



Translation of the

**Unaudited financial report  
of the Sava Insurance Group and  
financial statements of Sava Re d.d.  
for the three months to 31 March 2019**

Ljubljana, 7 May 2019



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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 Sava Re d.d. for the three months to 31 March 2019”, also available from the Company’s website, at [www.sava-re.si](http://www.sava-re.si), as from 16 May 2019.

## *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 2018. The interim financial statements have not been audited.

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



Marko Jazbec, Chairman of the Management Board



Srečko Čebren, Member of the Management Board



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board

Ljubljana, 7 May 2019



## 1.1 Key financials

(EUR, except percentages)	Sava Insurance Group		Sava Re	
	1–3/2019	1–3/2018	1–3/2019	1–3/2018
<b>Total of all operating segments</b>				
<b>Operating revenue</b>	<b>130,560,289</b>	<b>121,753,857</b>	<b>32,483,354</b>	<b>32,243,116</b>
Year-on-year change	7.2%	5.2%	0.7%	17.6%
<b>Gross premiums written</b>	<b>171,605,211</b>	<b>166,968,540</b>	<b>59,202,488</b>	<b>56,757,489</b>
Year-on-year change	2.8%	4.4%	4.3%	1.4%
Net return on revenue (net result / total income other than investment and commission income), excluding the effect of exchange differences	8.4%	3.8%	123.3%	47.8%
Net expense ratio, including all income other than from investing and excluding the effect of exchange differences	31.8%	33.4%	34.1%	33.6%
Net investment income from the investment portfolio	6,420,273	3,502,814	37,532,276	12,798,168
Return on the investment portfolio	2.4%	1.3%	9.9%	2.6%
Net investment income from the investment portfolio, excluding the effect of exchange differences	4,953,465	5,005,944	36,055,840	14,202,994
Return on the investment portfolio, excluding the effect of exchange differences	1.8%	1.9%	8.6%	3.9%
<b>Profit or loss before tax</b>	<b>13,874,043</b>	<b>6,580,941</b>	<b>38,426,898</b>	<b>15,209,595</b>
Year-on-year change	110.8%	-42.0%	152.6%	215.1%
<b>Profit or loss, net of tax</b>	<b>10,915,137</b>	<b>4,631,793</b>	<b>37,740,448</b>	<b>14,426,301</b>
Year-on-year change	135.7%	-49.6%	161.6%	220.4%
<b>Comprehensive income</b>	<b>17,512,503</b>	<b>2,012,822</b>	<b>39,633,492</b>	<b>14,176,698</b>
Year-on-year change	770.0%	-71.8%	179.6%	231.1%
<b>Annualised return on equity</b>	<b>12.2%</b>	<b>7.3%</b>	<b>14.4%</b>	<b>12.5%</b>
Earnings or loss per share	0.70	0.30	2.44	0.93
<b>Reinsurance + non-life</b>				
<b>Gross premiums written</b>	<b>148,820,310</b>	<b>144,804,636</b>	<b>59,202,488</b>	<b>56,757,489</b>
Year-on-year change	2.8%	6.3%	4.3%	1.4%
<b>Net incurred loss ratio</b>	<b>60.1%</b>	<b>59.6%</b>	<b>63.6%</b>	<b>57.5%</b>
<b>Net incurred loss ratio, excluding the effect of exchange differences</b>	<b>58.6%</b>	<b>61.4%</b>	<b>58.4%</b>	<b>63.2%</b>
Operating expenses, including reinsurance commission income	33,847,909	33,299,429	10,347,645	10,193,771
<b>Net expense ratio</b>	<b>33.6%</b>	<b>35.6%</b>	<b>34.5%</b>	<b>33.7%</b>
<b>Gross expense ratio</b>	<b>25.6%</b>	<b>25.0%</b>	<b>23.6%</b>	<b>24.1%</b>
<b>Net combined ratio</b>	<b>94.3%</b>	<b>97.5%</b>	<b>96.8%</b>	<b>92.5%</b>
<b>Net combined ratio, excluding the effect of exchange differences</b>	<b>93.0%</b>	<b>98.9%</b>	<b>92.5%</b>	<b>97.1%</b>
<b>Total of all operating segments</b>	<b>31/03/2019</b>	<b>31/12/2018</b>	<b>31/03/2019</b>	<b>31/12/2018</b>
<b>Total assets</b>	<b>1,813,510,454</b>	<b>1,705,947,263</b>	<b>680,192,641</b>	<b>606,331,055</b>
Change on 31 Dec of prior year	6.3%	-0.1%	12.2%	4.4%
<b>Shareholders' equity</b>	<b>357,687,958</b>	<b>340,175,455</b>	<b>358,988,852</b>	<b>319,355,361</b>
Change on 31 Dec of prior year	5.1%	7.6%	12.4%	9.8%
<b>Net technical provisions</b>	<b>1,145,673,702</b>	<b>1,103,231,374</b>	<b>228,875,252</b>	<b>212,735,857</b>
Change on 31 Dec of prior year	3.8%	-2.1%	7.6%	0.1%
Book value per share	23.08	21.95	-	-
Number of employees (full-time equivalent basis)	2,621.4	2,416.7	111.0	110.1
Solvency ratio under Solvency II rules	-	-	-	293%

### Notes:

- For details on the calculation of ratios and net investment income, see the appended glossary.
- The return on the investment portfolio for 1–3/2018 differs from the figure published in the 1–3/2018 financial report as the latter did not include depreciation charges relating to investment property equipment.
- Net investment income of the investment portfolio does not include net investment income from assets pertaining to policyholders who bear the investment risk because such assets do not affect the income statement. The mathematical provision of policyholders who bear the investment risk moves in line with this line item.

The table below compares actual figures against figures planned for the full year 2019:

(EUR million)	1–3/2019	2019 plan	As % of plan
<b>Sava Insurance Group</b>			
Operating revenues	130.6	> 535	24.4%
Profit or loss, net of tax	10.9	≥ 43.0	25.4%
Annualised return on equity	12.2%	> 12%	✓
Investment return, excluding the effect of exchange differences	1.8%	1.7%	✓
<b>(Re)insurance part (+ annuities)</b>			
Gross premiums written	171.6	> 555	30.9%
Net premiums earned	123.2	> 515	23.9%
Net expense ratio (reins. + non-life + life)	32.4%	32.4–33.0%	✓
Net incurred loss ratio, excluding the effect of exchange differences (reins. + non-life)	58.6%	59.2–59.7%	✓
Net combined ratio, excluding the effect of exchange differences (reins. + non-life)	93.0%	93.6–94.1%	✓

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

In the period 1–3/2019, the Sava Insurance Group achieved a net profit of EUR 10.9 million, which is 25.4% of the lower value of the planned range for the full year 2019 and a 135.7% increase year on year. The net combined ratio is also within the target range. The strong net profit figure reflects improved technical performance of the reinsurance and Slovenian non-life segments as the result of a smaller volume of large losses year on year and a favourable expense ratio. Operating revenues of the Sava Insurance Group account for 24.4% of the full-year target income, and we estimate that the full-year 2019 target will be achieved by the year end. All major (re)insurance ratios were favourable after the first quarter of the year, and we estimate that year-end target ratios will be achieved.

## 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	5,063,825
Tax identification number	17,986,141
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	Ernst & Young d.o.o. Dunajska cesta 111 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenian Sovereign Holding 17.7% (no-par-value shares: 3,043,883)
Credit ratings: Standard & Poor's A.M. Best	A /stable/; July 2018 A /stable/; November 2018
Contact details for annual and sustainability reports	<a href="mailto:ir@sava-re.si">ir@sava-re.si</a>
The Company has no branches.	

## 1.3 Bodies of the Company

### Management board

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



In the period 1–3/2019, there were no changes in the composition of the management board.

#### Members of the management board as at 31 March 2019

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

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

Jošt Dolničar:

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

### Supervisory board

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



The composition of the supervisory board did not change in the three months to 31/03/2019.

#### Composition of the supervisory board as at 31 March 2019

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)	11/06/2015	11/06/2019
Mateja Živec	member (employee representative)	01/04/2016	11/06/2019

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

Keith W. Morris:

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

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

Andrej Kren:

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

## Supervisory board committees

### **Audit committee**

In the three months to 31 March 2019, there were no changes in the composition of the supervisory board's audit committee.

#### *Composition of the supervisory board's audit committee as at 31 March 2019*

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**

In the three months to 31 March 2019, there were no changes in the composition of the supervisory board's risk committee.

#### *Composition of the supervisory board's risk committee as at 31 March 2019*

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	16/07/2021
Slaven Mičković	external member and deputy chair	24/08/2017	16/07/2021

### **Nominations and remuneration committee**

In the three months to 31 March 2019, the composition of the supervisory board's nominations and remuneration committee changed.

#### *Composition of the supervisory board's nominations and remuneration committee as at 31 March 2019:*

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**

In the three months to 31 March 2019, there were no changes in the composition of the supervisory board fit and proper committee.

#### *Composition of the fit & proper committee as at 31 March 2019*

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

### **General meeting of shareholders**

The Sava Re general meeting of shareholders was not convened in the period 1–3/2019.

## **1.4 Significant events in the three months to 31 March 2019**

- On 27 February 2019, Zavarovalnica Sava satisfied all suspensive conditions, becoming the sole owner of the companies ERGO Osiguranje d.d. and ERGO Životno Osiguranje d.d.

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

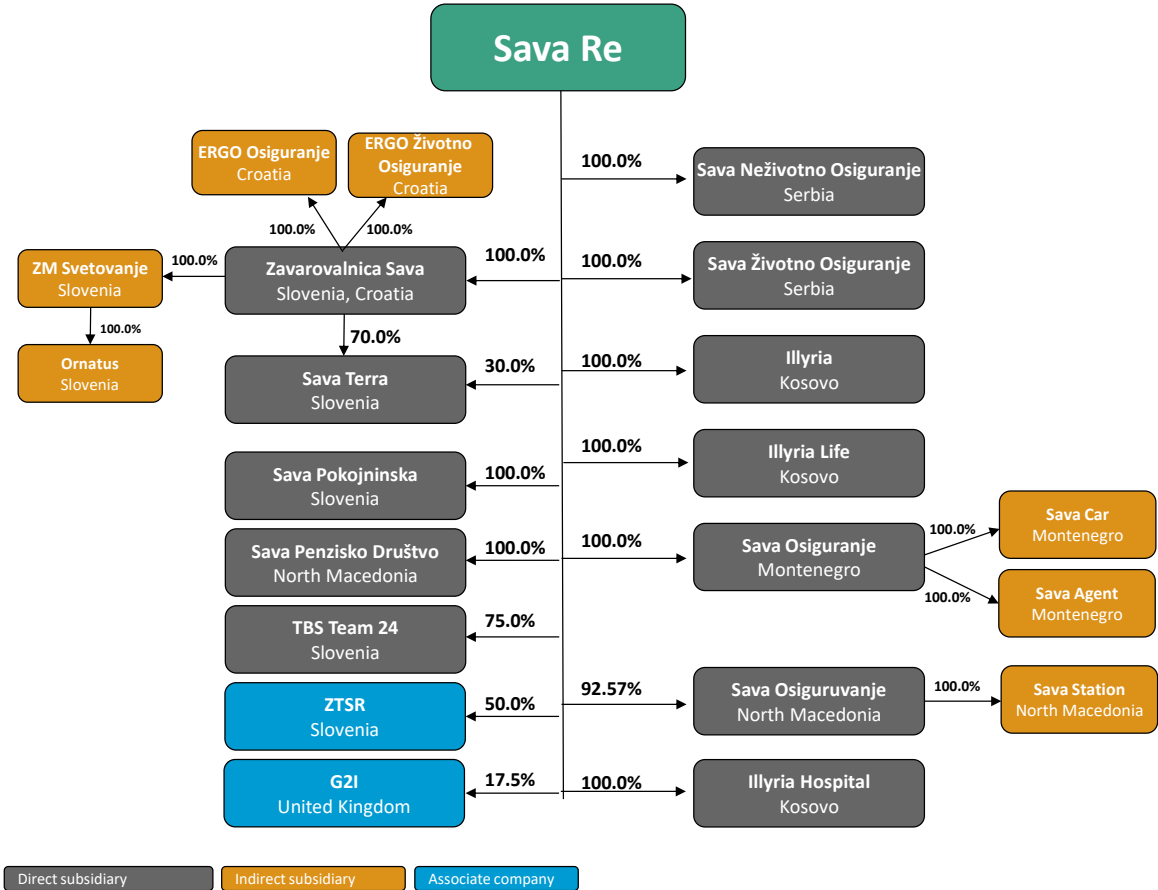
- In April 2019, the notice of the 35th general meeting of shareholders, to be held on 21 May 2019, was published.
- In April 2019, Sava Re issued the “Solvency and financial condition report of Sava Re d.d. 2018”. The Company’s solvency ratio for 2018 is 293%. The “Solvency and financial condition report of the Sava Insurance Group 2018” will be released in June 2019. The Group’s solvency ratio for 2017 was 220%.

## **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 nine 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 Osiguruvanje (North Macedonia), Illyria, Sava Osiguranje (Montenegro) and ERGO Osiguranje; and the life insurers Sava Životno Osiguranje (Serbia), Illyria Life and ERGO Životno Osiguranje. In addition to these (re)insurers, the Group consists of:

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

Composition of the Sava Insurance Group as at 31 March 2019



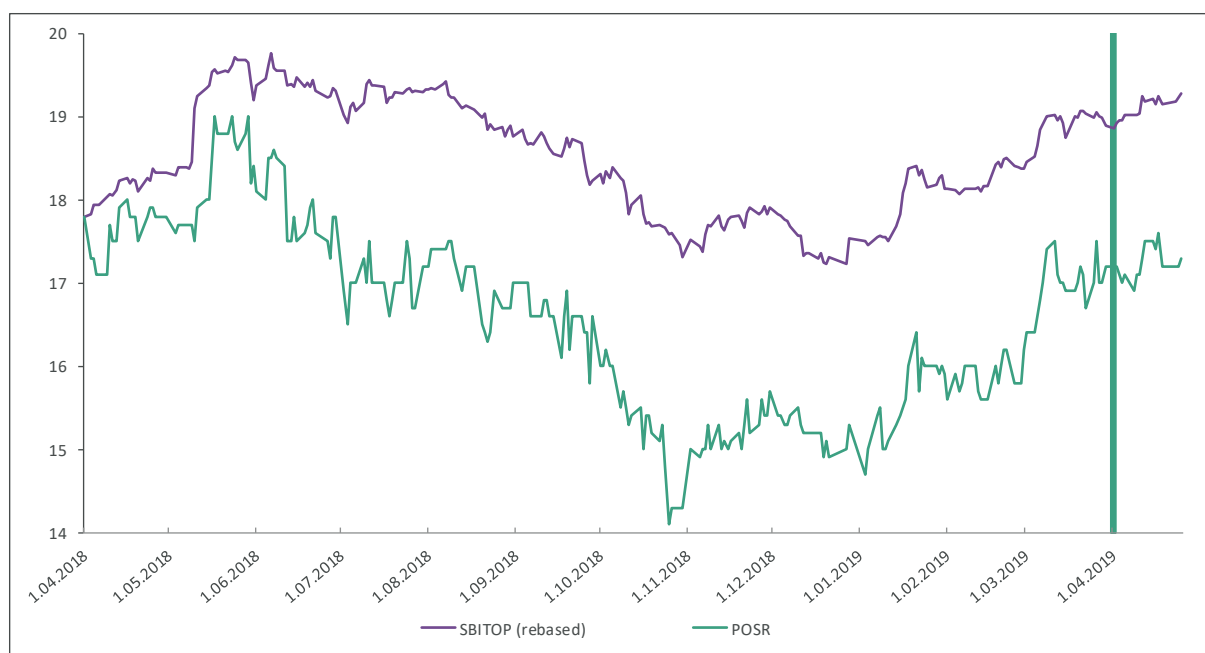
Company names of Sava Insurance Group members

	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 družba, d.d.	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 KLICNI 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 zadolžitelni i dobovolin penzisko fondovi SAVA PENZISKO DRUŠTVO A.D Skopje)	Sava Penzisko Društvo
18	ZTSR, raziskovanje trga, d.o.o.	ZTSR
19	Sava Terra, družba za upravljanje z nepremičninami, d.o.o.	Sava Terra
20	Got2Insure Ltd	G2I
21	ERGO osiguranje d.d.	ERGO Osiguranje
22	ERGO životno osiguranje d.d	ERGO Životno Osiguranje



## 1.7 Shareholders and share trading

POSR share price performance from 1 April 2018 to 31 March 2019 compared to the SBITOP stock index (EUR)



The SBITOP index has been rebased to the same level as the POSR share price (01/04/2018: EUR 17.80), while below is a presentation of the stock index growth rate in real terms.

The share price was EUR 15.30 and EUR 17.20 as at 31 December 2018 and 31 March 2019, respectively, representing a 12.4% rise in the period.

### Basic details about the POSR share

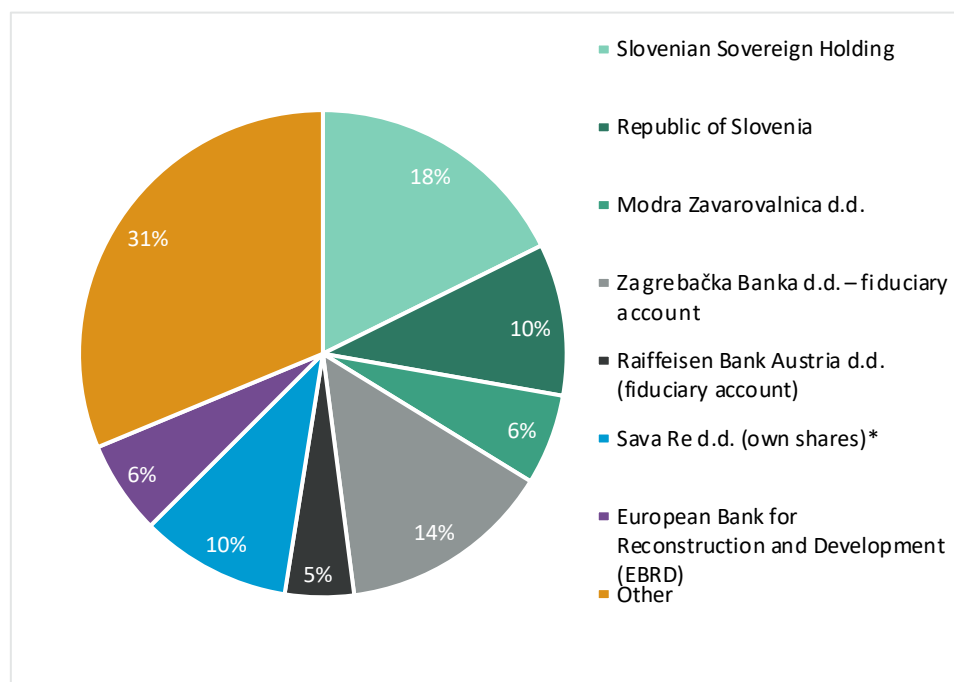
	31/03/2019	31/03/2018
Share capital (EUR)	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,042	4,034
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated earnings per share (EUR)	0.70	0.30
Consolidated book value per share (EUR)	23.08	20.57
Share price at end of period (EUR)	17.20	17.80
	1-3/2019	1-3/2018
Average share price in reporting period (EUR)	16.23	17.01
Minimum share price in reporting period (EUR)	15.00	15.80
Maximum share price in reporting period (EUR)	17.50	17.80
Turnover in reporting period (EUR)	2,213,747	4,394,749
Average daily turnover (EUR)	39,531	77,101

*Top ten shareholders of Sava Re as at 31 March 2019<sup>1</sup>*

Shareholder	Number of shares	Holding
Slovenian Sovereign Holding	3,043,883	17.7%
Zagrebačka Banka d.d. – fiduciary account	2,439,852	14.2%
Republic of Slovenia	1,737,436	10.1%
Sava Re	1,721,966	10.0%
European Bank for Reconstruction and Development	1,071,429	6.2%
Raiffeisen Bank Austria d.d. – fiduciary account	785,030	4.6%
Modra Zavarovalnica d.d.	714,285	4.1%
Abanka d.d.	655,000	3.8%
Hrvatska Poštanska Banka – fiduciary account	345,000	2.0%
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9%
<b>Total</b>	<b>12,834,227</b>	<b>74.5%</b>

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

*Top ten shareholders of Sava Re as at 31 March 2019<sup>2</sup>*



As at 31 March 2019, 65.7% of shareholders were Slovenian and 34.3% foreign. The largest shareholder of POSR shares is Slovenian Sovereign Holding (Slovenski državni holding d.d.) with a 17.7% stake.

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

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

### Shareholder structure of Sava Re as at 31 March 2019<sup>3</sup>

Type of investor	Domestic investor	International investor
Insurance and pension companies	19.2%	0.0%
Other financial institutions*	17.9%	0.3%
Government	10.1%	0.0%
Natural persons	9.5%	0.1%
Banks	3.9%	29.5%
Investment funds and mutual funds	2.9%	3.2%
Other commercial companies	2.2%	1.2%
<b>Total</b>	<b>65.7%</b>	<b>34.3%</b>

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

\*\* Interests held through fiduciary accounts cannot be classified.

### POSR shares held by supervisory and management board members as at 31 March 2019

	Number of shares	Holding (%)
Marko Jazbec	2,300	0.0134%
Srečko Čebren	2,700	0.0157%
Jošt Dolničar	4,363	0.0253%
Polona Pirš Zupančič	2,478	0.0144%
<b>Total management board</b>	<b>11,841</b>	<b>0.0688%</b>
Andrej Gorazd Kunstek	2,900	0.0168%
<b>Total supervisory board</b>	<b>2,900</b>	<b>0.0168%</b>
<b>Total management and supervisory boards</b>	<b>14,741</b>	<b>0.0856%</b>

### Own shares

In the period from 1 January 2019 to 31 March 2019, Sava Re did not repurchase its own shares. The total number of own shares as at 31 March 2019 was 1,721,966, representing 10% minus one share of all issued shares.

### Dividends

The Company did not distribute any dividends in the first quarter of 2019. On 8 April 2019, the Company called its 35th general meeting of shareholders to be held on 21 May 2019. It is proposed that a dividend of EUR 0.95 per share be declared for the financial year 2018.

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

(EUR)	2,014	2,015	2,016	2,017	2,018
Dividend payouts	4,386,985	9,065,978	12,398,157	12,398,157	12,398,157
Dividend/share	0.26	0.55	ordinary: 0.65 special: 0.15	0.80	0.80
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.8%

### Conditional equity

In 1–3/2019, the Company held no conditional equity.

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

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



**Sava 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:

- S** reinsurance business: Sava Re, 30% of Sava Terra;
- S** non-life business, Slovenia: Zavarovalnica Sava (Slovenian part), 70% of Sava Terra;
- S** non-life business, international: Zavarovalnica Sava (Croatian part), Sava Neživotno Osiguranje (Serbia), Illyria, Sava Osiguranje (Montenegro), Sava Osiguruvanje (North Macedonia), ERGO Osiguranje, Illyria Hospital, Sava Car, Sava Agent, Sava Station;
- S** life business, Slovenia: Zavarovalnica Sava (Slovenian part), ZS Svetovanje, Ornatus KC;
- S** life business, international: Zavarovalnica Sava (Croatian part), Sava Životno Osiguranje (Serbia), Illyria Life, ERGO Životno Osiguranje
- S** pensions: Sava Pokojninska, Sava Penzisko Društvo;
- S** other: TBS Team 24, ZTSR (equity method), G2I (equity method).

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

- S** Reallocations are made from the reinsurance segment to the other segments (Sava Re as the 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 arose. 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 is also allocated to the segment where it arose. All these items are adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to foreign reinsurers.
- S** Other operating expenses relating to the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava 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 is made also for other operating expenses relating to intra-group reinsurance transactions. In the period 1–3/2019, Sava Re allocated 64.7% of other operating expenses to segments as monitored by income composition (1–3/2018: 64.7%). Furthermore, operating expenses of TBS Team 24 incurred by the company relating to its business with other Group companies were allocated to the Slovenian non-life operating segment (1–3/2019: EUR 1.8 million, 1–3/2018: EUR 0.2 million). In the same way, income is eliminated in the consolidation process.
- S** Investment income and expenses are reallocated from the reinsurance segment to the non-life and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).

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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 were made in addition to the eliminations made in the consolidation process:

- Intangible assets – goodwill is allocated to the segment from which it arose (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.
- Equity is reallocated from the reinsurance segment to other segments based on the cost of investments in subsidiaries (the sum total of carrying amounts of non-life insurers is reallocated to the non-life segment, and that of life insurers is reallocated to the life insurance and other segments).

TBS Team 24 was first included in the Sava Insurance Group consolidated financial statements on 31 January 2018, and the companies Energoprojekt Garant and Sava Penzisko Društvo on 31 March 2018. Energoprojekt Garant was merged with Sava Neživotno Osiguranje (Serbia) at year-end 2018. The acquisition of Sava Terra was completed in the third quarter of 2018. The Group became the sole owner of the company. The first consolidated accounts of the Sava Insurance Group after Sava Terra joined were prepared as at 31 December 2018. 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.

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

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

(EUR)	1–3/2019	1–3/2018	Index
Net premiums earned	123,243,068	115,496,846	106.7
Investment income	6,972,463	5,988,108	116.4
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	13,199,235	3,413,204	386.7
Other technical income	4,509,227	3,915,415	115.2
Other income	2,807,994	2,341,596	119.9
- Of which investment property	333,935	179,495	186.0
Net claims incurred	-93,758,826	-85,411,856	109.8
Change in other technical provisions	10,661,245	1,050,944	1,014.4
Change in technical provisions for policyholders who bear the investment risk	-5,732,860	15,824,509	-36.2
Expenses for bonuses and rebates	54,171	37,557	144.2
Operating expenses	-42,562,930	-41,375,666	102.9
Expenses relating to investments in associates	-75,290	0	-
Expenses for financial assets and liabilities	-681,418	-2,512,291	27.1
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-812,571	-6,596,763	12.3
Other technical expenses	-3,539,370	-4,641,861	76.2
Other expenses	-410,095	-948,801	43.2
- Of which investment property	-171,289	-152,498	101.1
<b>Profit or loss before tax</b>	<b>13,874,043</b>	<b>6,580,941</b>	<b>210.8</b>

All income (other than from investments) totalled EUR 130.6 million in 1–3/2019, up 7.2% from 1–3/2018. Income was driven primarily by the non-life segment and partly by acquisitions. Following is a discussion of the major items of the consolidated income statement.

