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**Translation of the
UNAUDITED FINANCIAL REPORT OF THE
SAVA RE GROUP AND
POZAVAROVANICA SAVA D. D.
FOR THE SIX MONTHS TO 30 JUNE 2015**

Ljubljana, 13 August 2015

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INTRODUCTION

1 INTRODUCTION

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Pozavarovalnica Sava d.d. ("Sava Reinsurance Company"), with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Six Months to 30 June 2015.

The Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Six Months to 30 June 2015 will be available as a hardcopy for viewing at the registered office of Sava Reinsurance Company at Dunajska 56, 1000 Ljubljana on every workday between 9:00 and 15:00, and as a softcopy on the Company's website at www.sava-re.si as from 20 August 2015.

Declaration of the management board of Sava Reinsurance Company

To the best of our knowledge, the summary financial statements of the Sava Re Group with notes have been prepared to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim financial statements for the Sava Re Group and the separate financial statements of Sava Reinsurance Company, which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", adopted by the European Union, and should be read together with the annual financial statements for the financial year ended 31 December 2014. 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.

Zvonko Ivanušič, chairman of the management board



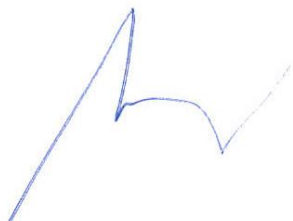
Srečko Čebren, member of the management board



Jošt Dolničar, member of the management board



Mateja Treven, member of the management board



Ljubljana, 13 August 2015

1.1 Key financials

(€)	Sava Re Group		Sava Reinsurance Company	
	1–6/2015	1–6/2014	1–6/2015	1–6/2014
Gross premiums written	276,703,724	268,499,823	90,272,782	82,121,227
Year-on-year change	3.1 %	41.2 %	9.9 %	-5.7 %
Net premiums earned	219,116,387	218,826,650	56,386,830	56,860,672
Year-on-year change	0.1 %	41.3 %	-0.8 %	-9.2 %
Gross claims paid	131,457,661	129,271,312	40,205,310	36,602,271
Year-on-year change	1.7 %	49.4 %	9.8 %	-2.5 %
Net claims incurred	135,623,076	132,173,406	39,374,477	35,429,719
Year-on-year change	2.6 %	46.3 %	11.1 %	-4.7 %
Net incurred loss ratio	62.4 %	62.5 %	69.8 %	62.3 %
Net incurred loss ratio, excluding the effect of exchange differences	59.8 %	62.2 %	61.5 %	61.1 %
Operating expenses, including reinsurance commission income	68,501,935	69,451,704	18,060,298	18,335,427
Year-on-year change	-1.4 %	31.3 %	-1.5 %	-10.4 %
Net expense ratio	31.3 %	31.7 %	32.0 %	32.2 %
Net combined ratio	97.0 %	98.4 %	100.6 %	94.9 %
Net combined ratio, excluding the effect of exchange differences	94.8 %	98.1 %	93.9 %	93.9 %
Net inv. income of the investment portfolio	15,808,192	15,994,115	19,017,936	12,899,963
Investment return	3.2 %	3.4 %	5.9 %	3.7 %
Net inv. income of the investment portfolio, excluding exchange differences	12,017,469	15,634,559	15,195,840	12,560,536
Return on the investment portfolio, excluding exchange differences	2.5 %	3.4 %	4.1 %	3.6 %
Profit/loss, net of tax	17,104,948	12,773,659	16,553,860	14,755,773
Year-on-year change	33.9 %	-33.6 %	12.2 %	60.9 %
Comprehensive income	10,809,002	22,168,696	15,235,039	18,671,600
Annualized return on equity	12.2 %	9.9 %	8.0 %	7.8 %
	30/06/2015	31/12/2014	30/06/2015	31/12/2014
Total assets	1,530,292,766	1,454,374,935	589,113,980	547,413,684
% change on 31 Dec. of prior year	5.2 %	5.5 %	7.6 %	3.2 %
Shareholders' equity	271,504,083	271,528,623	264,172,734	258,135,674
% change on 31 Dec. of prior year	0.0 %	13.1 %	2.3 %	4.9 %
Net technical provisions	1,090,373,522	1,026,994,619	209,629,866	185,794,402
% change on 31 Dec. of prior year	6.2 %	4.4 %	12.8 %	1.9 %
No. of employees (full-time equivalent basis)	2,511	2,442	82	79
Book value per share	16.47	15.01	16.03	15.04
Net earnings/loss per share	1.04	0.45	1.00	0.31

Notes:

-For details on the calculation of ratios and the net investment income, see the glossary appended to the report.

-The net investment income of the investment portfolio does not include the net investment income from assets pertaining to policyholders who bear the investment risk since such assets do not affect the income statement. The mathematical provision of policyholders who bear the investment risk moves in line with this line item.

In the first half of 2015, there was a large negative effect of exchange differences on the underwriting result of reinsurance business and a large positive effect on the net investment result. The net effect on net profit for the period, however, was relatively minor since the Company is carrying out a strict policy of matching assets and liabilities.

The table below gives realized figures together with full-year 2015 planned figures:

(€ million)	1–6/2015	Plan 2015	As % of plan
Consolidated gross premiums written	276.7	477	58.1 %
Net profit/loss for the year	17.1	30	56.8 %
Shareholders' equity	271.5	283	96.0 %
Annualized return on equity	12.2 %	10.8 %	✓
Net combined ratio, excluding the effect of exchange differences	94.8 %	96.5 %	✓
Net expense ratio, excluding the effect of exchange differences	31.3 %	32.4 %	✓
Annualized investment return, excluding the effect of exchange differences	2.5 %	2.3 %	✓

The net combined ratio is calculated for the reinsurance and non-life insurance operating segments.

Since exchange differences had not been included in the plan, the table shows ratios, excluding the effect of exchange differences.

In the first half of 2015, the Group exceeded planned targets set in all operating segments of the result. Nevertheless, in view of potential interim fluctuations in loss ratios, projections indicate no significant deviations from the 2015 plan.

1.2 Company profile of Sava Reinsurance Company

Company name	Pozavarovalnica Sava, d.d. / Sava Reinsurance Company
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
E-mail	info@sava-re.si
Website	www.sava-re.si
Company ID number	5063825
Tax number	17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	€ 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<u>MANAGEMENT BOARD</u> Zvonko Ivanušič (chairman) Srečko Čebren Jošt Dolničar Mateja Treven <u>SUPERVISORY BOARD</u> Branko Tomažič (chairman) Mateja Lovšin Herič (deputy chairperson) Slaven Mičković Keith Morris Helena Dretnik (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	28 December 1990 Ljubljana District Court
Certified auditor	Ernst & Young d.o.o. Dunajska 111 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenski državni holding, d.d. (Slovenian Sovereign Holding) 25 % + 1 share (no. of no-par value shares: 4,304,917)
A.M. Best credit rating	A– /stable/ October 2014
S&P credit rating:	A– /stable/ July 2015
The Company has no branches.	

1.3 Bodies of the Company

Management board

In accordance with its articles of association, Sava Reinsurance Company 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 six months to 30 June 2015, there were no changes in the composition of the management board.

Members of the management board as at 30 June 2015

Member	Title	Beginning of term of office	Duration of term of office
Zvonko Ivanušič	chairman	01/06/2013	5 years
Srečko Čebren	member	01/06/2013	5 years
Jošt Dolničar	member	01/06/2013	5 years
Mateja Treven	member	01/06/2013	5 years

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

Jošt Dolničar:

- Slovenian Rowing Federation, Župančičeva cesta 9, Bled – President.

Supervisory board

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

In the six months to 30 June 2015, there were some changes in the composition of the supervisory board.

The term of office of the members representing the interest of employees, Martin Albrecht and Gorazd Andrej Kunstek, expired on 10 June 2015.

Pursuant to the Workers' Participation in Management Act, the workers' council of Sava Reinsurance Company elected Andrej Gorazd Kunstek and Helena Dretnik as their representatives to the supervisory board of Sava Reinsurance Company for a term of four years. Andrej Gorazd Kunstek and Helena Dretnik began their term of office on 11 June 2015.

Composition of the supervisory board at 30 June 2015

Member	Title	Beginning of term of office	Duration of term of office
Branko Tomažič	chairman	15/07/2013	4 years
Mateja Lovšin Herič	deputy chairperson	15/07/2013	4 years
Slaven Mičković	member	15/07/2013	4 years
Keith Morris	member	15/07/2013	4 years
Andrej Gorazd Kunstek	member (employee representative)	11/06/2015	4 years
Helena Dretnik	member (employee representative)	11/06/2015	4 years

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

The supervisory board members do not serve on any other management or supervisory body of any other legal entity.

Supervisory board committees

Audit committee

In the six months to 30 June 2015, there were no changes in the composition of the supervisory board audit committee.

Members of the supervisory board's audit committee at 30 June 2015

Member	Title
Mateja Lovšin Herič	chairperson
Slaven Mičković	member
Ignac Dolenšek	external member

General meeting of shareholders

There was one general meeting of shareholders held in the six months to 30 June 2015.

On 28 May 2015 the 30th general meeting of shareholders took place. Among other things, the general meeting was presented the annual report for 2014, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2014 with the opinion of the supervisory board thereto. Furthermore, the general meeting was informed of the remuneration of the members of management and supervisory bodies and of the management report on own shares. The general meeting resolved that part of distributable profit in the amount of € 9,065,977.80 be appropriated for dividends, while the remaining part of distributable profit of € 12,769,645.81 be left unallocated. The general meeting discharged both the management and the supervisory boards from their liability for the financial year 2014. The general meeting appointed the auditing firm Ernst & Young d.o.o., Dunajska 111, Ljubljana, as auditor for the 2015 financial year.

1.4 Significant events in the six months to 30 June 2015

- S** On 14 January 2015, Sava Reinsurance Company jointly with a consortium of companies filed an action against the Bank of Slovenia, challenging the decision on the extraordinary measures issued to Banka Celje. The claim amount of Sava Reinsurance Company under this claim was € 1,700,000, and € 6,982,200 in respect of Zavarovalnica Maribor. The total amount of claims against the Bank of Slovenia relating to emergency measures totals € 10,038,000 for Sava Reinsurance Company and € 22,957,200 for Zavarovalnica Maribor.
- S** From 1 January 2015 to 30 June 2015, Sava Reinsurance Company bought 8,236 own shares for a total amount of € 132,001 on the Ljubljana Stock Exchange. The total number of own shares at 30 June 2015 after the said purchases was 736,066, representing 4.2745 % of all issued shares.

- S** On 30 March 2015, Sava Reinsurance Company acquired 74,321 shares of Velebit osiguranje previously owned by Velebit životno osiguranje and 25,328 shares of Velebit životno osiguranje owned by Velebit osiguranje. In this way, Sava Reinsurance Company became the direct owner of these interests.
- S** On 28 May 2015 the 30th general meeting of shareholders took place. No challenging actions were announced in the general meeting. The general meeting resolved that shareholders be paid a dividend of € 0.55 gross per share, representing a 112 % increase over the previous year's dividend per share (€ 0.26 gross per share).

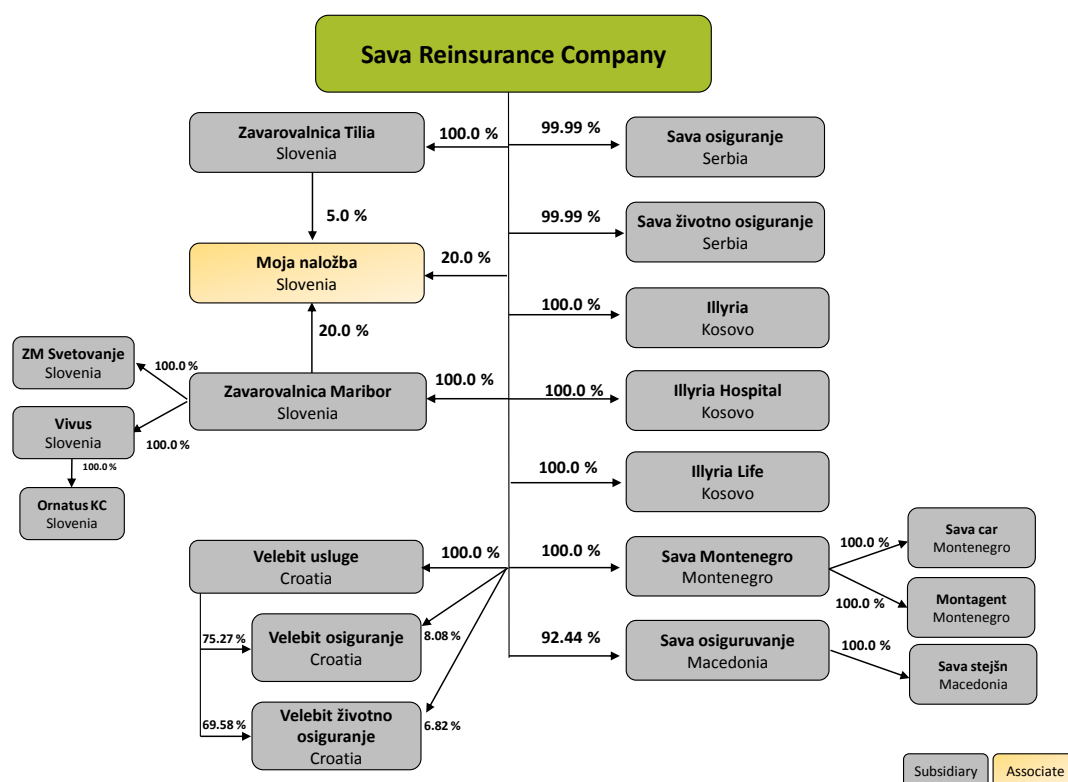
1.5 Significant events after the reporting period

- S** In order to optimize the operations of the Sava Re Group, Sava Reinsurance Company decided to transfer the indirect ownership of both the Croatian insurance companies (Velebit osiguranje and Velebit životno osiguranje) to itself on a direct basis. Accordingly, on 7 July 2015 it started activities necessary for winding-up Velebit usluge. Velebit usluge transacted no other activities apart from being the owner of the two insurers. The company Velebit usluge has been in liquidation proceedings as from 17 July.
- S** Sava Reinsurance Company purchased shares of the Croatian subsidiaries up until 5 August 2015. At that date, the Company owned 87.5 % of Velebit osiguranje and 82.6 % of Velebit životno osiguranje.
- S** After its regular annual rating review, on 29 July 2015 rating agency Standard & Poor's (S&P) raised its long-term counterparty credit and insurer financial strength ratings on Sava Reinsurance Company to "A-" with a stable outlook.

1.6 Sava Re Group structure, including associate companies

At 30 June 2015, in addition to the controlling company Sava Reinsurance Company, the insurance part of the Sava Re Group comprised ten insurers based in Slovenia and other Western Balkan countries and an associate company, i.e. a pension company based in Slovenia.

Sava Re Group structure, including associates, as at 30 June 2015



Winding-up proceedings for the company Velebit usluge were started on 17 July 2015.

Company names of subsidiary and associate companies

	Long name	Short name in this document
	Sava Re Group	Sava Re Group
1	Pozavarovalnica Sava, d. d.	Pozavarovalnica Sava, d. d. / Sava Reinsurance Company
2	Zavarovalnica Tilia, d.d., Novo mesto	Zavarovalnica Tilia
3	Zavarovalnica Maribor d.d.	Zavarovalnica Maribor or ZM
4	Moja naložba pokojninska družba d.d.	Moja naložba
5	Sava osiguranje, a.d.o. Belgrade	Sava osiguranje, Belgrade
6	Sava životno osiguranje, a.d.o. Belgrade	Sava životno osiguranje
7	Kompania e Sigurimeve Illyria sh.a.	Illyria
8	Kompania për Sigurimin e Jetës Illyria Life sh.a.	Illyria Life
9	Sava Montenegro AD Podgorica	Sava Montenegro
10	SAVA osiguruvanje, a.d. Skopje	Sava osiguruvanje, Skopje
11	VELEBIT USLUGE d.o.o.	Velebit usluge
12	VELEBIT OSIGURANJE d.d.	Velebit osiguranje
13	VELEBIT ŽIVOTNO OSIGURANJE d.d.	Velebit životno osiguranje
14	Illyria Hospital sh.p.k.	Illyria Hospital
15	Sava Car doo	Sava Car

16	Vivus d.o.o.	Vivus
17	ZM Svetovanje d.o.o.	ZM Svetovanje
18	Ornatus KC d.o.o.	Ornatus KC
19	Montagent DOO	Montagent
20	SAVA STEJŠN DOEL Skopje	Sava stejšn

2 SHAREHOLDERS AND SHARE TRADING

Movement in the POSR share price in the six months to 30 June 2015 compared to the SBITOP stock index.



The market price on 31 December 2014 was € 15.98 against € 14.01 at 30 June 2015, representing a 12.3 % decline over the period.

Basic details about the POSR share

	30/06/2015	30/06/2014
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	5,079	5,217
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	736,066	346,643
Net earnings/loss per share (€)	1.00	0.87
Consolidated net earnings per share (€)	1.04	0.76
Book value per share (€)	16.03	15.47
Consolidated book value per share (€)	16.47	15.61
Share price at end of period (€)	14.01	13.39

	1–6/2015	1–6/2014
Average share price in reporting period (€)	15.94	10.46
Minimum share price in reporting period (€)	14.00	8.00
Maximum share price in reporting period (€)	16.85	13.39
Trade volume in reporting period (€)	5,919,452	9,934,576

In the first half of 2015, the Company did not have conditional equity.

At 30 June 2015, 70.2 % of shareholders were Slovenian and 29.8 % were foreign. The largest shareholder of the POSR share is the Slovenian Sovereign Holding (Slovenski državni holding d.d.) with 25 % plus one share.

Shareholder structure of Sava Reinsurance Company at 30 June 2015

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.1 %	0.0 %
Insurers and pension companies	14.4 %	0.2 %
Natural persons	9.2 %	0.2 %
Banks	6.7 %	22.1 %
Investment funds and mutual funds	8.5 %	6.4 %
Other commercial companies	6.3 %	1.0 %
Total	70.2 %	29.8 %

The other financial institutions item includes the Slovenian Sovereign Holding with a stake of 25 % plus one share.

Source: Central securities register KDD d.d. and own sources.

Top ten shareholders of Sava Reinsurance Company at 30 June 2015

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	4,304,917	25.0 %
Societe Generale – Splitska banka d.d. (fiduciary account)	1,711,517	9.9 %
European Bank for Reconstruction and Development	1,071,429	6.2 %
Raiffeisen Bank Austria d.d. (fiduciary account)	764,606	4.4 %
Sava Reinsurance Company	736,066	4.3 %
Modra Zavarovalnica d.d.	714,285	4.1 %
Abanka d.d.	655,000	3.8 %
Adriatic Slovenica d.d., liability fund	500,891	2.9 %
Balkan Fund	488,211	2.8 %
KD Galileo	430,073	2.5 %
Total	11,376,995	66.1 %

Treasury shares

As at 30 June 2015, the Company held 736,066 treasury shares, representing 4.27 % of share capital. The total value of purchases made in the first half of 2015 was € 132,001. All shares were acquired on the regulated market.

The Company neither purchased nor sold any own shares in the period 30 June 2015 to 13 August 2015.

Dividends

Details on dividends

(€)	For 2014	For 2013
Payout of (accounting for) dividends	9,065,978	4,386,985
Dividend/share	0.55	0.26
Dividend yield	3.5 %	2.0 %

Sava Reinsurance Company paid out dividends in the amount of 30 % of the net profit of the Sava Re Group (consolidated profit) with the management board having made adjustments to their proposal for dividend payout taking into account the Company's capitalization, new development projects to engage additional capital, capital requirements for the support of organic growth and other major factors that affect the financial position of the Company.

SAVA RE GROUP INTERIM BUSINESS REPORT

3 SAVA RE GROUP REVIEW OF OPERATIONS

Summary of the consolidated income statement

(€)	1–6/2015	1–6/2014	Index
Net earned premiums	219,116,387	218,826,650	100.1
Income from investments in associates	79,250	131,217	60.4
Investment income	20,523,120	18,084,051	113.5
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	14,945,629	10,325,409	144.7
Other technical income	8,395,794	3,828,251	219.3
- Of which investment property	35,376	40,471	87.4
Other income	3,267,118	1,883,852	173.4
- Of which investment property	78,626	79,275	99.2
Net claims incurred	-135,623,076	-132,173,406	102.6
Change in other technical provisions	-2,092,155	-4,685,102	44.7
Change in technical provisions for policyholders who bear the investment risk	-13,209,592	-14,241,267	92.8
Expenses for bonuses and rebates	-252,119	-113,710	221.7
Operating expenses	-70,515,380	-70,933,827	99.4
Expenses for financial assets and liabilities	-4,839,584	-2,260,578	214.1
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-6,888,218	-3,081,708	223.5
Other technical expenses	-10,152,789	-8,479,686	119.7
- Of which investment property	-43,967	-38,771	113.4
Other expenses	-694,275	-675,998	102.7
- Of which investment property	-24,629	-41,550	59.3
Profit/loss before tax	22,060,110	16,434,148	134.2

Consolidated operating ratios

	1–6/2015	1–6/2014
Net incurred loss ratio (reins. + non-life ins.)	62.4 %	62.5 %
Net incurred loss ratio, excluding the effect of exchange differences (reins. + non-life ins.)	59.8 %	62.2 %
Net expense ratio	31.3 %	31.7 %
Net expense ratio, excluding the effect of exchange differences	31.3 %	31.7 %
Investment return	3.2 %	3.4 %
Investment return, excluding the effect of exchange differences	2.5 %	3.3 %
Annualized return on equity	12.2 %	9.9 %

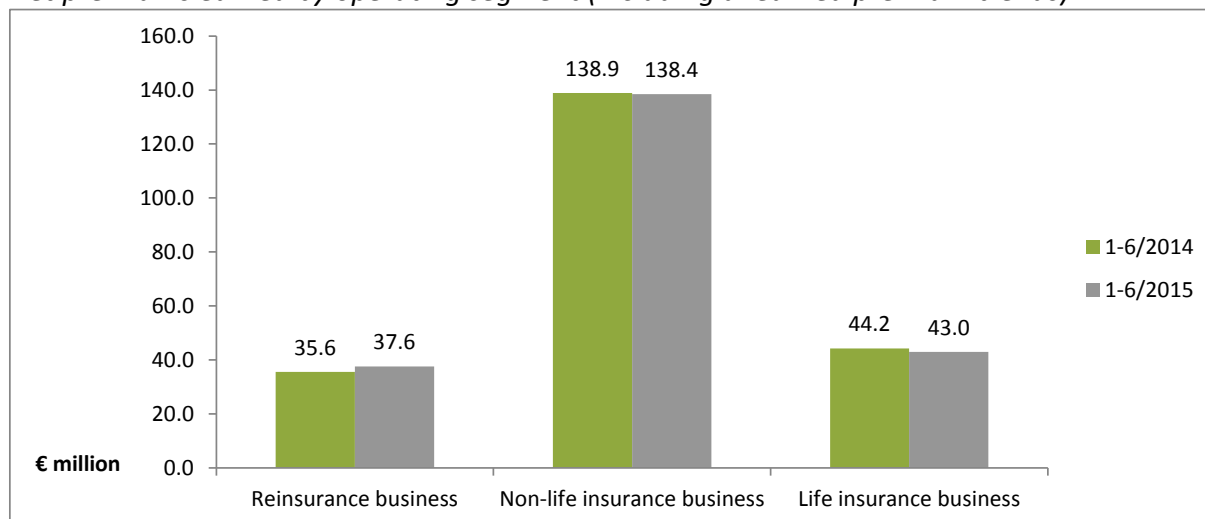
In the first half of 2015, there was a large negative effect of exchange differences on the underwriting result of reinsurance business and a large positive effect on the net investment result. The net effect on net profit for the period, however, was relatively minor since the Company is carrying out a strict policy of matching assets and liabilities. As both effects on profit mainly relate to international reinsurance operations, detailed figures are presented in the section covering reinsurance business later in this report.

