>0</b>	<b>202,714,299</b>	<b>0</b>
<b>Investments not measured at fair value</b>	<b>94,950,283</b>	<b>35,542,413</b>	<b>16,735,930</b>	<b>45,695,843</b>	<b>97,974,186</b>	<b>3,023,903</b>
<i>Held-to-maturity assets</i>	<i>41,586,644</i>	<i>35,542,413</i>	<i>9,068,134</i>	<i>0</i>	<i>44,610,547</i>	<i>3,023,903</i>
Debt instruments	41,586,644	35,542,413	9,068,134	0	44,610,547	3,023,903
<i>Loans and receivables</i>	<i>53,363,639</i>	<i>0</i>	<i>7,667,796</i>	<i>45,695,843</i>	<i>53,363,639</i>	<i>0</i>
Deposits	45,071,751	0	0	45,071,751	45,071,751	0
Loans granted	1,202,867	0	578,775	624,092	1,202,867	0
Deposits with cedants	7,089,021	0	7,089,021	0	7,089,021	0
<b>Investments for the benefit of policyholders who bear the investment risk</b>	<b>10,445,590</b>	<b>6,916,526</b>	<b>0</b>	<b>4,000,954</b>	<b>10,917,480</b>	<b>471,890</b>
<b>Total investments</b>	<b>1,064,874,239</b>	<b>794,691,186</b>	<b>182,185,982</b>	<b>91,020,973</b>	<b>1,067,898,141</b>	<b>3,023,903</b>
<b>Total investments for the benefit of life policyholders who bear the investment risk</b>	<b>213,159,889</b>	<b>205,099,725</b>	<b>4,531,100</b>	<b>4,000,954</b>	<b>213,631,779</b>	<b>471,890</b>

### Movements in level 3 FVTPL financial assets

EUR	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in property funds	
	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019	31 Mar 2020	31 Dec 2019
<b>Opening balance</b>	<b>18,912,998</b>	<b>15,250,825</b>	<b>2,253,110</b>	<b>2,401,281</b>	<b>20,159,022</b>	<b>5,264,540</b>	<b>4,000,000</b>	<b>0</b>
Additions	470,274	3,949,569	0	11,578	1,578,083	17,513,526	0	4,001,949
Disposals	0	-739,638	0	-163,700	0	-2,164,017	0	0
Maturities	0	-377,000	0	0	0	0	0	0
Revaluation to fair value	132,244	829,241	-28,727	3,951	80,576	-455,028	-63,661	-1,949
<b>Closing balance</b>	<b>19,515,516</b>	<b>18,912,998</b>	<b>2,224,383</b>	<b>2,253,110</b>	<b>21,817,681</b>	<b>20,159,022</b>	<b>3,936,339</b>	<b>4,000,000</b>

*Reclassification of assets and financial liabilities between levels in the period 1–3/2020*

EUR	Level 1	Level 2
<b>FVTPL</b>	<b>-100,620</b>	<b>100,620</b>
<i>Designated to this category</i>	<i>-100,620</i>	<i>100,620</i>
Debt instruments	-100,620	100,620
<b>Available for sale</b>	<b>-4,399,444</b>	<b>1,112,854</b>
Debt instruments	-4,399,444	1,112,854
<b>Total</b>	<b>-4,500,064</b>	<b>1,213,474</b>

The Group primarily measures its OTC debt assets based on BID CBBT prices representing unadjusted quoted prices, thus meeting the criteria for classification into level 1. Level 1 also includes mutual fund assets and listed securities that satisfy the active market requirement.

## 8 Related-party transactions

The Group makes separate disclosures for the following groups of related parties:

- owners and related enterprises;
- key management personnel: management board and supervisory board, including its committees
- subsidiary companies;
- associates.

### Owners and related enterprises

The Group's largest shareholder is Slovenian Sovereign Holding with a 17.7% stake.

### Management board and supervisory board, including its committees

Fixed remuneration of management board members for performing their function in the first three months of 2020 totalled EUR 177,281 (1–3/2019: EUR 148,910), and variable remuneration in the first three months totalled EUR 205,476 (1–3/2019: 0). Benefits in kind were EUR 8,443 (1–3/2019: EUR 10,558).

