



This is an English language translation by Sava Re. The official original document is in Slovenian and is available on the Company's website.

Translation of the

**Unaudited financial report of the
Sava Re Group and
financial statements of
Sava Re, d.d.
for the six months to 30 June 2018**

Ljubljana, 21 August 2018

CONTENTS

INTRODUCTION	5
1 INTRODUCTION	7
1.1 Key financials	9
1.2 Sava Re company profile	11
1.3 Bodies of the Company	12
1.4 Significant events in the six months to 30 June 2018	14
1.5 Significant events after the reporting period	15
1.6 Composition of the Sava Re Group	15
1.7 Shareholders and share trading	17
SAVA RE GROUP INTERIM BUSINESS REPORT	21
2 SAVA RE GROUP REVIEW OF OPERATIONS.....	23
2.1 Reinsurance business	31
2.2 Non-life business	34
2.3 Life business	40
2.4 Pension business	44
3 FINANCIAL POSITION OF THE SAVA RE GROUP	47
3.1 Assets.....	47
3.2 Liabilities.....	51
3.3 Capital structure	53
3.4 Cash flow	53
3.5 Sava Re rating profile.....	53
4 PERSONNEL	54
5 RISK MANAGEMENT.....	54
SUMMARY OF SAVA RE GROUP FINANCIAL STATEMENTS WITH NOTES	59
6 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS.....	61
6.1 Unaudited consolidated statement of financial position.....	61
6.2 Unaudited consolidated income statement.....	62
6.3 Unaudited consolidated statement of comprehensive income.....	63
6.4 Unaudited consolidated statement of cash flows.....	64
6.5 Unaudited consolidated statement of changes in equity	65
7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	67
7.1 Overview of major accounting policies	67
7.2 Seasonality and cyclicity of interim operations.....	67
7.3 Nature and amount of extraordinary items	67
7.4 Materiality	67
7.5 Issuance, repurchase, and repayment of debt and equity securities	67
7.6 Key accounting estimates and judgements.....	68
7.7 Segment reporting.....	68
7.8 Business combinations	76
7.9 Notes to significant changes in the statement of financial position	78
8 RELATED-PARTY DISCLOSURES	85
UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS OF SAVA RE	89
9 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS	91
9.1 Unaudited statement of financial position	91
9.2 Unaudited income statement	92
9.3 Unaudited statement of comprehensive income	93
9.4 Unaudited statement of changes in equity	94
9.5 Unaudited statement of cash flows	95
APPENDIX – Glossary of selected terms and calculation methodologies for indicators.....	97

INTRODUCTION

1 INTRODUCTION

In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Sava Re, d.d., with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited financial report of the Sava Re Group and Sava Re, d.d. for the six months to 30 June 2018, which has also been posted on the Company's website, at www.sava-re.si, as from 31 August 2018.

Declaration of the management board of Sava Re, d.d.

To the best of our knowledge, the summary financial statements of the Sava Re Group with notes have been prepared to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim financial statements for the Sava Re Group and the separate financial statements of Sava Re, d.d., which are both condensed, have been prepared in accordance with International Accounting Standard 34 'Interim Financial Reporting' as endorsed by the European Union and should be read together with the annual financial statements for the financial year ended 31 December 2017. The interim financial statements have not been audited.

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



Marko Jazbec, Chairman of the Management Board



Srečko Čebren, Member of the Management Board



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board

Ljubljana, 21 August 2018

1.1 Key financials

(EUR, except percentages)	Sava Re Group		Sava Re	
	1–6/2018	1–6/2017	1–6/2018	1–6/2017
Gross premiums written	308,644,926	297,770,558	93,230,136	95,389,489
Year-on-year change	3.7%	6.0%	-2.3%	4.3%
Net premiums earned	240,094,363	230,286,916	63,435,770	59,837,679
Year-on-year change	4.3%	1.9%	6.0%	-6.4%
Gross claims paid	166,396,406	149,352,307	36,959,805	37,878,931
Year-on-year change	11.4%	17.6%	-2.4%	0.0%
Net claims incurred	165,633,594	141,966,092	38,657,313	31,958,124
Year-on-year change	16.7%	7.7%	21.0%	-18.7%
Net incurred loss ratio	61.0%	56.7%	61.2%	53.6%
Net incurred loss ratio, excluding exchange differences	61.1%	58.8%	61.4%	60.2%
Operating expenses, including reinsurance commission income	82,534,865	74,174,142	21,190,656	19,546,106
Year-on-year change	11.3%	0.5%	8.4%	1.0%
Net expense ratio	33.0%	32.1%	33.4%	32.7%
Gross expense ratio	27.2%	26.6%	26.9%	25.7%
Net combined ratio	97.1%	92.3%	94.6%	87.6%
Net combined ratio, excluding exchange differences	97.1%	94.3%	94.7%	93.4%
Net investment income of the investment portfolio	10,070,267	7,801,779	35,456,423	24,974,614
Return on the investment portfolio	1.8%	1.4%	8.3%	5.3%
Net investment income of the investment portfolio, excluding exchange differences	10,325,132	11,558,293	35,581,755	28,377,471
Return on the investment portfolio, excluding exchange differences	1.9%	2.2%	8.3%	6.8%
Profit or loss before tax	18,436,773	22,395,481	39,027,021	32,665,866
Year-on-year change	-17.7%	14.4%	19.5%	0.3%
Profit or loss, net of tax	14,167,227	17,117,531	37,620,289	31,369,751
Year-on-year change	-17.2%	19.4%	19.9%	5.9%
Comprehensive income	11,525,523	15,389,873	37,055,154	31,006,383
Year-on-year change	-25.1%	-34.3%	19.5%	-0.7%
Annualised return on equity	9.9%	11.1%	13.8%	13.3%
Net earnings/loss per share	0.91	1.10	2.43	2.02
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Total assets	1,755,773,126	1,708,348,067	633,624,300	580,886,180
Change on 31 Dec of prior year	2.8%	2.2%	9.1%	2.2%
Shareholders' equity	315,178,680	316,116,895	315,623,153	290,966,155
Change on 31 Dec of prior year	-0.3%	6.4%	8.5%	7.6%
Net technical provisions	1,168,266,974	1,127,139,014	233,035,464	212,565,592
Change on 31 Dec of prior year	3.6%	1.6%	9.6%	2.2%
Book value per share	20.34	20.40	-	-
No. of employees (full-time equivalent basis)	2,431.6	2,388.8	108.1	96.5
Solvency ratio under Solvency II rules	-	220%	-	283%

Notes:

- S** For details on the calculation of ratios and the net investment income, see the appended glossary.
- S** Net investment income of the investment portfolio for 1–6/2017 differs from the data published in the financial report for the six months to 30 June 2017 because investment property income and expenses have been taken to other income and expenses.
- S** The net investment income of the investment portfolio does not include the net investment income from assets pertaining to policyholders who bear the investment risk since such assets do not affect the income statement. The mathematical provision of policyholders who bear the investment risk moves in line with this line item.
- S** The consolidated annualised return on equity was calculated under the assumption that no catastrophic event will occur in the second half of 2018.
- S** The Group's unaudited solvency ratio as at 31 March 2018 stood at 212% (calculated using the Group's solvency capital requirement as at 31 December 2017 and eligible own funds as at 31 March 2018).

The table below compares actual figures against figures planned for the full year 2018:

(EUR million)	1–6/2018	2018 plan	As % of plan
Consolidated gross premiums written	308.6	> 520.0	59.4%
Net profit or loss for the period	14.2	37.0-39.0	38.3%
Annualised return on equity	9.9%	> 11.0%	✖
Net combined ratio, excluding exchange differences	97.1%	94.0-94.5%	✖
Net incurred loss ratio, excluding exchange differences	61.1%	59.4-59.9%	✖
Net expense ratio, excluding exchange differences	33.0%	31.4-31.7%	✖
Annualised return on the investment portfolio, excluding exchange differences	1.9%	1.7%	✓

*The net combined and the net incurred loss ratios have been calculated for the reinsurance and non-life operating segments.

Since exchange differences were not considered in the plan, the table shows ratios excluding the effect of exchange differences.

In the period 1–6/2018, the Sava Re Group achieved a net profit of EUR 14.2 million, down 17.2% year on year. The decline is due to major loss events in the first half of the year. Gross premiums written account for 59.4% of the full year plan, up 3.7% year on year. The net incurred loss ratio was slightly short of the full 2018 target ratio owing to the hail storm event in south-east Slovenia. This loss event had a EUR 4.6 million negative impact on the 1–6/2018 result. The net expense ratio for 1–6/2018 was higher than the full year target ratio mainly because of higher expenses incurred in the reinsurance segment (acquisition costs, including the change in deferred acquisition costs, were high owing to the decline in gross premiums written and the resulting lower change in deferred acquisition costs) and the life segment (lower premiums following a wave of policy maturities in conjunction with higher acquisition costs resulting from strong sales of new products, while these premiums failed to offset lost business through maturities. We estimate that expense ratios for segments will decline to planned levels by the end of the year and that in the second half of the year, claim trends will approach planned levels that are based on multi-year averages. We estimate that the profit planned for 2018 is still achievable despite the weaker first half year result, provided no major losses are incurred in the second half of the year. A positive effect is expected in the second half year from the inclusion of newly acquired companies into the consolidated statements since these companies were not included throughout the first half of the year.

1.2 Sava Re company profile

Company name	Sava Re, d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
E-mail	info@sava-re.si
Website	www.sava-re.si
Company ID number	5063825
Tax number	17986141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	MANAGEMENT BOARD Marko Jazbec (chairman) Srečko Čebren Jošt Dolničar Polona Pirš Zupančič SUPERVISORY BOARD Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Givoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10/12/1990, Ljubljana District Court
Certified auditor	Ernst & Young d.o.o. Dunajska 111 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenski državni holding, d.d. (Slovenian Sovereign Holding) 17.7% (no-par-value shares: 3,043,883)
Credit ratings: Standard & Poor's A.M. Best	A /stable/ July 2018 A– /stable/ October 2017
Contact details for annual and sustainability reports	ir@sava-re.si
The Company has no branches.	

1.3 Bodies of the Company

Management board

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

In the period 1–6/2018, there was a change in the composition of the management board.

On 9 November 2017, the supervisory board voted unanimously in support of the proposal of Marko Jazbec, chairman of the management board, and appointed a new Sava Re management board team. Srečko Čebren and Jošt Dolničar were re-elected to serve on the management board for a third consecutive term of office, starting their new term on 1 June 2018. Polona Pirš Zupančič was appointed by the supervisory board as the fourth member, starting her term on 14 January 2018. Mateja Treven concluded her term of office as management board member on 13 January 2018.

Members of the management board as at 30 June 2018

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

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

Jošt Dolničar:

 Slovenian Rowing Federation, Župančičeva cesta 9, Bled – president.

Supervisory board

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


The composition of the supervisory board did not change in the six months to 30 June 2018.

Composition of the supervisory board as at 30 June 2018:




Member	Title	Beginning of term	Expiry of term
Mateja Lovšin Herič	chair	16/07/2017	16/07/2021
Keith W. Morris	deputy chair	16/07/2017	16/07/2021
Andrej Kren	member	16/07/2017	16/07/2021
Davor Ivan Gjivoje	member	07/03/2017	07/03/2021
Andrej Gorazd Kunstek	member (employee representative)	11/06/2015	11/06/2019
Mateja Živec	member (employee representative)	01/04/2016	11/06/2019

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



Keith W. Morris:

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

Davor Ivan Gjivoje, Jr.:

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

Andrej Kren:

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

Supervisory board committees

Audit committee

In the six months to 30 June 2018, there were no changes in the composition of the supervisory board's audit committee.

Composition of the supervisory board's audit committee as at 30 June 2018

Member	Title	Beginning of term	Expiry of term
Andrej Kren	chairman	16/08/2017	16/07/2021
Mateja Lovšin Herič	member and deputy chair	16/08/2017	16/07/2021
Ignac Dolenšek	external member	16/08/2017	16/07/2021

Risk committee

In the six months to 30 June 2018, there were no changes in the composition of the supervisory board's risk committee.

Composition of the supervisory board's risk committee as at 30 June 2018

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

Nominations and remuneration committee

In the six months to 30 June 2018, the composition of the supervisory board's nominations and remuneration committee changed.

Composition of the supervisory board's nominations and remuneration committee as at 30 June 2018:

Member	Title	Beginning of term of office	Expiry of term
Mateja Lovšin Herič	chair	24/08/2017	16/07/2021
Keith W. Morris	member	24/08/2017	16/07/2021
Andrej Kren	member	24/08/2017	16/07/2021
Davor Ivan Gjivoje	member	24/08/2017	07/03/2021

Fit and proper committee

In the six months to 30 June 2018, the composition of the supervisory board's fit and proper committee changed. In its meeting of 8 March 2018, the supervisory board appointed Rok Saje as new external member of the supervisory board's fit and proper committee in place of Nika Matjan.

Composition of the fit & proper committee as at 30 June 2018

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

General meeting of shareholders

The Sava Re general meeting of shareholders was held once in the six months to 30 June 2018.

As per the Company's 2018 financial calendar, the 34th general meeting of shareholders was held on 29 May 2018. Among other things, the general meeting was presented the annual report for 2017, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2017 with the opinion of the supervisory board thereto. Furthermore, the general meeting was informed of the remuneration of the members of management and supervisory bodies and of the management report on own shares. The general meeting resolved that part of the distributable profit in the amount of EUR 12,398,156.80 be appropriated for dividends, while the remaining part of the distributable profit of EUR 10,101,173.14 be left unappropriated. The general meeting granted a discharge for the financial year 2017 to both the supervisory and management boards.

1.4 Significant events in the six months to 30 June 2018

- S** In January 2018, Polona Pirš Zupančič entered her five-year term of office as a member of the management board. After this change, the Sava Re management board continued to operate as a four-member body. This is because in its session on 20 December 2017, the supervisory board of Sava Re took note of the notice of Mateja Treven on her early termination of her term as Sava Re management board member and accepted Mateja Treven's proposal for a consensual termination of her employment contract as management board member. Mateja Treven concluded her role as management board member on 13 January 2018.
- S** On 31 January 2018, Sava Re satisfied all suspensive conditions, thus becoming the owner of 75% of TBS Team 24.
- S** In accordance with article 171(7) of the Insurance Act (ZZavar-1; Uradni list RS/Official Gazette of the Republic of Slovenia, No. 93/15) Sava Re entered into outsourcing agreements with Zavarovalnica Sava and Sava pokojninska, based on which the key function of internal audit of the companies Zavarovalnica Sava and Sava pokojninska was transferred to Sava Re for an indefinite duration, starting as at 1 February 2018.
- S** On 13 March 2018, Sava Re satisfied all suspensive conditions, thus becoming the owner of 100% of NLB Nov penziski fond AD Skopje.
- S** In March 2018, after obtaining approvals from Serbia's central bank and other licences from other regulators, Sava Re purchased a 92.94% stake in the Serbian-based company Energoprojekt Garant. In July 2018, Sava Re became the sole owner of the company under its takeover bid and subsequent squeeze-out of minority shareholders. After merging the acquired company with its existing subsidiary, the Serbian non-life insurer Sava neživotno osiguranje (SRB), Sava Re is planning to optimise the subsidiary's capital structure.
- S** In April 2018, Zavarovalnica Sava as the buyer signed a contract with the sellers Ergo Austria International AG and Ergo Versicherung Aktiengesellschaft for 100% of the Croatian-based companies ERGO osiguranje d.d. and Ergo životno osiguranje d.d. In the second quarter of the year, documents were being compiled to obtain approval from the Croatian regulator for the acquisition of a qualifying holding. Suspensive conditions were not met by the date of this report.

- S** In May 2018, Sava Re published the Solvency and financial condition report of Sava Re, d.d. 2017. The Company's solvency ratio for 2017 is 283%. In June 2018, Sava Re published the Solvency and financial condition report of the Sava Re Group 2017. The Group's solvency ratio for 2017 is 220%.
- S** In May 2018, the 34th general meeting of shareholders was held.
- S** In June 2018, the current management board members Srečko Čebren and Jošt Dolničar started their new five-year terms of office.
- S** On 8 June 2018, Slovenia's south-eastern part was hit by a hail storm. The damage was greatest in the town of Črnomelj and its surroundings. The subsidiary Zavarovalnica Sava, who has a relatively high market share in this part of Slovenia, assured its policyholders that it would settle all valid claims under its policies. This loss event has a EUR 4.6 million impact on the 1–6/2018 result.

