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**TRANSLATION OF THE
UNAUDITED FINANCIAL REPORT OF THE
SAVA RE GROUP AND
SAVA REINSURANCE COMPANY D.D.
FOR THE SIX MONTHS TO 30 JUNE 2013**

Ljubljana, 30 August 2013

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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 Sava Reinsurance Company d.d. for the Six Months to 30 June 2013.

The Unaudited Financial Report of the Sava Re Group and Sava Reinsurance Company d.d. for the Six Months to 30 June 2013 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 30 August 2013.

1.1 Summary of key performance indicators

(€)	Sava Re Group		Sava Reinsurance Company	
	1–6/2013	1–6/2012	1–6/2013	1–6/2012
Gross premiums written	190,099,377	158,499,574	87,091,112	94,760,029
Change on 31 December	19.9%	6.7%	-8.1%	10.3%
Net premiums earned	154,820,763	118,739,876	62,607,269	63,409,918
Change on 31 December	30.4%	1.4%	-1.3%	4.9%
Gross claims paid	86,505,849	62,949,264	37,531,327	33,970,129
Change on 31 December	37.4%	-0.3%	10.5%	-0.2%
Net claims incurred	90,334,537	68,460,939	37,180,880	37,558,962
Change on 31 December	32.0%	3.1%	-1.0%	8.3%
Net incurred loss ratio	59.7%	57.8%	59.4%	59.2%
Operating expenses including reinsurance commission income	52,902,919	42,410,389	20,473,003	22,152,370
Change on 31 December	24.7%	1.2%	-7.6%	14.4%
Net expense ratio	34.2%	35.7%	32.7%	34.9%
Net combined ratio (total expenses/total income; except from investments)	96.1%	96.1%	92.6%	94.1%
Net investment income including finance costs	18,185,970	8,824,705	5,814,099	1,854,298
Net investment income excl. finance costs	18,921,188	9,600,575	6,438,321	2,630,168
Profit/loss for the period	19,228,480	10,304,211	9,170,038	4,582,351
Change on 31 December	86.6%	158.2%	100.1%	8.6%
Comprehensive income	12,402,946	15,991,618	6,596,812	8,340,389
Return on equity	9.6%	6.6%	5.1%	2.8%
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
Total assets	1,402,110,990	640,591,738	496,901,112	463,035,873
Change on 31 December	118.9%	10.1%	7.3%	11.0%
Shareholders' equity	228,399,440	171,353,442	181,386,623	174,789,811
Change on 31 December	33.3%	15.7%	3.8%	10.3%
Net technical provisions	999,116,194	349,759,210	201,067,433	184,400,328
Change on 31 December	185.7%	8.3%	9.0%	10.9%
No. of employees (full-time equivalent basis)	2,419	1,534	68	70

*The net investment income does not include income/expenses of 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.

**The calculation of ratios is explained in the appended glossary.

Sava Reinsurance Company started consolidating Zavarovalnica Maribor as of 1 May 2013, which had a major impact on the Sava Re Group accounting statements.

1.2 Company profile of Sava Reinsurance Company

Company name:	Pozavarovalnica Sava, d. d./ Sava Reinsurance Company
Registered office:	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard):	(01) 47 50 200
Facsimile:	(01) 47 50 264
E-mail:	info@sava-re.si
Website:	www.sava-re.si
Company ID number:	5063825
Tax number:	17986141
Share capital:	€ 39,069,099
Shares:	9,362,519 no-par-value shares
Governance and supervision bodies:	<u>MANAGEMENT BOARD:</u> Zvonko Ivanušič (chairman) Jošt Dolničar Srečko Čebren Mateja Treven <u>SUPERVISORY BOARD</u> Branko Tomažič (chairman) Mateja Lovšin Herič (deputy chair) Slaven Mičković Gregor Hudobivnik Martin Albreht (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register:	28 Dec 1990 Ljubljana District Court
Certified auditor:	Ernst & Young d.o.o., Dunajska 111 1000 Ljubljana Slovenia
Largest shareholder and holding:	Slovenska odškodninska družba, d.d. 25% + 1 share (2,340,631 no-par value shares)
AM Best ratings:	A– /stable/; October 2012
S&P ratings:	BBB+ /negative/; November 2012 BBB+ /stable/; July 2013
The Company has no branches.	

1.3 Bodies of the Company

The 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 its meeting of 20 May 2013, the supervisory board of Sava Reinsurance Company reappointed the current four-member management board – consisting of Zvonko Ivanušič (chairman), Srečko Čebren, Jošt Dolničar and Mateja Treven. The new term of office of the chairman and all three other Board members will run for five years, beginning 1 June 2013.

Members of the management board as at 30 June 2013:

Member	Title	Term of office	Beginning of term of office
Zvonko Ivanušič	Chairman	5 years	1 Jun 2013
Srečko Čebren	Member	5 years	1 Jun 2013
Jošt Dolničar	Member	5 years	1 Jun 2013
Mateja Treven	member	5 years	1 Jun 2013

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

Zvonko Ivanušič:

-  Banka Celje, d.d., Vodnikova cesta 2, 3000 Celje – Deputy Chairman of the Supervisory Board.

Jošt Dolničar:

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

The supervisory board


In the three months to 30 June 2013, there were no changes in the composition of the supervisory board. On 15 January 2013, Samo Selan resigned as supervisory board member representing employee interests. The workers' council appointed Andrej Gorazd Kunstek new member of the supervisory board (employee representative) for the period 23 January 2013 – 10 June 2015.

Composition of the supervisory board at 30 June 2013:

Member	Title
Branko Tomažič	chairman
Mateja Lovšin Herič	deputy chairperson
Slaven Mičković	member
Gregor Hudobivnik	member
Martin Albreht	member (employee representative)
Andrej Gorazd Kunstek	member (employee representative)

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

Branko Tomažič:

-  Daimond, d.d., Žnidarčičeva ulica 19, Šempeter pri Gorici – supervisory board member.

Gregor Hudobivnik:

S ABANKA SKLADI, družba za upravljanje, d.o.o., Pražakova ulica 8, Ljubljana – chairman of the supervisory board.

S ANEPREMIČNINE, trgovanje z lastnimi nepremičninami, d.o.o., Dunajska cesta 167, Ljubljana – member of the supervisory board.

Supervisory board committees

The audit committee

In the three months to 30 June 2013, there were no changes in the composition of the supervisory board audit committee.

Members of the supervisory board audit committee at 30 June 2013:

Member	Title
Mateja Lovšin Herič	chairperson
Slaven Mičkovič	member
Blanka Vezjak	external member

The nomination committee

In the three months to 30 June 2013, there were no changes in the composition of the supervisory board nomination committee.

Members of the supervisory board nomination committee at 30 June 2013:

Member	Title
Branko Tomažič	chairman
Mateja Lovšin Herič	member
Vesna Razpotnik	external member

The general meeting of shareholders

There was one general meeting of shareholders held in the three months to 30 June 2013. On 11 January 2013, the 26th general meeting of Sava Reinsurance Company took place at the Horus Hall of the Austria Trend Hotel in Ljubljana. The general meeting passed a resolution on increasing the Company's capital through monetary contributions.

In the meeting, a challenging action was announced but was subsequently not filed.

1.4 Significant events in the first half of 2013

- S** On 11 January 2013, the 26th general meeting of shareholders of Sava Reinsurance Company was held. The resolution on the increase in share capital determined that the issue price (bid price) per new share was to be not less than € 7 and not more than € 9. The issue price for one newly issued share was to be determined by the management board of Sava Reinsurance Company, subject to consent of the supervisory board, while the total issue amount of all newly issued shares as per the resolution was not to exceed € 55,000,001, with regard to which the final number of newly issued shares was to be adjusted accordingly. Newly issued shares were offered to the public in several rounds, in accordance with regulations applicable to the financial instruments market, where in the first round shares were offered to all existing shareholders. Existing shareholders had the right to subscribe and pay in newly issued shares in proportion to their existing holdings in Sava Reinsurance Company. Newly issued shares not subscribed and paid in in the first round were offered by the management board of Sava Reinsurance Company, subject to consent by the supervisory board, for subscription to all the public or part of the public or third parties in subsequent round(s).
- S** On 11 February 2013, Sava Reinsurance Company received a decision of the Insurance Supervision Agency on the increase in the qualifying shareholding in Zavarovalnica Maribor based on which the Company could directly acquire voting rights and shares of Zavarovalnica Maribor of 50% or more. Furthermore, the Insurance Supervision Agency issued an approval for Sava Reinsurance Company and the Slovenian Restitution Fund so that they could jointly and directly acquire, based on their share purchase agreement titled "Agreement on rights associated with Zavarovalnica Maribor shares" voting rights and shares in the equity of Zavarovalnica Maribor of 50 percent or more.
- S** On 25 February 2013, Sava Reinsurance Company received a decision from the Slovenian Competition Protection Agency stating that the Agency did not object to the announced concentration of Sava Reinsurance Company and Zavarovalnica Maribor and that such concentration was in compliance with competition rules.
- S** On 28 March 2013, the Belgrade companies register agency entered the capital increase in the subsidiary life insurer Sava životno osiguranje, resulting in share capital of RSD 344,060,419. The recapitalisation of Sava životno osiguranje, owned 99.9% by Sava Reinsurance Company, involved the subscription of 85,760 new shares for a total amount of RSD 47,201,446.
- S** On 9 April 2013, Sava Reinsurance Company received notice from the Slovenian Competition Protection Agency that the decision of the Competition Protection Agency dated 20 February 2013 had become final on 28 March 2013. The date 28 March 2013 marked the cumulative fulfilment of all suspensive conditions of the Purchase and Sale Agreement ("Agreement on the Purchase and Sale of Zavarovalnica Maribor Shares") signed by the Slovenian Restitution Fund d.d. and Sava Reinsurance Company as one party and Nova Kreditna banka Maribor d.d. as the other party on 11 December 2012. This date also marked the beginning of the 30-day time period within which the purchase price as set out in the Purchase and Sale Agreement was to be settled.
- S** On 25 April 2013, all conditions of the Purchase and Sale Agreement were fulfilled for its implementation. This means that on that day Sava Reinsurance Company acquired 1,468,175 shares of Zavarovalnica Maribor. This triggered the enforcement of the Option Agreement.
- S** On 26 April 2013, Sava Reinsurance Company announced, in accordance with the provisions of the Slovenian Takeovers Act (ZPre-1), its intention to take over all shares

of Zavarovalnica Maribor not owned by the Company itself nor by the Slovenian Restitution Fund.

- S** On 8 May 2013, Sava Reinsurance Company obtained a decision from the Slovenian Securities Market Agency on the approval of the Prospectus for the Offering of New Shares of Sava Reinsurance Company ("the Prospectus") and on 9 May 2013 a decision on the correction of the operative part of the decision dated 8 May 2013, for the offering of no more than 7,857,143 new shares of Sava Reinsurance Company (with ticker POSR) for a maximum total issue amount of € 50,000,001 in the Republic of Slovenia. On 9 May 2013, Sava Reinsurance Company published the Prospectus. Thereby the procedure for the public offering of new shares of Sava Reinsurance Company officially commenced. In the period up until 20 May 2013, Sava Reinsurance Company collected non-binding bids from invited Existing Shareholders, Large Investors, Institutional Investors and an Invited Investor. Existing shareholders were able to exercise their pre-emptive rights from 23 May 2013 to 6 June 2013. The second and third rounds of subscribing and paying-in new shares were held from 10 June 2013 to 17 June 2013 and 21 June 2013 (end of third round), respectively. More detailed information on the offering are set out in the Prospectus available from the Company's website www.sava-re.si.
- S** On 20 May 2015, the management board of Sava Reinsurance Company, with the consent of the supervisory board, determined the price at which interested investors paid in newly issued share at € 7.
- S** In its meeting of 20 May 2013, the supervisory board of Sava Reinsurance Company reappointed the current four-member management board – consisting of Zvonko Ivanušič (chairman), Srečko Čebren, Jošt Dolničar and Mateja Treven. The term of office of the first three listed Board members was to expire at the end of the year, while that of Mateja Treven was to expire on 3 February 2016. The new term of office of the chairman and all three other board members will run for five years, beginning on 1 June 2013.
- S** On 21 May 2013, Sava Reinsurance Company received a decision of the Slovenian Securities Market Agency, confirming the Takeover Bid and Prospectus for the acquisition of Zavarovalnica Maribor shares. On 22 May 2013, Sava Reinsurance Company publicly announced its Takeover Bid, which was valid from 24 May 2013 to 24 June 2013 noon.

1.5 Significant events after the reporting period

- S** After the successful completion of the capital increase, the purchase of the remaining shares of Zavarovalnica Maribor and following the annual rating review, on 5 July 2013 Standard & Poor's (S&P), in accordance with its criteria for insurers, affirmed the existing "BBB+" ratings with stable outlook and removed the ratings from CreditWatch with negative implications.
- S** On 12 July 2013, the 27th general meeting of Sava Reinsurance Company shareholders took place at the Horus hall of the Austria Trend Hotel. The general meeting appointed four members of the supervisory board representing shareholder interests for a four-year term of office, beginning 15 July 2013. The members of the supervisory board representing shareholder interests in the new term of office are Branko Tomažič, Mateja Lovšin Herič, Keith Morris and Slaven Mičković. Among other things, the general meeting was presented the annual report for 2012, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2012 with the opinion of the supervisory board thereto. The general meeting resolved that distributable profit of

€ 12,717,998.16 should remain undistributed and discharged both the management and the supervisory board from their liability for the financial year 2012. The general meeting appointed the auditing firm Ernst & Young d.o.o., Dunajska 111, Ljubljana, as auditor for the 2013 financial year. The general meeting was also informed that Andrej Gorazd Kunstek replaced Samo Selan as supervisory board member representing employee interests as from January 2013. No challenging actions were announced in the general meeting.

S On 8 July 2013, the Company successfully concluded the procedure of increasing its share capital and published the results of its share offering. In the offering of new shares of Sava Reinsurance Company, carried out in accordance with the general meeting resolutions passed on 11 January 2013 and with the provisions of the Prospectus for the offering of new shares of the Company, all offered shares, i.e. 7,857,143 POSR shares, were subscribed and fully paid up at the price of € 7.00 per share, in the total issue amount of € 55,000,001.00. The new shares – new share capital of € 71,856,376.23 – were entered in the register of companies on 11 July 2013; on 17 July the shares were registered in the clearing and deposit corporation (KDD) and on 18 July, they were listed on the Ljubljana stock exchange. On 11 July 2013, an entry was made into the register of companies on the amendment to the articles of association of Sava Reinsurance Company, as adopted by the supervisory board as per the authorisation given in the 26th general meeting of shareholders to bring the wording in line with the capital increase carried out by the Company.

S Pursuant to the Agreement on Rights Associated with Zavarovalnica Maribor Shares concluded with the Slovenian Restitution Fund (SOD), on 12 July 2013 Sava Reinsurance Company exercised its call option for 4,882,813 shares of Zavarovalnica Maribor at a price of € 10.4919 per share, in total € 51,229,985.71. Thus Sava Reinsurance Company increased its stake in Zavarovalnica Maribor to 99.87%.

S On 19 July 2013, Sava Reinsurance Company paid out the price difference on the bid price to the accepting parties in the takeover procedure for Zavarovalnica Maribor, in accordance with the Takeovers Act. In accordance with the Takeover Bid of 23 May 2013, the offered price of the offeror for one share of the offeree company was € 10.24. On 12 July 2013, Sava Reinsurance Company exercised its call option against the Slovenian Restitution fund (SOD) for Zavarovalnica Maribor shares at a price of € 10.4919 per share.

S In its meeting on 20 July 2013, the new supervisory board members met in a constitutive meeting and re-elected Branko Tomažič chairman of the supervisory board and Mateja Lovšin Herič deputy chairman. Furthermore, the supervisory board appointed from among its members two members to the audit committee: Mateja Lovšin Herič as chair and Slaven Mićković as member. Ignac Dolenšek was elected third, independent external member of the supervisory board audit committee.

S The Zavarovalnica Maribor supervisory board in its session held on 22 July 2013 considered changes in its management board. The supervisory board passed a resolution to remove Drago Cotar from the position of chairman of the management board. Furthermore, the supervisory board was presented with the resignation of Marko Planinšec from the position of management board member. These changes became effective on 22 July 2013. Furthermore, a resolution was passed to decrease the number of Zavarovalnica Maribor management board members from five to four members, of which one member would be an employee representative (labour director). David Kastelic, former Zavarovalnica Maribor management board member, was appointed chairman of the Zavarovalnica Maribor management board, effective as from 22 July 2013. Borut Celcer and Srečko Čarni would also remain on the management board, the former as deputy chairman, the latter as labour director. As

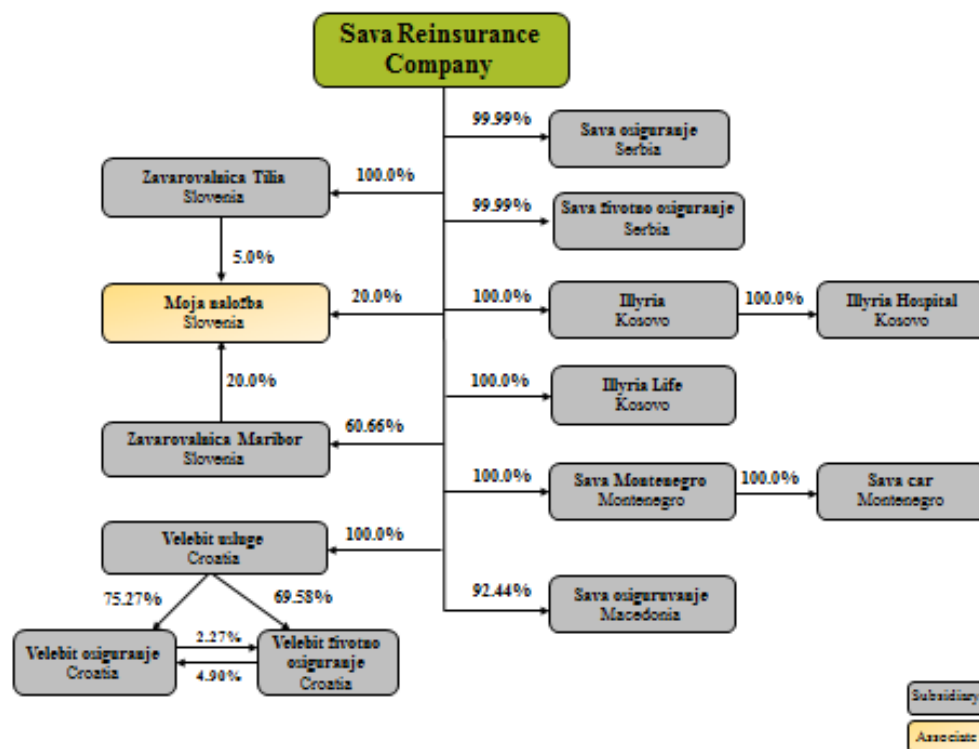
new, fourth Zavarovalnica Maribor management board member, the supervisory board appointed Rok Moljk, who will be responsible for general affairs, organisation and relationships with the parent and the Sava Re Group, effective as of 22 July 2013. He will assume his new position on the Zavarovalnica Maribor management board upon obtaining the relevant licence from the Insurance Supervision Agency.

