

# 20 SAVA RE REVIEW OF OPERATIONS

## 20.1 Sava Re review of operations

### Net premiums earned

#### Gross premiums written by geographical area

| (€)           | 2017               | 2016               | Index        |
|---------------|--------------------|--------------------|--------------|
| Slovenia      | 52,943,926         | 52,111,263         | 101.6        |
| International | 100,275,826        | 95,315,630         | 105.2        |
| <b>Total</b>  | <b>153,219,752</b> | <b>147,426,893</b> | <b>103.9</b> |

#### Net premiums earned

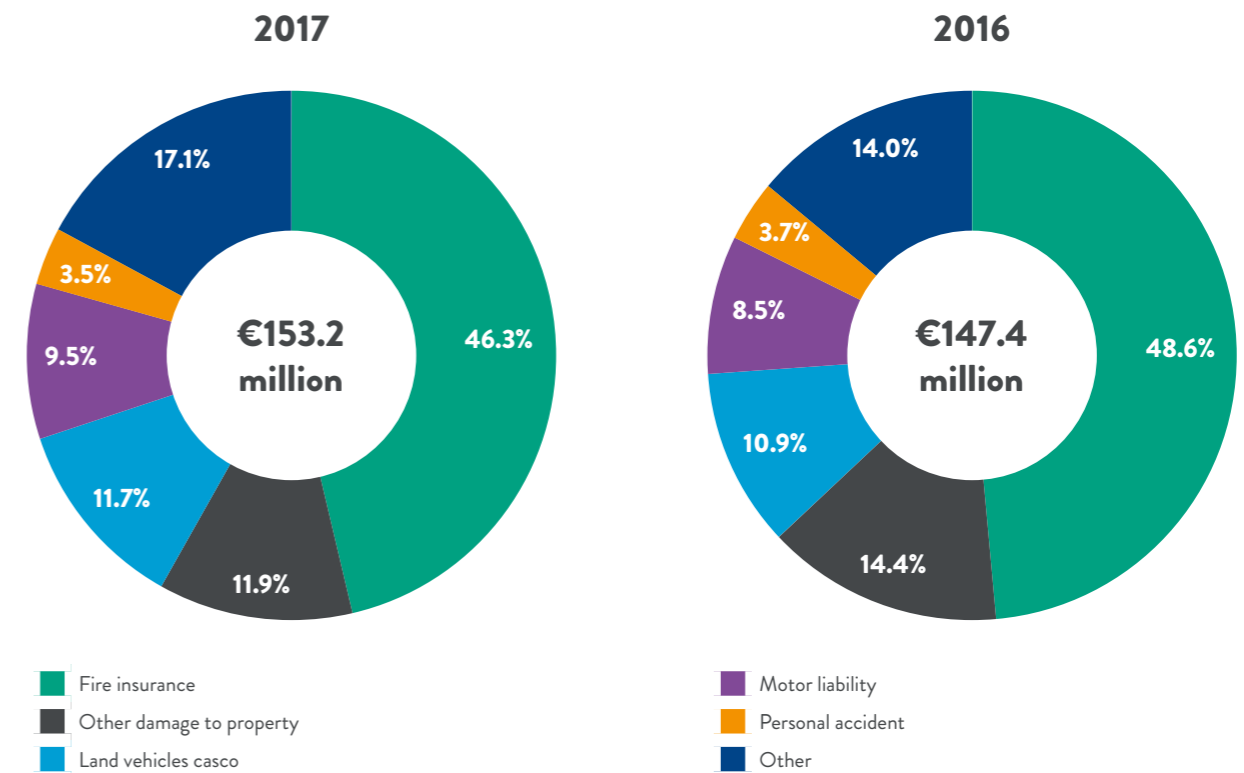
| (€)                             | 2017               | 2016               | Index       |
|---------------------------------|--------------------|--------------------|-------------|
| Gross premiums written          | 153,219,752        | 147,426,893        | 103.9       |
| Net premiums written            | 134,312,438        | 129,878,160        | 103.4       |
| Change in net unearned premiums | -3,447,819         | 3,550,715          | -97.1       |
| <b>Net premiums earned</b>      | <b>130,864,620</b> | <b>133,428,875</b> | <b>98.1</b> |

In 2017 gross premiums written in Slovenia rose by 1.6%, or €0.8 million (increase in premiums written by Zavarovalnica Sava), while gross premiums written abroad decreased by 5.2% or €5.0 million. This favourable premium growth is driven by the boost in proportional business with the highest absolute growth achieved in marine, motor liability and general liability reinsurance business.

Despite the rise in gross premiums written, net premiums earned for the period were lower than in 2016. Net unearned premiums were higher than as at year-end 2016, when they were lower than at year-end 2015. This movement is the result of growth in gross premiums written abroad in 2017 and their decline in 2016.

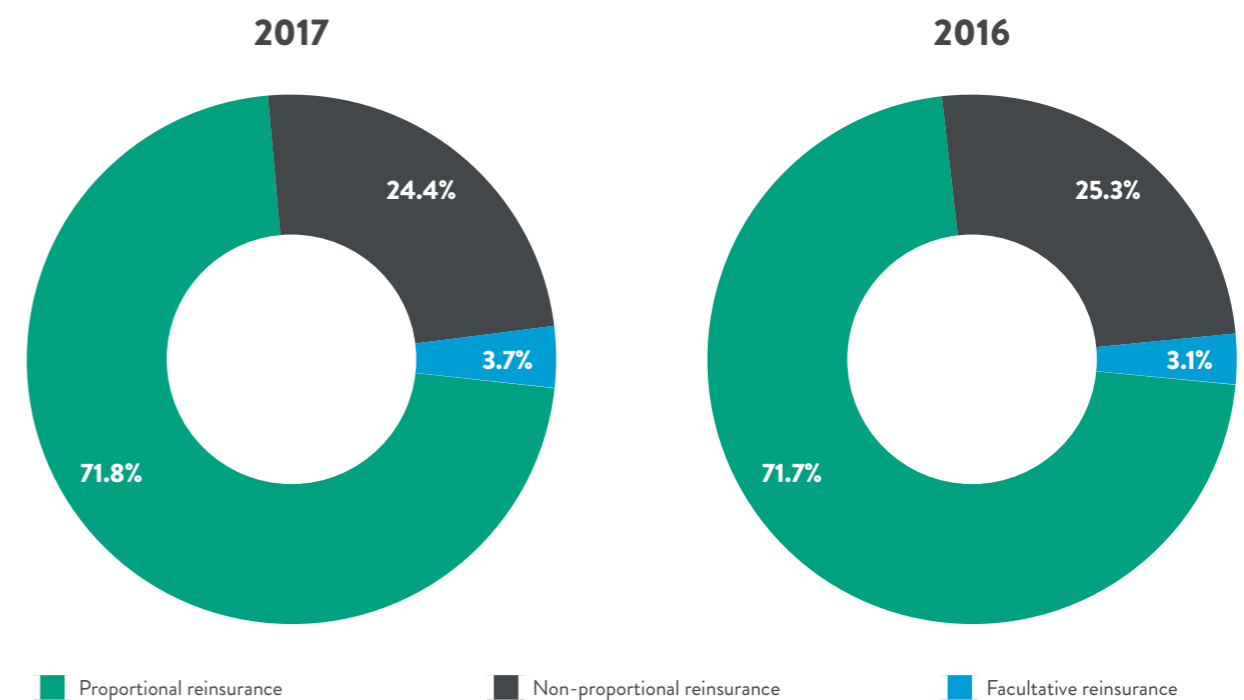
Fire insurance still accounted for the largest proportion of premiums in 2017, although its share shrank by 2.3 p.p. compared to 2016. Motor reinsurance business gained 1.8 p.p. in terms of gross premiums written.

#### Gross premiums written by class of business



The proportion of classes of reinsurance business remained largely unchanged in 2017 compared to 2016.

#### Gross premiums written by form of reinsurance



## Net earned premiums by class of business

| (€)                          | 2017               | 2016               | Index       |
|------------------------------|--------------------|--------------------|-------------|
| Personal accident            | 5,564,197          | 6,304,954          | 88.3        |
| Health                       | 3,262,263          | 712,445            | 457.9       |
| Land vehicles casco          | 15,130,829         | 14,474,119         | 104.5       |
| Railway rolling stock        | 191,209            | 90,732             | 210.7       |
| Aircraft hull                | 120,235            | 830,025            | 14.5        |
| Ships hull                   | 4,772,144          | 3,492,377          | 136.6       |
| Goods in transit             | 4,645,256          | 5,084,727          | 91.4        |
| Fire and natural forces      | 59,298,562         | 60,878,857         | 97.4        |
| Other damage to property     | 14,956,358         | 19,273,255         | 77.6        |
| Motor liability              | 13,156,142         | 11,991,387         | 109.7       |
| Aircraft liability           | 72,682             | 145,914            | 49.8        |
| Liability for ships          | 694,773            | 529,871            | 131.1       |
| General liability            | 6,574,571          | 5,618,316          | 117.0       |
| Credit                       | 793,486            | 584,669            | 135.7       |
| Suretyship                   | 262,793            | 179,896            | 146.1       |
| Miscellaneous financial loss | 925,433            | 3,257,056          | 28.4        |
| Legal expenses               | 10,488             | 9,985              | 105.0       |
| Assistance                   | 19,339             | 14,097             | 137.2       |
| Life                         | 321,182            | -152,757           | 410.3       |
| Unit-linked life             | 92,677             | 108,950            | 85.1        |
| <b>Total</b>                 | <b>130,864,620</b> | <b>133,428,875</b> | <b>98.1</b> |

Net claims incurred<sup>112</sup>

## Gross claims paid by geographical area

| (€)           | 2017              | 2016              | Index       |
|---------------|-------------------|-------------------|-------------|
| Slovenia      | 28,634,946        | 26,870,199        | 106.6       |
| International | 54,890,503        | 58,295,393        | 94.2        |
| <b>Total</b>  | <b>83,525,449</b> | <b>85,165,592</b> | <b>98.1</b> |

## Net claims incurred

| (€)  | 2017              | 2016              | Index       |
|--|-------------------|-------------------|-------------|
| Gross claims paid                                  | 83,525,449        | 85,165,592        | 98.1        |
| Net claims paid                                    | 77,542,688        | 75,354,184        | 102.9       |
| Change in the net provision for outstanding claims | 1,041,278         | 6,427,381         | 16.2        |
| <b>Net claims incurred</b>                         | <b>78,583,967</b> | <b>81,781,565</b> | <b>96.1</b> |

## Net claims incurred, excluding exchange differences

| (€)  | 2017              | 2016              | Index        |
|--|-------------------|-------------------|--------------|
| Gross claims paid                                  | 83,525,449        | 85,165,592        | 98.1         |
| Net claims paid                                    | 77,542,688        | 75,354,184        | 102.9        |
| Change in the net provision for outstanding claims | 7,250,466         | 5,067,276         | 143.1        |
| <b>Net claims incurred</b>                         | <b>84,793,155</b> | <b>80,421,460</b> | <b>105.4</b> |

Sava Re gross claims paid decreased by 1.9% in 2017. Gross claims paid relating to domestic business rose by 6.6% in 2017 compared to 2016 (slightly above premium growth at a still favourable loss ratio), while gross claims paid relating to international business fell by 5.8% (in 2016 they increased owing to payments for previous underwriting years).