Consolidated net earned premiums

Consolidated net earned premiums

(€)	1-6/2015	1-6/2014	Index
Gross premiums written	276,703,724	268,499,823	103.1
Net premiums written	258,206,231	251,569,352	102.6
Change in net unearned premiums	-39,089,844	-32,742,702	119.4
Net earned premiums	219,116,387	218,826,650	100.1

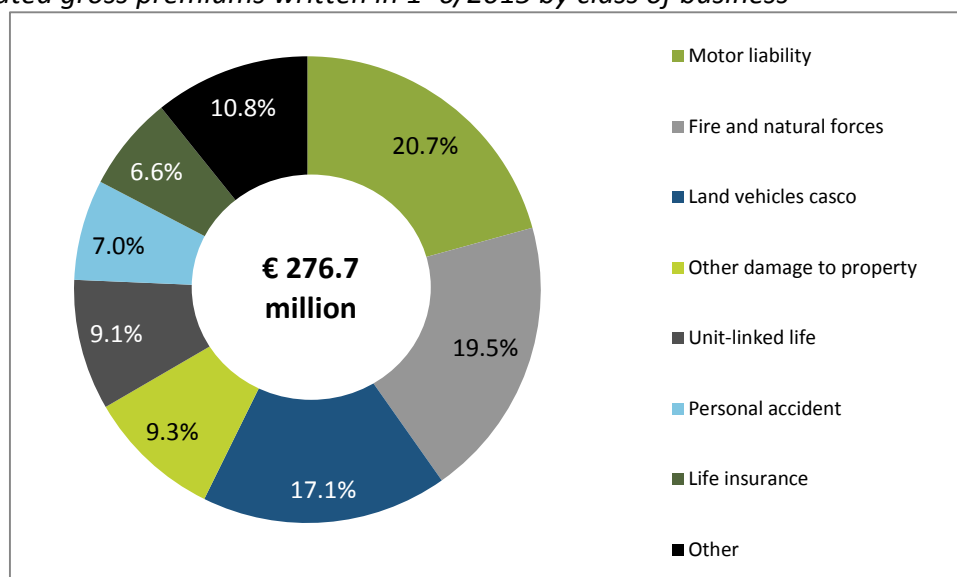
Net premiums earned by operating segment (including unearned premium trends)



Consolidated net premiums earned by class of business (including unearned premium trends)

(€)	1-6/2015	1-6/2014	Index
Personal accident	16,585,150	16,198,836	102.4
Health	2,022,639	996,555	203.0
Land vehicles casco	41,382,932	39,138,500	105.7
Railway rolling stock	29,765	0	-
Aircraft hull	216,441	216,453	100.0
Ships hull	2,327,770	2,042,163	114.0
Goods in transit	2,640,108	2,267,210	116.4
Fire and natural forces	31,326,382	34,023,985	92.1
Other damage to property	17,262,791	14,227,492	121.3
Motor liability	50,756,570	51,738,391	98.1
Aircraft liability	-2,571	15,472	-16.6
Liability for ships	215,568	235,271	91.6
General liability	7,537,541	8,220,040	91.7
Credit	1,210,549	1,342,470	90.2
Suretyship	196,216	228,330	85.9
Miscellaneous financial loss	688,321	649,160	106.0
Legal expenses	137,421	157,773	87.1
Assistance	2,271,966	2,037,517	111.5
Total non-life	176,805,560	173,735,618	101.8
Life insurance	17,307,178	19,263,428	89.8
Unit-linked life	24,995,735	25,820,395	96.8
Capital redemption	7,915	7,209	109.8
Total life	42,310,828	45,091,032	93.8
Total	219,116,387	218,826,650	100.1

Consolidated gross premiums written in 1–6/2015 by class of business

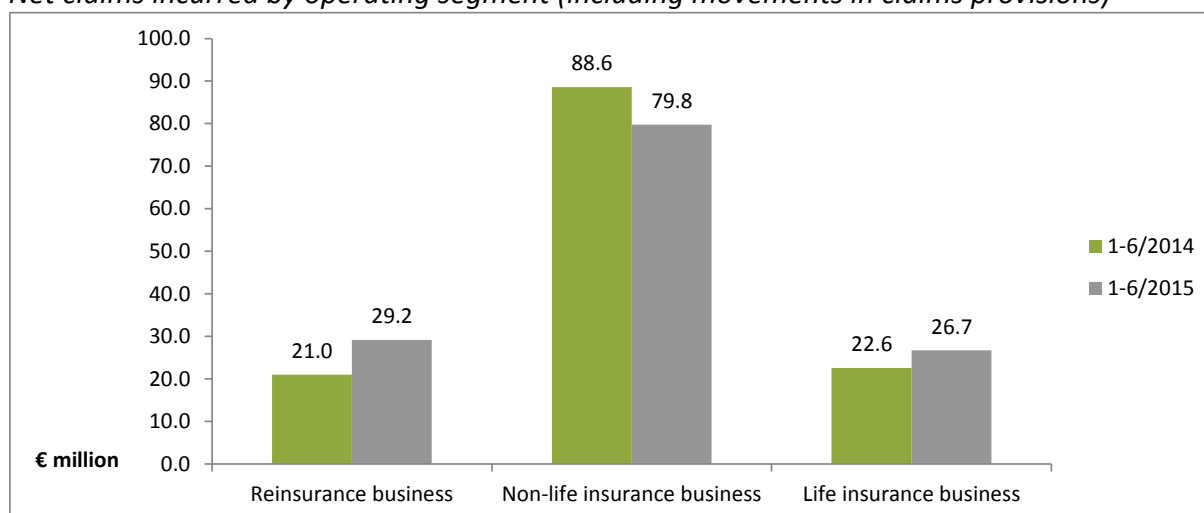


Consolidated net claims incurred

Consolidated net claims incurred

(€)	1–6/2015	1–6/2014	Index
Gross claims paid	131,457,661	129,271,312	101.7
Net claims paid	126,668,770	126,069,407	100.5
Change in the net provision for outstanding claims	8,954,306	6,103,999	146.7
Net claims incurred	135,623,076	132,173,406	102.6

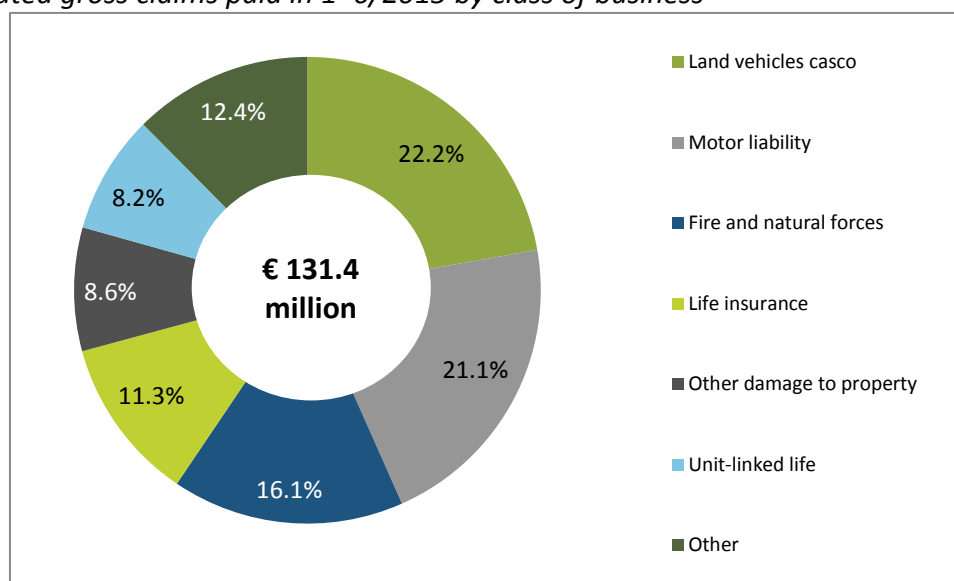
Net claims incurred by operating segment (including movements in claims provisions)



Consolidated net claims incurred by operating segment (including movements in claims provisions)

(€)	1-6/2015	1-6/2014	Index
Personal accident	9,291,037	8,695,859	106.8
Health	1,356,524	773,025	175.5
Land vehicles casco	29,186,949	29,096,978	100.3
Railway rolling stock	0	1,076	-
Aircraft hull	327,476	336,927	97.2
Ships hull	1,744,941	1,522,531	114.6
Goods in transit	1,933,244	2,156,054	89.7
Fire and natural forces	18,190,200	25,717,489	70.7
Other damage to property	11,211,616	7,586,489	147.8
Motor liability	29,508,213	28,114,475	105.0
Aircraft liability	41,847	93,926	44.6
Liability for ships	67,263	73,533	91.5
General liability	5,063,884	3,655,638	138.5
Credit	-133,083	232,064	-57.3
Suretyship	304,451	106,852	284.9
Miscellaneous financial loss	605,203	637,729	94.9
Legal expenses	443	812	54.6
Assistance	380,367	189,659	200.6
Total non-life	109,080,575	108,991,116	100.1
Life insurance	15,112,465	14,349,308	105.3
Unit-linked life	11,430,036	8,773,163	130.3
Capital redemption	0	59,819	-
Total life	26,542,501	23,182,290	114.5
Total	135,623,076	132,173,406	102.6

Consolidated gross claims paid in 1-6/2015 by class of business

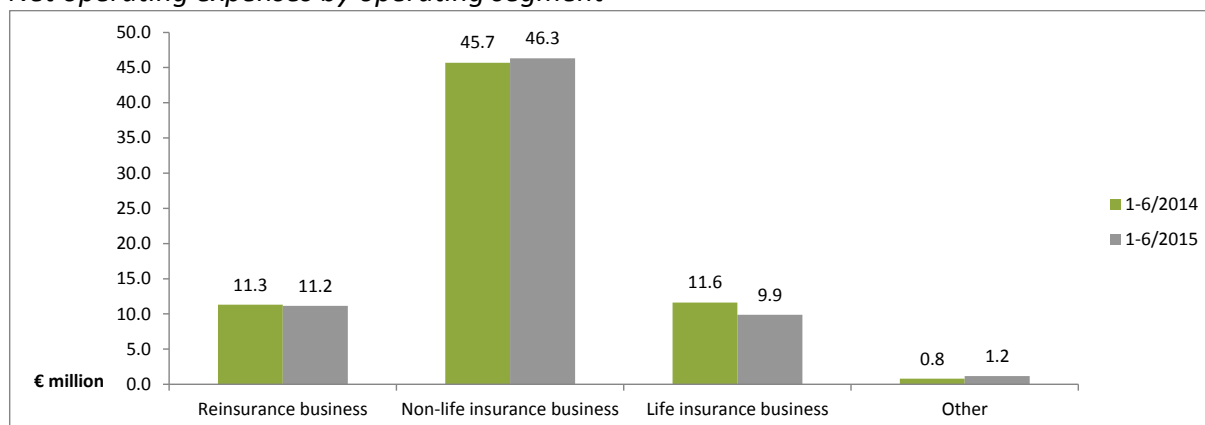


Consolidated operating expenses

Consolidated operating expenses

(€)	1–6/2015	1–6/2014	Index
Acquisition costs	25,678,879	24,796,747	103.6
Change in deferred acquisition costs (+/-)	-4,713,631	-1,821,062	258.8
Other operating expenses	49,550,132	47,958,142	103.3
Gross operating expenses	70,515,380	70,933,827	99.4
Income from reinsurance commission	-2,013,445	-1,482,123	135.8
Net operating expenses	68,501,935	69,451,704	98.6

Net operating expenses by operating segment



Other operating expenses include costs relating to the management of the Group. After six months of 2015, Sava Reinsurance Company allocates 47.9 % of other operating expenses to operating segments by premium structure (1–6/2014: 46.6 %).

Allocation of administrative costs to operating segments

(€)	Reinsurance business	Non-life business Slovenia	Non-life, international	Life, Slovenia	Life, intern.
1–6/2015	-2,161,051	1,479,616	258,904	395,860	26,671
1–6/2014	-1,782,387	1,222,841	203,109	335,600	20,836

Consolidated net investment income

Net inv. income of the investment portfolio

(€)	1–6/2015	1–6/2014	Nominal change
Income from financial investments	20,523,120	18,084,051	+2,439,069
Expenses for financial investments	4,839,584	2,260,578	+2,579,006
Net investment income of financial investments	15,683,536	15,823,473	-139,937
Net investment income from investments in associates	79,250	131,217	-51,967
Net investment income of investment property	45,406	39,425	+5,981
Net inv. income of the investment portfolio	15,808,192	15,994,115	-185,923
Net inv. income of the investment portfolio, excluding exchange differences	12,017,469	15,634,559	-3,617,090

Income, expenses and the net investment income related to the investment portfolio

(€)	1–6/2015	1–6/2014	Nominal change
Income			
Interest income	11,272,131	12,408,059	-1,135,928
Change in fair value and gains on disposal of FVPL assets	862,721	807,207	+55,514
Gains on disposal of other IFRS asset categories	440,552	2,906,947	-2,466,395
Income from associate companies	79,250	131,217	-51,967
Income from dividends and shares – other investments	656,804	490,960	+165,844
Exchange gains	7,222,257	1,327,911	+5,894,346
Other income	182,657	262,713	-80,056
Income from the investment portfolio	20,716,372	18,335,014	+2,381,358
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	14,945,629	10,325,409	+4,620,220
Expenses			
Interest expenses	670,484	743,228	-72,744
Change in fair value and losses on disposal of FVPL assets	401,927	225,121	+176,806
Losses on disposal of other IFRS asset categories	298,895	227,370	+71,525
Expenses for associate companies	0	0	+0
Impairment losses on investments	25,464	36,887	-11,423
Exchange losses	3,431,534	968,355	+2,463,179
Other	79,876	139,938	-60,062
Expenses for the investment portfolio	4,908,180	2,340,899	+2,567,281
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	6,888,218	3,081,708	+3,806,510
Net investment income			
Net inv. income of the investment portfolio	15,808,192	15,994,115	-185,923
Net inv. income of the investment portfolio, excluding exchange differences	12,017,469	15,634,559	-3,617,090
Net inv. income from investments for the benefit of life-insurance policyholders who bear the investment risk	8,057,411	7,243,701	+813,710

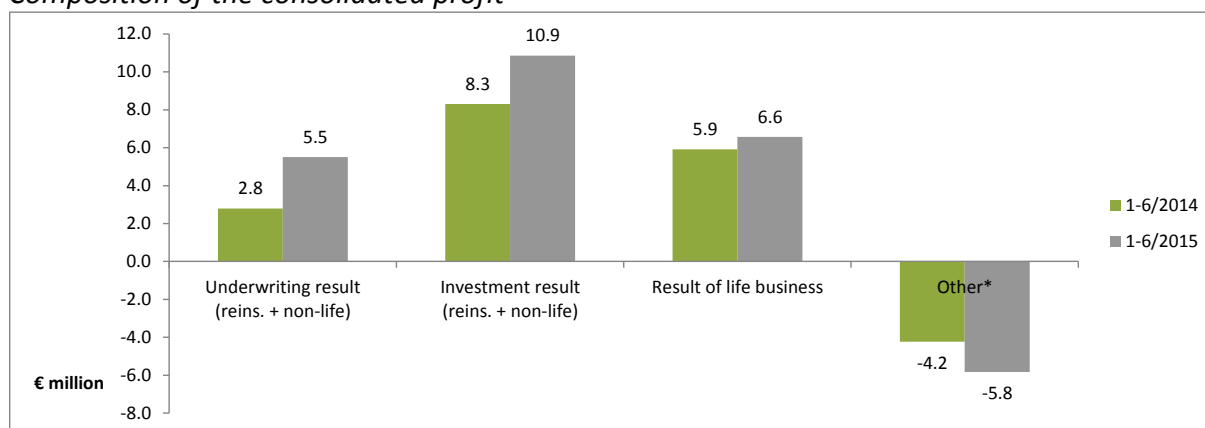
The net investment income of the investment portfolio, comprising primarily interest income, totalled € 11.3 million in the period 1–6/2015. A major item is exchange differences, resulting from currency matching of assets and liabilities. In the period 1–6/2015, the Group realized € 3.8 million of net exchange gains. Excluding the effect of exchange differences, the net investment income of the investment portfolio would have been lower by € 3.8 million and would have totalled € 12.0 million.

Since at 30 June 2015 assets and liabilities were 97.2 % matched, the realized exchange losses from liabilities (technical provisions) were largely offset by exchange gains from assets (investments) so profits were affected only to a minor degree. The negative impact on profit for the period was € 0.3 million.

The net investment income (excluding net exchange differences) decreased by € 3.6 million year-on-year. The lower net investment income is due to lower gains on the realization of investments (€ -2.5 million) and declined interest income (€ -1.1 million) because of the low-interest-rate environment.

Consolidated net profit/loss

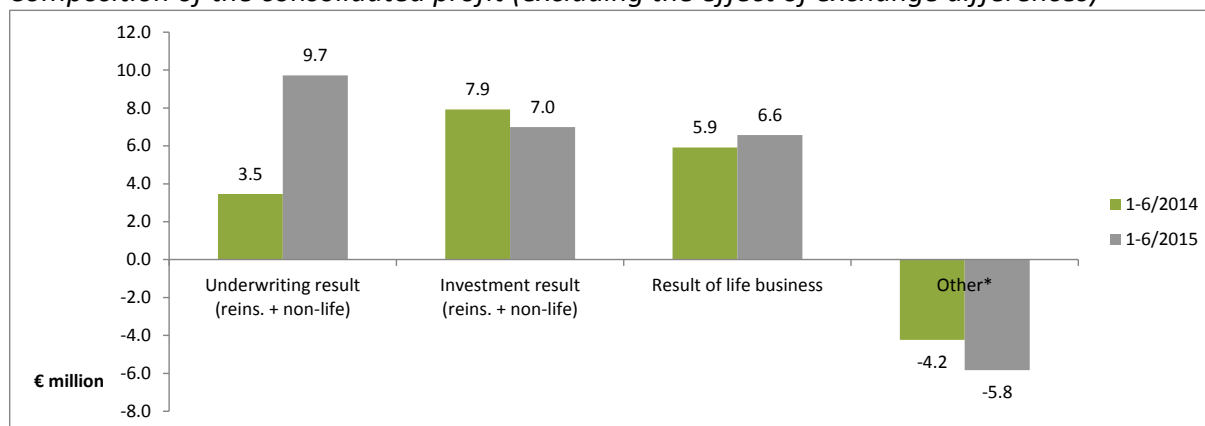
Composition of the consolidated profit



*The "other" item includes the net profit/loss of the "other" operating segment and tax relating to all operating segments.

In the first half of 2015, exchange differences had a significant impact on the composition of the result, so below we set out results, excluding the effect of exchange differences. The impact on the result by operating segment was as follows: from technical categories € 4.7 million negative impact on the result (1–6/2014: € 0.7 million); from investment activities € 3.8 million positive impact on the result (1–6/2014: € 0.3 million); from other items € 0.6 million positive impact on the result (1–6/2014: € 0.06 million). The total negative effect of exchange differences on the result of 1–6/2015 amounted to € 0.3 million (1–6/2014: € 0.3 million).

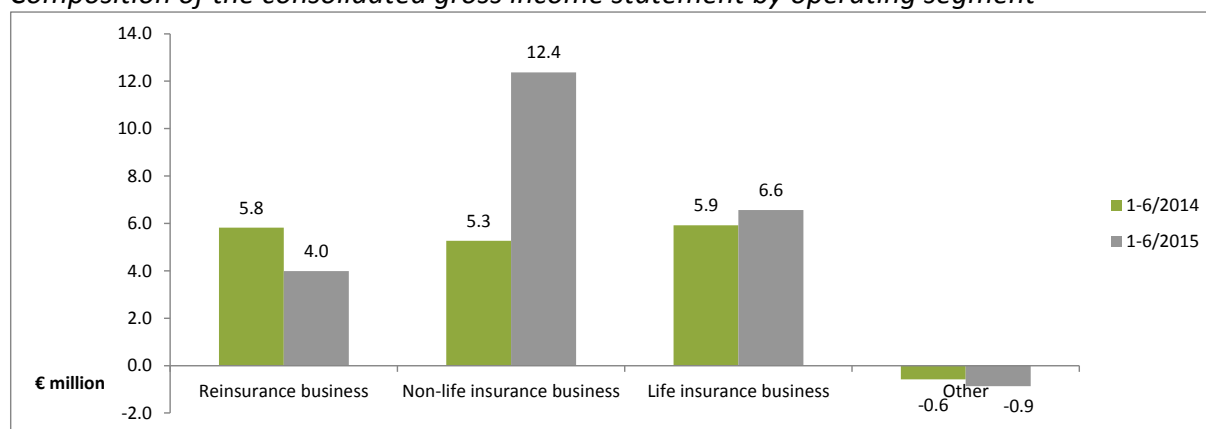
Composition of the consolidated profit (excluding the effect of exchange differences)



The underwriting result improved due to better technical performance of Slovenian non-life insurers. Zavarovalnica Maribor reported much better half-year profits thanks to the absence of major losses (in early 2014 it was hit by a large ice damage loss).

The net investment income in the first half of 2015 was marginally lower because of lower realization of gains on sales of investments and due to falling interest rates in the market.

Composition of the consolidated gross income statement by operating segment



The half-year profit of the reinsurance segment was lower year-on-year. The good half-year result was a result of the very favourable loss development of underwriting year 2012. Non-life business (both Slovenian and foreign) generated better technical results for the half-year than in the same period last year. Slovenian life business performed better year-on-year, while non-Slovenian life companies recorded lower losses.

4 PERFORMANCE OF THE GROUP BY OPERATING SEGMENT

Business is presented by operating segments (non-life insurance, life insurance, reinsurance business and the "other" segment) and by geography (Slovenia and international). "Slovenia" includes Zavarovalnica Maribor and Zavarovalnica Tilia, while "international" includes the other subsidiaries. The reinsurance segment was not broken down geographically, as – after the elimination of transactions with Zavarovalnica Maribor and Zavarovalnica Tilia – the majority of the remaining transactions relates to Sava Reinsurance Company's business in international reinsurance markets.

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

S In the consolidation process, reinsurance effects were reallocated from the reinsurance segment to the non-life and life segments (Sava Reinsurance Company as the controlling company handles the reinsurance of most risks of the subsidiaries within the Sava Re Group): in the segment reporting information, reinsurance premiums received by the reinsurer from the subsidiaries were reallocated to the segment from where they arose (the same applies by analogy to reinsurance-related claims, commission income, change in unearned premiums, claims provisions and deferred acquisition costs). In the elimination process, the portion of business retroceded by Sava Reinsurance Company to foreign reinsurers was not allocated to the non-life and life segments. Retrocession-related expenses usually exceed income (except in the case of catastrophe claims). To provide a more adequate presentation of segment profitability, the result of the retroceded business was also allocated to the segment to which it related (non-life or life). All said items were adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Reinsurance Company to foreign reinsurers.

S Profits from investments in equity-accounted associate companies were reallocated to the "other" segment. Other operating expenses of the reinsurance segment were reduced by the portion of expenses attributable to the administration of the Sava Re

Group. Sava Reinsurance Company operates as a virtual holding company so part of its expenses relate to the administration of the Group. This portion was reallocated from the reinsurance segment to other segments based on gross premiums written. Other operating expenses include costs related to the management of the Group. At the half-year, Sava Reinsurance Company allocated 47.9 % of other operating expenses to operating segments in proportion to premium income (1-6/2014: 46.6 %).