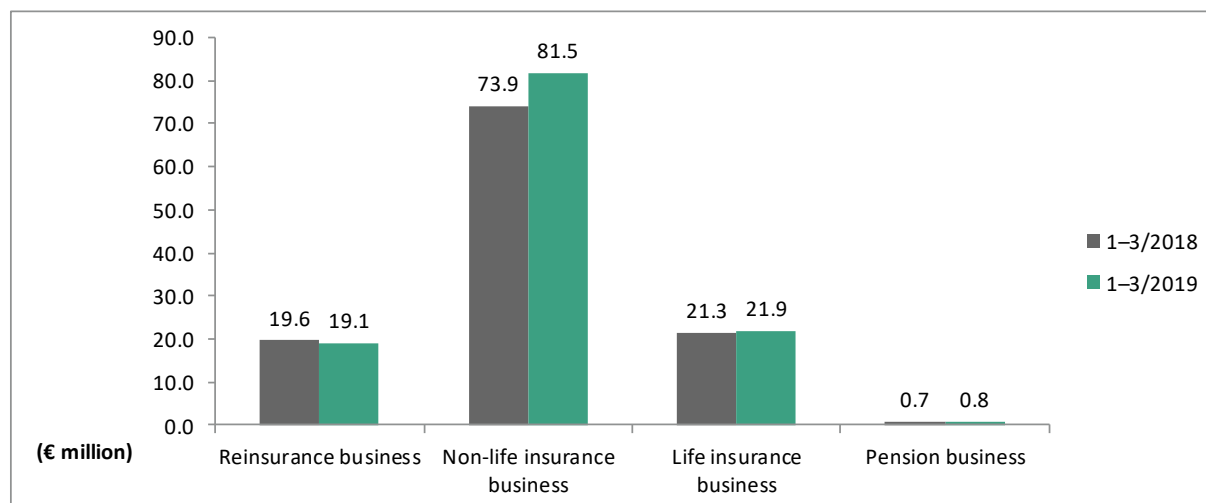


## Consolidated net premiums earned

### Consolidated net premiums earned (including pensions)

(EUR)	1-3/2019	1-3/2018	Index
Gross premiums written	171,605,211	166,968,540	102.8
Net premiums written	157,178,747	152,929,703	102.8
Change in net unearned premiums	-33,935,679	-37,432,857	90.7
<b>Net premiums earned</b>	<b>123,243,068</b>	<b>115,496,846</b>	<b>106.7</b>

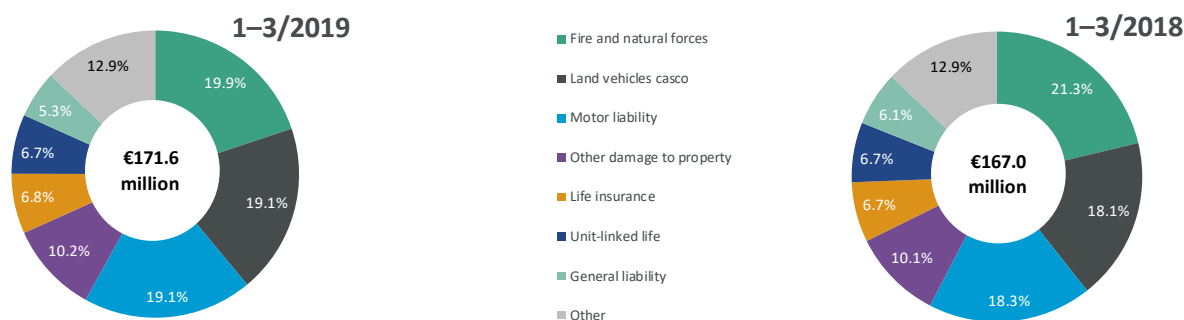
### Consolidated net premiums earned by operating segment (including annuities)



### Consolidated net premiums earned by class of business (including annuities)

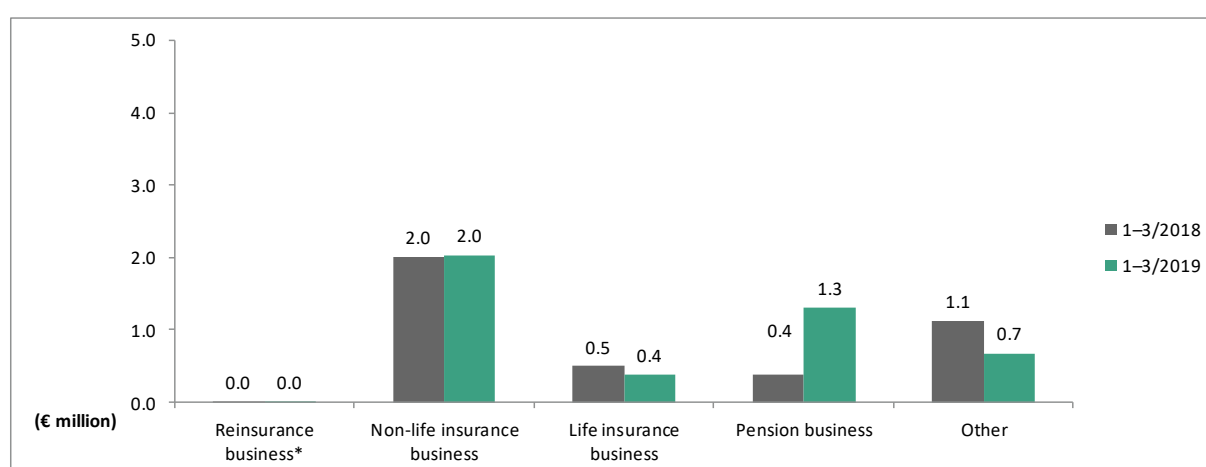
(EUR)	1-3/2019	1-3/2018	Index
Personal accident	7,417,165	6,724,456	110.3
Health	2,529,459	2,467,840	102.5
Land vehicles casco	25,524,388	23,865,892	106.9
Railway rolling stock	55,344	35,475	156.0
Aircraft hull	71,009	299,536	23.7
Ships hull	171,541	1,076,356	15.9
Goods in transit	144,289	1,645,254	8.8
Fire and natural forces	15,959,442	17,430,933	91.6
Other damage to property	9,135,876	7,278,782	125.5
Motor liability	27,378,997	25,087,328	109.1
Aircraft liability	73,695	15,021	490.6
Liability for ships	-11,596	162,289	-7.1
General liability	4,402,246	4,390,657	100.3
Credit	962,101	992,427	96.9
Suretyship	-4,208	-98,443	4.3
Miscellaneous financial loss	3,135,369	384,097	816.3
Legal expenses	35,382	48,799	72.5
Assistance	3,518,924	1,684,498	208.9
Life	11,310,766	10,930,091	103.5
Unit-linked life	11,432,879	11,075,558	103.2
<b>Total non-life</b>	<b>100,499,423</b>	<b>93,491,197</b>	<b>107.5</b>
<b>Total life</b>	<b>22,743,645</b>	<b>22,005,649</b>	<b>103.4</b>
<b>Total</b>	<b>123,243,068</b>	<b>115,496,846</b>	<b>106.7</b>

## Consolidated gross premiums written by class of business (including annuities)



## 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 foreign exchange gains.

## Consolidated net claims incurred

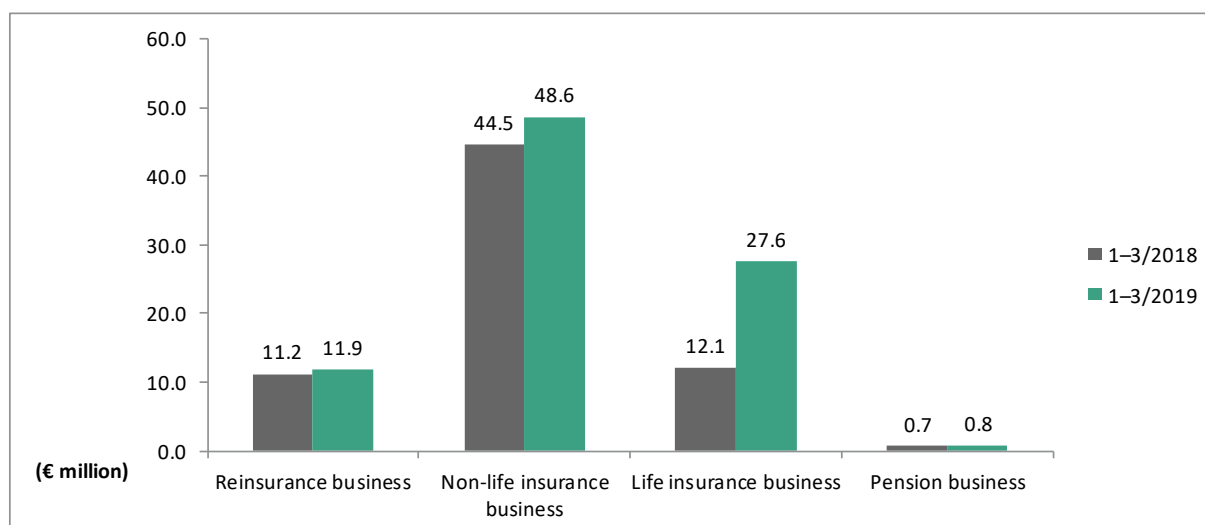
### Consolidated net claims incurred, including the change in the mathematical and UL provisions<sup>6</sup> (including annuities)

(EUR)	1-3/2019	1-3/2018	Index
Gross claims paid	99,008,220	90,371,208	109.6
Net claims paid	97,176,113	88,234,872	110.1
Change in the net provision for outstanding claims	-3,417,287	-2,823,016	121.1
<b>Net claims incurred</b>	<b>93,758,826</b>	<b>85,411,856</b>	<b>109.8</b>
Change in other technical provisions*	-10,661,245	-1,050,944	1,014.4
Change in technical provisions for policyholders who bear the investment risk	5,732,860	-15,824,509	-36.2
<b>Net claims incurred, including the change in other and UL provisions</b>	<b>88,830,441</b>	<b>68,536,403</b>	<b>129.6</b>

\* These provisions mainly comprise mathematical provisions.

<sup>6</sup> UL provisions comprise the technical provisions for policyholders who bear the investment risk.

*Composition of consolidated net claims incurred, including the change in mathematical and unit-linked provisions, by operating segment<sup>7</sup> (including annuities)*



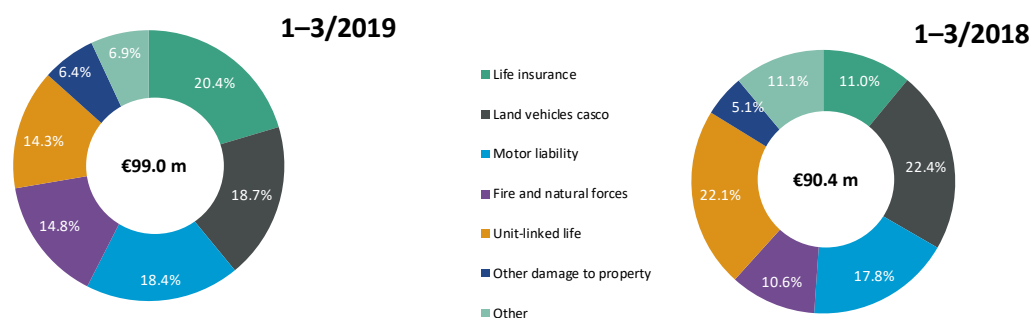
*Consolidated net claims incurred by class of business (including annuities)<sup>8</sup>*

(EUR)	1-3/2019	1-3/2018	Index
Personal accident	3,396,644	2,624,613	129.4
Health	1,059,529	826,880	128.1
Land vehicles casco	17,790,536	19,736,179	90.1
Railway rolling stock	15,795	4,502	350.8
Aircraft hull	150,183	-19,648	-764.4
Ships hull	-1,052,314	199,142	-528.4
Goods in transit	-229,840	1,959,969	-11.7
Fire and natural forces	12,380,023	8,074,888	153.3
Other damage to property	5,098,080	3,220,356	158.3
Motor liability	18,875,619	17,684,963	106.7
Aircraft liability	4,414	-27,372	-16.1
Liability for ships	95,551	-114,920	-83.1
General liability	498,894	794,474	62.8
Credit	318	-122,716	-0.3
Suretyship	105,692	-123,233	-85.8
Miscellaneous financial loss	105,738	428,056	24.7
Legal expenses	1,024	-1,525	-67.1
Assistance	554,221	406,607	136.3
Life	22,729,724	10,451,635	217.5
Unit-linked life	12,178,995	19,409,005	62.7
<b>Total non-life</b>	<b>58,850,107</b>	<b>55,551,215</b>	<b>105.9</b>
<b>Total life</b>	<b>34,908,719</b>	<b>29,860,640</b>	<b>116.9</b>
<b>Total</b>	<b>93,758,826</b>	<b>85,411,856</b>	<b>109.8</b>

<sup>7</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.

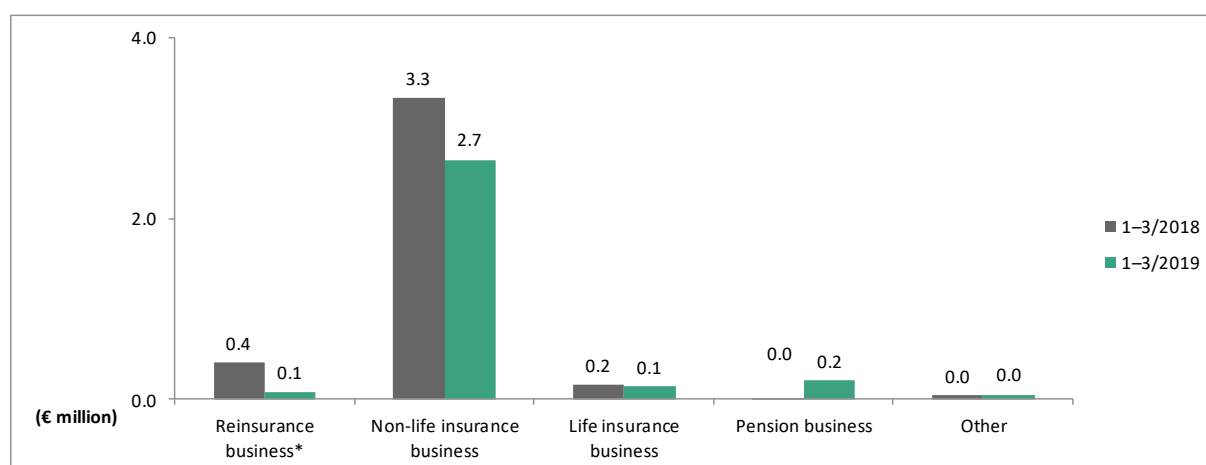
<sup>8</sup> These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

## 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



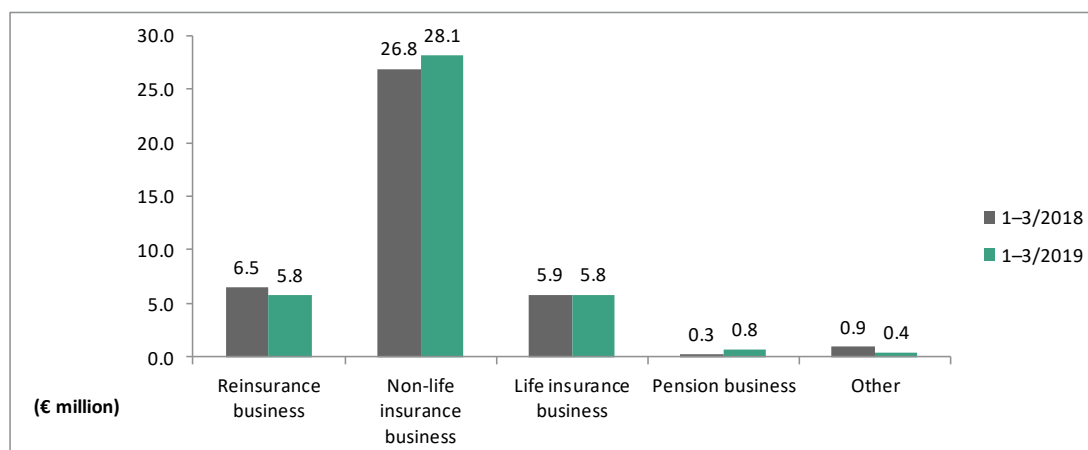
\* The reinsurance segment is shown excluding the effect of foreign exchange losses.

## Consolidated operating expenses

### Consolidated operating expenses

(EUR)	1-3/2019	1-3/2018	Index
Acquisition costs	16,073,428	15,041,539	106.9
Change in deferred acquisition costs (+/-)	-2,555,062	-2,028,695	125.9
Other operating expenses	29,044,564	28,362,822	102.4
<b>Operating expenses</b>	<b>42,562,930</b>	<b>41,375,666</b>	<b>102.9</b>
Reinsurance commission income	-1,674,953	-990,401	169.1
<b>Net operating expenses</b>	<b>40,887,977</b>	<b>40,385,265</b>	<b>101.2</b>

## Consolidated net operating expenses by operating segment



## Consolidated net investment income

### Consolidated net investment income of the investment portfolio

	1-3/2019	1-3/2018	Absolute change
Income from financial investments	6,972,463	5,988,108	984,355
Expenses for financial investments	639,548	2,512,291	-1,872,743
<b>Net investment income relating to financial investments</b>	<b>6,332,915</b>	<b>3,475,817</b>	<b>2,857,098</b>
Net investment income from investments in associates	-75,290	0	-75,290
Net investment income relating to the investment property	162,645	26,997	135,648
<b>Net investment income from the investment portfolio</b>	<b>6,420,273</b>	<b>3,502,814</b>	<b>2,917,459</b>
<b>Net investment income of the investment portfolio, excluding the effect of exchange differences</b>	<b>4,953,465</b>	<b>5,005,944</b>	<b>-52,479</b>

The figures for 1-3/2018 differ from those published in the 1-3/2018 financial report as the table did not include depreciation charges relating to the equipment of investment property.

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 of EUR 42 thousand.

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

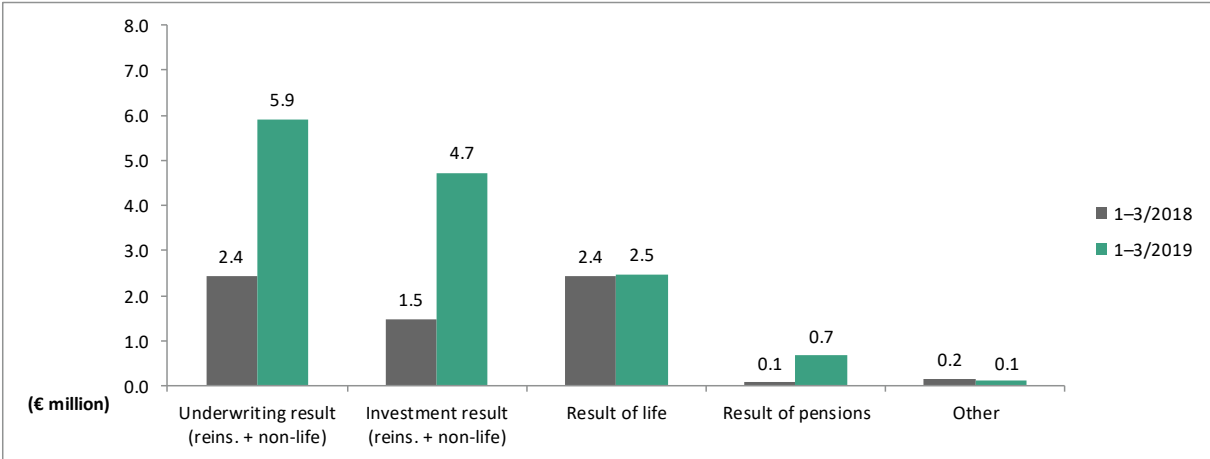
(EUR)	1-3/2019	1-3/2018	Absolute change
<b>Income</b>			
Interest income	3,584,977	4,223,716	-638,739
Change in fair value and gains on disposal of FVPL assets	428,066	21,998	406,068
Gains on disposal of other IFRS asset categories	404,310	881,565	-477,255
Income from dividends and shares – other investments	113,454	3,172	110,282
Exchange gains	1,855,974	813,110	1,042,864
Diverse other income	919,616	224,042	695,574
<b>Income relating to the investment portfolio</b>	<b>7,306,397</b>	<b>6,167,603</b>	<b>1,138,794</b>
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	13,199,235	3,413,204	9,786,031
<b>Expenses</b>			
Interest expenses	7,949	5,531	2,418
Change in fair value and losses on disposal of FVPL assets	10,772	67,328	-56,556
Losses on disposal of other IFRS asset categories	98,933	115,722	-16,789
Impairment of investments in associates	75,290	0	75,290
Exchange losses	389,166	2,316,240	-1,927,074
Other	304,014	159,968	144,046
<b>Expenses relating to the investment portfolio</b>	<b>886,124</b>	<b>2,664,789</b>	<b>-1,778,665</b>
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	812,571	6,596,763	-5,784,192

The figures for 1-3/2018 differ from those published in the 1-3/2018 financial report as the table did not include depreciation charges relating to the equipment of investment property.

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 of EUR 42 thousand.

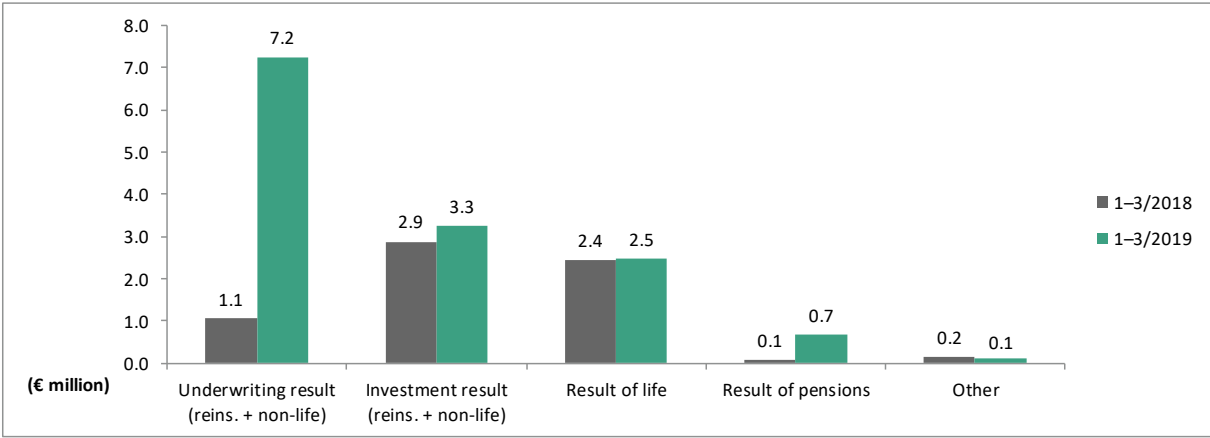
**Consolidated gross profit or loss**

*Composition of the consolidated gross income statement*

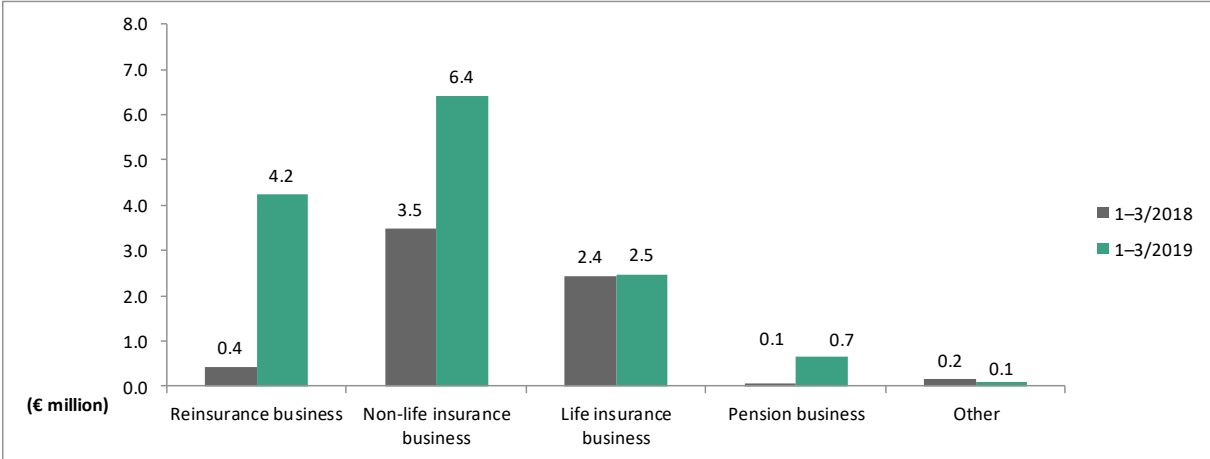


In the period 1-3/2019, exchange differences had a significant impact on the composition of the underwriting and investment results, which is why the results below are presented excluding the effect of exchange differences. The impact of exchange differences on the results by operating segment was as follows: negative effect on the underwriting result of EUR 1.3 million (1-3/2018: EUR 1.3 million positive effect); positive effect on the investment result of EUR 1.4 million (1-3/2018: EUR 1.4 million negative effect). The total positive effect of exchange differences on the result of 1-3/2019 amounted to EUR 0.1 million (1-3/2018: EUR 0.02 million negative effect).

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



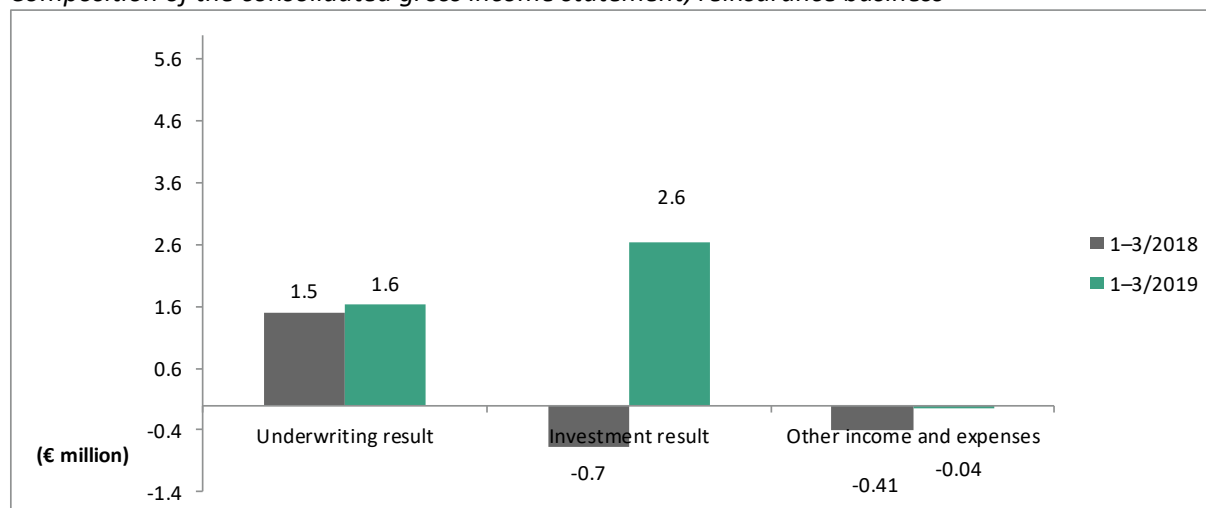
Composition of the consolidated gross profit or loss by operating segment



## 2.1 Reinsurance business

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.