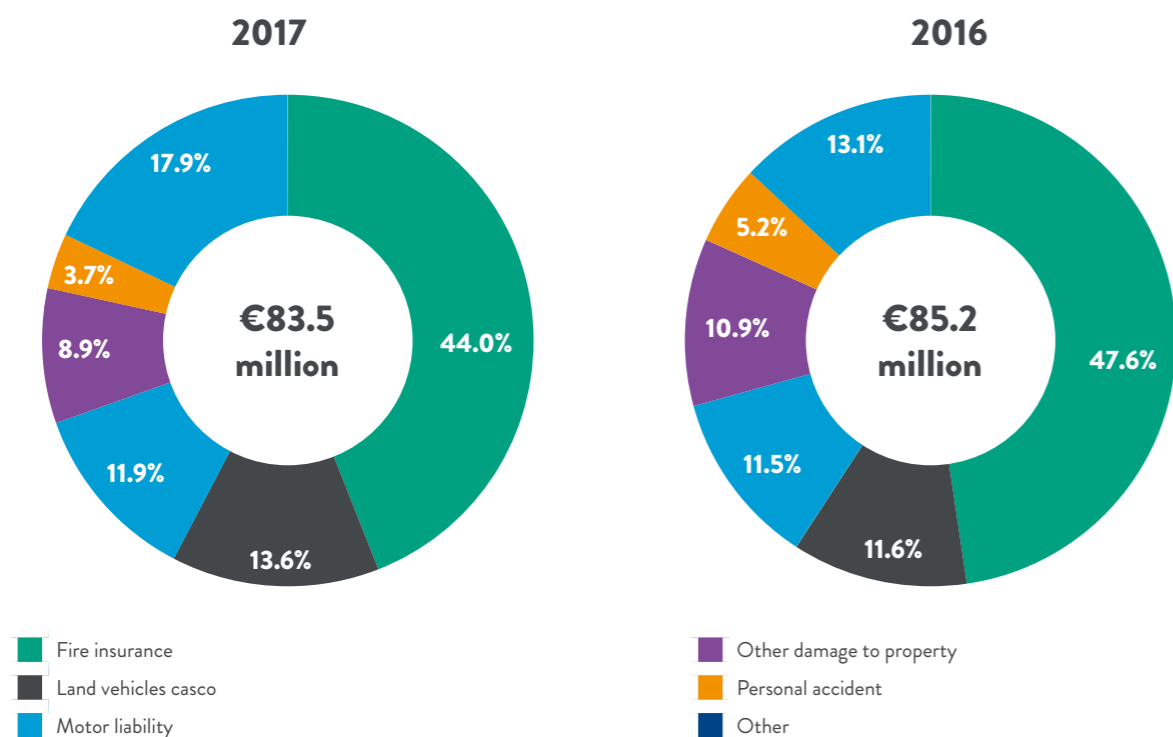
The change in the net claims provision was affected by exchange differences: these decreased the net claims provision by €6.4 million in 2017 (2016: increased by €1.4 million). Following is a note on the trend in provisions excluding exchange differences: the change in the net claims provision was larger in 2017 than in

2016. This increase in the amount of provisions is the result of a strengthening of provisions following new claims reported in 2017 (mining loss, collision of two ships near Shanghai, fire in Russia and others).

The 2017 net incurred loss ratio of Sava Re stood at 60.2%, an improvement by 1.2 p.p. over 2016. On excluding exchange differences, the ratio deteriorated by 4.8 p.p. as in 2017 the portfolio was subject to a challenging loss experience.

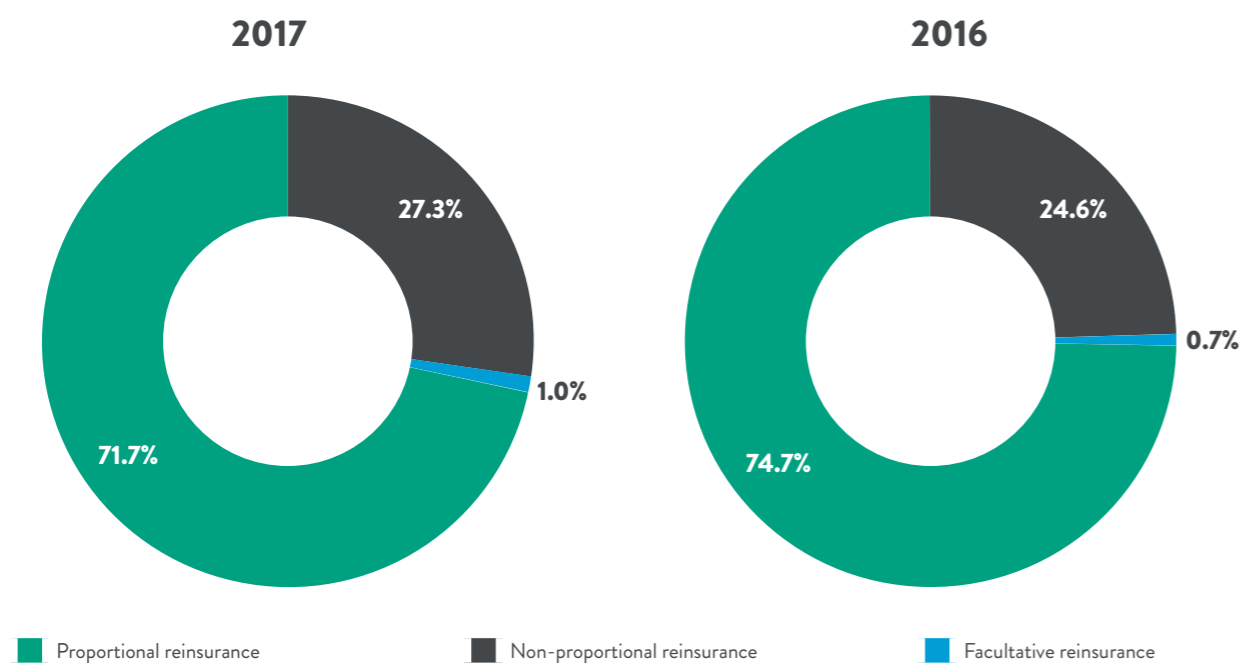
Fire claims remained the largest class of claims in 2017, albeit decreasing by 6.2 p.p. compared to 2016. Motor reinsurance business gained 3.0 p.p.

Gross claims paid by class of business



The proportion of gross claims paid by form of reinsurance changed marginally: gross claims relating to proportional reinsurance business shrank by €3.7 million, while those relating to non-proportional reinsurance business rose by €1.8 million, largely due to claim payments for hurricane Irma, which hit the Caribbean in September 2017.

Gross claims paid by form of reinsurance



Net claims incurred by class of business

| (€)                          | 2017              | 2016              | Index       |
|------------------------------|-------------------|-------------------|-------------|
| Personal accident            | 2,394,364         | 3,952,571         | 60.6        |
| Health                       | 2,520,748         | 618,423           | 407.6       |
| Land vehicles casco          | 10,624,022        | 10,566,432        | 100.5       |
| Railway rolling stock        | 102,640           | 14,576            | 704.2       |
| Aircraft hull                | 275,013           | 879,959           | 31.3        |
| Ships hull                   | 5,538,232         | 5,379,887         | 102.9       |
| Goods in transit             | 2,846,093         | 2,315,388         | 122.9       |
| Fire and natural forces      | 40,264,092        | 40,374,237        | 99.7        |
| Other damage to property     | 5,698,517         | 5,283,733         | 107.9       |
| Motor liability              | 5,343,270         | 7,713,839         | 69.3        |
| Aircraft liability           | -18,992           | -68,685           | 172.3       |
| Liability for ships          | 298,152           | 401,927           | 74.2        |
| General liability            | 1,725,368         | 2,897,308         | 59.6        |
| Credit                       | -201,658          | -237,131          | 115.0       |
| Suretyship                   | 276,275           | 205,910           | 134.2       |
| Miscellaneous financial loss | 872,131           | 1,671,024         | 52.2        |
| Legal expenses               | 874               | 2,379             | 36.7        |
| Assistance                   | 9,225             | -1,714            | 738.2       |
| Life                         | -21,342           | -232,309          | 190.8       |
| Unit-linked life             | 36,942            | 43,811            | 84.3        |
| <b>Total</b>                 | <b>78,583,967</b> | <b>81,781,565</b> | <b>96.1</b> |

Operating expenses

| (€)  | 2017              | 2016              | Index       |
|--|-------------------|-------------------|-------------|
| Acquisition costs                          | 33,185,632        | 33,061,396        | 100.4       |
| Change in deferred acquisition costs (+/-) | -880,778          | 3,598,331         | 224.5       |
| Other operating expenses                   | 10,808,271        | 10,629,248        | 101.7       |
| <b>Operating expenses</b>                  | <b>43,113,125</b> | <b>47,288,975</b> | <b>91.2</b> |
| Income from reinsurance commission         | -1,934,678        | -2,813,943        | 131.2       |
| <b>Net operating expenses</b>              | <b>41,178,447</b> | <b>44,475,032</b> | <b>92.6</b> |

In 2017 acquisition costs increased by 0.4% against a 3.9% growth in gross premiums written. The ratio of acquisition costs to gross premiums written increased by 0.7 p.p. year on year to 21.7%. In 2017 deferred acqui-

sition costs increased compared to 2016 as a result of growth in proportional business from abroad. In 2016, deferred acquisition costs were €3.6 million lower due to the reduction for the amount of the estimated future

sliding scale commission for Group cedants, but also reflecting weaker premium growth resulting in a smaller increase in acquisition costs in 2016 over 2015 compared to the increase in 2015 over 2014.

Compared to 2016, other operating expenses increased by 1.7% mainly due to growth in personnel costs, service costs relating to advertising to strengthen brand awareness, and amortisation costs for the higher software expenses. Expenses by nature are shown in note 31 to the financial statements.

## Net investment income

The net investment income of the investment portfolio of Sava Re totalled €25.3 million in 2017 (2016: €27.7 million), of which €0.1 million related to financial investments, including investment property, and €26.1 million to investments in subsidiaries.

The realised net investment income also includes exchange gains relating to investments used by the Company for currency matching of its liabilities. How-

The lower reinsurance commission income is primarily the result of reduced commission income generated by Sava Re on retrocessions relating to reinsurance programmes of Slovenian cedants. This effect relates to lower commissions from excess of loss reinsurance treaties: because of a benign claims development in 2016, Sava Re paid more commissions to its retrocessionaires.

ever, the effect of exchange differences does not fully impact profit or loss since liabilities denominated in a foreign currency move in line with investments in that currency. For this reason, the net investment income and the investment return are also shown excluding foreign exchange differences. The total impact of exchange differences on the result is set out in the notes to the financial statements of the annual report, section 23.5.3.2.4 "Currency risk".