Allocation of Group management costs to operating segments

(€)	Reinsurance business	Non-life ins. Slovenia	Non-life ins. intern.	Life ins. Slovenia	Life ins. intern.
1-6/2015	-2.161.051	1.479.616	258.904	395.860	26.671
1-6/2014	-1.782.387	1.222.841	203.109	335.600	20.836

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

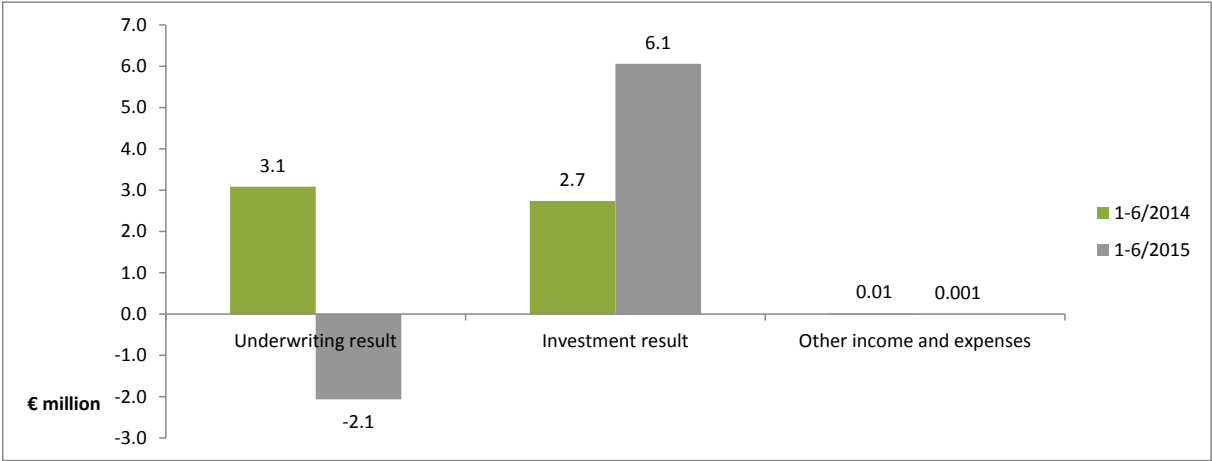
- S** Intangible assets – goodwill was allocated to the segment from which it arose (it was reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).
- S** Reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – the same reasoning was applied as described in point one of adjustments to income statement items.
- S** Equity was reallocated from the reinsurance segment to the non-life and life segments based on the carrying amount of investments in subsidiaries (the sum total of carrying amounts of non-life insurers was reallocated to the non-life segment, and that of life insurers was reallocated to the life segment).

Following are commentaries to the results of each operating segment.

4.1 Reinsurance business

The income statement and the statement of financial position by operating segment are given in the notes to the financial statements under section 10.7. The reinsurance segment reflects developments of the reinsurance portfolio written by Sava Reinsurance Company abroad.

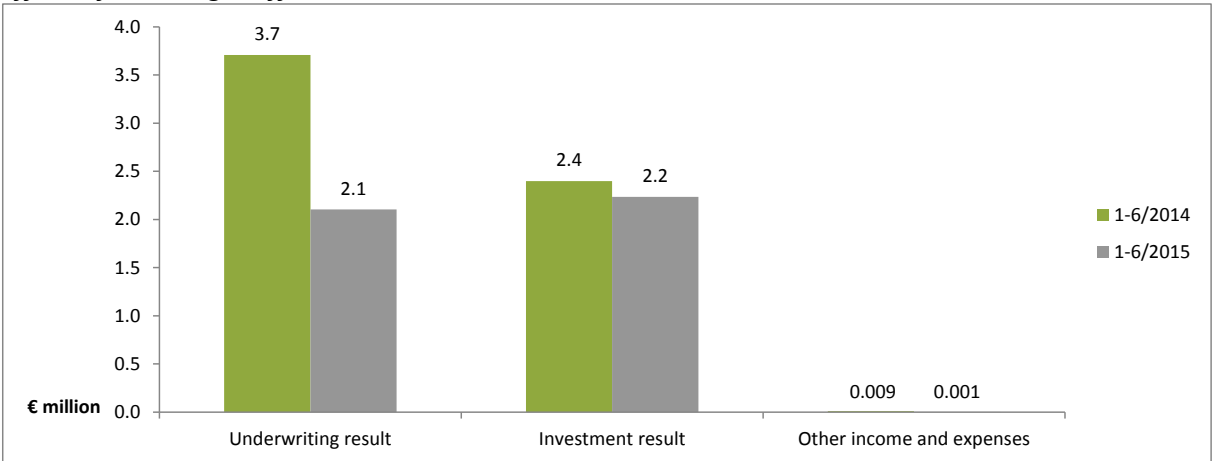
Composition of the consolidated gross income statement; reinsurance business



The income statement of the reinsurance segment for the period 1–6/2015 was significantly impacted by exchange differences. Impacts are set out in section 3 under the heading Consolidated net profit and refer to the reinsurance segment shown here.

The following graph shows profits, excluding the impact of exchange differences.

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



The technical result (excluding the effect of exchange differences) was lower year-on-year, but still solid. The investment result (excluding the effect of exchange differences) remained approximately on the same level year-on-year.

Net premiums earned

Consolidated gross premiums written by region; reinsurance business

(€)	1–6/2015	1–6/2014	Index
Slovenia	268,581	204,077	131.6
International	55,473,746	46,016,069	120.6
Total	55,742,327	46,220,147	120.6

Net premiums earned; reinsurance business

(€)	1–6/2015	1–6/2014	Index
Gross premiums written	55,742,327	46,220,148	120.6
Net premiums written	54,017,618	45,896,359	117.7
Change in net unearned premiums	-16,383,315	-10,250,124	159.8
Net earned premiums	37,634,303	35,646,235	105.6

Gross premiums written in this segment grew due to growth in international markets, with the largest growth contribution coming from South Korea (approximately € 8 million).

After six months of 2015, net premiums earned recorded a slower growth than gross premiums written, due to changes in unearned premiums. The change in net unearned premiums (an increase compared with the end of the previous year) was higher in the first half of 2015 owing to the larger volume of business written in international markets in the year (April renewal of contracts).

Premiums from Slovenia consist of only non-group business, which is why the amount is relatively small.

Net claims incurred

Consolidated gross claims paid by region; reinsurance business

(€)	1–6/2015	1–6/2014	Index
Slovenia	191,861	409,556	46.8
International	25,584,286	22,548,307	113.5
Total	25,776,147	22,957,863	112.3

Net claims incurred; reinsurance business

(€)	1–6/2015	1–6/2014	Index
Gross claims paid	25,776,147	22,957,863	112.3
Net claims paid	24,824,030	19,605,155	126.6
Change in the net provision for outstanding claims	4,334,968	1,399,653	309.7
Net claims incurred	29,158,998	21,004,809	138.8

Consolidated gross reinsurance claims rose by 12.3 % in the first six months of 2015 year-on-year, reflecting the growth of this operating segment. International gross claims paid grew slower than gross premiums written, indicating a favourable gross loss ratio (the paid loss ratio improved by 3.5 p.p. year-on-year).

After six months of 2015, the change in the net claims provision was higher year-on-year because in mid-2014, the Company was paying out claims relating to the Thai floods for

which claims provisions had been set aside before; in addition, provisions for outstanding claims decreased due to a favourable development of underwriting year 2012.

Net claims incurred relating to the reinsurance segment increased by 38.8 % as a result of a larger impact of exchange differences compared with the same period last year. Excluding exchange differences, net claims incurred were increased by 20.0 %.

The net incurred loss ratio for the reinsurance segment stood at 77.5 % at mid-year 2015, a deterioration by 18.6 percentage points year-on-year. Excluding the impact of exchange differences, the ratio would have stood at 65.0 %, a deterioration of only 7.9 percentage points. The deterioration is due to a favourable development of 2014, as set out above. There have been no special impacts from releases of provisions in the first half of 2015.

Gross claims paid from Slovenia (like gross premiums) comprise relatively small amounts because they relate to claims on Slovenian non-group business.

Operating expenses

Consolidated operating expenses; reinsurance business

(€)	1–6/2015	1–6/2014	Index
Acquisition costs	11,484,309	9,829,100	116.8
Change in deferred acquisition costs (+/-)	-2,342,390	-492,526	475.6
Other operating expenses	2,350,538	2,042,477	115.1
Gross operating expenses	11,492,457	11,379,051	101.0
Income from reinsurance commission	-328,203	-77,197	225.2
Net operating expenses	11,164,254	11,301,855	98.8

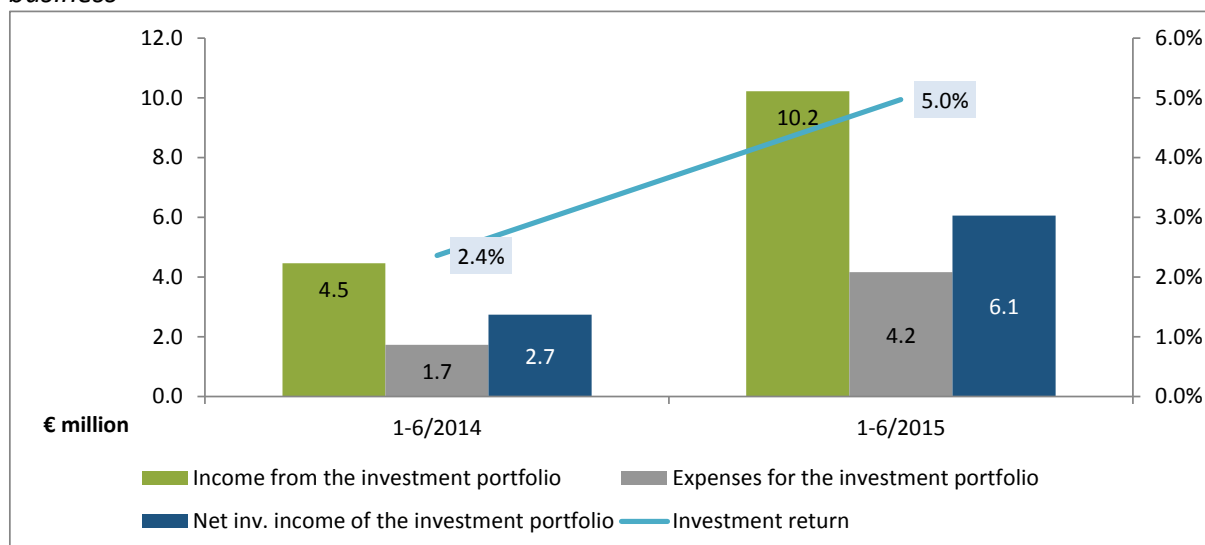
In the first half of 2015, acquisition costs grew by 16.8 % as a result of the growth of the international portfolio (gross premiums grew by 20.6 %). In terms of premiums, the largest increase was with proportional reinsurance business from abroad, which record higher commission rates.

After six months of 2015, the change in deferred acquisition costs was larger year-on-year because of a larger volume of premiums and, consequently, higher acquisition costs (as well as unearned premiums).

Other operating expenses increased mainly due to the increase in personnel costs as a result of new recruitments at Sava Reinsurance Company. Primarily actuaries were employed to ensure timely compliance with the Solvency II regulations.

Net investment income








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



Compared to the same period last year, the net investment income of the investment portfolio increased by € 3.3 million. This is mainly due to the realization of net exchange gains arising from asset-liability currency matching at Sava Reinsurance Company. In the period 1–6/2015, the net investment income of the investment portfolio decreased by € 0.2 million year-on-year, excluding gains from exchange differences. This was primarily due to lower gains on the disposal of investments.

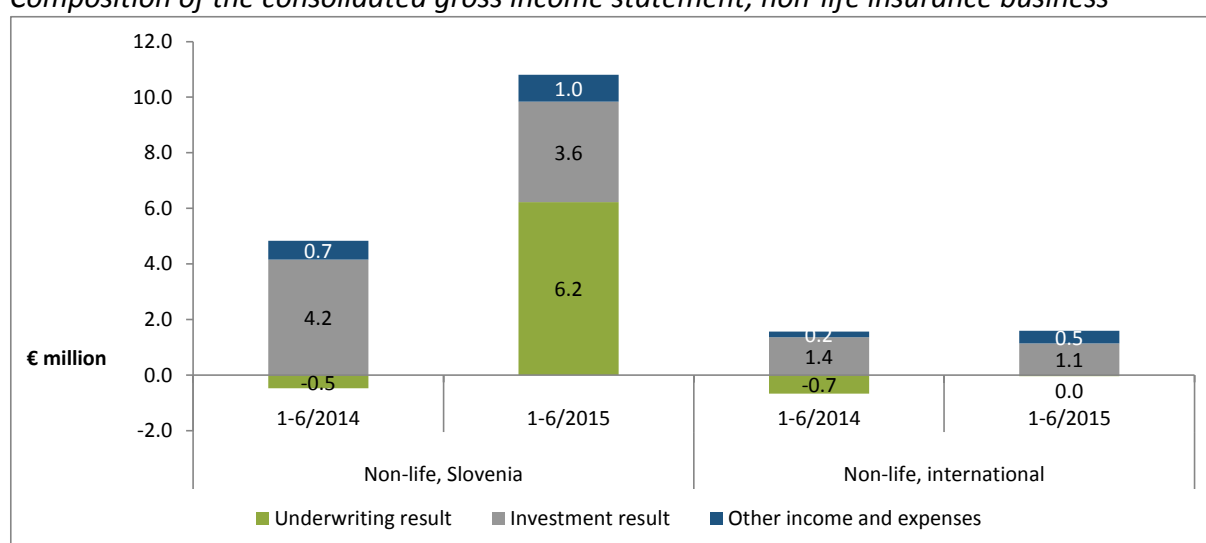
4.2 Non-life insurance business

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

-  Zavarovalnica Maribor, non-life
-  Zavarovalnica Tilia, non-life
-  Sava Montenegro
-  Sava osiguranje, Belgrade
-  Sava osiguruvanje, Skopje
-  Velebit osiguranje
-  Illyria

The income statement and the statement of financial position by operating segment are given in the notes to the financial statements under section 10.7.

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



The non-life insurance segment recorded a better result in 1–6/2015 than in the same period last year. The main motor of this improvement is improved technical performance of Zavarovalnica Maribor and Sava Montenegro (both companies improved their results year-on-year). The investment result of Slovenian non-life insurers declined by € 0.5 million as a result of lower realized gains on sales of investments and falling interest rates, while the investment result of the non-Slovenian insurers decreased by € 0.2 million also mainly due to lower interest rates on the domestic and international markets.

Net premiums earned

Consolidated gross non-life premiums by region

(€)	1–6/2015	1–6/2014	Index
Slovenia	151,286,614	152,499,337	99.2
International	26,472,167	25,329,569	104.5
Total	177,758,781	177,828,906	100.0

Net premiums earned; non-life insurance business

(€)	Slovenia		International	
	1–6/2015	1–6/2014	1–6/2015	1–6/2014
Gross premiums written	151,286,614	152,499,337	26,472,167	25,329,569
Net premiums written	136,522,634	137,749,848	24,613,712	23,691,298
Change in net unearned premiums	-20,624,630	-21,653,069	-2,072,336	-856,683
Net earned premiums	115,898,004	116,096,779	22,541,376	22,834,615

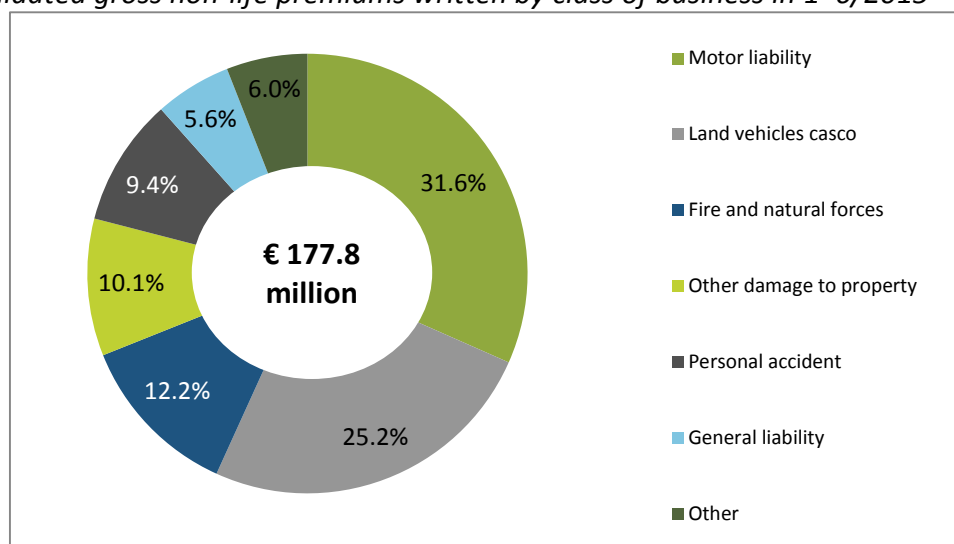
In the first half of 2015, gross non-life insurance premiums from Slovenia declined by 0.8 % due to less premiums written by Zavarovalnica Tilia (as a result of earlier booking of certain transactions in December 2014 instead of January 2015, terminated cooperation with its largest agency and loss of several major clients). Sava Re insurers abroad (except in Croatia and Kosovo) wrote more gross premiums than in the same period last year, generating a 4.5 % growth rate.

Unconsolidated gross non-life premiums of Sava Re Group companies

(€)	1–6/2015	1–6/2014	Index
Zavarovalnica Maribor (non-life)	108,636,515	108,395,568	100.2
Zavarovalnica Tilia (non-life)	42,906,124	44,312,078	96.8
Sava osiguranje, Belgrade	7,142,230	5,813,775	122.9
Sava osiguruvanje, Skopje	5,731,413	5,350,682	107.1
Sava Montenegro	5,670,902	5,650,007	100.4
Illyria	4,225,056	4,304,465	98.2
Velebit osiguranje	3,704,388	4,212,245	87.9
Total	178,016,628	178,038,819	100.0

Total unconsolidated gross non-life insurance premiums were approximately on the same level year-on-year. The largest absolute decline in gross premiums written was recorded by Velebit osiguranje (mainly due to the decline in MTPL rates) and Zavarovalnica Tilia (loss of several major policyholders, terminated cooperation with largest external agency and renewal of some policies as early as December 2014). The Serbian non-life insurer recorded the highest absolute premium growth due to increased motor third-party liability rates on the market.

Unconsolidated gross non-life premiums written by class of business in 1–6/2015



Net claims incurred

Consolidated gross non-life claims by region

(€)	1–6/2015	1–6/2014	Index
Slovenia	70,392,424	73,645,887	95.6
International	9,972,775	9,003,516	110.8
Total	80,365,199	82,649,403	97.2

Net claims incurred; non-life insurance business

(€)	Slovenia		International	
	1–6/2015	1–6/2014	1–6/2015	1–6/2014
Gross claims paid	70,392,424	73,645,887	9,972,775	9,003,516
Net claims paid	66,987,032	73,740,918	9,600,202	9,008,202
Change in the net provision for outstanding claims	2,646,188	4,194,575	536,763	1,640,706
Net claims incurred	69,633,219	77,935,493	10,136,964	10,648,908

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

(€)	1–6/2015	1–6/2014	Index
Zavarovalnica Maribor (non-life)	49,844,587	54,333,654	91.7
Zavarovalnica Tilia (non-life)	20,767,874	19,434,392	106.9
Sava osiguranje, Belgrade	2,756,551	2,187,434	126.0
Sava osiguruvanje, Skopje	2,162,283	2,033,552	106.3
Sava Montenegro	1,723,779	1,519,841	113.4
Velebit osiguranje	1,706,452	1,557,095	109.6
Illyria	1,694,054	1,864,753	90.8
Total	80,655,580	82,930,721	97.3

Gross claims paid for Slovenian business in the first half 2015 were lower due to the decline in gross claims paid of Zavarovalnica Maribor (claims paid in the period 1–6/2014 were impacted by ice damage claims). Zavarovalnica Tilia recorded an increase in MTPL claims (larger international claims) and general liability claims (major non-life claim). Gross claims paid for international business increased primarily due to the increase recorded by the Serbian insurer (especially in MTPL, land motor vehicle, and fire and other natural forces)

and the Montenegrin non-life insurer (some major claims relating to MTPL, especially passenger vehicles).

Operating expenses

Consolidated operating expenses; non-life insurance business

(€)	1–6/2015	1–6/2014	Index
Acquisition costs	11,588,693	11,272,939	102.8
Change in deferred acquisition costs (+/-)	-2,371,649	-1,676,463	141.5
Other operating expenses	38,775,017	37,499,975	103.4
Gross operating expenses	47,992,061	47,096,451	101.9
Income from reinsurance commission	-1,682,440	-1,400,132	120.2
Net operating expenses	46,309,621	45,696,319	101.3

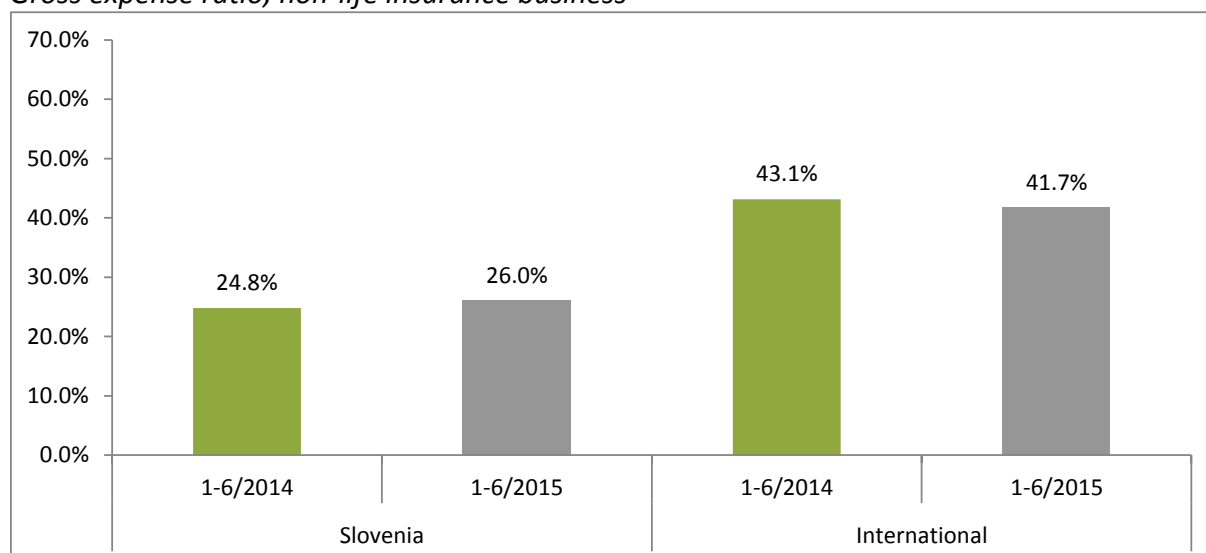
Total gross operating costs of non-life business rose slightly as a result of the increase in acquisition costs and other operating expenses.

Consolidated gross expenses (net of changes in deferred acquisition costs) of non-life business grew by 3.3 %, while gross premiums written were approximately on the same level as at the half-year 2014. Thus the ratio of expenses to premiums deteriorated in 1–6/2015 by 0.9 percentage points year-on-year.