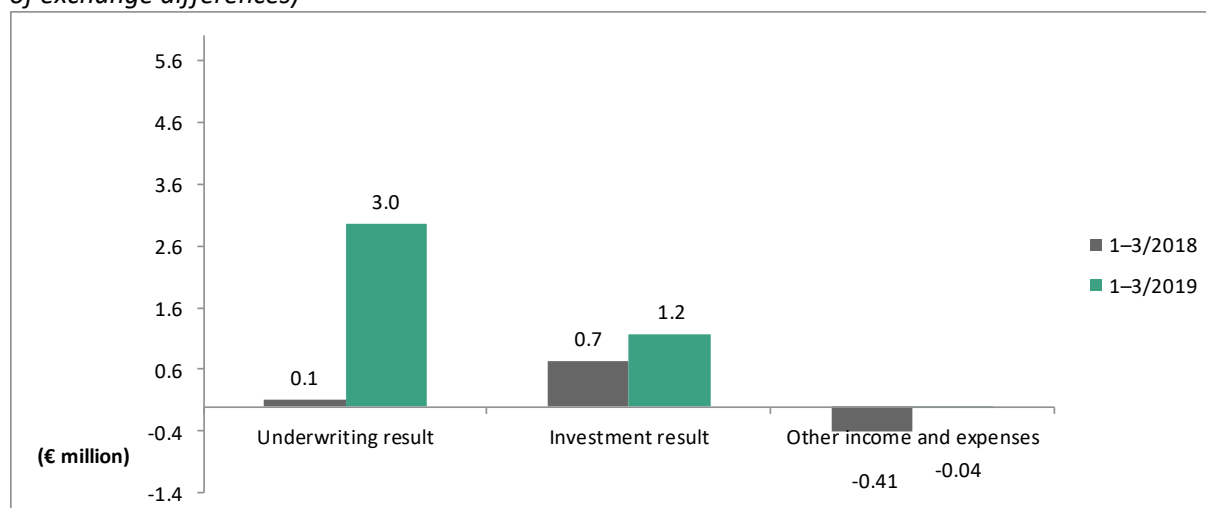
*Composition of the consolidated gross income statement; reinsurance business*



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 effect of exchange differences, was stronger year on year, largely as the result of lower claims incurred (notes on deviations are provided later in this report) and lower operating expenses (notes on deviations are provided later in this report). In the period 1-3/2017, the investment result (excluding the effect of exchange differences) was also better year on year, primarily driven by larger income from investment property and income from the partial reversal of impairment losses recognised on a corporate bond.



## Net premiums earned

### Net premiums earned; reinsurance business

(EUR)	1-3/2019	1-3/2018	Index
Gross premiums written	32,768,090	30,756,070	106.5
Net premiums written	32,133,718	30,235,944	106.3
Change in net unearned premiums	-13,063,596	-10,646,131	122.7
<b>Net premiums earned</b>	<b>19,070,122</b>	<b>19,589,813</b>	<b>97.3</b>

In 1-3/2019, gross premiums written of this segment were 6.5% higher year on year. Premium growth was achieved in non-proportional reinsurance, especially in Asian markets (through organic growth and new contracts). In 1-3/2019, net premiums earned were 2.7% lower year on year.

The change in net unearned premiums was larger year on year, owing to faster growth in new business in the period 1-3/2019.

## Net claims incurred

### Net claims incurred; reinsurance business

(EUR)	1-3/2019	1-3/2018	Index
Gross claims paid	15,222,632	12,096,942	125.8
Net claims paid	15,047,454	11,931,361	126.1
Change in the net provision for outstanding claims	-3,387,552	-900,825	376.1
<b>Net claims incurred</b>	<b>11,659,902</b>	<b>11,030,536</b>	<b>105.7</b>

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

(EUR)	1-3/2019	1-3/2018	Index
Gross claims paid	15,222,632	12,096,942	125.8
Net claims paid	15,047,454	11,931,361	126.1
Change in the net provision for outstanding claims	-4,789,066	715,945	-668.9
<b>Net claims incurred</b>	<b>10,258,388</b>	<b>12,647,306</b>	<b>81.1</b>

In 1-3/2019, net claims incurred rose by 5.7%, chiefly stemming from the large effect of exchange losses of EUR 1.5 million, whereas, in 1-3/2018, this effect was positive, at EUR 1.7 million. Excluding the effect of exchange differences, claims incurred in the year are lower year on year because there were fewer loss events (2018: collision of two ships off the coast of Shanghai and facultative loss at Kongo cobalt smelter; 2019: no major loss events).

The incurred loss ratio relating to the reinsurance segment (excluding the effect of exchange differences) was 11.8 percentage points better year on year, at 54.3% (1-3/2018: 66.1%).

## Operating expenses

### Consolidated operating expenses; reinsurance business

(EUR)	1-3/2019	1-3/2018	Index
Acquisition costs	6,316,109	6,391,535	98.8
Change in deferred acquisition costs (+/-)	-1,291,341	-690,551	187.0
Other operating expenses	982,734	932,243	105.4
<b>Operating expenses</b>	<b>6,007,502</b>	<b>6,633,227</b>	<b>90.6</b>
Reinsurance commission income	-239,573	-131,924	-18.4
<b>Net operating expenses</b>	<b>5,767,929</b>	<b>6,501,302</b>	<b>88.7</b>

In 1-3/2019 acquisition costs dropped by 1.2% despite a 6.5% rise in gross premiums written. Acquisition costs as a percentage of gross premiums written rose by 1.5 percentage points year on year to 19.3% compared to 1-3/2018. Commission income was lower, reflecting a smaller volume of proportional business with typically higher commission rates. Although non-proportional premiums and commissions increased, this business typically achieves lower commission rates, which is why the increase in non-proportional commissions did not exceed the drop in commission income from proportional business.

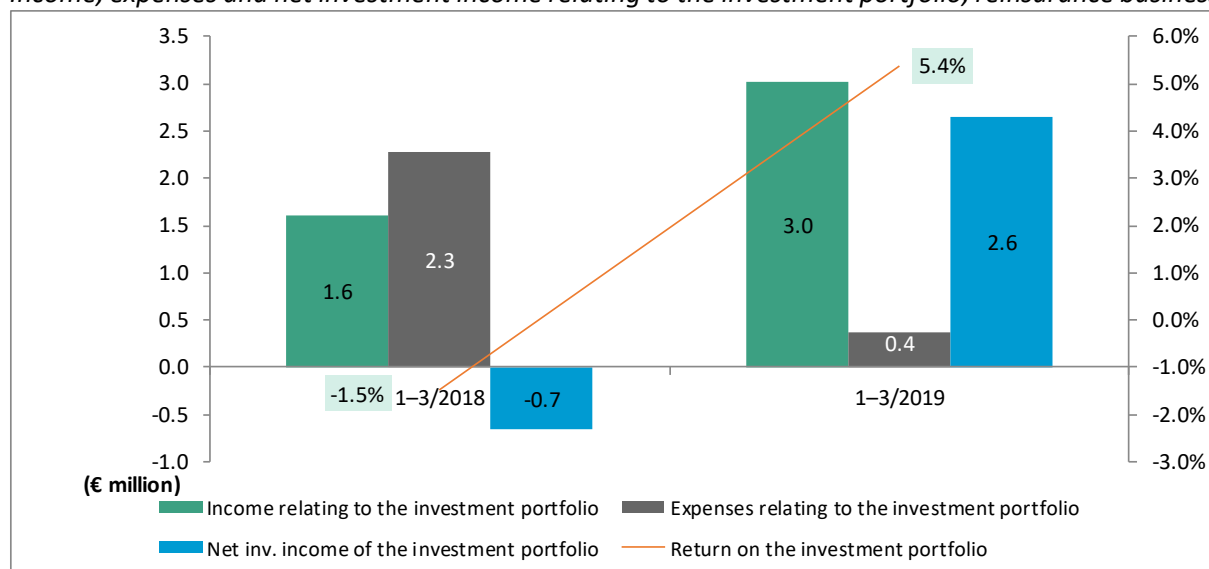
In 1-3/2019, the change in deferred acquisition costs was larger year on year, due to stronger growth in gross premiums written in line with the movement in unearned premiums.

Other operating expenses increased by 5.4%, primarily on account of IT services.

In 1-3/2019, the net expense ratio deteriorated by 3.0 percentage points as the result of lower acquisition costs, including the change in deferred acquisition costs of 30.2%.

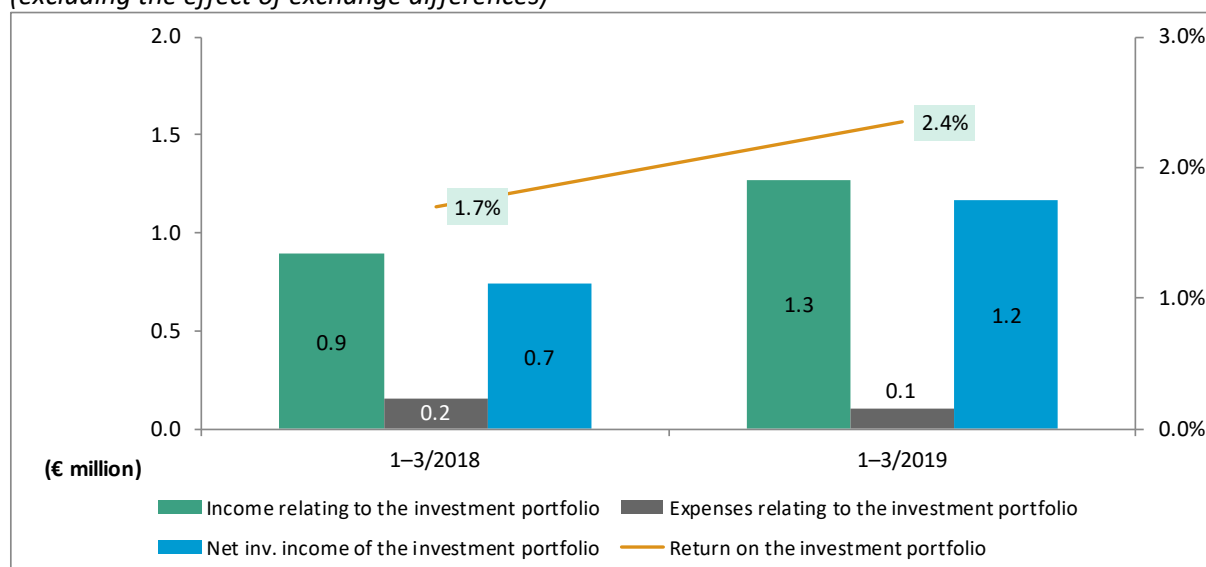
## Net investment income

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



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

*Income, expenses and net investment income 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 1-3/2019, net investment income totalled EUR 1.2 million, up EUR 0.5 million year on year. Net investment income strengthened as the result of a partial reversal of an impaired bond (+ EUR 0.4 million) and stronger income from investment property (+ EUR 0.1 million). The return on investment for the period was 2.4%.

## 2.2 Non-life business

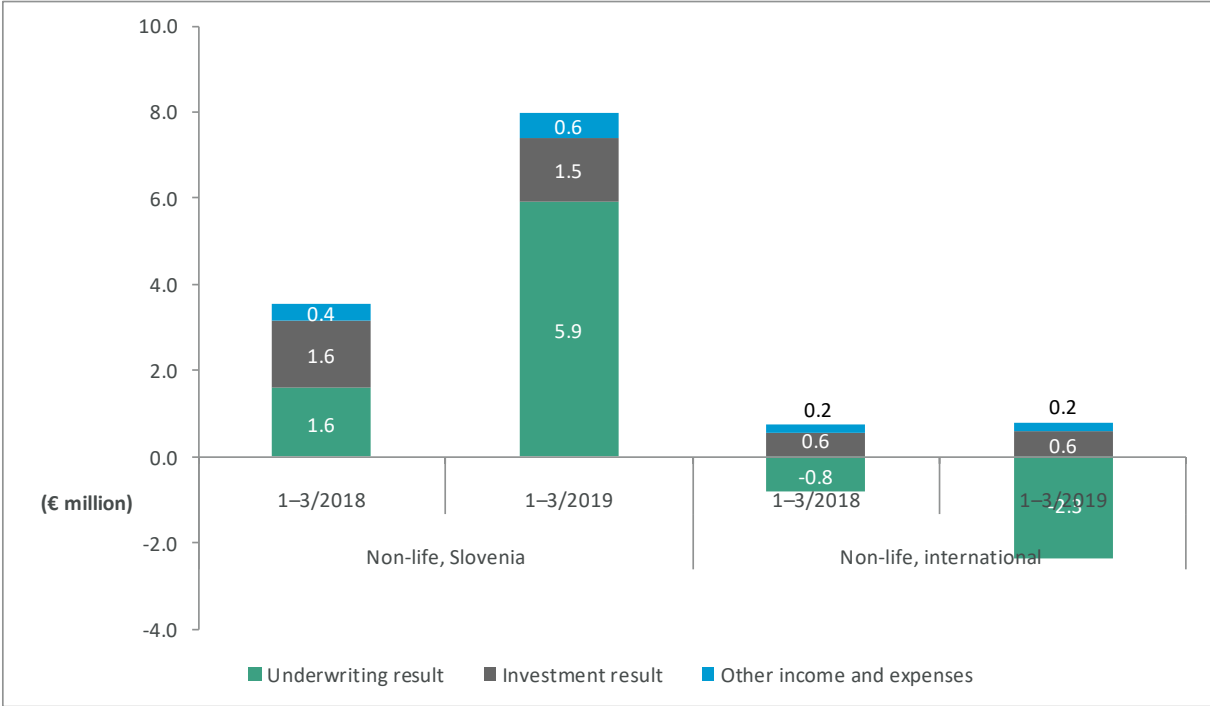
The non-life segment comprises the operations of the following companies:

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

ERGO Osiguranje joined the Sava Insurance Group on 31 March 2019 and has, therefore, already been included in the consolidated statement of financial position as at 31 March 2019. It will be included in the income statement as of 1 April 2019. The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, while the Croatian part of the company is discussed under international non-life insurance.

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

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



In 1-3/2019, the non-life segment recorded a (EUR 2.9 million) better gross consolidated result year on year. This is the combined result of a EUR 4.4 million better result of the Slovenian insurer and a EUR 1.5 million weaker result of non-Slovenian insurers.

The consolidated underwriting result of the Slovenian non-life insurer improved by EUR 4.3 million, driven by growth in net premiums incurred. Due to portfolio growth in 2018, the rise in gross unearned premiums in the first quarter of 2018 was larger than in the first quarter of 2019, resulting in a larger volume of net premiums earned in the first quarter of 2019. The decline in the non-Slovenian underwriting result of non-life insurers of EUR 1.5 million is chiefly attributable to higher net claims incurred, mainly of the Croatian, Kosovan and Serbian non-life insurers. The result of the Serbian insurer is poor owing to the dynamics of establishing provisions for unexpired risks in the first quarter, which we expect will improve by the year end.

The investment results of the Slovenian and the non-Slovenian non-life insurers remained at about the year-on-year levels.

The result of other income and expenses of the Slovenian non-life insurer improved by EUR 0.2 million. This year, a change has been made in the presentation of discounts for advance payments: last year, they were recorded as other expenses, this year, as a reduction in gross premiums written. In 1-3/2018, discounts for advance payments totalled EUR 0.3 million, the same as in 1-3/2019. Of this, EUR 0.1 million has been recorded under other expenses, as it relates to the completion of certain transactions carried out in 2018, whereas EUR 0.2 million has been recorded as a reduction in gross premiums written. The result of other income and expenses of non-Slovenian non-life insurers remained at the year-on-year level.

## Net premiums earned

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

(EUR)	1–3/2019	1–3/2018	Index
Gross premiums written	116,052,220	114,048,566	101.8
Net premiums written	102,316,392	100,589,551	101.7
Change in net unearned premiums	-20,789,636	-26,646,707	78.0
<b>Net premiums earned</b>	<b>81,526,756</b>	<b>73,942,844</b>	<b>110.3</b>

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

(EUR)	Slovenia			International		
	1–3/2019	1–3/2018	Index	1–3/2019	1–3/2018	Index
Gross premiums written	97,134,354	97,200,880	99.9	18,917,866	16,847,686	112.3
Net premiums written	85,637,427	85,226,809	100.5	16,678,964	15,362,742	108.6
Change in net unearned premiums	-18,932,391	-25,187,414	75.2	-1,857,245	-1,459,293	127.3
<b>Net premiums earned</b>	<b>66,705,037</b>	<b>60,039,395</b>	<b>111.1</b>	<b>14,821,719</b>	<b>13,903,449</b>	<b>106.6</b>

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

(EUR)	1–3/2019	1–3/2018	Index
Zavarovalnica Sava, Slovenian part (non-life)	97,222,838	97,292,371	99.9
Zavarovalnica Sava, Croatian part (non-life)	4,219,321	3,221,508	131.0
Sava Neživotno Osiguranje (Serbia)	5,821,625	5,347,653	108.9
Illyria	2,350,499	2,377,756	98.9
Sava Osiguruvanje (North Macedonia)	3,175,802	2,909,658	109.1
Sava Osiguranje (Montenegro)	3,353,038	2,992,116	112.1
<b>Total</b>	<b>116,143,123</b>	<b>114,141,062</b>	<b>101.8</b>

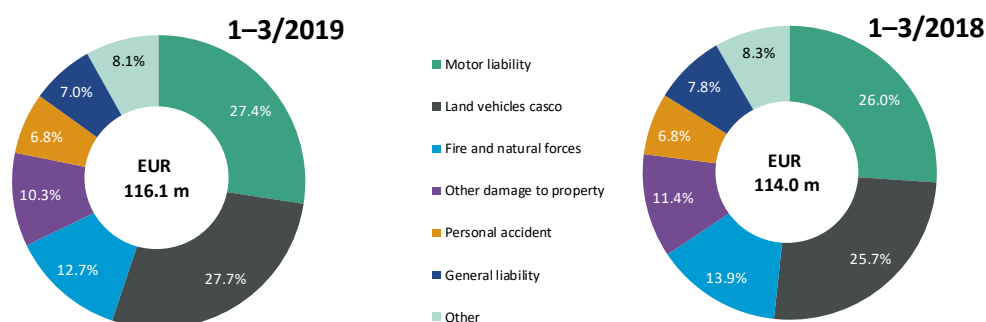
In 1–3/2019, gross non-life insurance premiums grew by 1.8%, reflecting growth in gross non-life premiums of the Croatian, Montenegrin, North Macedonian and Serbian non-life insurers.

In Slovenia, gross non-life insurance premiums remained at the year-on-year level. There was a rise in motor gross premiums written driven by both more policies written and higher average premiums in personal lines. On the other hand, there was a decline in gross premiums written in property and general liability due to a change in the timing of writing policies for a major client and in credit business following the loss of a major client. The Slovenian non-life insurance market grew at a rate of 4.8% in the period.

Gross non-life insurance premiums written abroad rose by 12.3%, with the largest jump in absolute terms in motor premiums, chiefly as the result of the better sales in Croatia, where new insurance terms and conditions were introduced. The growth was also contributed by aviation premiums from a new client in Montenegro, while there was also an increase in general liability premiums written by the Serbian insurer following the acquisition of Energoprojekt Garant (merged with the Serbian insurer Sava Neživotno Osiguranje (Serbia) at the end of 2018), which had not been included in the consolidated financial statements in the first quarter of the previous year. In addition, all non-Slovenian non-life insurers grew property business by attracting new commercial clients and broadening coverages for existing clients. Net non-life insurance premiums written abroad grew by 8.6% in 1–3/2019.

Total net premiums earned grew by 10.3%.

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



## Net claims incurred

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

(EUR)	1-3/2019	1-3/2018	Index
Gross claims paid	49,409,323	48,434,960	102.0
Net claims paid	47,768,112	46,473,430	102.8
Change in the net provision for outstanding claims	-565,991	-2,032,973	27.8
<b>Net claims incurred</b>	<b>47,202,122</b>	<b>44,440,456</b>	<b>106.2</b>

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

(EUR)	Slovenia			International		
	1-3/2019	1-3/2018	Index	1-3/2019	1-3/2018	Index
Gross claims paid	41,219,847	41,691,559	98.9	8,189,476	6,743,401	121.4
Net claims paid	40,408,261	39,992,531	101.0	7,359,852	6,480,899	113.6
Change in the net provision for outstanding claims	-1,526,075	-2,457,119	62.1	960,084	424,146	226.4
<b>Net claims incurred</b>	<b>38,882,185</b>	<b>37,535,412</b>	<b>103.6</b>	<b>8,319,936</b>	<b>6,905,045</b>	<b>120.5</b>

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

(EUR)	1-3/2019	1-3/2018	Index
Zavarovalnica Sava, Slovenian part (non-life)	42,839,516	41,946,748	102.1
Zavarovalnica Sava, Croatian part (non-life)	2,119,124	1,390,180	152.4
Sava Neživotno Osiguranje (Serbia)	2,258,180	1,752,246	128.9
Illyria	1,168,373	1,309,608	89.2
Sava Osiguruvanje (North Macedonia)	1,479,566	1,314,557	112.6
Sava Osiguranje (Montenegro)	1,172,639	1,022,025	114.7
<b>Total</b>	<b>51,037,399</b>	<b>48,735,363</b>	<b>104.7</b>

In the period of 1-3/2019, Slovenian gross claims paid saw a minor decrease year on year. While Zavarovalnica Sava's unconsolidated gross claims increased, the elimination of intra-Group business relating to a subsidiary conducting assistance services for Zavarovalnica Sava decreased consolidated gross claims paid. Unconsolidated gross claims of Zavarovalnica Sava increased due to increased motor liability claims as the result of payments of two major claims, higher average claims, and higher gross claims relating to assistance business because of different dynamics than in 2018. There was a year-on-year drop in gross claims paid in the land motor vehicles class and in property insurance.

Gross claims paid relating to non-Slovenian business rose by 21.4%. In absolute terms, the increase was largest in motor liability claims, followed by motor casco claims. The main reason for the rise in motor claims is a rise in the number of claims, which is related to the high growth in these policies. However, the rise in motor claims was also affected by several large motor liability claims, also from abroad (international claims).

In both 1–3/2018 and 1–3/2019, the change in the net provision for outstanding claims decreased net claims incurred, by EUR 2.5 million and EUR 1.5 million, respectively. In last year's first quarter, the decline was due to a drop in the gross provision and increased reinsurers' shares, whereas this year, reinsurers' shares rose more than the gross claims provision.

In 1–3/2019, the change in the net provision for outstanding claims of the Group's non-Slovenian non-life insurers was EUR 0.5 million larger year on year. The rise was mainly the result of the rise in the gross claims provision of the Kosovan non-life insurer following a major fire loss in 2019.

## Operating expenses

### Consolidated operating expenses; non-life segment

(EUR)	1–3/2019	1–3/2018	Index
Acquisition costs	8,257,421	7,136,806	115.7
Change in deferred acquisition costs (+/-)	-1,271,601	-1,159,742	109.6
Other operating expenses	22,529,540	21,679,540	103.9
<b>Operating expenses</b>	<b>29,515,360</b>	<b>27,656,604</b>	<b>106.7</b>
Reinsurance commission income	-1,435,380	-858,478	167.2
<b>Net operating expenses</b>	<b>28,079,980</b>	<b>26,798,127</b>	<b>104.8</b>

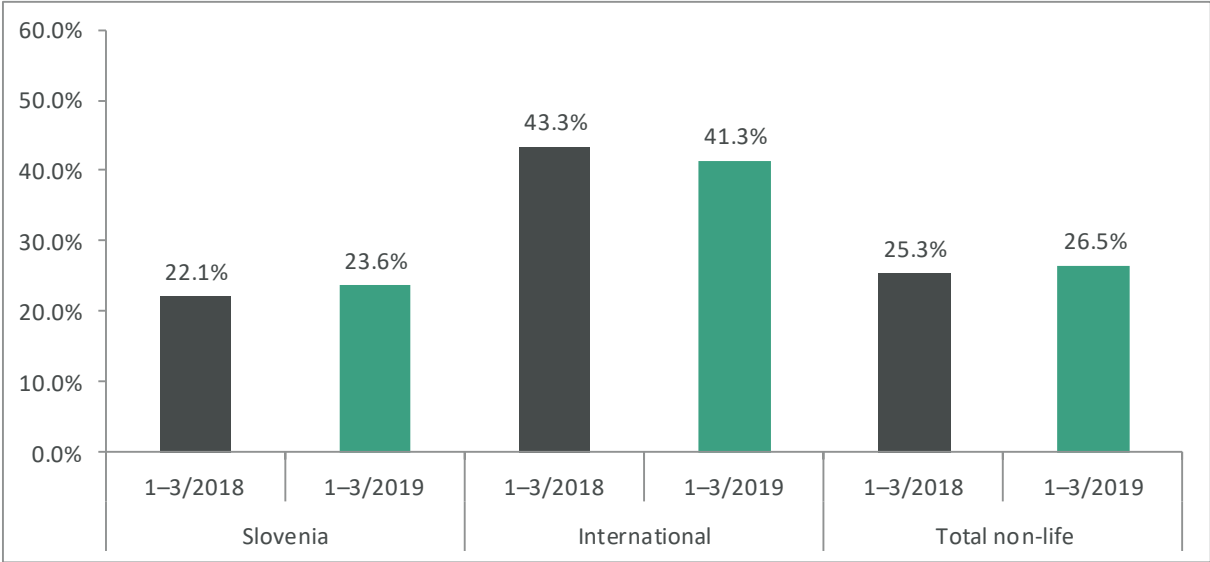
### Consolidated gross operating expenses of the non-life segment

(EUR)	1–3/2019	1–3/2018	Index
Non-life business, Slovenia	22,966,811	21,524,066	106.7
Non-life business, international	7,820,150	7,292,281	107.2

Consolidated acquisition costs were up by 15.7%. For the Slovenian part, it is mainly related to (i) the higher premiums for personal lines in 2019, bonuses for agencies, which started monthly deferring of expenses this year as opposed to deferral after the due date as practiced in 2018, and (ii) premium increases for certain forms of insurance that have higher acquisition costs in the markets but which are still in line with target combined ratios. For the non-Slovenian part, the rise in acquisition costs is associated with a larger premium volume and rising sales through external sales channels.

The lower (3.9%) increase in consolidated other operating expenses is mainly a result of a slower increase in the costs of the Slovenian and non-Slovenian non-life insurers, excluding the Serbian non-life insurer. The non-Slovenian non-life insurers saw increases in the costs of personnel, advertising, intellectual and other services.