### Net investment income of the Sava Re investment portfolio

| (€)  | 2017       | 2016       | Absolute change | Index |
|--|------------|------------|-----------------|-------|
| Income relating to financial investments, including investment property                | 9,978,778  | 13,011,311 | -3,032,533      | 76.7  |
| Expenses relating to financial investments, including investment property              | 10,064,286 | 6,462,662  | 3,601,623       | 155.7 |
| Net investment income relating to financial investments, including investment property | -85,507    | 6,548,649  | -6,634,156      | -1.3  |
| Net investment income of financial investments in subsidiaries and associates          | 26,136,830 | 21,977,734 | 4,159,096       | 118.9 |
| Net investment income of the investment portfolio                                      | 26,051,323 | 28,526,382 | -2,475,060      | 91.3  |
| Expenses relating to financial liabilities   | 718,338    | 841,834    | -123,496        | 85.3  |
| Net investment income relating to the investment portfolio, including finance expenses | 25,332,985 | 27,684,549 | -2,351,564      | 91.5  |
| Net investment income of the investment portfolio, excluding exchange differences      | 30,816,526 | 26,323,673 | 4,492,853       | 117.1 |

After eliminating exchange differences, which do not fully affect profits, the net investment income of the investment portfolio totalled €30.8 million, an increase of €4.5 million over 2016. The net investment

income deteriorated largely due to higher expenses relating to the investment portfolio. Detailed data are shown in the following table. In 2017 the Company recognised no impairment losses on its subsidiaries.

### Income, expenses and the net inv. income relating to the Sava Re investment portfolio

| (€)   | 2017              | 2016              | Absolute change   |
|---|-------------------|-------------------|-------------------|
| <b>INCOME</b>   |                   |                   |                   |
| Interest income   | 3,895,944         | 4,427,975         | -532,031          |
| Change in fair value and gains on disposal of FVPL assets | 77,774            | 100,222           | -22,448           |
| Gains on disposal of other IFRS asset categories          | 1,227,175         | 676,088           | 551,087           |
| Income of subsidiary and associate companies              | 26,136,830        | 26,308,516        | -171,686          |
| Income from dividends and shares – other investments      | 618,835           | 742,973           | -124,138          |
| Exchange gains  | 3,822,729         | 6,926,024         | -3,103,295        |
| Other income  | 336,322           | 138,030           | 198,291           |
| <b>Total income from the investment portfolio</b>         | <b>36,115,608</b> | <b>39,319,829</b> | <b>-3,204,220</b> |

|   |                   |                   |                 |
|---|-------------------|-------------------|-----------------|
| <b>EXPENSES</b>   |                   |                   |                 |
| Interest expenses   | 718,338           | 841,834           | -123,496        |
| Change in fair value and losses on disposal of FVPL assets                        | 76,271            | 205,693           | -129,421        |
| Losses on disposal of other IFRS asset categories                                 | 130,028           | 185,008           | -54,980         |
| Expenses of subsidiary and associate companies                                    | 0                 | 4,330,782         | -4,330,782      |
| Impairment losses on investments  | 320,000           | 330,740           | -10,740         |
| Exchange losses   | 9,306,270         | 5,565,149         | 3,741,121       |
| Other   | 231,716           | 176,072           | 55,644          |
| <b>Total expenses for the investment portfolio</b>                                | <b>10,782,623</b> | <b>11,635,278</b> | <b>-852,655</b> |
| Net investment income of the investment portfolio                                 | 25,332,985        | 27,684,551        | -2,351,566      |
| Net investment income of the investment portfolio, excluding exchange differences | 30,816,526        | 26,323,673        | 4,492,853       |
| Return on the investment portfolio  | 5.6%              | 6.0%              | -0.4%           |
| Return on the investment portfolio, excluding exchange differences                | 6.8%              | 5.8%              | 1.0%            |

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

The largest contribution to total 2017 income related to dividends received from the subsidiaries, totalling €26.1 million, slightly below the year-on-year figure. Compared to 2016, there was a minor rise in realised gains on the disposal of investments. Interest income and dividends from other investments were somewhat lower. In 2017 exchange gains of €3.8 million were realised (2016: €6.9 million).

Compared to 2016, investment portfolio expenses decreased by €0.9 million. In 2017 investment expenses were mainly comprised of exchange losses of €9.3 million (2016: €5.6 million) and interest expense of €0.7 million (31/12/2016: €0.8 million).

## 20.2 Financial position of Sava Re

As at 31 December 2017, total assets of Sava Re stood at €580.9 million, an increase of 2.2% over year-end 2016. Below we set out items of assets

and liabilities in excess of 5% of total assets as at 31 December 2017, or items that changed by more than 2% of equity.

### 20.2.1 Assets

#### Total assets by type

| (€)   | 31/12/2017         | As % of total<br>31/12/2017 | 31/12/2016         | As % of total<br>31/12/2016 |
|---|--------------------|-----------------------------|--------------------|-----------------------------|
| <b>ASSETS</b>   | <b>580,886,180</b> | <b>100.0%</b>               | <b>568,147,764</b> | <b>100.0%</b>               |
| Intangible assets                                       | 807,011            | 0.1%                        | 832,567            | 0.1%                        |
| Property and equipment                                  | 2,485,645          | 0.4%                        | 7,753,202          | 1.4%                        |
| Deferred tax assets                                     | 1,238,826          | 0.2%                        | 1,373,436          | 0.2%                        |
| Investment property                                     | 8,230,878          | 1.4%                        | 3,122,076          | 0.5%                        |
| Financial investments in Group companies and associates | 193,409,578        | 33.3%                       | 191,640,382        | 33.7%                       |
| Financial investments                                   | 250,781,685        | 43.2%                       | 249,948,775        | 44.0%                       |
| Reinsurers' share of technical provisions               | 20,073,571         | 3.5%                        | 18,203,912         | 3.2%                        |
| Receivables   | 88,602,395         | 15.3%                       | 79,836,627         | 14.1%                       |
| Deferred acquisition costs                              | 7,778,499          | 1.3%                        | 6,897,710          | 1.2%                        |
| Other assets  | 799,634            | 0.1%                        | 549,258            | 0.1%                        |
| Cash and cash equivalents                               | 6,678,458          | 1.1%                        | 7,989,819          | 1.4%                        |

#### 20.2.1.1 Financial investments in subsidiaries and associates and other financial investments

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

The investment portfolio of Sava Re totalled €459.1 million as at 31 December 2017 (31/12/2016: €452.7 million).

#### Sava Re investment portfolio by asset class

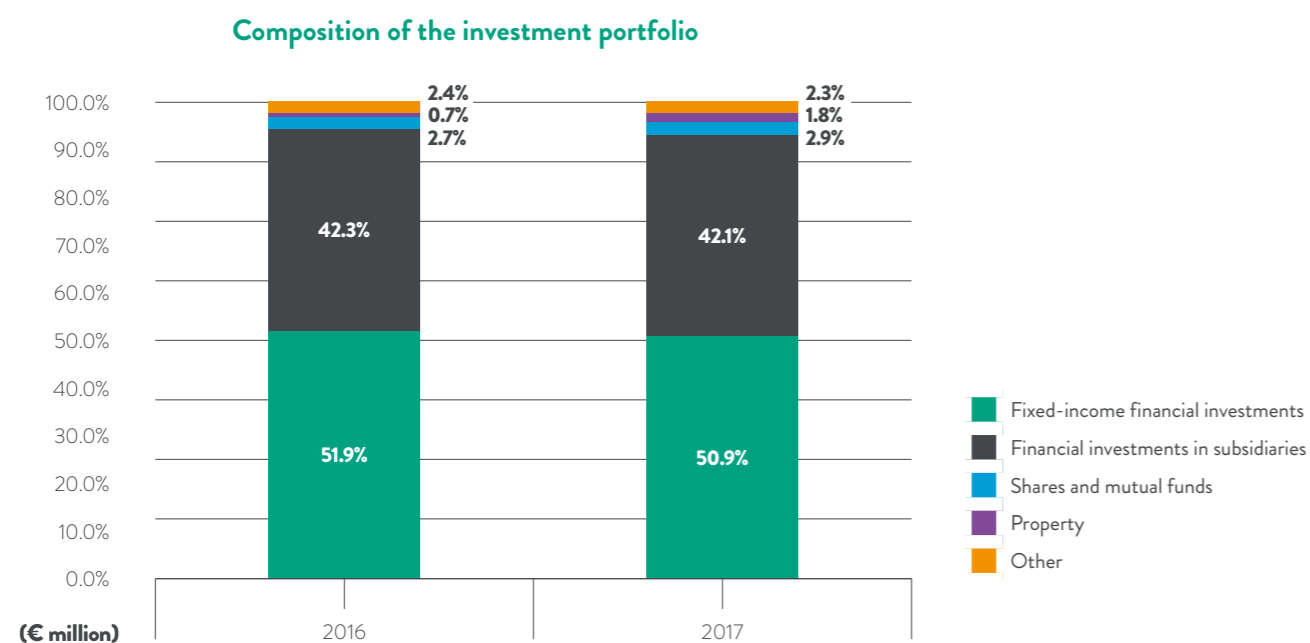
| (€)                                   | 31/12/2017         | 31/12/2016         | Absolute change  | Index        |
|---------------------------------------|--------------------|--------------------|------------------|--------------|
| Deposits                              | 2,398,614          | 2,398,602          | 11               | 100.0        |
| Government bonds                      | 116,313,865        | 122,970,380        | -6,656,515       | 94.6         |
| Corporate bonds                       | 108,365,328        | 101,722,168        | 6,643,160        | 106.5        |
| Shares                                | 10,399,227         | 9,798,315          | 600,912          | 106.1        |
| Mutual funds                          | 2,862,382          | 2,388,497          | 473,884          | 119.8        |
| Loans granted and other investments   | 4,609,924          | 2,834,953          | 1,774,972        | 162.6        |
| Deposits with cedants                 | 5,832,346          | 7,835,859          | -2,003,513       | 74.4         |
| <b>Total financial investments</b>    | <b>250,781,685</b> | <b>249,948,774</b> | <b>832,911</b>   | <b>100.3</b> |
| Financial investments in subsidiaries | 193,409,578        | 191,640,382        | 1,769,196        | 100.9        |
| Investment property                   | 8,230,878          | 3,122,076          | 5,108,801        | 263.6        |
| Cash and cash equivalents             | 6,678,458          | 7,989,819          | -1,311,360       | 83.6         |
| <b>Total investment portfolio</b>     | <b>459,100,599</b> | <b>452,701,051</b> | <b>6,399,548</b> | <b>101.4</b> |