1.5 Significant events after the reporting period

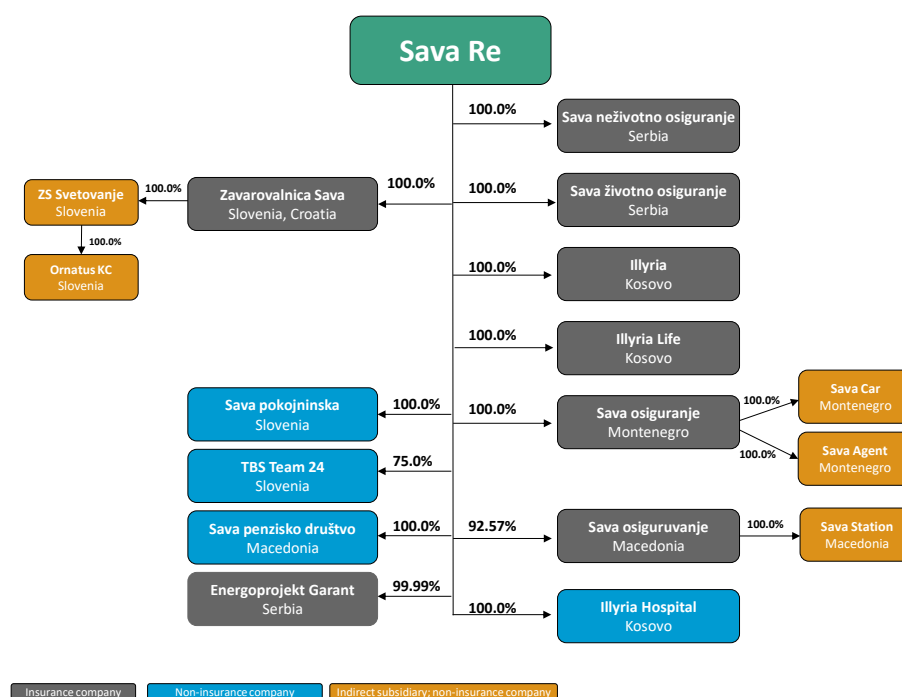
- S** In July 2018, after its regular annual rating review, rating agency Standard & Poor's raised its long-term issuer credit and issuer financial strength ratings on Sava Re and Zavarovalnica Sava to 'A' from 'A-'. The outlook is 'stable'.

1.6 Composition of the Sava Re Group

As at 30 June 2018, the insurance part of the Sava Re Group comprised – in addition to the parent Sava Re – eight insurers based in Slovenia and other countries of the Adria region (as shown in the Group chart below). In addition to the above (re)insurers, the Group consists of:

- S** Sava pokojninska: Slovenian-based pension company wholly-owned by Sava Re;
- S** Illyria Hospital: Kosovo-based wholly-owned subsidiary, which owns some property, but currently does not transact any business;
- S** TBS Team 24: Slovenian-based company offering assistance services relating to motor, health and homeowners insurance, 75% owned by Sava Re;
- S** Sava penzisko društvo: Macedonian-based pension company managing second and third pillar pension funds, wholly-owned by Sava Re.

Composition of the Sava Re Group as at 30 June 2018



Company names of the Sava Re Group members

	Official long company name	Short name in this document
	Sava Re Group	Sava Re Group
1	Pozavarovalnica Sava, d.d. / Sava Reinsurance Company, d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava
	SAVA OSIGURANJE d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian part (in tables)
3	Sava pokojninska družba, d.d.	Zavarovalnica Sava, Croatian part (in tables)
4	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava pokojninska
5	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava neživotno osiguranje (SRB)
6	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Sava životno osiguranje (SRB)
7	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria
8	AKCIONARSKO DRUŠTVO SAVA OSIGURANJE PODGORICA	Illyria Life
9	SAVA osiguruvanje a.d. Skopje	Sava osiguranje (MNE)
10	" Illyria Hospital " SH.P.K.	Sava osiguruvanje (MKD)
11	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Illyria Hospital
12	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	Sava Car
13	ORNATUS KLINICI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	ZM Svetovanje
14	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. – Podgorica	Ornatus KC
15	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava Agent
16	TBS TEAM 24 podjetje za storitvene dejavnosti in trgovino d.o.o.	Sava Station
17	SAVA PENSION FUND JSC Skopje (SAVA PENZISKO DRUSTVO AD Skopje)	TBS Team 24
18	ENERGOPROJEKT GARANT AKCIONARSKO DRUŠTVO ZA OSIGURANJE, BEOGRAD	Sava penzisko društvo
		Energoprojekt Garant

1.7 Shareholders and share trading

POSR share price performance in the period 1 July 2017 to 30 June 2018 compared with the SBITOP stock index (EUR)



The SBITOP index has been rebased to the same level as the POSR share price (01/07/2017: EUR 15.12), while below is a presentation of the stock index growth rate in real terms.

The share price as at 31 December 2017 and 30 June 2018 was EUR 15.80 and EUR 17.80, respectively, representing a 12.7% increase over the period. A dividend of EUR 0.8 per share was paid out in the second quarter of the year.

Basic details about the POSR share

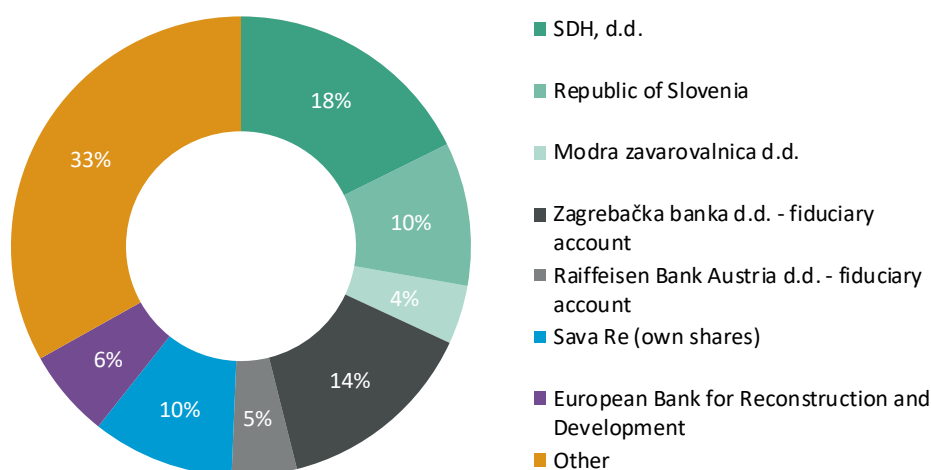
	30/06/2018	30/06/2017
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	4,073	4,136
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated net earnings per share (EUR)	0.91	1.10
Consolidated book value per share (EUR)	20.34	19.36
Share price at end of period (EUR)	17.80	15.11
	1-6/2018	1-6/2017
Average share price in reporting period (EUR)	17.46	15.67
Minimum share price in reporting period (EUR)	15.80	13.35
Maximum share price in reporting period (EUR)	19.00	17.20
Trade volume in reporting period (EUR)	6,921,346	10,966,403

Top ten shareholders of Sava Re as at 30 June 2018¹

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	3,043,883	17.7%
Zagrebačka banka d.d. – fiduciary account	2,439,852	14.2%
Republic of Slovenia	1,737,436	10.1%
Sava Re	1,721,966	10.0%
European Bank for Reconstruction and Development	1,071,429	6.2%
Raiffeisen Bank Austria d.d. (fiduciary account)	786,690	4.6%
Modra Zavarovalnica d.d.	714,285	4.1%
Abanka d.d.	655,000	3.8%
Hrvatska poštanska banka – fiduciary account	325,000	1.9%
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9%
Total	12,815,887	74.4%

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

Top ten shareholders of Sava Re as at 30 June 2018²



As at 30 June 2018, 65.3% of shareholders were Slovenian and 34.7% foreign. The largest shareholder of POSR shares is Slovenian Sovereign Holding (Slovenski državni holding d.d.) with a 17.7% stake. In January 2018, Sava Re received a notice from Slovenian Sovereign Holding stating that based on a resolution of the government of the Republic of Slovenia, it transferred 1,261,034 of POSR shares to the Republic of Slovenia for no consideration. After the transaction, SSH held 3,043,883 shares (4,304,917 before the transaction), representing 17.7% and 19.6% of Sava Re's issued and outstanding shares, respectively. After the transaction, the Republic of Slovenia held 1,737,436 shares (476,402

¹ Source: Central securities register KDD d.d. and own calculations.

² Source: Central securities register KDD d.d. and own calculations.

before the transaction), representing 10.1% and 11.2% of Sava Re's issued and outstanding shares, respectively.

Shareholder structure of Sava Re as at 30 June 2018³

Type of Investor	Domestic investor	International investor
Insurers and pension companies	19.2%	0.0%
Other financial institutions	17.9%	0.2%
Government	10.1%	0.0%
Natural persons	9.1%	0.1%
Banks	3.9%	29.6%
Investment funds and mutual funds	2.8%	3.6%
Other commercial companies	2.2%	1.2%
Total	65.3%	34.7%

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

Own shares

In the period from 1 January 2018 to 30 June 2018, Sava Re did not repurchase any own shares. The total number of own shares as at 30 June 2018 was 1,721,966, representing 10% minus one share of all issued shares.

Dividends

In the second quarter of 2018, the Company paid out dividends of EUR 0.80 gross per share. In 1–6/2018, the Company held no conditional equity.

Details on dividends

(EUR)	For 2013	For 2014	For 2015	For 2016	For 2017 ⁴
Dividend payouts	4,386,985	9,065,978	12,398,157	12,398,158	12,398,157
Dividend/share	0.26	0.55	ordinary: 0.65 special: 0.15	0.80	0.80
Distributed dividends as % of net profit of the Group	28%	30%	37%	38%	40%
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.3%

³ Source: Central securities register KDD d.d. and own calculations.

⁴ Payouts in 2018 from the distributable profit of 2017.

SAVA RE GROUP INTERIM BUSINESS REPORT

2 SAVA RE GROUP REVIEW OF OPERATIONS

Business is presented by operating segments: reinsurance, non-life, life, pensions and the 'other' segment. The non-life and life segments are further broken down by geography (Slovenia and international).

- S** The 'Slovenia' segment includes figures for the Slovenian part of Zavarovalnica Sava (under non-life and life) and for the companies ZS Svetovanje and Ornatus KC (under life).
- S** The 'international' segment covers the operations of the other subsidiaries, both insurance and non-insurance operations, including the Croatian part of Zavarovalnica Sava.
- S** The 'pensions' segment comprises the data of the Slovenian and Macedonian pension companies.
- S** The 'other' segment comprises data of the company TBS Team 24.
- S** The reinsurance segment is not broken down geographically, as after the elimination of transactions with subsidiaries, the majority of the remaining transactions relate to Sava Re's business in global reinsurance markets.

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

- S** In the consolidation process, reinsurance effects are reallocated from the reinsurance segment to the other segments (Sava Re 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 are reallocated to the segment from where they arose (the same applies by analogy to reinsurance-related claims, commission income, change in unearned premiums, claims provisions and deferred acquisition costs). In the elimination process, the portions of business retroceded by Sava Re to foreign reinsurers is not allocated to the segments. Retrocession-related expenses usually exceed income (except in the case of catastrophe claims). In order to provide a more appropriate presentation of profitability by segment, the result of retroceded business is also allocated to the segment where it arose. All these items are adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to foreign reinsurers.
- S** Other operating expenses relating to the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava Re Group. Sava Re operates as a virtual holding company; hence a part of its expenses relates to the administration of the Group. This portion of expenses of the reinsurance segment is allocated to other segments based on income. Such reallocation is made also for other operating expenses relating to intra-group reinsurance transactions. In the period 1–6/2018, Sava Re allocated 64.4% of other operating expenses to segments as monitored by income composition (1–6/2017: 61.5%). Furthermore, operating expenses of TBS Team 24 incurred by the company relating to its business with other Group companies were allocated to the Slovenian non-life operating segment (1–6/2018: EUR 0.7 million, 1–6/2017: EUR 0). In the same way, income is eliminated in the consolidation process.
- S** Investment income and expenses are reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).

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

- S** Intangible assets – goodwill is allocated to the segment from which it arises (reallocated from the reinsurance segment to other segments, depending on which subsidiary it related to).
- S** The balance of financial investments is reallocated from the reinsurance segment to the non-life insurance and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).
- S** The reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims provisions and other provisions) and deferred acquisition costs – in the same way as described in indent one of adjustments to income statement items.

- S** Equity is reallocated from the reinsurance segment to other segments based on the cost of investments in subsidiaries (the sum total of carrying amounts of non-life insurers is reallocated to the non-life segment, and that of life insurers is reallocated to the life insurance and other segments).

TBS Team 24 was first consolidated in the Group financial statement on 31 January 2018, the companies Energoprojekt Garant and Sava penzisko društvo on 31 March 2018.

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

Summary of the consolidated income statement

(EUR)	1–6/2018	1–6/2017	Index
Net earned premiums	240,094,363	230,286,916	104.3
Investment income	14,268,120	14,460,004	98.7
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	9,504,130	7,799,252	121.9
Other technical income	8,371,622	5,950,357	140.7
Other income	6,055,344	3,063,319	197.7
- of which investment property	498,337	226,996	219.5
Net claims incurred	-165,633,594	-141,966,092	116.7
Change in other technical provisions	2,064,625	-7,240,195	-28.5
Change in technical provisions for policyholders who bear the investment risk	11,580,458	6,809,232	170.1
Expenses for bonuses and rebates	253,379	772,581	32.8
Operating expenses	-84,365,640	-75,371,304	111.9
Expenses for financial assets and liabilities	-4,436,202	-6,777,205	65.5
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-8,046,044	-5,160,405	155.9
Other technical expenses	-9,788,134	-9,413,374	104.0
Other expenses	-1,485,654	-817,605	181.7
- of which investment property	-286,324	-107,370	266.7
Profit or loss before tax	18,436,773	22,395,481	82.3

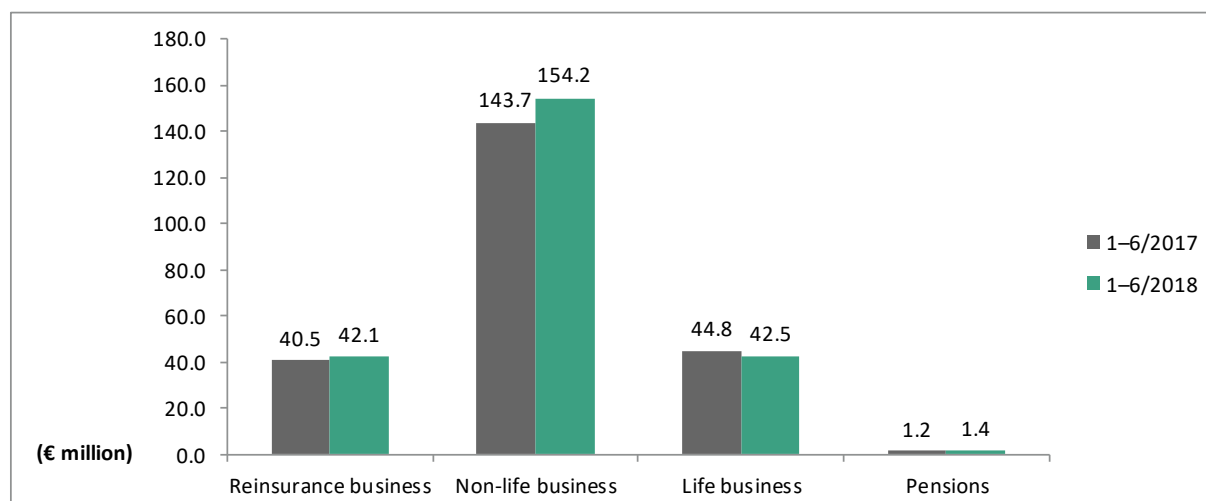
All income (other than from investments) totalled EUR 254.5 million in 1–6/2018, up 6.4% from 1–6/2017. Income was driven primarily by the non-life and reinsurance segments and partly by acquisitions. Following is a discussion of the major items of the consolidated income statement.