- S** On 19 August 2013, the general meeting of Zavarovalnica Maribor passed a resolution to squeeze out minority interest. Following the entry of this resolution into the register of companies, all shares not owned by Sava Reinsurance Company (hereinafter majority shareholder) would be transferred to the majority shareholder against payment of compensation of € 10.4919 per share.

1.6 Sava Re Group structure including associate companies

At 30 June 2013, 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 countries of the former Yugoslavia as well as one associate company, a pension company based in Slovenia.

Sava Re Group structure including associate companies at 30 June 2013

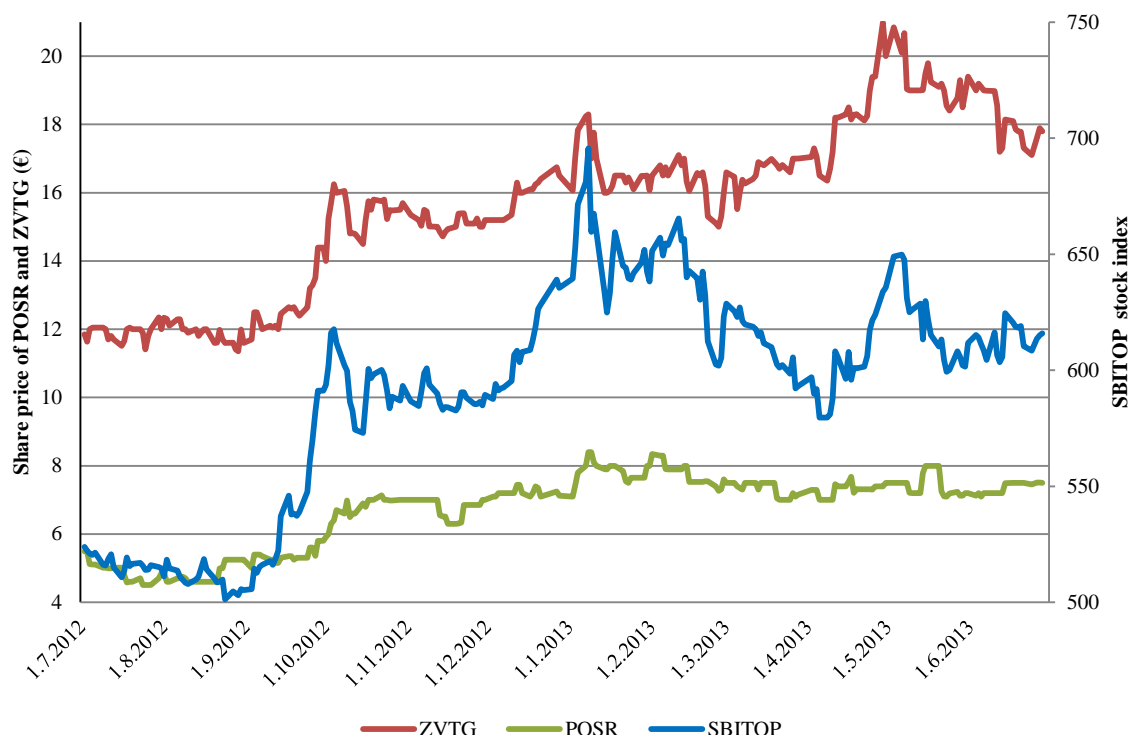


Company names of subsidiary and associate companies

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

2 SHAREHOLDERS AND SHARE TRADING

Movements in the POSR share price in the period 1 July 2012 – 30 June 2013 compared to the Zavarovalnica Triglav share and the SBITOP share index



Basic details about the POSR share

	30 Jun 2013	30 Jun 2012
Share capital	39,069,099	39,069,099
No. of issued shares	9,362,519	9,362,519
Ticker symbol	POSR	POSR
No. of shareholders	4,945	4,992
Type of share	ordinary	ordinary
Listing	Ljubljana Stock Exchange, prime market	Ljubljana Stock Exchange, prime market
No. of treasury shares held directly and indirectly*	416,643	210
Net earnings per share (€)**	1.00	0.49
Consolidated net earnings per share (€)	2.06	1.14
Book value per share (€)***	19.74	17.82
Consolidated book value per share (€)	24.86	17.52
Share price at end of period (€)	7.50	5.49
	1–6/2013	1–6/2012
Average share price in reporting period (€)	7.50	5.40
Minimum share price in reporting period (€)	7.00	5.00
Maximum share price in reporting period (€)	8.40	6.10
Trade volume in reporting period (€)	4,912,491	1,193,400

*Sava Reinsurance Company owns 210 treasury shares directly and indirectly via Zavarovalnica Maribor a further 416,433 shares. On 28 June 2013, Zavarovalnica Maribor sold 70,000 POSR shares, but the transaction was cleared only in July 2013.

**Net earnings/loss per share = net profit/loss attributable to controlling interest for the period / average no. of shares outstanding.

***Book value per share = equity at 30 June / average no. of shares outstanding.

The controlling company paid no interim dividend in 2013. In this period, the controlling company did not have conditional equity. At 30 June 2013, 94.1% of shareholders were Slovenian and 5.9% were foreign. The largest shareholder of POSR shares is the Slovenian Restitution Fund (SOD) with 25.0% plus one share.

Top ten shareholders of Sava Reinsurance Company at 30 June 2013

Shareholder	No. of shares	Holding
Slovenska odškodninska družba, d.d.	2,340,631	25.00%
Abanka d.d.	655,000	7.00%
Poteza naložbe d.o.o. - in bankruptcy proceedings	468,125	5.00%
Pišljari Marjan	445,626	4.76%
Nova KBM d.d.	435,925	4.66%
Zavarovalnica Maribor	416,433	4.45%
SOP Ljubljana	346,269	3.70%
Societe Generale - Splitska banka d.d.	326,461	3.49%
Modra Zavarovalnica d.d. - ZVPS	320,346	3.42%
KD Galileo, flexible investment structure	250,754	2.68%
Total	6,005,570	64.14%

Shareholder structure of Sava Reinsurance Company at 30 June 2013

	Domestic investors	Foreign investors
Other financial institutions	30.20%	2.60%
Insurers and pension companies	16.80%	0.00%
Natural persons	18.60%	0.20%
Banks	14.50%	4.80%
Investment funds and mutual funds	8.70%	1.60%
Other commercial companies	2.00%	0.00%
Total	90.80%	9.20%

The "Other financial institutions" item includes the Slovenian Restitution Company with a holding of 25% plus one share.

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

SAVA RE GROUP INTERIM BUSINESS REPORT

3 SAVA RE GROUP BUSINESS RESULTS

Sava Reinsurance Company started full consolidation of Zavarovalnica Maribor on 1 May 2013, which means that only two months of operations of the insurer were included in the half-yearly consolidated financial statements. The inclusion of Zavarovalnica Maribor also made the consolidated financial statements as at 30 June 2013 not comparable to those as at 31 December 2012. Before 1 May 2013, the insurer was included in the consolidated financial statements using the equity method. Due to said non-comparability, information on the consolidation effect on various performance aspects was included in the business report as part of this interim report.

Given the size of the effect of the inclusion of Zavarovalnica Maribor in the Sava Re Group, operating segments were subsequently broken down also geographically ("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 (for the former only for the period May–June) – the majority of the remaining transactions related to Sava Reinsurance Company's business in international reinsurance markets.

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

- 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 applied 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 corrected only in the part relating to the risks of subsidiaries retroceded by Sava Reinsurance Company to foreign reinsurers.
- Profit from investments in equity-accounted associates was reallocated to the segment from which it arose (attribution of profit earned by Zavarovalnica Maribor, accounted for using the equity method in the first five months of the year, was partly allocated to the non-life segment and partly to the life segment). The same applied to the income from revaluation of the 48.68% stake of the insurer held by Sava Reinsurance Company before acquiring a majority stake, which was allocated to the non-life and life segments. Said revaluation was an accounting adjustment to fair value recognised only in the consolidated financial statements.
- Other operating expenses of the reinsurance segment were reduced by the portion of costs attributable to the administration of the Sava Re Group. Sava Reinsurance Company operates as a virtual holding company, for which reason a portion of its

costs are related to the administration of the Group. This portion was reallocated from the reinsurance segment to other segments using the gross premium key.

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

- 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 the subsidiary acquisition from which it arose).
- Reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – the same logic was applied as is described under point one of corrections to the income statement items.
- 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).

Reallocation of certain items will enhance transparency of profitability calculations for individual operating segments.

In the text below, we provide comments to unconsolidated amounts of operating segments as these are comparable to last year's figures.

3.1 Reinsurance business

To a large degree, this segment reflects developments of business written abroad.

With consolidated figures it needs to be noted that Sava Reinsurance Company started full consolidation of Zavarovalnica Maribor on 1 May 2013 and that income and expense figures are included only for May and June 2013. Figures for the reinsurance segment are affected in such a way that reinsurance premiums received from Zavarovalnica Maribor for May and June were eliminated (while included for January–April).

Summary consolidated income statement; reinsurance business

(€)	1–6/2013	1–6/2012
Net premiums earned	52,720,903	55,148,705
Investment income	5,189,919	4,821,935
Other technical income	293,539	2,012,302
Other income	5,968	4,816
Net claims incurred	-31,798,711	-32,883,031
Expenses for bonuses and rebates	9,804	24,197
Operating expenses	-15,361,410	-19,037,952
Expenses for financial assets and liabilities	-2,253,173	-3,295,151
Other technical expenses	-980,732	-963,932
Other expenses	-4,812	-5
Profit/loss before tax	7,821,295	5,831,883
Underwriting result	4,883,393	4,300,288
Investment result	2,936,746	1,526,784

Net premiums earned

Consolidated net premiums earned; reinsurance business

(€)	1–6/2013	1–6/2012	Index
Total gross premiums written	68,941,365	81,519,044	84.6
Total net premiums written	64,762,090	72,961,010	88.8
Change in net unearned premiums	-12,041,187	-17,812,305	67.6
Net premiums earned	52,720,903	55,148,705	95.6

Unconsolidated net premiums earned; reinsurance business

(€)	1–6/2013	1–6/2012	Index
Total gross premiums written	87,091,111	94,760,029	91.9
Total net premiums written	76,298,300	83,262,847	91.6
Change in net unearned premiums	-13,691,031	-19,852,930	69.0
Net premiums earned	62,607,269	63,409,917	98.7

Unconsolidated gross premiums of the reinsurance segment dropped by 8.1% year-on-year. Gross premiums written in Slovenia fell by 9.3% due to reduced quota share participation, while international premiums shrank by 7.3%. The largest drop in absolute terms was experience in Italy, Malaysia and in the Czech Republic; the largest growth in China. The drop in foreign-sourced premiums is both a result of cancellation of treaties that did not meet profitability criteria and a smaller amount of business offered due to the S&P rating downgrade.

Net premiums written moved in line with gross premiums written in the first half year 2013. Because of the smaller premium volume, the increase in net unearned premiums is smaller than in the first half of last year; as a result net premiums earned shrank slower than in the prior year first half-year.

Net claims incurred

Consolidated net claims incurred; reinsurance business

(€)	1–6/2013	1–6/2012	Index
Total gross claims paid	28,057,140	29,491,264	95.1
Total net claims paid	27,660,604	27,505,056	100.6
Change in the net provision for outstanding claims	4,138,107	5,377,975	76.9
Net claims incurred	31,798,711	32,883,031	96.7

Unconsolidated net claims incurred; reinsurance business

(€)	1–6/2013	1–6/2012	Index
Total gross claims paid	37,531,327	33,970,129	110.5
Total net claims paid	34,207,508	31,711,516	107.9
Change in the net provision for outstanding claims	2,973,372	5,847,446	50.8
Net claims incurred	37,180,880	37,558,962	99.0

Unconsolidated gross claims paid relating to the reinsurance segment increased 10.5% year-on-year as a result of increases in both Slovenian gross claims as well as international gross claims. In 2012, Slovenia was hit by floods in November, while the international portfolio was affected by a number of smaller claims (first half 2013 claims include claim payments for Japanese losses of 2012).

The net incurred loss ratio stood at 59.4%, largely retaining its level year-on-year (1–6/2012: 59.2%).

Operating expenses

Consolidated operating expenses; reinsurance business

(€)	1–6/2013	1–6/2012	Index
Acquisition costs	14,833,307	17,061,494	86.9
Change in deferred acquisition costs (+/-)	-1,587,805	239,988	-661.6
Other operating expenses	2,115,908	1,736,470	121.9
Gross operating expenses	15,361,410	19,037,952	80.7
Income from reinsurance commission	353,755	-924,649	-38.3
Net operating expenses	15,715,165	18,113,304	86.8

Unconsolidated operating expenses; reinsurance business

(€)	1–6/2013	1–6/2012	Index
Acquisition costs	18,952,448	20,439,273	92.7
Change in deferred acquisition costs (+/-)	-1,922,174	-191,552	1003.5
Other operating expenses	3,838,464	3,144,782	122.1
Gross operating expenses	20,868,738	23,392,503	89.2
Income from reinsurance commission	-395,735	-1,240,133	31.9
Net operating expenses	20,473,003	22,152,370	92.4

Unconsolidated acquisition costs decreased by 7.3% year-on-year, which is in line with the trend of gross premiums written (8.1% drop). The change in deferred acquisition costs was much larger after 6 months of 2013 than after 6 months of 2012, especially because of the large amount of Asian business written mostly in the second quarter of the year.

Other operating expenses increased somewhat year-on-year as a consequence of costs incurred due to Zavarovalnica Maribor.

The decrease in reinsurance commission income is a result of sliding scale commission returns under the surplus reinsurance treaty for Slovenian cedants for 2012 hit by the November 2012 floods.

Technical provisions

Movements in consolidated gross technical provisions; reinsurance business

(€)	30 Jun 2013	31 Dec 2012	Index
Gross unearned premiums	30,812,439	36,718,702	83.9
Gross provision for claims	108,617,262	157,537,505	68.9
Other gross technical provisions	7,136	50,884	14.0
Total gross technical provisions	139,436,837	194,307,091	71.8

Movements in unconsolidated gross technical provisions; reinsurance business

(€)	30 Jun 2013	31 Dec 2012	Index
Gross unearned premiums	60,394,108	44,050,792	137.1
Gross provision for claims	171,157,508	172,250,806	99.4
Other gross technical provisions	195,226	192,524	101.4
Total gross technical provisions	231,746,842	216,494,122	107.0

Unconsolidated gross unearned premiums at 30 June 2013 increased year-on-year in spite of the 8.1% drop in gross premiums written. This is in line with normal interim movement of unearned premiums as large risks are generally renewed on 1 January of each year and for these, unearned premiums are higher during the year than at the year-end.

Unconsolidated gross technical provisions of Sava Reinsurance Company decreased by 0.6% at 30 June 2013 (against a 10.5% increase in gross claims paid) due to claim payments made from provisions.

Financial investments and investments in associates

Financial investments relating to reinsurance business increased by € 3.8m compared to 31 December 2012.

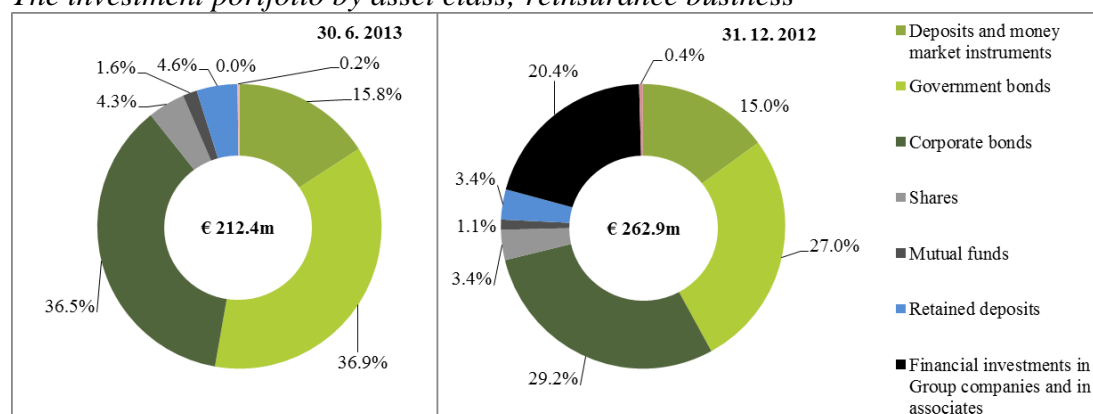
Balance on the investment portfolio; reinsurance business

(€)	30 Jun 2013	31 Dec 2012	Index
Deposits and money market instruments	33,646,568	39,461,664	85.3
Government bonds	78,441,677	71,009,095	110.5
Corporate bonds	77,539,831	76,652,324	101.2
Shares	9,032,154	9,054,028	99.8
Mutual funds	3,442,571	3,011,136	114.3
Other	666	999	66.7
Retained deposits	9,855,124	9,016,183	109.3
Total financial investments	211,958,591	208,205,429	101.8
Financial investments in Group companies and in associates	0	53,529,752	0.0
Investment property	155,087	156,253	99.3
Cash and cash equivalents	312,535	1,012,672	30.9
Total investment portfolio	212,426,213	262,904,106	80.8

The investment structure of financial investments changed both for deposits and bonds. This is because Sava Reinsurance Company decided to reduce its exposure to the Slovenian banking sector due to its unstable position. Therefore, the Company reinvested matured deposits in foreign government and corporate bonds.

Financial investments in Group companies and associates decreased by € 53.5m due to the acquisition of Zavarovalnica Maribor, which the controlling company is now fully consolidating.