The investment portfolio grew by €6.4 million compared to 2016. The trend of the investment portfolio was mainly a result of the following factors:

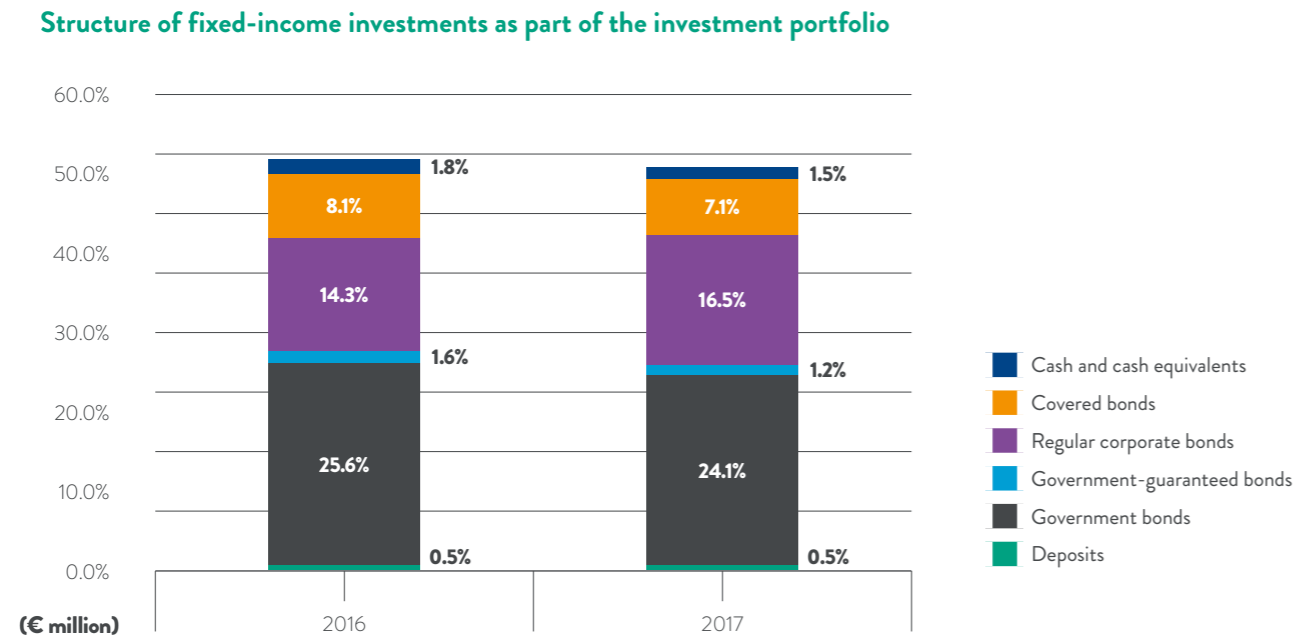
- + dividends received from subsidiaries (€26.1 million),
- + positive cash flow from core business (€15.9 million),
- + change in accrued interest (€3.9 million),
- + reclassification of assets as investment property (€3.7 million),
- + gains on disposal of investments (€1.1 million),
- + dividend income from other investments (€0.6 million),
- + change in the fair value reserve (€0.02 million),
- + change in exchange differences (€5.5 million),
- - dividend payouts to shareholders (€12.4 million),
- - repayment of subordinated debt (€24.7 million),
- - impairment losses on investments (€0.3 million),
- - decline in deposits with cedants (€2.1 million).

The major part of the investment portfolio as at 31 December 2017 consisted of fixed-income financial investments, i.e. 50.9% (31/12/2016: 51.9%). The proportion of these in the structure of the investment portfolio dropped by 1.0 p.p. Following the reclassification of assets under management as investment property, their share of the investment portfolio increased by 1.1 p.p. Financial investments in subsidiaries, which accounted for 42.1% of the portfolio, remained on the same level as in 2016. The proportion of other asset classes remained broadly the same as at year-end 2016.

Following is an overview of the structure of the investment portfolio.



Following is a graph showing the structure of fixed-income investments.



In terms of the structure of fixed-income investments in 2017 relative to 2016, there was a decline in the proportions of government bonds, government guaranteed corporate bonds and covered bonds. This decline was due to the Company's reinvesting of

maturing funds mainly in corporate bonds, the proportion of which rose by 2.2 p.p. The proportion of cash and cash equivalents was slightly lower than in 2016.

## 20.2.1.2 Receivables

Receivables recorded an increase of 11.0% or €8.8 million as at the end of 2017. Due to a change in the presentation of receivables from operating activities, receivables arising out of primary insurance business increased by €85.2 million. Had the change in the presentation of receivables for premiums arising out of reinsurance and co-insurance been made as at 31 December 2016, receivables arising out of primary insurance business would have totalled €75.7 million.

The disclosed increase in these receivables in 2017 compared to the previous year would have amounted to €9.5 million, primarily as the result of the growth in gross premiums written in international markets, which affected the total increase in this item. In the receivables ageing analysis, the largest increase was in not-past-due receivables arising out of primary insurance business, while there was a decline in past-due receivables up to 180 days.

## 20.2.2 Liabilities

### Equity and liabilities by type

| (€)  | 31/12/2017         | As % of total 31/12/2017 | 31/12/2016         | As % of total 31/12/2016 |
|--|--------------------|--------------------------|--------------------|--------------------------|
| <b>EQUITY AND LIABILITIES</b>                | <b>580,886,180</b> | <b>100.0%</b>            | <b>568,147,764</b> | <b>100.0%</b>            |
| <b>Equity</b>                                | <b>290,966,155</b> | <b>50.1%</b>             | <b>270,355,622</b> | <b>47.6%</b>             |
| Share capital                                | 71,856,376         | 12.4%                    | 71,856,376         | 12.6%                    |
| Capital reserves                             | 54,239,757         | 9.3%                     | 54,239,757         | 9.5%                     |
| Profit reserves                              | 163,491,114        | 28.1%                    | 147,004,019        | 25.9%                    |
| Treasury shares                              | -24,938,709        | -4.3%                    | -24,938,709        | -4.4%                    |
| Fair value reserve                           | 3,804,764          | 0.7%                     | 3,785,553          | 0.7%                     |
| Reserve due to fair value revaluation        | 13,524             | 0.0%                     | -1,765             | 0.0%                     |
| Retained earnings                            | 6,012,233          | 1.0%                     | 9,283,163          | 1.6%                     |
| Net profit/loss for the period               | 16,487,096         | 2.8%                     | 9,127,228          | 1.6%                     |
| <b>Subordinated liabilities</b>              | <b>0</b>           | <b>0.0%</b>              | <b>23,570,771</b>  | <b>4.1%</b>              |
| <b>Technical provisions</b>                  | <b>232,639,163</b> | <b>40.0%</b>             | <b>226,207,479</b> | <b>39.8%</b>             |
| <b>Other provisions</b>                      | <b>351,250</b>     | <b>0.1%</b>              | <b>331,802</b>     | <b>0.1%</b>              |
| <b>Other financial liabilities</b>           | <b>91,182</b>      | <b>0.0%</b>              | <b>104,280</b>     | <b>0.0%</b>              |
| <b>Liabilities from operating activities</b> | <b>54,404,921</b>  | <b>9.4%</b>              | <b>43,797,970</b>  | <b>7.7%</b>              |
| <b>Other liabilities</b>                     | <b>2,433,509</b>   | <b>0.4%</b>              | <b>3,779,840</b>   | <b>0.7%</b>              |

### 20.2.2.1 Equity

Equity is the largest item on the liabilities side, representing 50.1% of total equity and liabilities. Compared to 31 December 2016, equity increased by 7.6% or €20.6 million due to the following movements:

- the net profit for 2017 was €33.0 million (increase in equity);
- Sava Re paid out dividends in the amount of €12.4 million (decrease in equity).

### 20.2.2.2 Subordinated liabilities

Sava Re repaid its subordinated debt in 2017, which is why it had no subordinated liabilities as at the year end.

### 20.2.2.3 Technical provisions

Technical provisions, the second largest item on the liabilities side, increased by 2.8% or €6.4 million compared to 31 December 2016. The increase is a result of the 9.8% or €4.3 million growth in gross unearned premiums relating to international business owing to the growth in gross premiums written. The gross provision for unearned premiums increased by 1.2% or €2.1 million owing to larger international

claims. The movement in technical provisions is discussed in detail in note 19 of the notes to the financial statements.

### 20.2.2.4 Liabilities from operating activities

Due to a change in the presentation of liabilities arising out of accepted business, liabilities from primary insurance business increased by €30.4 million. If the change in the presentation of liabilities had already been made on 31 December 2016, liabilities from primary insurance business would have totalled €40.3 million. The increase in these liabilities would thus amount to €10.8 million due to increased liabilities for payment of claims because of normal interim movements. These liabilities are not past due and are related to premium receivables on the assets side.

## 20.2.3 Other investments of Sava Re in the insurance industry

In addition to its investments in subsidiaries as at 31 December 2017, Sava Re held investments in other companies in the insurance industry.

### Other investments of Sava Re in the insurance industry

|  | Holding (%)<br>31/12/2017 |
|--|---------------------------|
| <b>Slovenia</b>  |                           |
| Skupina prva, zavarovalniški holding, d.d.                 | 4.04%                     |
| Zavarovalnica Triglav d.d.                                 | 0.73%                     |
| <b>EU and other international</b>                          |                           |
| Bosna reosiguranje, d.d., Sarajevo, Bosnia and Herzegovina | 0.51%                     |
| Dunav Re, a.d.o., Belgrade, Serbia                         | 1.12%                     |

## 20.2.4 Capital structure

As at 31 December 2017, the Sava Re Group held €291.0 million of equity. The Company had no subordinated liabilities as it repaid its subordinated debt in 2017. Thus the Company was solely financed through equity as at the balance sheet date.

## 20.2.5 Cash flow

Net cash from operating activities of the Company in 2017 was €15.6 million (2016: €11.4 million), reflecting positive cash flow from core reinsurance business.

Net disbursements used in financing activities in 2017 totalled €38.9 million (2016: €28.1 million). In 2016, the level of net disbursements used in financ-

ing activities was mainly affected by the repayment of subordinated debt (€24.0 million) and dividend payouts (€12.4 million).

The movement in the net disbursement in financing activities is due to investing activities, however, the amount was also affected by the above factors.

## 20.3 Human resources management

### 20.3.1 Strategic guidelines for human resources management<sup>113</sup>

Sava Re follows the below strategic guidelines in human resources management:

- attracting and retaining the best talent;
- developing future leaders, functional expertise, and competent and responsible employees;

- providing effective leadership and employee motivation;
- organising work in a secure, diverse, and sustainable-oriented work environment; and
- promoting a modern corporate culture.

### 20.3.2 Key activities in human resources management<sup>114</sup>

In 2017 human resources management focused on the following activities:

- setting up a competence model, taking into account the features of a modern organisational culture for

- all levels of employees, and gradual integration of competences into human resources processes,
- analysing competencies of key personnel and
- setting up a system of management by objectives.