Consolidated net earned premiums

Consolidated net earned premiums

(EUR)	1–6/2018	1–6/2017	Index
Gross premiums written	308,644,926	297,770,558	103.7
Net premiums written	289,427,004	274,500,279	105.4
Change in net unearned premiums	-49,332,641	-44,213,363	111.6
Net earned premiums	240,094,363	230,286,916	104.3

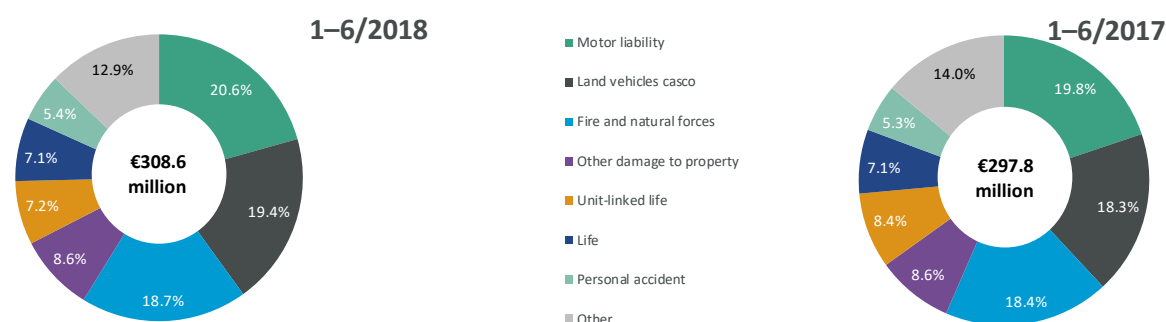
Consolidated net premiums earned by operating segment



Consolidated net earned premiums by class of business

(EUR)	1-6/2018	1-6/2017	Index
Personal accident	13,735,563	13,929,528	98.6
Health	3,639,917	3,888,661	93.6
Land vehicles casco	48,390,675	43,185,296	112.1
Railway rolling stock	74,888	73,244	102.2
Aircraft hull	466,294	224,979	207.3
Ships hull	2,138,658	2,992,906	71.5
Goods in transit	2,704,267	3,784,737	71.5
Fire and natural forces	37,716,638	33,363,441	113.0
Other damage to property	16,647,737	15,543,662	107.1
Motor liability	52,970,920	50,746,989	104.4
Aircraft liability	59,119	1,655	3,572.1
Liability for ships	340,983	528,884	64.5
General liability	9,562,000	9,857,786	97.0
Credit	2,080,841	1,998,798	104.1
Suretyship	-17,933	254,169	-7.1
Miscellaneous financial loss	1,218,054	1,003,686	121.4
Legal expenses	109,894	104,292	105.4
Assistance	4,321,037	2,609,543	165.6
Life	21,819,442	21,132,142	103.3
Unit-linked life	22,115,369	25,062,518	88.2
Total non-life	196,159,552	184,092,256	106.6
Total life	43,934,811	46,194,660	95.1
Total	240,094,363	230,286,916	104.3

Consolidated gross premiums written by class of business



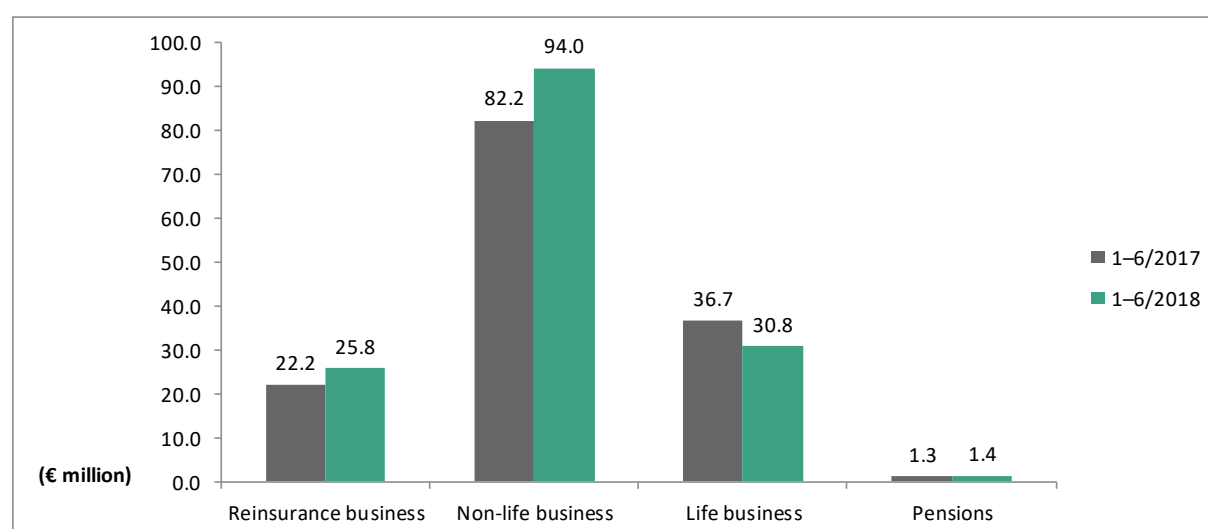
Consolidated net claims incurred

Consolidated net claims incurred, including the change in the mathematical and UL provisions⁵

(EUR)	1-6/2018	1-6/2017	Index
Gross claims paid	166,396,406	149,352,307	111.4
Net claims paid	160,763,442	142,989,327	112.4
Change in the net provision for outstanding claims	4,870,152	-1,023,235	-476.0
Net claims incurred	165,633,594	141,966,092	116.7
Change in other technical provisions*	-2,064,625	7,240,195	-28.5
Change in technical provisions for policyholders who bear the investment risk	-11,580,458	-6,809,232	170.1
Net claims incurred, including the change in the mathematical and UL provisions	151,988,511	142,397,055	106.7

*These provisions mainly comprise mathematical provisions.

Composition of consolidated net claims incurred, including the change in mathematical and unit-linked provisions, by operating segment



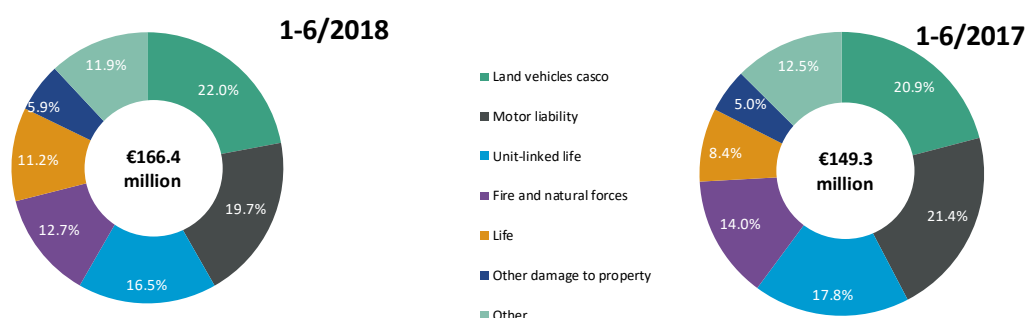
The net claims incurred by operating segment include the change in other technical provisions and the change in technical provisions for policyholders who bear the investment risk.

⁵UL provisions comprise the technical provisions for policyholders who bear the investment risk.

Consolidated net claims incurred by class of business⁶

(EUR)	1-6/2018	1-6/2017	Index
Personal accident	5,609,033	6,279,993	89.3
Health	2,020,633	2,661,201	75.9
Land vehicles casco	39,042,050	32,856,870	118.8
Railway rolling stock	53,418	38,665	138.2
Aircraft hull	75,680	120,035	63.0
Ships hull	2,764,400	3,173,327	87.1
Goods in transit	2,858,509	2,354,976	121.4
Fire and natural forces	22,303,375	16,891,991	132.0
Other damage to property	8,012,775	8,072,053	99.3
Motor liability	32,729,771	27,094,736	120.8
Aircraft liability	-30,251	10,026	-301.7
Liability for ships	-48,541	131,062	-37.0
General liability	2,635,150	1,822,153	144.6
Credit	-8,916	-318,212	2.8
Suretyship	-36,312	172,000	-21.1
Miscellaneous financial loss	585,486	504,942	116.0
Legal expenses	-9,374	-670	1,399.1
Assistance	935,680	303,453	308.3
Life	19,395,655	12,615,893	153.7
Unit-linked life	26,745,373	27,181,598	98.4
Total non-life	119,492,566	102,168,601	117.0
Total life	46,141,028	39,797,491	115.9
Total	165,633,594	141,966,092	116.7

Consolidated gross premiums written by class of business



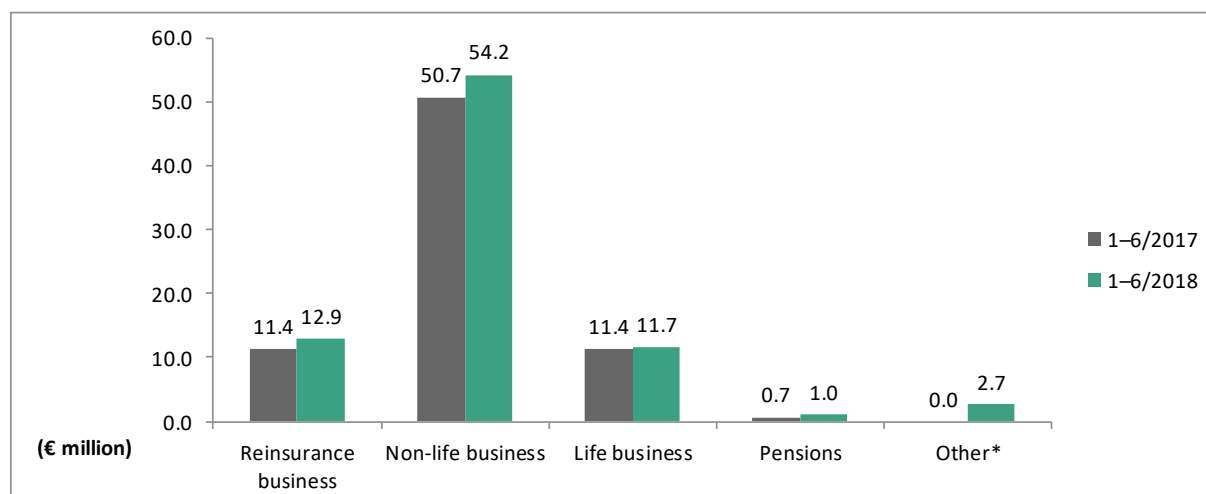
Consolidated operating expenses

Consolidated operating expenses

(EUR)	1-6/2018	1-6/2017	Index
Acquisition costs	29,198,366	26,766,713	109.1
Change in deferred acquisition costs (+/-)	-2,977,668	-4,206,995	70.8
Other operating expenses	58,144,942	52,811,586	110.1
Operating expenses	84,365,640	75,371,304	111.9
Reinsurance commission income	-1,830,775	-1,197,162	152.9
Net operating expenses	82,534,865	74,174,142	111.3

⁶ These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

Consolidated net operating expenses by operating segment



*The 'other' segment includes TBS Team 24, which was not a member of the Sava Re Group in 1-6/2017.

Consolidated net investment income

Consolidated net investment income of the investment portfolio

(EUR)	1-6/2018	1-6/2017	Absolute change
Net investment income of the investment portfolio	10,070,267	7,801,779	2,268,488
Net investment income of the investment portfolio, excluding exchange differences	10,325,132	11,558,293	-1,233,161

The figures for 1-6/2017 differ from those published in the 1-6/2017 financial report as the table did not include depreciation charges relating to the equipment of investment property.

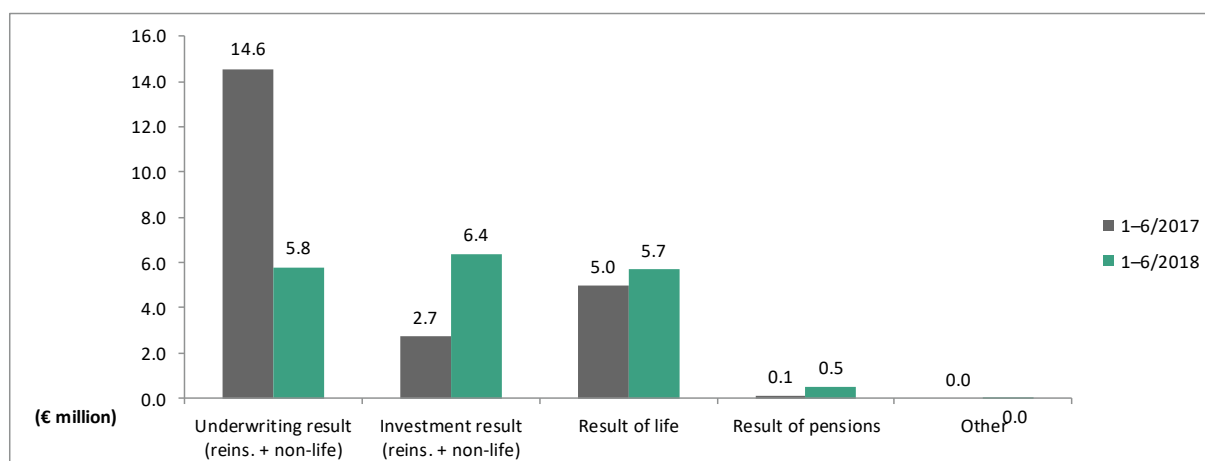
Consolidated income and expenses relating to the investment portfolio

(EUR)	1-6/2018	1-6/2017	Absolute change
Income			
Interest income	8,223,794	9,505,855	-1,282,061
Change in fair value and gains on disposal of FVPL assets	37,213	159,612	-122,399
Gains on disposal of other IFRS asset categories	1,468,733	1,572,543	-103,810
Income from associate companies	0	0	0
Income from dividends and shares – other investments	750,882	670,486	80,396
Exchange gains	3,743,273	1,924,304	1,818,969
Diverse other income	579,118	854,200	-275,082
Income relating to the investment portfolio	14,803,013	14,687,000	116,013
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	9,504,130	7,799,252	1,704,878
Expenses			
Interest expenses	388	718,353	-717,965
Change in fair value and losses on disposal of FVPL assets	85,453	51,223	34,230
Losses on disposal of other IFRS asset categories	188,539	268,556	-80,017
Impairment losses on subsidiaries and associates	0	0	0
Exchange losses	3,998,138	5,680,818	-1,682,680
Other	460,228	166,271	293,957
Expenses relating to the investment portfolio	4,732,746	6,885,221	-2,152,475
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	8,046,044	5,160,405	2,885,639

The figures for 1-6/2017 differ from those published in the 1-6/2017 financial report as the table did not include depreciation charges relating to the equipment of investment property.

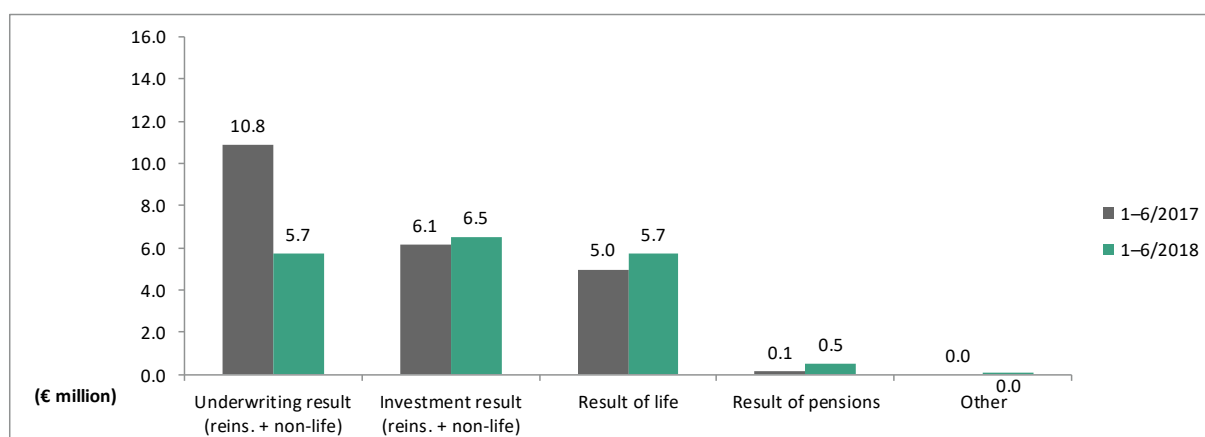
Consolidated gross profit or loss

Composition of the consolidated gross income statement

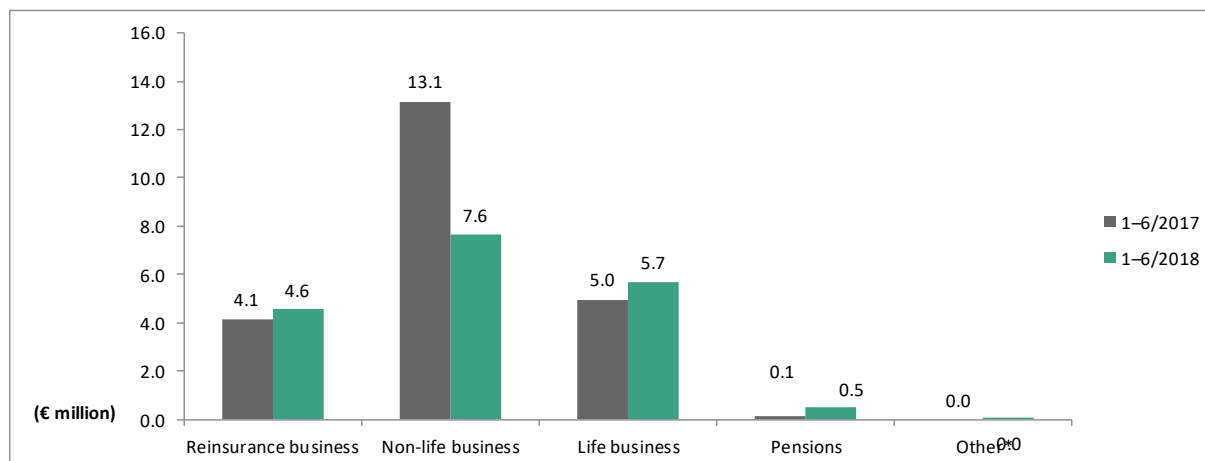


In 1-6/2017, exchange differences had a significant impact on the composition of the result, so below we set out results excluding the effect of exchange differences. The impact of exchange differences on the result by operating segment was as follows: positive effect on the underwriting result of EUR 0.09 million (1-6/2017: EUR 3.7 million positive effect); negative effect on the investment result of EUR 0.13 million (1-6/2017: EUR 3.4 million negative effect). The net effect of exchange differences on the result of 1-6/2018 amounted to a negative effect of EUR 0.04 million (1-6/2017: EUR 0.3 million positive effect).