The investment portfolio by asset class; reinsurance business



3.2 Non-life insurance business

Net premiums earned

Summary consolidated income statement; non-life insurance business

(€)	Non-life business – Slovenia		Non-life business – intern.	
	1–6/2013	1–6/2012	1–6/2013	1–6/2012
Net premiums earned	59,440,312	33,305,699	23,440,543	23,651,605
Income from investments in associates	5,912,064	2,097,723	0	0
Investment income	2,673,178	1,251,515	1,728,821	2,153,188
Other technical income	1,383,372	859,730	666,010	735,611
Other income	399,612	13,964	387,942	291,566
Net claims incurred	-38,431,154	-19,429,247	-10,353,070	-12,924,108
Change in other technical provisions	-1,011,948	-2,639	0	2,948
Expenses for bonuses and rebates	-168,075	-61,018	-158,084	-113,403
Operating expenses	-19,392,342	-10,397,266	-11,246,372	-11,025,417
Expenses for financial assets and liabilities	-707,471	-71,037	-129,577	-406,820
Other technical expenses	-1,765,114	-1,330,041	-2,675,506	-2,533,304
Other expenses	-81,847	-4,834	-191,918	-355,631
Profit/loss before tax	8,250,586	6,232,549	1,468,788	-523,765
Underwriting result	55,051	2,945,218	-326,480	-2,206,068
Investment result	7,877,771	3,278,201	1,599,244	1,746,368

Consolidated net premiums earned; non-life insurance business

(€)	1–6/2013	1–6/2012	Index
Total gross premiums written	101,858,450	70,466,416	144.5
Total net premiums written	92,206,037	64,850,254	142.2
Change in net unearned premiums	-9,325,182	-7,892,950	118.1
Net premiums earned	82,880,855	56,957,304	145.5

Gross unconsolidated non-life premiums of Sava Re Group companies

(€)	1–6/2013	1–6/2012	Index
Zavarovalnica Maribor (non-life)	109,355,128	114,686,935	95.4
Zavarovalnica Tilia (non-life)	45,574,944	43,098,955	105.7
Sava Montenegro	5,626,508	5,517,319	102.0
Sava osiguranje, Belgrade	5,524,365	5,517,765	100.1
Sava osiguruvanje, Skopje	5,464,907	5,343,471	102.3
Velebit osiguranje	4,997,765	4,701,620	106.3
Illyria	4,815,333	6,396,167	75.3
Total	181,358,950	185,262,232	97.9

Almost all Group companies grew their gross non-life insurance business. The drop in gross premiums written experienced by Zavarovalnica Maribor was due to market circumstances (drop in average motor premium, trend towards smaller coverage, loss of major animal insurance customer); Illyria's portfolio also shrank due to the loss of a major customer.

Consolidated non-life premiums by region

(€)	1–6/2013	1–6/2012	Index
Slovenia	75,431,607	42,994,162	175.4
International	26,426,843	27,472,254	96.2
Total	101,858,450	70,466,416	144.5

Non-life premiums from Slovenia grew mainly because of the inclusion of Zavarovalnica Maribor into the Sava Re Group from 1 May 2013. Gross premiums written of Zavarovalnica Maribor included in the consolidated statements totalled € 30m.

Net claims incurred

Consolidated net claims incurred; non-life insurance

(€)	1–6/2013	1–6/2012	Index
Total gross claims paid	49,563,259	30,311,685	163.5
Total net claims paid	45,789,417	29,509,901	155.2
Change in the net provision for outstanding claims	2,994,808	2,843,455	105.3
Net claims incurred	48,784,225	32,353,356	150.8

Gross non-life insurance claims paid of Sava Re Group companies

(€)	1–6/2013	1–6/2012	Index
Zavarovalnica Maribor (non-life)	57,196,666	49,361,343	115.9
Zavarovalnica Tilia (non-life)	20,959,622	17,242,977	121.6
Sava osiguruvanje, Skopje	2,506,859	3,670,967	68.3
Illyria	2,415,899	3,311,438	73.0
Sava osiguranje, Belgrade	2,037,730	2,324,042	87.7
Velebit osiguranje	1,673,547	1,686,508	99.2
Sava Montenegro	1,629,051	2,074,491	78.5
Total	88,419,374	79,671,766	111.0

Nearly all Group companies experienced growth in gross premiums written against a drop in gross claims paid. The largest drop in absolute terms was recorded by the Macedonian non-life insurer, the largest increase by Zavarovalnica Tilia.

Consolidated non-life insurance claims by region

(€)	1–6/2013	1–6/2012	Index
Slovenia	39,303,412	17,242,961	227.9
International	10,259,847	13,068,724	78.5
Total	49,563,259	30,311,685	163.5

As with gross premiums written, the growth in Slovenian gross claims paid is a result of the inclusion of Zavarovalnica Maribor figures for two months (€ 18.4m). Gross claims paid for international business were lower, indicating improvements in both the underwriting as well as the claims handling process in the markets of the former Yugoslavia.

Operating expenses

Consolidated operating expenses; non-life insurance

(€)	1–6/2013	1–6/2012	Index
Acquisition costs	12,188,693	10,322,185	118.1
Change in deferred acquisition costs (+/-)	-1,128,342	-918,834	122.8
Other operating expenses	19,578,364	12,019,332	162.9
Gross operating expenses	30,638,715	21,422,683	143.0
Reinsurance commission income	-1,059,156	-566,829	186.9
Net operating expenses	29,579,558	20,855,854	141.8

Group companies were successful in containing acquisition costs in the first half of 2013, maintaining them on the same level as in the first half of 2012. Acquisition costs relating to Zavarovalnica Maribor totalled € 2.3m.

Other operating expenses increased by about € 7.4m, mainly due to Zavarovalnica Maribor (€ 6.4m).

Technical provisions

Movements in consolidated gross technical provisions; non-life business

(€)	30 Jun 2013	31 Dec 2012	Index
Gross unearned premiums	154,669,541	53,567,417	288.7
Gross provision for claims	293,877,201	90,403,112	325.1
Other gross technical provisions	15,602,938	3,437,343	453.9
Total gross technical provisions	464,149,680	147,407,872	314.9

Gross unearned premiums relating to non-life insurance business increased significantly from the beginning of the year due to consolidation of Zavarovalnica Maribor. A major change in gross unearned premiums was also recorded by Zavarovalnica Tilia where the balance increased by € 9.2m due to normal interim movements.

Gross claims provisions also maintained the level held at the prior year-end. Consolidated claims provisions grew mainly due to Zavarovalnica Maribor (30 June 2013: € 217.5m).

Financial investments

The balance on the investment portfolio increased by € 268.0m compared to 31 December 2012. The increase is mostly due to the acquisition of Zavarovalnica Maribor, resulting in increased investment portfolio relating to non-life business of € 262.9m.

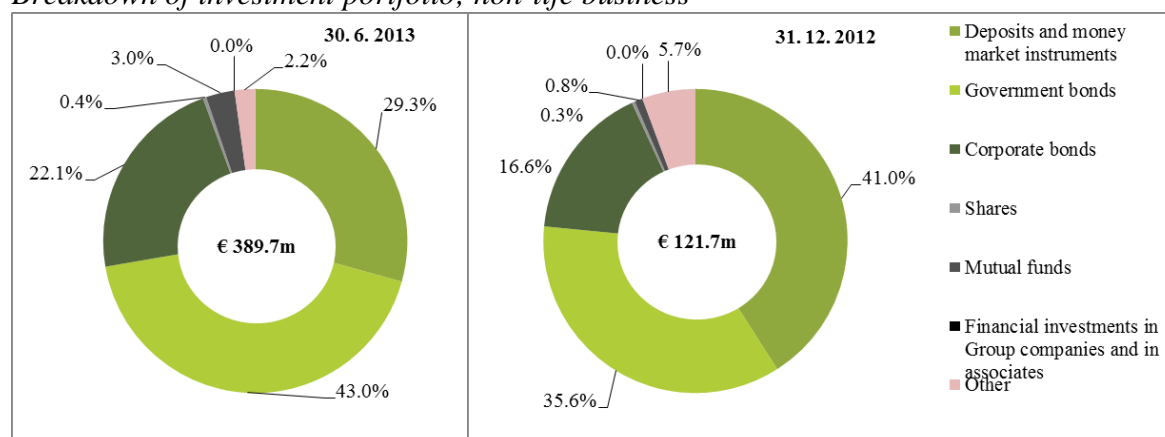
Breakdown of investment portfolio; non-life business

(€)	30 Jun 2013			31 Dec 2012			Index		
	Slovenia	International	Total	Slovenia	International	Total	Slovenia	International	Total
Deposits and money market instruments	83,449,721	30,773,264	114,222,985	19,479,228	30,346,882	49,826,110	428.4	101.4	229.2
Government bonds	145,250,604	22,225,682	167,476,286	21,742,684	21,545,565	43,288,249	668.0	103.2	386.9
Corporate bonds	85,139,138	1,046,419	86,185,557	18,214,806	1,986,483	20,201,289	467.4	52.7	426.6
Shares	1,092,683	322,924	1,415,607	0	402,464	402,464	0.0	80.2	351.7
Mutual funds	10,961,874	894,226	11,856,100	901,501	130,109	1,031,610	1,216.0	687.3	1,149.3
Other	683,605	435,610	1,119,215	10,653	434,690	445,343	6,417.0	100.2	251.3
Total financial investments	326,577,625	55,698,125	382,275,750	60,348,872	54,846,193	115,195,065	541.1	101.6	331.9
Investment property	718,762	4,342,547	5,061,309	348,391	4,437,367	4,785,758	206.3	97.9	105.8
Cash and cash equivalents	750,510	1,573,306	2,323,816	122,119	1,557,273	1,679,392	614.6	101.0	138.4
Total investment portfolio	328,046,897	61,613,978	389,660,875	60,819,382	60,840,833	121,660,215	539.4	101.3	320.3

The breakdown of the investment portfolio compared to 31 December 2012 changed mainly relating to deposits and bonds. This change is partly related to the acquisition of Zavarovalnica Maribor, which invested 70.2% of its assets in bonds, and partly to the fact that

Zavarovalnica Tilia lowered its deposit holdings by € 10m, which were largely reinvested in highly rated government bonds.

Breakdown of investment portfolio; non-life business



3.3 Life insurance business

Summary consolidated income statement; life insurance business

(€)	LIFE Slovenia		LIFE Intern.	
	1-6/2013	1-6/2012	1-6/2013	1-6/2012
Net premiums earned	17,249,208	5,089,534	1,969,797	1,544,333
Income from investments in associates	3,990,890	1,104,907	0	0
Investment income	4,015,168	2,348,123	366,446	433,637
Other technical income	164,387	140	48,406	39,636
Other income	-3,938	0	37,749	12,360
Net claims incurred	-9,493,844	-3,018,973	-257,757	-205,579
Change in other technical provisions	-375,011	273,162	-633,466	-466,315
Change in technical provisions for policyholders who bear the investment risk	-472,119	-1,536,215	-2,295	-2,510
Expenses for bonuses and rebates	1,310	0	0	0
Operating expenses	-5,585,087	-1,769,896	-1,691,080	-1,543,841
Expenses for financial assets and liabilities	-5,150,257	-1,422,727	-197,038	-97,144
Other technical expenses	-164,837	-7,123	-122,605	-99,344
Other expenses	-1	-1	-1,713	-2,369
Profit/loss before tax	4,175,869	1,060,932	-483,556	-387,136
Underwriting result	-1,345,391	-379,921	-689,200	-733,643
Investment result	5,525,199	1,440,853	169,608	336,516

Net premiums earned

Consolidated net premiums earned; life insurance business

(€)	1–6/2013	1–6/2012	Index
Total gross premiums written	19,299,562	6,514,114	296.3
Total net premiums written	19,157,586	6,481,153	295.6
Change in net unearned premiums	61,419	152,714	40.2
Net premiums earned	19,219,005	6,633,867	289.7

Gross unconsolidated life premiums of Sava Re Group companies

(€)	1–6/2013	1–6/2012	Index
Zavarovalnica Maribor (life)	37,938,359	38,585,040	98.3
Zavarovalnica Tilia (life)	4,754,026	5,039,292	94.3
Velebit životno osiguranje	882,568	642,202	137.4
Illyria Life	647,733	467,967	138.4
Sava životno osiguranje	433,444	364,653	118.9
Total	44,656,130	45,099,154	99.0

Gross life premiums written grew in all Group companies except in Zavarovalnica Maribor and in Zavarovalnica Tilia. Although life premiums in Zavarovalnica Maribor shrank, the decline was smaller than market average where first half 2013 life premiums declined by 3.26% year-on-year.

Consolidated life premiums by region

(€)	1–6/2013	1–6/2012	Index
Slovenia	17,335,817	5,039,292	344.0
International	1,963,745	1,474,822	133.2
Total	19,299,562	6,514,114	296.3

Life premiums from Slovenia grew significantly because of the consolidation of Zavarovalnica Maribor as from 1 May 2013. Gross life premiums written of Zavarovalnica Maribor included in the consolidated statements totalled € 12.6m. Foreign-sourced premiums increased in the first half of 2013 year-on-year as all non-Slovenian Group life insurers recorded premium growth.

Net claims incurred

Consolidated net claims incurred; life insurance business

(€)	1–6/2013	1–6/2012	Index
Total gross claims paid	8,885,450	3,146,315	282.4
Total net claims paid	8,833,055	3,146,315	280.7
Change in the net provision for outstanding claims	918,546	78,237	1174.1
Net claims incurred	9,751,601	3,224,552	302.4

Gross unconsolidated life insurance claims of Sava Re Group companies

(€)	1–6/2013	1–6/2012	Index
Zavarovalnica Maribor (life)	20,493,798	17,427,210	117.6
Zavarovalnica Tilia (life)	2,544,120	2,973,947	85.5
Velebit životno osiguranje	114,124	120,772	94.5
Sava životno osiguranje	64,007	34,746	184.2
Illyria Life	53,337	16,850	316.5
Total	23,269,386	20,573,525	113.1

Consolidated life insurance claims by region

(€)	1–6/2013	1–6/2012	Index
Slovenia	8,653,982	2,973,947	291.0
International	231,468	172,368	134.3
Total	8,885,450	3,146,315	282.4

As with gross premiums written, the growth in Slovenian gross claims paid is a result of the inclusion of Zavarovalnica Maribor figures for two months (€ 6.1m). Gross claims on foreign-sourced business went up partly because Serbian and Kosovan life insurers saw an increase in surrenders and partly because policies written in 2008 and 2009 started to mature (5-year policies).

Operating expenses

Consolidated operating expenses; life insurance business

(€)	1–6/2013	1–6/2012	Index
Acquisition costs	2,607,318	1,769,572	147.3
Change in deferred acquisition costs (+/-)	358,310	39,742	901.6
Other operating expenses	4,310,539	1,504,423	286.5
Gross operating expenses	7,276,167	3,313,737	219.6
Income from reinsurance commission	0	0	
Net operating expenses	7,276,167	3,313,737	219.6

Group companies were successful in containing acquisition costs relating to life policies in the first half of 2013, maintaining them on the same level as in the first half of 2012. Policy acquisition costs relating to Zavarovalnica Maribor totalled € 1.2m.

Other operating expenses increased by about € 2.6m, mainly due to the consolidation of Zavarovalnica Maribor (€ 2.5m).

Technical provisions

Movements in gross technical provisions; life insurance business

(€)	30 Jun 2013	31 Dec 2012	Index
Gross unearned premiums	904,130	405,761	222.8
Gross mathematical provisions	261,122,452	17,767,312	1469.7
Gross provision for claims	14,439,545	260,180	5549.8
Gross technical provisions for the benefit of policyholders who bear the investment risk	158,252,942	27,040,864	585.2
Total gross technical provisions	434,719,069	45,474,117	956.0

The contribution of Zavarovalnica Maribor to the increased consolidated unearned premiums was € 0.5m.

The contribution of Zavarovalnica Maribor to the increased consolidated mathematical provisions was € 238.6m. In other companies, mathematical provisions grew in line with premiums.

The contribution of Zavarovalnica Maribor to the increased consolidated claims provisions was € 13.8m.

The consolidated provisions for the benefit of life insurance policyholders who bear the investment risk increased by € 131.3m in the first half of 2013; of this Zavarovalnica Maribor contributed € 130.6m. Zavarovalnica Tilia increased these provisions by € 0.7m.

Financial investments

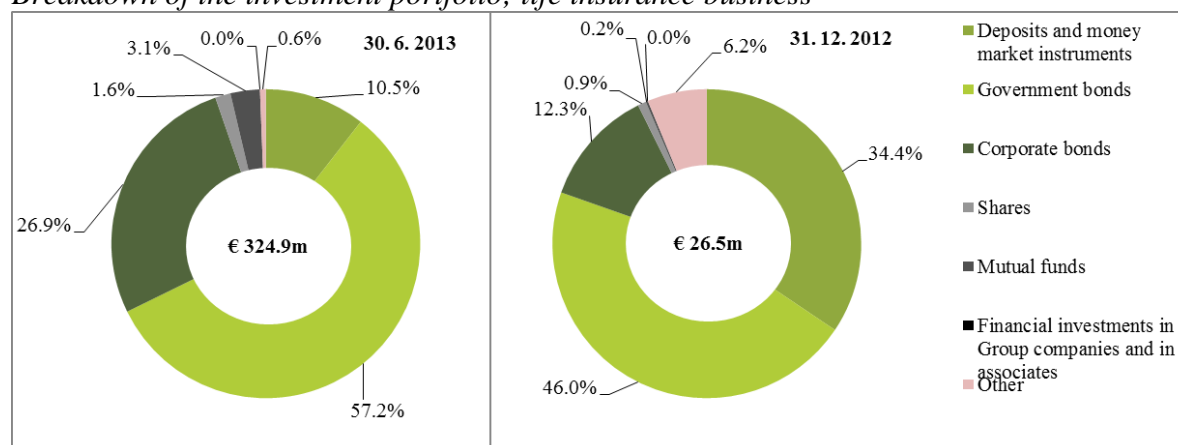
The balance on the investment portfolio relating to life insurance business increased by € 298.4m compared to 31 December 2012. This increase largely relates to the acquisition of Zavarovalnica Maribor.