#### *Remuneration of management board members in 1–3/2020*

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	47,550	55,536	51	1,434	104,571
Jošt Dolničar	42,780	49,980	1,311	1,191	95,262
Srečko Čebren	44,171	49,980	1,305	921	96,377
Polona Pirš Zupančič	42,780	49,980	1,305	925	94,990
<b>Total</b>	<b>177,281</b>	<b>205,476</b>	<b>3,972</b>	<b>4,471</b>	<b>391,200</b>

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

EUR	31 Mar 2020	31 Dec 2019
Marko Jazbec	13,350	16,500
Jošt Dolničar	11,880	14,850
Srečko Čebren	12,681	15,516
Polona Pirš Zupančič	11,880	14,850
<b>Total</b>	<b>49,791</b>	<b>61,716</b>

*Remuneration of supervisory board members and the members of its committees in 1–3/2020*

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
<b>Supervisory board members</b>					
Mateja Lovšin Herič	chair	550	4,875	0	5,425
Keith William Morris	deputy chair	550	3,575	840	4,965
Gorazd Andrej Kunstek	member of the SB	550	3,250	0	3,800
Mateja Živec	member of the SB	550	3,250	0	3,800
Davor Ivan Gjivoje	member of the SB	550	3,250	3,840	7,640
Andrej Kren	member of the SB	550	3,250	33	3,833
<b>Total supervisory board members</b>		<b>3,300</b>	<b>21,450</b>	<b>4,713</b>	<b>29,463</b>
<b>Audit committee members</b>					
Andrej Kren	chairman	660	1,219	33	1,912
Mateja Lovšin Herič	member	660	812	0	1,472
Ignac Dolenšek	external member	0	4,238	20	4,258
<b>Total audit committee members</b>		<b>1,320</b>	<b>6,269</b>	<b>53</b>	<b>7,642</b>
<b>Members of the nominations and remuneration committee</b>					
Mateja Lovšin Herič	chair	440	1,219	0	1,659
Keith William Morris	member	440	812	420	1,672
Davor Ivan Gjivoje	member	220	812	1,920	2,952
Andrej Kren	member	440	812	0	1,252
<b>Total nominations committee members</b>		<b>1,540</b>	<b>3,655</b>	<b>2,340</b>	<b>7,535</b>
<b>Members of the risk committee</b>					
Keith William Morris	chair	220	1,219	420	1,859
Davor Ivan Gjivoje	member	220	812	1,920	2,952
Slaven Mičković	external member	0	1,463	0	1,463
<b>Total risk committee members</b>		<b>440</b>	<b>3,494</b>	<b>2,340</b>	<b>6,274</b>
<b>Members of the fit &amp; proper committee</b>					
Mateja Živec	chair	220	1,219	0	1,439
Keith William Morris	member	220	812	420	1,452
Rok Saje	external member	440	812	0	1,252
Andrej Kren	alternate member	440	812	0	1,252
<b>Total members of the fit &amp; proper committee</b>		<b>1,320</b>	<b>3,655</b>	<b>420</b>	<b>5,395</b>

As at 31 March 2020, the Company had no liabilities due to any members of the supervisory board or its committees.

## Transactions with subsidiaries

### Investments in and amounts due from Group companies

EUR	31 Mar 2020	31 Dec 2019
Loans granted to Group companies	6,150,808	3,637,532
Receivables for premiums arising out of reinsurance assumed	36,536,689	21,227,908
Short-term receivables arising out of financing	3,380	2,939
Other short-term receivables	133,833	50,336
Short-term deferred acquisition costs	3,106,942	941,701
<b>Total</b>	<b>45,931,653</b>	<b>25,860,416</b>

### Liabilities to Group companies

EUR	31 Mar 2020	31 Dec 2019
Liabilities for shares in reinsurance claims due to Group companies	8,442,479	8,658,814
Other liabilities from co-insurance and reinsurance	6,726,008	4,483,248
Other short-term liabilities	2,211	3,533
<b>Total (excluding provisions)</b>	<b>15,170,697</b>	<b>13,145,595</b>