Consolidated gross expense ratio; non-life segment

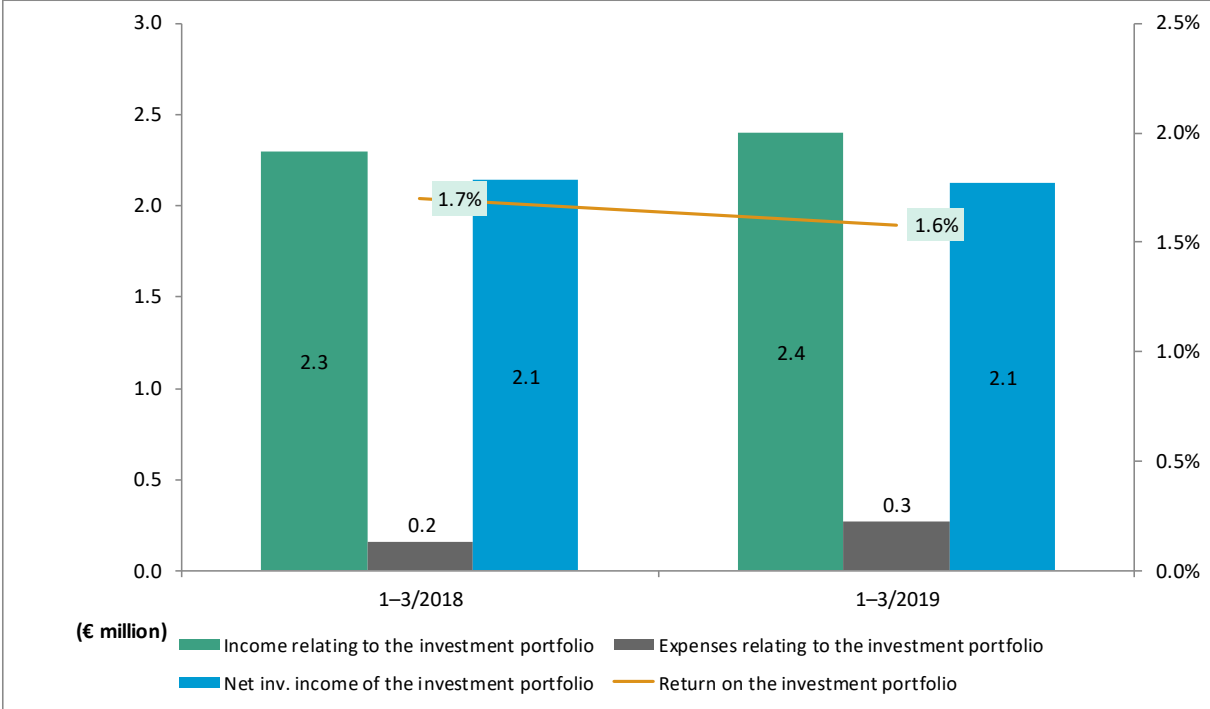


The consolidated gross expense ratio for the non-life segment increased by 1.2 percentage points owing to the growth in expenses at the Slovenian non-life insurer (up 1.5 percentage points), with increases in both acquisition costs and other operating expenses. However, this is also partly due to the different timing of posting expenses and underwriting major policies for commercial lines, which resulted in lower gross premiums written for property business.

The consolidated gross expense ratio of non-Slovenian non-life companies dropped by 2.0 percentage points due to 12.3% growth in gross non-life premiums written, while acquisition costs plus other operating expenses grew by 5.1%.

Net investment income

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











In 1–3/2019, net investment income relating to the non-life insurance portfolio amounted to EUR 2.1 million, broadly on the same level year on year. The return on investment for the period was 1.6%.

## 2.3 Life business

The life segment comprises the operations of the following companies:

-  Zavarovalnica Sava, life business
-  Sava Životno Osiguranje (Serbia)
-  Illyria Life
-  ZM Svetovanje
-  Ornatus
-  ERGO Životno Osiguranje

ERGO Životno Osiguranje joined the Sava Insurance Group on 31 March 2019 and has, therefore, already been included in the consolidated statement of financial position as at 31 March 2019. It will be included in the income statement as of 1 April 2019. 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.

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)	1–3/2019	1–3/2018	Index
Gross premiums written	21,993,139	21,492,639	102.3
Net premiums written	21,936,875	21,432,943	102.4
Change in net unearned premiums	-82,447	-140,020	58.9
<b>Net premiums earned</b>	<b>21,854,428</b>	<b>21,292,923</b>	<b>102.6</b>

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

(EUR)	Slovenia			International		
	1–3/2019	1–3/2018	Index	1–3/2019	1–3/2018	Index
Gross premiums written	19,946,122	19,435,403	102.6	2,047,017	2,057,236	99.5
Net premiums written	19,892,904	19,376,863	102.7	2,043,971	2,056,080	99.4
Change in net unearned premiums	-62,488	-39,889	156.7	-19,959	-100,131	19.9
<b>Net premiums earned</b>	<b>19,830,416</b>	<b>19,336,974</b>	<b>102.6</b>	<b>2,024,012</b>	<b>1,955,949</b>	<b>103.5</b>

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

(EUR)	1–3/2019	1–3/2018	Index
Zavarovalnica Sava, Slovenian part (life)	19,946,123	19,435,403	102.6
Zavarovalnica Sava, Croatian part (life)	796,452	1,057,641	75.3
Illyria Life	605,882	505,929	119.8
Sava Životno Osiguranje (Serbia)	644,315	493,311	130.6
<b>Total</b>	<b>21,992,772</b>	<b>21,492,283</b>	<b>102.3</b>

In 1–3/2019, gross premiums written of the Slovenian life insurer grew year on year. This growth is due to new writings that compensated for premiums lost on account of maturities, deaths and surrenders.

In 1–3/2019, the gross premiums of non-Slovenian insurers shrank slightly despite the high growth posted in Kosovo and Serbia because the Croatian part of Zavarovalnica Sava experienced a fall in gross premiums written owing to policy expiries (maturities, deaths, surrenders) that the company could not

compensate with new writings. Illyria Life and Sava Životno Osiguranje (Serbia) recorded double-digit growth in gross premiums written, mainly through increased productivity of their own sales networks.

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



### Net claims incurred

#### Net claims incurred; life insurance business

(EUR)	1-3/2019	1-3/2018	Index
Gross claims paid	34,163,541	29,682,868	115.1
Net claims paid	34,147,822	29,673,644	115.1
Change in the net provision for outstanding claims	536,256	110,782	284.1
<b>Net claims incurred</b>	<b>34,684,078</b>	<b>29,784,426</b>	<b>116.5</b>
Change in other technical provisions*	-12,848,682	-1,846,209	695.9
Change in technical provisions for policyholders who bear the investment risk	5,732,860	-15,824,509	-36.2
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>27,568,256</b>	<b>12,113,708</b>	<b>227.6</b>

\* These provisions mainly comprise mathematical provisions.

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

(EUR)	Slovenia			International		
	1-3/2019	1-3/2018	Index	1-3/2019	1-3/2018	Index
Gross claims paid	33,123,509	28,751,948	115.2	1,040,032	930,920	111.7
Net claims paid	33,107,790	28,742,724	115.2	1,040,032	930,920	111.7
Change in the net provision for outstanding claims	507,974	87,151	582.9	28,282	23,631	119.7
<b>Net claims incurred</b>	<b>33,615,764</b>	<b>28,829,875</b>	<b>116.6</b>	<b>1,068,314</b>	<b>954,551</b>	<b>111.9</b>
Change in other technical provisions*	-13,041,273	-2,017,600	646.4	192,591	171,391	112.4
Change in technical provisions for policyholders who bear the investment risk	5,732,793	-15,822,258	-36.2	67	-2,251	-3.0
<b>Net claims incurred, including the change in the mathematical and UL provisions</b>	<b>26,307,284</b>	<b>10,990,017</b>	<b>239.4</b>	<b>1,260,972</b>	<b>1,123,691</b>	<b>112.2</b>

\* These provisions mainly comprise mathematical provisions.

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

(EUR)	1-3/2019	1-3/2018	Index
Zavarovalnica Sava, Slovenian part (life)	33,123,509	28,751,948	115.2
Zavarovalnica Sava, Croatian part (life)	762,005	698,165	109.1
Illyria Life	143,752	124,089	115.8
Sava Životno Osiguranje (Serbia)	133,788	108,327	123.5
<b>Total</b>	<b>34,163,053</b>	<b>29,682,528</b>	<b>115.1</b>

In 1-3/2019, gross claims paid in Slovenia rose by 15.2% year on year as the result of a large number of policies reaching maturity. A bulk of the maturities of this period related to traditional life policies (EUR 16.7 million), while maturity payments for life policies where the investment risk is borne by policyholders totalled EUR 11.0 million. Compared to the previous year, total maturities relating to

traditional life policies rose by EUR 10.2 million; maturities relating to unit-linked life policies grew by EUR 5.6 million. The movement in claims needs to be viewed in conjunction with the change in technical provisions.

All non-Slovenian insurers recorded a rise in gross claims paid. In relative terms, the increase (from maturities and deaths) was largest at Sava Životno Osiguranje (Serbia), at 23.5%. Illyria Life posted a 15.8% increase in gross claims paid (from maturities and surrenders); the branch of Zavarovalnica Sava saw gross claims paid rise by 9.1% (mainly from deaths and surrenders; with only few maturities).

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

## Operating expenses

### Consolidated operating expenses; life segment

(EUR)	1-3/2019	1-3/2018	Index
Acquisition costs	1,496,511	1,510,250	99.1
Change in deferred acquisition costs (+/-)	7,880	-178,402	-4.4
Other operating expenses	4,345,183	4,525,193	96.0
<b>Operating expenses</b>	<b>5,849,574</b>	<b>5,857,041</b>	<b>99.9</b>
Reinsurance commission income	0	0	-
<b>Net operating expenses</b>	<b>5,849,574</b>	<b>5,857,041</b>	<b>99.9</b>

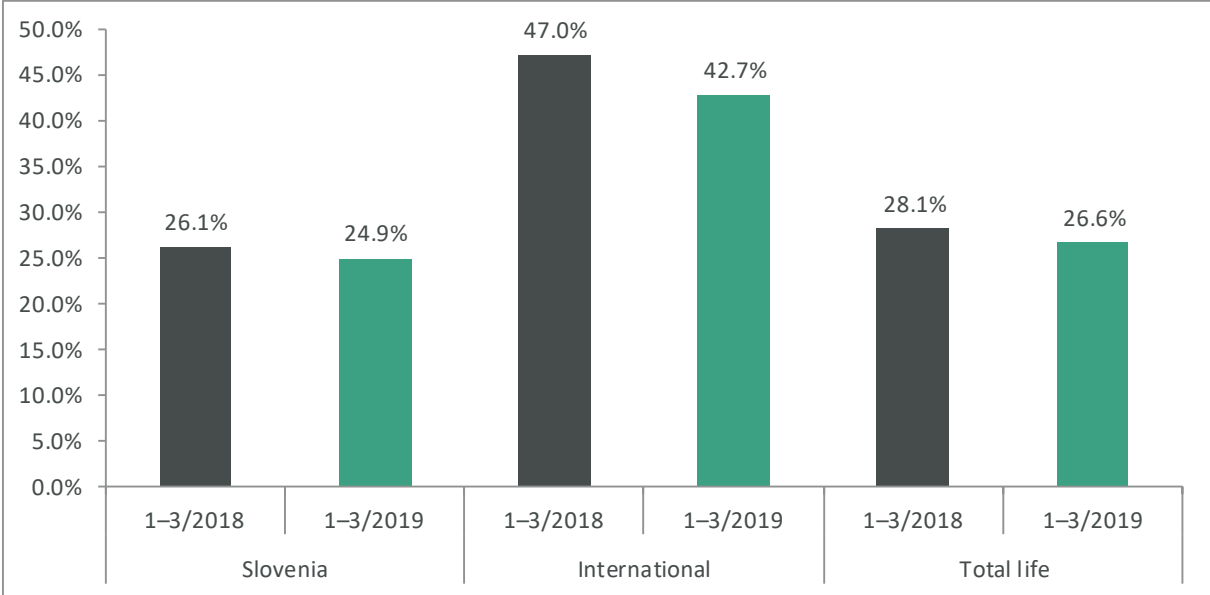
### Consolidated gross operating expenses of the life segment

(EUR)	1-3/2019	1-3/2018	Index
Life business, Slovenia	4,967,290	5,068,412	98.0
Life business, international	874,404	967,031	90.4

In 1-3/2019, policy acquisition costs dropped by 0.9% year on year as the combined effect of reduced policy acquisition costs at the Slovenian life insurer and roughly unchanged acquisition costs at the life insurers abroad. The difference in the change in deferred acquisition costs between the years chiefly relates to the Slovenian life insurer.

In 1-3/2019, other operating expenses fell by 4.0% year on year. This was mainly contributed by Zavarovalnica Sava in Slovenia and its branch office in Croatia.

**Consolidated gross expense ratio; life segment**

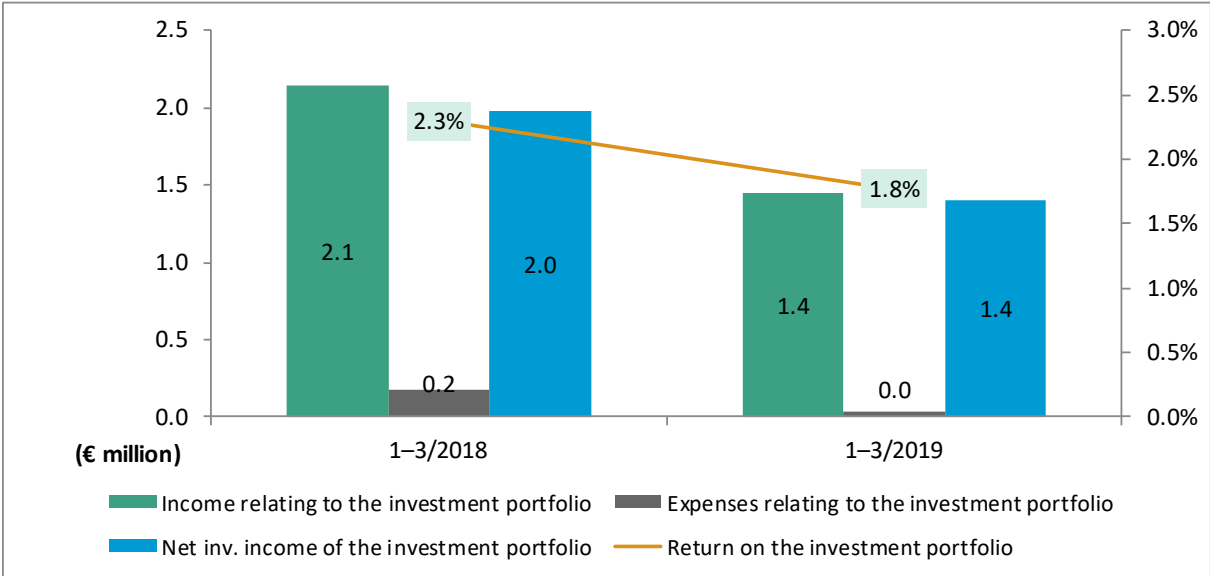


The consolidated gross expense ratio dropped by 1.5 percentage points compared to the previous year, largely reflecting lower other operating expenses at growing gross premiums written.

The Slovenian insurer saw a drop in the gross expense ratio by 1.2 percentage points, with even larger relative improvements at the non-Slovenian companies (the gross expense ratio dropped by 4.3 percentage points) as other operating expenses declined by more than 10% at the non-Slovenian companies.

**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 1-3/2019, net investment income relating to the life insurance investment portfolio totalled EUR 1.4 million, down EUR 0.6 million year on year. Net investment income was lower largely because of lower interest income (EUR 0.5 million) and realised capital gains (EUR 0.2 million). The return on investment for the period was 1.8%.

## 2.4 Pensions

The pensions segment comprises the operations of the following companies:

-  Sava Pokojninska
-  Sava Penzisko Društvo

Sava Penzisko Društvo was included in the consolidated financial statements on 31 March 2018, which is why the pensions segment records data of this company in the statement of financial position, whereas it was not yet included in the income statement.

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)	1–3/2019	1–3/2018	Index
Other technical income	401,891	378,855	106.1
Other income	907,284	0	-
<b>Total</b>	<b>1,309,175</b>	<b>378,855</b>	<b>345.6</b>

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

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

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

(EUR)	1–3/2019	1–3/2018	Index
<b>Opening balance of fund assets (31/12)</b>	<b>134,926,064</b>	<b>128,862,922</b>	<b>104.7</b>
Gross fund inflows	2,668,476	2,599,434	102.7
Gross fund outflows	1,951,970	1,948,087	100.2
Asset transfers	23,558	826,264	2.9
Net investment income of the fund	3,011,578	-573,833	
Entry and exit charges	47,229	49,213	96.0
<b>Closing balance of fund assets (31/3)</b>	<b>138,630,477</b>	<b>129,717,487</b>	<b>106.9</b>

Gross inflows into the My-Life-Cycle group of funds of the Slovenian pension company increased by 2.7% in the period 1–3/2019 year on year. Growth was chiefly driven by an increase in the number of policyholders.

In the period 1–3/2019, gross fund outflows from the My-Life-Cycle group of funds of the Slovenian pension insurer remained at about the year-on-year level. Gross outflows may relate to regular or extraordinary terminations. The major part of the latter related to exits.

In the period 1–3/2019, the Company transferred assets in the amount of EUR 157 thousand from other pension service providers, while transfers to other providers totalled EUR 133 thousand, resulting in an overall positive net effect.

Net investment income from the funds of EUR 3.0 million is attributable to favourable developments in financial markets in the first quarter of 2019 (above-average returns)

Entry and exit charges relating to the My-Life-Cycle group of funds dropped by 4.0% in the period 1–3/2019 year on year.

In the first three months of 2019, the total assets of the group of long-term business funds grew by 2.7% to EUR 138.6 million as at 31 March 2019.

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

(EUR)	1–3/2019
<b>Net value of fund assets as at beginning of period (31/12/2018)</b>	<b>502,570,316</b>
Transfer to liabilities to state pension fund*	27,680,370
Gross fund inflows	19,373,880
Gross fund outflows	9,348,327
Asset transfers	34,091
Net investment income of the fund	19,999,767
Entry and exit charges	406,998
<b>Net value of fund assets as at end of period (31/03/2019)</b>	<b>504,542,359</b>

\* Based on change in legislation.

In 1–3/2019, gross inflows into the mandatory and voluntary funds of the North Macedonian pension company totalled EUR 19.4 million, whereas gross pay-outs were EUR 9.3 million. The funds achieved a return of 4.0% in the period.

In the first three months of 2019, the net value of fund assets under management grew by 0.4% to EUR 504.5 million as at 31 March 2019.

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

#### *Pension annuities – distribution phase*

(EUR)	1–3/2019	1–3/2018	Index
Gross premiums written	791,762	671,265	118.0
Gross claims paid	212,724	156,438	136.0
Change in other net technical provisions (+/-)	582,272	557,231	104.5

The annuity part relates to the operation of Sava Pokojninska. The gross premiums written relate to the annuity fund and, in the period 1–3/2019, the fund grew by 18.0% year on year because a number of policyholders opted for additional pension annuities.

Gross claims paid include supplementary pension annuity payouts, which increased by 36.0% in the period 1–3/2019 year on year. Once insured persons meet pension eligibility requirements, their assets are transferred from savings accounts to annuity accounts, which creates growth for annuity funds.

The change in technical provisions includes the change in the technical provision relating to the annuity funds. The change in other net technical provisions reflects the change in premiums and claims, and the change due to revaluation for 2018.

#### *Operating expenses*

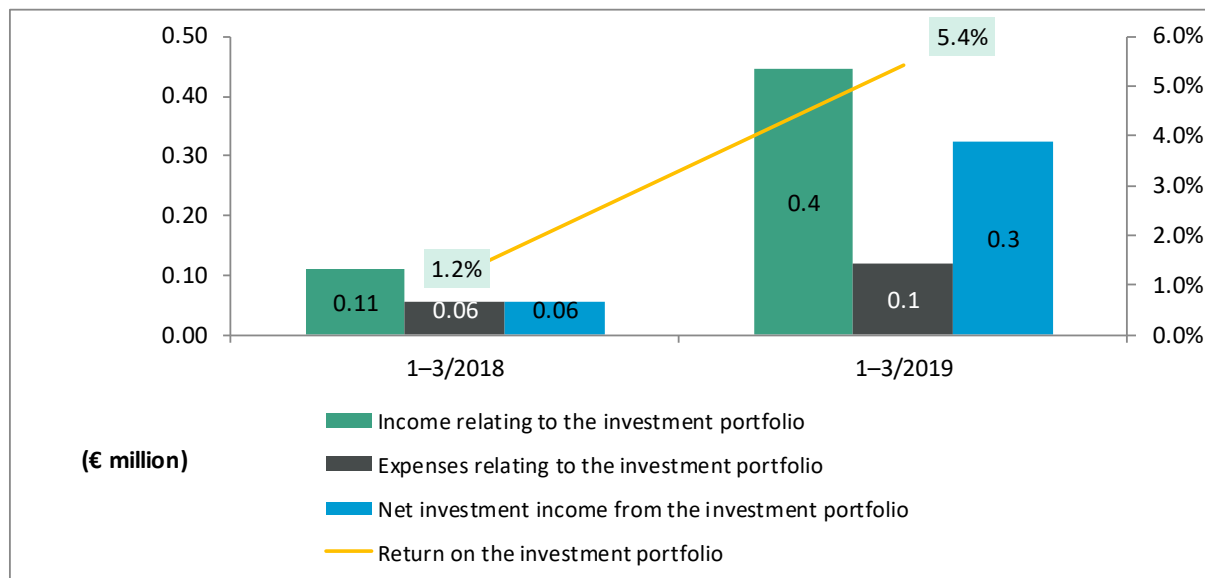
##### *Operating expenses; pensions segment*

(EUR)	1–3/2019	1–3/2018	Index
Acquisition costs	3,387	2,948	114.9
Other operating expenses	719,772	279,657	257.4
<b>Operating expenses</b>	<b>723,159</b>	<b>282,605</b>	<b>255.9</b>

In 1–3/2019, operating expenses rose by 155.9% year on year as the result of including the North Macedonian pension company into the Group on 31 March 2018.

## Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); pensions segment<sup>9</sup>



Net investment income from the pension companies' investment portfolio totalled EUR 0.3 million in 1-3/2019. Of this, EUR 0.2 million relates to one-off income from the partial reversal of impairment recognised on a corporate bond.

## 2.5 Other

This "other" segment comprises the subsidiary TBS Team 24 and two associates ZTSR and G2I (consolidated using the equity method). TBS Team 24 was first included in the consolidated accounts on 31 January 2018. The "other" segment contributed EUR 0.1 million (EUR 0.7 million in income and EUR 0.6 million in expenses, including investment expenses) to the consolidated result in 1-3/2019.

<sup>9</sup> The table includes the portfolio of Sava Pokojninska (excluding financial 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).

### 3 Financial position of the Sava Insurance Group

As at 31 March 2019, total assets of the Sava Insurance Group stood at EUR 1,813.5 million, an increase of 6.3% over year-end 2018. Below we set out items of assets and liabilities in excess of 5% of total assets as at 31 March 2019 and items that changed by more than 2% of equity.

#### 3.1 Assets

*Consolidated total assets by type*

(EUR)	31/03/2019	As % of total 31/03/2019	31/12/2018	As % of total 31/12/2018
<b>ASSETS</b>	<b>1,813,510,454</b>	<b>100.0%</b>	<b>1,705,947,263</b>	<b>100.0%</b>
1 Intangible assets	38,636,302	2.1%	37,121,118	2.2%
2 Property, plant and equipment	51,731,196	2.9%	42,893,432	2.5%
3 Deferred tax assets	1,430,704	0.1%	1,950,245	0.1%
4 Investment property	20,529,311	1.1%	20,643,019	1.2%
5 Financial investments in associates	560,534	0.0%	462,974	0.0%
6 Financial investments	993,343,413	54.8%	1,008,097,470	59.1%
7 Funds for the benefit of policyholders who bear the investment risk	210,523,489	11.6%	204,818,504	12.0%
8 Reinsurers' share of technical provisions	36,503,410	2.0%	27,292,750	1.6%
9 Investment contract assets	139,451,532	7.7%	135,586,965	7.9%
10 Receivables	178,934,855	9.9%	140,550,011	8.2%
11 Deferred acquisition costs	23,080,254	1.3%	19,759,234	1.2%
12 Other assets	3,968,269	0.2%	2,064,220	0.1%
13 Cash and cash equivalents	114,767,295	6.3%	64,657,431	3.8%
14 Non-current assets held for sale	49,890	0.0%	49,890	0.0%

##### 3.1.1 Property, plant and equipment

As at 31 March 2019, property, plant and equipment assets totalled EUR 51.7 million, up 20.6% compared to 31 December 2018. The increase is mainly the result of recognising right-of-use assets from long-term leases of land, buildings and equipment in line with the new standard IFRS 16 "Leases", effective as of 1 January 2019. For more details, see section 7.9.1 "Property, plant and equipment".

##### 3.1.2 Investment portfolio

The investment portfolio consists of the following statement of financial position items: financial investments (6), investment property (4), financial investments in associates (5), and cash and cash equivalents (13).