Composition of the gross consolidated profit or loss, excluding exchange differences



Composition of the consolidated gross profit or loss by operating segment

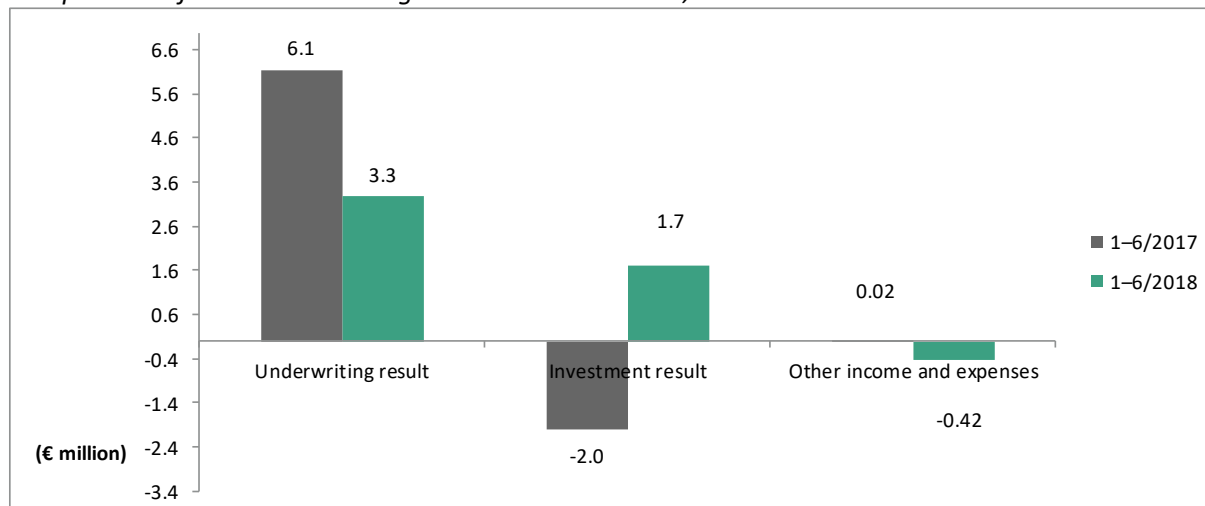


*The 'other' segment includes TBS Team 24, which was not a member of the Sava Re Group in 1-6/2017.

2.1 Reinsurance business

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 7.7 'Segment reporting'. The reinsurance segment reflects developments of the reinsurance portfolio written by Sava Re outside the Sava Re Group.

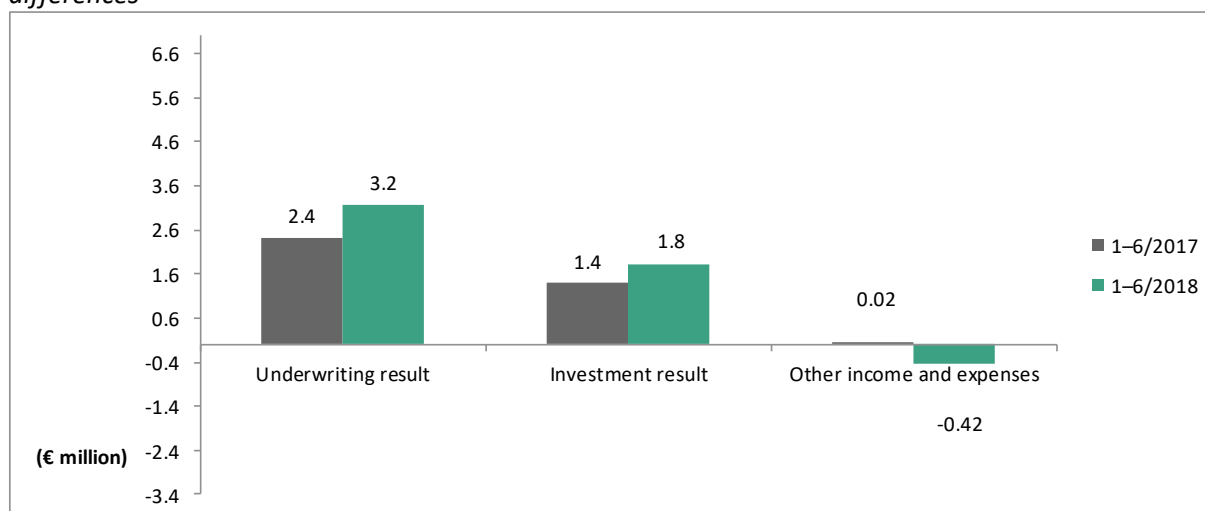
Composition of the consolidated gross income statement; reinsurance business



The performance of this operating segment is impacted by exchange differences, which is why the underwriting and investment results are not directly comparable. The impact of exchange differences is set out in section 2 under the heading 'Consolidated gross profit or loss' and refers to the reinsurance segment shown here.

The following graph shows the profit or loss, excluding exchange differences.

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



The underwriting result, excluding exchange differences, was stronger compared with the same period in 2017 primarily as a result of higher premium income (notes on deviations are provided later in this section). The investment result, excluding exchange differences, for the period 1-6/2017 was also better compared with the same period last year thanks to stronger investment income (up EUR 0.2 million) and lower interest expenses (down EUR 0.7 million).

Net premiums earned

Net premiums earned; reinsurance business

(EUR)	1–6/2018	1–6/2017	Index
Gross premiums written	52,820,955	56,838,583	92.9
Net premiums written	51,829,862	56,007,628	92.5
Change in net unearned premiums	-9,776,140	-15,459,665	63.2
Net earned premiums	42,053,722	40,547,963	103.7

Net premiums earned in the period 1–6/2018 increased by 3.7% year on year, while gross reinsurance premiums written in 1–6/2018 were weaker compared to the same period last year. There was a decline in both proportional and non-proportional reinsurance premiums. Business from Russia and Turkey saw the largest declines in premiums, while China, Austria and Norway recorded increases, primarily due to organic growth and increased shares on renewed treaties.

The change in net unearned premiums was lower than year on year, as in the previous year the share of non-proportional reinsurance business increased and, together with the premiums accounted at the time of writing the contract, a high amount of unearned premiums was set aside. In the first half of 2018, by contrast, non-proportional reinsurance premiums declined, which resulted in a lower change in unearned premiums. The decline was also partly due to the smaller volume of business in 1–6/2018.

Net claims incurred

Net claims incurred; reinsurance business

(EUR)	1–6/2018	1–6/2017	Index
Gross claims paid	22,258,715	24,126,581	92.3
Net claims paid	21,884,970	23,966,063	91.3
Change in the net provision for outstanding claims	3,723,719	-1,868,385	-199.3
Net claims incurred	25,608,689	22,097,678	115.9

Net claims incurred, excluding exchange differences; reinsurance business

(EUR)	1–6/2018	1–6/2017	Index
Gross claims paid	22,258,715	24,126,581	92.3
Net claims paid	21,884,970	23,966,063	91.3
Change in the net provision for outstanding claims	3,922,500	1,652,973	237.3
Net claims incurred	25,807,470	25,619,036	100.7

In 1–6/2018, net claims incurred rose by 15.9% but this increase is the result of the considerable impact of exchange differences in the first half of 2017 (1–6/2018: EUR 0.2 million; 1–6/2017: EUR 3.5 million). Excluding exchange differences, incurred claims are roughly at the year-on-year level. The net incurred loss ratio of 61.6% is indeed better than year on year (1–6/2017: 64.6%).

Consolidated gross claims paid in this segment were lower in 1–6/2018 than year on year. Consequently, the paid loss ratio also improved slightly in the period of 1–6/2018 year on year (1–6/2018: 42.1%; 1–6/2017: 42.4%).

Operating expenses

Consolidated operating expenses; reinsurance business

(EUR)	1-6/2018	1-6/2017	Index
Acquisition costs	11,464,593	11,864,960	96.6
Change in deferred acquisition costs (+/-)	-328,244	-2,319,816	14.1
Other operating expenses	1,998,119	1,978,682	101.0
Operating expenses	13,134,468	11,523,826	114.0
Reinsurance commission income	-207,220	-147,701	-59.7
Net operating expenses	12,927,248	11,376,125	113.6

Acquisition costs dropped marginally in 1-6/2018, reflecting a 7.1% decline in gross premiums written, with a minor increase in the share of acquisition costs as a percentage of gross premiums written in the period to 21.7% (1-6/2017: 20.9%).

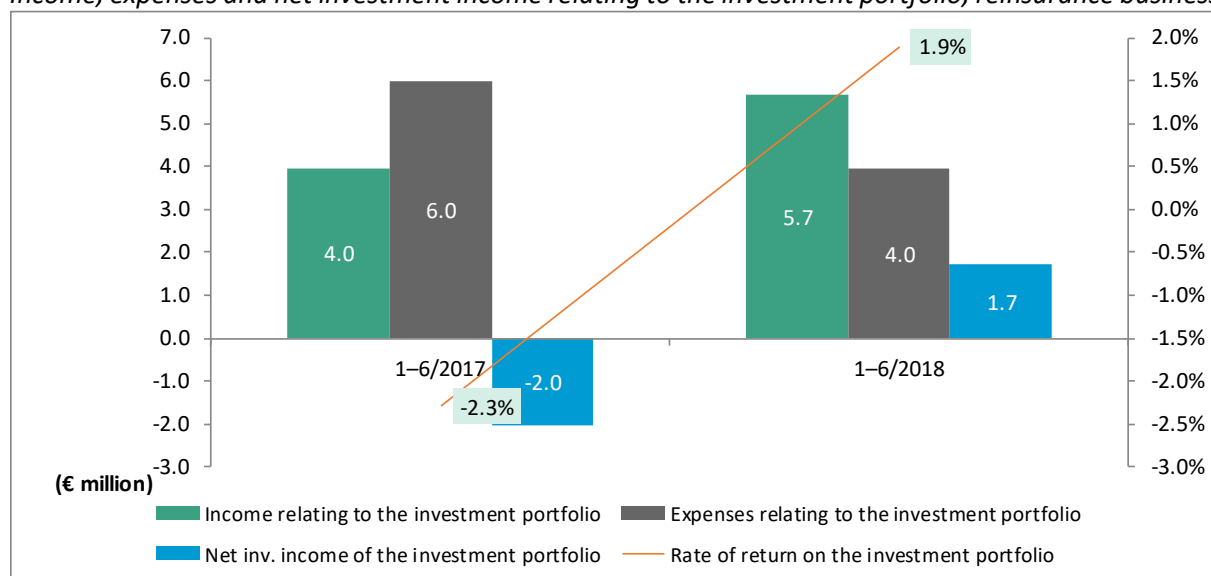
In 1-6/2018, the change in deferred acquisition costs was smaller than the year-on-year figure, which is in line with the trend in unearned premiums and is driven by the same factors.

Other operating expenses increased by 1.0%, mostly due to costs related to policy acquisition.

In 1-6/2018, the net expense ratio deteriorated by 2.6 percentage points as a result of higher acquisition costs, including the change in deferred acquisition costs.

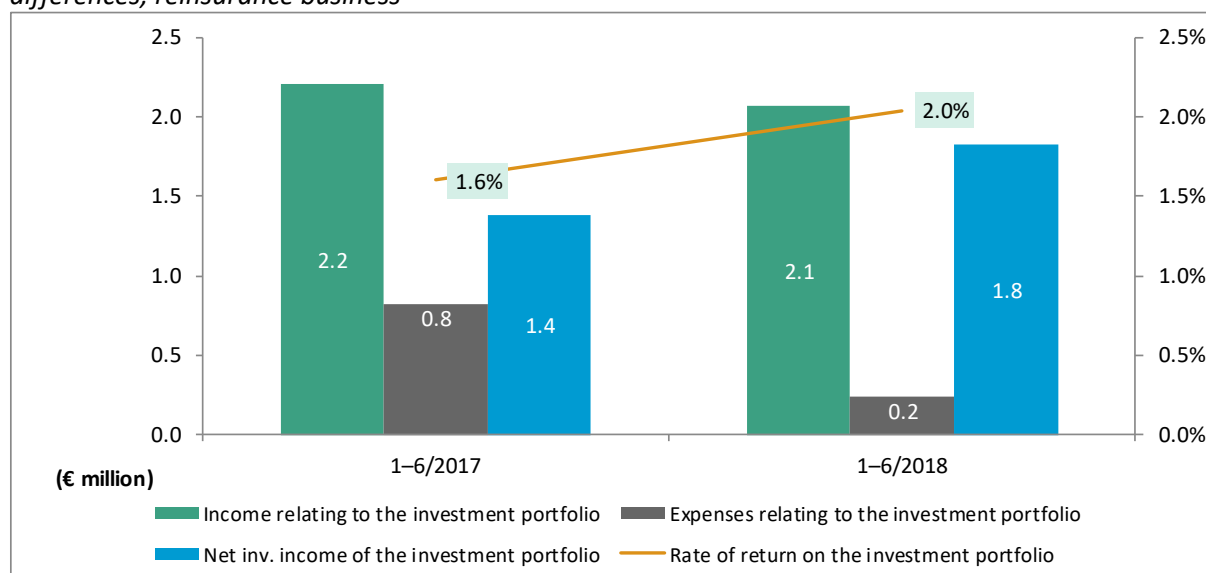
Net investment income

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



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

Income, expenses and net investment income of the investment portfolio, excluding exchange differences; reinsurance business












Given that the exchange differences mainly relate to Sava Re and the fact that their impact does not fully affect profit or loss, the graph above shows the net investment income of the investment portfolio, excluding exchange differences.

In 1-6/2018, net investment income totalled EUR 1.8 million, up EUR 0.4 million year on year. Net investment income grew thanks to a rise in other income, including income from investment property (up EUR 0.2 million), and lower interest expenses (down EUR 0.7 million). These factors more than offset the lost net investment income from lower realised net gains (down EUR 0.2 million) and lower interest income (down EUR 0.1 million). The return on investment for the period was 2.0%.