Breakdown of the investment portfolio; life insurance business

(€)	30 Jun 2013			31 Dec 2012			Index		
	Slovenia	International	Total	Slovenia	International	Total	Slovenia	International	Total
Deposits and money market instruments	28,507,761	5,725,417	34,233,178	3,531,174	5,592,718	9,123,892	807.3	102.4	375.2
Government bonds	181,626,452	4,285,473	185,911,925	8,085,638	4,093,075	12,178,713	2,246.3	104.7	1,526.5
Corporate bonds	87,363,829	196,605	87,560,434	3,057,533	194,668	3,252,201	2,857.3	101.0	2,692.3
Shares	5,028,454	194,668	5,223,122	0	231,618	231,618	0.0	84.0	2,255.1
Mutual funds	10,015,081	0	10,015,081	60,228	0	60,228	16,628.6	0.0	16,628.6
Other	0	354,991	354,991	0	438,064	438,064	0.0	81.0	81.0
Total financial investments	312,541,577	10,757,154	323,298,731	14,734,573	10,550,143	25,284,716	2,121.1	102.0	1,278.6
Investment property	46,987	166,836	213,823	0	163,291	163,291	0.0	102.2	130.9
Cash and cash equivalents	102,913	1,314,408	1,417,321	239,168	815,379	1,054,547	43.0	161.2	134.4
Total investment portfolio	312,691,477	12,238,398	324,929,875	14,973,741	11,528,813	26,502,554	2,088.3	106.2	1,226.0
Funds for the benefit of policyholders who bear the investment risk	162,761,837	8,309	162,770,146	27,617,984	5,919	27,623,903	589.3	140.4	589.2

The inclusion of the investment portfolio of Zavarovalnica Maribor in the Group resulted in a significant change in the Group portfolio structure. As Zavarovalnica Maribor holds 86.8% of its investments in government and corporate bonds, bond holdings increased by 25.9% on the consolidated level.

Breakdown of the investment portfolio; life insurance business



4 FINANCIAL POSITION OF THE SAVA RE GROUP

At 30 June 2013, total assets of the Sava Re Group stood at € 1,402.1m, an increase of 118.9% over year-end 2012. Total assets more than doubled as a result of the consolidation of Zavarovalnica Maribor. Below we set out items of assets and liabilities in excess of 10% of total assets at 30 June 2013.

4.1 Assets

Consolidated total assets by type

(€)	30 Jun 2013	Structure 30 Jun 2013	31 Dec 2012	Structure 31 Dec 2012
ASSETS	1,402,110,990	100.0%	640,591,738	100.0%
Intangible assets	28,844,333	2.1%	17,767,943	2.8%
Property and equipment	45,129,626	3.2%	24,583,379	3.8%
Deferred tax assets	5,740,614	0.4%	1,929,136	0.3%
Investment property	5,430,219	0.4%	5,105,302	0.8%
Financial investments in associates	3,050,242	0.2%	55,265,651	8.6%
Financial investments	917,740,757	65.5%	350,245,812	54.7%
Funds for the benefit of policyholders who bear the investment risk	162,770,146	11.6%	27,623,903	4.3%
Reinsurers' share of technical provisions	39,189,392	2.8%	37,429,870	5.8%
Receivables	166,181,454	11.9%	99,025,730	15.5%
Deferred acquisition costs	20,765,760	1.5%	16,058,701	2.5%
Other assets	2,497,286	0.2%	1,146,698	0.2%
Cash and cash equivalents	4,174,907	0.3%	4,058,488	0.6%
Non-current assets held for sale	596,253	0.0%	351,125	0.1%

4.1.1 Financial investments and financial investments in associates

The value of financial assets increased by € 567.5m compared to 31 December 2012. This change is largely due to the acquisition of Zavarovalnica Maribor, which contributed € 561.3m to consolidated financial investments.

The amount of financial investments in Group companies and in associates decreased by € 52.2m. This decrease is again a result of the acquisition of Zavarovalnica Maribor, which was treated by the controlling company as an equity-accounted associate up until 1 May 2013. On 1 May 2013, Zavarovalnica Maribor became a subsidiary and Moja naložba remained the only Group associate.

Thus the investment portfolio increased by € 515.7m compared to 31 December 2012.

Consolidated investment portfolio by asset class

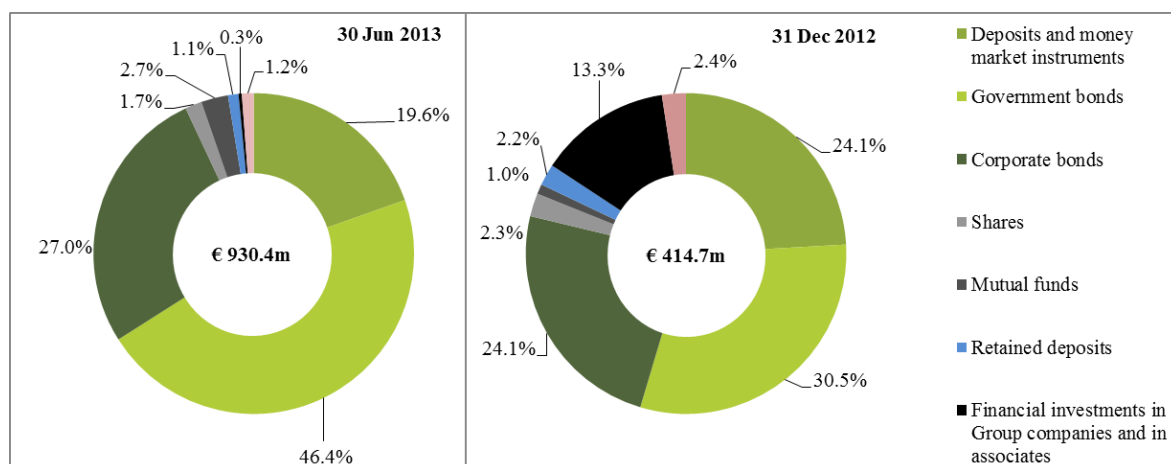
(€)	30 Jun 2013	31 Dec 2012	Index
Deposits and money market instruments	182,263,271	99,972,268	182.3
Government bonds	431,829,888	126,476,057	341.4
Corporate bonds	251,285,822	100,105,814	251.0
Shares	15,670,883	9,688,110	161.8
Mutual funds	25,313,752	4,102,974	617.0
Other	1,522,017	884,406	172.1
Retained deposits	9,855,124	9,016,183	109.3
Total financial investments	917,740,757	350,245,812	262.0
Financial investments in Group companies and in associates	3,050,242	55,265,651	5.5
Investment property	5,430,219	5,105,302	106.4
Cash and cash equivalents	4,174,907	4,058,488	102.9
Total investment portfolio	930,396,125	414,675,253	224.4
Funds for the benefit of policyholders who bear the investment risk	162,770,146	27,623,903	389.2

Group investment portfolio by asset class excluding Zavarovalnica Maribor

(€)	30 Jun 2013		31 Dec 2012	Index	
	Total	Excl. ZM	Total	Total	Excl. ZM
Deposits and money market instruments	182,263,271	89,588,037	99,972,268	182.3	89.6
Government bonds	431,829,888	139,674,053	126,476,057	341.4	110.4
Corporate bonds	251,285,822	99,562,662	100,105,814	251.0	99.5
Shares	15,670,883	9,994,670	9,688,110	161.8	103.2
Mutual funds	25,313,752	9,374,774	4,102,974	617.0	228.5
Other	1,522,017	846,352	884,406	172.1	95.7
Retained deposits	9,855,124	9,855,124	9,016,183	109.3	109.3
Total financial investments	917,740,757	358,895,672	350,245,812	262.0	102.5
Financial investments in Group companies and in associates	3,050,242	1,760,158	55,265,651	5.5	3.2
Investment property	5,430,219	4,961,077	5,105,302	106.4	97.2
Cash and cash equivalents	4,174,907	3,447,431	4,058,488	102.9	84.9
Total investment portfolio	930,396,125	369,064,338	414,675,253	224.4	89.0
Funds for the benefit of policyholders who bear the investment risk	162,770,146	28,410,098	27,623,903	589.2	102.8

The largest relative change in portfolio holdings was with deposits and bonds (in addition to the change in financial investments in associates). This is partly because Zavarovalnica Maribor holds most investments in bonds and partly because Sava Reinsurance Company and Zavarovalnica Tilja lowered their exposure to deposits due to the increased risk involved in the Slovenian banking system. This part of the portfolio was reinvested mostly in highly rated government and corporate bonds.

Structure of the investment portfolio



4.1.2 Other asset items of the Sava Re Group

The second largest asset item is receivables, which increased by 67.8% or € 67.2m over 31 December 2012. Zavarovalnica Maribor contributed € 49.6m to this increase. The controlling company also saw receivables increase; this is due to past foreign-sourced premium growth for which estimates are being made after the close of each quarter.

The third largest asset item is funds for the benefit of policyholders who bear the investment risk, which grew 489.2% or by € 135.1m compared to 31 December 2012. Zavarovalnica Maribor has a strong market position in life products. Most of this business comprises policies where policyholders bear the investment risk. As a result, these funds are substantial: funds for the benefit of policyholders who bear the investment risk relating to Zavarovalnica Maribor totalled € 134.4m at 30 June 2013.

4.2 Liabilities

Consolidated equity & liabilities by type

(€)	30 Jun 2013	Structure 30 Jun 2013	31 Dec 2012	Structure 31 Dec 2012
EQUITY AND LIABILITIES	1,402,110,990	100.0%	640,591,738	100.0%
Equity	228,399,440	16.3%	171,353,442	26.7%
Share capital	39,069,098	2.8%	39,069,098	6.1%
Capital reserves	25,352,644	1.8%	25,352,645	4.0%
Profit reserves	96,780,784	6.9%	96,925,773	15.1%
Treasury shares	-2,600,020	-0.2%	-1,774	0.0%
Fair value reserve	-6,501,298	-0.5%	1,527,689	0.2%
Retained earnings	11,497,127	0.8%	4,016,817	0.6%
Net profit/loss for the period	19,077,119	1.4%	5,461,807	0.9%
Translation reserve	-2,914,984	-0.2%	-3,014,477	-0.5%
Equity attributable to owners of the controlling company	179,760,475	12.8%	169,337,580	26.4%
Non-controlling interest in equity	48,638,965	3.5%	2,015,862	0.3%
Subordinated liabilities	38,263,725	2.7%	31,244,573	4.9%
Technical provisions	880,052,644	62.8%	360,148,216	56.2%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	158,252,942	11.3%	27,040,864	4.2%
Other provisions	6,797,652	0.5%	1,350,999	0.2%
Deferred tax liabilities	5,014,804	0.4%	3,498	0.0%
Other financial liabilities	6,995,561	0.5%	3,038,565	0.5%
Liabilities from operating activities	56,307,554	4.0%	36,638,022	5.7%
Other liabilities	22,026,668	1.6%	9,773,559	1.5%

4.2.1 Equity of the Sava Re Group

The second largest item on the liabilities side is equity, which increased by € 57.0m from year-end 2012. The largest impact on this increase came from the fact that consolidated figures at 30 June 2013 include Zavarovalnica Maribor, in which at that time Sava Reinsurance Company held a 60.66% stake. Minority interest stood at € 48.6m at 30 June 2013, relating mainly to minority interest in Zavarovalnica Maribor (39.34%). The equity item treasury shares increased. This is because at 30 June 2013, Zavarovalnica Maribor held 416,433 shares of Sava Reinsurance Company, which are treated as treasury shares

because Sava Reinsurance Company is the majority owner of Zavarovalnica Maribor. These shares will have to be sold by Zavarovalnica Maribor within one year of acquisition or Sava Reinsurance Company will have to remove them or rearrange their status in any other way to comply with the provisions of the Slovenian Companies Act (ZGD-1). The equity item fair value reserve totalled € -6.5m at 30 June 2013 relating mainly to fair value revaluation of investments (€ -6.0m) made by the controlling company.

4.2.2 Technical provisions of the Sava Re Group

Gross technical provisions are the largest item of liabilities. Technical provisions, including funds for the benefit of policyholders who bear the investment risk, grew by 268.1% or € 651.1m compared to year-end 2012. Net technical provisions, including funds for the benefit of policyholders who bear the investment risk, grew by 285.7% or € 649.3m in the same period. The increase in technical provisions is also due to the inclusion of Zavarovalnica Maribor into the Group; trends by operating segment are described in greater detail in preceding sections.

Movements in consolidated technical provisions

(€)	30 Jun 2013	31 Dec 2012
Gross unearned premiums	186,386,110	90,691,880
Gross mathematical provisions	261,122,452	17,767,312
Gross provision for claims	416,934,008	248,200,797
Provision for bonuses, rebates and cancellations	767,002	562,560
Other gross technical provisions	14,843,072	2,925,667
Technical provisions for the benefit of policyholders who bear the investment risk	158,252,942	27,040,864
Total gross technical provisions	1,038,305,586	387,189,080
Net unearned premiums	177,048,421	86,411,707
Net mathematical provisions	261,122,352	17,767,137
Net provision for outstanding claims	387,458,602	215,590,348
Net provision for bonuses, rebates and cancellations	767,004	562,560
Other net technical provisions	14,466,873	2,386,594
Technical provisions for the benefit of policyholders who bear the investment risk	158,252,942	27,040,864
Total net technical provisions	999,116,194	349,759,210

4.2.3 Other liability items of the Sava Re Group

Technical provisions for the benefit of policyholders who bear the investment risk at 30 June 2013 grew by 485.2% or € 131.2m compared to year-end 2012. Zavarovalnica Maribor has a strong market position in life products. Most of this business comprises policies where policyholders bear the investment risk. As a result, these technical provisions are substantial: technical provisions for the benefit of policyholders who bear the investment risk relating to Zavarovalnica Maribor totalled € 130.6m at 30 June 2013.

4.3 Capital adequacy of the Sava Re Group

The available solvency margin of Sava Reinsurance Company at 30 June 2013 totalled € 29.3m, while the required solvency margin stood at € 23.1m. The surplus of the available solvency margin over the required margin shrank mainly due to the increased ownership interest of Sava Reinsurance Company in Zavarovalnica Maribor.

All other Sava Re Group companies also complied with capital adequacy requirements at 30 June 2013.

The capital adequacy statement of Sava Reinsurance Company is shown in the risk management section.

4.4 Sources of finance and their maturities

At 30 June 2013, the Sava Re Group held € 228.4m of equity, € 38.3m of subordinated liabilities and € 7m of other financial liabilities. Thus debt accounted for 16.5% of liabilities.

Subordinated liabilities mainly relate to the subordinated debt of Sava Reinsurance Company taken out to expand to the Western Balkans, while Zavarovalnica Maribor also holds subordinated liabilities, amounting to € 7m.

Figures at 30 June 2013 do not include data relating to the increase in share capital. These will be recognised in the third quarter.

4.5 Credit rating

Credit ratings of Sava Reinsurance Company

	Standard & Poor's		A.M. Best	
	Rating ¹	Outlook	Rating ²	Outlook
Sava Reinsurance Company	BBB+	stable	A–	stable

After the successful completion of the capital increase, the purchase of the remaining shares of Zavarovalnica Maribor and following the annual rating review, in July 2013 S&P affirmed the existing "BBB+" ratings with stable outlook and removed the ratings from CreditWatch with negative implications.

¹ Standard & Poor's credit rating agency uses the following ratings to evaluate 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.

²A.M. Best uses the following credit rating categories to evaluate the financial strength: A++, A+ (superior), A, A– (excellent), B++, B+ (Good), B, B– (fair), C++, C+ (marginal), C, C– (weak), D (poor), E (under regulatory supervision), F (in liquidation), S (suspended).

4.6 Realisation of the 2013 budget

Realisation of budgeted consolidated gross premiums written by operating segment

(€ million)	1–6/2013	Plan 2013	%
Reinsurance business	68.9	90.4	76.3%
Non-life insurance business	101.9	254.2	40.1%
Life insurance business	19.3	73.6	26.2%
Total	190.1	418.2	45.5%

In the first half of 2013, the Group realised 45.5% of the budgeted annual consolidated gross premiums written. Sava Reinsurance Company estimates that the premium volume target will be achieved by the end of the year.

Major ratios deviate somewhat from planned amounts as Zavarovalnica Maribor was included in the Sava Re Group consolidated accounts only for two months. A clearer picture of how the budget is being realised will be revealed in subsequent quarters.

Realisation of budgeted ratios

	1–6/2013	Plan 2013	%
Net profit/loss for the period	€ 19.2m	over € 30m	64,0
Net expense ratio	34.2%	31.0%	110.2
Net incurred loss ratio	59.7%	62.5%	95.5
Return on equity	9.6%	over 15%	64.0

5 PERSONNEL

No. of employees in the Sava Re Group

	30 Jun 2013	31 Dec 2012	Change
Zavarovalnica Maribor	842	-	842
Zavarovalnica Tilia	367	350	18
Sava osiguranje Beograd	259	250	9
Velebit osiguranje	164	165	-1
Sava Montenegro	154	159	-5
Illyria	145	140	5
Sava osiguruvanje Skopje	125	124	1
Illyria Life	119	99	20
Sava životno osiguranje	84	78	6
Velebit životno osiguranje	74	87	-13
Sava Reinsurance Company	68	70	-2
Sava Car	17	14	3
Total	2,419	1,534	884

*No. of employees on a full-time equivalent basis.

The number of Sava Re Group employees changed significantly due to employment of agents in insurance companies. The Group (excluding Zavarovalnica Maribor) employed 42 new staff.

6 RISK MANAGEMENT

6.1 Underwriting risk

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.

Due to underwriting process risk, losses may be incurred because of incorrect selection and approval of risks to be assumed for (re)insurance. This risk is mainly mitigated by following established or prescribed underwriting procedures, underwriting guidelines and instructions, by having in place a system of powers, an adequate pricing and reinsurance policy, and through actuarial review.

In the Sava Re Group, pricing risk is mainly controlled by using actuarial analyses of loss ratios, monitoring their trends and by making adequate corrections.

Claims risk is managed by appropriate insurance conditions and pricing, adequate underwriting, controlling risk concentration, and especially adequate reinsurance programs 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.

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.

6.2 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.

6.2.1 Market risks

As the investment portfolio, which is subject to market risks, increased from € 349.1m at 30 June 2012 to € 917.7m at 30 June 2013, we do not provide comparative prior-year data as we do not have sufficient data from Zavarovalnica Maribor at 30 June 2012.

6.2.1.1 Interest rate risk

Interest rate risk sensitivity is monitored by the Group through calculating the loss in the bond portfolio if interest rates rose by two percentage points. The bond portfolio includes government bonds, corporate bonds, bond mutual funds with a weight of 1 and mixed mutual funds with a weight of 0.5. The analysis does not include bonds classified by the Group as held-to-maturity.

A sensitivity analysis for non-life insurance investments (including the reinsurance segment) showed that if interest rates had increased by two percentage points, the value of the

investment portfolio sensitive to interest rate risk would have decreased by € 18.3m or by 5.2%.

Interest rate risk in life business affects both mathematical provisions and the value of investments covering mathematical provisions. An increase in interest rates would result in a decrease in both the mathematical provision as well as in invested assets. Such an increase in invested assets would fully offset the increase in mathematical provisions only if maturities and amounts of liabilities and investments were fully matched.