### 20.3.3 Recruitment and staffing levels

Recruitment is conducted in line with the adopted recruitment plan.

The Company builds its human resources on the following principles:

- attracting and retaining the best talent,
- proper induction of new employees and integration, and
- employee development in line with the needs of the Company and the Group.

<sup>113</sup> GRI 103-1, 103-2, 103-3

<sup>114</sup> GRI 103-1, 103-2, 103-3

## Number of employees as at year-end<sup>115</sup>

Nine people joined the Company and eight left in 2017.

The new recruitments were made for financial operations, the office of the management board, technology and innovation, and corporate finance. We also employed one of our scholarship holders and one

person in the modelling centre to substitute for an employee on maternity leave. In May, the supervisory board appointed a new chairman of the management board.

Eight persons left because of retirement, consensual termination of employment or intra-Group transfers.

| Number of employees | 31/12/2017 | 31/12/2016 | Change 2017/2016 |
|---------------------|------------|------------|------------------|
| <b>Total</b>        | 103        | 102        | 1                |

## Number of employees by type of employment (part-time, full-time) as at the year-end<sup>116</sup>

|                  | 2017   |               | 2016   |               |
|------------------|--------|---------------|--------|---------------|
|                  | Number | As % of total | Number | As % of total |
| <b>Part-time</b> | 14     | 13.6          | 12     | 11.8          |
| <b>Full-time</b> | 89     | 86.4          | 90     | 88.2          |
| <b>Total</b>     | 103    | 100.0         | 102    | 100.0         |

As at year-end 2017 the Company had 89 full-time employees (86.4%) and 14 part-time employees (13.6%). Most employees work on a full-time employment contract. Part-time employments com-

prise employees who are employed by two or more Sava Re Group companies. Additionally, part-time employment is offered to employees with statutory childcare rights.

## Number of employees by type of contract as at year-end<sup>117</sup>

|                            | 2017   |               | 2016   |               |
|----------------------------|--------|---------------|--------|---------------|
|                            | Number | As % of total | Number | As % of total |
| <b>Fixed-term contract</b> | 3      | 2.9           | 4      | 3.9           |
| <b>Unlimited contract</b>  | 100    | 97.1          | 98     | 96.1          |
| <b>Total</b>               | 103    | 100.0         | 102    | 100.0         |

As at year-end 2017 the Company had 100 employees under unlimited contracts (97.1%) and 3 employees under fixed-term contracts (2.9%). The proportion of persons employed under fixed-term contracts declined year on year.

<sup>115</sup> GRI 102-7

<sup>116</sup> GRI 102-8

<sup>117</sup> GRI 102-8

## Employees covered by the collective bargaining agreement as at year-end<sup>118</sup>

|   | 2017   |               | 2016   |               |
|---|--------|---------------|--------|---------------|
|   | Number | As % of total | Number | As % of total |
| <b>Employees covered by the collective bargaining agreement</b>     | 67     | 65.0          | 66     | 64.7          |
| <b>Employees not covered by the collective bargaining agreement</b> | 36     | 35.0          | 36     | 35.3          |
| <b>Total</b>  | 103    | 100.0         | 102    | 100.0         |

As at year-end 2017 the Company had 67 employees covered by the collective bargaining agreement (65.0%) and 36 not covered by the collective agreement (35.0%).

## Employees by level of education as at year-end<sup>119</sup>

|  | 2017   |               | 2016   |               |
|--|--------|---------------|--------|---------------|
|  | Number | As % of total | Number | As % of total |
| <b>Primary and lower secondary education</b> | 0      | 0.0           | 0      | 0.0           |
| <b>Secondary education</b>                   | 13     | 12.6          | 12     | 11.8          |
| <b>Higher education</b>                      | 4      | 3.9           | 5      | 4.9           |
| <b>University education</b>                  | 65     | 63.1          | 62     | 60.8          |
| <b>Master's degree and doctorate</b>         | 21     | 20.4          | 23     | 22.5          |
| <b>Total</b>                                 | 103    | 100.0         | 102    | 100           |

The largest group is staff with university education. The Company encourages employees to join formal education programmes.

## Employees by age group as at year-end<sup>120</sup>

|                    | 2017   |               | 2016   |               |
|--------------------|--------|---------------|--------|---------------|
|                    | Number | As % of total | Number | As % of total |
| <b>20-25</b>       | 1      | 1.0           | 2      | 2.0           |
| <b>26-30</b>       | 12     | 11.7          | 10     | 9.8           |
| <b>31-35</b>       | 10     | 9.7           | 16     | 15.7          |
| <b>36-40</b>       | 21     | 20.4          | 22     | 21.6          |
| <b>41-45</b>       | 25     | 24.3          | 23     | 22.5          |
| <b>46-50</b>       | 17     | 16.5          | 16     | 15.7          |
| <b>51-55</b>       | 10     | 9.7           | 5      | 4.9           |
| <b>56 and over</b> | 7      | 6.8           | 8      | 7.8           |
| <b>Total</b>       | 103    | 100.0         | 102    | 100.0         |

The Company's average employee age increased slightly compared to the previous year and was 42.1 years (2016: 41.76 years).

The average age of members of the management board is 50.5.

<sup>118</sup> GRI 102-41

<sup>119</sup> GRI 102-8

<sup>120</sup> GRI 102-8



**Employees by gender as at year-end<sup>121</sup>**

|              | 2017       |               | 2016       |               |
|--------------|------------|---------------|------------|---------------|
|              | Number     | As % of total | Number     | As % of total |
| Women        | 59         | 57.3          | 62         | 60.8          |
| Men          | 44         | 42.7          | 40         | 39.2          |
| <b>Total</b> | <b>103</b> | <b>100.0</b>  | <b>102</b> | <b>100.0</b>  |

The number of women is considerably larger than the number of men. They are represented at all levels of management and in all professional areas. The share of men marginally increased in 2017 following the latest recruitments. The four-member management board is

composed of one woman and three men.

The basic salaries of women are the same as the basic salaries of men in all employee categories<sup>122</sup>.

**Employees by years of service as at year-end**

|               | 2017       |               | 2016       |               |
|---------------|------------|---------------|------------|---------------|
|               | Number     | As % of total | Number     | As % of total |
| 0–5 years     | 41         | 39.8          | 41         | 40.2          |
| 5–10 years    | 32         | 31.1          | 32         | 31.4          |
| 10–15 years   | 14         | 13.6          | 11         | 10.8          |
| 15–20 years   | 8          | 7.8           | 9          | 8.8           |
| 20–30 years   | 6          | 5.8           | 6          | 5.9           |
| Over 30 years | 2          | 1.9           | 3          | 2.9           |
| <b>Total</b>  | <b>103</b> | <b>100.0</b>  | <b>102</b> | <b>100.0</b>  |

The high proportion of employees in the first two categories, based on seniority in the Company, is attributed to recruitment from 2009 onwards. The number

of employees with over 20 years seniority declined as a result of recent retirements, which reduced the number of employees with long seniority.

**Absenteeism rate<sup>123</sup>**

|                                 | 2017        | 2016        | Difference      |
|---------------------------------|-------------|-------------|-----------------|
|                                 | Number      | Number      |                 |
| Number of working days lost     | 679         | 739         | -60.0           |
| Average number of employees     | 100         | 99          | 1.4             |
| Number of working days per year | 249         | 252         | -3.0            |
| <b>Absenteeism rate (%)</b>     | <b>2.7%</b> | <b>3.0%</b> | <b>-0.3 p.p</b> |

Absenteeism is calculated as the number of lost workdays due to absences divided by the product of the average number of employees multiplied by the average number of workdays during the period multiplied by 100. The 2017 rate of absenteeism declined by

0.247 p.p. compared to the previous year, to 2.7%. We believe that the decline in the rate of absenteeism in 2017 may reflect the good working conditions and health promotion activities offered by the Company.

**Number of work-related injuries and working days so lost<sup>124</sup>**

|                              | 2017               | 2016 | 2015 | Index 2017/2016 | Index 2016/2015 |
|------------------------------|--------------------|------|------|-----------------|-----------------|
|                              | Number of injuries | 0    | 1    | 1               | 0.0             |
| Number of working days lost  | 0                  | 14   | 1    | 0.0             | 1,400.0         |
| Number of working hours lost | 0                  | 70   | 8    | 0.0             | 875.0           |

There were no work-related injuries reported in 2017.

**Employee turnover rate<sup>125</sup>****Employee turnover rate**

|                                    | 2017        | 2016        | Difference       |
|------------------------------------|-------------|-------------|------------------|
|                                    | Number      | Number      |                  |
| Number of employees who left       | 8           | 9           | -1.0             |
| Number of employees as at year-end | 103         | 102         | 1.0              |
| <b>Employee turnover rate (%)</b>  | <b>7.8%</b> | <b>8.8%</b> | <b>-1.0 p.p.</b> |

Employee turnover rate is measured using the number of employees who left relative to the total number of employees remaining as at the last day of the

year. In 2017 the turnover rate decreased by 1.0 p.p. year on year to 8.8%.

**Overview of employee arrivals and departures by gender in current year**

| Year 2017    | Arrivals |               | Departures |               |
|--------------|----------|---------------|------------|---------------|
|              | Number   | As % of total | Number     | As % of total |
| Women        | 1        | 11.1          | 4          | 50.0          |
| Men          | 8        | 88.9          | 4          | 50.0          |
| <b>Total</b> | <b>9</b> | <b>100.0</b>  | <b>8</b>   | <b>100.0</b>  |

In 2017, the Company recruited 9 employees, of which eight men and one woman. On the other hand, eight employees left in 2017, of which four women and four men.

<sup>121</sup> GRI 102-8, 405-1

<sup>122</sup> GRI 405-2

<sup>123</sup> GRI 403-2

<sup>124</sup> GRI 403-2

<sup>125</sup> GRI 401-1

### Overview of employee arrivals and departures by age in current year

| Year 2017<br>Age group | Arrivals |               | Departures |               |
|------------------------|----------|---------------|------------|---------------|
|                        | Number   | As % of total | Number     | As % of total |
| 20–25                  | 2        | 22.2          | 0          | 0.0           |
| 26–30                  | 1        | 11.1          | 1          | 12.5          |
| 31–35                  | 0        | 0.0           | 1          | 12.5          |
| 36–40                  | 2        | 22.2          | 1          | 12.5          |
| 41–45                  | 1        | 11.1          | 2          | 25.0          |
| 46–50                  | 2        | 22.2          | 0          | 0.0           |
| 51–55                  | 1        | 11.1          | 1          | 12.5          |
| 56 and over            | 0        | 0.0           | 2          | 25.0          |
| <b>Total</b>           | <b>9</b> | <b>100.0</b>  | <b>8</b>   | <b>100.0</b>  |

In 2017 both arrivals and departures were from nearly all age groups.