2.2 Non-life business

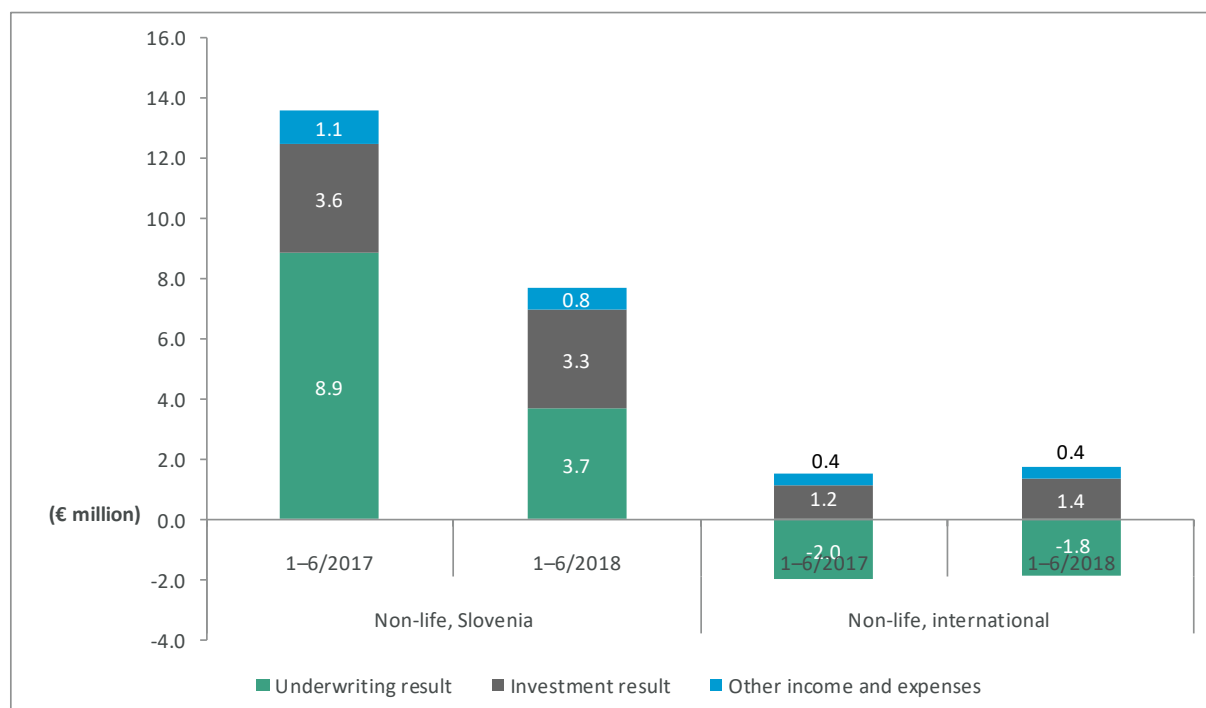
The non-life segment comprises the operations of the following companies:

-  Zavarovalnica Sava, non-life
-  Sava osiguranje (MNE)
-  Sava neživotno osiguranje (SRB)
-  Sava osiguruvanje (MKD)
-  Illyria
-  Energoprojekt Garant
-  Sava Car
-  Sava Agent
-  Sava Station

Energoprojekt Garant joined the Sava Re Group on 31 March 2018 and has been included in the consolidated income statement as of 1 April 2018. The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, while the Croatian part of the company is discussed under international non-life insurance.

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

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



The non-life segment recorded a (EUR 5.5 million) weaker consolidated net result in 1-6/2018 compared with the same period last year. This was the combined effect of a deterioration of EUR 5.9 million in the Slovenian insurance company and an improvement of EUR 0.4 million in non-Slovenian insurers.

The consolidated underwriting result of the Slovenian non-life insurer dropped by EUR 5.2 million as a result of higher net claims incurred (hail storm in south-east Slovenia, rise in motor claims) and operating expenses. The underwriting performance of non-Slovenian non-life insurers improved by EUR 0.1 million, reflecting primarily higher net earned premiums.

The investment result of the Slovenian non-life insurer declined by EUR 0.3 million year on year as a result of lower interest income (lower interest rates in capital markets). The investment result of international non-life companies improved by EUR 0.2 million, driven by higher gains on the disposal of securities.

Net premiums earned

Net premiums earned; non-life insurance business

(EUR)	1-6/2018	1-6/2017	Index
Gross premiums written	211,758,618	194,819,755	108.7
Net premiums written	193,654,807	172,519,451	112.3
Change in net unearned premiums	-39,492,818	-28,812,153	137.1
Net earned premiums	154,161,989	143,707,298	107.3

Net premiums earned; non-life insurance business

(EUR)	Slovenia			International		
	1-6/2018	1-6/2017	Index	1-6/2018	1-6/2017	Index
Gross premiums written	176,432,393	164,353,094	107.3	35,326,225	30,466,661	116.0
Net premiums written	160,830,260	144,582,518	111.2	32,824,547	27,936,933	117.5
Change in net unearned premiums	-35,855,244	-26,579,421	134.9	-3,637,574	-2,232,732	162.9
Net earned premiums	124,975,016	118,003,097	105.9	29,186,973	25,704,201	113.5

Unconsolidated gross non-life premiums of Sava Re Group companies

(EUR)	1-6/2018	1-6/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	176,533,227	164,454,994	107.3
Zavarovalnica Sava, Croatian part (non-life)	6,479,519	5,937,072	109.1
Sava neživotno osiguranje (SRB)	10,617,636	7,857,330	135.1
Illyria	4,682,562	3,847,866	121.7
Sava osiguruvanje (MKD)	6,477,426	6,376,624	101.6
Sava osiguranje (MNE)	6,612,369	6,472,678	102.2
Energoprojekt Garant	473,495	not available	not available
Total	211,876,233	194,946,565	108.7

Gross non-life insurance premiums grew by 8.7% in 1-6/2018 as a result of the growth in gross non-life premiums of all insurance companies in the Group. Slovenia recorded a 7.3% rise, primarily reflecting a larger volume of motor insurance policies. Motor premium growth achieved with private individuals was driven both by a higher number of policies written and the growth in average premiums. The Slovenian non-life insurance market grew at a rate of 5.7% in the period.

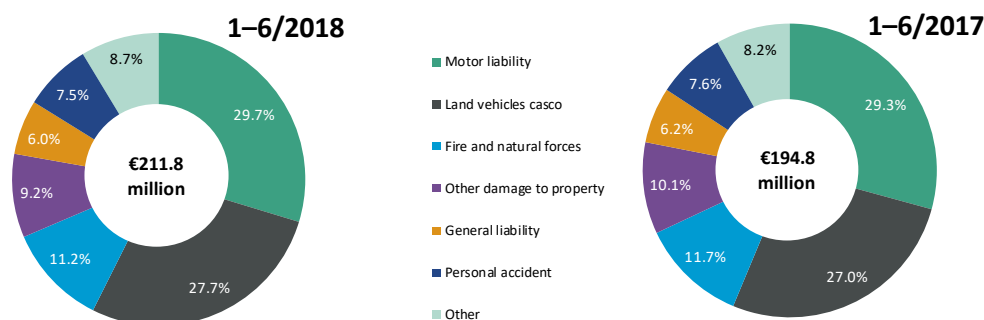
Gross non-life insurance premiums written abroad rose by 16.0%. Gross non-life premiums grew in all of the Group's international non-life insurers, with the largest growth coming from the Serbian non-life insurer. The Serbian non-life insurer grew gross premiums written across its entire insurance portfolio. The fastest growth was achieved through better sales of voluntary health, personal accident and motor liability business. The Kosovan non-life insurer also achieved premium growth in all classes of insurance in the first half of 2018, with the largest absolute growth in health insurance, driven by a larger number of active policies and motor liability insurance. The Croatian branch of Zavarovalnica Sava grew by 9.1%. It achieved the largest absolute growth in motor vehicles casco and in motor liability business. The Montenegrin subsidiary generated a 2.2% growth in gross premiums written, driven mostly by motor vehicles casco and motor liability business. The Macedonian insurer recorded the largest premium growth in health insurance as a result of the introduction of new products and other damage to property business.

Net non-life insurance premiums written abroad grew by 17.5% in 1-6/2018.

Owing to the schedule of writing commercial policies and additional growth in the volume of gross premiums written, there was also a larger change in unearned premiums.

Total net premiums earned grew by 7.3%.

Unconsolidated gross non-life premiums written by class of business



Net claims incurred

Net claims incurred; non-life insurance business

(EUR)	1-6/2018	1-6/2017	Index
Gross claims paid	98,115,634	86,188,998	113.8
Net claims paid	92,881,642	80,043,024	116.0
Change in the net provision for outstanding claims	927,959	-14,311	-6484.1
Net claims incurred	93,809,601	80,028,713	117.2

Net claims incurred; non-life insurance business

(EUR)	Slovenia			International		
	1-6/2018	1-6/2017	Index	1-6/2018	1-6/2017	Index
Gross claims paid	84,079,053	74,397,893	113.0	14,036,581	11,791,105	119.0
Net claims paid	79,418,797	69,029,848	115.0	13,462,845	11,013,176	122.2
Change in the net provision for outstanding claims	-615,934	-1,961,563	31.4	1,543,893	1,947,252	79.3
Net claims incurred	78,802,863	67,068,285	117.5	15,006,738	12,960,428	115.8

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

(EUR)	1-6/2018	1-6/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	85,009,173	74,905,452	113.5
Zavarovalnica Sava, Croatian part (non-life)	2,702,634	2,063,029	131.0
Sava neživotno osiguranje (SRB)	3,889,970	2,939,593	132.3
Illyria	2,610,622	1,811,487	144.1
Sava osiguruvanje (MKD)	2,679,275	3,059,813	87.6
Sava osiguranje (MNE)	2,141,071	1,968,593	108.8
Energoprojekt Garant	119,392		
Total	99,152,138	86,747,966	114.3

Gross claims paid for Slovenian business in the period 1-6/2018 rose primarily as a result of increased gross motor claims paid. Other factors contributing to higher gross claims include storm losses and larger property insurance claims.

Gross claims paid relating to non-Slovenian business rose by 19.0%. This increase was driven by higher gross claims paid of all international non-life insurers, except the Macedonian non-life insurer. Gross claims paid of the Kosovan non-life insurer rose, reflecting higher claims in health insurance and motor liability as the result of higher loss frequency and higher claim amounts. The increased claims of the Serbian non-life insurer were mainly the result of larger claim payments relating to personal accident and motor liability business. The Croatian branch of Zavarovalnica Sava saw an increase in gross claims

paid primarily in motor business driven by a larger number of policies. The Montenegrin non-life insurer, by contrast, faced a high motor liability claim, which increased gross claims paid. The Macedonian non-life insurer recorded lower gross claims paid in 1–6/2018 than year on year. This is related to a large claim settled in January 2017.

In 1–6/2018, the change in the net provision for outstanding claims of the Slovenian non-life insurer was 68.6% lower than year on year. The growth in the technical provisions of the Slovenian insurer of EUR 4.1 million was the result of the hail storm in south-east Slovenia on 8 June, while the year-on-year decline in the change in the net provision for outstanding claims was mainly the result of 2017 claim payments out of provisions relating to a 2016 hail storm event.

In 1–6/2018, the change in the net provision for outstanding claims of the international non-life insurers was 20.7% lower than year on year. This was mainly due to the decline in the net provisions for outstanding claims of the Kosovan and Montenegrin non-life insurers. In both cases, the reason is a large claim for which provisions had been set aside and which had been settled.

Operating expenses

Consolidated operating expenses; non-life segment

(EUR)	1–6/2018	1–6/2017	Index
Acquisition costs	14,594,797	11,884,218	122.8
Change in deferred acquisition costs (+/-)	-2,412,106	-1,736,597	138.9
Other operating expenses	43,682,865	41,593,403	105.0
Operating expenses	55,865,556	51,741,024	108.0
Reinsurance commission income	-1,623,555	-1,052,463	154.3
Net operating expenses	54,242,001	50,688,561	107.0

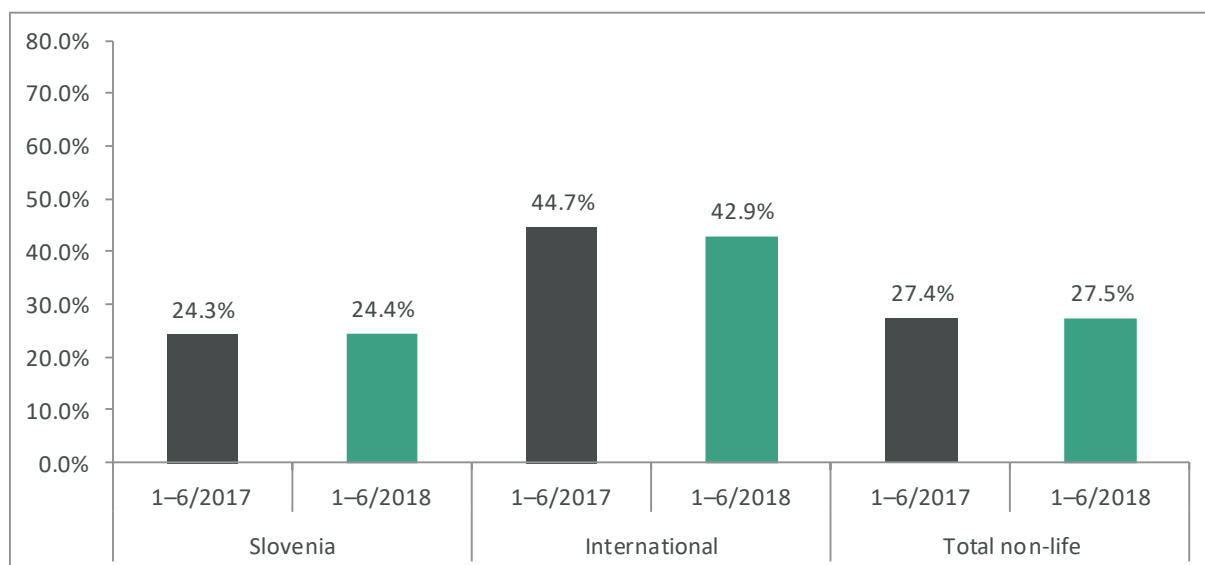
Unconsolidated gross operating expenses relating to the non-life segment by Sava Re Group member

(EUR)	1–6/2018	1–6/2017	Index
Zavarovalnica Sava, Slovenian part (non-life)	39,336,443	36,598,590	107.5
Other Group insurers	14,427,557	12,972,349	111.2
Non-insurance Group companies	697,208	652,348	106.9

Consolidated acquisition costs rose by 22.8%, chiefly owing to larger premium volumes and premium growth in classes of insurance for which higher acquisition costs are typically incurred and which are still in line with target combined ratios, and owing to premium growth in the Serbian non-life insurer.

The rise in other operating expenses is mainly due to the higher expenses incurred by the Slovenian and Serbian non-life insurers. The Serbian non-life insurer incurred higher personnel costs of sales staff and higher maintenance costs related to renovation works, while the expenses of the Slovenian non-life insurer rose as the result of the schedule of marketing expenses and increased IT expenses.

Gross expense ratio; non-life segment



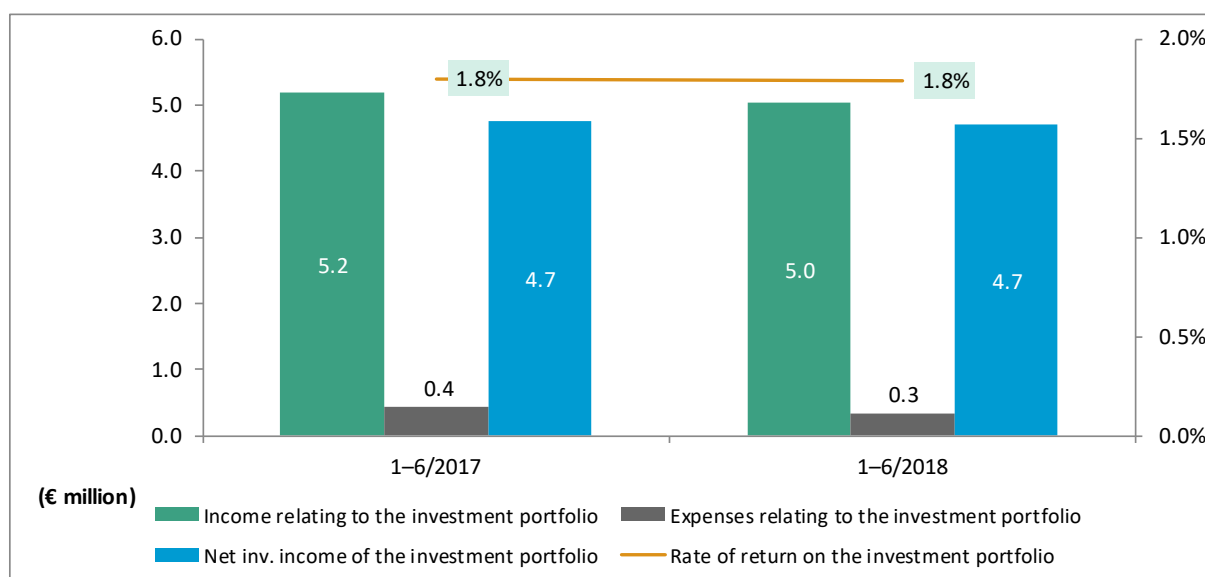
The consolidated gross expense ratio relating to the non-life insurance segment remained flat year on year.

The consolidated gross expense ratio relating to the Slovenian non-life insurer also remained flat.

The consolidated gross expense ratio of non-Slovenian non-life companies dropped by 1.7 percentage points due to a 16.0% growth in gross non-life premiums written against a 11.4% increase in acquisition costs plus other operating expenses.

Net investment income






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



In 1-6/2018, net investment income relating to the non-life insurance portfolio amounted to EUR 4.7 million, broadly on the same level as year on year. The return on investment for the period was 1.8%.

2.3 Life business

The life segment comprises the operations of the following companies:

-  Zavarovalnica Sava, life business
-  Sava životno osiguranje (SRB)
-  Illyria Life
-  ZM Svetovanje
-  Ornatus KC

The Slovenian part of Zavarovalnica Sava is discussed as Slovenian life insurance, while the Croatian part of the company is discussed as international life insurance. In the financial report for the period 1–6/2017, the life operating segment still included the pension company Sava pokojninska, which has been reallocated to the pension segment since the first quarter of 2018. The tables below do not include Sava pokojninska and are thus comparable.