A sensitivity analysis for life insurance investments (including the reinsurance segment) showed that if the interest rate had been increased by two percentage points, the value of the investment portfolio sensitive to interest rate risk would have decreased by € 12.3m or by 6.8%.

6.2.1.2 Equity securities risk

Equity securities risk is measured through a stress test assuming a 20-percent drop in equity prices. Equity securities risk affects equities, equity mutual funds and mixed mutual funds (in stress tests, we include half of the amount).

To assess the Group's sensitivity of investments to equity securities risk, we assume a 20% drop in the value of all equity securities. At 30 June 2013, this would have decreased the value of the Group portfolio by € 5.6m.

6.2.1.3 Currency risk

The controlling company is the Group company with the largest exposure to currency risk. Due to its international business, its liabilities have exposure through 50 different currencies. At 30 June 2013, the highest exposures were with USD, KRW, HKD, JPY and RUB. The controlling company took measures towards improved currency matching for USD and on 30 June 2013 succeeded in matching USD-denominated assets and liabilities. Currency matching for other currencies is challenging as these do not allow secure and liquid investments.

Other Slovenia-based companies have assets and liabilities denominated only in euro. Non-Slovenian group companies have assets and liabilities denominated in local currencies, except for euro-denominated equity, which is supported by euro-denominated investments.

6.2.2 Liquidity risk

The Group mitigates liquidity risk by having Group companies draw up annual liquidity plans with daily planned cash-flows (investments, reinsurance, expenses). In addition, the Group avoids liquidity risk by diversifying the maturities of deposits, which serve to meet day-to-day liquidity needs. The bond portfolio consists mainly of highly liquid listed bonds. Sudden liquidity needs arising in any Group subsidiary could be met by the controlling company through short-term bridge loans. 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 extraordinary liquidity situations, the controlling company has arranged a credit line with a commercial bank in the total amount of € 5m.

We consider liquidity risk to be low in the first half of 2013 and not substantially different from the first half of the prior year.

6.2.3 Credit risk

We estimate credit risk for the investment portfolio based on issuer credit ratings for deposits, bonds and financial investments of reinsurers with cedants based on reinsurance contracts. Of this portfolio, 24.5% had a Standard & Poor's rating of A– or better and 39.3% were rated BBB. This includes Slovenian government bonds. The remaining portfolio is rated less than BBB or is unrated (related to high exposure to banks through deposits).

The Group is also exposed to credit risk in relation to its retrocession programme. As a rule, subsidiaries conclude reinsurance contracts directly with the controlling company, unless they are subject to localisation requirements. Even if this is the case, the subsidiary would still transfer at least part of its risk exposure to the controlling company so that the actual exposure of reinsurers to credit risk is smaller than the otherwise correctly reported one.

Retrocession programmes are mostly placed with first-class reinsurers with an adequate credit rating. This is at least A– according to Standard & Poor's for long-term business, and at least BBB+ for short-term business. Reinsurers rated A– or better accounted for over 80% of the credit risk exposure relating to reinsurers.

6.2.3.1 Concentration risk

The Group's investment portfolio is reasonably diversified in order to avoid heavy concentration in any one asset class, counterparty, industry or in any other category. Assets are diversified by asset class (e.g. time deposits, debt and equity securities, structured products, mutual funds), maturity and currency.

In terms of geography, the Group is heavily exposed to Slovenia (61.4%), followed by the EU (25.9%). In terms of industry, the Group is heavily exposed to the government (47.1%) and the finance sector (43.9%). Concentration by geography and industry is related to asset classes as the bulk of the investment portfolio consists of bank deposits and government bonds.

While the Group seek to decrease concentration risk by diversification, we are unable to neutralise the (global) systemic risk by diversification only, when all developments in capital markets are unfavourable.

6.3 Operational risks

Operational risk includes human capital risk, management control risk, system risk, process risk, legal risk and such like.

The Sava Re Group members mitigate operational risk by setting up 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.

6.4 Exposure to risk up until the end of 2013

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.

6.5 Capital inadequacy risk

Sava Reinsurance Company meets capital adequacy requirements and so do all its subsidiary companies under local regulations. Sava Reinsurance Company's excess of available solvency margin over the required solvency margin decreased by € 14.3m compared to 30 June 2012 as a result of the larger stake of Sava Reinsurance Company in Zavarovalnica Maribor. The available solvency margin exceeded the required solvency margin of € 23.1m by € 6.2m.

Statement of capital adequacy for Sava Reinsurance Company

(€)		30 Jun 2013	30 Jun 2012
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	39,069,099	39,069,099
Capital reserves, other than capital reserves arising from cumulative preference shares	2	33,003,752	33,003,752
Profit reserves, other than the reserve for treasury shares and the reserves for credit and catastrophe risk equalisation	3	83,289,825	79,811,779
Net profit brought forward from previous years	4	12,717,998	7,915,508
Fair value reserve relating to assets not financed from technical provisions	5	242,311	-343,673
Treasury shares and own interests	6	2,600,020	1,774
Intangible assets	7	127,939	140,593
Core capital (1 + 2 + 3 + 4 + 5 – 6 – 7)	8	165,595,026	159,314,098
Guarantee fund	9	7,705,848	7,705,848
Compliance with Article 106(4) of the ZZavar (8 - 9)	10	157,889,178	151,608,250
ADDITIONAL CAPITAL (Article 107 of the ZZavar)			
Subordinated debt instruments	11	5,779,386	5,779,386
Additional capital (11), however not more than 50% of the lower of core capital and required solvency margin	12	5,779,386	5,779,386
AVAILABLE SOLVENCY MARGIN AND STATEMENT OF CAPITAL ADEQUACY (Article 108 of the ZZavar)			
Total of core and additional capital (8 + 12)	13	171,374,412	165,093,484
Participations within the meaning of Article 108(1), point 1 of the ZZavar	14	140,677,664	118,593,247
Participations within the meaning of Article 108(1), point 2 of the ZZavar	15	1,390,000	2,902,293
Available solvency margin of insurer (13 – 14 – 15)	16	29,306,748	43,597,944
Required solvency margin	17	23,117,544	23,117,544
Surplus/deficit of available solvency margin (16 – 17)	18	6,189,204	20,480,400

**SAVA RE GROUP
CONDENSED
FINANCIAL STATEMENTS
WITH NOTES**

7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 Unaudited consolidated statement of financial position

(€)	30 Jun 2013	31 Dec 2012
ASSETS	1,402,110,990	640,591,738
Intangible assets	28,844,333	17,767,943
Property, plant and equipment	45,129,626	24,583,379
Deferred tax receivables	5,740,614	1,929,136
Investment property	5,430,219	5,105,302
Financial investments in associates	3,050,242	55,265,651
Financial investments:	917,740,757	350,245,812
- Loans and deposits	193,076,885	106,348,182
- Held to maturity	161,488,630	16,563,481
- Available for sale	534,232,214	224,279,160
- At fair value through profit or loss	28,943,028	3,054,989
Funds for the benefit of policyholders who bear the investment risk	162,770,146	27,623,903
Reinsurers' share of technical provisions	39,189,392	37,429,870
Receivables	166,181,454	99,025,730
Receivables arising out of primary insurance business	79,317,977	25,687,383
Receivables arising out of reinsurance and co-insurance business	71,254,596	54,479,304
Current tax assets	752,028	2,114,354
Other receivables	14,856,853	16,744,689
Deferred acquisition costs	20,765,760	16,058,701
Other assets	2,497,286	1,146,698
Cash and cash equivalents	4,174,907	4,058,488
Non-current assets held for sale	596,253	351,125
EQUITY AND LIABILITIES	1,402,110,990	640,591,738
Equity	228,399,437	171,353,442
Share capital	39,069,098	39,069,098
Capital reserves	25,352,645	25,352,645
Profit reserves	96,780,784	96,925,773
Treasury shares	-2,600,020	-1,774
Fair value reserve	-6,501,298	1,527,689
Retained earnings	11,497,127	4,016,817
Net profit/loss for the period	19,077,119	5,461,807
Translation reserve	-2,914,984	-3,014,477
Equity attributable to owners of the controlling company	179,760,473	169,337,580
Non-controlling interest in equity	48,638,965	2,015,862
Subordinated liabilities	38,263,725	31,244,573
Technical provisions	880,052,644	360,148,216
Unearned premiums	186,386,110	90,691,880
Mathematical provisions	261,122,452	17,767,312
Provision for outstanding claims	416,934,008	248,200,797
Other technical provisions	15,610,074	3,488,227
Technical provision for the benefit of life insurance policyholders who bear the investment risk	158,252,942	27,040,864
Other provisions	6,797,652	1,350,999
Deferred tax liabilities	5,014,804	3,498
Other financial liabilities	6,995,561	3,038,565
Liabilities from operating activities	56,307,554	36,638,022
Liabilities from primary insurance business	13,457,014	1,506,763
Liabilities from reinsurance and co-insurance business	40,395,839	34,951,358
Current income tax liabilities	2,454,700	179,900
Other liabilities	22,026,668	9,773,559

7.2 Unaudited consolidated income statement

(€)	1–6/2013	1–6/2012
Net premiums earned	154,820,763	118,739,876
Gross premiums written	190,099,377	158,499,574
Written premiums ceded to reinsurers and co-insurers	-13,973,664	-14,207,157
Change in net unearned premiums	-21,304,950	-25,552,541
Income from investments in associates	9,952,283	3,307,732
Profit from investments in equity-accounted associate companies	2,227,078	3,307,732
Other income	7,725,205	0
Investment income	13,974,192	11,430,847
Interest income	8,673,086	6,874,911
Other investment income	3,022,615	2,551,918
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	2,278,491	2,004,018
Other technical income	2,815,063	3,647,190
Commission income	705,401	1,491,478
Other technical income	2,109,662	2,155,712
Other income	828,899	324,770
Net claims incurred	-90,334,537	-68,460,939
Gross claims paid less income from recourse receivables	-86,505,849	-62,949,264
Reinsurers' and co-insurers' share of claims paid	4,222,773	2,787,992
Change in the net provision for outstanding claims	-8,051,461	-8,299,667
Change in other technical provisions	-2,020,425	-192,844
Change in technical provisions for policyholders who bear the investment risk	-474,414	-1,538,725
Expenses for bonuses and rebates	-315,045	-150,224
Operating expenses	-53,608,320	-43,901,867
Acquisition costs	-27,271,481	-28,514,147
Other operating expenses	-26,336,839	-15,387,720
Expenses for financial assets and liabilities	-8,437,665	-5,324,447
Impairment losses on financial assets not at fair value through profit or loss	-239,130	-773,582
Interest expense	-747,704	-867,049
Other investment expenses	-2,502,742	-2,265,796
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-4,948,089	-1,418,020
Other technical expenses	-5,708,794	-4,902,176
Other expenses	-281,693	-362,839
Profit/loss before tax	21,210,307	12,616,354
Income tax expense	-1,981,827	-2,312,143
Net profit/loss for the period	19,228,480	10,304,211
Net profit/loss attributable to owners of the controlling company	18,932,130	10,652,370
Net profit/loss attributable to non-controlling interests	296,350	-348,159
Net diluted earnings/loss per share	2.06	1.14

7.3 Unaudited consolidated statement of comprehensive income

(€)	1–6/2013			1–6/2012		
	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	18,932,130	296,350	19,228,480	10,652,370	-348,159	10,304,211
OTHER COMPREHENSIVE INCOME, NET OF TAX	-5,910,993	-914,540	-6,825,533	5,679,809	7,599	5,687,411
Net change in fair value of available-for-sale financial assets	-5,311,035	-928,930	-6,239,966	4,613,840	0	4,613,840
Gains/losses recognised in fair value reserve	-5,088,825	-1,020,917	-6,109,742	4,613,330	0	4,613,330
Net change transferred from fair value reserve to profit or loss	-222,210	91,987	-130,223	511	0	511
Net gains/losses from non-current assets available for sale	0	0	0	10,578	6,029	16,607
Gains/losses recognised in the fair value reserve	0	0	0	10,578	6,029	16,607
Net gains/losses attributable to the Group recognised in fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies	-1,379,659	0	-1,379,659	2,078,504	0	2,078,504
Tax on other comprehensive income	680,208	1,699	681,907	-174,125	-507	-174,632
Net gains/losses from translation of financial statements of non-domestic companies	99,493	12,691	112,184	-848,990	2,077	-846,911
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	13,021,136	-618,190	12,402,946	16,332,178	-340,560	15,991,618
Attributable to owners of the controlling company	0	0	13,021,136	16,332,178	0	16,332,178
Attributable to non-controlling interest	0	0	-618,190	0	-340,560	-340,560

7.4 Unaudited consolidated statement of cash flows

(€)		1–6/2013	1–6/2012
A.	Cash flows from operating activities		
a.)	Items of the income statement	41,772,100	34,723,850
	1. Net premiums written	176,125,713	144,292,417
	2. Investment income (other than financial income), financed from:	12,874,366	4,543,448
	- technical provisions	5,033,432	987,100
	- other sources	7,840,934	3,556,348
	3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	3,643,962	3,647,190
	4. Net claims paid	-82,283,076	-60,161,272
	5. Expenses for bonuses and rebates	-315,045	-150,224
	6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-52,611,545	-43,643,815
	7. Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-7,689,961	-3,678,290
	- technical sources	-7,373,242	-1,957,597
	- other sources	-316,719	-1,720,693
	8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-5,990,487	-7,813,461
	9. Tax on profit and other taxes not included in operating expenses	-1,981,827	-2,312,143
b.)	Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement	-35,736,714	-29,492,120
	1. Change in receivables from primary insurance	-53,630,594	-5,658,070
	2. Change in receivables from reinsurance	-16,775,292	-20,076,788
	3. Change in other receivables from re/insurance business	-680,858	-150,293
	4. Change in receivables and assets	7,352,058	-3,566,778
	5. Change in deferred tax assets	-3,811,478	853,103
	6. Change in inventories	-113,191	40,032
	7. Change in liabilities arising out of primary insurance	11,950,251	116,151
	8. Change in liabilities arising out of reinsurance business	5,444,481	4,965,514
	9. Change in other operating liabilities	3,750,865	-6,430,458
	10. Change in other liabilities (except unearned premiums)	5,765,738	412,484
	11. Change in deferred tax liabilities	5,011,306	2,983
c.)	Net cash from/used in operating activities (a + b)	6,035,386	5,231,730
B.	Cash flows from investing activities		
a.)	Cash receipts from investing activities	510,708,709	283,375,512
	1. Interest received from investing activities relating to:	8,673,086	6,190,639
	- investments financed from technical provisions	8,249,169	5,364,216
	- other investments	423,917	826,423
	2. Cash receipts from dividends and from participation in the profit of others, relating to:	151,945	305,089
	- investments financed from technical provisions	103,050	70,724
	- other investments	48,895	234,365
	3. Proceeds from sale of intangible assets, financed from:	290,066	16,533
	- technical provisions	0	16,533
	- other sources	290,066	0
	4. Proceeds from sale of property and equipment, financed from:	76,858	925,785
	- technical provisions	0	878,480
	- other sources	76,858	47,305
	5. Proceeds from sale of long-term financial investments, financed from:	185,404,166	62,219,367
	- technical provisions	158,602,256	51,924,254
	- other sources	26,801,910	10,295,113
	6. Proceeds from sale of short-term financial investments, financed from:	316,112,588	213,718,099
	- technical provisions	189,785,402	194,789,837
	- other sources	126,327,186	18,928,262
b.)	Cash disbursements in investing activities	-519,836,970	-288,830,523
	1. Purchase of intangible assets	-409,410	-155,888
	2. Purchase of property and equipment, financed from:	-2,055,004	-845,279
	- technical provisions	-1,219,474	-148,104
	- other sources	-835,530	-697,175
	3. Purchase of long-term financial investments, financed from:	-168,486,034	-60,967,954
	- technical provisions	-158,504,841	-60,892,293
	- other sources	-9,981,193	-75,661
	4. Purchase of short-term financial investments, financed from:	-348,886,522	-226,861,402
	- technical provisions	-317,452,675	-199,338,397
	- other sources	-31,433,847	-27,523,005
c.)	Net cash from/used in investing activities (a + b)	-9,128,261	-5,455,012
C.	Cash flows from financing activities		
a.)	Cash receipts from financing activities	3,956,996	5,000,000
	3. Proceeds from short-term borrowing	3,956,996	5,000,000
b.)	Cash disbursements in financing activities	-747,704	-5,867,049
	1. Interest paid	-747,704	-867,049
	4. Repayment of short-term financial liabilities	0	-5,000,000
c.)	Net cash from/used in financing activities (a + b)	3,209,292	-867,049
C2.	Closing balance of cash and cash equivalents	4,174,907	3,620,121
	Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	116,417	-1,090,331
	Opening balance of cash and cash equivalents	4,058,488	4,710,452

7.5 Unaudited consolidated statement of changes in equity for the six months to 30 June 2013

(€)	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)
			Contingency reserve	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.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
Opening balance in the financial period	39,069,099	25,352,645	0	16,677,980	1,774	753,026	9,950,193	69,542,800	1,527,689	4,016,817	5,461,807	-1,774	-3,014,477	169,337,580	2,015,862	171,353,442
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	-8,028,987	2,018,501	18,932,130	0	99,493	13,021,137	-618,191	12,402,945
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	-206,602	61,613	0	0	0	144,989	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	5,461,807	-5,461,807	0	0	0	0	0
Acquisition of non-controlling interest	0	0	0	0	0	0	0	0	0	0	0	-2,598,246	0	-2,598,246	47,241,292	44,643,046
Closing balance in the financial period	39,069,099	25,352,646	0	16,677,980	1,774	546,424	10,011,806	69,542,800	-6,501,298	11,497,126	19,077,120	-2,600,020	-2,914,984	179,760,475	48,638,965	228,399,440

7.6 Unaudited consolidated statement of changes in equity for the six months to 30 June 2012

(€)	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 (12 + 13)
			Contingency reserve	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.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.
Opening balance in the financial period	39,069,099	25,417,397	0	16,673,828	1,774	745,290	7,996,935	64,825,254	-10,809,738	2,878,547	1,147,009	-1,774	-2,338,007	145,605,616	2,474,433	148,080,052
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	6,531,797	0	10,652,372	0	-851,983	16,332,181	-340,560	15,991,620
Payout of (accounting for) dividends	0	0	0	0	0	0	0	0	0	-5,300	0	0	0	-5,300	0	-5,300
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	-162,647	61,632	0	0	0	101,015	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	1,147,009	-1,147,009	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	-8,145	8,145	0	0	0	0	0	0
Closing balance in the financial period	39,069,099	25,417,397	0	16,673,828	1,774	582,643	8,058,567	64,825,254	-4,286,086	4,028,392	10,753,386	-1,774	-3,189,990	161,932,492	2,133,877	164,066,369

8 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 2013 as compared to both the first half-year 2012 and end-of-year 2012.