Unconsolidated gross non-life operating expenses of Sava Re Group companies

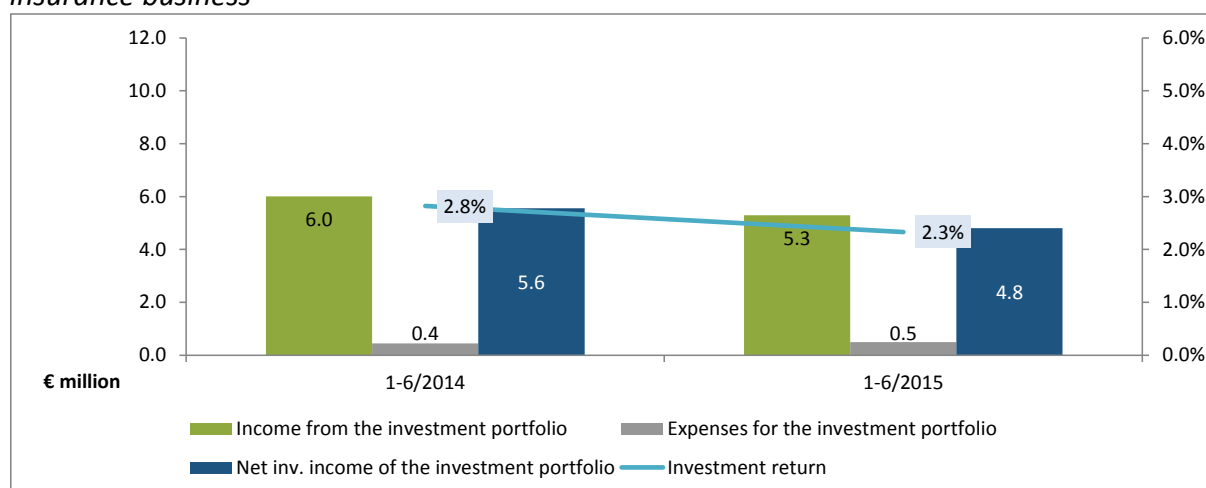
(€)	1–6/2015	1–6/2014	Index
Zavarovalnica Maribor (non-life)	25,062,635	24,543,967	102.1
Zavarovalnica Tilia (non-life)	11,393,533	11,211,070	101.6
Other Group insurers	11,186,661	10,827,247	103.3

Gross expense ratio; non-life insurance business



Net investment income






Income, expenses and the net inv. income relating to the investment portfolio; non-life insurance business



The net investment income of the investment portfolio of non-life insurance business declined by € 0.8 million year-on-year. The net investment income declined mainly due to lower interest income (€ -0.6 million) and lower realized gains on the sale of investments (€ -0.3 million).

4.3 Life insurance business

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

-  Zavarovalnica Maribor, life business
-  Zavarovalnica Tilia, life business
-  Sava životno osiguranje
-  Illyria Life
-  Velebit životno osiguranje

The income statement and the statement of financial position by operating segment are given in the notes to the financial statements under section 10.7.

Net premiums earned

Consolidated gross life insurance premiums by region

(€)	1–6/2015	1–6/2014	Index
Slovenia	40,475,545	41,852,380	96.7
International	2,727,071	2,598,389	105.0
Total	43,202,616	44,450,769	97.2

Net premiums earned; life insurance business

(€)	Slovenia		International	
	1–6/2015	1–6/2014	1–6/2015	1–6/2014
Gross premiums written	40,475,545	41,852,380	2,727,071	2,598,389
Net premiums written	40,326,875	41,634,511	2,725,392	2,597,336
Change in net unearned premiums	8,215	32,658	-17,777	-15,484
Net earned premiums	40,335,090	41,667,169	2,707,615	2,581,852

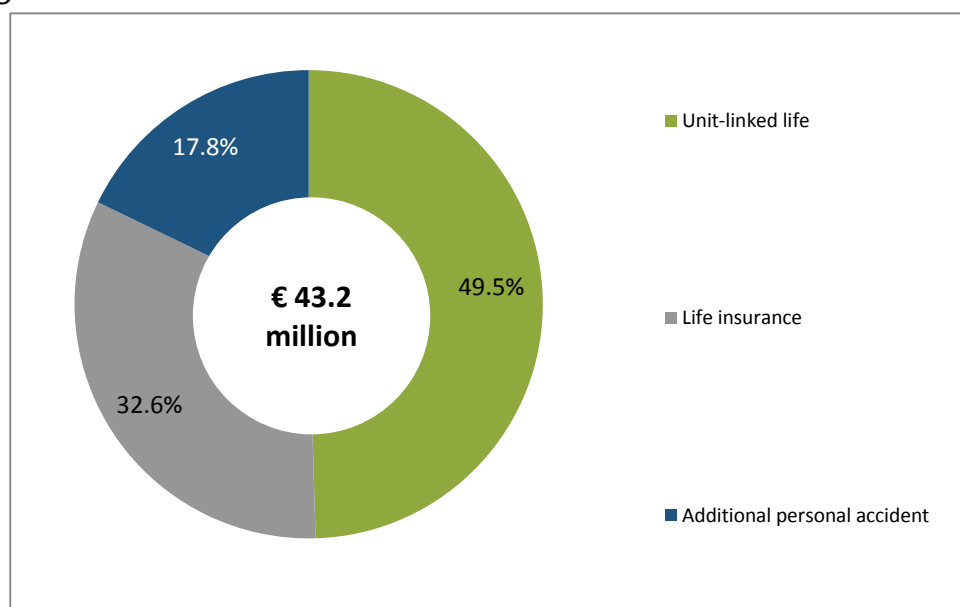
Life insurance premiums from Slovenia were lower in both Zavarovalnica Tilia as well as in Zavarovalnica Maribor. Premiums were lower because new business was not sufficient to offset expired business (through maturity or terminations).

Gross premiums written by Group life insurance companies outside Slovenia declined only in the Kosovan life insurer, while they increased in Croatia and Serbia. The highest growth in life premiums was recorded by the Croatian insurer, up 14.5 %.

Unconsolidated gross life premiums written by Sava Re Group companies

(€)	1–6/2015	1–6/2014	Index
Zavarovalnica Maribor (life)	36,444,965	37,595,663	96.9
Zavarovalnica Tilia (life)	4,030,580	4,256,716	94.7
Velebit životno osiguranje	1,427,414	1,246,848	114.5
Illyria Life	727,997	806,273	90.3
Sava životno osiguranje	571,661	545,267	104.8
Total	43,202,617	44,450,766	97.2

*Unconsolidated gross life insurance premiums by class of business
1–6/2105*



Net claims incurred

Consolidated gross life insurance premiums by region

(€)	1–6/2015	1–6/2014	Index
Slovenia	24,717,242	23,253,544	106.3
International	599,073	410,502	145.9
Total	25,316,315	23,664,046	107.0

Net claims incurred; life insurance business

(€)	Slovenia		International	
	1–6/2015	1–6/2014	1–6/2015	1–6/2014
Gross claims paid	24,717,242	23,253,544	599,073	410,502
Net claims paid	24,658,434	23,304,630	599,073	410,502
Change in the net provision for outstanding claims	1,422,007	-1,131,872	14,381	936
Net claims incurred	26,080,441	22,172,758	613,454	411,438
Change in other technical provisions*	175,715	4,077,669	937,587	1,016,159
Change in technical provisions for policyholders who bear the investment risk	13,198,053	14,235,431	11,539	5,836
Net claims incurred, including the change in the mathematical and UL provisions	39,454,209	40,485,858	1,562,580	1,433,433

*The bulk of these provisions comprises mathematical provisions.

The growth in gross claims paid relating to Slovenian business is due to increased claims by Zavarovalnica Maribor (more maturities); Zavarovalnica Tilia recorded a decline in gross claims paid. International gross claims paid rose in all non-Slovenian Group companies. The largest growth in gross claims from among foreign insurers was recorded by Sava životno osiguranje as a result of a large number of redemptions caused by the difficult economic situation in Serbia (redundancies, public sector wage cuts and pension cuts).

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

(€)	1-6/2015	1-6/2014	Index
Zavarovalnica Maribor (life)	21,591,845	19,979,058	108.1
Zavarovalnica Tilia (life)	3,125,396	3,274,486	95.4
Velebit životno osiguranje	270,902	201,949	134.1
Sava životno osiguranje	237,924	130,541	182.3
Illyria Life	90,248	78,012	115.7
Total	25,316,314	23,664,045	107.0

*Operating expenses**Consolidated operating expenses; life insurance business*

(€)	1-6/2015	1-6/2014	Index
Acquisition costs	2,605,877	3,694,708	70.5
Change in deferred acquisition costs (+/-)	408	347,927	0.1
Other operating expenses	7,264,834	7,592,047	95.7
Gross operating expenses	9,871,119	11,634,682	84.8
Income from reinsurance commission	-2,802	-4,795	58.4
Net operating expenses	9,868,317	11,629,887	84.9

Acquisition costs were lower because of the smaller volume of new premiums written and the lowering of the commission expense burden on the current portfolio of Zavarovalnica Maribor, which is a consequence of the portfolio's age profile.

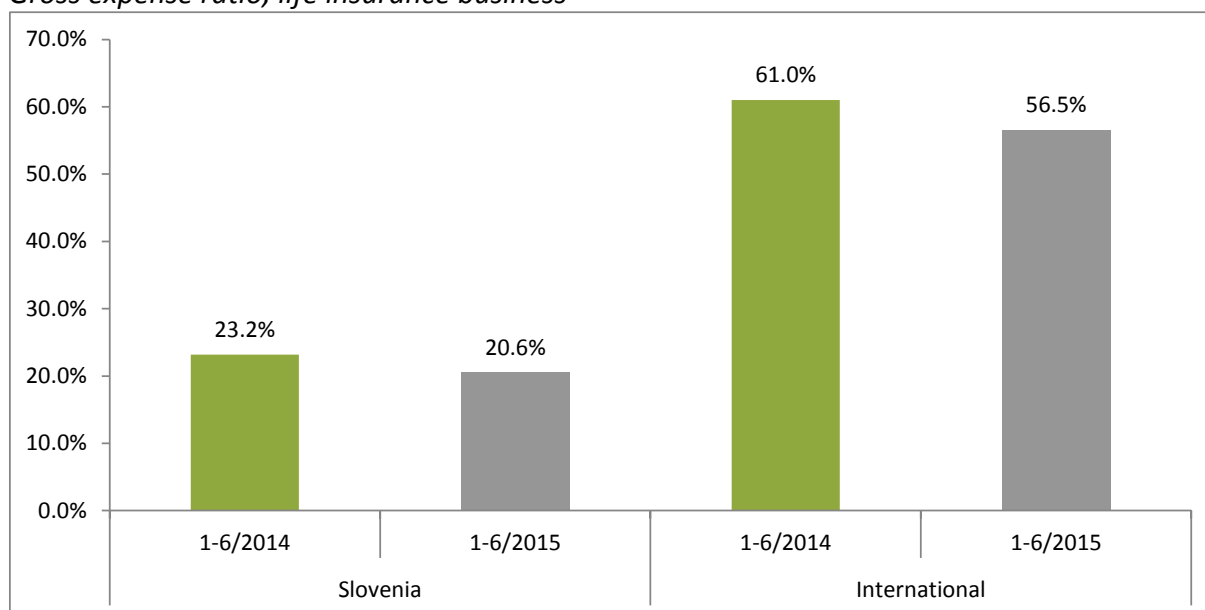
In this segment, insurers managed to lower other operating costs through optimization and rationalization of costs.

Consolidated gross expenses (excluding changes in deferred acquisition costs) as a percentage of premiums declined by 2.6 percentage points year-on-year.

Unconsolidated gross life operating expenses of Sava Re Group companies

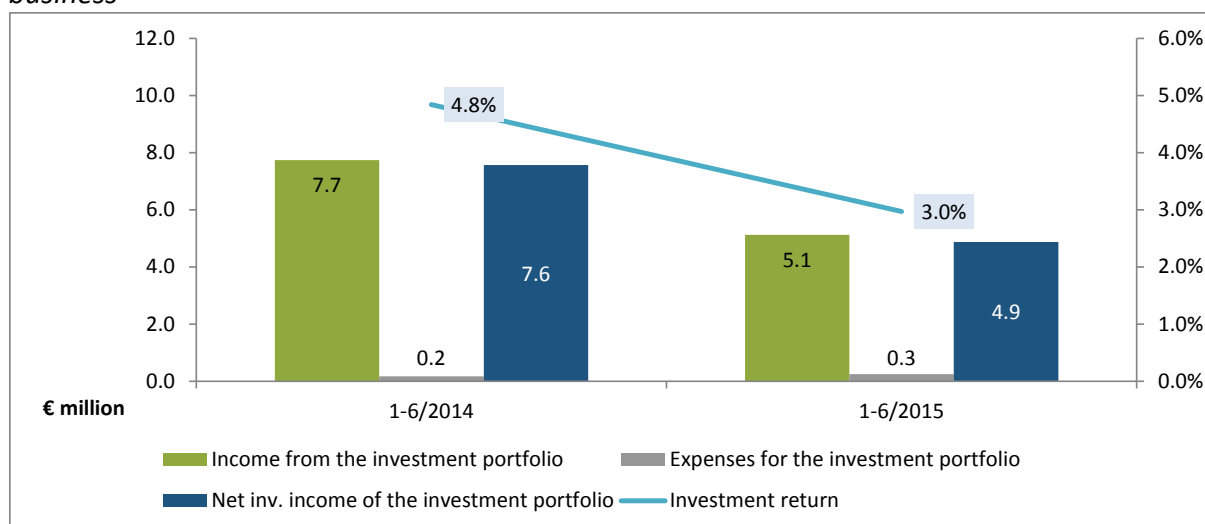
(€)	1-6/2015	1-6/2014	Index
Zavarovalnica Maribor (life)	7,483,478	8,321,205	89.9
Zavarovalnica Tilia (life)	1,058,799	1,044,663	101.4
Other Group insurers	1,537,641	1,586,663	96.9

Gross expense ratio; life insurance business



Net investment income

Income, expenses and the net inv. income relating to the investment portfolio; life insurance business



The net investment income of the investment portfolio of life insurance business declined by € 2.7 million year-on-year. The net investment income declined mainly due to lower interest income (€ -0.6 million) and lower realized gains on the sale of investments (€ -1.9 million).

5 FINANCIAL POSITION OF THE SAVA RE GROUP

At 30 June 2015, total assets of the Sava Re Group stood at € 1,530.3 million, an increase of 5.2 % over year-end 2014. Below we set out items of assets and liabilities in excess of 10 % of total assets/liabilities at 30 June 2015.

5.1 Assets

Consolidated total assets by type

(€)	30/06/2015	AS % of total at 30/06/2015	31/12/2014	AS % of total at 31/12/2014
ASSETS	1,530,292,766	100.0 %	1,454,374,935	100.0 %
Intangible assets	33,460,957	2.2 %	34,940,960	2.4 %
Property and equipment	44,293,367	2.9 %	44,473,638	3.1 %
Deferred tax assets	1,228,354	0.1 %	1,202,381	0.1 %
Investment property	5,029,663	0.3 %	5,103,325	0.4 %
Financial investments in associates	3,138,306	0.2 %	3,072,497	0.2 %
Financial investments	1,002,143,226	65.5 %	974,668,382	67.0 %
Funds for the benefit of policyholders who bear the investment risk	220,333,680	14.4 %	202,913,059	14.0 %
Reinsurers' share of technical provisions	39,580,094	2.6 %	38,672,645	2.7 %
Receivables	152,694,816	10.0 %	124,395,153	8.6 %
Deferred acquisition costs	21,150,961	1.4 %	17,489,101	1.2 %
Other assets	1,818,808	0.1 %	1,351,244	0.1 %
Cash and cash equivalents	5,011,693	0.3 %	5,643,200	0.4 %
Non-current assets held for sale	408,841	0.0 %	449,350	0.0 %

5.1.1 Investment portfolio

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

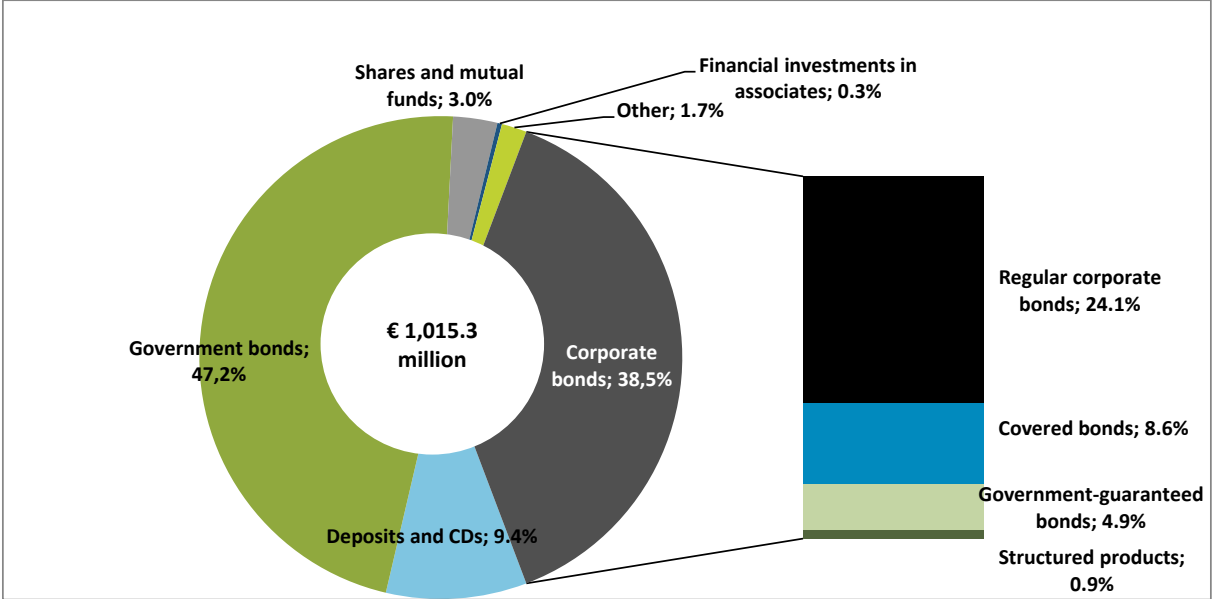
Sava Re Group investment portfolio by class of asset

(€)	30/06/2015	31/12/2014	Absolute difference 30/06/2015 & 31/12/2014	Index
Deposits and CDs	95,662,575	95,569,619	+92,956	100.1
Government bonds	478,781,326	486,946,870	-8,165,544	98.3
Corporate bonds	390,610,952	358,991,267	+31,619,685	108.8
Shares	20,284,228	21,030,349	-746,121	96.5
Mutual funds	9,784,182	5,671,611	+4,112,571	172.5
Loans granted and other	884,698	871,156	+13,542	101.6
Deposits with cedants	6,135,265	5,587,510	+547,755	109.8
Total financial investments	1,002,143,226	974,668,382	+27,474,844	102.8
Financial investments in associates	3,138,306	3,072,497	+65,809	102.1
Investment property	5,029,663	5,103,325	-73,662	98.6
Cash and cash equivalents	5,011,693	5,643,200	-631,507	88.8
Total investment portfolio	1,015,322,888	988,487,404	+26,835,484	102.7
Investments for the benefit of life-insurance policyholders who bear the investment risk	220,333,680	202,913,059	+17,420,621	108.6

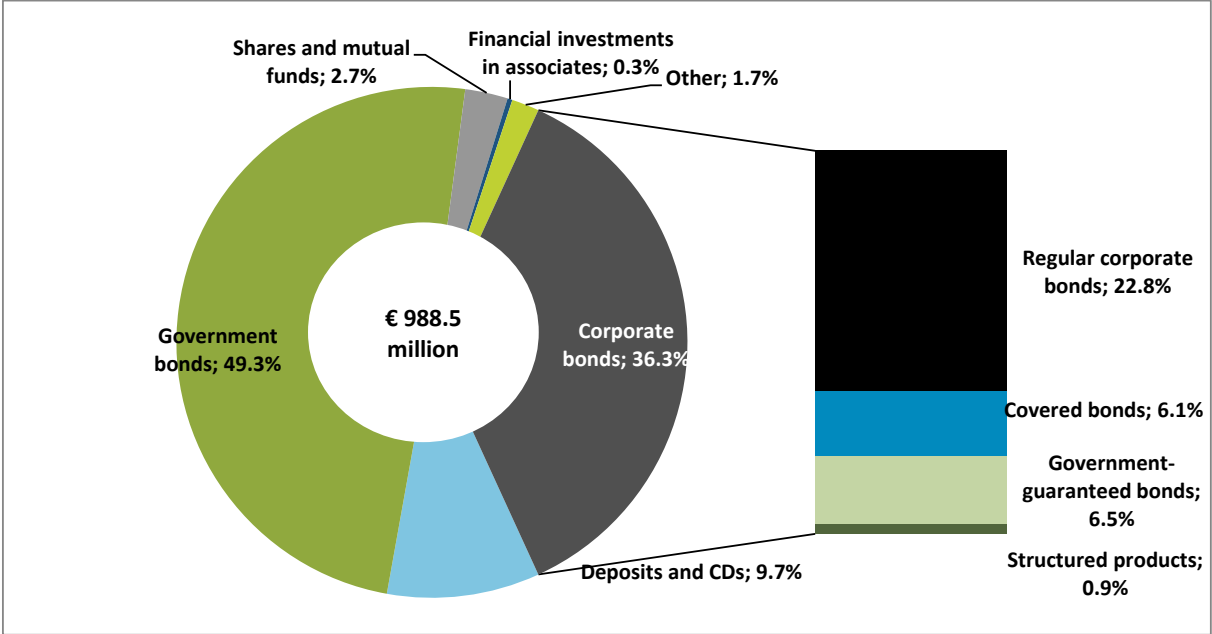
In the first half of the year, the Group investment portfolio grew by € 26.8 million to € 1.0 billion. The main driver of the increase in the investment portfolio was positive cash flow from reinsurance business.

In the first half of 2015, the investment portfolio's share of government bonds decreased (-2.1 p.p.), mainly due to the maturing of Slovenian government bonds. In line with the adopted investment policy of reducing exposure to Slovenia, funds were partially reinvested in corporate bonds, mainly in covered bond business, which at the end of last year increased by 2.4 percentage points. The share of regular corporate bonds increased in the structure of corporate bonds (+ 1.3 p.p.), giving due consideration to the principle of additional portfolio diversification by issuer.

Composition of investments at 30 June 2015



Composition of investments at 31 December 2014



5.1.2 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. Compared to 31 December 2014, these funds increased by 8.6 %, or € 17.4 million, to € 220.3 million at 30 June 2015. The bulk of these funds relates to the portfolio of Zavarovalnica Maribor. The movement of these funds largely depends on generated positive cash flow from funds as well as on the movement of points of funds in which the clients assets are invested.

5.1.3 Receivables

Receivables, the third largest assets item, increased by 22.7 % or € 28.3 million compared to year-end 2014. This asset type also increased in relative terms.

This increase was a result of both an increase in receivables arising out of primary insurance business as well as an increase in receivables arising out of reinsurance and coinsurance business. Receivables arising out of primary insurance business increased by € 14.3 million (1–6/2014: € 14.5 million) as a result of the renewal of annual insurance policies with legal entities. Receivables from reinsurance and coinsurance business rose by € 12.8 million as a result of the annual renewal of reinsurance contracts with cedants and the dynamics of assessing reinsurance business (1–6/2014: € 14.3 million).

A detailed breakdown of receivables is provided in the notes to the financial statements in section 10.8.3 "Receivables".

5.2 Liabilities

Consolidated equity & liabilities by type

(€)	30/06/2015	AS % of total at 30/06/2015	31/12/2014	AS % of total at 31/12/2014
EQUITY AND LIABILITIES	1,530,292,766	100.0 %	1,454,374,935	100.0 %
Equity	271,504,083	17.7 %	271,528,623	18.7 %
Share capital	71,856,376	4.7 %	71,856,376	4.9 %
Capital reserves	44,330,009	2.9 %	44,638,799	3.1 %
Profit reserves	115,366,922	7.5 %	115,146,336	7.9 %
Treasury shares	-10,247,024	-0.7 %	-10,115,023	-0.7 %
Fair value reserve	12,071,859	0.8 %	18,448,741	1.3 %
Retained earnings	22,962,247	1.5 %	15,652,780	1.1 %
Net profit/loss for the period	16,886,298	1.1 %	17,474,558	1.2 %
Translation reserve	-3,396,059	-0.2 %	-3,489,433	-0.2 %
Equity attributable to owners of the controlling company	269,830,626	17.6 %	269,613,133	18.5 %
Non-controlling interest in equity	1,673,457	0.1 %	1,915,490	0.1 %
Subordinated liabilities	28,714,424	1.9 %	28,699,692	2.0 %
Technical provisions	920,544,865	60.2 %	869,982,633	59.8 %
Technical provision for the benefit of life insurance policyholders who bear the investment risk	209,408,751	13.7 %	195,684,631	13.5 %
Other provisions	6,926,378	0.5 %	6,940,650	0.5 %
Deferred tax liabilities	5,357,645	0.4 %	5,749,180	0.4 %
Other financial liabilities	9,136,493	0.6 %	78,870	0.0 %
Liabilities from operating activities	55,115,875	3.6 %	49,364,797	3.4 %
Other liabilities	23,584,252	1.5 %	26,345,859	1.8 %

*Net profit/loss for the period differs from net profit/loss in the income statement due to purchases of own shares and setting aside credit risk and catastrophe equalization reserves.