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

Net premiums earned

Net premiums earned; life insurance business

(EUR)	1–6/2018	1–6/2017	Index
Gross premiums written	42,665,694	44,883,383	95.1
Net premiums written	42,542,676	44,744,364	95.1
Change in net unearned premiums	-63,683	58,455	-108.9
Net earned premiums	42,478,992	44,802,818	94.8

Net premiums earned; life insurance business

(EUR)	Slovenia			International		
	1–6/2018	1–6/2017	Index	1–6/2018	1–6/2017	Index
Gross premiums written	38,790,762	41,413,782	93.7	3,874,932	3,469,601	111.7
Net premiums written	38,669,579	41,277,602	93.7	3,873,097	3,466,762	111.7
Change in net unearned premiums	16,239	70,782	22.9	-79,922	-12,327	648.3
Net earned premiums	38,685,817	41,348,383	93.6	3,793,175	3,454,435	109.8

Unconsolidated gross life premiums written by Sava Re Group companies

(EUR)	1–6/2018	1–6/2017	Index
Zavarovalnica Sava, Slovenian part (life)	38,790,762	41,413,782	93.7
Zavarovalnica Sava, Croatian part (life)	1,836,964	1,875,623	97.9
Illyria Life	1,030,836	864,223	119.3
Sava životno osiguranje (SRB)	1,011,320	735,194	137.6
Total	42,669,882	44,888,821	95.1

In 1–6/2018, gross premiums written by the Group's life insurers grew year on year. In Zavarovalnica Sava, gross premiums written decreased because a large number of policies reached maturity. The insurer sought to compensate for this loss by writing new policies; however, it could not fully offset premiums lost on account of maturities, deaths and surrenders.

Non-Slovenian gross premiums written grew in Illyria Life and Sava životno osiguranje (SRB), both generating double-digit growth rates. The largest, 37.6%, growth was achieved by the Serbian insurer, who managed to boost the productivity of its sales network and launched four new products in 2018. The growth in gross premiums written is also affected by the information system implemented last year for planning and monitoring activities, and also featuring a key performance indicator system. The same system was set up in the Kosovan life insurer at the end of 2017, where some benefits already

showed in 1–6/2018. Another factor benefitting growth in gross premiums written was the stabilisation of the sales network.

The Croatian branch of Zavarovalnica Sava, by contrast, saw a decline in gross premiums written as the result of a large number of policies reaching maturity in early 2018. The Croatian branch also increased sales of new products; however, these writings failed to compensate for the lost income relating to maturities.

Unconsolidated gross life insurance premiums written by class of business



Net claims incurred

Net claims incurred; life insurance business

(EUR)	1–6/2018	1–6/2017	Index
Gross claims paid	45,693,302	38,833,371	117.7
Net claims paid	45,668,075	38,776,882	117.8
Change in the net provision for outstanding claims	218,474	859,462	-174.6
Net claims incurred	45,886,549	39,636,344	115.8
Change in other technical provisions*	-3,495,931	3,826,136	-91.4
Change in technical provisions for policyholders who bear the investment risk	-11,580,458	-6,809,232	170.1
Net claims incurred, including the change in the mathematical and UL provisions	30,810,160	36,653,248	84.1

*These provisions mainly comprise mathematical provisions.

Net claims incurred; life insurance business

(EUR)	Slovenia			International		
	1–6/2018	1–6/2017	Index	1–6/2018	1–6/2017	Index
Gross claims paid	44,120,393	38,046,442	116.0	1,572,909	786,929	199.9
Net claims paid	44,095,166	37,989,953	116.1	1,572,909	786,929	199.9
Change in the net provision for outstanding claims	165,889	857,093	19.4	52,585	2,369	2219.7
Net claims incurred	44,261,055	38,847,046	113.9	1,625,494	789,298	205.9
Change in other technical provisions*	-4,126,042	2,554,542	-161.5	630,111	1,271,594	49.6
Change in technical provisions for policyholders who bear the investment risk	-11,570,614	-6,817,113	169.7	-9,844	7,881	-124.9
Net claims incurred, including the change in the mathematical and UL provisions	28,564,399	34,584,475	82.6	2,245,761	2,068,773	108.6

*These provisions mainly comprise mathematical provisions.

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

(EUR)	1–6/2018	1–6/2017	Index
Zavarovalnica Sava, Slovenian part (life)	44,120,393	38,046,442	116.0
Zavarovalnica Sava, Croatian part (life)	1,114,677	356,539	312.6
Illyria Life	259,312	255,686	101.4
Sava životno osiguranje (SRB)	200,213	175,869	113.8
Total	45,694,595	38,834,536	117.7

Gross claims paid in Slovenia grew by 16.0% in 1–6/2018 as the result of a large number of unit-linked policies that matured in 2018. The lion's share of maturities in 1–6/2018 related to unit-linked life insurance where policyholders bear the investment risk (EUR 20.4 million), while maturities of traditional life policies totalled EUR 12.2 million. Compared to the previous year, total maturities relating to traditional life policies increased by EUR 6.3 million; maturities of unit-linked life policies grew by EUR 5.6 million. The movement in claims needs to be viewed in conjunction with the change in technical provisions.

As in Slovenia, the reason for the large rise in gross claims paid in non-Slovenian insurers is the large number of maturities in the Croatian branch of Zavarovalnica Sava. At Zavarovalnica Sava, claims increased by 212.6% with the entire increase relating to maturities. However, this has no effect on the proportion of pay-outs at the Group level. Gross claims also increased in other life insurers: in Kosovo only marginally, while the Serbian life insurer Sava životno osiguranje (SRB) reported a 13.8% rise in gross claims paid. The reason for this rise in gross claims paid is an increase in death benefits paid.

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

Operating expenses

Consolidated operating expenses; life segment

(EUR)	1–6/2018	1–6/2017	Index
Acquisition costs	3,133,569	2,994,770	104.6
Change in deferred acquisition costs (+/-)	-237,318	-150,582	157.6
Other operating expenses	8,791,714	8,552,835	102.8
Operating expenses	11,687,965	11,397,023	102.6
Reinsurance commission income	0	3,002	-
Net operating expenses	11,687,965	11,400,025	102.5

Unconsolidated gross operating expenses relating to the life segment by Sava Re Group member

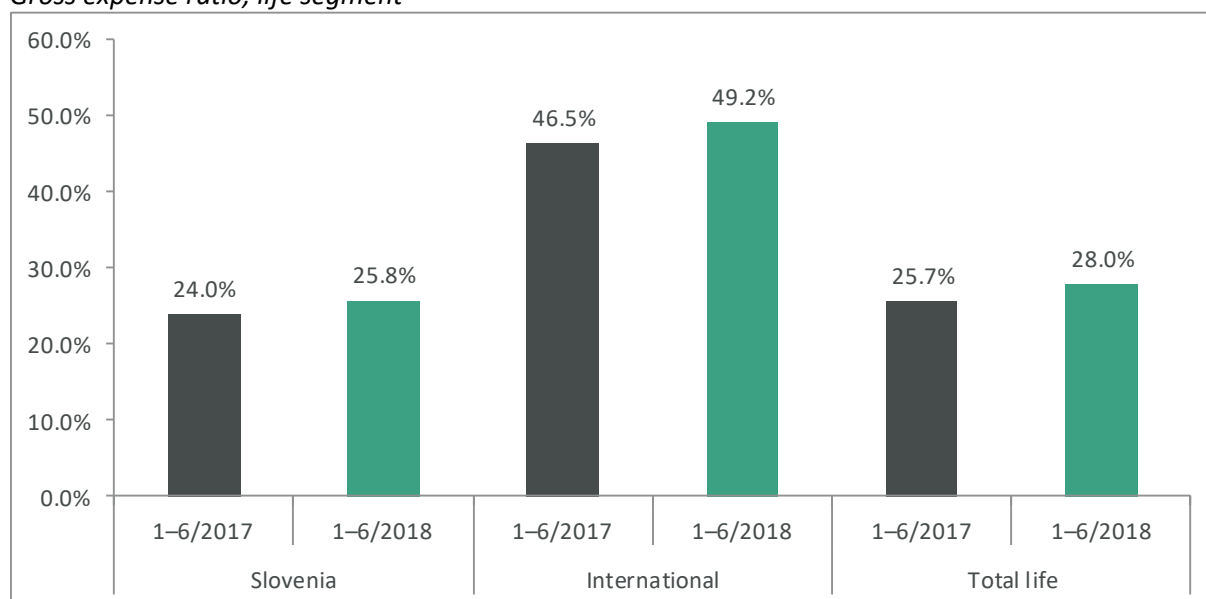
(EUR)	1–6/2018	1–6/2017	Index
Zavarovalnica Sava, Slovenian part (life)	9,241,883	8,866,436	104.2
Other Group insurers	1,875,853	1,584,219	118.4
Non-insurance Group companies	551,371	426,202	129.4

Acquisition costs rose as a result of larger sales of new insurance products.

The rise in other operating expenses was due to increases posted in these expenses by non-Slovenian insurers, while Zavarovalnica Sava reported a decline in other operating expenses. Non-Slovenian insurers chiefly reported increases in personnel costs, while the Croatian branch of Zavarovalnica Sava also reported increased marketing costs, transaction costs and costs of intellectual services. The reason for the increase in personnel costs at the Serbian insurer is a larger workforce (the average number of employees in the first half of 2018 rose by 10 year on year), while at the Kosovan insurer, personnel costs rose following the employment of agents.

Costs also increased in the Group's non-insurance companies as ZS svetovanje expanded its operations, which resulted in higher operating expenses, specifically personnel costs.

Gross expense ratio; life segment

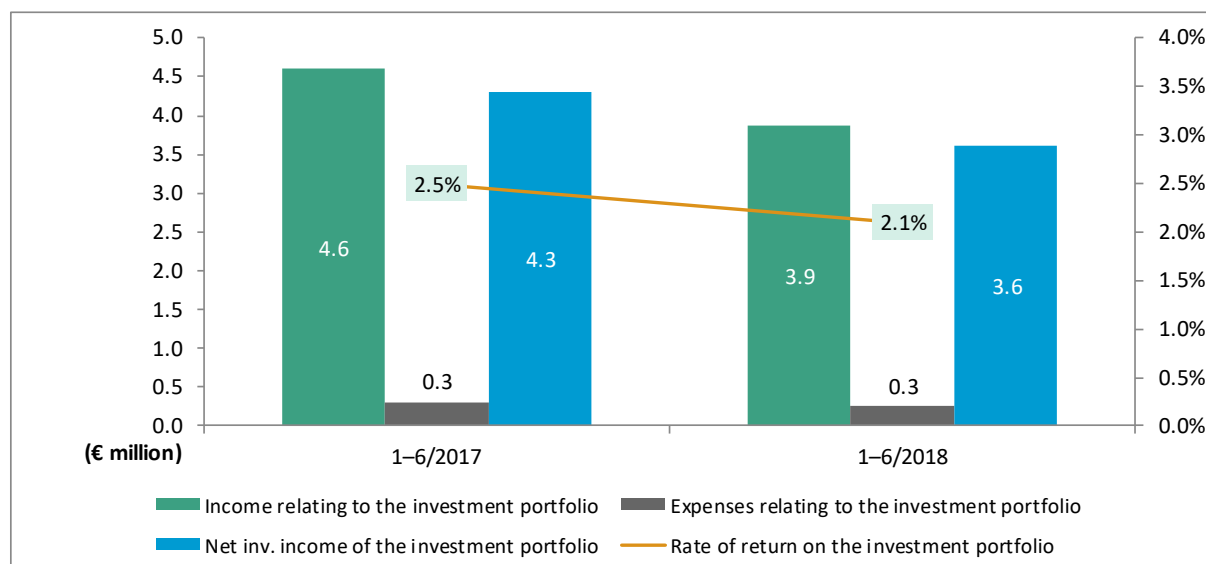


The consolidated gross expense ratio rose in Slovenian companies by 1.8 percentage points as a result of the drop in gross premiums written due to maturities, growth in sales of new products and the resulting growth in acquisition costs of Zavarovalnica Sava, while operating expenses remained largely flat.

In international companies, the consolidated gross expense ratio increased by 2.7 percentage points as costs outpaced premium growth, mainly owing to increased sales of new products.

Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); life business, excluding life business of policyholders who bear the investment risk





The figures for 1-6/2017 differ from those published in the 1-6/2017 financial report, as income also included management fee income of the unit-linked life liability fund.

In 1-6/2018, net investment income relating to the life insurance investment portfolio totalled EUR 3.6 million, down EUR 0.7 million year on year. Net investment income was lower largely because of lower interest income (EUR 0.6 million). The return on investment for the period was 2.1%.

2.4 Pension business

The pensions segment comprises the operations of the following companies:

-  Sava pokojninska
-  Sava penzisko društvo

Sava penzisko društvo was included in the consolidated financial statements on 31 March 2018.

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

Savings phase

Other technical income

(EUR)	1-6/2018	1-6/2017	Index
Other technical income	761,088	713,269	106.7

Other technical income includes income of the Slovenian pension company for entry and exit charges, and management fees relating to the management of the My-life-cycle group of funds, and administrative expenses. Other technical income increased by 6.7% in the period 1-6/2018 owing to growth of the group of My-life-cycle funds.

Other income

(EUR)	1-6/2018	1-6/2017	Index
Other income	859,337	5,450	15,767.7

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

The balance of the mathematical provision of the group of My-life-cycle long-term business funds

(EUR)	2018	2017	Index
Opening balance of fund assets (1 January)	128,862,922	119,926,669	107.5
Gross fund contributions	5,229,641	5,147,326	101.6
Gross fund pay-outs	3,121,993	3,228,849	96.7
Asset transfers	425,249	760,670	55.9
Net investment income of the fund	479,233	1,896,554	25.3
Entry and exit charges	95,423	94,402	101.1
Closing balance of fund assets (30 June)	131,779,629	124,407,968	105.9

Gross inflows into the My-life-cycle group of funds of the Slovenian pension company increased by 1.6% in the period 1-6/2018 year on year. Growth was partly driven by an increase in the number of policyholders.

Gross fund pay-outs from the My-life-cycle group of funds of the Slovenian pension insurer dropped by 3.3% in the period 1-6/2018 year on year. Gross pay-outs may include both regular and extraordinary pay-outs. The major part of the latter related to exits.

In the period 1-6/2018, the Company transferred assets in the amount of EUR 0.9 million from other pension service providers, while transfers to other providers totalled EUR 0.5 million, which resulted in a positive net effect.

Entry and exit charges relating to the My-life-cycle group of funds increased by 1.1% in the period 1-6/2018 year on year. This was due to the growth of the group of My-life-cycle long-term business funds.

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

(EUR)	4-6/2018
Gross fund inflows	13,838,754
Gross fund pay-outs	112,033
Asset transfers	-45,697
Net investment income of the fund	12,851,430
Entry and exit charges	346,534
Net assets under management as at 30 June 2018	478,240,824

In 4–6/2018, gross inflows into the mandatory and voluntary funds of the Macedonian pension company totalled EUR 13.8 million, while gross pay-outs were EUR 0.1 million. In 4–6/2018, the net investment income of the funds totalled EUR 12.9 million; the net assets under management totalled EUR 478.2 million as at 30 June 2018, up 7.9% compared with 31 December 2017.

The amount of assets under management is not disclosed in the statement of financial position because the Macedonian company acts only in the capacity of asset manager.

Pension annuities – distribution phase

(EUR)	1–6/2018	1–6/2017	Index
Gross premiums written	1,399,659	1,228,837	113.9
Gross claims paid	328,755	203,357	161.7
Change in other net technical provisions (+/-)	-1,066,318	-1,126,434	94.7

Gross premiums written relate to the KS MRS fund⁷. Until June 2015 inclusive, policyholders had contracts for the KS DPRZ fund⁸; since June 2015, they are insured under a new pension plan that is aligned with the Pension and Disability Insurance Act-2, for the KS MRS fund. In 1–6/2018, the gross premiums of the annuity fund rose by 13.9% year on year, largely because a number of policyholders opted for additional pension annuities.

Gross claims paid include benefits for additional pension insurance relating to both pension funds: KS DPRZ and KS MRS. Pension benefit pay-outs rose by 61.7% over 1–6/2018 year on year. Once insured persons meet pension eligibility requirements, their assets are transferred from savings accounts to annuity accounts, which creates growth for annuity funds.

The change in technical provisions includes the change in the technical provision relating to the KS DPRZ and KS MRS funds. The change in other net technical provisions reflects the change in premiums and claims, and the change due to revaluation for 2017.