### Income and expenses relating to Group companies

EUR	1–3/2020	1–3/2019
Gross premiums written	35,387,493	26,434,399
Change in gross unearned premiums	-15,374,221	-10,460,528
Gross claims paid	-8,463,744	-8,340,027
Change in the gross provision for outstanding claims	-3,167,438	-911,880
Income from gross recourse receivables	254,552	303,773
Other operating expenses	-31,086	-39,801
Dividend income	0	34,387,908
Interest income	24,535	18,987
Acquisition costs	-5,851,441	-4,808,511
Change in deferred acquisition costs	2,165,241	994,938
Other technical income	92,154	85,881
<b>Total</b>	<b>5,036,045</b>	<b>37,665,139</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	31 Mar 2020	31 Dec 2019
Interests in companies	6,501,909	8,013,877
Debt securities and loans	108,268,924	112,723,578
Receivables due from policyholders	2,029,462	147,237
<b>Total</b>	<b>116,800,294</b>	<b>120,884,693</b>

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

EUR	31 Mar 2020	31 Dec 2019
Liabilities for shares in claims	192	1,093
<b>Total</b>	<b>192</b>	<b>1,093</b>

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

EUR	1-3/2020	1-3/2019
Gross premiums written	10,430,553	3,268,002
Gross claims paid	-772,623	-1,546,309
Dividend income	0	0
Interest income	498,602	1,025,758
Other investment income	264,979	0
<b>Total</b>	<b>10,421,510</b>	<b>2,747,451</b>

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

*Characteristics of loans granted to subsidiaries*

Sava Re				
Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Neživotno Osiguranje (Serbia)	500,000	ordinary	15/07/2021	2.30%
Sava Neživotno Osiguranje (Serbia)	800,000	ordinary	15/07/2020	3.00%
Illyria	642,000	ordinary	15/07/2022	3.00%
Illyria	400,000	ordinary	15/07/2020	1.20%
Illyria	500,000	subordinated	26 Jul 2029	3.00%
Sava Životno Osiguranje (Serbia)	770,000	ordinary	15 Jan 2020	0.90%
Sava Životno Osiguranje (Serbia)	2,500,000	ordinary	15/01/2021	0.90%
<b>Total</b>	<b>6,112,000</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. 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>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>Financial risk.</b> It comprises the risk of failure to achieve the guaranteed return, interest rate risk, equity risk, risk of alternative investments, currency risk, liquidity risk and credit risk.
<b>FOS business.</b> Freedom of Services business. Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.
<b>FVTPL.</b> Financial instruments measured at fair value through profit or loss.
<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>Operating revenues.</b> Total income less investment income.
<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>Reserve risk.</b> Risk that technical provisions are not sufficient to cover the commitments of the (re)insurance business assumed.
<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,

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set out in the reinsurance contract. In proportional reinsurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention is usually a monetary amount of loss, a percentage of loss or a loss-to-premium ratio.

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

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

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**Return on revenue (ROR).** Ratio of net profit for the year to operating revenues.

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**Return on the investment portfolio.** 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.

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**Risk appetite.** 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.

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**Risk register.** Catalogue of all identified risks maintained regularly updated by the Company.

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**Solvency capital requirement (SCR).** 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.

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**Solvency ratio.** 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.

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**Standard formula.** Formulas laid down by Solvency II regulations for the calculation of the Solvency Capital Requirement.

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**Strategic risk.** 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.

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

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**Transaction currency.** The currency in which reinsurance contract transactions are processed.

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**Underwriting process risk.** Risk of financial loss due to incorrect selection and approval of risks to be (re)insured.

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

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**Underwriting risk.** Risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions. Underwriting risk comprises underwriting process risk, pricing risk, claims risk, retention risk and reserving risk.

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**Unearned premiums.** The portion of premiums written that applies to the unexpired portion of the policy period and is attributable to and recognised as income in future years.

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