5.2.1 Technical provisions

Gross technical provisions are the largest item of liabilities. The figure at 30 June 2015 was an increase of 5.8 % or € 50.6 million compared to year-end 2014. The largest increase was in unearned premiums (€ 42.7 million) as a result of underwriting trends during the year.

Gross provisions of the reinsurance segment increased by 15.4 % or € 20.0 million compared to year-end 2014, mainly as a result of seasonal trends in unearned premiums (an increase of € 15.7 million). The largest impact on the movement of provisions for outstanding claims (up € 4.3 million) was from exchange differences (up € 4.9 million), which are otherwise largely matched with the movement of the investment portfolio.

The gross technical provisions attributable to the non-life insurance segment recorded an increase of 6.1 % or € 28.6 million compared to year-end 2014. The largest increase was in unearned premiums (€ 27.0 million). The largest growth in gross premiums written was recorded by the two Slovenian companies.

The gross provision for traditional life policies increased by 0.7 % compared to year-end 2014. The bulk of new business comprises unit-linked life insurance; therefore, provisions for the benefit of policyholders who bear the investment risk increased by 7.0 % or € 13.7 million compared to year-end 2014.

Movements in consolidated gross technical provisions

(€)	30/06/2015	31/12/2014	Index
Gross unearned premiums	190,920,166	148,169,690	128.9
Gross mathematical provisions	257,498,747	256,292,141	100.5
Gross provision for claims	460,521,269	454,759,004	101.3
Gross provision for bonuses, rebates and cancellations	829,322	854,819	97.0
Other gross technical provisions	10,775,361	9,906,979	108.8
Gross technical provisions	920,544,865	869,982,633	105.8

5.2.2 Equity

The second largest item on the liabilities side is equity, which remained on the same level year-on-year.

Positive impacts on the movement of capital came from:

S net profit for 1–6/2015 of € 17.1 million.

Negative impacts on the movement of capital came from:

S the dividend payout of € 9.1 million;

S the change in the fair value reserve of € 6.3 million;

S the change in capital reserves of € 0.5 million due to the transfer of ownership stakes in both Croatian subsidiaries to Sava Reinsurance Company (formerly Velebit usluge) with a view to the winding up of Velebit usluge;

S the adjustment in accounting policies of Sava Montenegro with regard to establishing deferred acquisition costs of € 1.1 million;

S purchase of own shares of € 0.1 million.

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

Technical provisions for the benefit of policyholders who bear the investment risk at 30 June 2015 grew by 7.0 % or € 13.7 million compared to year-end 2014. This provision moves in line with funds of policyholders who bear the investment risk (depending on amounts and value of points of funds where assets are invested).

5.3 Capital adequacy

Sava Reinsurance Company meets capital adequacy requirements and so do all its subsidiary companies under local regulations. At 30 June 2015 the available solvency margin of Sava Reinsurance Company exceeded the required solvency margin by € 25.1 million. Sava Reinsurance Company's surplus of available solvency margin over the required solvency margin decreased by € 4.3 million compared to 31 December 2014. This is mainly a result of a decline in the retained earnings item. This item decreased as a result of the dividend payout – in line with the resolution of the general meeting of Sava Reinsurance Company – of € 9.1 million and the prescribed methodology for calculating capital adequacy, which does not include the profit for the period in the calculation of core capital.

The solvency ratio stood at 226.8% at year-end 2014 and at 208.6% at 30 June 2015.

Statement of capital adequacy for Sava Reinsurance Company

(€)		30/06/2015	31/12/2014
CORE CAPITAL (Article 106 of the Slovenian Insurance Act ("ZZavar"))			
Paid-up share capital, other than paid-up share capital arising from cumulative preference shares, or initial capital	1	71,856,376	71,856,376
Capital reserves, other than capital reserves arising from cumulative preference shares	2	54,239,757	54,239,757
Profit reserves, other than the reserve for treasury shares and the reserves for credit and catastrophe risk equalization	3	105,263,681	105,131,679
Net profit brought forward from previous years	4	12,769,646	15,713,039
Fair value reserve relating to assets not financed from technical provisions	5	1,093,777	1,332,577
Treasury shares and own interests	6	10,247,024	10,115,024
Intangible assets	7	593,655	467,422
Core capital (1 + 2 + 3 + 4 + 5 – 6 – 7)	8	234,382,558	237,690,982
Guarantee fund	9	7,705,848	7,725,010
Compliance with Article 106 (4) of the ZZavar (8 – 9)	10	226,676,710	229,965,972
ADDITIONAL CAPITAL (Article 107 of the ZZavar)			
Subordinated debt instruments	11	5,779,386	5,793,758
Additional capital (11), however not more than 50 % of the lower of core capital and required solvency margin	12	5,779,386	5,793,758
AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL ADEQUACY (Article 108 of the ZZavar)			
Total of core and additional capital (8 + 12)	13	240,161,944	243,484,740
Participations within the meaning of Article 108(1), point 1 of the ZZavar	14	190,413,711	189,382,854
Participations within the meaning of Article 108(2), point 1 of the ZZavar	15	1,534,952	1,534,952
Available solvency margin of insurer (13 – 14 – 15)	16	48,213,281	52,566,934
Required solvency margin	17	23,117,544	23,175,032
Surplus/deficit of available solvency margin (16 – 17)	18	25,095,737	29,391,902

5.4 Own funds

At 30 June 2015 the Sava Re Group had € 271.5 million of equity capital and € 28.7 million of subordinated liabilities. At 30 June 2015, debt capital accounted for 10.6 % of own funds. Subordinated liabilities mainly relate to the subordinated debt of Sava Reinsurance Company taken out to expand to the Western Balkans.

Other short-term financial liabilities of € 9.1 million relate to dividends for 2014, payments of which to shareholders were started in July 2015.

5.5 Cash flow

Net cash from operating activities of the Sava Re Group in the period 1–6/2015 totalled € 30.1 million (1–3/2014: € 23.6 million).

Net disbursements used in investing activities amounted to € 28.9 million, reflecting positive cash flow of the group and thus additional funds for the purchases of securities.

Net disbursements used in financing activities of the Sava Re Group in the period 1–6/2015 totalled € 1.8 million (1–6/2014: € 11.9 million). In the first half of 2015, net disbursements used in financing activities were a result of (i) the payment of interest on subordinated debt and (ii) cost of equity stakes acquired in the Croatian Group companies with cross-ownership arrangements.

5.6 Credit ratings of Sava Reinsurance Company

Sava Reinsurance Company has two credit ratings, one from Standard & Poor's and one from A.M. Best.

Credit ratings of Sava Reinsurance Company

Agency	Rating ¹	Outlook	Latest review
Standard & Poor's	A –	stable	July 2015: improved rating
A.M. Best	A –	stable	October 2014: affirmed existing rating

In July 2015, following their regular annual rating review, rating agency Standard & Poor's raised their long-term counterparty credit and insurer financial strength ratings on Sava Reinsurance Company to "A–" (strong). The outlook is stable.

¹ Credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (–) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

A.M. Best uses for 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).

Based on the rationale provided by the rating agency, the upgrade reflected Sava Re's improved capital strength and market position on the Slovenian insurance market following the acquisition of a majority stake in Zavarovalnica Maribor and the successful integration of this company into the Sava Re Group.

Of the basic elements supporting the ratings, there was an improvement from the prior period in capital adequacy, earnings and assessed liquidity of the company.

The stability of the credit rating is primarily subject to targets set with regard to profitability and capital adequacy, which however is related to a stable dividend policy and planned levels of share buybacks.

The Sava Re Group now holds the no. 2 position in the Slovenian direct insurance market and a significant position in the markets of South-eastern Europe. The financial stability and reputation of the Company in regional insurance markets and in international reinsurance markets are crucial for the further development of the Group. The upgrading will support the Group's growth strategy, especially in the reinsurance segment, where Sava Reinsurance Company through its forty years of operation established relations with over 300 partners in more than 90 countries around the world.

6 PERSONNEL

Employment figures for Group members

	30/06/2015	31/12/2014	Change
Zavarovalnica Maribor	767.58	767.18	0.40
Zavarovalnica Tilia	365.51	368.62	-3.11
Sava osiguranje, Belgrade	300.13	293.50	6.63
Illyria	220.00	171.00	49.00
Sava osiguruvanje, Skopje	183.75	162.00	21.75
Sava Montenegro	139.00	135.75	3.25
Velebit osiguranje	138.14	146.13	-7.99
Illyria Life	131.00	137.00	-6.00
Sava Reinsurance Company	81.75	78.63	3.13
Sava životno osiguranje	74.00	71.00	3.00
Velebit životno osiguranje	63.39	65.01	-1.62
Sava Car	32.25	28.50	3.75
Montagent	10.00	18.00	-8.00
Sava stejšn	5.00	0.00	5.00
Total	2,511.49	2,442.32	64.18

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees in the Group is subject to fluctuations mainly due to fluctuation in the agency network. The change in the number of employees in Illyria is due to changes in the methodology of counting agents, and in the Macedonian insurance company due to the expansion of its own sales network (in line with plan).

7 TRANSITION TO THE NEW SOLVENCY II REGIME

In 2015 the Sava Re Group has been intensively preparing for the changed regulatory environment of Solvency II, which will come into force on 1 January 2016 and will relate to the three legislative areas:

1. **Quantitative calculation** of eligible own funds and the solvency capital requirement in line with the standard Solvency II formula
2. **Qualitative** area: enhanced governance, risk management, and own risk and solvency assessment
3. **Disclosure area**: expanded public and regulatory reporting

Preparations have been underway as part of the Solvency II programme and individual sub-projects throughout 2015. Certain implementation stages involve a large number of Sava Re Group employees and there is ongoing coordination between Group companies with a view to uniform Group-wide implementation of Solvency II.

As part of **quantitative calculations**, the Sava Re Group companies based within the European Union used the standard Solvency II formula to calculate eligible own funds and the solvency capital requirement at 31 December 2014. These calculations have also been made for the Sava Re Group. The results revealed that both the Sava Re Group as well as the EU-based Sava Re Group companies are well capitalized and have adequate capital in accordance with the Solvency II methodology. The solvency ratio at the Sava Re Group level is 192 %.

Due to the complexity of the capital adequacy calculation, we would note that certain methodological issues have remained unresolved and that certain models and calculations need to be upgraded for certain Sava Re Group companies to comply with the prescribed methodology. In this area, emphasis is also intended for the upgrading of IT support for the implementation of the calculations.

As part of the **qualitative area**, there is underway an upgrading of specific areas of the governance system and the preparation and implementation of organizational and structural changes, the definition and implementation of key functions (risk management, actuarial function, compliance function and internal audit function), the preparation of legally required policies and the upgrading of systematic risk management within the Group. Furthermore, there are preparations underway for implementing the own risk and solvency assessment. Own risk and solvency assessment also includes the development of own models for quantifying risks, currently with the emphasis on measuring underwriting and market risks.

As part of **disclosure requirements**, the EU-based Sava Re Group companies submitted in June, and the Sava Re Group in July 2015, the first quantitative reporting forms to the Insurance Supervision Agency as at 31 December 2014. The forms also include input data and results of the calculation of eligible own funds and the solvency capital requirement.

8 RISK MANAGEMENT

The most important risks that Group members are exposed to are underwriting risks, market risks, insolvency risk, credit risk and operational risks.

8.1 Underwriting risks

All Group subsidiaries assume risks from policyholders and mostly transfer excess risks to Sava Reinsurance Company. Sava Reinsurance Company also assumes risks from other cedants; any excess is retroceded to other reinsurers.

In terms of underwriting process risk, losses may be incurred because Sava Re Group members incorrectly select or approve risks to be assumed for (re)insurance. This risk is mitigated mainly by complying with established and prescribed underwriting procedures; correctly determining the probable maximum loss (PML) for each risk; complying with underwriting guidelines and instructions; complying with the authorization system; having in place an appropriate pricing and reinsurance policy; and through actuarial reviews. Underwriting risks in excess of the Group's capacity are also reduced through retrocession contracts.

The pricing risk is monitored by Sava Re Group members by conducting actuarial analyses of loss ratios and identifying their trends and by making appropriate corrections. When premium rates are determined for new products, the pricing risk can be monitored by prudently modelling loss experience, by comparing against others' experience, and by comparing the actual loss experience against estimates.

Claims risk is managed by appropriate (re)insurance conditions and pricing, adequate underwriting, controlling risk concentration, and especially adequate reinsurance programmes for subsidiaries and an adequate retrocession programme for Sava Reinsurance Company.

Sava Re Group members mitigate net retention risk by setting appropriate maximum net retention limits and by designing adequate reinsurance or retrocession programmes. In managing these risks, due consideration is given to the fact that maximum net aggregate losses in any one year are affected both by the maximum net claim arising from a single catastrophe event as well as by the frequency of such events.

Sava Re Group members manage reserving risk by comparing historic reserving figures with actual amounts, by applying the latest actuarial methods and by adopting a prudent approach in setting the levels of technical provisions.

Retrocession programme: The Group concludes reciprocal contracts with other reinsurers to further disperse underwriting risks.

8.2 Financial risks

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

Insurers are not exposed to the investment risk relating to the life insurance business fund for which policyholders define the investment policy and also fully assume any financial risks. For this reason, these assets are excluded from the below discussion of financial risks.

8.2.1 Market risks

Own estimate of changes in risk

Type of investment			Absolute change 30.6.2015 / 31.12.2014	Market risks			Liquidity risk	Credit risk
	31.12.2014	30.6.2015		Interest rate risk	Equity risk	Currency risk		
Deposits and CD's	95,569,619	95,662,575	92,956			🚩	🚩	🚩
Government bonds	486,946,870	478,781,327	-8,165,543	🚩		🚩	🚩	🚩
Corporate bonds	358,991,267	390,610,950	31,619,683	🚩		🚩	🚩	🚩
Shares	21,030,349	20,284,229	-746,120		🚩		🚩	
Mutual funds	5,671,611	9,784,182	4,112,571					
bond and money market	2,267,493	1,922,720	-344,773	🚩			🚩	
equity	3,404,118	7,861,462	4,457,344		🚩	🚩	🚩	
Other financial investments	871,156	884,700	13,544				🚩	🚩
Deposits with cedants	5,587,510	6,135,265	547,755			🚩	🚩	🚩
Total financial investments	974,668,382	1,002,143,228	27,474,846	🚩	🚩	🚩	🚩	🚩
Legend								
Risk reduced	🚩							
Risk at same level		🚩						
Risk increased				🚩				

In the first half of the year, the value of assets sensitive to financial risks increased by € 27.5 million. The table above shows the changes in own risk assessments at year-end 2014 as a result of structural changes in financial investments discussed in greater detail below.

8.2.1.1 Interest rate risk

Interest rate risk is the risk of exposure to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities.

Interest rate risk is measured through a sensitivity analysis, by observing the change in the value of investments in bonds or the value of mathematical provisions if interest rates change by two percentage points. The analysed investments do not include held-to-maturity bonds as they are measured at amortised cost.

On 30 June 2015, the value of interest-sensitive financial investments stood at € 702.0 million. Of this, the value of interest-sensitive financial investments of non-life funds was € 496.6 million (31/12/2014: € 497.2 million); the value of interest-sensitive financial investments of life funds was € 205.4 million (31/12/2014: € 219.1 million).

The sensitivity analysis at 30 June 2015 showed that in the event of an upward shift in the interest rate curve by 200 basis points, the value of non-life insurance investments would have dropped by € 25.5 million or 5.1 % (31/12/2014: € 21.7 million or 4.6 %). The value of life insurance investments would have declined by € 16.1 million or 7.8 % (31/12/2014: € 12.8 million or 5.9 %).

8.2.1.2 Equity risk

Equity risk is the risk that the value of investments will decrease due to fluctuations in equity markets.

Equity risk is measured through a stress test assuming a 10-percent drop in equity prices. Equity risk affects shares, equity mutual funds and mixed mutual funds (in stress tests, we include half of the amount).

In case of a 10 % drop in the market prices of equity securities at 30 June 2015, the value of investments would have decreased by € 2.8 million (31/12/2014: € 2.6 million).

8.2.1.3 Currency risk

Currency risk is the risk that changes in exchange rates will decrease foreign investments or increase liabilities denominated in foreign currencies.

The Sava Re Group manages currency risk through the efforts of each Group member to optimise asset-liability currency matching. Sava Reinsurance Company is the Sava Re Group member with the largest exposure to currency risk due to its increased international presence. Group companies whose local currency is the euro (companies based in Slovenia, Montenegro and Kosovo) have all liabilities and investments denominated in euro, meaning that these companies are not affected by currency risk. Other Group companies whose local currency is not the euro, transact most business in their respective local currencies, while due to Group relations, they are to a minor extent subject to euro-related currency risk and translation risk in respect to equity.

Sava Reinsurance Company reduces its currency risk by matching assets and liabilities denominated in foreign currencies. Currency matching is performed based on the accounting currency², only if capital markets are not available in the accounting currency, it is performed based on the transaction currency³.

The tables below show currency matching of Sava Reinsurance Company with effects on the statement of financial position and the income statement.

Currency	Assets	Liabilities	Mismatch	% of matched liabilities
Euro (€)	494,216,583	489,577,163		
Foreign currencies	96,000,071	100,639,491	16,691,408	95.4
US dollar (USD)	51,528,997	45,666,333	5,862,664	112.8
Korean won (KRW)	13,480,668	14,947,936	1,467,268	90.2
Chinese yuan (CNY)	5,888,096	6,299,924	411,828	93.5
Indian rupee (INR).	7,972,539	7,809,209	163,330	102.1
Russian ruble (RUB)	4,865,975	6,484,465	1,618,490	75.0
Other	12,263,796	19,431,624	7,167,828	63.1
	590,216,654	590,216,654		100.0
% of currency matched liabilities			97.2 %	

Also in the first half of this year, the Company managed to directly match assets and liabilities in most foreign currencies with a mismatch of over € 2 million. At 30 June 2015, the Company had a surplus of assets over liabilities in US dollar (€ 10.9 million). This surplus was due to asset-liability management practices where the company ties to the US dollar a number of foreign currencies that are at least 90 % correlated with the US dollar. When these correlations are taken into account, the surplus of assets over liabilities in US dollar is reduced to € 5.8 million.

Currency mismatch also affects the income statement of Sava Reinsurance Company through accounting for exchange differences due to the impact of exchange rate changes on various statement of financial position items.

When assets and liabilities are 100 % matched in terms of foreign currencies, changes in foreign exchange rates have no impact on profit or loss. This is because any change in the value of assets denominated in a foreign currency due to a change in the exchange rate is offset by the change in the value of liabilities denominated in that foreign currency. As Sava Reinsurance Company's assets and liabilities are 97.2 % currency matched, changes in foreign exchange rates do affect the income statement. The following table shows the impact of currency differences.

² 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 in relation to the cedant, and hence also the reinsurer.

³ The transaction currency is the currency in which reinsurance contract transactions are processed.

Effect of exchange differences on the income statement

Statement of financial position item	Exchange differences	
	1–6/2015	1–6/2014
Euro (€)		
Investments	3,822,096	339,426
Technical provisions and deferred commissions	-4,723,538	-689,648
Receivables and liabilities	550,337	59,416
Total effect on the income statement	-351,105	-290,805

8.2.2 Credit risk

Credit risk is the risk that issuers or other counterparties will fail to meet their obligations to the Company.

The Group mitigates credit risk by investing in highly rated debt securities. Accordingly, at 30 June 2015 a share of 79.0 % of the fixed income portfolio exposed to credit risk was rated BBB– or better ("investment grade"), and 47.2 % of investments were rated A– or better.

Credit risk due to issuer default includes concentration risk representing the risk of excessive concentration in a geographic area, economic sector or issuer.

The investment portfolio of the Sava Re Group is reasonably diversified in accordance with local law and Group internal rules in order to avoid large concentration in a certain type of investment, large concentration with any counterparty or economic sector or other potential forms of concentration. We consider that concentration risk did not change significantly compared to year-end 2014.

8.2.3 Liquidity risk

The Group manages liquidity risk by having Group companies draw up annual liquidity plans with daily planned cash-flows (investments, reinsurance, expenses). In addition, the Group mitigates liquidity risk by diversifying the maturities of deposits that serve to meet day-to-day liquidity needs. The bond portfolio consists mainly of highly liquid and listed bonds.

In the event of large losses, so-called cash call provisions in reinsurance contracts are triggered and provide for immediate payments in the chain cedant – controlling company – retrocessionaire.

For the purpose of liquidity risk management, the controlling company has arranged a credit line with a commercial bank in the total amount of € 5 million.

Sudden liquidity needs arising in any Group subsidiary could be met by the controlling company through short-term bridge loans.

8.3 Operational risks

Operational risks include human capital risk, risk of business disruption and system failure, process control and implementation risk, compliance risk, legal risk and such like.

Sava Re Group members mitigate operational risk by having in place adequate IT-supported procedures and controls in the most important business areas. In addition, this risk is managed through the internal audit function and through staff training.

8.4 Exposure to risk up until year-end 2015

We expect that in the remaining six months of the year, the exposure of Sava Reinsurance Company and the Sava Re Group to risks will not change significantly. Due to the nature of its business, the main risks that the Group is exposed to are underwriting risks followed by market risks. The realisation of underwriting risks is fortuitous and only for certain classes of insurance seasonal. A major increase in realised risks could be expected as a result of an increased frequency of storms with massive losses or as a result of unfavourable trends in financial markets.