### 20.3.4 Employee training and development<sup>126</sup>

The Company encourages the development of competence and responsibility in its employees. Employees are encouraged to join education and training programmes in accordance with the needs of the workplace as well as their personal and career development.

In 2017 we placed great emphasis on analysing and developing key personnel in leadership competencies.

We encourage the recruitment of young high-potential people. In order to prepare new employees for their new role quickly and efficiently, the Company prepares programmes for internships and probationary periods. During these periods, new employees are placed in the care of a mentor and a leader.

We also encourage knowledge transfer among employees in the Sava Re Group. To this end, Sava Re organised the following events in 2017: internal audit workshop, IT workshop, seminar in finance, accounting, controlling, actuarial function, seminar in HR management and risk management, and a marketing and public relations conference.

Traditionally, the Group organises two strategic conferences to encourage the Group-wide transfer of best practices in governance and management. This year's topics centred on inter-personal communication, key development focus areas, new technologies, the digital revolution in the insurance industry, brand strength, internal culture, and team leadership.

#### Key data on employee training<sup>127</sup>

| Year                                   | 2017  | 2016  | 2015  | Index<br>2017/2016 | Index<br>2016/2015 |
|--|-------|-------|-------|--------------------|--------------------|
| Number of education/training hours     | 1,948 | 1,653 | 2,390 | 117.8              | 69.2               |
| Number of education/training attendees | 77    | 66    | 97    | 116.7              | 68.0               |

<sup>126</sup> GRI 103-1, 103-2, 103-3

<sup>127</sup> GRI 404-1

Employees participate in domestic and foreign business and professional conferences and training events. In 2017, we carried out a considerable number of group training in foreign languages, the use of computer appli-

cations and personal growth. A total of 77 employees took part in training events. In total this amounts to 1,948 training hours.

#### Average hours of training per employee<sup>128</sup>

| Gender       | 2017      |                          |             |
|--------------|-----------|--------------------------|-------------|
|              | Number    | Number of training hours | Average     |
| Women        | 43        | 1,253                    | 29.1        |
| Men          | 34        | 695                      | 20.4        |
| <b>Total</b> | <b>77</b> | <b>1,948</b>             | <b>25.3</b> |

Training events were attended by some more women than men. Women attended significantly more training hours than men.

### 20.3.5 Management and motivation<sup>129</sup>

We encourage a positive working climate by effective leadership and motivation of employees, effective organisation of work and the involvement of employees in a number of projects.

#### 20.3.5.1 Annual performance appraisal interviews<sup>130</sup>

The Company has in place a system of annual performance appraisal interviews. The annual performance assessment interview process covers all employees. These regular annual interviews are opportunities for leaders and employees to discuss achieved and planned objectives; realised and planned activities; realised and required education and training; and other plans.

We started setting up a system of management by objectives and revised the annual interview process in 2017.

#### 20.3.5.2 Health and safety at work<sup>131</sup>

Activities of health and safety at work involve all employees, management, human resources, an approved medical examiner and another external authorised service provider.

Employees are regularly referred to periodic health checks and undergo regular training in health and safety at work in accordance with applicable laws and internal acts.

In 2017 we organised weekly fruit deliveries for employees.

The Company's holiday facilities in Bohinj and Cres are available for employees to use.

#### 20.3.5.3 Other<sup>132</sup>

Sava Re closely cooperated with two workers' organisations in the Company, the workers' council and the union. In 2017, the cooperation was regarding the amendments to the Company's internal acts.

All-staff meetings are an important source of information for employees, where the management board presents results of operations, plans for the current period and the development strategy of the Company and the Group.

The culture of cooperation and integration is strengthened in corporate events, training and various social events. This year again, employees participated in voluntary activities as part of Sava Re Day.

<sup>128</sup> GRI 404-1

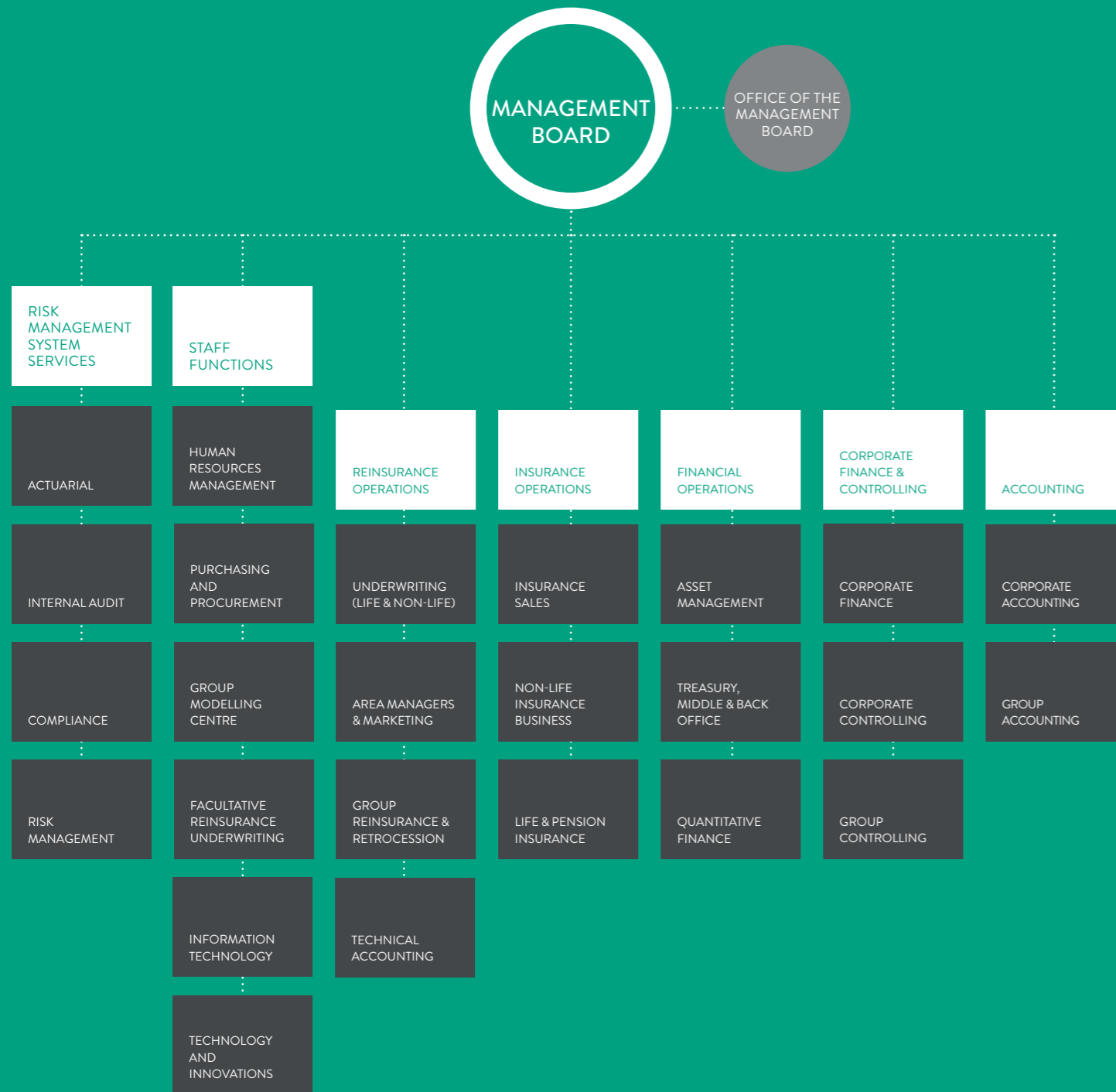
<sup>129</sup> GRI 103-1, 103-2, 103-3

<sup>130</sup> GRI 404-3

<sup>131</sup> GRI 103-1, 103-2, 103-3

<sup>132</sup> GRI 103-1, 103-2, 103-3

Organisational chart of Sava Re as at 31 December 2017<sup>133</sup>



20.4 Sava Re risk management<sup>134</sup>

The organisation, process of risk management as well as the risk management policy of Sava Re is described in the business report of the Sava Re Group, section 11 “Risk management”.

20.5 Internal audit

The organisation of internal auditing in 2017 is described in the business report of the Sava Re Group, section 12 “Operation of the internal audit”.

20.6 Business processes and IT support

In 2017, Sava Re continued with the development of the REvolve application for the support of reinsurance operations. Development mainly related to supporting payment transactions and expanding and optimising the reinsurance contract module. We will continue upgrading and developing REvolve with modules that have already been planned in line with the needs of the business process. In connection with REvolve, we prepared a new data warehouse for reinsurance accounts to replace the current technologically outdated solution once it has been tested in 2018.

Furthermore, we implemented the PACE tool in 2016 intended for catastrophe modelling used in reinsurance underwriting and pricing. PACE was in test use in the second quarter of 2017, but was prepared for production use at the end of 2017 so it could be used in the reinsurance treaty renewals for 2018.

Among other things, some smaller applications were further developed, especially the risk register.

<sup>133</sup> GRI 102-18

<sup>134</sup> GRI 102-11

## 20.7 Sava Re performance indicators<sup>135</sup>

### Development of gross premiums written

| (€)                          | 2017               | 2016               | Index        |
|------------------------------|--------------------|--------------------|--------------|
|                              | 1                  | 2                  | 1/2          |
| Personal accident            | 5,391,534          | 5,459,215          | 98.8         |
| Health                       | 3,244,210          | 439,435            | 738.3        |
| Land vehicles casco          | 17,966,660         | 16,046,517         | 112.0        |
| Railway rolling stock        | 211,981            | 111,896            | 189.4        |
| Aircraft hull                | 12,326             | 847,304            | 1.5          |
| Ships hull                   | 5,542,664          | 3,400,041          | 163.0        |
| Goods in transit             | 5,234,561          | 5,217,065          | 100.3        |
| Fire insurance               | 70,920,629         | 71,576,193         | 99.1         |
| Other damage to property     | 18,222,571         | 21,299,464         | 85.6         |
| Motor liability              | 14,484,378         | 12,460,725         | 116.2        |
| Aircraft liability           | 139,060            | 56,730             | 245.1        |
| Liability for ships          | 723,250            | 515,436            | 140.3        |
| General liability            | 7,554,812          | 6,302,548          | 119.9        |
| Credit                       | 980,196            | 918,053            | 106.8        |
| Suretyship                   | 242,199            | 209,725            | 115.5        |
| Miscellaneous financial loss | 1,509,279          | 2,135,991          | 70.7         |
| Legal expenses               | 10,118             | 10,532             | 96.1         |
| Assistance                   | 19,355             | 15,573             | 124.3        |
| Life                         | 489,010            | 145,900            | 335.2        |
| Unit-linked life             | 320,960            | 258,549            | 124.1        |
| <b>Total non-life</b>        | <b>152,409,782</b> | <b>147,022,444</b> | <b>103.7</b> |
| <b>Total life</b>            | <b>809,970</b>     | <b>404,449</b>     | <b>200.3</b> |
| <b>Total</b>                 | <b>153,219,752</b> | <b>147,426,893</b> | <b>103.9</b> |