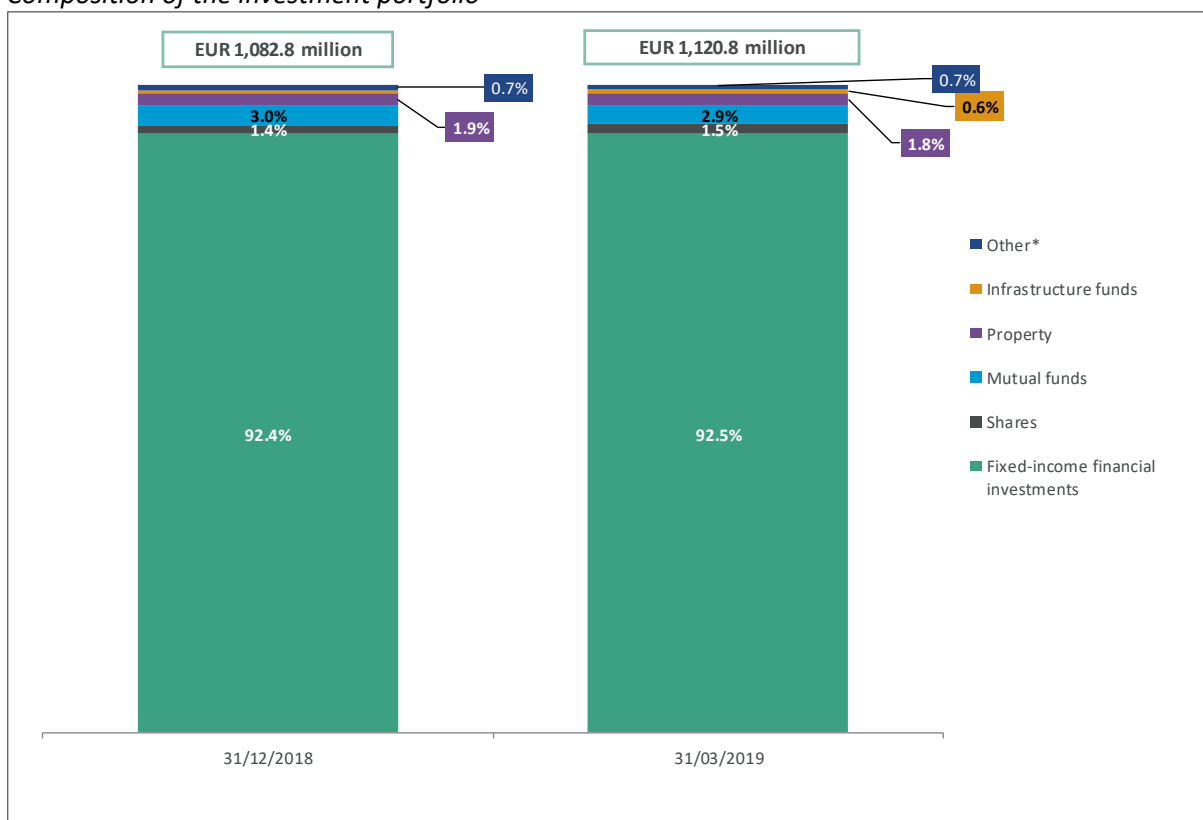


### Sava Insurance Group investment portfolio

(EUR)	31/03/2019	31/12/2018	Absolute change	Index
Deposits	33,709,410	27,740,285	5,969,125	121.5
Government bonds	526,732,753	550,716,600	-23,983,847	95.6
Corporate bonds	370,223,186	368,961,240	1,261,946	100.3
Shares	16,277,259	15,675,616	601,643	103.8
Mutual funds	32,784,292	32,347,639	436,653	101.3
- Bond and money market funds	31,160,370	29,449,173	1,711,197	105.8
- Equity and mixed mutual funds	1,623,922	2,898,466	-1,274,544	56.0
Infrastructure funds	6,265,419	5,264,540	1,000,879	119.0
Loans granted	1,036,142	1,116,240	-80,098	92.8
Deposits with cedants	6,314,952	6,275,310	39,642	100.6
<b>Total financial investments</b>	<b>993,343,413</b>	<b>1,008,097,470</b>	<b>-14,754,057</b>	<b>98.5</b>
Financial investments in associates	560,534	462,974	97,560	121.1
Investment property	20,529,311	20,643,019	-113,708	99.4
Cash and cash equivalents	106,362,416	53,584,104	52,778,312	198.5
<b>Total investment portfolio</b>	<b>1,120,795,674</b>	<b>1,082,787,567</b>	<b>38,008,107</b>	<b>103.5</b>
Funds for the benefit of policyholders who bear the investment risk	218,928,368	215,891,831	3,036,537	101.4
- Financial investments	210,523,489	204,818,504	5,704,985	102.8
- Cash and cash equivalents	8,404,879	11,073,327	-2,668,448	75.9
Investment contract assets	139,451,532	135,586,965	3,864,567	102.9

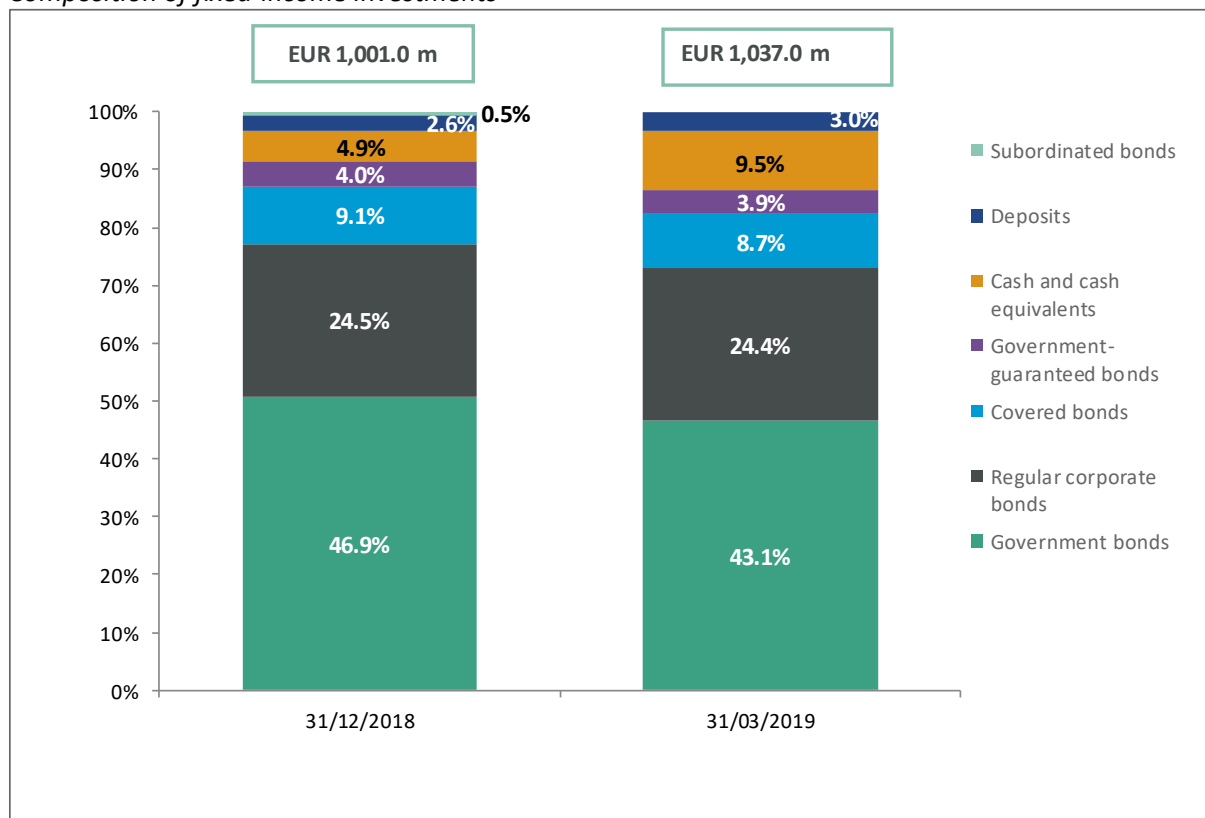
As at 31 March 2019, the investment portfolio of the Sava Insurance Group totalled EUR 1,120.8 million, an increase of EUR 38.0 million from year-end 2018. Positive effects on the balance of the investment portfolio stem from the change in accrued interest, fair value gains, realised gains on the disposal of financial investments and dividend income. Net cash flow from core (re)insurance business was negative in the period. As at 31 March 2019, the Croatian companies ERGO Osiguranje and ERGO Životno Osiguranje were included in the Group portfolio.

### Composition of the investment portfolio



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

### Composition of fixed-income investments



As at 31 March 2019, fixed-income investments accounted for 92.5% of the portfolio, roughly the same as at 31 December 2018. The following movements in the structure of fixed-income investments have been seen:

- lower exposure to government bonds of EUR 24.0 million (a 3.8-percentage-point decline in the proportion of fixed-income investments), largely due to investments reaching maturity;
- the increase in cash and cash equivalents of EUR 52.8 million is short term in nature and mainly intended for covering planned completions of acquisitions and dividend distributions in June 2019 (increase in the proportion of fixed-income investments of 4.5 percentage points);
- as at 31 March 2019, the portfolio does not include any subordinated bonds.

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

Funds for the benefit of policyholders who bear the investment risk is a major asset item (7). Life policies where the investment risk is born by the policy holders are marked by two insurers of the Sava Insurance Group: Zavarovalnica Sava and ERGO Životno Osiguranje.

Funds of policyholders who bear the investment risk are invested in financial investments (mainly in mutual funds selected by policyholders) and cash. As at 31 March 2019, funds for the benefit of policyholders who bear the investment risk totalled EUR 218.9, of which EUR 210.5 million was financial investments and EUR 8.4 million was cash and cash equivalents. Funds for the benefit of policyholders who bear the investment risk grew by EUR 3.0 million compared to the previous year end. The growth is mainly due to the positive change in the market value of investments of EUR 12.8 million and accrued interest. Negative effects include core business cash outflows due to maturities and transfers between funds due to dividend payouts.

### 3.1.4 Reinsurers' share of technical provisions

The reinsurers' and coinsurers' share of technical provisions increased by EUR 9.2 million or 27.9% compared to 31 December 2018. Unearned premiums increased by EUR 6.1 million (of which EUR 5.8 million related to Slovenian non-life insurance business), which is the result of the deferment of premiums for the new underwriting year, which are mostly written at the beginning of the year. Claims provisions increased by EUR 3.1 million on account of new claim reports or reports on increased claims.

### 3.1.5 Investment contract assets

The investment contract assets item (9) includes liability fund assets relating to the life cycle funds "MOJI Skladi Življenjskega Cikla" 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 2019, investment contract assets totalled EUR 139.5 million, up 2.9% compared to 31 December 2018. The increase in investment contract assets relates to net flows (EUR 0.7 million; in the reporting period, inflows totalled EUR 3.0 million and outflows EUR 2.3 million) and the positive change in the fair value reserve (EUR 3.0 million).

As at 31 March 2019, financial investments accounted for 85.4% of total assets; the remaining amount comprises receivables, investment property, and cash and cash equivalents.

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

### 3.1.6 Receivables

Receivables (10) increased by 27.3%, or EUR 38.4 million, compared to year-end 2018 (1–3/2018: increase of 26.4% or EUR 36.6 million). Receivables typically show a significant increase in the first quarter.

Increases were recorded in all types of receivables. The largest increase was with receivables arising from primary insurance business, up EUR 36.1 million, or 28.6%, compared to 31 December 2018; however, the lion's share of this increase relates to not-past-due receivables (EUR 32.9 million). In absolute terms, the largest increase was in the non-life segment in Slovenia (increase of EUR 18.1 million; 1–3/2018: EUR 19.5 million), in the reinsurance segment (increase of EUR 15.5 million; 1–3/2018: EUR 10.8 million) and in the international non-life segment (increase of EUR 2.5 million; 1–3/2018: of EUR 1.7 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. The increase in the international non-life segment was also due to the integration of ERGO Osiguranje, which held EUR 0.7 million in receivables arising out of primary insurance business as at 31 March 2019.

## 3.2 Liabilities

### Consolidated total liabilities by type

(EUR)	31/03/2019	As % of total 31/03/2019	31/12/2018	As % of total 31/12/2018
<b>EQUITY AND LIABILITIES</b>	<b>1,813,510,454</b>	<b>100.0%</b>	<b>1,705,947,263</b>	<b>100.0%</b>
1 Equity	357,687,958	19.7%	340,175,455	19.9%
2 Subordinated liabilities	0	0.0%	0	0.0%
3 Technical provisions	967,827,631	53.4%	920,491,487	54.0%
4 Technical provisions for the benefit of life insurance policyholders who bear the investment risk	214,349,481	11.8%	210,032,637	12.3%
5 Other provisions	8,189,734	0.5%	7,730,247	0.5%
6 Deferred tax liabilities	6,663,441	0.4%	3,529,235	0.2%
7 Investment contract liabilities	139,316,580	7.7%	135,441,508	7.9%
8 Other financial liabilities	252,791	0.0%	243,095	0.0%
9 Liabilities from operating activities	71,064,603	3.9%	54,736,601	3.2%
10 Diverse other liabilities	48,158,235	2.7%	33,566,998	2.0%

### 3.2.1 Equity

Equity (1) increased by 5.1%, or EUR 17.5 million, compared to year-end 2018.

In the period 1–3/2019, equity increased by the amount of net profit of EUR 10.9 million and EUR 6.6 million due to the increase in the fair value reserve.

### 3.2.2 Technical provisions

Gross technical provisions (3) are the largest item under liabilities. The figure as at 31 March 2019 was an increase of 5.1%, or EUR 47.3 million, over year-end 2018. The largest growth (EUR 44.4 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 2019 will they be comparable to the unearned premiums as at 31 December 2018.

#### Movements in consolidated gross technical provisions

(EUR)	31/03/2019	31/12/2018	Index
Gross unearned premiums	228,549,188	184,101,835	124.1
Gross mathematical provisions	248,505,437	254,849,366	97.5
Gross provision for outstanding claims	477,660,505	470,057,561	101.6
Gross provision for bonuses, rebates and cancellations	1,440,991	1,477,666	97.5
Other gross technical provisions	11,671,510	10,005,059	116.7
<b>Gross technical provisions</b>	<b>967,827,631</b>	<b>920,491,487</b>	<b>105.1</b>

The gross technical provisions attributable to the reinsurance segment grew by 6.4%, or EUR 10.1 million, compared to year-end 2018. The increase is due to the rise in unearned premiums as the result of the annual dynamics of underwriting reinsurance business (up EUR 12.5 million; 1–3/2018: up EUR 10.0 million), while provisions for outstanding claims rose by EUR 2.7 million.

Gross technical provisions attributable to the non-life segment grew by 9.1%, or EUR 45.0 million, compared to year-end 2018. Of this, EUR 31.8 million related to the growth in unearned premiums in line with the growth in premium income (1–3/2018: growth of EUR 33.8 million), while provisions for

outstanding claims grew by EUR 6.9 million compared to year-end 2018 (chiefly as the result of new acquisitions).

Gross mathematical provisions decreased by 2.5% (or EUR 6.3 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 1.6 million. The increase mainly stems from new writings and higher unearned premiums.

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

Gross provisions for unit-linked life business (4) totalled EUR 214.3 million as at 31 March 2019 and increased by 2.1%, or EUR 4.3 million, mainly due to new writings and the integration of ERGO Životno Osiguranje into the Group.

### 3.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 139.3 million as at 31 March 2019, up 2.9%, or EUR 3.9 million, from year-end 2018. They move in line with investment contract assets depending on new inflows, outflows and movements in fund unit prices.

### 3.2.5 Liabilities from operating activities

Liabilities from operating activities (9) increased by 29.8%, or EUR 16.3 million, from year-end 2018, reflecting increased liabilities from reinsurance and coinsurance business (EUR 8.7 million), liabilities from primary insurance business (EUR 6.8 million) and current income tax liabilities (EUR 0.8 million).

### 3.2.6 Diverse other liabilities

Diverse other liabilities (10) increased by 43.5%, or EUR 14.6 million, from year-end 2018 as the result of the integration of ERGO Osiguranje and ERGO Životno Osiguranje into the Group as well as the effect of initial recognition of liabilities under the new standard IFRS 16 "Leases".

## 3.3 Capital structure

As at 31 March 2019, the Sava Insurance Group held EUR 357.7 million of equity. It held no subordinated debt and was thus exclusively financed from equity.

## 3.4 Cash flow

In the period 1–3/2019, the Sava Insurance Group's net cash from operating activities was negative, at EUR 13.0 million (1–3/2018: EUR 7.9 million). The rise in the net cash outflow from operating activities stemmed from maturing life policies.

In the period 1–3/2019, the negative net cash from financing of the Sava Insurance Group was roughly the same year on year.

The net increase in cash and cash equivalents in the period 1–3/2019 was larger year on year by EUR 34.6 million, which is the result of a larger cash flow from investing activities due to a tactical decision of the investment portfolio asset managers not to reinvest assets at the reporting date based on market conditions and other considerations, including the planned settlement of liabilities relating to the acquisition of a new company in the second quarter and dividend distributions.

### 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>10</sup>	Outlook	Latest review
Standard & Poor's	A	stable	July 2018: improved rating
AM Best	A	stable	November 2018: improved rating

## 4 Personnel

#### Number of employees by Sava Insurance Group member

	31/03/2019	31/12/2018	Change
Zavarovalnica Sava	1,202.7	1,192.5	10.2
Sava Neživotno Osiguranje (Serbia)	342.6	330.8	11.8
Sava Osiguruvanje (North Macedonia)	206.8	196.8	10.0
ERGO Osiguranje	161.0	0.0	161.0
Illyria	153.0	140.5	12.5
Sava Osiguranje (Montenegro)	127.8	129.0	-1.2
Sava Re	111.0	110.1	0.9
Sava Životno Osiguranje (Serbia)	83.6	80.4	3.2
Illyria Life	47.5	57.0	-9.5
Sava Car	42.5	40.8	1.7
Sava Penzisko Društvo	31.0	31.0	0.0
ZM Svetovanje	30.0	30.0	0.0
TBS Team 24	28.7	29.2	-0.5
Sava Agent	18.8	20.5	-1.7
Sava Pokojninska	13.0	13.0	0.0
Ornatus	8.0	9.0	-1.0
ERGO Životno Osiguranje	7.6	0.0	7.6
Sava Station	5.8	6.3	-0.5
<b>Total</b>	<b>2,621.4</b>	<b>2,416.7</b>	<b>204.5</b>

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees of the Group is subject to change, mainly due to fluctuations in the agency network. The increase in the number of employees also stems from acquisitions of companies (168.6).

## 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

<sup>10</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).

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 2018 and are therefore not repeated in this report.

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

The Sava Insurance Group uses the Solvency II standard formula for its solvency calculations. The most recent solvency calculation was carried out as at 31 December 2017. As at 31 December 2017, the Group was well capitalised and had a solvency ratio of 220%. On 3 June 2019, the Group will post on its website the “Solvency and financial condition report of the Sava Insurance Group 2018”, which will include details on valuation, the calculation of eligible own funds and the Group’s capital requirements. We assess that the solvency ratio as at 31 December 2018 will remain slightly above the upper limit of the optimal ratio range, as set in the Group’s risk strategy.

## **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. As the Group has in place an adequate retrocession programme, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic losses. A more likely scenario 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 of one percentage point would decrease/increase its profit before tax by EUR 1.03 million (31/03/2018: EUR 0.97 million).

The Group’s exposure to underwriting risk did not change significantly in the first quarter compared to year-end 2018. Accordingly, the Group’s retrocession programme is largely unchanged from year-end 2018.

## **5.3 Financial risks**

In their financial operations, individual Group companies are exposed to 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 139.5 million as at 31 March 2019, up EUR 3.9 million from 31 December 2018.

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

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

With regard to its traditional and unit-linked life insurance business with a guaranteed unit value, the insurer is exposed to the risk of failure to realise the guaranteed return. As at 31 March 2019, the effect of failing to achieve the guaranteed return was assessed at -EUR 63,639 (31/03/2018: -EUR 41,889).

### 5.3.2 Market risk

The investment portfolio sensitive to market risk as at 31 March 2019 of EUR 1,190.8 million shrank by EUR 25.9 million from 31 December 2018.

#### *Interest rate risk*

The value of investments included in the interest-rate risk calculation as at 31 March 2019 was EUR 934.1 million (31/12/2018: EUR 930.2 million). Of this, EUR 599.0 million (31/12/2018: EUR 580.3 million) relates to assets of non-life insurers and the reinsurer and EUR 335.2 million (31/12/2018: EUR 350.7 million) to assets of life insurers.

The average maturity of non-life insurance and reinsurance assets was 3.02 years as at 31 March 2019 (31/12/2018: 2.98 years), while the expected maturity of non-life and reinsurance obligations was 2.47 years (31/12/2018: 2.77 years).

The average maturity of life insurance assets was 3.62 years as at 31 March 2019 (31/12/2018: 3.48 years), while the expected duration of life insurance obligations was 5.30 (31/12/2018: 4.39).

The maturity mismatch between assets and liabilities increased modestly, resulting in a rise in interest risk.

#### *Equity risk*

The value of investments that the Company includes in the equity risk calculation totalled EUR 17.9 million as at 31 March 2019 (31/12/2018: EUR 18.5 million). A 10% drop in equity prices would result in a decline of EUR 1.8 million (31/12/2018: EUR 1.9 million).

The risk remained at about the same level as at year-end 2018.



### *Alternative investment risk*

As at 31 March 2019, the Group's alternative investments totalled EUR 26.8 million (31/03/2018: EUR 25.9 million), comprising infrastructure fund investments and investment property. The risk of alternative investments has been determined based on stressed values as prescribed under Solvency II regulations for the capital adequacy calculation. A drop of 25% was used for investment property and a drop of 49% for infrastructure funds, since we did not apply a look-through approach to these funds, resulting in an absolute decrease of EUR 8.2 million in total (31/12/2018: EUR 7.7 million).

The risk remained at about the same level as at year-end 2018.

### *Currency risk*

The Company monitors the matching of assets and liabilities by both the ALM aspect (by accounting currency<sup>11</sup>) and the accounting aspect (by transaction currency<sup>12</sup>). As at 31 March 2019, the position was 97.0% matched according to the management aspect (31/12/2018: 96.8%) and 98.8% matched according to the ALM aspect (31/12/2018: 98.8%).

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

#### 5.3.3 Credit risk

As at 31 March 2019, fixed-income investments rated "A" or better accounted for 61.3% of the total fixed-income portfolio (31/12/2018: 68.2%). In the 2019 reporting period, the share of the best-rated investments dropped compared to the prior year-end. This is because cash equivalents (unrated) increased somewhat, since not all proceeds from maturities and disposals were reinvested.

As at 31 March 2019, the exposure to the ten largest issuers was EUR 411.2 million, representing 34.5% of financial investments (31/12/2018: EUR 403.5 million; 34.6%). The largest single issuer of securities that the Group is exposed to is the Republic of Slovenia. As at 31 March 2019, the exposure to Slovenian issuers totalled EUR 75 million, representing 6.4% of financial investments (31/12/2018: EUR 138.8 million; 11.9%). A share of 6.2% of financial investments is exposed to other corporate issuers. This, however, is short term in nature as it relates to liabilities for the acquisition of a new company and dividend distributions to shareholders.

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 1–3/2019, reducing it compared to year-end 2018.

#### 5.3.4 Liquidity risk

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

We believe that liquidity risk is low and well managed.

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<sup>11</sup> The accounting currency is the local currency used in the accounting documentation. Reinsurance contracts may be accounted for in various accounting currencies. Generally, this is the currency of liabilities and receivables due from cedants, and hence also the reinsurer.

## **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, while the EU-based companies additionally use scenario analysis.

Operational risks are not among the Group's most significant risks. We assess that in the first quarter the Group's exposure to this category of risk remained at about the level at year-end 2018.

## **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 members are exposed to a diverse range of internal and external strategic risks.

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

In the first quarter, the Group's exposure to strategic risk remained at about the same level as at year-end 2018.

## **5.6 Risk exposure up until year-end 2019**

The main risks that the Group is exposed to remained underwriting risk, followed by market risk. The realisation of underwriting risk is fortuitous. Underwriting risk could be realised to a larger extent as a result of a larger number of catastrophic events (in Slovenia and abroad), while the realisation of financial risk could increase owing to unfavourable trends in financial markets.

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



## 6 Unaudited condensed consolidated financial statements

### 6.1 Unaudited consolidated statement of financial position

(EUR)	31/03/2019	31/12/2018
<b>ASSETS</b>	<b>1,813,510,454</b>	<b>1,705,947,263</b>
Intangible assets	38,636,302	37,121,118
Property, plant and equipment	51,731,196	42,893,432
Deferred tax assets	1,430,704	1,950,245
Investment property	20,529,311	20,643,019
Financial investments in associates	560,534	462,974
Financial investments:	993,343,413	1,008,097,470
- Loans and deposits	39,449,900	33,542,347
- Held to maturity	45,977,078	77,122,037
- Available for sale	898,816,392	885,017,410
- At fair value through profit or loss	9,100,043	12,415,676
Funds for the benefit of policyholders who bear the investment risk	210,523,489	204,818,504
Reinsurers' share of technical provisions	36,503,410	27,292,750
Investment contract assets	139,451,532	135,586,965
Receivables	178,934,855	140,550,011
Receivables arising out of primary insurance business	162,677,580	126,533,761
Reinsurance and coinsurance receivables	7,261,423	5,835,798
Current tax assets	189,219	169,727
Other receivables	8,806,633	8,010,725
Deferred acquisition costs	23,080,254	19,759,234
Other assets	3,968,269	2,064,220
Cash and cash equivalents	114,767,295	64,657,431
Non-current assets held for sale	49,890	49,890
<b>EQUITY AND LIABILITIES</b>	<b>1,813,510,454</b>	<b>1,705,947,263</b>
Equity	357,687,958	340,175,455
Share capital	71,856,376	71,856,376
Capital reserves	43,035,948	43,035,948
Profit reserves	183,618,922	183,606,914
Own shares	-24,938,709	-24,938,709
Fair value reserve	18,370,099	11,613,059
Reserve due to fair value revaluation	741,393	836,745
Retained earnings	56,972,424	35,140,493
Net profit or loss for the period	10,903,144	21,843,940
Translation reserve	-3,434,769	-3,368,928
Equity attributable to owners of the controlling company	357,124,828	339,625,838
Non-controlling interests in equity	563,130	549,617
Technical provisions	967,827,631	920,491,487
Unearned premiums	228,549,188	184,101,835
Technical provisions for life insurance business	248,505,437	254,849,366
Provision for outstanding claims	477,660,505	470,057,561
Other technical provisions	13,112,501	11,482,725
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	214,349,481	210,032,637
Other provisions	8,189,734	7,730,247
Deferred tax liabilities	6,663,441	3,529,235
Investment contract liabilities	139,316,580	135,441,508
Other financial liabilities	252,791	243,095
Liabilities from operating activities	71,064,603	54,736,601
Liabilities from primary insurance business	51,035,442	44,278,514
Liabilities from reinsurance and coinsurance business	14,910,853	6,176,032
Current income tax liabilities	5,118,308	4,282,055
Diverse other liabilities	48,158,235	33,566,998

## 6.2 Unaudited consolidated income statement

(EUR)	1–3/2019	1–3/2018
<b>Net premiums earned</b>	<b>123,243,068</b>	<b>115,496,846</b>
Gross premiums written	171,605,211	166,968,540
Written premiums ceded to reinsurers and co-insurers	-14,426,464	-14,038,837
Change in gross unearned premiums	-40,046,612	-43,119,198
Change in unearned premiums, reinsurers' and co-insurers' shares	6,110,933	5,686,341
<b>Investment income</b>	<b>6,972,463</b>	<b>5,988,108</b>
Interest income	3,584,977	4,223,716
Other investment income	3,387,486	1,764,392
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>13,199,235</b>	<b>3,413,204</b>
<b>Other technical income</b>	<b>4,509,227</b>	<b>3,915,415</b>
Commission income	1,674,953	990,401
Other technical income	2,834,274	2,925,014
<b>Other income</b>	<b>2,807,994</b>	<b>2,341,596</b>
<b>Net claims incurred</b>	<b>-93,758,826</b>	<b>-85,411,856</b>
Gross claims paid, net of income from recourse receivables	-99,008,220	-90,371,208
Reinsurers' and co-insurers' shares	1,832,107	2,136,336
Change in the gross provision for outstanding claims	570,818	3,006,291
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	2,846,469	-183,275
<b>Change in other technical provisions</b>	<b>10,661,245</b>	<b>1,050,944</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>-5,732,860</b>	<b>15,824,509</b>
<b>Expenses for bonuses and rebates</b>	<b>54,171</b>	<b>37,557</b>
<b>Operating expenses</b>	<b>-42,562,930</b>	<b>-41,375,666</b>
Acquisition costs	-16,073,428	-15,041,539
Change in deferred acquisition costs	2,555,062	2,028,695
Other operating expenses	-29,044,564	-28,362,822
<b>Expenses for investments in associates and impairment losses on goodwill</b>	<b>-75,290</b>	<b>0</b>
Loss arising out of investments in equity-accounted associate	-75,290	0
<b>Expenses for financial assets and liabilities</b>	<b>-681,418</b>	<b>-2,512,291</b>
Interest expense	-49,822	-5,531
Other investment expenses	-631,596	-2,506,760
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>-812,571</b>	<b>-6,596,763</b>
<b>Other technical expenses</b>	<b>-3,539,370</b>	<b>-4,641,861</b>
<b>Other expenses</b>	<b>-410,095</b>	<b>-948,801</b>
<b>Profit or loss before tax</b>	<b>13,874,043</b>	<b>6,580,941</b>
<b>Income tax expense</b>	<b>-2,958,906</b>	<b>-1,949,148</b>
<b>Net profit or loss for the period</b>	<b>10,915,137</b>	<b>4,631,793</b>
<b>Net profit or loss attributable to owners of the controlling company</b>	<b>10,903,144</b>	<b>4,583,832</b>
<b>Net profit or loss attributable to non-controlling interests</b>	<b>11,993</b>	<b>47,961</b>
<b>Earnings per share (basic and diluted)</b>	<b>0.70</b>	<b>0.30</b>

The change in the weighted average number of shares outstanding is shown in section 7.9.5 “Earnings or loss per share”.