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

9 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

9.1 Unaudited consolidated statement of financial position

(€)	30/06/2015	31/12/2014
ASSETS	1,530,292,766	1,454,374,935
Intangible assets	33,460,957	34,940,960
Property and equipment	44,293,367	44,473,638
Deferred tax assets	1,228,354	1,202,381
Investment property	5,029,663	5,103,325
Financial investments in associates	3,138,306	3,072,497
Financial investments:	1,002,143,226	974,668,382
- loans and deposits	102,636,059	101,457,439
- held to maturity	158,219,896	164,317,392
- available for sale	728,058,890	692,418,016
- at fair value through profit or loss	13,228,381	16,475,535
Funds for the benefit of policyholders who bear the investment risk	220,333,680	202,913,059
Reinsurers' share of technical provisions	39,580,094	38,672,645
Receivables	152,694,816	124,395,153
Receivables arising out of primary insurance business	68,504,754	54,233,024
Receivables arising out of reinsurance and co-insurance business	72,265,537	59,502,227
Current tax assets	547,409	353,016
Other receivables	11,377,116	10,306,886
Deferred acquisition costs	21,150,961	17,489,101
Other assets	1,818,808	1,351,244
Cash and cash equivalents	5,011,693	5,643,200
Non-current assets held for sale	408,841	449,350
EQUITY AND LIABILITIES	1,530,292,766	1,454,374,935
Equity	271,504,083	271,528,623
Share capital	71,856,376	71,856,376
Capital reserves	44,330,009	44,638,799
Profit reserves	115,366,922	115,146,336
Treasury shares	-10,247,024	-10,115,023
Fair value reserve	12,071,859	18,448,741
Retained earnings	22,962,247	15,652,780
Net profit/loss for the period	16,886,298	17,474,558
Translation reserve	-3,396,059	-3,489,433
Equity attributable to owners of the controlling company	269,830,626	269,613,133
Non-controlling interest in equity	1,673,457	1,915,490
Subordinated liabilities	28,714,424	28,699,692
Technical provisions	920,544,865	869,982,633
Unearned premiums	190,920,166	148,169,690
Mathematical provisions	257,498,747	256,292,141
Provision for outstanding claims	460,521,269	454,759,004
Other technical provisions	11,604,683	10,761,798
Technical provision for the benefit of life insurance policyholders who bear the investment risk	209,408,751	195,684,631
Other provisions	6,926,378	6,940,650
Deferred tax liabilities	5,357,645	5,749,180
Other financial liabilities	9,136,493	78,870
Liabilities from operating activities	55,115,875	49,364,797
Liabilities from primary insurance business	11,652,195	11,728,377
Liabilities from reinsurance and co-insurance business	40,520,145	32,866,047
Current income tax liabilities	2,943,535	4,770,373
Other liabilities	23,584,252	26,345,859

9.2 Unaudited consolidated income statement

(€)	1–6/2015	1–6/2014
Net earned premiums	219,116,387	218,826,650
Gross premiums written	276,703,724	268,499,823
Written premiums ceded to reinsurers and co-insurers	-18,497,493	-16,930,471
Change in gross unearned premiums	-42,731,602	-36,847,117
Change in unearned premiums for the reinsurance and co-insurance part	3,641,758	4,104,415
Income from investments in associates	79,250	131,217
Profit from investments in equity-accounted associate companies	79,250	131,217
Investment income	20,523,120	18,084,051
Interest income	11,272,131	12,408,059
Other investment income	9,250,989	5,675,992
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	14,945,629	10,325,409
Other technical income	8,395,794	3,828,251
Commission income	2,013,445	1,482,123
Other technical income	6,382,349	2,346,128
Other income	3,267,118	1,883,852
Net claims incurred	-135,623,076	-132,173,406
Gross claims payments less income from recourse receivables	-131,457,661	-129,271,312
Reinsurers' and co-insurers' shares	4,788,891	3,201,905
Change in the gross claims provision	-6,290,245	-14,232,165
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-2,664,061	8,128,166
Change in other technical provisions	-2,092,155	-4,685,102
Change in technical provisions for policyholders who bear the investment risk	-13,209,592	-14,241,267
Expenses for bonuses and rebates	-252,119	-113,710
Operating expenses	-70,515,380	-70,933,827
Acquisition costs	-25,678,879	-24,796,747
Change in deferred acquisition costs	4,713,631	1,821,062
Other operating expenses	-49,550,132	-47,958,142
Expenses for financial assets and liabilities	-4,839,584	-2,260,578
Impairment losses on financial assets not at fair value through profit or loss	-11,529	-36,887
Interest expense	-670,484	-743,228
Other investment expenses	-4,157,571	-1,480,463
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-6,888,218	-3,081,708
Other technical expenses	-10,152,789	-8,479,686
Other expenses	-694,275	-675,998
Profit/loss before tax	22,060,110	16,434,148
Income tax expense	-4,955,162	-3,660,489
Net profit/loss for the period	17,104,948	12,773,659
Net profit/loss attributable to owners of the controlling company	17,106,884	12,850,166
Net profit/loss attributable to non-controlling interests	-1,936	-76,507
Basic and diluted earnings per share	1.04	0.76

The change in the weighted average number of shares outstanding is shown in section 10.8.7 "Net earnings/loss per share".

9.3 Unaudited consolidated statement of comprehensive income

(€)	1-6/2015			1-6/2014		
	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	17,106,884	-1,936	17,104,948	12,850,166	-76,507	12,773,659
OTHER COMPREHENSIVE INCOME, NET OF TAX	-6,283,508	-12,438	-6,295,946	9,376,468	18,569	9,395,037
a) Items that will not be reclassified subsequently to profit or loss	-3,193	0	-3,193	0	0	0
Other items that will not be reclassified subsequently to profit or loss	-3,193	0	-3,193	0	0	0
b) Items that may be reclassified subsequently to profit or loss	-6,280,315	-12,438	-6,292,753	9,376,468	18,569	9,395,037
Net gains/losses on remeasuring available-for-sale financial assets	-6,907,278	-23,859	-6,931,137	11,735,801	10,410	11,746,211
Net change recognised in the fair value reserve	-6,303,951	-23,859	-6,327,810	9,586,609	10,410	9,597,019
Net change transferred from fair value reserve to profit or loss	-603,327	0	-603,327	2,149,192	0	2,149,192
Net gains/losses attributable to the Group recognised in fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies	-13,441	0	-13,441	-45,271	0	-45,271
Tax on items that may be reclassified subsequently to profit or loss	547,030	3,564	550,594	-2,329,667	0	-2,329,667
Net gains/losses from translation of financial statements of non-domestic companies	93,374	7,857	101,231	15,605	8,159	23,764
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	10,823,376	-14,374	10,809,002	22,226,634	-57,938	22,168,696
Attributable to owners of the controlling company	10,823,376	0	10,823,376	22,226,634	0	22,226,634
Attributable to non-controlling interest	0	-14,374	-14,374	0	-57,938	-57,938

9.4 Unaudited consolidated statement of cash flows

(€)	1–6/2015	1–6/2014
A. Cash flows from operating activities		
a.) Items of the income statement	55,752,494	49,429,769
1. Net premiums written in the period	258,206,231	251,569,352
2. Investment income (other than financial income), financed from:	68,655	96,740
- technical provisions	14,742	16,918
- other sources	53,913	79,822
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	11,662,911	5,712,103
4. Net claims payments in the period	-126,668,770	-126,069,407
5. Expenses for bonuses and rebates	-252,119	-113,710
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-71,450,908	-68,889,519
7. Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-11,280	-59,617
- technical sources	-11,207	-45,560
- other sources	-73	-14,057
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-10,847,064	-9,155,684
9. Tax on profit and other taxes not included in operating expenses	-4,955,162	-3,660,489
Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement	-25,667,367	-25,838,065
1. Change in receivables from primary insurance	-14,271,730	-14,492,347
2. Change in receivables from reinsurance	-13,032,513	-14,337,565
3. Change in other receivables from (re)insurance business	533,751	-342,579
4. Change in other receivables and other assets	-2,540,187	3,971,679
5. Change in deferred tax assets	-25,973	456,957
6. Change in inventories	-23,445	-75,291
7. Change in liabilities arising out of primary insurance	-76,182	494,135
8. Change in liabilities arising out of reinsurance business	7,654,098	769,840
9. Change in other operating liabilities	637,774	-787,524
10. Change in other liabilities (except unearned premiums)	-4,131,425	-1,743,915
11. Change in deferred tax liabilities	-391,535	248,545
c.) Net cash from/used in operating activities (a + b)	30,085,127	23,591,704
B. Cash flows from investing activities		
a.) Cash receipts from investing activities	464,492,927	494,365,399
1. Interest received from investing activities relating to:	11,272,131	12,408,059
- investments financed from technical provisions	10,722,446	11,919,856
- other investments	549,685	488,203
2. Proceeds from dividends and shares in the profit of others, relating to:	656,804	622,177
- investments financed from technical provisions	284,589	10,130
- other investments	372,215	612,047
3. Proceeds from sale of intangible assets, financed from:	42,900	110,125
- other sources	42,900	110,125
4. Proceeds from sale of property and equipment, financed from:	411,939	158,605
- technical provisions	63,729	0
- other sources	348,210	158,605
5. Proceeds from sale of long-term financial investments, financed from:	140,345,445	183,753,589
- technical provisions	133,169,816	168,363,406
- other sources	7,175,629	15,390,183
6. Proceeds from sale of short-term financial investments, financed from:	311,763,708	297,312,844
- technical provisions	288,225,731	231,416,695
- other sources	23,537,977	65,896,149
b.) Cash disbursements in investing activities	-493,376,220	-505,273,124
1. Purchase of intangible assets	-380,261	-225,868
2. Purchase of property and equipment, financed from:	-1,752,326	-1,592,401
- technical provisions	-72,501	-217,974
- other sources	-1,679,825	-1,374,427
3. Purchase of long-term financial investments, financed from:	-175,093,994	-196,998,224
- technical provisions	-144,729,693	-181,773,280
- other sources	-30,364,301	-15,224,944
4. Purchase of short-term financial investments, financed from:	-316,149,639	-306,456,631
- technical provisions	-290,157,551	-243,196,429
- other sources	-25,992,088	-63,260,202
c.) Net cash from/used in investing activities (a + b)	-28,883,293	-10,907,725
C. Cash flows from financing activities		
b.) Cash disbursements in financing activities	-1,833,342	-11,964,184
1. Interest paid	-670,484	-743,228
3. Repayment of long-term financial liabilities	0	-6,220,956
4. Repayment of short-term financial liabilities	-1,030,857	-5,000,000
6. Own share repurchases	-132,001	0
c.) Net cash from/used in financing activities (a + b)	-1,833,342	-11,964,184
C2. Closing balance of cash and cash equivalents	5,011,693	4,152,515
Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	-631,508	719,795
Opening balance of cash and cash equivalents	5,643,201	3,432,720

9.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the six months to 30 June 2015

(€)	III. Profit reserves							IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interest in equity	Total (14 + 15)
	I. Share capital	II. Capital reserves	Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other								
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
Closing balance in the previous financial year	71,856,376	44,638,799	11,140,269	10,115,023	876,938	11,744,474	81,269,632	18,448,741	15,652,780	17,474,558	-10,115,023	-3,489,433	269,613,133	1,915,490	271,528,623
Prior-period adjustments	0	0	0	0	0	0	0	0	-1,099,111	0	0	0	-1,099,111	0	-1,099,111
Opening balance in the financial period	71,856,376	44,638,799	11,140,269	10,115,023	876,938	11,744,474	81,269,632	18,448,741	14,553,669	17,474,558	-10,115,023	-3,489,433	268,514,022	1,915,490	270,429,512
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	-6,376,882	0	17,106,884	0	93,374	10,823,376	-14,374	10,809,002
a) Net profit/loss for the period										17,106,884			17,106,884	-1,936	17,104,948
b) Other comprehensive income								-6,376,882				93,374	-6,283,508	-12,438	-6,295,946
Net purchase/sale of treasury shares	0	0	0	132,001	0	0	0	0	0	-132,001	-132,001	0	-132,001	0	-132,001
Payout of (accounting for) dividends	0	0	0	0	0	0	0	0	-9,065,978	0	0	0	-9,065,978	0	-9,065,978
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	26,250	62,335	0	0	0	-88,585	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	17,474,558	-17,474,558	0	0	0	0	0
Acquisition of non-controlling interest	0	-308,790	0	0	0	0	0	0	0	0	0	0	-308,790	-227,659	-536,449
Closing balance in the financial period	71,856,376	44,330,009	11,140,269	10,247,024	903,188	11,806,809	81,269,632	12,071,859	22,962,247	16,886,298	-10,247,024	-3,396,059	269,830,626	1,673,457	271,504,083

Unaudited consolidated statement of changes in equity for the six months to 30 June 2014

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interest in equity	Total (14 + 15)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other								
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
Closing balance in the previous financial year	71,856,376	42,423,360	11,138,541	2,821,391	800,075	12,070,719	75,192,493	7,739,714	15,018,066	5,023,423	-2,821,391	-3,128,947	238,133,820	1,965,501	240,099,321
Prior-period restatements													0		0
Prior-period adjustments													0		0
Opening balance in the financial period	71,856,376	42,423,360	11,138,541	2,821,391	800,075	12,070,719	75,192,493	7,739,714	15,018,066	5,023,423	-2,821,391	-3,128,947	238,133,820	1,965,501	240,099,321
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	9,360,863	0	12,850,166	0	15,605	22,226,634	-57,938	22,168,696
a) Net profit/loss for the period										12,850,166		0	12,850,166	-76,507	12,773,659
b) Other comprehensive income								9,360,863				15,605	9,376,468	18,569	9,395,037
Net purchase/sale of treasury shares	0	1,139,417	0	0	0	0	0	0	0	0	0	0	1,139,417	0	1,139,417
Allocation of net profit to profit reserve	0	0	1,729	0	0	0	0	0	-1,729	0	0	0	0	0	0
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	35,558	-335,418	0	0	0	299,860	0	0	0	0	0
Acquisition of non-controlling interests	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	5,023,423	-5,023,423	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	-23	0	0	0	-23		-23
Closing balance in the financial period	71,856,376	43,562,777	11,140,270	2,821,391	835,633	11,735,301	75,192,493	17,100,577	20,039,734	13,150,027	-2,821,391	-3,113,342	261,499,847	1,907,562	263,407,409

10 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The selected notes to the half-yearly financial statements are significant to an understanding of the changes in financial position and performance of the Group in the first half-year of 2015 as compared to both the first half-year of 2014 and end-of-year 2014.

10.1 Overview of major accounting policies

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

Pursuant to IAS 34, notes are provided in relation to major business events that are required to understand the financial position and performance of the Group compared to the previous annual financial report prepared for 2014.

The financial statements with notes as at and for the six months to 30 June 2015 have not been audited.

The interim financial statements at 30 June 2015 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2014.

10.2 Seasonality and cyclicity of interim operations

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

10.3 The nature and amount of unusual items

There were no items unusual because of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the six months to 30 June 2015.

10.4 Materiality

To serve as a starting point in determining a materiality threshold for the consolidated financial statements we used the equity of the Sava Re Group, specifically 2 % thereof at 30 June 2015, which is € 5.4 million. 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.

10.5 Issues, repurchases, and repayments of debt and equity securities

The Group issued no new debt or equity securities.

10.6 Key accounting estimates and judgements

The Group is predominately composed of financial companies that invest their assets (those supporting liabilities as well as capital funds) in financial instruments. If the fair value of any financial instrument falls below its cost, the Group – pursuant to applicable accounting rules – examines whether the decrease is a significant and long-term one, in the event of which the financial instrument is impaired.

10.7 Analysis of operating segments

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).

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

Operating segments include reinsurance business, non-life insurance business, life insurance business, and other. Performance of these segments is monitored based on different indicators, a common performance indicator for all segments being net profit, calculated in accordance with IFRSs.

Statement of financial position by operating segment – assets at 30 June 2015

30/06/2015	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	348,765,133	498,832,336	107,992,926	606,825,262	546,143,564	19,713,654	565,857,218	8,845,154	1,530,292,766
Intangible assets	593,655	13,920,375	13,432,556	27,352,931	5,392,895	94,477	5,487,372	26,999	33,460,957
Property and equipment	2,465,304	23,899,172	10,497,577	34,396,749	2,650,709	2,591,961	5,242,670	2,188,644	44,293,367
Deferred tax assets	427,658	421,980	18,515	440,495	347,833	12,368	360,201	0	1,228,354
Investment property	114,597	475,677	4,127,357	4,603,034	44,304	267,728	312,032	0	5,029,663
Financial investments in associates	0	0	0	0	0	0	0	3,138,306	3,138,306
Financial investments:	257,059,737	357,133,088	58,638,350	415,771,438	314,038,921	15,192,299	329,231,220	80,831	1,002,143,226
- loans and deposits	26,130,000	35,118,371	22,843,796	57,962,167	14,088,152	4,378,909	18,467,061	76,831	102,636,059
- held to maturity	2,022,399	59,770,493	5,110,478	64,880,971	88,971,775	2,344,751	91,316,526	0	158,219,896
- available for sale	226,563,641	258,937,265	29,938,132	288,875,397	204,884,399	7,731,453	212,615,852	4,000	728,058,890
- at fair value through profit or loss	2,343,697	3,306,959	745,944	4,052,903	6,094,595	737,186	6,831,781	0	13,228,381
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	220,302,838	30,842	220,333,680	0	220,333,680
Reinsurers' share of technical provisions	9,684,806	24,904,452	4,758,607	29,663,058	231,004	1,225	232,229	0	39,580,094
- from unearned premiums	379,361	8,599,096	1,266,358	9,865,454	29,009	1,088	30,098	0	10,274,913
- from provisions for claims outstanding	9,305,446	16,621,184	3,492,248	20,113,432	201,994	137	202,131	0	29,621,009
- from other technical provisions	0	-315,828	0	-315,828	0	0	0	0	-315,828
Receivables	71,141,793	64,352,777	11,266,512	75,619,289	2,676,289	360,366	3,036,655	2,897,079	152,694,816
- Receivables arising out of primary insurance business	0	59,461,828	7,996,212	67,458,040	926,762	119,952	1,046,714	0	68,504,754
- Receivables arising out of reinsurance and co-insurance business	70,354,119	1,017,994	893,424	1,911,418	0	0	0	0	72,265,537
- Current tax assets	2,659	0	117,604	117,604	426,940	0	426,940	206	547,409
- Other receivables	785,015	3,872,955	2,259,272	6,132,227	1,322,587	240,414	1,563,001	2,896,873	11,377,116
Deferred acquisition costs	6,317,886	11,995,067	2,538,572	14,533,639	296,988	2,448	299,436	0	21,150,961
Other assets	399,502	917,853	382,578	1,300,431	40,011	30,611	70,622	48,253	1,818,808
Cash and cash equivalents	560,194	808,373	1,926,983	2,735,356	121,772	1,129,329	1,251,101	465,042	5,011,693
Non-current assets held for sale	0	3,522	405,319	408,841	0	0	0	0	408,841

Statement of financial position by operating segment – equity and liabilities at 30 June 2015

30/06/2015	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	329,718,665	534,054,226	110,017,241	644,071,467	535,995,253	19,008,321	555,003,574	1,499,060	1,530,292,766
Equity	105,271,213	72,204,783	36,175,302	108,380,085	47,166,934	9,453,649	56,620,583	1,232,202	271,504,083
Equity attributable to owners of the controlling company	105,271,213	72,204,783	35,487,076	107,691,859	47,166,934	8,467,407	55,634,341	1,233,213	269,830,626
Non-controlling interest in equity	0	0	688,226	688,226	0	986,242	986,242	-1,011	1,673,457
Subordinated liabilities	23,514,424	5,200,000	0	5,200,000	0	0	0	0	28,714,424
Technical provisions	149,775,328	431,270,334	67,047,963	498,318,297	263,342,907	9,108,333	272,451,240	0	920,544,865
- Unearned premiums	37,359,646	128,298,255	24,385,562	152,683,817	745,817	130,886	876,703	0	190,920,166
- Mathematical provisions	0	0	0	0	248,723,674	8,775,073	257,498,747	0	257,498,747
- Provision for outstanding claims	112,415,681	291,715,599	42,314,199	334,029,798	13,873,416	202,374	14,075,790	0	460,521,269
- Other technical provisions	1	11,256,480	348,202	11,604,682	0	0	0	0	11,604,683
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	209,377,909	30,842	209,408,751	0	209,408,751
Other provisions	297,783	4,670,797	636,381	5,307,178	1,304,501	16,916	1,321,417	0	6,926,378
Deferred tax liabilities	0	3,051,854	28,449	3,080,303	2,272,141	0	2,272,141	5,201	5,357,645
Other financial liabilities	9,136,192	301	0	301	0	0	0	0	9,136,493
Liabilities from operating activities	38,690,234	6,253,693	2,087,743	8,341,436	7,947,851	136,130	8,083,981	224	55,115,875
- Liabilities from primary insurance business	0	4,049,798	753,871	4,803,669	6,760,638	87,888	6,848,526	0	11,652,195
- Liabilities from reinsurance and co-insurance business	38,163,024	1,234,715	1,122,406	2,357,121	0	0	0	0	40,520,145
- Current income tax liabilities	527,210	969,180	211,466	1,180,646	1,187,213	48,242	1,235,455	224	2,943,535
Other liabilities	3,033,491	11,402,464	4,041,403	15,443,867	4,583,010	262,451	4,845,461	261,433	23,584,252

Statement of financial position by operating segment – assets at 31 December 2014

31/12/2014	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	315,226,711	471,344,023	107,757,557	579,101,580	532,978,818	18,825,817	551,804,635	8,242,009	1,454,374,935
Intangible assets	467,423	15,474,302	13,403,760	28,878,062	5,449,379	116,541	5,565,920	29,555	34,940,960
Property and equipment	2,462,813	24,139,087	10,593,841	34,732,928	2,606,806	2,615,377	5,222,183	2,055,714	44,473,638
Deferred tax assets	1,040,592	142,166	18,515	160,681	0	1,108	1,108	0	1,202,381
Investment property	115,492	538,071	4,139,365	4,677,436	44,975	265,422	310,397	0	5,103,325
Financial investments in associates	0	0	0	0	0	0	0	3,072,497	3,072,497
Financial investments:	237,189,580	345,680,388	57,068,958	402,749,346	319,824,701	14,800,409	334,625,110	104,346	974,668,382
- loans and deposits	21,251,512	32,879,774	27,911,080	60,790,854	13,679,571	5,635,156	19,314,727	100,346	101,457,439
- held to maturity	2,074,001	63,512,066	5,519,950	69,032,016	91,058,297	2,153,078	93,211,375	0	164,317,392
- available for sale	208,238,543	246,022,338	22,825,513	268,847,851	209,155,376	6,172,246	215,327,622	4,000	692,418,016
- at fair value through profit or loss	5,625,524	3,266,210	812,415	4,078,625	5,931,457	839,929	6,771,386	0	16,475,535
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	202,893,989	19,070	202,913,059	0	202,913,059
Reinsurers' share of technical provisions	10,405,986	22,859,490	5,089,628	27,949,117	314,662	2,879	317,541	0	38,672,645
Receivables	58,432,637	52,197,255	9,284,927	61,482,182	1,478,226	347,814	1,826,040	2,654,294	124,395,153
- Receivables arising out of primary insurance business	0	47,328,159	5,865,068	53,193,227	912,633	127,164	1,039,797	0	54,233,024
- Receivables arising out of reinsurance and co-insurance business	58,267,223	532,986	700,190	1,233,176	0	1,828	1,828	0	59,502,227
- Current tax assets	0	0	208,669	208,669	144,240	0	144,240	107	353,016
- Other receivables	165,414	4,336,110	2,511,000	6,847,110	421,353	218,822	640,175	2,654,187	10,306,886
Deferred acquisition costs	4,303,162	9,442,826	3,482,919	12,925,746	258,227	1,966	260,194	0	17,489,101
Other assets	296,684	675,884	257,135	933,019	30,333	44,959	75,292	46,249	1,351,244
Cash and cash equivalents	512,342	183,214	3,980,499	4,163,713	77,519	610,272	687,791	279,354	5,643,200
Non-current assets held for sale	0	11,340	438,010	449,350	0	0	0	0	449,350

Statement of financial position by operating segment – equity and liabilities at 31 December 2014