*Operating expenses**Operating expenses; pensions segment*

(EUR)	1–6/2018	1–6/2017	Index
Acquisition costs	5,407	22,765	23.8
Other operating expenses	988,220	658,593	150.1
Operating expenses	993,627	681,358	145.8

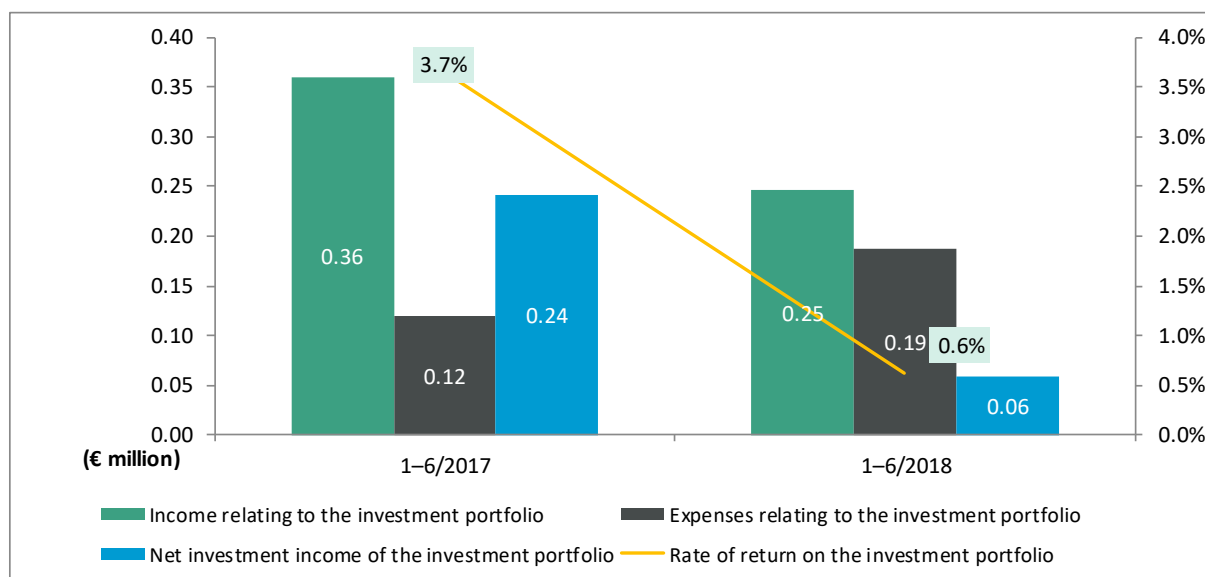
Operating expenses increased by 45.8% in 1–6/2018 year on year as the result of including the Macedonian pension company into the Group on 31 March 2018. The operating expenses of the Slovenian pension company in 1–6/2018 dropped by 12.6% year on year.

⁷ Long-term business fund 'MOJ rentni sklad' (MY annuity fund).

⁸ Long-term business fund for supplementary pension annuity insurance.

Net investment income

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



In 1-6/2018, net investment income relating to the investment portfolio of pension companies totalled EUR 0.06 million, down EUR 0.18 million year on year. The net investment income was lower largely because of lower interest income (EUR 0.02 million) and realised gains (EUR 0.04 million). Compared to the same period last year, expenses rose by EUR 0.7 million as the result of the adjustment of the level of liabilities relating to annuity contracts. The return on investment for the period was 0.6%.

3 FINANCIAL POSITION OF THE SAVA RE GROUP

As at 30 June 2018, total assets of the Sava Re Group stood at EUR 1,755.8 million, an increase of 2.8% over year-end 2017. Below we set out items of assets and liabilities in excess of 5% of total assets as at 30 June 2018 and items that changed by more than 2% of equity.

3.1 Assets

Consolidated total assets by type

(EUR)	30/06/2018	As % of total 30/06/2018	31/12/2017	As % of total 31/12/2017
ASSETS	1,755,773,126	100.0%	1,708,348,067	100.0%
Intangible assets	36,431,688	2.1%	22,712,944	1.3%
Property, plant and equipment	44,510,047	2.5%	45,438,014	2.7%
Deferred tax assets	1,478,260	0.1%	2,107,564	0.1%
Investment property	17,554,305	1.0%	15,364,184	0.9%
Financial investments	1,013,893,773	57.7%	1,038,125,019	60.8%
Funds for the benefit of policyholders who bear the investment risk	211,281,036	12.0%	227,228,053	13.3%
Reinsurers' share of technical provisions	34,661,590	2.0%	30,787,241	1.8%
Investment contract assets	132,598,319	7.6%	129,622,131	7.6%
Receivables	173,221,371	9.9%	138,455,525	8.1%
Deferred acquisition costs	21,310,419	1.2%	18,507,194	1.1%
Other assets	3,978,358	0.2%	2,043,395	0.1%
Cash and cash equivalents	64,853,276	3.7%	37,956,119	2.2%
Non-current assets held for sale	684	0.0%	684	0.0%

*TP = technical provisions.

3.1.1 Intangible assets

As at 30 June 2018, intangible assets totalled EUR 36.4 million, up 60.4%. This increase relates to the increase in goodwill of EUR 14.0 million as a result of acquisitions. For more details, see section 7.8 'Business combinations'.

3.1.2 Investment portfolio

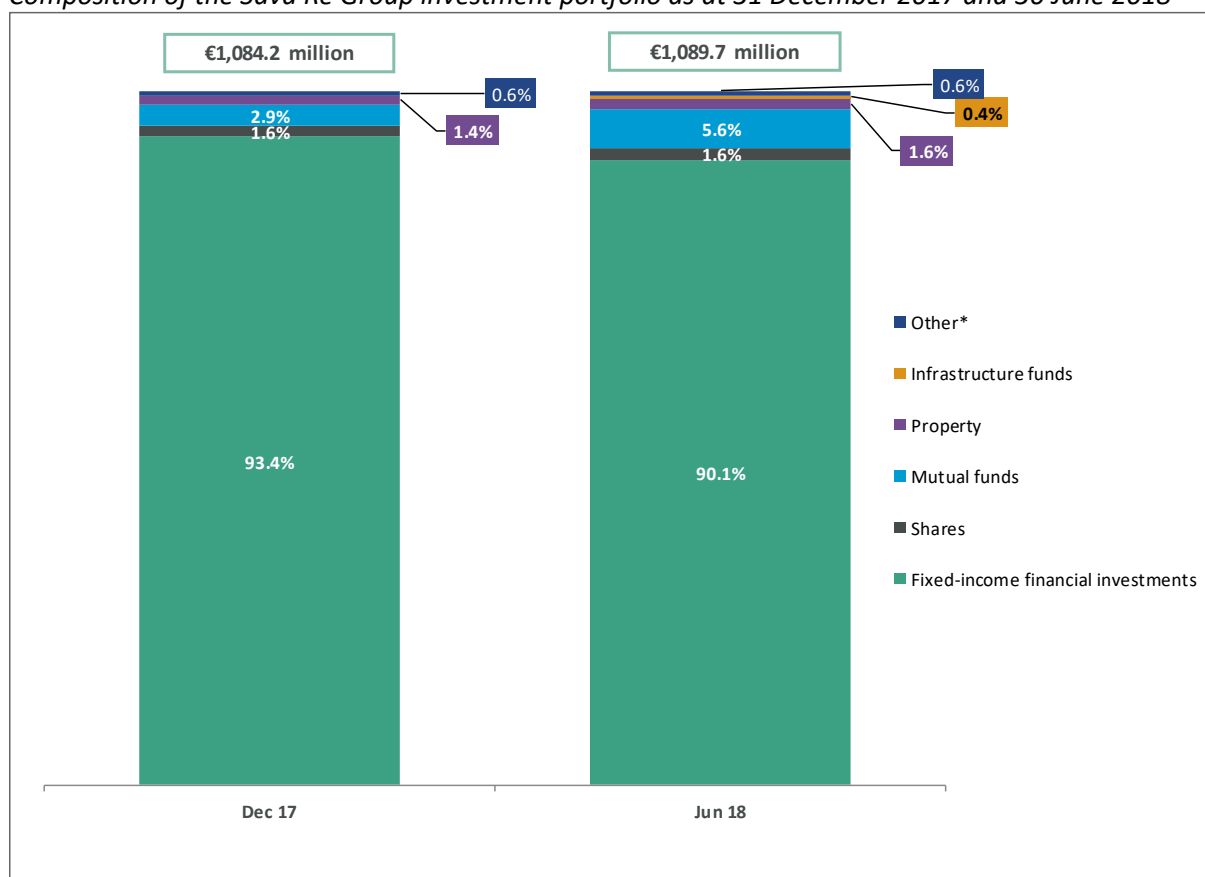
The investment portfolio consists of the following statement of financial position items: financial investments, investment property, and cash and cash equivalents.

The Sava Re Group investment portfolio

(EUR)	30/06/2018	31/12/2017	Absolute change	Index
Deposits	28,619,684	21,605,211	7,014,473	132.5
Government bonds	512,338,003	566,515,923	-54,177,920	90.4
Corporate bonds	383,142,127	394,196,963	-11,054,836	97.2
Shares	17,867,497	17,524,834	342,663	102.0
Quoted shares	12,561,729	12,230,529	331,200	102.7
Unquoted shares	5,305,768	5,294,305	11,463	100.2
Mutual funds	61,158,927	31,857,756	29,301,171	192.0
<i>Bond and money market funds</i>	<i>57,303,910</i>	<i>29,456,221</i>	<i>27,847,689</i>	<i>194.5</i>
<i>Equity and mixed mutual funds</i>	<i>3,855,017</i>	<i>2,401,535</i>	<i>1,453,482</i>	<i>160.5</i>
Infrastructure funds	4,277,264		4,277,264	
Loans granted	603,880	591,985	11,895	102.0
Deposits with cedants	5,886,391	5,832,347	54,044	100.9
Total financial investments	1,013,893,773	1,038,125,019	-24,231,246	97.7
Investment property	17,554,305	15,364,184	2,190,121	114.3
Cash and cash equivalents	58,267,277	30,746,332	27,520,945	189.5
Total investment portfolio	1,089,715,355	1,084,235,535	5,479,820	100.5
Funds for the benefit of policyholders who bear the investment risk	217,867,035	234,437,840	-16,570,805	92.9
- financial investments	211,281,036	227,228,053	-15,947,017	93.0
- cash and cash equivalents of policyholders who bear the investment risk	6,585,999	7,209,787	-623,788	91.3
Investment contract assets	132,598,319	129,622,131	2,976,188	102.3

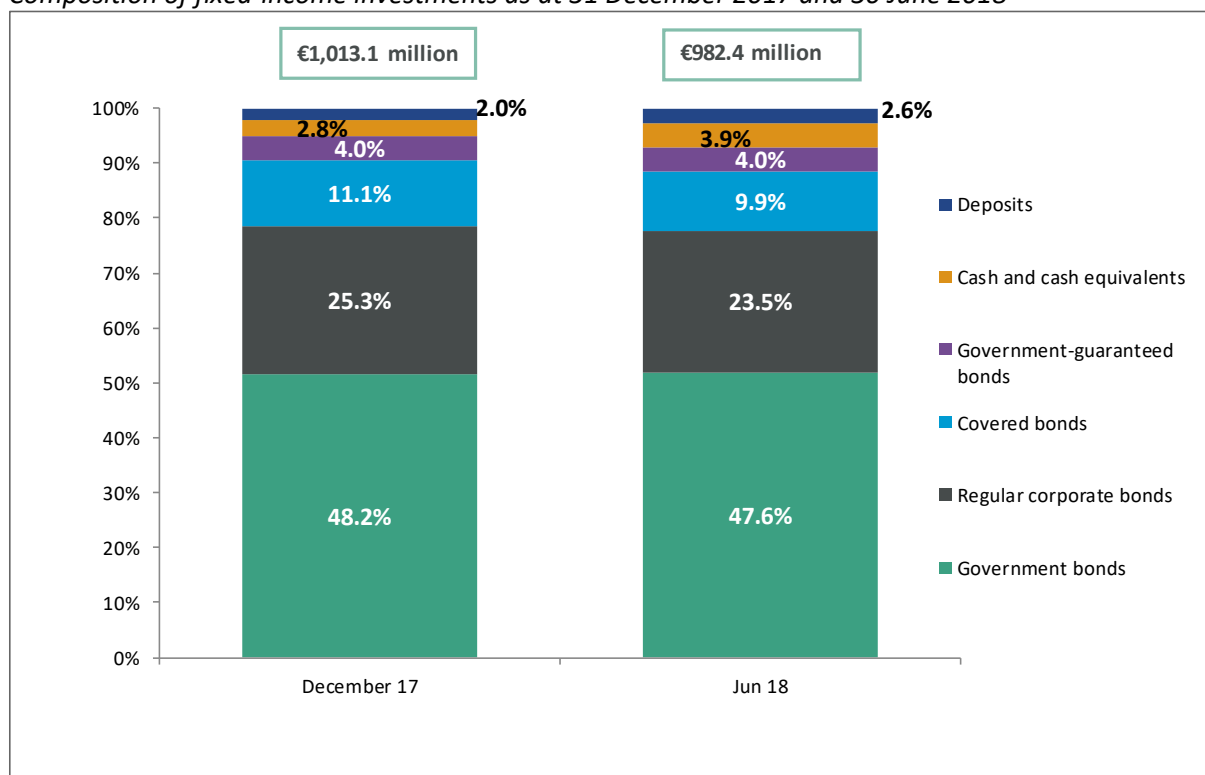
As at 30 June 2018, the Group's investment portfolio totalled EUR 1,089.7 million, an increase of EUR 5.5 million from the year-end 2017 figure. Positive contributions to the investment portfolio came from core (re)insurance cash flows, the change in accrued interest, realised gains on the disposal of investments and dividend income from financial investments. Invested assets declined following the acquisitions in the first quarter (for more details see section 7.8 'Business combinations').

Composition of the Sava Re Group investment portfolio as at 31 December 2017 and 30 June 2018



*The 'other' item includes deposits with cedants and loans granted.

Composition of fixed-income investments as at 31 December 2017 and 30 June 2018



The composition of the Sava Re Group investment portfolio changed as follows:

- S** 3.3-percentage-point drop in the proportion of investments in corporate bonds;
- S** 2.7-percentage-point increase in the share of investments in mutual funds. This increase is largely the result of acquired bond and ETF⁹ money market funds;
- S** infrastructure funds, which rose by 0.4 percentage points from the year-end (requests for payments into funds under commitments made in early 2018).

In the period, the decline and composition of fixed-income investments were largely the result of the following factors:

- S** lower exposure to government bonds of EUR 54.2 million (0.6 percentage point decline in the proportion of fixed-income investments);
- S** lower exposure to corporate and covered bonds of EUR 11.1 million with the amount of covered bonds declining by EUR 14.1 million (1.2 percentage point decline in their proportion of fixed-income investments);
- S** increase in cash and cash equivalents of EUR 27.5 million (1.1 percentage point rise in their proportion of fixed-income investments).

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

Funds for the benefit of policyholders who bear the investment risk are a major asset item. Zavarovalnica Sava is the only Group company to market life products where the investment risk is borne by policyholders (unit-linked products).

Funds of policyholders who bear the investment risk are invested in financial investments (mainly in mutual funds selected by policyholders) and cash. As at 30 June 2018, funds for the benefit of policyholders who bear the investment risk totalled EUR 217.9, of which EUR 211.3 million were financial investments and EUR 6.6 million were cash and cash equivalents. The level of funds for the benefit of policyholders who bear the investment risk fell by EUR 16.6 million compared to the previous year end. The chief downward factor is the negative cash flow from core business due to life policy maturities.

3.1.4 Investment contract assets

The investment contract assets item includes liability fund assets relating to the life cycle funds 'MOJI skladi življenjskega cikla' managed by the Sava pokojninska pension company for the benefit of policyholders since 1 January 2016. This group consists of three long-term business funds: MOJ dinamični sklad (MY Dynamic Fund, MDF) and MOJ uravnoteženi sklad (MY Balanced Fund, MBF), where policyholders bear the full investment risk, and MOJ zajamčeni sklad (MY Guaranteed Fund, MGF), where policyholders bear the investment risk in excess of the guaranteed funds. As at 30 June 2018, investment contract assets totalled EUR 132.6 million, up 2.3% compared to 31 December 2017. Investment contract assets increased mainly due to new net premiums written (EUR 2.4 million; in the period, there were inflows of EUR 6.5 million and outflows of EUR 4.0 million) and a positive change in the fair value reserve (EUR 0.5 million).

As at 30 June 2018, financial investments accounted for 86.1% of total assets; the remaining amount comprises receivables, investment property, and cash and cash equivalents.

⁹ ETF = exchange-traded fund; mutual funds purchased through brokers.