### 6.3 Unaudited consolidated statement of other comprehensive income

(EUR)	1-3/2019			1-3/2018		
	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total
<b>PROFIT OR LOSS FOR THE PERIOD, NET OF TAX</b>	<b>10,903,144</b>	<b>11,993</b>	<b>10,915,137</b>	<b>4,583,832</b>	<b>47,961</b>	<b>4,631,793</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>6,595,847</b>	<b>1,519</b>	<b>6,597,366</b>	<b>-2,617,546</b>	<b>-1,425</b>	<b>-2,618,971</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>-95,354</b>	<b>0</b>	<b>-95,354</b>	<b>-8,988</b>	<b>0</b>	<b>-8,988</b>
Other items that will not be reclassified subsequently to profit or loss	-95,354	0	-95,354	-8,988	0	-8,988
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>6,691,201</b>	<b>1,519</b>	<b>6,692,720</b>	<b>-2,608,558</b>	<b>-1,425</b>	<b>-2,609,983</b>
<b>Net gains or losses on remeasuring available-for-sale financial assets</b>	<b>8,290,553</b>	<b>2,202</b>	<b>8,292,755</b>	<b>-3,266,311</b>	<b>197</b>	<b>-3,266,114</b>
Net change recognised in the fair value reserve	8,294,205	2,202	8,296,407	-2,426,806	197	-2,426,609
Net change transferred from fair value reserve to profit or loss	-3,652	0	-3,652	-839,505	0	-839,505
<b>Tax on items that may be reclassified subsequently to profit or loss</b>	<b>-1,533,511</b>	<b>0</b>	<b>-1,533,511</b>	<b>626,170</b>	<b>0</b>	<b>626,170</b>
<b>Net gains or losses from translation of financial statements of non-domestic companies</b>	<b>-65,841</b>	<b>-683</b>	<b>-66,524</b>	<b>31,583</b>	<b>-1,622</b>	<b>29,961</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>17,498,991</b>	<b>13,512</b>	<b>17,512,503</b>	<b>1,966,286</b>	<b>46,536</b>	<b>2,012,822</b>
<b>Attributable to owners of the controlling company</b>	<b>17,498,991</b>	<b>0</b>	<b>17,498,991</b>	<b>1,966,286</b>	<b>0</b>	<b>1,966,286</b>
<b>Attributable to non-controlling interests</b>	<b>0</b>	<b>13,512</b>	<b>13,512</b>	<b>0</b>	<b>46,536</b>	<b>46,536</b>

## 6.4 Unaudited consolidated statement of cash flows

(EUR)	1–3/2019	1–3/2018
<b>A. Cash flows from operating activities</b>		
<b>a) Items of the income statement</b>	<b>29,980,655</b>	<b>31,950,494</b>
1. Net premiums written in the period	157,178,747	162,929,703
2. Investment income (other than finance income)	378,367	44,547
3. Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	7,317,221	6,257,011
4. Net claims paid in the period	-97,176,113	-88,234,872
5. Expenses for bonuses and rebates	54,171	37,557
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-30,863,367	-41,536,172
7. Investment expenses (excluding amortisation and financial expenses)	0	-7,470
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-3,949,465	-5,590,662
9. Tax on profit and other taxes not included in operating expenses	-2,958,906	-1,949,148
<b>b) Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement</b>	<b>-43,005,769</b>	<b>-39,836,533</b>
1. Change in receivables from primary insurance	-36,143,819	-32,468,415
2. Change in receivables from reinsurance	-1,425,625	-829,570
3. Change in other receivables from (re)insurance business	107,690	-334,095
4. Change in other receivables and other assets	-2,832,013	-4,973,176
5. Change in deferred tax assets	519,541	705,974
6. Change in inventories	2,437	-22,900
7. Change in liabilities arising out of primary insurance	6,756,928	-148,504
8. Change in liabilities arising out of reinsurance business	8,734,821	9,544,585
9. Change in other operating liabilities	-17,071,191	-4,503,323
10. Change in diverse other liabilities (except unearned premiums)	-4,788,744	-5,344,940
11. Change in deferred tax liabilities	3,134,206	-1,462,169
<b>c) Net cash from/used in operating activities (a + b)</b>	<b>-13,025,114</b>	<b>-7,886,039</b>
<b>B. Cash flows from investing activities</b>		
<b>a) Cash receipts from investing activities</b>	<b>665,196,035</b>	<b>412,586,119</b>
1. Interest received from investing activities	3,584,977	4,223,716
2. Cash receipts from dividends and participation in the profit of others	113,454	3,172
4. Proceeds from sale of property, plant and equipment	205,570	517,038
5. Proceeds from sale of financial investments	661,284,107	407,842,193
<b>b) Cash disbursements in investing activities</b>	<b>-602,966,574</b>	<b>-390,125,392</b>
1. Purchase of intangible assets	-258,784	-124,990
2. Purchase of property, plant and equipment	-547,086	-553,391
3. Purchase of long-term financial investments	-602,160,704	-389,447,011
<b>c) Net cash from/used in investing activities (a + b)</b>	<b>62,229,461</b>	<b>22,460,727</b>
<b>C. Cash flows from financing activities</b>		
<b>b) Cash disbursements in financing activities</b>	<b>-49,822</b>	<b>-5,531</b>
1. Interest paid	-49,822	-5,531
<b>c) Net cash from/used in financing activities (a + b)</b>	<b>-49,822</b>	<b>-5,531</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>114,767,295</b>	<b>53,881,372</b>
<b>x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>49,154,525</b>	<b>14,569,157</b>
<b>y) Opening balance of cash and cash equivalents</b>	<b>64,657,431</b>	<b>37,956,119</b>
Opening balance of cash and cash equivalents – acquisition	955,339	1,356,096



## 6.5 Unaudited consolidated statement of changes in equity

### Unaudited consolidated statement of changes in equity for the three months to 31 March 2019

(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
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
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	135,749,761	18,370,099	741,393	56,972,424	10,903,144	-24,938,709	-3,434,769	357,124,828	563,130	357,687,958

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

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

## **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 2019 as compared to both the first three months of 2018 and the year-end 2018.

### **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 2018.

The financial statements with notes as at and for the three months to 31 March 2019 have not been audited.

The interim financial statements as at 31 March 2019 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2018, except for the policies related to IFRS 16 “Leases”. As of 1 January 2019, the assets of the Group include right-of-use assets at the present value of future lease payments. Right-of-use assets are reduced through value adjustments equalling the remaining lease payments or depreciation calculated based on the lease term. The Group recognises lease payments relating to short-term and low-value leases as an expense.

### **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 1–3/2019.

### **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 7.2 million as at 31 March 2019. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been presented in detail in interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are given in the report, even though they may not exceed the materiality threshold.

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

The Group issued no new debt or equity securities.

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

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

## **7.7 Segment reporting**

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

The presented operating segments are “reinsurance business”, “non-life business”, “life business”, “pensions” and the “other” segment. The performance of these segments is monitored using 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 2019

31/03/2019	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>ASSETS</b>	<b>333,824,730</b>	<b>579,883,006</b>	<b>162,178,349</b>	<b>742,061,355</b>	<b>512,646,907</b>	<b>38,893,995</b>	<b>551,540,902</b>	<b>181,212,029</b>	<b>4,871,439</b>	<b>1,813,510,454</b>
Intangible assets	834,621	5,152,515	8,602,116	13,754,631	5,978,841	32,413	6,011,254	15,246,711	2,789,085	38,636,302
Property, plant and equipment	2,785,649	26,939,524	17,231,052	44,170,576	1,953,793	2,176,619	4,130,412	474,001	170,558	51,731,196
Deferred tax assets	1,350,127	9,888	70,248	80,136	0	441	441	0	0	1,430,704
Investment property	9,347,399	6,368,377	4,774,262	11,142,639	39,273	0	39,273	0	0	20,529,311
Financial investments:	168,083,904	399,100,150	101,166,958	500,267,108	268,895,259	32,514,652	301,409,911	23,582,490	0	993,343,413
- Loans and deposits	5,256,243	2,570,734	17,208,400	19,779,134	8,008,883	1,279,492	9,288,376	5,126,148	0	39,449,900
- Held to maturity	1,389,297	16,574,167	3,359,279	19,933,446	15,295,646	4,262,863	19,558,510	5,095,825	0	45,977,078
- Available for sale	160,031,665	379,375,866	78,271,228	457,647,094	245,588,777	26,593,346	272,182,122	8,955,511	0	898,816,392
- At fair value through profit or loss	1,406,699	579,383	2,328,051	2,907,434	1,953	378,951	380,904	4,405,006	0	9,100,043
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	209,095,542	1,427,947	210,523,489	0	0	210,523,489
Reinsurers' share of technical provisions	9,185,970	21,872,567	5,330,506	27,203,073	110,522	3,845	114,367	0	0	36,503,410
Investment contract assets	0	0	0	0	0	0	0	139,451,532	0	139,451,532
Receivables	88,484,194	72,827,246	14,992,665	87,819,911	995,956	669,567	1,665,523	238,267	726,960	178,934,855
Receivables arising out of primary insurance business	82,507,443	68,920,289	9,818,164	78,738,453	800,354	596,445	1,396,799	34,885	0	162,677,580
Reinsurance and coinsurance receivables	5,211,127	1,582,061	468,235	2,050,296	0	0	0	0	0	7,261,423
Current tax assets	14,488	33,806	140,925	174,731	0	0	0	0	0	189,219
Other receivables	751,136	2,291,090	4,565,341	6,856,431	195,602	73,122	268,724	203,382	726,960	8,806,633
Deferred acquisition costs	6,538,598	11,021,127	5,066,714	16,087,841	428,963	24,852	453,815	0	0	23,080,254
Other assets	819,397	2,156,887	527,850	2,684,737	28,516	47,580	76,096	273,731	114,308	3,968,269
Cash and cash equivalents	46,394,871	34,384,835	4,415,978	38,800,813	25,120,242	1,996,079	27,116,321	1,945,297	509,994	114,767,295
Non-current assets held for sale	0	49,890	0	49,890	0	0	0	0	0	49,890

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

31/03/2019	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>EQUITY AND LIABILITIES</b>	<b>416,218,054</b>	<b>524,536,690</b>	<b>152,412,937</b>	<b>676,949,628</b>	<b>497,292,486</b>	<b>37,442,710</b>	<b>534,735,198</b>	<b>180,628,101</b>	<b>4,979,474</b>	<b>1,813,510,454</b>
<b>Equity</b>	<b>197,345,768</b>	<b>44,186,974</b>	<b>36,478,319</b>	<b>80,665,293</b>	<b>35,205,584</b>	<b>11,631,577</b>	<b>46,837,161</b>	<b>29,082,480</b>	<b>3,757,255</b>	<b>357,687,958</b>
Equity attributable to owners of the controlling company	197,345,768	44,186,974	36,132,121	80,319,095	35,205,584	11,631,577	46,837,161	29,082,480	3,540,323	357,124,828
Non-controlling interests in equity	0	0	346,198	346,198	0	0	0	0	216,932	563,130
<b>Technical provisions</b>	<b>166,854,644</b>	<b>441,556,363</b>	<b>95,826,881</b>	<b>537,383,244</b>	<b>234,296,704</b>	<b>20,565,102</b>	<b>254,861,806</b>	<b>8,727,937</b>	<b>0</b>	<b>967,827,631</b>
Unearned premiums	37,568,194	152,143,545	37,716,778	189,860,323	801,034	319,637	1,120,671	0	0	228,549,188
Mathematical provisions	0	0	4,870,358	4,870,358	215,678,969	19,228,223	234,907,192	8,727,887	0	248,505,437
Provision for outstanding claims	128,413,000	279,604,446	50,809,066	330,413,512	17,816,701	1,017,242	18,833,943	50	0	477,660,505
Other technical provisions	873,450	9,808,372	2,430,679	12,239,051	0	0	0	0	0	13,112,501
<b>Technical provisions for the benefit of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>212,921,534</b>	<b>1,427,947</b>	<b>214,349,481</b>	<b>0</b>	<b>0</b>	<b>214,349,481</b>
Other provisions	393,270	5,576,601	944,015	6,520,616	1,122,320	3,248	1,125,568	108,280	42,000	8,189,734
Deferred tax liabilities	0	2,120,984	385,429	2,506,413	2,113,658	115,303	2,228,961	1,928,067	0	6,663,441
Investment contract liabilities	0	0	0	0	0	0	0	139,316,580	0	139,316,580
Other financial liabilities	87,512	0	162,823	162,823	0	813	813	1,644	0	252,791
<b>Liabilities from operating activities</b>	<b>47,397,180</b>	<b>9,326,327</b>	<b>4,474,472</b>	<b>13,800,799</b>	<b>9,573,026</b>	<b>256,756</b>	<b>9,829,782</b>	<b>11,607</b>	<b>25,235</b>	<b>71,064,603</b>
Liabilities from primary insurance business	36,321,016	4,165,237	1,064,253	5,229,490	9,266,706	218,146	9,484,852	84	0	51,035,442
Liabilities from reinsurance and coinsurance business	8,880,830	3,004,364	3,010,185	6,014,549	15,314	160	15,474	0	0	14,910,853
Current income tax liabilities	2,195,334	2,156,726	400,034	2,556,760	291,006	38,450	329,456	11,523	25,235	5,118,308
Diverse other liabilities	4,139,680	21,769,441	14,140,999	35,910,440	2,059,662	3,441,964	5,501,626	1,451,506	1,154,984	48,158,235

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

31/12/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>ASSETS</b>	<b>274,837,456</b>	<b>565,031,397</b>	<b>131,712,828</b>	<b>696,744,225</b>	<b>526,967,567</b>	<b>29,122,751</b>	<b>556,090,318</b>	<b>173,344,750</b>	<b>4,930,514</b>	<b>1,705,947,263</b>
Intangible assets	892,724	5,371,378	8,657,541	14,028,919	5,993,196	29,781	6,022,977	13,388,822	2,787,676	37,121,118
Property, plant and equipment	2,654,540	22,010,348	13,873,614	35,883,962	1,985,583	2,143,756	4,129,339	101,027	124,564	42,893,432
Deferred tax assets	1,867,370	9,888	72,546	82,434	0	441	441	0	0	1,950,245
Investment property	9,394,533	6,411,948	4,796,930	11,208,878	39,608	0	39,608	0	0	20,643,019
Financial investments:	162,310,851	425,673,545	80,589,909	506,263,454	291,963,448	24,732,979	316,696,427	22,826,738	0	1,008,097,470
- Loans and deposits	5,085,869	2,825,837	18,505,069	21,330,906	6,846	1,679,795	1,686,641	5,438,931	0	33,542,347
- Held to maturity	1,393,386	35,320,569	3,496,063	38,816,632	30,578,107	2,083,460	32,661,566	4,250,452	0	77,122,037
- Available for sale	153,175,040	382,444,839	58,516,033	440,960,871	261,374,919	20,675,814	282,050,733	8,830,765	0	885,017,410
- At fair value through profit or loss	2,656,556	5,082,301	72,744	5,155,045	3,576	293,909	297,485	4,306,590	0	12,415,676
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	204,770,733	47,771	204,818,504	0	0	204,818,504
Reinsurers' share of technical provisions	9,019,966	14,221,663	3,899,277	18,120,940	144,924	6,920	151,844	0	0	27,292,750
Investment contract assets	0	0	0	0	0	0	0	135,586,965	0	135,586,965
Receivables	72,109,652	54,259,509	11,686,954	65,946,463	837,085	652,454	1,489,539	13,709	990,648	140,550,011
Receivables arising out of primary insurance business	66,964,340	50,911,801	7,319,653	58,231,454	745,978	580,804	1,326,782	11,185	0	126,533,761
Reinsurance and coinsurance receivables	4,842,279	577,109	411,881	988,990	0	4,529	4,529	0	0	5,835,798
Current tax assets	14,488	33,806	121,433	155,239	0	0	0	0	0	169,727
Other receivables	288,545	2,736,793	3,833,987	6,570,780	91,107	67,121	158,228	2,524	990,648	8,010,725
Deferred acquisition costs	5,543,138	10,021,798	3,739,550	13,761,348	431,932	22,816	454,748	0	0	19,759,234
Other assets	380,021	920,495	387,060	1,307,555	900	22,223	23,123	287,849	65,672	2,064,220
Cash and cash equivalents	10,664,660	26,080,935	4,009,448	30,090,383	20,800,158	1,463,610	22,263,768	1,139,640	498,980	64,657,431
Non-current assets held for sale	0	49,890	0	49,890	0	0	0	0	0	49,890

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

31/12/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>EQUITY AND LIABILITIES</b>	<b>349,227,762</b>	<b>515,265,333</b>	<b>123,367,425</b>	<b>638,632,758</b>	<b>508,045,120</b>	<b>30,376,834</b>	<b>538,421,953</b>	<b>174,699,787</b>	<b>4,965,003</b>	<b>1,705,947,263</b>
<b>Equity</b>	<b>153,206,458</b>	<b>64,183,650</b>	<b>38,017,218</b>	<b>102,200,868</b>	<b>39,847,893</b>	<b>11,281,453</b>	<b>51,129,346</b>	<b>30,251,271</b>	<b>3,387,513</b>	<b>340,175,455</b>
Equity attributable to owners of the controlling company	153,206,458	64,183,650	37,665,813	101,849,463	39,847,893	11,281,453	51,129,346	30,251,271	3,189,301	339,625,838
Non-controlling interests in equity	0	0	351,405	351,405	0	0	0	0	198,212	549,617
<b>Technical provisions</b>	<b>156,779,256</b>	<b>416,360,199</b>	<b>75,985,712</b>	<b>492,345,911</b>	<b>245,113,488</b>	<b>18,107,217</b>	<b>263,220,705</b>	<b>8,145,615</b>	<b>0</b>	<b>920,491,487</b>
Unearned premiums	25,023,103	127,408,821	30,627,563	158,036,384	742,616	299,732	1,042,348	0	0	184,101,835
Mathematical provisions	0	0	0	0	229,055,266	17,648,485	246,703,751	8,145,615	0	254,849,366
Provision for outstanding claims	131,117,879	279,281,319	44,183,757	323,465,076	15,315,606	159,000	15,474,606	0	0	470,057,561
Other technical provisions	638,274	9,670,059	1,174,392	10,844,451	0	0	0	0	0	11,482,725
<b>Technical provisions for the benefit of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>209,984,866</b>	<b>47,771</b>	<b>210,032,637</b>	<b>0</b>	<b>0</b>	<b>210,032,637</b>
Other provisions	376,521	5,348,757	738,365	6,087,122	1,081,458	2,695	1,084,153	140,451	42,000	7,730,247
Deferred tax liabilities	0	1,635,238	234,300	1,869,538	1,594,732	38,398	1,633,130	26,567	0	3,529,235
Investment contract liabilities	0	0	0	0	0	0	0	135,441,508	0	135,441,508
Other financial liabilities	87,506	-1	155,154	155,153	0	436	436	0	0	243,095
<b>Liabilities from operating activities</b>	<b>35,618,804</b>	<b>6,439,968</b>	<b>3,934,306</b>	<b>10,374,274</b>	<b>8,256,894</b>	<b>268,718</b>	<b>8,525,612</b>	<b>34,160</b>	<b>183,751</b>	<b>54,736,601</b>
Liabilities from primary insurance business	30,472,253	4,465,905	1,037,780	5,503,685	8,102,962	199,614	8,302,576	0	0	44,278,514
Liabilities from reinsurance and coinsurance business	3,149,394	594,814	2,417,287	3,012,101	1,790	12,747	14,537	0	0	6,176,032
Current income tax liabilities	1,997,157	1,379,249	479,239	1,858,488	152,142	56,357	208,499	34,160	183,751	4,282,055
<b>Diverse other liabilities</b>	<b>3,159,218</b>	<b>21,297,522</b>	<b>4,302,370</b>	<b>25,599,892</b>	<b>2,165,788</b>	<b>630,146</b>	<b>2,795,934</b>	<b>660,215</b>	<b>1,351,739</b>	<b>33,566,998</b>



Income statement items by operating segment 1–3/2019

(EUR)	Reinsurance business	Non-life business			Life business			Pensions	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>2,821,067</b>	<b>1,596,908</b>	<b>663,910</b>	<b>2,260,818</b>	<b>1,187,742</b>	<b>257,965</b>	<b>1,445,707</b>	<b>444,870</b>	<b>0</b>	<b>6,972,463</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	2,220,315	614,743	103,137	717,880	79,466	57,023	136,488	312,803	0	3,387,486
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13,199,159</b>	<b>76</b>	<b>13,199,235</b>	<b>0</b>	<b>0</b>	<b>13,199,235</b>
<b>Other technical income</b>	<b>1,161,152</b>	<b>1,978,434</b>	<b>645,264</b>	<b>2,623,698</b>	<b>300,376</b>	<b>22,110</b>	<b>322,486</b>	<b>401,891</b>	<b>0</b>	<b>4,509,227</b>
Commission income	239,573	1,119,652	315,728	1,435,380	0	0	0	0	0	1,674,953
Other technical income	921,579	858,782	329,536	1,188,318	300,376	22,110	322,486	401,891	0	2,834,274
<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>2,807,995</b>
<b>Net claims incurred</b>	<b>-11,659,902</b>	<b>-38,882,185</b>	<b>-8,319,937</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	1,641,210	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	2,192,265	-30,309	4	-30,305	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>-22,294,227</b>	<b>-7,221,133</b>	<b>-29,515,360</b>	<b>-4,977,215</b>	<b>-872,359</b>	<b>-5,849,574</b>	<b>-756,315</b>	<b>-434,179</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	-16,184,055	-6,345,485	-22,529,540	-3,600,110	-745,073	-4,345,183	-752,928	-434,179	-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>-303,065</b>	<b>-85,929</b>	<b>-125,400</b>	<b>-211,329</b>	<b>-47</b>	<b>-39,292</b>	<b>-39,339</b>	<b>-122,538</b>	<b>-5,147</b>	<b>-681,418</b>
Interest expense	-166	-12,269	-30,351	-42,620	0	-216	-216	-1,673	-5,147	-49,822
Other investment expenses	-302,899	-73,660	-95,049	-168,709	-47	-39,076	-39,123	-120,865	0	-631,596
<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>-812,562</b>	<b>-9</b>	<b>-812,571</b>	<b>0</b>	<b>0</b>	<b>-812,571</b>
<b>Other technical expenses</b>	<b>-708,096</b>	<b>-1,441,182</b>	<b>-1,092,106</b>	<b>-2,533,288</b>	<b>-77,583</b>	<b>-56,359</b>	<b>-133,942</b>	<b>-160,539</b>	<b>-3,505</b>	<b>-3,539,370</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>7,976,275</b>	<b>-1,574,201</b>	<b>6,402,074</b>	<b>2,386,438</b>	<b>86,475</b>	<b>2,472,913</b>	<b>663,559</b>	<b>107,958</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>