31/12/2014	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	286,400,598	514,731,657	109,848,537	624,580,194	523,709,363	19,366,598	543,075,961	318,182	1,454,374,935
Equity	96,766,084	75,336,895	39,405,516	114,742,411	49,296,532	10,613,322	59,909,854	110,274	271,528,623
Equity attributable to owners of the controlling company	96,766,084	75,336,895	38,786,828	114,123,723	49,296,532	9,316,520	58,613,052	110,274	269,613,133
Non-controlling interest in equity	0	0	618,688	618,688	0	1,296,802	1,296,802	0	1,915,490
Subordinated liabilities	23,499,692	5,200,000	0	5,200,000	0	0	0	0	28,699,692
Technical provisions	129,778,575	405,021,647	64,687,629	469,709,276	262,393,907	8,100,875	270,494,782	0	869,982,633
- Unearned premiums	21,620,884	103,039,301	22,661,027	125,700,328	734,654	113,824	848,478	0	148,169,690
- Mathematical provisions	0	0	0	0	248,492,273	7,799,868	256,292,141	0	256,292,141
- Provision for outstanding claims	108,157,341	291,546,926	41,700,574	333,247,500	13,166,980	187,183	13,354,163	0	454,759,004
- Other technical provisions	350	10,435,420	326,028	10,761,448	0	0	0	0	10,761,798
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	195,665,561	19,070	195,684,631	0	195,684,631
Other provisions	273,590	4,513,409	822,704	5,336,113	1,314,805	16,142	1,330,947	0	6,940,650
Deferred tax liabilities	0	3,229,826	37,696	3,267,522	2,476,455	0	2,476,455	5,203	5,749,180
Other financial liabilities	74,430	299	616	915	0	3,525	3,525	0	78,870
Liabilities from operating activities	33,420,922	5,399,884	1,466,190	6,866,074	8,912,581	150,331	9,062,912	14,889	49,364,797
- Liabilities from primary insurance business	0	3,156,998	643,422	3,800,420	7,827,480	100,477	7,927,957	0	11,728,377
- Liabilities from reinsurance and co-insurance business	30,954,760	1,252,976	626,892	1,879,868	28,289	3,130	31,419	0	32,866,047
- Current income tax liabilities	2,466,162	989,910	195,876	1,185,786	1,056,812	46,724	1,103,536	14,889	4,770,373
Other liabilities	2,587,305	16,029,697	3,428,186	19,457,883	3,649,522	463,333	4,112,855	187,816	26,345,859

Income statement by operating segment 1–6/2015

1–6/2015 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	37,634,303	115,898,004	22,541,376	138,439,380	40,335,090	2,707,615	43,042,705	0	219,116,387
Gross premiums written	55,742,327	151,286,614	26,472,167	177,758,781	40,475,545	2,727,071	43,202,616	0	276,703,724
Written premiums ceded to reinsurers and co-insurers	-1,724,709	-14,763,980	-1,858,455	-16,622,435	-148,670	-1,679	-150,349	0	-18,497,493
Change in gross unearned premiums	-15,738,764	-25,201,989	-1,792,976	-26,994,965	19,145	-17,018	2,127	0	-42,731,602
Change in unearned premiums for the reinsurance and co-insurance part	-644,551	4,577,359	-279,360	4,297,999	-10,930	-759	-11,690	0	3,641,758
Income from investments in subsidiary and associate companies	0	0	0	0	0	0	0	79,250	79,250
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	79,250	79,250
Investment income	10,218,867	3,990,240	1,190,822	5,181,062	4,830,930	292,261	5,123,191	0	20,523,120
Interest income	2,256,730	3,174,005	1,127,635	4,301,640	4,454,622	259,139	4,713,761	0	11,272,131
Other investment income	7,962,137	816,235	63,187	879,422	376,308	33,122	409,430	0	9,250,989
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	14,945,513	116	14,945,629	0	14,945,629
Other technical income	4,588,599	2,241,869	888,453	3,130,322	566,845	54,684	621,529	55,344	8,395,794
Commission income	328,203	1,270,305	412,135	1,682,440	2,713	89	2,802	0	2,013,445
Other technical income	4,260,396	971,564	476,318	1,447,882	564,132	54,595	618,727	55,344	6,382,349
Other income	1,090	1,398,276	709,709	2,107,985	966,158	29,669	995,827	162,216	3,267,118
Net claims incurred	-29,158,998	-69,633,219	-10,136,965	-79,770,185	-26,080,440	-613,454	-26,693,894	0	-135,623,076
Gross claims payments less income from recourse receivables	-25,776,147	-70,392,424	-9,972,775	-80,365,199	-24,717,242	-599,073	-25,316,315	0	-131,457,661
Reinsurers' and co-insurers' shares	952,117	3,405,392	372,573	3,777,965	58,808	0	58,808	0	4,788,891
Change in the gross claims provision	-4,258,339	-164,272	-503,803	-668,075	-1,349,314	-14,517	-1,363,831	0	-6,290,245
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-76,629	-2,481,916	-32,960	-2,514,876	-72,692	136	-72,556	0	-2,664,061
Change in other technical provisions	0	-970,503	-8,350	-978,853	-175,715	-937,587	-1,113,302	0	-2,092,155
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-13,198,053	-11,539	-13,209,592	0	-13,209,592
Expenses for bonuses and rebates	353	-207,561	-44,911	-252,472	0	0	0	0	-252,119
Operating expenses	-11,492,457	-37,220,652	-10,771,409	-47,992,061	-8,330,031	-1,541,088	-9,871,119	-1,159,743	-70,515,380
Acquisition costs	-11,484,309	-9,868,907	-1,719,786	-11,588,693	-2,138,498	-467,379	-2,605,877	0	-25,678,879
Change in deferred acquisition costs	2,342,390	2,103,872	267,777	2,371,649	-978	570	-408	0	4,713,631
Other operating expenses	-2,350,538	-29,455,617	-9,319,400	-38,775,017	-6,190,555	-1,074,279	-7,264,834	-1,159,743	-49,550,132
Expenses for financial assets and liabilities	-4,162,681	-378,986	-47,342	-426,328	-152,876	-97,699	-250,575	0	-4,839,584
Impairment losses on financial assets not at fair value through profit or loss	0	0	-456	-456	0	-11,073	-11,073	0	-11,529
Interest expense	-471,118	-196,087	-22	-196,109	0	-3,257	-3,257	0	-670,484
Other investment expenses	-3,691,563	-182,899	-46,864	-229,763	-152,876	-83,369	-236,245	0	-4,157,571
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-6,887,809	-409	-6,888,218	0	-6,888,218
Other technical expenses	-3,639,884	-3,882,024	-2,505,912	-6,387,936	-63,885	-61,062	-124,947	-22	-10,152,789
Other expenses	0	-428,708	-253,379	-682,087	-6,554	-1,527	-8,081	-4,107	-694,275
Profit/loss before tax	3,989,192	10,806,735	1,562,092	12,368,827	6,749,173	-180,021	6,569,153	-867,062	22,060,110
Income tax expense	-2,101,283	-1,376,088	-327,152	-1,703,240	-1,150,639	0	-1,150,639	0	-4,955,162
Net profit/loss for the period	1,887,909	9,430,647	1,234,940	10,665,587	5,598,534	-180,021	5,418,514	-867,062	17,104,948
Net profit/loss attributable to owners of the controlling company	1,887,909	9,430,647	1,202,404	10,633,051	5,598,534	-146,559	5,451,976	-866,052	17,106,884
Net profit/loss attributable to non-controlling interest	0	0	32,536	32,536	0	-33,462	-33,462	-1,010	-1,936

Income statement by operating segment 1–6/2014

1–6/2014 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	35,646,235	116,096,779	22,834,615	138,931,394	41,667,169	2,581,852	44,249,021	0	218,826,650
Gross premiums written	46,220,148	152,499,337	25,329,569	177,828,906	41,852,380	2,598,389	44,450,769	0	268,499,823
Written premiums ceded to reinsurers and co-insurers	-323,789	-14,749,489	-1,638,271	-16,387,760	-217,869	-1,053	-218,922	0	-16,930,471
Change in gross unearned premiums	-9,132,775	-26,799,728	-921,666	-27,721,394	22,536	-15,484	7,052	0	-36,847,117
Change in unearned premiums for the reinsurance and co-insurance part	-1,117,349	5,146,659	64,983	5,211,642	10,122	0	10,122	0	4,104,415
Income from investments in subsidiary and associate companies	0	0	0	0	0	0	0	131,217	131,217
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	131,217	131,217
Investment income	4,461,471	4,480,381	1,407,586	5,887,967	7,420,601	313,395	7,733,996	617	18,084,051
Interest income	2,121,695	3,592,918	1,345,661	4,938,579	5,094,780	252,388	5,347,168	617	12,408,059
Other investment income	2,339,776	887,463	61,925	949,388	2,325,821	61,007	2,386,828	0	5,675,992
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	10,325,350	59	10,325,409	0	10,325,409
Other technical income	742,929	1,913,279	640,832	2,554,111	516,509	14,703	531,212	0	3,828,251
Commission income	77,197	1,174,062	226,070	1,400,132	4,795	0	4,795	0	1,482,123
Other technical income	665,732	739,217	414,762	1,153,979	511,714	14,703	526,417	0	2,346,128
Other income	10,537	1,172,302	376,028	1,548,330	159,557	47,428	206,985	118,000	1,883,852
Net claims incurred	-21,004,809	-77,935,493	-10,648,908	-88,584,401	-22,172,758	-411,438	-22,584,196	0	-132,173,406
Gross claims payments less income from recourse receivables	-22,957,863	-73,645,887	-9,003,516	-82,649,403	-23,253,544	-410,502	-23,664,046	0	-129,271,312
Reinsurers' and co-insurers' shares	3,352,708	-95,031	-4,686	-99,717	-51,086	0	-51,086	0	3,201,905
Change in the gross claims provision	2,737,652	-16,190,292	-1,856,433	-18,046,725	1,077,844	-936	1,076,908	0	-14,232,165
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-4,137,305	11,995,717	215,727	12,211,444	54,028	0	54,028	0	8,128,166
Change in other technical provisions	0	415,515	-6,789	408,726	-4,077,669	-1,016,159	-5,093,828	0	-4,685,102
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-14,235,431	-5,836	-14,241,267	0	-14,241,267
Expenses for bonuses and rebates	4,643	22,241	-140,594	-118,353	0	0	0	0	-113,710
Operating expenses	-11,379,051	-36,298,138	-10,798,312	-47,096,451	-10,049,655	-1,585,027	-11,634,682	-823,643	-70,933,827
Acquisition costs	-9,829,100	-9,266,832	-2,006,107	-11,272,939	-3,154,119	-540,589	-3,694,708	0	-24,796,747
Change in deferred acquisition costs	492,526	1,546,982	129,481	1,676,463	-348,189	262	-347,927	0	1,821,062
Other operating expenses	-2,042,477	-28,578,288	-8,921,686	-37,499,975	-6,547,347	-1,044,700	-7,592,047	-823,643	-47,958,142
Expenses for financial assets and liabilities	-1,723,386	-325,473	-42,993	-368,466	-71,535	-97,191	-168,726	0	-2,260,578
Impairment losses on financial assets not at fair value through profit or loss	-11,384	-1,171	-1,466	-2,637	-1,215	-21,651	-22,866	0	-36,887
Interest expense	-480,732	-243,974	-7,269	-251,243	-3,650	-7,603	-11,253	0	-743,228
Other investment expenses	-1,231,270	-80,328	-34,258	-114,586	-66,670	-67,937	-134,607	0	-1,480,463
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-3,081,513	-195	-3,081,708	0	-3,081,708
Other technical expenses	-932,221	-4,684,063	-2,543,133	-7,227,196	-191,338	-128,717	-320,055	-214	-8,479,686
Other expenses	-659	-493,997	-177,916	-671,913	-40	-2,949	-2,989	-437	-675,998
Profit/loss before tax	5,825,689	4,363,333	900,415	5,263,748	6,209,246	-290,075	5,919,171	-574,461	16,434,148
Income tax expense	-1,089,143	-936,807	-215,223	-1,152,030	-1,419,316	0	-1,419,316	0	-3,660,489
Net profit/loss for the period	4,736,546	3,426,526	685,192	4,111,718	4,789,930	-290,075	4,499,855	-574,461	12,773,659
Net profit/loss attributable to owners of the controlling company	4,736,546	3,426,526	703,900	4,130,426	4,789,930	-232,276	4,557,654	-574,461	12,850,166
Net profit/loss attributable to non-controlling interest	0	0	-18,708	-18,708	0	-57,799	-57,799	0	-76,507

Inter-segment business

(€)	Reinsurance business		Non-life insurance business		Life insurance business		Other	
	1-6/2015	1-6/2014	1-6/2015	1-6/2014	1-6/2015	1-6/2014	1-6/2015	1-6/2014
Net earned premiums	34,530,456	35,901,080	257,848	209,915	0	0	0	0
Net claims incurred	-14,429,163	-13,644,408	-39,161	-12,145	0	0	0	0
Operating expenses	-5,810,785	-6,070,271	-278,744	-781,563	-631,738	-22,207	-57,688	0
Investment income	100,999	103,993	2,192	3,910	0	0	0	-3,910
Other income	15,105	9,827	75,406	53,323	279	396	1,939,239	759,588

10.8 Notes to significant changes in the statement of financial position

10.8.1 Property and equipment

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

(€)	Land	Buildings	Equipment	Other property and equipment	Total
Cost					
01/01/2015	7,135,178	45,765,537	22,938,110	421,329	76,260,154
Additions	0	130,307	1,711,147	565	1,842,019
Disposals	0	-66,641	-570,989	0	-637,630
Impairment losses	0	-54,036	0	0	-54,036
Exchange differences	6,903	30,292	7,713	388	45,296
30/06/2015	7,142,081	45,805,459	24,085,981	422,282	77,455,803
Accumulated depreciation and impairment losses					
01/01/2015	0	14,795,679	16,765,604	225,234	31,786,517
Additions	0	603,377	1,231,605	16,170	1,851,152
Disposals	0	0	-479,143	0	-479,143
Impairment losses	0	-5,005	0	0	-5,005
Exchange differences	0	3,356	5,356	204	8,916
30/06/2015	0	15,397,406	17,523,422	241,608	33,162,437
Carrying amount as at 01/01/2015	7,135,178	30,969,858	6,172,506	196,095	44,473,638
Carrying amount as at 30/06/2015	7,142,081	30,408,053	6,562,559	180,674	44,293,367

10.8.2 Financial investments

In the first half of 2015, financial investments increased by € 27.5 million compared to year-end 2014, mainly because of positive cash flow from core operations, exchange gains and positive movements in the fair value reserve.

Financial investments at 30 June 2015

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative	Designated to this category			
30/06/2015						
Debt instruments	158,219,896	11,703,342		699,469,040	96,487,617	965,879,895
Deposits and CDs	0	0		0	95,662,575	95,662,575
Government bonds	158,219,896	2,203,435		318,357,995	0	478,781,326
Corporate bonds	0	9,499,907		381,111,045	0	390,610,952
Loans granted	0	0		0	825,042	825,042
Equity instruments	0	1,525,039		28,543,371	0	30,068,410
Shares	0	562,453		19,721,775	0	20,284,228
Mutual funds	0	962,586		8,821,596	0	9,784,182
Other investments	0	0		46,479	13,177	59,656
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0		0	6,135,265	6,135,265
Total	158,219,896	13,228,381		728,058,890	102,636,059	1,002,143,226
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,903,277	191,358,194		5,200,140	13,872,069	220,333,680

Financial investments at 31 December 2014

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative				
		Designated to this category				
31/12/2014						
Debt instruments	164,317,392	14,671,781		667,473,331	95,718,258	942,180,762
Deposits and CDs	524,367	0		0	95,045,252	95,569,619
Government bonds	163,793,025	4,284,914		318,868,931	0	486,946,870
Corporate bonds	0	10,386,867		348,604,400	0	358,991,267
Loans granted	0	0		0	673,006	673,006
Equity instruments	0	1,803,754		24,898,206	0	26,701,960
Shares	0	580,913		20,449,436	0	21,030,349
Mutual funds	0	1,222,841		4,448,770	0	5,671,611
Other investments	0	0		46,479	151,671	198,150
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0		0	5,587,510	5,587,510
Total	164,317,392	16,475,535		692,418,016	101,457,439	974,668,382
Investments for the benefit of life-insurance policyholders who bear the investment risk	10,096,564	178,717,684		3,815,356	10,283,455	202,913,059

10.8.3 Receivables

Receivables increased by € 28.3 million compared to year-end 2014. Receivables arising out of primary insurance business increased by € 14.3 million due to the annual renewal of insurance contracts with legal entities. There was also an increase of € 12.8 million in receivables arising out of reinsurance and co-insurance business, which is likewise a result of the annual renewal of reinsurance contracts with cedants and the timing of estimates made for reinsurance business. Other receivables rose by € 1.1 million and mostly relate to claims from the sale of investments.

Receivables by type

(€)	30/06/2015			31/12/2014		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	98,673,184	32,320,317	66,352,867	84,237,018	-31,697,371	52,539,647
Receivables from insurance brokers	2,514,043	-487,121	2,026,922	2,103,339	-518,685	1,584,654
Other receivables arising out of primary insurance business	259,806	-134,841	124,965	236,250	-127,527	108,723
Receivables arising out of primary insurance business	101,447,033	32,942,279	68,504,754	86,576,607	-32,343,583	54,233,024
Receivables for premiums arising out of reinsurance and co-insurance	65,040,395	-346,709	64,693,686	55,385,872	-537,862	54,848,010
Receivables for shares in claims payments	5,537,451	-85,282	5,452,169	3,994,006	-85,282	3,908,724
Other receivables from co-insurance and reinsurance	2,119,682	0	2,119,682	745,493	0	745,493
Receivables arising out of reinsurance and co-insurance business	72,697,528	-431,991	72,265,537	60,125,371	-623,144	59,502,227
Current tax assets	547,409	0	547,409	353,016	0	353,016
Other short-term receivables arising out of insurance business	27,934,041	24,000,952	3,933,089	29,340,157	-24,873,317	4,466,840
Receivables arising out of investments	1,772,427	-1,212,171	560,256	1,880,911	-1,213,352	667,559
Other receivables	8,522,756	-1,638,985	6,883,771	6,651,116	-1,478,629	5,172,487
Other receivables	38,229,224	26,852,108	11,377,116	37,872,184	-27,565,298	10,306,886
Total	212,921,194	60,226,378	152,694,816	184,927,178	-60,532,025	124,395,153

Movements in allowances for receivables

(€)	01/01/2015	Additions	Reversals	Write-offs	Exchange differences	30/06/2015
Receivables due from policyholders	-31,697,371	-970,121	194,833	179,195	-26,853	-32,320,317
Receivables from insurance brokers	-518,685	-1,138	33,502	105	-905	-487,121
Other receivables arising out of primary insurance business	-127,527	-7,033	0	0	-281	-134,841
Receivables arising out of primary insurance business	-32,343,583	-978,292	228,335	179,300	-28,039	-32,942,279
Receivables for premiums arising out of reinsurance and co-insurance	-537,862	-3,717	194,870	0	0	-346,709
Receivables for shares in claims payments	-85,282	0	0	0	0	-85,282
Receivables arising out of reinsurance and co-insurance business	-623,144	-3,717	194,870	0	0	-431,991
Other short-term receivables arising out of insurance business	-24,873,317	-493,926	1,097,690	274,783	-6,182	-24,000,952
Receivables arising out of investments	-1,213,352	-298	3,128	0	-1,649	-1,212,171
Other short-term receivables	-1,478,629	-182,684	24,267	0	-1,939	-1,638,985
Other receivables	-27,565,298	-676,908	1,125,085	274,783	-9,770	-26,852,108
Total	-60,532,025	-1,658,917	1,548,290	454,083	-37,809	-60,226,378

Ageing structure of receivables

(€)	Not past due	Past due up to 180 days	Past due more than 180 days	Total
30/06/2015				
Receivables due from policyholders	50,646,466	11,446,976	4,259,425	66,352,867
Receivables from insurance brokers	705,280	1,298,866	22,776	2,026,922
Other receivables arising out of primary insurance business	97,558	16,371	11,036	124,965
Receivables arising out of primary insurance business	51,449,304	12,762,213	4,293,237	68,504,754
Receivables for premiums arising out of assumed reinsurance and co-insurance	52,879,394	8,161,329	3,652,963	64,693,686
Receivables for reinsurers' shares in claims	1,991,373	2,677,227	783,569	5,452,169
Other receivables from co-insurance and reinsurance	251,472	1,707,685	160,525	2,119,682
Receivables arising out of reinsurance and co-insurance business	55,122,239	12,546,241	4,597,057	72,265,537
Current tax assets	547,409	0	0	547,409
Other short-term receivables arising out of insurance business	3,563,495	245,365	124,229	3,933,089
Short-term receivables arising out of financing	284,913	224,136	51,207	560,256
Other short-term receivables	5,553,461	462,540	867,770	6,883,771
Other receivables	9,401,869	932,041	1,043,206	11,377,116
Total	116,520,821	26,240,495	9,933,500	152,694,816

10.8.4 Technical provisions

Receivables increased by € 50.6 million compared to 31 December 2014. The largest increase was in gross unearned premiums (€ 42.7 million) as a result of underwriting timing during the year.

Movements in gross technical provisions

(€)	01/01/2015	Additions	Uses and releases	Exchange differences	30/06/2015
Gross unearned premiums	148,169,690	132,071,095	-89,452,411	131,792	190,920,166
Mathematical provisions	256,292,141	17,505,472	-16,340,939	42,073	257,498,747
Gross provision for claims	454,759,004	82,543,521	-81,806,448	5,025,192	460,521,269
Gross provision for bonuses, rebates and cancellations	854,819	660,486	-686,069	86	829,322
Other gross technical provisions	9,906,981	2,825,651	-1,958,644	1,373	10,775,361
Total	869,982,635	235,606,225	-190,244,511	5,200,516	920,544,865
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	195,684,631	26,318,387	-12,594,500	233	209,408,751

10.8.5 Other financial liabilities

Other financial liabilities increased based on the resolution of the general meeting of shareholders of Sava Reinsurance Company held on 28 May 2015 on the appropriation of € 9.1 million of distributable profit for the payment of dividends. This liability started to be discharged in the third quarter.

10.8.6 Liabilities from operating activities

In the first half of 2015, liabilities from operating activities increased by € 5.7 million compared to 31 December 2014, mainly due to an increase in liabilities for reinsurance premiums based on newly written reinsurance contracts.

(€)	30/06/2015	31/12/2014
Liabilities to policyholders	2,124,179	1,413,992
Liabilities to insurance intermediaries	2,018,686	1,870,402
Other liabilities from primary insurance business	7,509,330	8,443,983
Liabilities from primary insurance business	11,652,195	11,728,377
Liabilities for reinsurance and co-insurance premiums	12,423,806	5,254,890
Liabilities for shares in reinsurance claims	14,529,527	14,920,396
Other liabilities from co-insurance and reinsurance	13,566,812	12,690,761
Liabilities from reinsurance and co-insurance business	40,520,145	32,866,047
Current tax liabilities	2,943,535	4,770,373
Total	55,115,875	49,364,797

10.8.7 Net earnings/loss per share

The weighted average number of shares outstanding in the financial period was 16,484,972. At 30 June 2015, the controlling company owned 736,066 treasury shares, which are excluded when calculating the weighted average number of shares.