8.1 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 2012.

The financial statements with notes as at and for the six months to 30 June 2013 have not been audited.

The interim financial statements at 30 June 2013 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2012.

8.2 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.

8.3 The nature and amount of unusual items

Except for the acquisition of Zavarovalnica Maribor described below, 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 2013.

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

The Group neither issued new debt securities nor repaid the existing subordinate debt. On 8 July 2013, the controlling company successfully completed the process of increasing its share capital. The new shares – new share capital of € 71,856,376.23 – were entered in the register of companies on 11 July 2013, which is why they were not included in the statement of financial position at 30 June 2013.

8.5 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 – considers whether the decrease is a significant and long-term one, in the event of which the

financial instrument is impaired. In the first half of 2013, the Group recognised impairment losses on investments, mainly equities, of € 239,130.

8.6 Analysis of operating segments

Operating segments disclosed and monitored were determined based on the various 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).

In view of the nature, scope and organisation of work the Chief Operating Decision Maker (CODM) is a group composed of management board members, director of finance and accounting, director of 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 included in the quarterly financial report 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.

The reinsurance and non-life insurance segments exceed the 10-percent threshold of total income, total assets and share in profit/loss, and are therefore presented separately. The life segment does not meet any recommended materiality threshold; however, life business is presented separately due to the nature of the business and its specific features that sets it apart from other business.

With the inclusion of Zavarovalnica Maribor in the Sava Re Group, we have started presenting operating segments by region, so that there is a separate presentation of life and non-life insurance business in Slovenia and international markets. Also provided are now comparisons with prior-year segment results.

Statement of financial position by operating segment – assets

30 Jun 2013 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	307,739,197	472,362,927	112,626,725	584,989,652	490,369,500	15,592,520	505,962,020	3,420,124	1,402,110,990
Intangible assets	788,396	5,392,460	14,488,796	19,881,256	6,878,703	186,520	7,065,223	1,109,458	28,844,333
Property and equipment	2,422,302	23,241,200	11,876,887	35,118,087	2,758,336	2,828,484	5,586,820	2,002,417	45,129,626
Deferred tax assets	2,534,849	1,266,029	-43,517	1,222,512	1,985,653	-2,400	1,983,253	0	5,740,614
Investment property	155,087	718,762	4,342,547	5,061,309	46,987	166,836	213,823	0	5,430,219
Financial investments in associates	1,509,066	1,240,728	0	1,240,728	300,449	0	300,449	0	3,050,242
Financial investments:	211,958,591	326,577,625	55,858,665	382,436,290	312,541,577	10,757,154	323,298,731	47,145	917,740,757
- Loans and deposits	43,502,358	84,081,683	31,369,414	115,451,097	27,995,877	6,080,408	34,076,285	47,145	193,076,885
- Held to maturity	3,028,660	62,012,986	4,962,444	66,975,430	89,282,058	2,202,482	91,484,540	0	161,488,630
- Available for sale	162,305,675	162,613,160	18,444,597	181,057,757	189,372,024	1,496,758	190,868,782	0	534,232,214
- At fair value through profit or loss	3,121,898	17,869,796	1,082,210	18,952,006	5,891,618	977,506	6,869,124	0	28,943,028
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	162,761,837	8,309	162,770,146	0	162,770,146
Reinsurers' share of technical provisions	18,740,954	15,220,451	4,901,460	20,121,911	304,642	21,888	326,530	0	39,189,392
- From unearned premiums	510,520	7,657,695	1,138,615	8,796,309	30,736	125	30,861	0	9,337,689
- From mathematical provisions	0	0	0	0	100	0	100	0	100
- From provisions for claims outstanding	18,230,435	7,186,931	3,762,471	10,949,402	273,806	21,763	295,569	0	29,475,406
- From other technical provisions	0	375,825	374	376,199	0	0	0	0	376,199
Receivables	63,811,947	84,012,485	15,648,205	99,660,690	2,361,092	281,491	2,642,583	66,234	166,181,454
- Receivables arising out of primary insurance business	0	66,275,178	11,701,916	77,977,094	1,231,971	108,912	1,340,883	0	79,317,977
- Receivables arising out of reinsurance and co-insurance business	61,103,101	9,193,027	852,346	10,045,373	106,122	0	106,122	0	71,254,596
- Current tax assets	0	0	262,056	262,056	489,972	0	489,972	0	752,028
- Other receivables	2,708,846	8,544,280	2,831,887	11,376,167	533,027	172,579	705,606	66,234	14,856,853
Deferred acquisition costs	4,842,943	12,395,663	3,240,164	15,635,827	285,076	1,914	286,990	0	20,765,760
Other assets	662,527	1,293,399	397,574	1,690,973	42,235	27,916	70,151	73,635	2,497,286
Cash and cash equivalents	312,535	750,510	1,573,306	2,323,816	102,913	1,314,408	1,417,321	121,235	4,174,907
Non-current assets held for sale	0	253,615	342,638	596,253	0	0	0	0	596,253

Statement of financial position by operating segment – assets (continued)

31 Dec 2012 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	373,644,281	93,483,909	110,400,037	203,883,947	44,919,348	14,891,267	59,810,615	3,252,893	640,591,738
Intangible assets	988,924	840,706	14,577,103	15,417,809	107,186	173,048	280,234	1,080,976	17,767,943
Property and equipment	2,454,001	3,836,992	12,001,850	15,838,842	1,495,738	2,835,360	4,331,098	1,959,438	24,583,379
Deferred tax assets	1,900,320	39,828	-43,283	-3,455	34,635	-2,364	32,271	0	1,929,136
Investment property	156,253	348,391	4,437,367	4,785,758	0	163,291	163,291	0	5,105,302
Financial investments in associates	55,014,558	251,093	0	251,093	0	0	0	0	55,265,651
Financial investments:	208,205,429	60,348,872	56,406,795	116,755,667	14,734,573	10,550,143	25,284,716	0	350,245,812
- Loans and deposits	45,478,509	19,489,881	32,342,174	51,832,055	3,006,836	6,030,782	9,037,618	0	106,348,182
- Held to maturity	5,118,283	1,996,598	5,325,599	7,322,197	1,925,979	2,197,022	4,123,001	0	16,563,481
- Available for sale	157,019,599	38,862,393	17,382,584	56,244,977	9,801,758	1,212,826	11,014,584	0	224,279,160
- At fair value through profit or loss	589,038	0	1,356,438	1,356,438	0	1,109,513	1,109,513	0	3,054,989
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	27,617,984	5,919	27,623,903	0	27,623,903
Reinsurers' share of technical provisions	29,563,434	3,572,180	4,282,327	7,854,507	11,091	838	11,929	0	37,429,870
- From unearned premiums	2,385,758	986,465	896,196	1,882,661	10,916	838	11,754	0	4,280,172
- From mathematical provisions	0	0	0	0	175	0	175	0	175
- From provisions for claims outstanding	27,177,676	2,046,642	3,386,131	5,432,773	0	0	0	0	32,610,449
- From other technical provisions	0	539,073	0	539,073	0	0	0	0	539,073
Receivables	66,337,124	19,261,937	12,565,526	31,827,463	488,475	232,194	720,669	140,474	99,025,730
- Receivables arising out of primary insurance business	0	16,096,410	9,259,876	25,356,286	221,022	108,798	329,820	1,277	25,687,383
- Receivables arising out of reinsurance and co-insurance business	53,767,568	190,468	520,708	711,176	0	560	560	0	54,479,304
- Current tax assets	1,840,414	0	273,940	273,940	0	0	0	0	2,114,354
- Other receivables	10,729,142	2,975,059	2,511,002	5,486,061	267,453	122,836	390,289	139,197	16,744,689
Deferred acquisition costs	7,747,252	4,594,294	3,525,496	8,119,791	189,568	2,090	191,658	0	16,058,701
Other assets	264,314	267,497	480,051	747,548	930	104,857	105,787	29,047	1,146,698
Cash and cash equivalents	1,012,672	122,119	1,826,192	1,948,311	239,168	815,379	1,054,547	42,958	4,058,488
Non-current assets held for sale	0	0	340,613	340,613	0	10,512	10,512	0	351,125

Statement of financial position by operating segment – equity and liabilities

30 Jun 2013 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	269,587,186	520,601,027	112,992,070	633,593,097	481,887,406	18,195,530	500,082,936	-1,152,232	1,402,110,990
Equity	64,840,466	74,992,658	40,881,493	115,874,151	36,755,546	12,224,292	48,979,838	-1,295,018	228,399,437
Equity attributable to owners of the controlling company	64,840,466	44,056,599	40,412,400	84,468,999	20,963,797	10,824,489	31,788,286	-1,337,279	179,760,473
Non-controlling interest in equity	0	30,936,059	469,093	31,405,152	15,791,749	1,399,803	17,191,552	42,261	48,638,965
Subordinated liabilities	31,263,725	7,000,000	0	7,000,000	0	0	0	0	38,263,725
Technical provisions	139,436,837	398,013,072	66,136,608	464,149,680	271,251,378	5,214,749	276,466,127	0	880,052,644
- Unearned premiums	30,812,439	130,918,458	23,751,083	154,669,541	788,636	115,494	904,130	0	186,386,110
- Mathematical provisions	0	0	0	0	256,217,642	4,904,810	261,122,452	0	261,122,452
- Provision for outstanding claims	108,617,262	251,591,612	42,285,589	293,877,201	14,245,100	194,445	14,439,545	0	416,934,008
- Other technical provisions	7,136	15,503,002	99,936	15,602,938	0	0	0	0	15,610,074
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	158,244,633	8,309	158,252,942	0	158,252,942
Other provisions	335,272	4,562,519	497,649	5,060,168	1,376,577	25,635	1,402,212	0	6,797,652
Deferred tax liabilities	0	4,016,511	-7,153	4,009,358	1,002,579	-631	1,001,948	3,498	5,014,804
Other financial liabilities	437	6,318,841	6,002	6,324,843	670,000	0	670,000	281	6,995,561
Liabilities from operating activities	30,883,566	14,941,918	1,544,585	16,486,503	8,790,364	147,121	8,937,485	0	56,307,554
- Liabilities from primary insurance business	0	4,698,032	712,849	5,410,881	7,944,922	101,211	8,046,133	0	13,457,014
- Liabilities from reinsurance and co-insurance business	30,024,281	9,527,989	737,448	10,265,437	106,122	0	106,122	0	40,395,839
- Current income tax liabilities	859,285	715,897	94,288	810,185	739,320	45,910	785,230	0	2,454,700
Other liabilities	2,826,883	10,755,508	3,932,886	14,688,394	3,796,329	576,055	4,372,384	139,007	22,026,668

Statement of financial position by operating segment – equity and liabilities (continued)

31 Dec 2012 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	335,504,068	124,154,125	109,447,950	233,602,075	55,432,305	17,927,051	73,359,356	-1,873,761	640,591,738
Equity	73,415,200	34,226,639	39,428,970	73,655,609	13,531,488	12,669,404	26,200,892	-1,918,260	171,353,442
Equity attributable to owners of the controlling company	73,415,200	34,226,639	38,890,976	73,117,615	13,531,488	11,191,536	24,723,024	-1,918,260	169,337,580
Non-controlling interest in equity	0	0	537,994	537,994	0	1,477,868	1,477,868	0	2,015,862
Subordinated liabilities	31,244,573	0	0	0	0	0	0	0	31,244,573
Technical provisions	194,307,091	83,882,154	63,525,718	147,407,872	13,920,775	4,512,478	18,433,253	0	360,148,216
- Unearned premiums	36,718,702	31,426,093	22,141,324	53,567,417	283,586	122,175	405,761	0	90,691,880
- Mathematical provisions	0	0	0	0	13,543,707	4,223,605	17,767,312	0	17,767,312
- Provision for outstanding claims	157,537,505	49,131,658	41,271,454	90,403,112	93,482	166,698	260,180	0	248,200,797
- Other technical provisions	50,884	3,324,403	112,940	3,437,343	0	0	0	0	3,488,227
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	27,034,945	5,919	27,040,864	0	27,040,864
Other provisions	324,745	332,896	586,394	919,290	81,480	25,484	106,964	0	1,350,999
Deferred tax liabilities	0	0	0	0	0	0	0	3,498	3,498
Other financial liabilities	205	2,000,309	367,919	2,368,228	670,000	0	670,000	132	3,038,565
Liabilities from operating activities	34,449,993	539,589	1,462,983	2,002,572	27,940	146,697	174,637	10,821	36,638,022
- Liabilities from primary insurance business	0	480,477	905,602	1,386,079	3,681	106,902	110,583	10,101	1,506,763
- Liabilities from reinsurance and co-insurance business	34,449,993	52,525	446,734	499,259	0	2,108	2,108	0	34,951,358
- Current income tax liabilities	0	6,587	110,647	117,234	24,259	37,687	61,946	720	179,900
Other liabilities	1,762,261	3,172,538	4,075,966	7,248,504	165,677	567,069	732,746	30,048	9,773,559

Income statement by operating segment

1-6/2013 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total
Net premiums earned	52,720,903	59,440,312	23,440,543	82,880,855	17,249,208	1,969,797	19,219,005	0	154,820,763
- Gross premiums written	68,941,365	75,431,607	26,426,843	101,858,450	17,335,817	1,963,745	19,299,562	0	190,099,377
- Written premiums ceded to reinsurers and co-insurers	-4,179,275	-8,042,447	-1,609,966	-9,652,413	-141,265	-711	-141,976	0	-13,973,664
- Change in gross unearned premiums	-14,596,877	-8,398,713	-1,598,080	-9,996,793	46,598	6,763	53,361	0	-24,540,309
- Change in unearned premiums for the reinsurance and co-insurance part	2,555,690	449,865	221,746	671,611	8,058	0	8,058	0	3,235,359
Income from investments in associates	0	5,912,064	0	5,912,064	3,990,890	0	3,990,890	49,329	9,952,283
- Profit from investments in equity-accounted associate companies	0	1,300,117	0	1,300,117	877,632	0	877,632	49,329	2,227,078
- Other income	0	4,611,947	0	4,611,947	3,113,258	0	3,113,258	0	7,725,205
Investment income	5,189,919	2,673,178	1,728,821	4,401,999	4,015,168	366,446	4,381,614	660	13,974,192
- Interest income	2,818,508	2,438,508	1,557,481	3,995,989	1,601,542	256,387	1,857,929	660	8,673,086
- Other investment income	2,371,411	234,670	171,340	406,010	135,168	110,026	256,194	0	3,022,615
- Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	2,278,458	33	2,278,491	0	2,278,491
Other technical income	293,539	1,383,372	666,010	2,049,382	164,387	48,406	212,793	259,349	2,815,063
- Commission income	-353,755	836,917	222,239	1,059,156	0	0	0	0	705,401
- Other technical income	647,294	546,455	443,771	990,226	164,387	48,406	212,793	259,349	2,109,662
Other income	5,968	399,612	387,942	787,554	-3,938	37,749	33,811	1,566	828,899
Net claims incurred	-31,798,711	-38,431,155	-10,353,070	-48,784,225	-9,493,844	-257,757	-9,751,601	0	-90,334,537
- Gross claims paid less income from recourse receivables	-28,057,140	-39,303,412	-10,259,847	-49,563,259	-8,653,982	-231,468	-8,885,450	0	-86,505,849
- Reinsurers' and co-insurers' share of claims paid	396,536	3,352,928	420,914	3,773,842	52,395	0	52,395	0	4,222,773
- Change in the gross claims provision	-2,005,051	-652,531	-958,132	-1,610,663	-906,693	-26,289	-932,982	0	-4,548,696
- Change in the provision for outstanding claims for the reinsurance and co-insurance part	-2,133,056	-1,828,140	443,995	-1,384,145	14,436	0	14,436	0	-3,502,765
Change in other technical provisions	0	-1,011,948	0	-1,011,948	-375,011	-633,466	-1,008,477	0	-2,020,425
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-472,119	-2,295	-474,414	0	-474,414
Expenses for bonuses and rebates	9,804	-168,075	-158,084	-326,159	1,310	0	1,310	0	-315,045
Operating expenses	-15,361,410	-19,392,342	-11,246,372	-30,638,714	-5,585,087	-1,691,080	-7,276,167	-332,029	-53,608,320
- Acquisition costs	-14,833,307	-8,070,056	-4,118,637	-12,188,693	-1,834,405	-772,913	-2,607,318	0	-29,629,318
- Change in deferred acquisition costs	1,587,805	1,476,586	-348,244	1,128,342	-358,133	-177	-358,310	0	2,357,837
- Other operating expenses	-2,115,908	-12,798,872	-6,779,491	-19,578,363	-3,392,549	-917,990	-4,310,539	-332,029	-26,336,839
Expenses for financial assets and liabilities	-2,253,173	-707,471	-129,577	-837,048	-5,150,257	-197,038	-5,347,295	-149	-8,437,665
- Impairment losses on financial assets not at fair value through profit or loss	-175,326	-1,003	5,735	4,732	-23,918	-44,618	-68,536	0	-239,130
- Interest expense	-624,222	-100,788	-9,237	-110,025	-4,726	-8,582	-13,308	-149	-747,704
- Other investment expenses	-1,453,625	-605,680	-126,075	-731,755	-173,757	-143,605	-317,362	0	-2,502,742
- Net unrealised loss on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-4,947,856	-233	-4,948,089	0	-4,948,089
Other technical expenses	-980,732	-1,765,114	-2,675,506	-4,440,620	-164,837	-122,605	-287,442	0	-5,708,794
Other expenses	-4,812	-81,847	-191,918	-273,765	-1	-1,713	-1,714	-1,402	-281,693
Profit/loss before tax	7,821,295	8,250,586	1,468,788	9,719,375	4,175,869	-483,556	3,692,313	-22,676	21,210,307
Income tax expense	-1,340,427	-518,573	0	-518,573	-122,827	0	-122,827	0	-1,981,827
Net profit/loss for the period	6,480,868	7,732,013	1,468,788	9,200,802	4,053,042	-483,556	3,569,486	-22,676	19,228,480
Net profit/loss attributable to owners of the controlling company	6,480,868	7,422,685	1,528,259	8,950,945	3,908,078	-389,855	3,518,223	-17,906	18,932,130

Income statement by operating segment (continued)