Income statement items by operating segment 1–3/2018

(EUR)	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
<b>Net premiums earned</b>	<b>19,589,814</b>	<b>60,039,395</b>	<b>13,903,449</b>	<b>73,942,844</b>	<b>19,336,974</b>	<b>1,955,949</b>	<b>21,292,923</b>	<b>671,265</b>	<b>0</b>	<b>115,496,846</b>
Gross premiums written	30,756,070	97,200,880	16,847,686	114,048,566	19,435,403	2,057,236	21,492,639	671,265	0	166,968,540
Written premiums ceded to reinsurers and co-insurers	-520,126	-11,974,071	-1,484,944	-13,459,015	-58,540	-1,156	-59,696	0	0	-14,038,837
Change in gross unearned premiums	-9,998,552	-31,231,548	-1,752,946	-32,984,494	-36,021	-100,131	-136,152	0	0	-43,119,198
Change in unearned premiums, reinsurers' and co-insurers' shares	-647,578	6,044,134	293,653	6,337,787	-3,868	0	-3,868	0	0	5,686,341
<b>Investment income</b>	<b>1,510,018</b>	<b>1,633,597</b>	<b>586,115</b>	<b>2,219,712</b>	<b>1,905,460</b>	<b>240,806</b>	<b>2,146,266</b>	<b>112,112</b>	<b>0</b>	<b>5,988,108</b>
Interest income	602,485	1,211,206	541,198	1,752,405	1,631,506	180,104	1,811,610	57,216	0	4,223,716
Other investment income	907,533	422,390	44,917	467,307	273,954	60,702	334,656	54,896	0	1,764,392
<b>Net unrealised gains on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>3,412,993</b>	<b>211</b>	<b>3,413,204</b>	<b>0</b>	<b>0</b>	<b>3,413,204</b>
<b>Other technical income</b>	<b>1,223,685</b>	<b>1,346,355</b>	<b>582,543</b>	<b>1,928,898</b>	<b>334,531</b>	<b>49,446</b>	<b>383,977</b>	<b>378,855</b>	<b>0</b>	<b>3,915,415</b>
Commission income	131,924	675,311	183,167	858,478	0	-1	-1	0	0	990,401
Other technical income	1,091,761	671,044	399,376	1,070,420	334,531	49,447	383,978	378,855	0	2,925,014
<b>Other income</b>	<b>96,755</b>	<b>676,019</b>	<b>332,432</b>	<b>1,008,451</b>	<b>102,706</b>	<b>9,641</b>	<b>112,347</b>	<b>0</b>	<b>1,124,043</b>	<b>2,341,596</b>
<b>Net claims incurred</b>	<b>-11,030,536</b>	<b>-37,535,412</b>	<b>-6,905,045</b>	<b>-44,440,456</b>	<b>-28,829,875</b>	<b>-954,551</b>	<b>-29,784,426</b>	<b>-156,438</b>	<b>0</b>	<b>-85,411,856</b>
Gross claims paid, net of income from recourse receivables	-12,096,942	-41,691,559	-6,743,401	-48,434,960	-28,751,948	-930,920	-29,682,868	-156,438	0	-90,371,208
Reinsurers' and co-insurers' shares	165,581	1,699,028	262,502	1,961,530	9,224	0	9,224	0	0	2,136,336
Change in the gross provision for outstanding claims	2,378,720	933,652	-191,545	742,107	-90,905	-23,631	-114,536	0	0	3,006,291
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,477,895	1,523,467	-232,601	1,290,866	3,754	0	3,754	0	0	-183,275
<b>Change in other technical provisions</b>	<b>-165,660</b>	<b>437,880</b>	<b>-510,254</b>	<b>-72,374</b>	<b>2,017,600</b>	<b>-171,391</b>	<b>1,846,209</b>	<b>-557,231</b>	<b>0</b>	<b>1,050,944</b>
<b>Change in technical provisions for policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,822,258</b>	<b>2,251</b>	<b>15,824,509</b>	<b>0</b>	<b>0</b>	<b>15,824,509</b>
<b>Expenses for bonuses and rebates</b>	<b>0</b>	<b>45,042</b>	<b>-7,486</b>	<b>37,556</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>37,557</b>
<b>Operating expenses</b>	<b>-6,633,227</b>	<b>-20,823,269</b>	<b>-6,833,336</b>	<b>-27,656,604</b>	<b>-4,890,207</b>	<b>-966,834</b>	<b>-5,857,041</b>	<b>-299,876</b>	<b>-928,917</b>	<b>-41,375,666</b>
Acquisition costs	-6,391,535	-5,899,695	-1,237,111	-7,136,806	-1,380,744	-129,506	-1,510,250	-2,948	0	-15,041,539
Change in deferred acquisition costs	690,551	700,797	458,945	1,159,742	178,205	197	178,402	0	0	2,028,695
Other operating expenses	-932,243	-15,624,371	-6,055,170	-21,679,540	-3,687,668	-837,525	-4,525,193	-296,928	-928,917	-28,362,822
<b>Expenses for financial assets and liabilities</b>	<b>-2,171,591</b>	<b>-56,878</b>	<b>-55,791</b>	<b>-112,669</b>	<b>-18,413</b>	<b>-152,565</b>	<b>-170,979</b>	<b>-56,585</b>	<b>-467</b>	<b>-2,512,291</b>
Interest expense	0	0	-5,064	-5,064	0	0	0	0	-467	-5,531
Other investment expenses	-2,171,591	-56,878	-50,727	-107,605	-18,413	-152,565	-170,979	-56,585	0	-2,506,760
<b>Net unrealised losses on investments of life insurance policyholders who bear the investment risk</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-6,595,872</b>	<b>-891</b>	<b>-6,596,763</b>	<b>0</b>	<b>0</b>	<b>-6,596,763</b>
<b>Other technical expenses</b>	<b>-1,483,729</b>	<b>-1,917,567</b>	<b>-1,034,048</b>	<b>-2,951,615</b>	<b>-33,218</b>	<b>-115,506</b>	<b>-148,724</b>	<b>-16,503</b>	<b>-41,290</b>	<b>-4,641,861</b>
<b>Other expenses</b>	<b>-508,681</b>	<b>-311,689</b>	<b>-112,592</b>	<b>-424,281</b>	<b>-11,816</b>	<b>-3,996</b>	<b>-15,812</b>	<b>-2</b>	<b>-25</b>	<b>-948,801</b>
<b>Profit or loss before tax</b>	<b>426,848</b>	<b>3,533,473</b>	<b>-54,012</b>	<b>3,479,461</b>	<b>2,553,120</b>	<b>-107,431</b>	<b>2,445,690</b>	<b>75,597</b>	<b>153,344</b>	<b>6,580,941</b>
Income tax expense										-1,949,148
<b>Net profit or loss for the period</b>										<b>4,631,793</b>
<b>Net profit or loss attributable to owners of the controlling company</b>										<b>4,583,832</b>
<b>Net profit or loss attributable to non-controlling interests</b>										<b>47,961</b>

*Inter-segment business*

(EUR)	Reinsurance business		Non-life business		Life business		Pensions		Other	
	1-3/2019	1-3/2018	1-3/2019	1-3/2018	1-3/2019	1-3/2018	1-3/2019	1-3/2018	1-3/2019	1-3/2018
Net premiums earned	26,434,399	26,001,419	92,870	93,171	0	0	0	0	0	0
Net claims incurred	-8,036,254	-7,202,504	-1,596,137	-62,303	0	0	0	0	0	0
Operating expenses	-3,853,374	-2,589,509	-337,988	-426,528	-218,882	-267,218	-20,331	-4,509	-36,390	-31,207
Investment income	18,987	16,640	5,217	124	0	0	0	0	0	0
Other income	85,881	61,950	76,733	41,308	3,643	2	0	0	2,240,522	677,507
Other expenses	0	0	0	0	0	0	29,879	0	0	0

## 7.8 Business combinations

On 27 February 2019, Zavarovalnica Sava satisfied all suspensive conditions, becoming the sole owner of the companies ERGO Osiguranje and ERGO Životno Osiguranje. The first consolidated accounts of the Sava Insurance Group after the Croatian companies joined were prepared as at 31 March 2019.

The Group is planning to transfer the portfolios of the acquired companies to the Croatia-based branch office of Zavarovalnica Sava, after which the ERGO companies will be wound up. Owing to the above, the identified badwill of EUR 7.5 million was temporarily transferred to other liabilities. The following tables show the fair value of the net assets of the acquired companies in the business combinations.

(EUR)	ERGO Osiguranje
Intangible assets	3,219
Property, plant and equipment	184,537
Financial investments	19,899,944
Reinsurers' share of technical provisions	316,703
Receivables	1,420,993
Cash and cash equivalents	666,336
Other assets	760,525
<b>A. Total assets</b>	<b>23,252,257</b>
Technical provisions	14,834,022
Deferred tax liabilities	126,938
Other financial liabilities	31,828
Liabilities from operating activities and other liabilities	6,426,739
<b>B. Total liabilities</b>	<b>21,419,527</b>
Fair value of net assets acquired (A - B)	1,832,730
Market value of investment as at 31/03/2019	1,832,729

(EUR)	ERGO Osiguranje
Acquisitions of interest	-1,832,729
Net cash and cash equivalents acquired in the business combination	666,336
Net cash relating to the business combination	-1,166,394

(EUR)	ERGO Životno Osiguranje
Intangible assets	288
Property, plant and equipment	10,802
Financial investments	6,559,870
Funds for the benefit of policyholders who bear the investment risk	1,380,266
Receivables	1,416
Cash and cash equivalents	289,003
Other assets	20,333
<b>A. Total assets</b>	<b>8,261,976</b>
Technical provisions	2,252,948
Technical provision for the benefit of life insurance policyholders who bear the investment risk	1,380,266
Deferred tax liabilities	32,925
Liabilities from operating activities and other liabilities	2,763,108
<b>B. Total liabilities</b>	<b>6,429,246</b>
Fair value of net assets acquired (A - B)	1,832,730
Market value of investment as at 31/03/2019	1,832,729

(EUR)	ERGO Životno Osiguranje
Acquisitions of interest	-1,832,729
Net cash and cash equivalents acquired in the business combination	289,003
Net cash relating to the business combination	-1,543,727

Goodwill of EUR 11,710,411 arisen on the acquisition of Sava Penzisko was partly allocated to a customer list (EUR 10,043,573) based on the list's estimated value. Upon allocation to intangible assets

(customer list), deferred tax liabilities were recognised in the amount of EUR 1,908,279. The difference comprises goodwill of EUR 3,575,118.

(EUR)	Sava Penzisko Društvo
Intangible assets	10,082,544
Property, plant and equipment	17,448
Financial investments	7,917,244
Receivables	13,076
Cash and cash equivalents	46,440
Other assets	311,408
<b>A. Total assets</b>	<b>18,388,159</b>
Other provisions	60,602
Deferred tax liabilities	1,926,091
Liabilities from operating activities and other liabilities	441,600
<b>B. Total liabilities</b>	<b>2,428,293</b>
<b>Fair value of net assets acquired (A - B)</b>	<b>15,959,866</b>
<b>Goodwill</b>	<b>3,575,118</b>
<b>Market value of investment as at 31 March 2018</b>	<b>19,534,984</b>

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

### 7.9.1 Property, plant and equipment

Since 1 January 2019, property, plant and equipment assets have also included the right-of-use assets from long-term lease of land, buildings and equipment of EUR 8.2 million.

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

(EUR)	Land	Buildings	Right-of-use land and buildings	Equipment	Other property, plant and equipment assets	Right-of-use equipment	Total
<b>Cost</b>							
01/01/2019	7,627,768	48,032,080	0	24,364,840	464,389	0	80,489,078
Additions – acquisition of company	0	0	0	683,657	0	0	683,657
Additions	0	809	8,635,037	580,463	2,565	834,736	10,053,610
Disposals	0	0	0	-1,724,010	-642	0	-1,724,652
Exchange differences	-2,490	-17,488	0	-3,735	-43	0	-23,756
31/03/2019	7,625,278	48,015,401	8,635,037	23,901,215	466,269	834,736	89,477,937
<b>Accumulated depreciation and impairment losses</b>							
01/01/2019	0	-19,063,393	0	-18,326,574	-205,680	0	-37,595,647
Additions – acquisition of company	0	0	0	-488,056	0	0	-488,056
Additions	0	-306,031	-456,527	-459,313	-11,495	-61,048	-1,294,414
Disposals	0	0	0	1,623,903	642	0	1,624,545
Exchange differences	0	5,107	0	1,723	0	0	6,830
31/03/2019	0	-19,364,317	-456,527	-17,648,317	-216,533	-61,048	-37,746,742
Carrying amount as at 01/01/2019	7,627,768	67,095,473	0	42,691,414	670,069	0	42,893,432
Carrying amount as at 31/03/2019	7,625,278	28,651,084	8,178,510	6,252,898	249,736	773,688	51,731,196

### 7.9.2 Financial investments

In the first three months of 2019, financial investments shrank by EUR 14.8 million compared to year-end 2018. This relates to the pending acquisition of a company, due to which the assets structure temporarily shifted towards cash equivalents.

*Financial investments as at 31 March 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>31/03/2019</b>					
<b>Debt instruments</b>	<b>45,977,078</b>	<b>7,751,205</b>	<b>844,838,260</b>	<b>33,134,948</b>	<b>931,701,491</b>
Deposits and CDs	0	1,610,604	0	32,098,806	33,709,410
Government bonds	43,609,540	2,588,456	480,534,757	0	526,732,753
Corporate bonds	2,367,538	3,552,145	364,303,503	0	370,223,186
Loans granted	0	0	0	1,036,142	1,036,142
<b>Equity instruments</b>	<b>0</b>	<b>1,348,838</b>	<b>47,712,713</b>	<b>0</b>	<b>49,061,551</b>
Shares	0	532,111	15,745,148	0	16,277,259
Mutual funds	0	816,727	31,967,565	0	32,784,292
Investments in infrastructure funds	0	0	6,265,419	0	6,265,419
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	6,314,952	6,314,952
<b>Total</b>	<b>45,977,078</b>	<b>9,100,043</b>	<b>898,816,392</b>	<b>39,449,900</b>	<b>993,343,413</b>

### Financial investments as at 31 December 2018

(EUR)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Designated to this category				
<b>31/12/2018</b>						
<b>Debt instruments</b>	<b>77,122,037</b>	<b>10,884,728</b>	<b>833,260,563</b>	<b>27,267,037</b>	<b>948,534,365</b>	
Deposits and CDs	0	1,589,488	0	26,150,797	27,740,285	
Government bonds	75,748,901	350,731	474,616,968	0	550,716,600	
Corporate bonds	1,373,136	8,944,509	358,643,595	0	368,961,240	
Loans granted	0	0	0	1,116,240	1,116,240	
<b>Equity instruments</b>	<b>0</b>	<b>1,530,948</b>	<b>46,492,307</b>	<b>0</b>	<b>48,023,255</b>	
Shares	0	527,569	15,148,047	0	15,675,616	
Mutual funds	0	1,003,379	31,344,260	0	32,347,639	
<b>Investments in infrastructure funds</b>	<b>0</b>	<b>0</b>	<b>5,264,540</b>	<b>0</b>	<b>5,264,540</b>	
<b>Financial investments of reinsurers i.r.o. reinsurance contracts with cedants</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,275,310</b>	<b>6,275,310</b>	
<b>Total</b>	<b>77,122,037</b>	<b>12,415,676</b>	<b>885,017,410</b>	<b>33,542,347</b>	<b>1,008,097,470</b>	

### 7.9.3 Receivables

Receivables grew by EUR 38.4 million compared to the balance as at year-end 2018, 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. The increase in receivables was partly driven by the acquisitions finalised in the first quarter.

#### Receivables by type

(EUR)	31/03/2019			31/12/2018		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	182,817,374	-23,833,690	158,983,684	147,595,873	-23,607,937	123,987,936
Receivables due from insurance brokers	3,616,516	-1,104,060	2,512,456	3,085,381	-1,071,991	2,013,390
Other receivables arising out of primary insurance business	1,311,611	-130,171	1,181,440	662,312	-129,877	532,435
<b>Receivables arising out of primary insurance business</b>	<b>187,745,501</b>	<b>-25,067,921</b>	<b>162,677,580</b>	<b>151,343,566</b>	<b>-24,809,805</b>	<b>126,533,761</b>
Receivables for shares in claims payments	5,298,816	-177,643	5,121,173	5,368,904	-176,979	5,191,925
Other receivables from coinsurance and reinsurance	2,140,250	0	2,140,250	643,873	0	643,873
<b>Reinsurance and coinsurance receivables</b>	<b>7,439,066</b>	<b>-177,643</b>	<b>7,261,423</b>	<b>6,012,777</b>	<b>-176,979</b>	<b>5,835,798</b>
<b>Current tax assets</b>	<b>189,219</b>	<b>0</b>	<b>189,219</b>	<b>169,727</b>	<b>0</b>	<b>169,727</b>
Other short-term receivables arising out of insurance business	21,255,777	-18,545,629	2,710,148	21,724,100	-18,906,262	2,817,838
Receivables arising out of investments	2,562,777	-1,238,675	1,324,102	2,222,130	-1,239,850	982,280
Other receivables	6,139,319	-1,366,936	4,772,383	5,591,808	-1,381,201	4,210,607
<b>Other receivables</b>	<b>29,957,873</b>	<b>-21,151,240</b>	<b>8,806,633</b>	<b>29,538,038</b>	<b>-21,527,313</b>	<b>8,010,725</b>
<b>Total</b>	<b>225,331,659</b>	<b>-46,396,804</b>	<b>178,934,855</b>	<b>187,064,108</b>	<b>-46,514,097</b>	<b>140,550,011</b>

#### Movements in allowance for receivables

(EUR)	01/01/2019	Additions	Collection	Write-offs	Additions – acquisition of company	Exchange differences	31/03/2019
Receivables due from policyholders	-23,607,937	-369,659	402,020	48,049	-310,506	4,343	-23,833,690
Receivables due from insurance brokers	-1,071,991	-35,720	3,278	0	0	373	-1,104,060
Other receivables arising out of primary insurance business	-129,877	-593	0	0	0	299	-130,171
<b>Receivables arising out of primary insurance business</b>	<b>-24,809,805</b>	<b>-405,972</b>	<b>405,298</b>	<b>48,049</b>	<b>-310,506</b>	<b>5,015</b>	<b>-25,067,921</b>
Receivables for shares in claims payments	-176,979	0	0	0	0	-664	-177,643
<b>Reinsurance and coinsurance receivables</b>	<b>-176,979</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-664</b>	<b>-177,643</b>
Other short-term receivables arising out of insurance business	-18,906,262	-64,082	419,049	0	0	5,666	-18,545,629
Receivables arising out of investments	-1,239,850	0	397	0	0	778	-1,238,675
Other short-term receivables	-1,381,201	-5,391	19,494	0	0	162	-1,366,936
<b>Other receivables</b>	<b>-21,527,313</b>	<b>-69,473</b>	<b>438,940</b>	<b>0</b>	<b>0</b>	<b>6,606</b>	<b>-21,151,240</b>
<b>Total</b>	<b>-46,514,097</b>	<b>-475,445</b>	<b>844,238</b>	<b>48,049</b>	<b>-310,506</b>	<b>10,957</b>	<b>-46,396,804</b>

### Receivables ageing analysis

(EUR) 31/03/2019	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	128,701,332	21,485,752	8,796,600	158,983,684
Receivables due from insurance brokers	789,159	1,706,145	17,152	2,512,456
Other receivables arising out of primary insurance business	776,900	340,551	63,989	1,181,440
<b>Receivables arising out of primary insurance business</b>	<b>130,267,391</b>	<b>23,532,448</b>	<b>8,877,741</b>	<b>162,677,580</b>
Receivables for reinsurers' shares in claims	2,648,254	2,129,416	343,503	5,121,173
Other receivables from coinsurance and reinsurance	1,898,966	241,284	0	2,140,250
<b>Reinsurance and coinsurance receivables</b>	<b>4,547,220</b>	<b>2,370,700</b>	<b>343,503</b>	<b>7,261,423</b>
<b>Current tax assets</b>	<b>189,219</b>	<b>0</b>	<b>0</b>	<b>189,219</b>
Other short-term receivables arising out of insurance business	1,143,526	671,792	894,830	2,710,148
Short-term receivables arising out of financing	1,273,084	7,986	43,032	1,324,102
Other short-term receivables	4,397,091	295,698	79,594	4,772,383
<b>Other receivables</b>	<b>6,813,701</b>	<b>975,476</b>	<b>1,017,456</b>	<b>8,806,633</b>
<b>Total</b>	<b>141,817,531</b>	<b>26,878,624</b>	<b>10,238,700</b>	<b>178,934,855</b>

(EUR) 31/12/2018	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	96,415,922	19,673,411	7,898,603	123,987,936
Receivables due from insurance brokers	757,823	1,224,927	30,640	2,013,390
Other receivables arising out of primary insurance business	192,572	215,837	124,026	532,435
<b>Receivables arising out of primary insurance business</b>	<b>97,366,317</b>	<b>21,114,175</b>	<b>8,053,269</b>	<b>126,533,761</b>
Receivables for reinsurers' shares in claims	4,248,950	586,942	356,033	5,191,925
Other receivables from coinsurance and reinsurance	504,830	139,043	0	643,873
<b>Reinsurance and coinsurance receivables</b>	<b>4,753,780</b>	<b>725,985</b>	<b>356,033</b>	<b>5,835,798</b>
<b>Current tax assets</b>	<b>169,727</b>	<b>0</b>	<b>0</b>	<b>169,727</b>
Other short-term receivables arising out of insurance business	1,311,217	634,873	871,748	2,817,838
Short-term receivables arising out of financing	935,154	4,077	43,049	982,280
Other short-term receivables	3,836,984	271,057	102,566	4,210,607
<b>Other receivables</b>	<b>6,083,355</b>	<b>910,007</b>	<b>1,017,363</b>	<b>8,010,725</b>
<b>Total</b>	<b>108,373,179</b>	<b>22,750,167</b>	<b>9,426,665</b>	<b>140,550,011</b>

### 7.9.4 Cash and cash equivalents

(EUR)	31/03/2019	31/12/2018
Cash in hand	18,307	23,867
Cash in bank accounts	19,734,694	25,830,801
Cash equivalents	95,014,294	38,802,763
<b>Total</b>	<b>114,767,295</b>	<b>64,657,431</b>

Cash and cash equivalents rose significantly because the parent is planning to settle the consideration for acquiring a new company and pay out dividends to its shareholders at a time not favourable for short term investments in financial markets. For these reasons, funds are temporarily held as cash and cash equivalents.

### 7.9.5 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 controlling company held 1,721,966 own shares, which are excluded when calculating the weighted average number of shares.

#### Earnings or loss per share

(EUR)	1-3/2019	1-3/2018
Net profit or loss for the period	10,915,137	4,631,793
Net profit or loss for the period attributable to owners of the controlling company	10,903,144	4,583,832
Weighted average number of shares	15,497,696	15,497,696
<b>Earnings or loss per share</b>	<b>0.70</b>	<b>0.30</b>



### Comprehensive income per share

(EUR)	1–3/2019	1–3/2018
Comprehensive income for the period	17,512,503	2,012,822
Comprehensive income for the period attributable to owners of the controlling company	17,498,991	1,966,286
Weighted average number of shares	15,497,696	15,497,696
<b>Comprehensive income per share</b>	<b>1.13</b>	<b>0.13</b>

### 7.9.6 Technical provisions

Technical provisions increased by EUR 47.3 million, or 5.1%, compared to 31 December 2018. The largest increase was recorded in gross unearned premiums (EUR 44.4 million) and relates mainly to the establishment of high unearned premiums for coverages for which the annual premiums were accounted for at the beginning of the year and partly to the growth in non-life insurance business. Gross claims provisions increased by 2.9% (EUR 7.6 million), of which the lion's share (EUR 6.2 million) was acquired in the acquisition of ERGO Osiguranje and ERGO Životno Osiguranje. The gross provision for traditional life policies decreased by 2.5% (or EUR 6.3 million) – as much as the decline due to maturity benefits exceeded growth owing to aging of insureds and the growth in the portfolio of traditional life insurance business, including newly acquired portfolios and pension annuity business in the distribution phase. As part of other gross technical provisions, the provision for unexpired risks increased by EUR 1.7 million due to new writings and higher unearned premiums.

### Movements in gross technical provisions

(EUR)	01/01/2019	Additions	Uses and releases	Additions – acquisition of company	Exchange differences	31/03/2019
Gross unearned premiums	184,101,835	108,622,412	-68,907,076	4,512,575	219,442	228,549,188
Technical provisions for life insurance business	254,849,366	5,572,744	-18,207,884	6,301,254	-10,043	248,505,437
Gross provision for outstanding claims	470,057,561	75,609,760	-75,649,000	6,207,166	1,435,018	477,660,505
Gross provision for bonuses, rebates and cancellations	1,477,666	257,398	-319,205	25,289	-157	1,440,991
Other gross technical provisions	10,005,059	6,089,904	-4,486,743	63,633	-343	11,671,510
<b>Total</b>	<b>920,491,487</b>	<b>196,152,218</b>	<b>-167,569,908</b>	<b>17,109,917</b>	<b>1,643,917</b>	<b>967,827,631</b>

### 7.9.7 Liabilities from operating activities

Liabilities from operating activities rose by EUR 16.3 million from year-end 2018, primarily as the result of the renewal of annual reinsurance contracts and consequently higher liabilities for reinsurance and coinsurance premiums.

(EUR) 31/03/2019	Maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	0	19,222,010	19,222,010
Liabilities to insurance intermediaries	2,354	2,108,900	2,111,254
Other liabilities from primary insurance business	0	29,702,178	29,702,178
<b>Liabilities from primary insurance business</b>	<b>2,354</b>	<b>51,033,088</b>	<b>51,035,442</b>
Liabilities for reinsurance and coinsurance premiums	2,487	13,279,191	13,281,678
Liabilities for shares in reinsurance claims	0	50,287	50,287
Other liabilities from reinsurance and coinsurance business	1,575,353	3,535	1,578,888
<b>Liabilities from reinsurance and coinsurance business</b>	<b>1,577,840</b>	<b>13,333,013</b>	<b>14,910,853</b>
<b>Current income tax liabilities</b>	<b>0</b>	<b>5,118,308</b>	<b>5,118,308</b>
<b>Total</b>	<b>1,580,194</b>	<b>69,484,409</b>	<b>71,064,603</b>

(EUR) 31/12/2018	Maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	0	15,647,149	15,647,149
Liabilities to insurance intermediaries	706	2,773,593	2,774,299
Other liabilities from primary insurance business	841	25,856,225	25,857,066
<b>Liabilities from primary insurance business</b>	<b>1,547</b>	<b>44,276,967</b>	<b>44,278,514</b>
Liabilities for reinsurance and coinsurance premiums	2,490	4,427,858	4,430,348
Liabilities for shares in reinsurance claims	0	157,718	157,718
Other liabilities from reinsurance and coinsurance business	0	1,587,966	1,587,966
<b>Liabilities from reinsurance and coinsurance business</b>	<b>2,490</b>	<b>6,173,542</b>	<b>6,176,032</b>
<b>Current income tax liabilities</b>	<b>0</b>	<b>4,282,055</b>	<b>4,282,055</b>
<b>Total</b>	<b>4,037</b>	<b>54,732,564</b>	<b>54,736,601</b>

(EUR)	31/03/2019	31/12/2018
Liabilities to policyholders	19,222,010	15,647,149
Liabilities to insurance intermediaries	2,111,254	2,774,299
Other liabilities from primary insurance business	29,702,178	25,857,066
<b>Liabilities from primary insurance business</b>	<b>51,035,442</b>	<b>44,278,514</b>
Liabilities for reinsurance and coinsurance premiums	13,281,678	4,430,348
Liabilities for shares in reinsurance claims	50,287	157,718
Other liabilities from reinsurance and coinsurance business	1,578,888	1,587,966
<b>Liabilities from reinsurance and coinsurance business</b>	<b>14,910,853</b>	<b>6,176,032</b>
<b>Current income tax liabilities</b>	<b>5,118,308</b>	<b>4,282,055</b>
<b>Total</b>	<b>71,064,603</b>	<b>54,736,601</b>

## 7.9.8 Diverse other liabilities

(EUR) 31/03/2019	Maturity		
	Over 1 year	Up to 1 year	Total
Other liabilities	2,452,910	31,261,199	33,714,109
Deferred income and accrued expenses	0	14,444,125	14,444,125
<b>Total</b>	<b>2,452,910</b>	<b>45,705,324</b>	<b>48,158,234</b>

(EUR) 31/12/2018	Maturity	
	Up to 1 year	Total
Other liabilities	14,334,129	14,334,129
Deferred income and accrued expenses	19,232,869	19,232,869
<b>Total</b>	<b>33,566,998</b>	<b>33,566,998</b>

### Other liabilities

(EUR)	31/03/2019	31/12/2018
Short-term liabilities due to employees	3,368,398	2,805,998
Diverse other short-term liabilities for insurance business	4,957,427	3,853,572
Short-term trade liabilities	3,852,572	4,474,289
Diverse other short-term liabilities	12,438,047	3,161,322
Non-current lease liabilities	9,083,140	26,019
Other long-term liabilities	14,526	12,929
<b>Total</b>	<b>33,714,109</b>	<b>14,334,129</b>

Other liabilities rose by EUR 14.6 million compared to year-end 2018. Diverse other short-term liabilities increased as the result of the integration of new companies into the Sava Insurance Group and the temporary allocation of badwill of EUR 7.5 million arisen in the acquisition of the ERGO insurers. Non-current lease liabilities comprise those relating to operating leases (most liabilities) and finance leases, in line with the new standard IFRS 16 "Leases". The increase from year-end 2018 of EUR 9.0 million relates to long-term operating leases.