### Net premiums written as percentage of gross premiums written

| (€, except percentages)      | Gross written premiums | Net premiums written | 2017         | 2016          |
|------------------------------|------------------------|----------------------|--------------|---------------|
|                              | 1                      | 2                    | 2/1          |               |
| Personal accident            | 5,391,534              | 5,354,717            | 99.3%        | 99.2%         |
| Health                       | 3,244,210              | 3,244,210            | 100.0%       | 100.0%        |
| Land vehicles casco          | 17,966,660             | 16,768,862           | 93.3%        | 93.0%         |
| Railway rolling stock        | 211,981                | 207,733              | 98.0%        | 100.0%        |
| Aircraft hull                | 12,326                 | 4,431                | 36.0%        | 100.0%        |
| Ships hull                   | 5,542,664              | 5,195,179            | 93.7%        | 95.3%         |
| Goods in transit             | 5,234,561              | 4,975,020            | 95.0%        | 94.8%         |
| Fire insurance               | 70,920,629             | 59,869,842           | 84.4%        | 85.5%         |
| Other damage to property     | 18,222,571             | 14,559,708           | 79.9%        | 84.7%         |
| Motor liability              | 14,484,378             | 13,952,624           | 96.3%        | 95.8%         |
| Aircraft liability           | 139,060                | 89,890               | 64.6%        | 0.7%          |
| Liability for ships          | 723,250                | 713,318              | 98.6%        | 98.8%         |
| General liability            | 7,554,812              | 6,690,295            | 88.6%        | 92.4%         |
| Credit                       | 980,196                | 980,196              | 100.0%       | 100.0%        |
| Suretyship                   | 242,199                | 242,199              | 100.0%       | 100.0%        |
| Miscellaneous financial loss | 1,509,279              | 985,451              | 65.3%        | 78.2%         |
| Legal expenses               | 10,118                 | 10,118               | 100.0%       | 100.0%        |
| Assistance                   | 19,355                 | 19,355               | 100.0%       | 100.0%        |
| Life                         | 489,010                | 245,043              | 50.1%        | -331.5%       |
| Unit-linked life             | 320,960                | 204,250              | 63.6%        | 42.1%         |
| <b>Total non-life</b>        | <b>152,409,782</b>     | <b>133,863,145</b>   | <b>87.8%</b> | <b>88.6%</b>  |
| <b>Total life</b>            | <b>809,970</b>         | <b>449,293</b>       | <b>55.5%</b> | <b>-92.7%</b> |
| <b>Total</b>                 | <b>153,219,752</b>     | <b>134,312,438</b>   | <b>87.7%</b> | <b>88.1%</b>  |

<sup>135</sup> Performance indicators are given pursuant to the Decision on the annual report and quarterly financial statements of insurance companies (Official Gazette of the Republic of Slovenia, nos. 1/2016, 85/2016).

## Development of gross claims paid

| (€)                          | 2017              | 2016              | Index       |
|------------------------------|-------------------|-------------------|-------------|
|                              | 1                 | 2                 | 1/2         |
| Personal accident            | 3,061,325         | 4,442,592         | 68.9        |
| Health                       | 2,763,819         | 310,753           | 889.4       |
| Land vehicles casco          | 11,373,214        | 9,866,898         | 115.3       |
| Railway rolling stock        | 91,017            | 13,970            | 651.5       |
| Aircraft hull                | 36,632            | 251,644           | 14.6        |
| Ships hull                   | 4,884,260         | 2,183,806         | 223.7       |
| Goods in transit             | 3,327,197         | 3,299,750         | 100.8       |
| Fire insurance               | 36,760,277        | 40,569,708        | 90.6        |
| Other damage to property     | 7,433,803         | 9,805,823         | 75.8        |
| Motor liability              | 9,948,883         | 9,323,574         | 106.7       |
| Aircraft liability           | 35,450            | 43,436            | 81.6        |
| Liability for ships          | 374,664           | 112,462           | 333.1       |
| General liability            | 1,873,500         | 1,521,495         | 123.1       |
| Credit                       | -184,069          | -259,264          | 71.0        |
| Suretyship                   | 175,757           | 90,499            | 194.2       |
| Miscellaneous financial loss | 1,297,317         | 2,910,701         | 44.6        |
| Legal expenses               | 1,165             | 649               | 179.5       |
| Assistance                   | 9,258             | 70                | 13,225.7    |
| Life                         | 129,004           | 550,715           | 23.4        |
| Unit-linked life             | 132,977           | 126,311           | 105.3       |
| <b>Total non-life</b>        | <b>83,263,468</b> | <b>84,488,566</b> | <b>98.5</b> |
| <b>Total life</b>            | <b>261,981</b>    | <b>677,026</b>    | <b>38.7</b> |
| <b>Total</b>                 | <b>83,525,449</b> | <b>85,165,592</b> | <b>98.1</b> |

## Loss ratios

| (€, except percentages)      | Gross written premiums | Gross claims paid | 2017         | 2016          |
|------------------------------|------------------------|-------------------|--------------|---------------|
|                              | 1                      | 2                 | 2/1          |               |
| Personal accident            | 5,391,534              | 3,061,325         | 56.8%        | 81.4%         |
| Health                       | 3,244,210              | 2,763,819         | 85.2%        | 70.7%         |
| Land vehicles casco          | 17,966,660             | 11,373,214        | 63.3%        | 61.5%         |
| Railway rolling stock        | 211,981                | 91,017            | 42.9%        | 12.5%         |
| Aircraft hull                | 12,326                 | 36,632            | 297.2%       | 29.7%         |
| Ships hull                   | 5,542,664              | 4,884,260         | 88.1%        | 64.2%         |
| Goods in transit             | 5,234,561              | 3,327,197         | 63.6%        | 63.2%         |
| Fire insurance               | 70,920,629             | 36,760,277        | 51.8%        | 56.7%         |
| Other damage to property     | 18,222,571             | 7,433,803         | 40.8%        | 46.0%         |
| Motor liability              | 14,484,378             | 9,948,883         | 68.7%        | 74.8%         |
| Aircraft liability           | 139,060                | 35,450            | 25.5%        | 76.6%         |
| Liability for ships          | 723,250                | 374,664           | 51.8%        | 21.8%         |
| General liability            | 7,554,812              | 1,873,500         | 24.8%        | 24.1%         |
| Credit                       | 980,196                | -184,069          | -18.8%       | -28.2%        |
| Suretyship                   | 242,199                | 175,757           | 72.6%        | 43.2%         |
| Miscellaneous financial loss | 1,509,279              | 1,297,317         | 86.0%        | 136.3%        |
| Legal expenses               | 10,118                 | 1,165             | 11.5%        | 6.2%          |
| Assistance                   | 19,355                 | 9,258             | 47.8%        | 0.5%          |
| Life                         | 489,010                | 129,004           | 26.4%        | 377.5%        |
| Unit-linked life             | 320,960                | 132,977           | 41.4%        | 48.9%         |
| <b>Total non-life</b>        | <b>152,409,782</b>     | <b>83,263,468</b> | <b>54.6%</b> | <b>57.5%</b>  |
| <b>Total life</b>            | <b>809,970</b>         | <b>261,981</b>    | <b>32.3%</b> | <b>167.4%</b> |
| <b>Total</b>                 | <b>153,219,752</b>     | <b>83,525,449</b> | <b>54.5%</b> | <b>57.8%</b>  |

## Administrative expenses as percentage of gross premiums written (€)

| (€, except percentages)      | Gross written premiums |                   | Operating expenses* |              |
|------------------------------|------------------------|-------------------|---------------------|--------------|
|                              | 2017                   | 2016              | 2017                | 2016         |
|                              | 1                      | 2                 | 2/1                 |              |
| Personal accident            | 5,391,534              | 1,597,207         | 29.6%               | 39.2%        |
| Health                       | 3,244,210              | 1,125,522         | 34.7%               | 41.6%        |
| Land vehicles casco          | 17,966,660             | 4,003,683         | 22.3%               | 27.9%        |
| Railway rolling stock        | 211,981                | 30,354            | 14.3%               | 17.7%        |
| Aircraft hull                | 12,326                 | 62,611            | 508.0%              | 20.6%        |
| Ships hull                   | 5,542,664              | 1,280,343         | 23.1%               | 30.9%        |
| Goods in transit             | 5,234,561              | 1,238,349         | 23.7%               | 26.6%        |
| Fire insurance               | 70,920,629             | 17,725,823        | 25.0%               | 27.7%        |
| Other damage to property     | 18,222,571             | 4,561,611         | 25.0%               | 29.7%        |
| Motor liability              | 14,484,378             | 3,665,317         | 25.3%               | 32.5%        |
| Aircraft liability           | 139,060                | 23,468            | 16.9%               | -8.4%        |
| Liability for ships          | 723,250                | 164,980           | 22.8%               | 32.7%        |
| General liability            | 7,554,812              | 1,959,849         | 25.9%               | 27.5%        |
| Credit                       | 980,196                | 255,951           | 26.1%               | 21.5%        |
| Suretyship                   | 242,199                | 76,766            | 31.7%               | 29.2%        |
| Miscellaneous financial loss | 1,509,279              | 404,588           | 26.8%               | 26.8%        |
| Legal expenses               | 10,118                 | 4,092             | 40.4%               | 52.5%        |
| Assistance                   | 19,355                 | 3,556             | 18.4%               | 18.8%        |
| Life                         | 489,010                | 114,268           | 23.4%               | 109.8%       |
| Unit-linked life             | 320,960                | 69,975            | 21.8%               | 18.0%        |
| Total non-life               | 152,409,782            | 38,184,071        | 25.1%               | 28.8%        |
| Total life                   | 809,970                | 184,243           | 22.7%               | 51.2%        |
| <b>Total</b>                 | <b>153,219,752</b>     | <b>38,368,315</b> | <b>25.0%</b>        | <b>28.9%</b> |

\* Included are only the operating expenses relating to reinsurance operations (excluding administrative expenses relating to the Group).