1-6/2012 (€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	Total
Net premiums earned	55,148,705	33,305,700	23,651,605	56,957,304	5,089,534	1,544,333	6,633,867	0	118,739,876
- Gross premiums written	81,519,044	42,994,162	27,472,254	70,466,416	5,039,292	1,474,822	6,514,114	0	158,499,574
- Written premiums ceded to reinsurers and co-insurers	-8,558,034	-3,326,167	-2,289,994	-5,616,162	-32,276	-685	-32,961	0	-14,207,157
- Change in gross unearned premiums	-19,436,531	-7,604,098	-1,832,291	-9,436,389	82,518	70,196	152,714	0	-28,720,206
- Change in unearned premiums for the reinsurance and co-insurance part	1,624,226	1,241,803	301,636	1,543,439	0	0	0	0	3,167,665
Income from investments in associates	0	2,097,723	0	2,097,723	1,104,907	0	1,104,907	105,102	3,307,732
- Profit from investments in equity-accounted associate companies	0	2,097,723	0	2,097,723	1,104,907	0	1,104,907	105,102	3,307,732
Investment income	4,822,965	1,260,402	2,175,123	3,435,525	2,348,123	433,979	2,782,102	390,255	11,430,847
- Interest income	3,757,325	1,195,491	1,393,514	2,589,005	323,896	196,649	520,545	8,036	6,874,911
- Other investment income	1,065,640	64,911	781,609	846,520	16,781	237,329	254,110	382,219	2,548,489
- Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	2,007,446	1	2,007,447	0	2,007,447
Other technical income	2,011,272	850,843	713,676	1,564,519	140	39,294	39,434	31,965	3,647,190
- Commission income	924,649	322,967	243,862	566,829	0	0	0	0	1,491,478
- Other technical income	1,086,623	527,876	469,814	997,690	140	39,294	39,434	31,965	2,155,712
Other income	4,816	13,964	291,566	305,530	0	12,360	12,360	2,064	324,770
Net claims incurred	-32,883,031	-19,429,248	-12,924,108	-32,353,356	-3,018,973	-205,579	-3,224,552	0	-68,460,939
- Gross claims paid less income from recourse receivables	-29,491,264	-17,242,961	-13,068,724	-30,311,685	-2,973,947	-172,368	-3,146,315	0	-62,949,264
- Reinsurers' and co-insurers' share of claims paid	1,986,208	225,353	576,431	801,784	0	0	0	0	2,787,992
- Change in the gross claims provision	-11,667,014	-2,741,366	-415,895	-3,157,261	-45,026	-33,211	-78,237	0	-14,902,512
- Change in the provision for outstanding claims for the reinsurance and co-insurance part	6,289,039	329,726	-15,920	313,806	0	0	0	0	6,602,845
Change in other technical provisions	0	-2,639	2,948	309	273,162	-466,315	-193,153	0	-192,844
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-1,536,215	-2,510	-1,538,725	0	-1,538,725
Expenses for bonuses and rebates	24,197	-61,018	-113,403	-174,421	0	0	0	0	-150,224
Operating expenses	-19,037,952	-10,397,266	-11,025,417	-21,422,683	-1,769,896	-1,543,841	-3,313,737	-127,495	-43,901,867
- Acquisition costs	-17,061,494	-5,578,976	-4,743,209	-10,322,185	-963,637	-805,935	-1,769,572	0	-29,153,251
- Change in deferred acquisition costs	-239,988	742,849	175,985	918,834	-38,489	-1,253	-39,742	0	639,104
- Other operating expenses	-1,736,470	-5,561,139	-6,458,193	-12,019,332	-767,770	-736,653	-1,504,423	-127,495	-15,387,720
Expenses for financial assets and liabilities	-3,296,318	-73,401	-434,722	-508,123	-1,422,727	-97,279	-1,520,006	0	-5,324,447
- Impairment losses on financial assets not at fair value through profit or loss	-749,958	0	-22,478	-22,478	0	-1,146	-1,146	0	-773,582
- Interest expense	-777,248	-55,131	-15,848	-70,979	0	-18,822	-18,822	0	-867,049
- Other investment expenses	-1,769,112	-18,270	-396,396	-414,666	-4,731	-77,287	-82,018	0	-2,265,796
- Net unrealised loss on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-1,417,996	-24	-1,418,020	0	-1,418,020
Other technical expenses	-962,765	-1,327,677	-2,505,402	-3,833,079	-7,123	-99,209	-106,332	0	-4,902,176
Other expenses	-5	-4,834	-355,631	-360,465	-1	-2,369	-2,370	1	-362,839
Profit/loss before tax	5,831,883	6,232,549	-523,765	5,708,783	1,060,932	-387,136	673,795	401,892	12,616,354
Income tax expense	-1,159,272	-833,797	-293,039	-1,126,836	-26,035	0	-26,035	0	-2,312,143
Net profit/loss for the period	4,672,611	5,398,752	-816,804	4,581,947	1,034,897	-387,136	647,760	401,892	10,304,211
Net profit/loss attributable to owners of the controlling company	4,672,611	5,389,747	-556,973	4,832,773	1,034,839	-223,867	810,971	336,014	10,652,370
Net profit/loss attributable to non-controlling interest	0	9,005	-259,831	-250,826	58	-163,269	-163,211	65,878	-348,159

Inter-segment business

(€)	Reinsurance business		Non-life insurance business		Life insurance business		Other		Consolidation		Total	
	1-6/2013	1-6/2012	1-6/2013	1-6/2012	1-6/2013	1-6/2012	1-6/2013	1-6/2012	1-6/2013	1-6/2012	1-6/2013	1-6/2012
Net premiums earned	18,149,746	13,240,985	154,786	108,881	0	0	0	0	-18,304,532	-13,349,866	0	0
Net claims incurred	-9,474,187	-4,481,103	-23,170	3,797	0	-298	0	0	9,497,357	4,477,604	0	0
Operating expenses	-3,831,273	-3,369,009	-87,081	-114,568	-24,595	-28,101	0	-3,647	3,942,949	3,515,325	0	0
Investment income	166,317	231,767	1,174	0	0	0	0	0	-167,491	-231,767	0	0
Other income	2,277	2,984	800	0	0	0	0	0	-3,077	-2,984	0	0

8.7 Business combinations

In February 2013, the controlling company obtained authorisation from the Insurance Supervision Agency to increase its qualifying holding in Zavarovalnica Maribor. On 25 April 2013, Sava Reinsurance Company acquired 1,468,175 shares of Zavarovalnica Maribor and on the following day announced its intention to take over the remaining shares not in its ownership or owned by the Slovenian Restitution Fund, with who a shareholder agreement had been signed. The contractual purchase price was set at € 10.24 per share.

The main reasons for taking over Zavarovalnica Maribor are to streamline Group insurance operations and to acquire a company with a high development potential for the Sava Re Group in the area of modern insurance products targeted at the Slovenian and other Sava Re Group markets. The new Group company greatly enhanced the Group's financial strength, thereby contributing to improved security for insureds.

The first consolidation after Zavarovalnica Maribor joined the Group was made on 30 April 2013. The table below shows recognised fair values for major groups of acquired assets and assumed liabilities.

Fair values of acquired assets and assumed liabilities

(€)	Zavarovalnica Maribor
ASSETS	
Property and equipment	8,099,959
LIABILITIES	
Gross technical provisions	-15,000,000
Deferred tax liabilities	3,926,993

The carrying amount of the net assets of Zavarovalnica Maribor in the statement of financial position of the Sava Re Group at that day was € 119.9m. The purchase price for shares acquired upon the acquisition was € 15.0m. The fair value of non-controlling interest in equity totalled € 47.4m. The table below shows the calculation of goodwill arising in the acquisition of Zavarovalnica Maribor.

Calculation of goodwill resulting in the acquisition of Zavarovalnica Maribor

(€)	Zavarovalnica Maribor
Equity-accounted book value of the stake	54,352,911
Fair value revaluation of the existing stake	7,725,205
Purchase of the share	15,034,112
Market value of the investment	77,112,228
Fair value of net assets acquired	-119,973,006
Non-controlling interest in equity	47,425,328
Goodwill	4,564,550

Gains of € 7.7m resulting from fair value revaluation of the existing share prior to acquisition were recognised in the consolidated income statement under item "other investment income".

At 30 June 2013, the controlling company owned 60.6626% of Zavarovalnica Maribor. It also held the same share of voting rights in the company.

Pre-tax profit of Zavarovalnica Maribor for the period from the acquisition (1 May – 30 June 2013) of € 1.3m was included in the consolidation. For this period, the consolidated statement of financial position recognised income of € 42.5m and expenses of € 41.2m. Previously, Zavarovalnica Maribor was an associate company of the Sava Re Group; therefore, the consolidated statement of financial position includes profit of € 2.2m relating to this investment accounted using the equity method for the period 1 January – 30 April 2013. Had Zavarovalnica Maribor been fully consolidated as from 1 January 2013, Sava Re Group income would have been higher by € 81m, while the net profit for the period would have been stronger by € 2.3m.

At 30 June 2013, Zavarovalnica Maribor held 346,433 shares of the controlling company, which is why the value of treasury shares in the consolidated statements increased by € 2,598k to € 2,600k.

Zavarovalnica Maribor is sole owner of the insurance agency Vivus d.o.o. specialised in consulting and marketing insurances of the person and is itself sole owner of two companies: Ornatus d.o.o. and Ornatus KC d.o.o. The former is an insurance agency, the latter is a call centre for Zavarovalnica Maribor.

8.8 Notes to significant changes in the statement of financial position

8.8.1 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					
1 Jan 2013	3,774,723	21,730,164	10,233,025	412,214	36,150,126
Additions, acquisition of ZM	3,366,177	22,856,789	12,494,020	26,983	38,743,969
Additions	45,004	94,386	708,537	12,752	860,679
Disposals	0	-79,369	-149,254	-11,032	-239,655
Impairment losses	0	0	0	0	0
Foreign exchange differences	9,787	10,950	2,847	1,839	25,423
30 Jun 2013	7,195,691	44,612,920	23,289,175	442,756	75,540,542
Accumulated depreciation and impairment losses					
1 Jan 2013	0	5,038,678	6,388,687	139,382	11,566,747
Additions, acquisition of ZM	0	7,724,497	8,804,439	26,545	16,555,481
Additions	0	1,118,230	1,231,204	17,475	2,366,909
Disposals	0	15,430	-101,411	0	-85,981
Impairment losses	0	0	0	0	0
Foreign exchange differences	0	5,815	1,302	643	7,760
30 Jun 2013	0	13,902,650	16,324,221	184,045	30,410,916
Carrying amount as at 1 Jan 2013	3,774,723	16,691,486	3,844,338	272,832	24,583,379
Carrying amount as at 30 Jun 2013	7,195,691	30,710,270	6,964,954	258,711	45,129,626

The Sava Re Group increased the carrying amount of property and equipment assets by € 22.2m upon the acquisition of Zavarovalnica Maribor.

8.8.2 Financial investments in associates

In the consolidated financial statements, investments in equity-accounted associates decreased. This is because former associate company Zavarovalnica Maribor became a subsidiary company on acquisition by the Sava Re Group. Zavarovalnica Maribor holds a 20% interest in the Moja naložba pension company. Combined with former Sava Re Group holdings this resulted in a total holding of 45%. Based on this, financial investments in associate companies increased by € 1.3m.

8.8.3 Financial investments

Financial investments at 30 June 2013, including investments for the benefit of life insurance policyholders who bear the investment risk, increased by € 702.7m compared to year-end 2012 following the acquisition of Zavarovalnica Maribor. The largest growth was in fixed income financial investments (of € 310m) in the available-for-sale financial investments category. There was also a very significant increase in investments for the benefit of life insurance policyholders who bear the investment risk, of € 135.2m.

Financial investments at 30 June 2013

(€)	Held-to-maturity	At fair value through P/L			Available-for-sale	Loans and receivables	Total
		Non-derivative		Derivatives			
		Held for trading	Designated to this category				
Long-term financial assets	158,964,663	8,528,869	1,665,104	0	466,181,338	74,281,352	709,621,326
Equity and other variable income securities and mutual funds	0	0	0	0	33,675,373	0	33,675,373
Debt securities and other fixed income securities	158,452,779	8,528,869	1,665,104	0	432,454,322	0	601,101,074
Mortgage loans	0	0	0	0	0	622,750	622,750
Other financial investments	0	0	0	0	51,643	96,830	148,473
Other loans granted	0	0	0	0	0	358,495	358,495
Deposits	511,884	0	0	0	0	73,203,277	73,715,161
Short-term financial investments	2,523,967	15,430,843	3,318,212	0	68,050,876	118,795,533	208,119,431
Held-for-trading shares and interests	0	4,703	927,432	0	6,377,127	0	7,309,262
Held-for-trading securities or securities with a remaining maturity of less than one year	2,523,967	15,426,140	2,390,780	0	61,673,749	0	82,014,636
Short-term loans granted	0	0	0	0	0	392,299	392,299
Bank deposits	0	0	0	0	0	108,548,110	108,548,110
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	0	0	9,855,124	9,855,124
Total	161,488,630	23,959,712	4,983,316	0	534,232,214	193,076,885	917,740,757
Funds for the benefit of policyholders who bear the investment risk	9,245,248	117,812,069	27,394,098	270,601	0	8,048,130	162,770,146

8.8.4 Receivables

Receivables increased by € 67.2m. The Group experienced the largest increase in receivables arising out of primary insurance business of € 47.1m due to the acquisition of Zavarovalnica Maribor. For the same reason, receivables for premiums arising out of reinsurance and co-insurance increased by € 9.3m.

Receivables by type

(€)	30 Jun 2013			31 Dec 2012		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	107,544,582	-33,298,796	74,245,786	38,576,517	-15,717,125	22,859,392
Receivables from insurance brokers	5,372,962	-602,952	4,770,010	2,932,931	-361,896	2,571,035
Other receivables arising out of primary insurance business	684,881	-382,700	302,181	616,267	-359,311	256,956
Receivables arising out of primary insurance business	113,602,425	-34,284,448	79,317,977	42,125,715	-16,438,332	25,687,383
Receivables for premiums arising out of reinsurance and co-insurance	57,745,348	-695,046	57,050,302	51,720,195	-682,955	51,037,240
Receivables for shares in claims	13,306,941	-76,438	13,230,503	2,880,193	-96,438	2,783,755
Other receivables from co-insurance and reinsurance	973,791		973,791	658,309		658,309
Receivables arising out of reinsurance and co-insurance business	72,026,080	-771,484	71,254,596	55,258,697	-779,393	54,479,304
Current tax assets	752,028	0	752,028	2,114,354	0	2,114,354
Other short-term receivables arising out of insurance business	30,180,668	-25,927,222	4,253,446	11,146,115	-7,573,527	3,572,588
Receivables arising out of investments	2,909,929	-1,601,819	1,308,110	2,481,647	-1,543,942	937,705
Other receivables	10,489,340	-1,194,043	9,295,297	12,870,658	-636,262	12,234,396
Other receivables	43,579,937	-28,723,084	14,856,853	26,498,420	-9,753,731	16,744,689
Total	229,960,470	-63,779,016	166,181,454	125,997,186	-26,971,456	99,025,730

Allowances to receivables do not include effects of adjustments of Zavarovalnica Maribor accounting policies to Sava Re Group accounting policies. These will be shown in future financial reports.

8.8.5 Subordinated liabilities

The most significant impact on subordinated liabilities came again from the consolidation of Zavarovalnica Maribor, which on 25 August 2008 issued subordinated bonds for a nominal amount of € 7m and at a 7.5% annual coupon interest rate. The principal amount and final coupon are payable on 25 August 2015. These bonds are non-negotiable and irredeemable.

8.8.6 Technical provisions

Technical provisions grew by € 520m. Of these, € 510.7m relate to the acquisition and consolidation of Zavarovalnica Maribor. Technical provisions for the benefit of life-insurance policyholders who bear the investment risk grew by € 131.2m for the same reason.

Movements in gross technical provisions

(€)	Consolidated 1 Jan 2013	At 1 Jan 2013 prior to elimination	Additions	Addition, acquisition of ZM	Uses and releases	Foreign exchange differences	At 30 Jun 2013 prior to elimination 7 = 2+3+4+5+6	Consolidated 30 Jun 2013
	1	2	3	4	5	6		8
Gross unearned premiums	90,691,880	98,293,474	84,881,635	75,426,336	-64,632,006	18,265	193,987,704	186,386,110
Mathematical provisions	17,767,312	17,767,313	6,126,041	244,682,347	-7,494,247	40,999	261,122,453	261,122,452
Gross provision for claims	248,200,797	263,602,556	36,346,668	179,446,741	-47,110,916	50,718	432,335,767	416,934,008
Gross provision for bonuses, rebates and cancellations	562,560	703,541	806,446	59,591	-661,050	-545	907,983	767,002
Other gross technical provisions	2,925,667	2,925,667	3,704,579	11,068,290	-2,855,879	415	14,843,072	14,843,072
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	27,040,864	27,040,864	5,672,676	130,451,708	-4,912,401	95	158,252,942	158,252,942
Total	387,189,080	410,333,415	137,538,045	641,135,013	-127,666,499	109,947	1,061,449,921	1,038,305,586

8.8.7 Liabilities from operating activities

Other liabilities from operating activities

(€)	Maturity		
30 Jun 2013	1–5 years	Up to 1 year	Total
Liabilities to policyholders	0	2,632,636	2,632,636
Liabilities due to insurance intermediaries	0	1,933,036	1,933,036
Other liabilities from primary insurance business	10,777	8,880,565	8,891,342
Liabilities from primary insurance business	10,777	13,446,237	13,457,014
Liabilities for reinsurance and co-insurance premiums	0	18,150,324	18,150,324
Liabilities for shares in reinsurance claims	0	9,592,749	9,592,749
Other liabilities due from co-insurance and reinsurance	0	12,652,767	12,652,767
Liabilities from reinsurance and co-insurance business	0	40,395,840	40,395,840
Current tax liabilities	0	2,454,700	2,454,700
Total	10,777	56,296,777	56,307,554

Liabilities from operating activities increased in the first half of 2013 compared to 31 December 2012 by € 19.7m largely because of liabilities to policyholders of Zavarovalnica Maribor but also because of increased liabilities from reinsurance and co-insurance business.

8.8.8 Earnings per share

The weighted average number of shares outstanding in the financial period was 9,189,093. The number of shares outstanding decreased in the comparative period as Zavarovalnica Maribor still owned 346,433 shares of the controlling company at 30 June 2013; these then became treasury shares of the Save Re Group and are subtracted when calculating the weighted average number of shares.