*Change in short-term provisions (accrued costs and deferred income)*

(EUR)				Additions		31/03/2019
	01/01/2019	Additions	Uses	– acquisition of non-controlling interests	Exchange differences	
Short-term accrued expenses	6,877,041	2,516,183	-3,475,785	295,899	-517	6,212,821
Other accrued expenses and deferred income	12,355,828	7,738,533	-11,997,733	136,205	-1,528	8,231,305
<b>Total</b>	<b>19,232,869</b>	<b>10,254,716</b>	<b>-15,473,518</b>	<b>432,104</b>	<b>-2,045</b>	<b>14,444,125</b>

Short-term provisions comprise accrued costs and expenses and deferred income. These are accrued expenses relating to deferred commission.

### 7.9.9 Fair values of assets and liabilities

Shown is the change in fair value levels after the first quarter 2019 compared to year-end 2018, specifically due to the reclassification of debt instruments from level 2 into level 1. As at 31 December 2018, BID CBBT<sup>13</sup> prices were unavailable for a large part of the bond portfolio; therefore, the Group used instead BVAL prices as at 31 December 2018. Consequently, debt instruments had to be shown one level lower (level 2), in accordance with the methodology for determining fair value levels. As at 31 March 2019, BID CBBT prices were available, which is why debt instruments could be reclassified from level 2 back into level 1.

The Group changed its approach to recognising fair values of deposits. It believes that the carrying amount of deposits is a sufficient approximation of fair value because these are mainly short-term investments.

*Financial assets measured at fair value by level of the fair value hierarchy as at 31 March 2019*

(EUR) 31/03/2019	Carrying amount	Fair value				Total fair value	Difference between FV and CA
		Level 1	Level 2	Level 3			
<b>Investments measured at fair value</b>	<b>907,916,435</b>	<b>715,550,748</b>	<b>167,849,933</b>	<b>24,515,754</b>	<b>907,916,435</b>	<b>0</b>	
<b>At fair value through P/L</b>	<b>9,100,043</b>	<b>3,081,248</b>	<b>4,021,633</b>	<b>1,997,162</b>	<b>9,100,043</b>	<b>0</b>	
<i>Designated to this category</i>	<i>9,100,043</i>	<i>3,081,248</i>	<i>4,021,633</i>	<i>1,997,162</i>	<i>9,100,043</i>	<i>0</i>	
Debt instruments	7,751,205	2,264,521	3,500,992	1,985,692	7,751,205	0	
Equity instruments	1,348,838	816,727	520,641	11,470	1,348,838	0	
<b>Available-for-sale</b>	<b>898,816,392</b>	<b>712,469,500</b>	<b>163,828,300</b>	<b>22,518,592</b>	<b>898,816,392</b>	<b>0</b>	
Debt instruments	844,838,260	680,499,200	150,487,126	13,851,934	844,838,260	0	
Equity instruments	47,712,713	31,970,300	13,341,174	2,401,239	47,712,713	0	
Investments in infrastructure funds	6,265,419	0	0	6,265,419	6,265,419	0	
Inv. for the benefit of life policyholders who bear the inv. risk	204,134,380	201,766,828	2,367,552	0	204,134,380	0	
<b>Investments not measured at fair value</b>	<b>85,426,978</b>	<b>23,397,513</b>	<b>58,740,145</b>	<b>7,351,094</b>	<b>89,488,752</b>	<b>4,061,774</b>	
<b>Held-to-maturity assets</b>	<b>45,977,078</b>	<b>23,397,513</b>	<b>26,638,391</b>	<b>0</b>	<b>50,035,904</b>	<b>4,058,826</b>	
Debt instruments	45,977,078	23,397,513	26,638,391	0	50,035,904	4,058,826	
<b>Loans and receivables</b>	<b>39,449,900</b>	<b>0</b>	<b>32,101,754</b>	<b>7,351,094</b>	<b>39,452,848</b>	<b>2,948</b>	
Deposits	32,098,806	0	32,101,754	0	32,101,754	2,948	
Loans granted	1,036,142	0	0	1,036,142	1,036,142	0	
Deposits with cedants	6,314,952	0	0	6,314,952	6,314,952	0	
Inv. for the benefit of life policyholders who bear the inv. risk	6,389,109	6,986,431	0	0	6,986,431	597,322	
<b>Total investments</b>	<b>993,343,413</b>	<b>738,948,261</b>	<b>226,590,078</b>	<b>31,866,848</b>	<b>997,405,187</b>	<b>4,061,774</b>	
<b>Total investments for the benefit of life policyholders who bear the investment risk</b>	<b>210,523,489</b>	<b>208,753,259</b>	<b>2,367,552</b>	<b>0</b>	<b>211,120,811</b>	<b>597,322</b>	

<sup>13</sup> Eng. Composite Bloomberg Bond Trader. Closing price published by the Bloomberg system based on binding bids.

*Financial assets measured at fair value by level of the fair value hierarchy as at 31 December 2018*

(EUR) 31/12/2018	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
<b>Investments measured at fair value</b>	<b>897,433,086</b>	<b>384,534,831</b>	<b>489,981,609</b>	<b>22,916,646</b>	<b>897,433,086</b>	<b>0</b>
<i>At fair value through P/L</i>	<b>12,415,676</b>	<b>8,832,282</b>	<b>1,620,187</b>	<b>1,963,207</b>	<b>12,415,676</b>	<b>0</b>
<i>Designated to this category</i>	<b>12,415,676</b>	<b>8,832,282</b>	<b>1,620,187</b>	<b>1,963,207</b>	<b>12,415,676</b>	<b>0</b>
Debt instruments	10,884,728	7,811,997	1,109,524	1,963,207	10,884,728	0
Equity instruments	1,530,948	1,020,285	510,663	0	1,530,948	0
<b>Available-for-sale</b>	<b>885,017,410</b>	<b>375,702,549</b>	<b>488,361,422</b>	<b>20,953,439</b>	<b>885,017,410</b>	<b>0</b>
Debt instruments	833,260,563	344,077,414	475,895,531	13,287,618	833,260,563	0
Equity instruments	46,492,307	31,625,135	12,465,891	2,401,281	46,492,307	0
Investments in infrastructure funds	5,264,540	0	0	5,264,540	5,264,540	0
<b>Investments for the benefit of policyholders who bear the investment risk</b>	<b>195,144,065</b>	<b>160,967,316</b>	<b>34,176,749</b>	<b>0</b>	<b>195,144,065</b>	<b>0</b>
<b>Investments not measured at fair value</b>	<b>110,664,384</b>	<b>4,964,218</b>	<b>102,974,267</b>	<b>7,391,550</b>	<b>115,330,035</b>	<b>4,665,651</b>
<b>Held-to-maturity assets</b>	<b>77,122,037</b>	<b>4,964,218</b>	<b>76,410,895</b>	<b>0</b>	<b>81,375,113</b>	<b>4,253,076</b>
Debt instruments	77,122,037	4,964,218	76,410,895	0	81,375,113	4,253,076
<b>Loans and receivables</b>	<b>33,542,347</b>	<b>0</b>	<b>26,563,372</b>	<b>7,391,550</b>	<b>33,954,922</b>	<b>412,575</b>
Deposits	26,150,797	0	26,563,372	0	26,563,372	412,575
Loans granted	1,116,240	0	0	1,116,240	1,116,240	0
Deposits with cedants	6,275,310	0	0	6,275,310	6,275,310	0
<b>Investments for the benefit of policyholders who bear the investment risk</b>	<b>9,674,439</b>	<b>4,956,927</b>	<b>5,302,551</b>	<b>0</b>	<b>10,259,478</b>	<b>585,039</b>
<b>Total investments</b>	<b>1,008,097,470</b>	<b>389,499,049</b>	<b>592,955,876</b>	<b>30,308,196</b>	<b>1,012,763,121</b>	<b>4,665,651</b>
<b>Total investments for the benefit of life policyholders who bear the investment risk</b>	<b>204,818,504</b>	<b>165,924,243</b>	<b>39,479,300</b>	<b>0</b>	<b>205,403,543</b>	<b>585,039</b>

*Movements in level 3 FVPL financial assets*

(EUR)	Debt instruments		Equity instruments		Investments in infrastructure funds	
	31/03/2019	31/12/2018	31/03/2019	31/12/2018	31/03/2019	31/12/2018
<b>Opening balance</b>	<b>15,250,825</b>	<b>10,560,689</b>	<b>2,401,281</b>	<b>4,245,105</b>	<b>5,264,540</b>	<b>0</b>
Exchange differences	0	0	0	0	1	0
Additions	654,275	3,842,167	11,470	0	1,205,378	5,976,467
Impairment	0	0	0	-1,943,974	0	0
Disposals	0	0	0	0	-111,080	-1,048,541
Maturities	0	-769,922	0	0	0	0
Revaluation to fair value	-67,474	-59,545	-42	0	-93,419	336,614
Reclassification into level	0	1,677,436	0	100,150	0	0
<b>Closing balance</b>	<b>15,837,626</b>	<b>15,250,825</b>	<b>2,412,709</b>	<b>2,401,281</b>	<b>6,265,420</b>	<b>5,264,540</b>

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

31/03/2019	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
<b>Property</b>				
Owner-occupied property	31/03/2019	36,276,362	37,482,003	market approach and income approach (weighted 50 : 50), new purchases at cost
Investment property	31/03/2019	20,433,339	21,101,522	
<b>Total</b>		<b>56,709,703</b>	<b>58,583,525</b>	

31/12/2018	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
<b>Property</b>				
Owner-occupied property	31/12/2018	36,596,457	37,492,575	market approach and income approach (weighted 50 : 50), new purchases at cost
Investment property	31/12/2018	20,540,627	21,115,553	
<b>Total</b>		<b>57,137,084</b>	<b>58,608,128</b>	

### Changes in fair value of property in the period 1–3/2019

(EUR)	Opening balance	Acquisitions	Change in fair value	Exchange differences	Closing balance
Owner-occupied property	37,492,575	809	-4,493	-6,888	37,482,003
Investment property	21,115,553	1,650	-14,138	-1,543	21,101,522
<b>Total</b>	<b>58,608,128</b>	<b>2,459</b>	<b>-18,631</b>	<b>-8,431</b>	<b>58,583,525</b>

### Reclassification of assets and financial liabilities between levels in the period 1–3/2019

(EUR)	Level 1	Level 2	Level 3
<b>At fair value through P/L</b>	<b>-2,170,296</b>	<b>2,158,826</b>	<b>11,470</b>
<i>Designated to this category</i>	-2,170,296	2,158,826	11,470
Debt instruments	-2,158,826	2,158,826	0
<b>Available-for-sale</b>	<b>59,071,136</b>	<b>-59,071,136</b>	<b>0</b>
Debt instruments	59,371,563	-59,371,563	0
<b>Total</b>	<b>56,900,840</b>	<b>-56,912,310</b>	<b>11,470</b>

The classification into a different level compared to the previous period is the result of the reclassification of debt securities (of EUR 56.9 million) into level 1 owing to the improved reliability of the price source (CBBT<sup>14</sup> price).

## 8 Related-party transactions

Fixed remuneration of management board members for performing their function in the first three months of 2019 totalled EUR 148,910 (1–3/2018: EUR 149,388), no variable pay was recognised in the first three months. Benefits in kind were EUR 10,558 (1–3/2018: EUR 10,370).

### Remuneration of management board members in 1–3/2019

(EUR)	Gross salary – fixed amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	39,840	64	1,743	41,647
Jošt Dolničar	35,372	1,318	1,515	38,205
Srečko Čebtron	37,848	1,311	1,185	40,344
Polona Pirš Zupančič	35,850	2,274	1,148	39,272
<b>Total</b>	<b>148,910</b>	<b>4,967</b>	<b>5,591</b>	<b>159,468</b>

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

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

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

(EUR)	31/03/2019	31/12/2018
Marko Jazbec	13,280	13,280
Jošt Dolničar	11,950	11,950
Srečko Čebtron	12,616	12,616
Polona Pirš Zupančič	11,950	11,950
<b>Total</b>	<b>49,796</b>	<b>49,796</b>

<sup>14</sup> Engl. Composite Bloomberg Bond Trader. Closing price published by the Bloomberg system based on binding bids.

*Remuneration of the members of the supervisory board and its committees in 1–3/2019*

(EUR)		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
<b>Supervisory board members</b>					
Mateja Lovšin Herič	chair	275	4,875	0	5,150
Keith William Morris	deputy chair	275	3,575	0	3,850
Gorazd Andrej Kunstek	member	275	3,250	0	3,525
Mateja Živec	member	275	3,250	0	3,525
Davor Ivan Gjivoje	member	275	3,250	14,701	18,226
Andrej Kren	member	275	3,250	65	3,590
<b>Total supervisory board members</b>		<b>1,650</b>	<b>21,450</b>	<b>14,766</b>	<b>37,866</b>
<b>Audit committee members</b>					
Andrej Kren	chairman	440	1,219	33	1,691
Mateja Lovšin Herič	member	440	812	0	1,253
Ignac Dolenšek	external member	0	3,113	39	3,151
<b>Total audit committee members</b>		<b>880</b>	<b>5,144</b>	<b>71</b>	<b>6,095</b>
<b>Members of the risk committee</b>					
Keith William Morris	Chairman of the committee	220	1,219	0	1,439
Davor Ivan Gjivoje	member	220	812	0	1,032
Slaven Mičković	external member	0	1,025	0	1,025
<b>Total risk committee members</b>		<b>440</b>	<b>3,056</b>	<b>0</b>	<b>3,496</b>

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

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

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)	31/03/2019	31/12/2018
Debt securities and loans granted to Group companies	3,555,661	2,532,183
Receivables for premiums arising out of reinsurance assumed	27,831,106	15,107,402
Short-term receivables arising out of financing	572,073	4,472
Other short-term receivables	65,764	179,570
Short-term deferred acquisition costs	2,869,647	1,879,080
<b>Total</b>	<b>34,894,251</b>	<b>19,702,708</b>

#### *Liabilities to Group companies*

(EUR)	31/03/2019	31/12/2018
Liabilities for shares in reinsurance claims due to Group companies	7,981,546	9,800,555
Other liabilities from coinsurance and reinsurance	5,671,103	3,766,321
Other short-term liabilities	2,323	2,760
<b>Total (excl. provisions)</b>	<b>13,654,972</b>	<b>13,569,636</b>

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

(EUR)	1–3/2019	1–3/2018
Gross premiums written	26,434,399	26,001,419
Change in gross unearned premiums	-10,460,528	-11,645,678
Gross claims paid	-8,340,027	-7,412,523
Change in the gross provision for outstanding claims	-911,880	-1,207,518
Income from gross recourse receivables	303,773	210,019
Other operating expenses	-39,801	-26,351
Dividend income	34,387,908	13,116,985
Interest income	18,987	16,640
Acquisition costs	-4,808,511	-4,629,649
Change in deferred acquisition costs	994,938	2,066,490
Other technical income	85,881	59,162
<b>Total</b>	<b>37,665,139</b>	<b>16,548,996</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)	31/03/2019	31/12/2018
Interests in companies	8,267,400	9,641,217
Debt securities and loans	103,176,973	168,175,326
Receivables due from policyholders	778,858	94,606
<b>Total</b>	<b>112,223,231</b>	<b>177,911,148</b>

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

(EUR)	31/03/2019	31/12/2018
Liabilities for shares in claims	1,207	9,041
<b>Total</b>	<b>1,207</b>	<b>9,041</b>

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

(EUR)	1–3/2019	1–3/2018
Gross premiums written	3,268,002	7,856,838
Gross claims paid	-1,546,309	-886,130
Interest income	1,025,758	1,796,645
<b>Total</b>	<b>2,747,451</b>	<b>8,767,353</b>

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





**Unaudited condensed separate  
financial statements of Sava Re**



## 9 Unaudited condensed separate financial statements

### 9.1 Unaudited statement of financial position

(EUR)	31/03/2019	31/12/2018
<b>ASSETS</b>	<b>680,192,641</b>	<b>606,331,055</b>
<b>Intangible assets</b>	<b>834,622</b>	<b>892,724</b>
<b>Property, plant and equipment</b>	<b>2,785,651</b>	<b>2,654,541</b>
<b>Deferred tax assets</b>	<b>1,350,127</b>	<b>1,867,371</b>
<b>Investment property</b>	<b>8,250,289</b>	<b>8,285,733</b>
<b>Financial investments in subsidiaries and associates</b>	<b>220,391,937</b>	<b>220,219,086</b>
<b>Financial investments:</b>	<b>245,368,409</b>	<b>244,291,433</b>
- Loans and deposits	11,117,518	10,107,498
- Held to maturity	1,998,703	2,075,425
- Available for sale	230,228,450	228,151,614
- At fair value through profit or loss	2,023,738	3,956,896
<b>Reinsurers' share of technical provisions</b>	<b>26,676,365</b>	<b>21,437,220</b>
<b>Receivables</b>	<b>117,236,330</b>	<b>87,830,301</b>
Receivables arising out of primary insurance business	110,642,322	82,518,636
Reinsurance and coinsurance receivables	5,211,127	4,842,279
Other receivables	1,382,880	469,387
<b>Deferred acquisition costs</b>	<b>10,108,211</b>	<b>7,821,932</b>
<b>Other assets</b>	<b>813,234</b>	<b>379,263</b>
<b>Cash and cash equivalents</b>	<b>46,377,466</b>	<b>10,651,451</b>
<b>EQUITY AND LIABILITIES</b>	<b>680,192,641</b>	<b>606,331,055</b>
<b>Equity</b>	<b>358,988,852</b>	<b>319,355,361</b>
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	184,424,862	184,424,862
Own shares	-24,938,709	-24,938,709
Fair value reserve	4,597,123	2,697,381
Reserve due to fair value revaluation	34,073	40,772
Retained earnings	31,034,921	10,101,172
Net profit or loss for the period	37,740,448	20,933,748
<b>Technical provisions</b>	<b>255,551,617</b>	<b>234,173,078</b>
Unearned premiums	70,153,125	47,147,505
Provision for outstanding claims	184,197,467	185,988,629
Other technical provisions	1,201,025	1,036,945
<b>Other provisions</b>	<b>393,270</b>	<b>376,521</b>
<b>Other financial liabilities</b>	<b>87,504</b>	<b>87,504</b>
<b>Liabilities from operating activities</b>	<b>61,049,829</b>	<b>49,185,680</b>
Liabilities from primary insurance business	49,973,665	44,039,129
Liabilities from reinsurance and coinsurance business	8,880,830	3,149,394
Current income tax liabilities	2,195,334	1,997,157
<b>Diverse other liabilities</b>	<b>4,121,568</b>	<b>3,152,910</b>

## 9.2 Unaudited income statement

(EUR)	1–3/2019	1–3/2018
<b>Net premiums earned</b>	<b>29,964,306</b>	<b>30,254,371</b>
Gross premiums written	59,202,488	56,757,489
Written premiums ceded to reinsurers and co-insurers	-10,009,962	-9,977,442
Change in gross unearned premiums	-23,005,619	-21,644,230
Change in unearned premiums, reinsurers' and co-insurers' shares	3,777,399	5,118,554
<b>Income from investments in subsidiaries and associates</b>	<b>34,387,908</b>	<b>13,116,985</b>
<b>Investment income</b>	<b>3,311,936</b>	<b>1,876,313</b>
Interest income	883,253	884,815
Other investment income	2,428,683	991,498
<b>Other technical income</b>	<b>2,320,878</b>	<b>1,889,201</b>
Commission income	1,313,419	738,278
Other income	1,007,460	1,150,923
<b>Other income</b>	<b>198,170</b>	<b>99,543</b>
<b>Net claims incurred</b>	<b>-18,820,383</b>	<b>-17,215,666</b>
Gross claims paid, net of income from recourse receivables	-23,258,885	-19,299,446
Reinsurers' and co-insurers' shares	1,185,595	856,551
Change in the gross provision for outstanding claims	1,791,162	1,171,202
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	1,461,746	56,027
<b>Change in other technical provisions</b>	<b>-235,173</b>	<b>-165,660</b>
<b>Expenses for bonuses and rebates</b>	<b>71,092</b>	<b>68,270</b>
<b>Operating expenses</b>	<b>-11,661,064</b>	<b>-10,932,049</b>
Acquisition costs	-11,124,620	-11,021,184
Change in deferred acquisition costs	2,286,279	2,757,041
Other operating expenses	-2,822,722	-2,667,906
<b>Expenses for financial assets and liabilities</b>	<b>-318,001</b>	<b>-2,193,479</b>
Interest expenses	-166	0
Diverse other expenses	-317,835	-2,193,479
<b>Other technical expenses</b>	<b>-708,096</b>	<b>-1,483,729</b>
<b>Other expenses</b>	<b>-84,676</b>	<b>-104,505</b>
<b>Profit or loss before tax</b>	<b>38,426,898</b>	<b>15,209,595</b>
<b>Income tax expense</b>	<b>-686,450</b>	<b>-783,294</b>
<b>Net profit or loss for the period</b>	<b>37,740,448</b>	<b>14,426,301</b>
<b>Earnings or loss per share (basic and diluted)</b>	<b>2.44</b>	<b>0.93</b>

### 9.3 Unaudited statement of other comprehensive income

(EUR)	1-3/2019	1-3/2018
<b>PROFIT OR LOSS FOR THE PERIOD, NET OF TAX</b>	<b>37,740,448</b>	<b>14,426,301</b>
<b>OTHER COMPREHENSIVE INCOME, NET OF TAX</b>	<b>1,893,043</b>	<b>-249,603</b>
<b>a) Items that will not be reclassified subsequently to profit or loss</b>	<b>-6,699</b>	<b>-8,687</b>
Other items that will not be reclassified subsequently to profit or loss	-6,699	-8,687
<b>b) Items that may be reclassified subsequently to profit or loss</b>	<b>1,899,742</b>	<b>-240,916</b>
<b>Net gains or losses on remeasuring available-for-sale financial assets</b>	<b>2,345,362</b>	<b>-297,429</b>
Net change recognised in the fair value reserve	2,332,637	13,393
Net change transferred from fair value reserve to profit or loss	12,725	-310,822
<b>Tax on items that may be reclassified subsequently to profit or loss</b>	<b>-445,620</b>	<b>56,513</b>
<b>COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>39,633,492</b>	<b>14,176,698</b>

## 9.4 Unaudited statement of changes in equity

### Unaudited statement of changes in equity for the three months to 31 March 2019

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares (contra account)	Total (1–13)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
			4.	5.	7.	8.						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,628	2,697,381	40,772	10,101,172	20,933,749	-24,938,709	319,355,360
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	39,633,492
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	1,893,043
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	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,628	4,597,123	34,073	31,034,921	37,740,448	-24,938,709	358,988,852

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

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares (contra account)	Total (1–13)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
			4.	5.	7.	8.						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	113,565,880	4,038,835	-220,547	0	38,986,425	-24,938,709	307,453,251
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	113,565,880	4,038,835	-220,547	0	38,986,425	-24,938,709	307,453,251
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-282,499	32,896	0	14,426,301	0	14,176,697
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	14,426,301	0	14,426,301
b) Other comprehensive income	0	0	0	0	0	0	-282,499	32,896	0	0	0	-249,603
Transfer of profit	0	0	0	0	0	0	0	0	0	-16,487,096	0	-16,487,096
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	113,565,880	3,756,335	-187,651	0	36,925,630	-24,938,709	305,142,852

## 9.5 Unaudited statement of cash flows

(EUR)	1-3/2019	1-3/2018
<b>A. Cash flows from operating activities</b>		
<b>a.) Items of the income statement</b>	<b>14,958,964</b>	<b>14,485,703</b>
1. Net premiums written in the period	49,192,526	46,780,047
2. Investment income (other than finance income)	378,367	1,419
3. Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	2,519,048	1,988,743
4. Net claims paid in the period	-22,073,290	-18,442,895
5. Expenses for bonuses and rebates	71,092	68,270
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-13,805,482	-13,572,707
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-792,772	-1,553,881
9. Tax on profit and other taxes not included in operating expenses	-530,525	-783,294
<b>Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the statement of financial position</b>	<b>-17,751,014</b>	<b>-17,540,466</b>
1. Change in receivables from primary insurance	-28,123,686	-24,498,614
2. Change in receivables from reinsurance	-368,848	-2,407,925
4. Change in other receivables and other assets	-1,347,465	-125,168
5. Change in deferred tax assets	517,243	-56,512
7. Change in liabilities arising out of primary insurance	5,934,536	1,152,883
6. Change in liabilities arising out of reinsurance business	5,731,435	7,217,427
7. Change in other operating liabilities	-1,779,965	282,140
8. Change in diverse other liabilities (except unearned premiums)	1,685,736	895,303
<b>c.) Net cash from/used in operating activities (a + b)</b>	<b>-2,792,050</b>	<b>-3,054,763</b>
<b>B. Cash flows from investing activities</b>		
<b>a.) Cash receipts from investing activities</b>	<b>445,140,620</b>	<b>232,596,105</b>
1. Interest received from investing activities	883,253	884,815
2. Cash receipts from dividends and participation in the profit of others	34,420,135	13,116,985
4. Proceeds from sale of property, plant and equipment	373	5,130
5. Proceeds from sale of financial investments	409,836,859	218,589,176
<b>b.) Cash disbursements in investing activities</b>	<b>-406,622,388</b>	<b>-228,125,699</b>
1. Purchase of intangible assets	-8,767	-38,902
2. Purchase of property, plant and equipment	-53,208	-153,332
3. Purchase of financial investments	-406,560,413	-227,933,466
<b>c.) Net cash from/used in investing activities (a + b)</b>	<b>38,518,232</b>	<b>4,470,406</b>
<b>C. Cash flows from financing activities</b>		
<b>b.) Cash disbursements in financing activities</b>	<b>-166</b>	<b>0</b>
1. Interest paid	-166	0
<b>c.) Net cash from/used in financing activities (a + b)</b>	<b>-166</b>	<b>0</b>
<b>C2. Closing balance of cash and cash equivalents</b>	<b>46,377,466</b>	<b>8,094,101</b>
<b>x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)</b>	<b>35,726,015</b>	<b>1,415,643</b>
<b>y) Opening balance of cash and cash equivalents</b>	<b>10,651,451</b>	<b>6,678,458</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>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, set out in the reinsurance contract. In proportional reinsurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention is usually a monetary amount of loss, a percentage of loss or a loss-to-premium ratio.
<b>Retrocession.</b> The reinsurance bought by reinsurers; a transaction by which a reinsurer cedes risks to another reinsurer.

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

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**Return on the investment portfolio.** The ratio of net investment income 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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