## Acquisition costs (commission) as percentage of gross premiums written (€)

| (€, except percentages)      | Gross written premiums |                   | Acquisition costs |              |
|------------------------------|------------------------|-------------------|-------------------|--------------|
|                              | 2017                   | 2016              | 2017              | 2016         |
|                              | 1                      | 2                 | 2/1               |              |
| Personal accident            | 5,391,534              | 1,268,720         | 23.5%             | 23.1%        |
| Health                       | 3,244,210              | 1,067,545         | 32.9%             | 28.3%        |
| Land vehicles casco          | 17,966,660             | 3,733,175         | 20.8%             | 20.8%        |
| Railway rolling stock        | 211,981                | 28,389            | 13.4%             | 10.1%        |
| Aircraft hull                | 12,326                 | 1,064             | 8.6%              | 16.0%        |
| Ships hull                   | 5,542,664              | 1,299,980         | 23.5%             | 23.1%        |
| Goods in transit             | 5,234,561              | 1,060,298         | 20.3%             | 19.6%        |
| Fire insurance               | 70,920,629             | 15,324,674        | 21.6%             | 23.5%        |
| Other damage to property     | 18,222,571             | 3,602,661         | 19.8%             | 22.2%        |
| Motor liability              | 14,484,378             | 3,171,810         | 21.9%             | 22.0%        |
| Aircraft liability           | 139,060                | 18,491            | 13.3%             | -39.6%       |
| Liability for ships          | 723,250                | 156,368           | 21.6%             | 23.0%        |
| General liability            | 7,554,812              | 1,672,985         | 22.1%             | 20.3%        |
| Credit                       | 980,196                | 238,109           | 24.3%             | 25.1%        |
| Suretyship                   | 242,199                | 64,591            | 26.7%             | 23.2%        |
| Miscellaneous financial loss | 1,509,279              | 314,208           | 20.8%             | 14.6%        |
| Legal expenses               | 10,118                 | 3,698             | 36.6%             | 46.8%        |
| Assistance                   | 19,355                 | 1,779             | 9.2%              | 9.8%         |
| Life                         | 489,010                | 94,737            | 19.4%             | 34.8%        |
| Unit-linked life             | 320,960                | 62,350            | 19.4%             | 14.1%        |
| Total non-life               | 152,409,782            | 33,028,545        | 21.7%             | 22.4%        |
| Total life                   | 809,970                | 157,087           | 19.4%             | 21.6%        |
| <b>Total</b>                 | <b>153,219,752</b>     | <b>33,185,632</b> | <b>21.7%</b>      | <b>22.4%</b> |

## Net paid loss ratio

| (€, except percentages)      | Net premiums earned | Net claims incurred | 2017         | 2016         |
|------------------------------|---------------------|---------------------|--------------|--------------|
|                              | 1                   | 2                   | 2/1          |              |
| Personal accident            | 5,564,197           | 2,394,364           | 43.0%        | 62.7%        |
| Health                       | 3,262,263           | 2,520,748           | 77.3%        | 86.8%        |
| Land vehicles casco          | 15,130,829          | 10,624,022          | 70.2%        | 73.0%        |
| Railway rolling stock        | 191,209             | 102,640             | 53.7%        | 16.1%        |
| Aircraft hull                | 120,235             | 275,013             | 228.7%       | 106.0%       |
| Ships hull                   | 4,772,144           | 5,538,232           | 116.1%       | 154.0%       |
| Goods in transit             | 4,645,256           | 2,846,093           | 61.3%        | 45.5%        |
| Fire insurance               | 59,298,561          | 40,264,092          | 67.9%        | 66.3%        |
| Other damage to property     | 14,956,358          | 5,698,517           | 38.1%        | 27.4%        |
| Motor liability              | 13,156,142          | 5,343,270           | 40.6%        | 64.3%        |
| Aircraft liability           | 72,682              | -18,992             | -26.1%       | -47.1%       |
| Liability for ships          | 694,773             | 298,152             | 42.9%        | 75.9%        |
| General liability            | 6,574,571           | 1,725,368           | 26.2%        | 51.6%        |
| Credit                       | 793,486             | -201,658            | -25.4%       | -40.6%       |
| Suretyship                   | 262,793             | 276,275             | 105.1%       | 114.5%       |
| Miscellaneous financial loss | 925,433             | 872,131             | 94.2%        | 51.3%        |
| Legal expenses               | 10,488              | 874                 | 8.3%         | 23.8%        |
| Assistance                   | 19,339              | 9,225               | 47.7%        | -12.2%       |
| Life                         | 321,182             | -21,342             | -6.6%        | 152.1%       |
| Unit-linked life             | 92,677              | 36,942              | 39.9%        | 40.2%        |
| Total non-life               | 130,450,761         | 78,568,367          | 60.2%        | 61.4%        |
| Total life                   | 413,858             | 15,600              | 3.8%         | 430.3%       |
| <b>Total</b>                 | <b>130,864,620</b>  | <b>78,583,967</b>   | <b>60.0%</b> | <b>61.3%</b> |

## Combined loss ratio for non-life insurance business (€)

| Net claims incurred | Administrative expenses | Net premiums earned | 2017    | 2016  |
|---------------------|-------------------------|---------------------|---------|-------|
| 1                   | 2                       | 3                   | (1+2)/3 |       |
| 78,568,367          | 10,808,271              | 130,450,762         | 68.5%   | 69.4% |

## Net investment income as percentage of average investments

| (v EUR)                     | Average investments | Investment income | Investment expenses | Investment return 1-12/2017 | Net investment income 1-12 2016 |
|-----------------------------|---------------------|-------------------|---------------------|-----------------------------|---------------------------------|
| Non-life insurance register | 224,661,874         | 9,035,191         | 9,722,233           | -0.3%                       | 2.5%                            |
| Capital fund                | 223,904,813         | 27,080,419        | 1,060,390           | 11.6%                       | 9.5%                            |
| <b>Total</b>                | <b>448,566,687</b>  | <b>36,115,610</b> | <b>10,782,623</b>   | <b>5.6%</b>                 | <b>6.2%</b>                     |

## Net provisions for outstanding claims as percentage of net earned premiums

| (€, except percentages)      | Net provision for outstanding claims | Net premiums earned | 2017          | 2016          |
|------------------------------|--------------------------------------|---------------------|---------------|---------------|
|                              | 1                                    | 2                   | 1/2           |               |
| Personal accident            | 7,813,550                            | 5,564,197           | 140.4%        | 134.4%        |
| Health                       | 344,597                              | 3,262,263           | 10.6%         | 82.5%         |
| Land vehicles casco          | 6,172,643                            | 15,130,829          | 40.8%         | 42.9%         |
| Railway rolling stock        | 12,233                               | 191,209             | 6.4%          | 0.7%          |
| Aircraft hull                | 1,375,774                            | 120,235             | 1144.2%       | 137.0%        |
| Ships hull                   | 8,742,755                            | 4,772,144           | 183.2%        | 231.5%        |
| Goods in transit             | 5,552,157                            | 4,645,256           | 119.5%        | 118.6%        |
| Fire insurance               | 75,268,357                           | 59,298,561          | 126.9%        | 112.2%        |
| Other damage to property     | 15,527,330                           | 14,956,358          | 103.8%        | 85.4%         |
| Motor liability              | 30,909,760                           | 13,156,142          | 234.9%        | 292.3%        |
| Aircraft liability           | 57,209                               | 72,682              | 78.7%         | 48.8%         |
| Liability for ships          | 528,985                              | 694,773             | 76.1%         | 114.3%        |
| General liability            | 13,964,846                           | 6,574,571           | 212.4%        | 251.1%        |
| Credit                       | 376,244                              | 793,486             | 47.4%         | 67.4%         |
| Suretyship                   | 497,824                              | 262,793             | 189.4%        | 220.9%        |
| Miscellaneous financial loss | 313,679                              | 925,433             | 33.9%         | 10.8%         |
| Legal expenses               | 2,229                                | 10,488              | 21.3%         | 25.2%         |
| Assistance                   | 542                                  | 19,339              | 2.8%          | 4.1%          |
| Life                         | 213,386                              | 321,182             | 66.4%         | -198.8%       |
| Unit-linked life             | 35,506                               | 92,677              | 38.3%         | 61.1%         |
| Total non-life               | 167,460,715                          | 130,450,761         | 128.4%        | 124.6%        |
| Total life                   | 248,892                              | 413,858             | 60.1%         | -845.1%       |
| <b>Total</b>                 | <b>167,709,608</b>                   | <b>130,864,620</b>  | <b>128.2%</b> | <b>124.9%</b> |

**Gross profit/loss for the period as percentage of net premiums written (€)**

| Gross profit/loss | Net premiums written | 2017  | 2016  |
|-------------------|----------------------|-------|-------|
| 1                 | 2                    | 1/2   |       |
| 34,763,864        | 134,312,438          | 25.9% | 26.9% |

**Gross profit/loss for the period as percentage of average equity (€)**

| Gross profit/loss | Average equity | 2017  | 2016  |
|-------------------|----------------|-------|-------|
| 1                 | 2              | 1/2   |       |
| 34,763,864        | 280,660,889    | 12.4% | 13.1% |

**Gross profit/loss for the period as percentage of average assets (€)**

| Gross profit/loss | Average assets | 2017 | 2016 |
|-------------------|----------------|------|------|
| 1                 | 2              | 1/2  |      |
| 34,763,864        | 574,516,972    | 6.1% | 6.1% |

**Gross profit/loss for the period per share (€)**

| Gross profit/loss | No. of shares | 2017 | 2016 |
|-------------------|---------------|------|------|
| 1                 | 2             | 1/2  |      |
| 34,763,864        | 17,219,662    | 2.02 | 2.03 |

**Receivables arising out of reinsurance business and reinsurers' share of technical provisions as percentage of equity (€)**

| Receivables arising out of reinsurance business | Reinsurers' share of technical provisions | Equity      | 2017    | 2016  |
|---|---|-------------|---------|-------|
| 1   | 2   | 3           | (1+2)/3 |       |
| 3,202,926                                       | 20,073,571                                | 290,966,155 | 8.0%    | 36.2% |

\* In 2017 a change was made in the presentation of receivables. If the change had already been made in 2016, the ratio for 2016 would have stood at 8.2%.

**Net premiums written as percentage of average equity and average technical provisions (€)**

| Net premiums written | Average equity | Average technical provisions | 2017    | 2016  |
|----------------------|----------------|------------------------------|---------|-------|
| 1                    | 2              | 3                            | 1/(2+3) |       |
| 134,312,438          | 280,660,889    | 229,423,321                  | 26.3%   | 26.5% |

**Average technical provisions as percentage of net earned premiums (€)**

| Average net technical provisions | Net premiums earned | 2017   | 2016   |
|----------------------------------|---------------------|--------|--------|
| 1                                | 2                   | 1/2    |        |
| 210,284,580                      | 130,864,621         | 160.7% | 154.7% |

**Equity as percentage of liabilities and equity (€)**

| Equity      | Liabilities and equity | 2017  | 2016  |
|-------------|------------------------|-------|-------|
| 1           | 2                      | 1/2   |       |
| 290,966,155 | 580,886,180            | 50.1% | 47.6% |

**Net technical provisions as percentage of liabilities and equity (€)**

| Net technical provisions | Liabilities and equity | 2017  | 2016  |
|--------------------------|------------------------|-------|-------|
| 1                        | 2                      | 1/2   |       |
| 212,565,592              | 580,886,180            | 36.6% | 36.6% |

**Gross premiums written per employee (€)**

| Gross written premiums | Number of employees in regular employment | 2017      | 2016      |
|------------------------|---|-----------|-----------|
| 1                      | 2   | 1/2       |           |
| 153,219,752            | 96.50                                     | 1,587,769 | 1,558,836 |