Net earnings/loss per share

(€)	1-6/2015	1-6/2014
Net profit/loss for the period	17,104,948	12,773,659
Net profit/loss for the period attributable to owners of the controlling company	17,106,884	12,850,166
Weighted average number of shares	16,484,972	16,873,019
Net earnings/loss per share	1.04	0.76

Comprehensive income per share

(€)	1-6/2015	1-6/2014
Comprehensive income for the period	10,809,002	22,168,696
Comprehensive income for the period attributable to owners of the controlling company	10,823,376	22,226,634
Weighted average number of shares	16,484,972	16,873,019
Comprehensive income per share	0.66	1.32

10.8.8 Fair values of assets and liabilities

Financial assets measured at fair value by hierarchy level

30/06/2015 (€)	Level 1	Level 2	Level 3
At fair value through P/L	2.908.711	10.319.670	0
Designated to this category	2.908.711	10.319.670	0
Debt instruments	1.383.672	10.319.670	0
Available-for-sale	58.023.196	664.781.349	5.254.345
Debt instruments	34.734.170	664.734.870	0
Equity instruments	23.289.026	0	5.254.345
Other investments	0	46.479	0
Total	60.931.907	675.101.019	5.254.345
Investments for the benefit of life-insurance policyholders who bear the investment risk	180.271.099	16.287.235	0

31/12/2014 (€)	Level 1	Level 2	Level 3
At fair value through P/L	6,088,668	10,386,867	0
Designated to this category	6,088,668	10,386,867	0
Debt instruments	4,284,914	10,386,867	0
Equity instruments	1,803,754	0	0
Available-for-sale	369,781,166	317,998,601	4,638,249
Debt instruments	350,627,830	316,845,501	0
Equity instruments	19,153,336	1,106,621	4,638,249
Other investments	0	46,479	0
Total	375,869,834	328,385,468	4,638,249
Investments for the benefit of life-insurance policyholders who bear the investment risk	178,717,684	3,815,356	0

Movements in level 3 financial assets in the period 1 January to 30 June 2015

(€)	Opening balance	Additions	Closing balance
Available-for-sale	4,638,249	616,096	5,254,345
Equity instruments	4,638,249	616,096	5,254,345
Total	4,638,249	616,096	5,254,345

Disclosure of the fair value of assets shown in the statement of financial position at amortized cost or at cost

30/06/2015 (€)	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Held-to-maturity assets		158,219,896	173,927,316	
Debt instruments	30/06/2015	158,219,896	173,927,316	market price
Loans and receivables		102,636,059	102,589,206	
Debt instruments	30/06/2015	96,487,617	96,440,764	carrying amount is a good approximation of the market value because assets are short-term
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	30/06/2015	6,135,265	6,135,265	carrying amount is a good approximation of the market value because assets are short-term
Other investments	30/06/2015	13,177	13,177	carrying amount is a good approximation of the market value because assets are short-term
Real estate		42,579,797	38,843,734	
Land and buildings used in insurance operations	30/06/2015	37,550,134	32,584,797	DCF / comparable sales
Investment property	30/06/2015	5,029,663	6,258,937	DCF / comparable sales
Total		303,435,752	315,360,256	

31/12/2014 (€)	Date of fair value	Carrying amount at	Fair value at	Determination of fair
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	measurement	reporting date	reporting date	values
Held-to-maturity assets		164,317,392	181,791,187	
Debt instruments	31/12/2014	164,317,392	181,791,187	market price
Loans and receivables		101,457,439	105,967,728	
Debt instruments	31/12/2014	95,718,258	100,228,547	carrying amount is a good approximation of the market value because assets are short-term
Deposits with cedants	31/12/2014	5,587,510	5,587,510	carrying amount is a good approximation of the market value because assets are short-term
Other investments	31/12/2014	151,671	151,671	
Real estate		43,208,362	38,969,095	
Land and buildings used in insurance operations	31/12/2014	38,105,037	32,548,415	DCF / comparable sales
Investment property	31/12/2014	5,103,325	6,420,680	DCF / comparable sales
Total		308,983,193	326,728,010	

Movements in the fair value of land and buildings in the six months to 30 June 2015

(€)	Opening balance	Acquisitions	Disposals	Exchange differences	Closing balance
Land and buildings used in insurance operations	32,548,415	118,583	-66,641	-15,560	32,584,797
Investment property	6,420,680	553	-60,264	-102,032	6,258,937
Total	38,969,095	119,136	-126,905	-117,592	38,843,734

Reclassification of assets and financial liabilities between levels in the six months to 30 June 2015

(€)	Level 1	Level 2
At fair value through P/L	-819,763	-819,763
<i>Designated to this category</i>	-819,763	-819,763
Debt instruments	-819,763	-819,763
Available-for-sale	-247,996,037	247,996,037
Debt instruments	-247,996,037	247,996,037
Total	-248,815,801	247,176,274

In the first half-year, the Group reclassified part of its securities from Level 1 to Level 2. The reclassification included debt securities totalling € 253.2 million. In addition, debt securities totalling € 5.2 million were reclassified from Level 2 to Level 1. The reclassification was made in accordance with the revised method of determining fair value adopted by the Group at the end of the half-year.

At the end of 2014, the Group valued its assets based on stock market prices and Bloomberg Generic prices (market-consensus prices) obtained through the Bloomberg information system. At the end of the half-year, it started using stock prices and BVAL prices, also obtained through the Bloomberg information system (Bloomberg Valuation Service). Since there is no significant difference between the two methods, there was no significant effect on the amount of investments, while the impact on the classification within the hierarchy is shown in the table above.

11 RELATED-PARTY DISCLOSURES

Fixed salaries of management board members for performing their function in the first six months of 2015 totalled € 305,935 (1–6/2014: € 234,229). Variable remuneration amounted to € 100,660 (1–6/2014: € 106,831). Fringe benefits were € 18,850 (1–6/2014: € 13,455).

Remunerations paid to supervisory board members and members of the supervisory board audit committee in the first half of 2015 totalled € 70,985 (1–6/2014: € 65,104).

Remuneration paid to management board members in 1–6/2015

(€)	Gross salary – fixed amount	Gross salary – variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Zvonko Ivanušič	84,467	31,872	3,101	5,268	124,708
Jošt Dolničar	72,491	28,680	2,526	1,440	105,137
Srečko Čebtron	76,487	28,680	2,614	1,326	109,107
Mateja Treven	72,491	11,428	2,574	0	86,493
Total	305,935	100,660	10,816	8,034	425,445

Liabilities to management board members

(€)	30/06/2015	31/12/2014
Zvonko Ivanušič	6,157	6,087
Jošt Dolničar	5,616	6,052
Srečko Čebtron	6,281	5,570
Mateja Treven	5,986	5,699
Total	24,039	23,408

Remuneration paid to members of the supervisory board and the auditing committee in 1–6/2015

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total
Supervisory board members					
Branko Tomažič	chairman of the SB	1,375	9,750	1,099	12,224
Mateja Lovšin Herič	deputy chair of the SB	1,375	7,150	0	8,525
Slaven Mičković	member of the SB	1,375	6,500		7,875
Martin Albreht	member of the SB	1,375	5,778		7,153
Gorazd Andrej Kunstek	member of the SB	1,375	6,500		7,875
Keith William Morris	member of the SB	1,375	6,500	5,646	13,521
Helena Dretnik	member of the SB		722		722
Total supervisory board members		8,250	42,900	6,745	57,894
Audit committee members					
Mateja Lovšin Herič	chair of the AC	1,100	2,438		3,538
Slaven Mičković	member of the AC	1,100	1,625		2,725
Ignac Dolenšek	external member		6,713	116	6,829
Total audit committee members		2,200	10,775	116	13,091

Liabilities to members of the supervisory board and the audit committee

As at 30 June 2015, liabilities to members of the supervisory board and audit committee totalled € 11,890 (31/12/2014: € 9,238).

Transactions with subsidiaries

Investments in and amounts due from Group companies

(€)		30/06/2015	31/12/2014
Debt securities and loans granted to Group companies	gross	3,439,707	4,334,953
	allowance	0	0
	net	3,439,707	4,334,953
Receivables for premiums arising out of reinsurance assumed	gross	19,185,394	13,031,175
	allowance	0	0
	net	19,185,394	13,031,175
Short-term receivables arising out of financing	gross	42,375	15,985
	allowance	0	0
	net	42,375	15,985
Other short-term receivables	gross	208,990	4,369
	allowance	0	0
	net	208,990	4,369
Short-term deferred acquisition costs	gross	5,648,017	4,248,370
	allowance	0	0
	net	5,648,017	4,518,719
Total		28,524,483	21,905,201

Liabilities to Group companies

(€)	30/06/2015	31/12/2014
Liabilities for shares in reinsurance claims due to Group companies	6,192,802	9,435,525
Other liabilities from co-insurance and reinsurance	4,027,921	3,291,946
Other short-term liabilities	139,173	36,553
Total (excl. provisions)	10,359,896	12,764,024

Income and expenses relating to Group companies

(€)	1-6/2015	1-6/2014
Gross premiums written	34,788,304	35,901,081
Gross claims payments	-14,468,324	-15,735,794
Income from gross recourse receivables	651,330	2,091,386
Other operating expenses	-408,114	-57,494
Dividend income	12,894,956	10,050,880
Interest income	-100,494	103,993
Acquisition costs	-8,050,569	-7,278,747
Other technical income	18,235	7,648
Other non-life income	24,405	2,179
Total	25,349,729	25,085,132

Transactions with associates

Operating income and expenses relating to associate companies

(€)	1-6/2015	1-6/2014
Income from shares in associates	79,250	131,217
Additional pension insurance premium	-35,642	-34,111
Total	43,608	97,106

Transactions with the state and majority state-owned entities

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

(€)	30/06/2015	31/12/2014
Interests in companies	10,086,346	11,927,070
Debt securities and loans	300,560,584	321,587,815
Receivables due from policyholders	752,955	83,729
Total	311,399,885	333,598,614

Liabilities to the state and majority state-owned companies

(€)	30/06/2015	31/12/2014
Liabilities for shares in claims	7,695	72,282
Total	7,695	72,282

Income and expenses relating to majority state-owned companies

(€)	1-6/2015	1-6/2014
Gross premiums written	8,858,894	7,138,937
Gross claims payments	-3,901,699	-7,631,350
Interest income	5,891,666	6,210,534
Other investment income	801,304	130,100
Total	11,434,462	5,848,221

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

**UNAUDITED CONDENSED
FINANCIAL STATEMENTS OF SAVA
REINSURANCE COMPANY**

12 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

12.1 Unaudited statement of financial position

(€)	30/06/2015	31/12/2014
ASSETS	589,113,980	547,413,684
Intangible assets	593,655	467,423
Property and equipment	2,465,304	2,462,814
Deferred tax assets	427,658	1,040,593
Investment property	114,597	115,492
Financial investments in subsidiaries and associates	190,672,851	189,641,994
Financial investments:	260,394,690	241,524,533
- loans and deposits	29,464,953	25,586,465
- held to maturity	2,022,399	2,074,001
- available for sale	226,563,641	208,238,543
- at fair value through profit or loss	2,343,697	5,625,524
Reinsurers' share of technical provisions	30,376,322	30,863,647
Receivables	90,373,776	71,484,165
Receivables arising out of reinsurance and co-insurance business	89,539,513	71,298,397
Current tax assets	2,659	0
Other receivables	831,604	185,768
Deferred acquisition costs	12,735,431	9,003,998
Other assets	399,502	296,684
Cash and cash equivalents	560,194	512,342
EQUITY AND LIABILITIES	589,113,980	547,413,684
Equity	264,172,734	258,135,674
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	116,121,746	115,977,201
Treasury shares	-10,247,024	-10,115,023
Fair value reserve	3,022,918	4,341,739
Retained earnings	12,769,646	15,713,039
Net profit/loss for the period	16,409,315	6,122,585
Subordinated liabilities	23,514,424	23,499,692
Technical provisions	240,006,188	216,658,049
Unearned premiums	63,305,574	39,088,756
Provision for outstanding claims	176,477,054	177,331,493
Other technical provisions	223,560	237,800
Other provisions	297,783	273,590
Other financial liabilities	9,136,195	74,429
Liabilities from operating activities	48,910,825	46,148,390
Liabilities from reinsurance and co-insurance business	48,383,615	43,682,228
Current income tax liabilities	527,210	2,466,162
Other liabilities	3,075,831	2,623,860

12.2 Unaudited income statement

(€)	1–6/2015	1–6/2014
Net earned premiums	56,386,830	56,860,672
Gross premiums written	90,272,783	82,121,227
Written premiums ceded to reinsurers and co-insurers	-12,464,221	-11,009,497
Change in gross unearned premiums	-24,216,818	-17,269,406
Change in unearned premiums for the reinsurance and co-insurance part	2,795,086	3,018,348
Income from investments in subsidiaries and associates	12,854,219	10,050,880
Investment income	10,319,866	4,565,462
Interest income	2,357,729	2,225,687
Other investment income	7,962,137	2,339,775
Other technical income	5,679,098	1,569,662
Commission income	1,403,995	896,282
Other income	4,275,103	673,379
Other income	1,488	12,716
Net claims incurred	-39,374,478	-35,429,719
Gross claims payments less income from recourse receivables	-40,205,310	-36,602,271
Reinsurers' and co-insurers' shares	3,258,803	2,259,300
Change in the gross claims provision	854,439	-8,684,923
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-3,282,410	7,598,176
Expenses for bonuses and rebates	14,241	72,575
Operating expenses	-19,464,293	-19,231,711
Acquisition costs	-18,635,112	-17,107,847
Change in deferred acquisition costs	3,731,433	1,758,494
Other operating expenses	-4,560,614	-3,882,358
Expenses for financial assets and liabilities	-4,162,681	-1,723,386
Impairment losses on financial assets not measured at fair value through profit or loss	0	-11,384
Interest expenses	-471,118	-480,732
Diverse other expenses	-3,691,563	-1,231,270
Other technical expenses	-3,599,147	-901,898
Other expenses	0	-335
Profit/loss before tax	18,655,143	15,844,916
Income tax expense	-2,101,283	-1,089,143
Net profit/loss for the period	16,553,860	14,755,773
Net diluted earnings/loss per share	1.00	0.87

12.3 Unaudited statement of comprehensive income

(€)	1–6/2015	1–6/2014
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	16,553,860	14,755,773
OTHER COMPREHENSIVE INCOME, NET OF TAX	-1,318,821	3,915,827
a) Items that will not be reclassified subsequently to profit or loss	-3,193	0
Other items that will not be reclassified subsequently to profit or loss	-3,193	0
b) Items that may be reclassified subsequently to profit or loss	-1,315,628	3,915,827
Net gains/losses on remeasuring available-for-sale financial assets	-796,281	4,717,874
Net change recognised in the fair value reserve	249,561	4,966,315
Net change transferred from fair value reserve to profit or loss	-1,045,842	-248,441
Tax on items that may be reclassified subsequently to profit or loss	-519,347	-802,047
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	15,235,039	18,671,600

12.4 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the six months to 30 June 2015

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1–12)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other					
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Closing balance in the previous financial year	71,856,376	54,239,757	14,986,525	10,115,023	845,522	10,000,000	80,030,132	4,341,739	15,713,039	6,122,585	-10,115,023	258,135,674
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	10,115,023	845,522	10,000,000	80,030,132	4,341,739	15,713,039	6,122,585	-10,115,023	258,135,674
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	-1,318,821	0	16,553,860	0	15,235,039
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	16,553,860	0	16,553,860
b) Other comprehensive income	0	0	0	0	0	0	0	-1,318,821	0	0	0	-1,318,821
Net purchase/sale of treasury shares	0	0	0	132,001	0	0	0	0	0	-132,001	-132,001	-132,001
Payout of (accounting for) dividends	0	0	0	0	0	0	0	0	-9,065,978	0	0	-9,065,978
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	12,543	0	0	0	0	-12,543	0	0
Transfer of profit	0	0	0	0	0	0	0	0	6,122,585	-6,122,585	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	10,247,024	858,065	10,000,000	80,030,132	3,022,918	12,769,646	16,409,315	-10,247,024	264,172,734

Unaudited statement of changes in equity for the six months to 30 June 2014

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1–12)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other					
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Closing balance in the previous financial year	71,856,376	54,239,757	14,986,525	1,774	800,075	10,000,000	73,952,993	253,020	12,717,998	7,382,026	-1,774	246,188,770
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	1,774	800,075	10,000,000	73,952,993	253,020	12,717,998	7,382,026	-1,774	246,188,770
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	3,915,827	0	14,755,773	0	18,671,600
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	14,755,773	0	14,755,773
b) Other comprehensive income	0	0	0	0	0	0	0	3,915,827	0	0	0	3,915,827
Net purchase/sale of treasury shares	0	0	0	3,895,639	0	0	0	0	0	-3,895,639	-3,895,639	-3,895,639
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	20,463	0	0	0	0	-20,463	0	0
Transfer of profit	0	0	0	0	0	0	0	0	7,382,026	-7,382,026	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	3,897,413	820,538	10,000,000	73,952,993	4,168,847	20,100,024	10,839,671	-3,897,413	260,964,732

12.5 Unaudited statement of cash flows

(€)	1-6/2015	1-6/2014
A. Cash flows from operating activities		
a.) Items of the income statement	17,793,681	15,548,844
Net premiums written in the period	77,808,562	71,111,730
Investment income (other than financial income), financed from:	880	41,177
- technical provisions	880	3,201
- other sources	0	37,975
Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	5,680,586	1,582,378
Net claims payments in the period	-36,946,507	-34,342,971
Expenses for bonuses and rebates	14,241	72,575
Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-23,063,502	-20,886,336
Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-149	-38,333
- technical sources	-131	-24,283
- other sources	-18	-14,050
Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-3,599,147	-902,233
Tax on profit and other taxes not included in operating expenses	-2,101,283	-1,089,143
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	-15,521,341	-11,455,367
Change in receivables from reinsurance	-16,080,575	-17,892,876
Change in other receivables and other assets	-4,936,687	-2,803,432
Change in deferred tax assets	612,935	775,074
Change in liabilities arising out of reinsurance business	5,181,383	7,436,478
Change in other operating liabilities	-737,773	707,028
Change in other liabilities (except unearned premiums)	439,376	322,361
c.) Net cash from/used in operating activities (a + b)	2,272,340	4,093,478
B. Cash flows from investing activities		
a.) Cash receipts from investing activities	113,004,535	208,323,243
Interest received from investing activities relating to:	2,357,729	2,225,687
- investments financed from technical provisions	2,047,590	1,950,203
- other investments	310,139	275,483
Proceeds from dividends and shares in the profit of others, relating to:	13,427,054	10,531,711
- investments financed from technical provisions	270,868	233,783
- other investments	13,156,186	10,297,929
Proceeds from sale of property and equipment, financed from:	2,336	6,260
- other sources	2,336	6,260
Proceeds from sale of long-term financial investments, financed from:	53,210,234	33,054,730
- technical provisions	46,671,139	28,432,059
- other sources	6,539,095	4,622,672
Proceeds from sale of short-term financial investments, financed from:	44,007,182	162,504,854
- technical provisions	34,468,547	99,515,032
- other sources	9,538,635	62,989,822
b.) Cash disbursements in investing activities	-113,595,047	-205,600,380
Purchase of intangible assets	-141,832	-1,773
Purchase of property and equipment, financed from:	-135,374	-179,250
- other sources	-135,374	-179,250
Purchase of long-term financial investments, financed from:	-61,383,132	-47,125,903
- technical provisions	-32,528,580	-36,927,874
- other sources	-28,854,552	-10,198,029
Purchase of short-term financial investments, financed from:	-51,934,709	-158,293,454
- technical provisions	-33,149,484	-101,177,207
- other sources	-18,785,225	-57,116,247
c.) Net cash from/used in investing activities (a + b)	-590,512	2,722,863
C. Cash flows from financing activities		
b.) Cash disbursements in financing activities	-1,633,976	-6,701,688
Interest paid	-471,118	-480,732
Repayment of long-term financial liabilities	0	-6,220,956
Repayment of short-term financial liabilities	-1,030,857	0
Own share repurchases	-132,001	0
c.) Net cash from/used in financing activities (a + b)	-1,633,976	-6,701,688
C2. Closing balance of cash and cash equivalents	560,194	242,916
Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	47,852	114,652
C2. Opening balance of cash and cash equivalents	512,342	128,265

Appendix - Glossary of selected
terms and calculation
methodologies for indicators

Appendix – Glossary of selected terms and calculation methodologies for indicators

Administrative expense ratio. The ratio of operating expenses net of acquisition costs and change in deferred acquisition costs as a percentage of gross premiums written.

Associate. 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.

Book value per share. Ratio of total equity to number of shares outstanding.

Capital fund. Assets representing the capital of the Company.

Cedant, cede, cession. 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.

Chief Operating Decision Maker (CODM). 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.

Claims payments. 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. **Gross claims paid are gross claims payments less subrogation receivables. Net claims paid is short for net claims payments.**

Claims risk. The risk that the number of claims or the average claim amount will be higher than expected.

Composite insurer. Insurer that writes both life and non-life business.

Concentration risk. The risk that due to excessive concentration of investments in a geographic area, economic sector or issuer, unfavourable movements could result in a concurrent decrease in the value of investments.

Consolidated book value per share. Ratio of consolidated total equity to number of shares outstanding.

Consolidated earnings per share. Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.

Credit risk. The risk that issuers or other counter-parties will fail to meet their obligations to the Group. The Group assesses concentration risk as part of credit risk.

Currency risk. The risk that changes in exchange rates will decrease the value of assets denominated in foreign currencies or increase liabilities denominated in foreign currencies.

Earnings per share. Ratio of net profit/loss as a percentage of the weighted average number of shares outstanding.

Equity risk. The risk that the value of investments will decrease due to fluctuations in equity markets. Also equity securities risk.

Excess of loss reinsurance. 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".

Facultative reinsurance. 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.

FATCA. Foreign Account Tax Compliance Act; for details see <http://www.sava-re.si/en/o-druzbi/FATCA/>

Financial investments. Financial investments do not include financial investments in associates, investment property nor cash and cash equivalents.

Gross claims paid. 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.

Gross expense ratio. The ratio of operating expenses as a percentage of gross premiums written.

Gross incurred loss ratio. 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.

Gross operating expenses. Operating expenses, excluding commission income.

Gross premiums written. 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.

Gross/net. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.

Guarantee fund. One third of the required solvency margin.

IBNER. Provision for claims that are **Incurred But Not Enough Reported**.

IBNR. Provision for claims that are **Incurred But Not Reported**.

Insurance density. The ratio of gross premiums written as a percentage of the number of inhabitants.

Insurance penetration. The ratio of gross premiums written as a percentage of gross domestic product.

Interest rate risk. The risk of exposure to losses resulting from fluctuations in interest rates. These can cause a decrease in investments or an increase in liabilities.

Investment portfolio. The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.

Liability fund. Assets covering technical provisions.

Life insurance liability fund. Assets covering mathematical provisions.

Liquidity risk. The risk that an entity will not have sufficient liquid assets to meet its obligations as they fall due, and will have to sell its less liquid assets at an inopportune time or raise loans outside the schedule.

Market risks. Include interest rate risk, equity risk and currency risk.

Net claims incurred. Net claims payments (short: net claims paid) in the period gross of the change in the net provision for outstanding claims.

Net claims paid. 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. **Gross claims paid are gross claims payments less subrogation receivables.**

Net combined ratio. Ratio of total expenses net of investment expenses as a percentage of total income net of investment income.

Net expense ratio. The ratio of operating expenses, net of commission income, as a percentage of net earned premiums.

Net incurred loss ratio. Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned.

Net investment income of the investment portfolio. 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 unrealized gains/losses on investments of life insurance policyholders who bear the investment risk as these do not affect the income statement. These items move in line with the mathematical provision of policyholders who bear the investment risk.

Net operating expenses. Operating expenses net of commission income.

Net premiums earned. Net premiums written for a given period adjusted for the change in net unearned premiums.

Net premiums written. 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.

Net retention risk. The risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience.

Net/gross. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.

Non-proportional reinsurance (excess reinsurance). 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.

Paid loss ratio. The ratio of gross claims paid as a percentage of gross premiums written.

Premiums written. 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.

Pricing risk. The risk that (re)insurance premiums charged will be insufficient to cover future obligations arising from (re)insurance contracts.

Primary insurer. Insurance company that has a direct contractual relationship with the holder of the insurance policy (private individual, firm or organization).

Proportional reinsurance. 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.

RBNS. Provision for claims that are **Reported But Not Settled**.

Recourse receivables. Amount of recourse claims which were recognized 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.

Required solvency margin. The minimum solvency margin capital requirement calculated in accordance with the rules based on Solvency I. The capital level representing the first threshold that triggers measures related to the Insurance Supervision Agency in the event that it is breached.

Reserving risk. The risk that technical provisions will be inadequate.

Retention ratio. Ratio of net premiums written as a percentage of gross premiums written.

Retention. 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.

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

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

Return on the investment portfolio. The ratio of net investment income of the investment portfolio to average invested assets. It includes the following statement of financial position items: investment property, financial investments in subsidiaries and associates, financial investments and cash and cash equivalents. The average amount is calculated based on figures at the financial statement date and at the end of the prior year.

Solvency ratio. The ratio of the available solvency margin as a percentage of the required solvency margin.

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

Total comprehensive income, net of tax. 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 recognized in the income statement that affect equity, mainly through the fair value reserve.

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

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