Net earnings/loss per share

(€)	30 Jun 2013	30 Jun 2012
Net profit/loss for the period	19,228,480	10,304,211
Net profit/loss for the period attributable to owners of the controlling company	18,932,130	10,652,370
Weighted average number of shares	9,189,093	9,362,309
Earnings/loss per share	2.06	1.14

Comprehensive income per share

(€)	30 Jun 2013	30 Jun 2012
Comprehensive income for the period, net of tax	12,402,946	15,991,618
Comprehensive income for the period attributable to owners of the controlling company, net of tax	13,021,136	16,332,178
Weighted average number of shares	9,189,093	9,362,309
Diluted earnings/losses per share	1.42	1.74

9 RELATED-PARTY DISCLOSURES

Key management personnel

Fixed salaries of management board members for the first six months of 2013 totalled € 297,915 (1–6/2012: € 297,591), while variable portions were settled at the same level as at year-end 2012. Fringe benefits and other income were € 15,983 (1–6/2012: € 17,561). Liabilities at 30 June 2013 were higher than year-end 2012 as variable salary portions were paid out together with June salaries at the beginning of July 2013.

Remunerations paid to supervisory board members and members of the supervisory board audit committee in the six months of 2013 amounted to € 68,818 (1–6/2012: € 65,245).

Remuneration paid to management board members in 1–6/2013

(€)	Gross salary – fixed amount	Gross salary – variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Zvonko Ivanušič	80,464	31,872	3,148	2,040	117,524
Jošt Dolničar	72,484	21,510	2,616	2,244	98,854
Srečko Čebren	72,484	21,510	2,644	680	97,318
Mateja Treven	72,484	21,510	2,610	0	96,604
Total	297,915	96,402	11,019	4,964	410,299

Liabilities to management board members

(€)	30 Jun 2013	31 Dec 2012
Zvonko Ivanušič	18,807	6,094
Jošt Dolničar	13,826	5,446
Srečko Čebren	14,423	5,799
Mateja Treven	14,077	5,662
Total	61,133	23,000

Remuneration paid to members of the supervisory board and the auditing committee in 1–6/2013

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total
Supervisory board members					
Branko Tomažič	chairman of the SB	2,860	9,750	1,959	14,569
Mateja Lovšin Herič	deputy chair of the SB	2,420	7,150	0	9,570
Slaven Mičković	member of the SB	2,420	6,500	30	8,950
Gregor Hudobivnik	member of the SB	2,200	6,500	30	8,730
Samo Selan	member of the SB	275	524	0	799
Martin Albreht	member of the SB	2,145	6,500	0	8,645
Gorazd Andrej Kunstek	member of the SB	2,145	5,731	0	7,876
Total supervisory board members		14,465	42,655	2,019	59,139
Auditing committee members					
Mateja Lovšin Herič	chair of the AC	1,320	2,438	0	3,758
Slaven Mičković	member of the AC	880	1,625	0	2,505
Blanka Vezjak	member of the AC	2,625		352	2,977
Total auditing committee members		4,825	4,062	352	9,240
External member of the nomination committee					
Vesna Razpotnik	committee member	440	0	0	440

Liabilities to member of the supervisory board and audit committee

30 Jun 2013	
Branko Tomažič	1,883
Mateja Lovšin Herič	1,622
Slaven Mičković	1,433
Gregor Hudobivnik	1,053
Martin Albreht	1,010
Gorazd Andrej Kunstek	1,223
Total	8,224

Transactions with subsidiaries

Investments in and amounts due from Group companies

(€)		30 Jun 2013	31 Dec 2012
Debt securities and loans granted to Group companies	gross	6,790,000	7,190,000
	allowance	0	0
	net	6,790,000	7,190,000
Receivables for premiums arising out of reinsurance assumed	gross	25,309,238	9,349,100
	allowance	0	0
	net	25,309,238	9,349,100
Total		32,099,238	16,539,100

Liabilities to Group companies

(€)	30 Jun 2013	31 Dec 2012
Liabilities for shares in reinsurance claims	12,944,856	2,409,388
Other short-term liabilities	5,311,381	1,559,107
Total	18,256,237	11,500,187

Income from and expenses for transactions with Group companies

(€)	1–6/2013	1–6/2012
Gross premiums written	18,149,746	15,722,952
Gross claims paid	-9,924,679	-8,636,708
Income from recourse receivables	450,492	465,442
Income from dividends	2,704,046	100,700
Interest income	166,317	56,799
Gains on disposal of securities	0	0
Acquisition costs	3,784,758	2,946,240
Income from shares in associates	2,227,078	3,307,732
Total	17,557,758	13,963,157

Transactions with associates*Receivables due from associates*

(€)	30 Jun 2013	31 Dec 2012
Receivables for premiums arising out of reinsurance assumed	gross	0
	allowance	0
	net	0
Total	0	9,765,715

Liabilities to associates

(€)	30 Jun 2013	31 Dec 2012
Liabilities for shares in reinsurance claims	0	8,981,556
Other short-term liabilities	0	2,518,631
Total	0	11,500,187

Operating income from and expenses for associate companies

(€)	1–6/2013	1–6/2012
Gross premiums written	19,781,346	15,722,952
Income from gross recourse receivables	165,326	465,442
Income from dividends	0	0
Gains on disposal of securities	0	0
Income from shares in associates	2,227,078	3,307,732
Additional pension insurance premium	0	0
Total	17,163,400	16,582,726

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 Jun 2013	31 Dec 2012
Debt securities	361,621,508	60,618,154
Premium receivables	557,984	0
Total	362,179,492	60,618,154

Liabilities to the state and majority state-owned companies

(€)	30 Jun 2013	31 Dec 2012
Liabilities for shares in claims	1,597,162	8,981,556
Other short-term liabilities to associates	0	2,518,631
Total	1,597,162	11,500,187

Income from and expenses for majority state-owned companies

(€)	1–6/2013	1–6/2012
Gross premiums written	23,651,955	15,722,952
Gross claims paid	-9,662,406	-8,636,708
Income from gross recourse receivables	0	0
Income from dividends	2,098,298	142,358
Interest income	2,278,270	1,256,437
Gains on disposal of securities	0	0
Acquisition costs	3,054,894	5,666,508
Additional pension insurance premium	0	0
Total	21,421,011	14,151,547

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

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

10 UNAUDITED SEPARATE FINANCIAL STATEMENTS – SAVA REINSURANCE COMPANY

10.1 Unaudited statement of financial position

(€)	30 Jun 2013	31 Dec 2012
ASSETS	496,901,112	463,035,873
Intangible assets	127,939	149,315
Property and equipment	2,422,302	2,454,001
Deferred tax assets	2,534,849	1,900,320
Investment property	155,087	156,253
Financial investments in subsidiaries and associates	139,643,972	123,936,431
Financial investments:	218,748,591	215,395,429
- Loans and deposits	50,292,358	52,668,509
- Held to maturity	3,028,660	5,118,283
- Available for sale	162,305,675	157,019,599
- At fair value through profit or loss	3,121,898	589,038
Reinsurers' share of technical provisions	30,679,409	32,093,794
Receivables	89,488,807	75,945,114
Receivables arising out of reinsurance and co-insurance business	86,412,339	63,116,668
Current tax assets	0	1,840,414
Other receivables	3,076,468	10,988,032
Deferred acquisition costs	12,125,094	9,728,230
Other assets	662,527	264,313
Cash and cash equivalents	312,535	1,012,672
EQUITY AND LIABILITIES	496,901,112	463,035,873
Equity	181,386,623	174,789,811
Share capital	39,069,099	39,069,099
Capital reserves	33,003,753	33,003,753
Profit reserves	92,152,739	92,359,341
Treasury shares	-1,774	-1,774
Fair value reserve	-4,931,832	-2,358,606
Retained earnings	12,717,998	7,915,508
Net profit/loss for the period	9,376,640	4,802,490
Subordinated liabilities	31,263,725	31,244,573
Technical provisions	231,746,842	216,494,122
Unearned premiums	60,394,108	44,050,792
Provision for outstanding claims	171,157,508	172,250,806
Other technical provisions	195,226	192,524
Other provisions	335,272	324,745
Other financial liabilities	434	212
Liabilities from operating activities	49,139,803	38,418,488
Liabilities from reinsurance and co-insurance business	48,280,518	38,418,488
Current income tax liabilities	859,285	0
Other liabilities	3,028,413	1,763,922

10.2 Unaudited income statement

(€)	1–6/ 2013	1–6/2012
Net premiums earned	62,607,269	63,409,917
Gross premiums written	87,091,111	94,760,029
Written premiums ceded to reinsurers and co-insurers	-10,792,811	-11,497,182
Change in net unearned premiums	-13,691,031	-19,852,930
Income from investments in subsidiaries and associates	2,704,046	100,700
Investment income	5,364,393	5,049,918
Interest income	2,984,825	3,976,629
Other investment income	2,379,568	1,073,289
Other technical income	1,117,535	2,396,735
Commission income	395,735	1,240,133
Other income	721,800	1,156,602
Other income	8,245	3,933
Net claims incurred	-37,180,880	-37,558,962
Gross claims paid less income from recourse receivables	-37,531,327	-33,970,129
Reinsurers' and co-insurers' share of claims paid	3,323,819	2,258,613
Change in the net provision for outstanding claims	-2,973,372	-5,847,446
Change in other technical provisions	0	0
Change in technical provisions for policyholders who bear the investment risk	0	0
Change in liabilities under financial contracts	0	0
Expenses for bonuses and rebates	-2,702	-8,956
Operating expenses	-20,868,724	-23,392,503
Acquisition costs	-17,030,260	-20,247,721
Other operating expenses	-3,838,464	-3,144,782
Expenses for investments in subsidiaries and associates	0	0
Loss arising out of investments in equity-accounted associate companies	0	0
Expenses for financial assets and liabilities	-2,254,340	-3,296,317
Impairment losses on financial assets not measured at fair value through profit or loss	-175,326	-749,958
Interest expenses	-624,222	-777,248
Diverse other expenses	-1,454,792	-1,769,112
Other technical expenses	-979,565	-962,837
Other expenses	-4,812	-5
Profit/loss before tax	10,510,465	5,741,623
Income tax expense	-1,340,427	-1,159,272
Net profit/loss for the period	9,170,038	4,582,351
Net diluted earnings/loss per share	1.00	0.49

10.3 Unaudited statement of comprehensive income

(€)	1–6/2013	1–6/2012
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	9,170,038	4,582,351
OTHER COMPREHENSIVE INCOME, NET OF TAX	-2,573,226	3,758,038
Net change in fair value of available-for-sale financial assets	-3,176,891	4,697,549
Gains/losses recognised in fair value reserve	-2,812,825	3,445,270
Net change transferred from fair value reserve to profit or loss	-364,066	1,252,279
Tax on other comprehensive income	603,665	-939,510
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	6,596,812	8,340,389

10.4 Unaudited statement of changes in equity for the six months to 30 June 2013

(€)	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)
			Contingency reserve	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.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.
Opening balance in the financial period	39,069,099	33,003,752		14,986,525	1,774	753,026	8,314,716	68,303,300	-2,358,606	7,915,508	4,802,490	-1,774	174,789,811
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	0	-2,573,226	0	9,170,038	0	6,596,811
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	0	-206,602	0	0	0	0	206,602	0	0
Transfer of profit	0	0	0	0	0	0	0	0	0	4,802,490	-4,802,490	0	0
Closing balance in the financial period	39,069,099	33,003,752	0	14,986,525	1,774	546,424	8,314,716	68,303,300	-4,931,832	12,717,998	9,376,640	-1,774	181,386,623
Distributable profit	0	0	0	0	0	0	0	0	0	12,717,998	9,376,640	0	22,094,638

10.5 Unaudited statement of changes in equity for the six months to 30 June 2012

(€)		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.
Opening balance in the financial period		39,069,099	33,003,752	14,986,525	1,774	745,290	6,998,007	64,825,254	-9,088,910	3,596,862	4,318,646	-1,774	158,454,526
Comprehensive income for the year, net of tax		0	0	0	0	0	0	0	3,758,042	0	4,582,351	0	8,340,393
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve		0	0	0	0	-183,432	0	0	0	0	183,432	0	0
Transfer of profit		0	0	0	0	0	0	0	0	4,318,646	-4,318,646	0	0
Closing balance in the financial period		39,069,099	33,003,752	14,986,525	1,774	561,858	6,998,007	64,825,254	-5,330,868	7,915,508	4,765,782	-1,774	166,794,918
Distributable profit		0	0	0	0	0	0	0	0	7,915,508	4,765,782	0	12,681,290

10.6 Unaudited statement of cash flows

(€)		1-6/2013	1-6/2012
A.	Cash flows from operating activities		
a.)	Items of the income statement	18,821,815	26,727,424
	Net premiums written	76,298,300	83,262,848
	Investment income (other than financial income), financed from:	2,245,811	908,584
	- technical provisions	2,147,196	889,587
	- other sources	98,615	18,997
	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	1,125,780	2,400,668
	Net claims paid	-34,207,508	-31,711,516
	Expenses for bonuses and rebates	-2,702	-8,956
	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-22,682,944	-23,483,020
	Investment expenses (excluding depreciation/amortisation and financial expenses), financed from:	-1,630,118	-2,519,069
	- technical sources	-1,616,169	-1,648,376
	- other sources	-13,949	-870,693
	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-984,377	-962,842
	Tax on profit and other taxes not included in operating expenses	-1,340,427	-1,159,272
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	-12,022,496	-18,982,309
	Change in receivables from reinsurance	-23,295,671	-24,026,326
	Change in receivables and assets	-78,102	-1,733,885
	Change in deferred tax assets	-634,529	789,518
	Change in liabilities arising out of reinsurance business	9,862,030	6,153,364
	Change in other operating liabilities	859,285	-507,698
	Change in other liabilities (except unearned premiums)	1,264,491	342,717
	Change in deferred tax liabilities	0	0
c.)	Net cash from/used in operating activities (a + b)	6,799,320	7,745,115
B.	Cash flows from investing activities		
a.)	Cash receipts from investing activities	109,949,987	161,127,313
	Interest received from investing activities relating to:	2,984,825	3,899,997
	- investments financed from technical provisions	2,551,444	3,135,124
	- other investments	433,381	764,874
	Cash receipts from dividends and from participation in the profit of others, relating to:	2,837,803	265,406
	- investments financed from technical provisions	84,862	31,244
	- other investments	2,752,941	234,162
	Proceeds from sale of property and equipment, financed from:	280	0
	- other sources	280	0
	Proceeds from sale of long-term financial investments, financed from:	52,498,390	57,718,775
	- technical provisions	35,249,359	47,936,728
	- other sources	17,249,031	9,782,047
	Proceeds from sale of short-term financial investments, financed from:	51,628,689	99,243,135
	- technical provisions	43,887,689	83,405,558
	- other sources	7,741,000	15,837,577
b.)	Cash disbursements in investing activities	-116,400,890	-167,094,922
	Purchase of intangible assets	-2,640	0
	Purchase of property and equipment, financed from:	-314,709	-102,079
	- other sources	-314,709	-102,079
	Purchase of long-term financial investments, financed from:	-61,498,311	-55,544,944
	- technical provisions	-53,393,989	-52,563,131
	- other sources	-8,104,322	-2,981,813
	Purchase of short-term financial investments, financed from:	-54,585,230	-111,447,899
	- technical provisions	-43,795,230	-91,285,799
	- other sources	-10,790,000	-20,162,100
c.)	Net cash from/used in investing activities (a + b)	-6,450,903	-5,967,609
C.	Cash flows from financing activities		
a.)	Cash receipts from financing activities	0	1,200,000
	Proceeds from short-term borrowing	0	1,200,000
b.)	Cash disbursements in financing activities	-1,048,553	-2,827,248
	Interest paid	-624,222	-777,248
	Repayment of short-term financial liabilities	-424,331	-2,050,000
c.)	Net cash from/used in financing activities (a + b)	-1,048,553	-1,627,248
C2.	Closing balance of cash and cash equivalents	312,535	304,171
	Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	-700,137	150,258
C2	Opening balance of cash and cash equivalents	1,012,672	153,913

APPENDIX

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.

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 incurred

Claims paid in the period (including loss adjustment expenses) gross of the change in the provision for outstanding claims and net of recourse receivables in the period.

Gross/net – before/after deduction of reinsurance.

Claims paid

Claims and benefits liquidated 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 referred to in the business report are net of recourse receivables.

Claims risk

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

Combined ratio

Calculated using the S&P computation method: ratio of total expenses net of investment expenses as a percentage of total income net of investment income.

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.

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 foreign-currency investments or increase liabilities denominated in foreign currencies.

Equity securities risk

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

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".

Expense ratio (gross)

The ratio of operating expenses as a percentage of (gross) premiums written.

Expense ratio (net)

The ratio of operating expenses, net of commission income, as a percentage of (net) earned premiums

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.

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.
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.
Loss ratio, incurred / "Loss ratio"
The net incurred loss ratio is calculated as net claims incurred gross of change in other technical provisions as a percentage of net premiums earned
Gross incurred loss ratio = gross claims incurred / gross premiums earned
Loss ratio, paid
The ratio of (gross/net) claims paid as a percentage of (gross/net) premiums written.
Market risks
Include interest rate risk, equity securities risk and currency risk.
Net retention risk
The risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience.
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.
Premiums earned
The portion of premiums written that relates to the expired portion of the policy period for a given period adjusted for change in unearned premiums.
Gross/net – before/after deduction of reinsurance.
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 recognised in the period as recourse receivables based on (i) any agreement with any third parties under recourse issues, (ii) court decisions, or (iii) for credit business – settlement of insurance claim.
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.

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.

Underwriting result

Profit or loss realised from insurance operations as opposed to that realised 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 recognised as income in future years.

Declaration of the management board

The management board of Sava Reinsurance Company hereby declares that the condensed interim financial statements of both the Sava Re Group and Sava Reinsurance Company for the six months to 30 June 2013 give a true and fair view of the assets, liabilities, financial position and profit or loss of the Sava Re Group and Sava Reinsurance Company.

Condensed interim financial statements of both the Sava Re Group and Sava Reinsurance Company have been prepared in accordance with IAS 34 "Interim Financial Reporting" and need to be read together with the annual financial statements prepared for the financial year ended 31 December 2012. The interim financial statements have not been audited. The report includes condensed financial statements.

The management board also declares that the report includes a fair review of transactions with related parties.

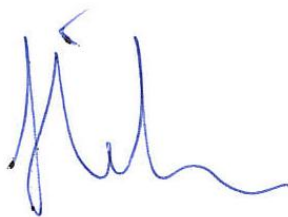
Zvonko Ivanušič, Chairman of the Management Board



Jošt Dolničar, Member of the Management Board



Srečko Čebren, Member of the Management Board



Ljubljana, 30 August 2013