Like the previous category, the movement in investment contract liabilities depends on new contributions, outflows and movements in unit prices of funds.

Assets under the management of Macedonian Sava penzisko društvo are not shown in the Company's statement of financial position; these amounts are set out in section 2.4 'Pension business'.

3.1.5 Receivables

Receivables increased by 25.1% or EUR 34.8 million compared to year-end 2017 (1–6/2017: increase of 25.9% or EUR 32.9 million). Receivables typically show a significant increase in the first half of the year.

There was an increase in all categories of receivables other than those arising from reinsurance and co-insurance business. The largest increase was with receivables arising from primary insurance business, up EUR 31.1 million, or 25.0%, compared with 31 December 2017; however, the lion's share of this increase relates to not-past-due receivables (EUR 28.1 million). In absolute terms, the largest increase was in the non-life segment in Slovenia (increase of EUR 19.0 million; in 1–6/2017: increase of EUR 14.3 million) and in the reinsurance segment (increase of EUR 8.9 million; in 1–6/2017: increase of EUR 11.7 million). The reason for the increase in the Slovenian non-life segment is the annual renewal of insurance contracts with legal entities; in the reinsurance segment, the increase is due to the renewal of reinsurance contracts with cedants and the timing of making estimates for reinsurance business.

There were also significant increases in other receivables, of EUR 3.4 million or 42.5%. One reason for the increase is the rise in other receivables of Sava Re of EUR 2.2 million, largely relating to receivables associated with securities (EUR 1.6 million). Another reason is the Group's integration of TBS Team 24, which held operating receivables of EUR 1.4 million as at 30 June 2018.

3.2 Liabilities

Consolidated total liabilities by type

(EUR)	30/06/2018	As % of total 30/06/2018	31/12/2017	As % of total 31/12/2017
EQUITY AND LIABILITIES	1,755,773,126	100.0%	1,708,348,067	100.0%
Capital	315,178,680	18.0%	316,116,895	18.5%
Share capital	71,856,376	4.1%	71,856,376	4.2%
Capital reserves	42,996,739	2.4%	43,035,948	2.5%
Profit reserves	162,659,899	9.3%	162,548,076	9.5%
Own shares	-24,938,709	-1.4%	-24,938,709	-1.5%
Fair value reserve	15,663,926	0.9%	18,331,697	1.1%
Reserve due to fair value revaluation	766,418	0.0%	667,518	0.0%
Retained earnings	35,140,831	2.0%	33,093,591	1.9%
Net profit or loss for the period	14,097,616	0.8%	14,557,220	0.9%
Translation reserve	-3,424,535	-0.2%	-3,353,304	-0.2%
Equity attributable to owners of the controlling company	314,818,561	17.9%	315,798,413	18.5%
Non-controlling interests in equity	360,119	0.0%	318,482	0.0%
Technical provisions	989,320,174	56.3%	931,398,362	54.5%
Technical provision for the benefit of life insurance policyholders who bear the investment risk	213,608,390	12.2%	226,527,893	13.3%
Other provisions	7,919,750	0.5%	7,600,613	0.4%
Deferred tax liabilities	4,305,977	0.2%	5,781,494	0.3%
Investment contract liabilities	132,471,238	7.5%	129,483,034	7.6%
Other financial liabilities	398,947	0.0%	245,205	0.0%
Liabilities from operating activities	59,134,170	3.4%	60,598,188	3.5%
Other liabilities	33,435,800	1.9%	30,596,383	1.8%

3.2.1 Equity

Equity dropped by 0.3%, or EUR 0.9 million, compared to year-end 2017.

In 1–6/2018, equity grew by the amount of net profit for the year of EUR 14.2 million and EUR 0.04 million relating to the increase in non-controlling interests in equity following the acquisitions of two companies not wholly owned by Sava Re. On the other hand, capital decreased by EUR 12.6 million, reflecting dividend payments, and by EUR 2.6 million due to the decline in the fair value reserve.

3.2.2 Technical provisions

Gross technical provisions are the largest item under liabilities. The figure as at 30 June 2018 was an increase of 6.2%, or EUR 57.9 million, over year-end 2017. The largest increase (EUR 52.7 million) was in gross unearned premiums driven by seasonal movements – setting of high unearned premiums for coverages for which annual premiums had been accounted for at the beginning of the year.

Movements in consolidated gross technical provisions

(EUR)	30/06/2018	31/12/2017	Index
Gross unearned premiums	224,560,911	171,857,259	130.7
Gross mathematical provisions	268,775,671	271,409,915	99.0
Gross provision for outstanding claims	486,387,215	479,072,582	101.5
Gross provision for bonuses, rebates and cancellations	1,521,314	1,780,231	85.5
Other gross technical provisions	8,075,063	7,278,375	110.9
Gross technical provisions	989,320,174	931,398,362	106.2

The gross technical provisions attributable to the reinsurance segment grew by 7.3%, or EUR 11.3 million, compared to year-end 2017. The increase is due to the rise in unearned premiums as a result of the annual dynamics of underwriting reinsurance business (up EUR 8.7 million; 1–6/2017: up EUR 14.5 million), while provisions for outstanding claims rose by EUR 2.5 million.

Gross technical provisions attributable to the non-life insurance segment increased by 9.9%, or EUR 48.2 million, compared to year-end 2017 due to seasonal movements. Of this, EUR 43.9 million related to the growth in unearned premiums (1–6/2017: growth of EUR 37.0 million), while provisions for outstanding claims increased by EUR 4.0 million compared to year-end 2017.

Gross mathematical provisions decreased by 1.0%, or EUR 2.7 million, mainly as a result of maturity benefits.

Other technical provisions (provision for bonuses, rebates and cancellations, and other provisions) account for a smaller proportion and grew in total by EUR 0.5 million.

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

Gross provisions associated with unit-linked life business decreased by 5.7%, or EUR 12.9 million, mainly due to maturity benefits paid.

3.2.4 Investment contract liabilities

The investment contract liabilities of Sava pokojninska totalled EUR 132.5 million at 30 June 2018, up 2.3%, or EUR 3.0 million, from year-end 2017. They move in line with investment contract assets.

3.3 Capital structure

As at 30 June 2018, the Sava Re Group held EUR 315.2 million of equity, with no subordinated debt. It was exclusively financed from equity.

3.4 Cash flow

In the period 1–6/2018, the Sava Re Group had a positive cash flow from operating activities of EUR 0.1 million (1–6/2017: EUR 20.9 million), which is below the year-on-year figure due to the payment of higher non-life claims and life insurance maturity benefits.

In the period 1–6/2018, the Sava Re Group had a negative cash flow from financing of EUR 12.5 million (mostly relating to dividend payments), while in 1–6/2017, it had a negative cash flow of EUR 37.2 million, which comprised both dividend payments and the repayment of part of its subordinated debt.

The net increase in cash and cash equivalents for the period 1–6/2018 was larger by EUR 20.2 million, which is chiefly the result of a tactical decision of the investment portfolio asset managers to reinvest assets at the reporting date due to market conditions.

3.5 Sava Re rating profile

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

Financial strength rating of Sava Re

Agency	Rating ¹⁰	Outlook	Latest review
Standard & Poor's	A	stable	July 2018: rating upgrade
A.M. Best	A–	stable	October 2017: affirmed existing rating

Following its regular annual rating review in July 2018, rating agency Standard & Poor's upgraded its insurer financial strength rating on Sava Re. The upgrading reflected the Company's high capital adequacy over an extended period both under the rating agency's capital model and under Solvency II, further supported by a stable dividend policy. Additional factors were the Group's sound market position and profitability. The credit agency further believed the Group was benefitting from its acquisitions.

¹⁰Credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (–) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

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

4 PERSONNEL

Staffing figures for Group members

	30/06/2018	31/12/2017	Change
Zavarovalnica Sava	1,197.0	1,231.0	-34.0
Sava neživotno osiguranje (SRB)	335.4	339.3	-3.9
Sava osiguruvanje (MKD)	196.0	193.8	2.2
Illyria	150.5	178.5	-28.0
Sava osiguranje (MNE)	132.5	132.5	0.0
Sava Re	108.1	96.5	11.6
Sava životno osiguranje (SRB)	77.3	71.5	5.8
Illyria Life	44.0	29.9	14.1
Sava Car	40.0	39.5	0.5
ZM Svetovanje	31.0	28.0	3.0
Sava penzisko društvo	30.0	0.0	30.0
TBS Team 24	28.5	0.0	28.5
Sava Agent	21.3	20.0	1.3
Sava pokojninska	14.0	14.4	-0.4
Energoprojekt Garant	11.0	0.0	11.0
Ornatus KC	9.0	9.0	0.0
Sava Station	6.0	5.0	1.0
Total	2,431.6	2,388.8	42.7

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees in the Group is subject to fluctuations, mainly due to fluctuations in the agency network. The increased headcount is also the result of acquisitions (69.5). The headcount is further affected by streamlining operations following the merger of four of the Group's EU-based insurers (-34.0).

5 RISK MANAGEMENT

In its operation, the Group companies are exposed to various categories of risk: insolvency risk, underwriting risk, risks associated with policies where policyholders bear the investment risk, risk associated with investment contracts, financial risk, operational risk, and strategic risk. The Group companies identify, measure, manage, monitor, and report on these risks in line with prescribed risk management processes. In addition, these risk management processes are set up at the Group level. The processes and methods of measuring and managing risk, and the exposure of the Group to the various categories of risk are detailed in the Sava Re Group annual report 2017 and are therefore not repeated in this report.

Capital adequacy and capital management in the Sava Re Group

The Sava Re Group uses the Solvency II standard formula for its solvency calculations. The most recent solvency calculation was carried out as at 31 December 2017. As at 31 December 2017, the Group was well capitalised and had a solvency ratio of 220%. Details on the valuation, the calculation of eligible own funds and the Group's SCR as at 31 December 2017 are set out in the Sava Re Group solvency and financial condition report 2017 and are available at the Sava Re website.

The Group's eligible own funds as at 31 March 2018 decreased somewhat compared to 31 December 2017, while the risk profile remained roughly the same compared to year-end 2017, remaining in line with the Group's risk management strategy. The Group's solvency ratio as at 31 March 2018 stood at 212% (calculated using the Group's solvency capital requirement as at 31 December 2017 and eligible own funds as at 31 March 2018). The risk to the Group's capital adequacy is very small.

Underwriting risk

The Group's subsidiaries assume risks from policyholders and mostly transfer excess risks to Sava Re. The controlling company assumes such risks also from other cedants; any excess is retroceded to other reinsurers.

The Group is exposed to the following non-life underwriting risks: underwriting process risk (insurance and reinsurance), pricing risk, claims risk, retention risk and reserving risk; while its life operations are exposed to lapse risk, mortality risk and life expense risk.

An increase in realised underwriting risk would essentially result in an increase in net claims. As the Group has in place an adequate retrocession programme, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic losses. A more likely scenario to which the Group is exposed is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums. If the Group's net combined ratio increased/decreased by 1 percentage point, its profit before tax would decrease/increase by EUR 2.0 million (30/06/2017: EUR 1.8 million).

The Group's exposure to underwriting risk did not change significantly in the second quarter compared to year-end 2017. Accordingly, the Group's retrocession programme is largely unchanged from year-end 2017.

Risks associated with policies where policyholders bear the investment risk

In policies where policyholders bear the investment risk, market risk is transferred to policyholders, as mathematical provisions move in line with assets, except for products with a guaranteed return feature.

The following table shows risk registers for unit-linked life insurance business where the risk of failing to achieve the guaranteed return and market risks are born by the insurer.

Financial investments covering life insurance liabilities with guaranteed NAV	30/06/2018	31/12/2017
Zavarovalnica Sava d.d. – ZS Zajamčeni (ZS Guaranteed)	25,836,441	24,414,858
Zavarovalnica Sava d.d. – ZS Garant	1,397,757	1,313,503
Zavarovalnica Sava d.d. – ZS Varnost (ZS Security) and ZS Zajamčeni (ZS Guaranteed)	35,392,770	45,805,687
Total financial investments	62,626,968	71,534,048

Exposures to risks arising out of such policies declined in the period due to maturing insurance contracts.

Risks associated with investment contracts

The Group classifies as investment contracts its voluntary supplementary pension insurance (VSPI) business of the Sava pokojninska pension company during the accumulation phase, which is part of the company's group of liability funds (MY life cycle funds).

The value of the investments covering investment contract liabilities totalled EUR 132.6 million as at 30 June 2018, up EUR 3.0 million compared with 31 December 2017.

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

Financial risks

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

Market risk

The investment portfolio sensitive to market risk as at 30 June 2018 of EUR 1,089.7 million shrank by EUR 5.5 million compared to 31 December 2017. Details are provided in section 3.1.2 'Investment portfolio'.

Interest rate risk

The value of investments included in the interest-rate risk calculation as at 30 June 2018 was EUR 849.0 million (31/12/2017: EUR 882.8 million). Of this, EUR 557.7 million (31/12/2017: EUR 593.9 million) relates to assets of non-life insurers (including Sava Re) and EUR 291.2 million (31/12/2017: EUR 288.9 million) to assets of life insurers.

The average maturity of non-life insurance assets was 2.92 years as at 30 June 2018 (31/12/2017: 3.15 years), while the expected maturity of non-life obligations was 3.04 years (31/12/2017: 3.18 years).

The average maturity of life insurance assets was 3.59 years as at 30 June 2018 (31/12/2017: 3.46 years), while the expected duration of life insurance obligations was 4.92 (31/12/2017: 4.68).

The maturity mismatch between assets and liabilities did not change significantly, which is why interest rate risk did not change significantly in the period.

Equity risk

The value of investments that the Company includes in the equity risk calculation totalled EUR 25.9 million as at 30 June 2018 (31/12/2017: EUR 19.8 million). A 10% drop in equity prices would result in a decline of EUR 2.5 million (31/12/2017: EUR 2.3 million).

The risk increased marginally compared to year-end 2017.

Property risk

The value of investments that the Company includes in the property risk calculation totalled EUR 17.5 million as at 31 June 2018 (31/12/2017: EUR 15.4 million). A 25% drop in property prices would result in a decline in property investments of EUR 4.4 million (31/12/2017: EUR 3.8 million).

Property risk rose marginally compared to year-end 2017 owing to higher property investments.

Currency risk

The Company monitors the matching of assets and liabilities both by the ALM and accounting aspect. As at 30 June 2018, the position was 99.0% matched according to the ALM aspect (31/12/2017: 98.8%) and 96.2% matched according to the ALM aspect (31/12/2017: 96.5%).

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

Credit risk

As at 30 June 2018, fixed-income investments rated 'A' or better accounted for 68.8% of the total fixed-income portfolio (31/12/2017: 74.2%). In the first half of 2018, the share of the best rated investments dropped slightly compared to the prior year-end. This is because cash equivalents (unrated) increased somewhat, since not all proceeds from disposals and maturities were reinvested.

As at 30 June 2018, the exposure to the ten largest issuers was EUR 370.6 million, representing 34.0% of financial investments (31/12/2017: EUR 396.7 million; 36.6%). The largest single issuer of securities to which the Group is exposed is the Republic of Slovenia. As at 30 June 2018, the exposure to

Slovenian issuers totalled EUR 132.1 million, representing 12.1% of financial investments (31/12/2017: EUR 170.0 million; 15.7%). No other corporate issuer exceeded the 2.4% of financial assets threshold.

Based on the above, we estimate that particularly through reducing their exposure to Slovenia and increased diversification by issuer, region and industry, the Sava Re Group companies managed their exposure to credit risk well in the first half of 2018, reducing it compared to year-end 2017.

Credit risk associated with counterparties of which the companies hold receivables as at 30 June 2018 remained flat compared to the balance as at 31 December 2017.

Liquidity risk

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

We believe that liquidity risk is low and well managed.

Operational risks

The Group periodically measures operational risks in terms of qualitative assessment of the probability of loss and financial severity of risks listed in the risk register, while the EU-based companies additionally use scenario analysis.

Operational risks are not among the Group's most significant risks. We assess that in the second quarter, the Group's exposure to this category of risk remained at about the level at year-end 2017.

Strategic risks

Strategic risks are by their nature very diverse, are difficult to quantify, and are heavily dependent on diverse (external) factors. The Group and its members are exposed to a diverse range of internal and external strategic risks.

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

In the second quarter, the Group's exposure to strategic risk remained at about the same level as at year-end 2017.

Risk exposure up until year-end 2018

The main risks to which the Group is exposed are underwriting risks followed by market risks. The realisation of underwriting risks is fortuitous and only for certain classes of insurance seasonal. An increase in realised underwriting risks could arise as a result of an increased frequency of storms with massive losses, while the realisation of financial risks could increase owing to unfavourable trends in financial markets.

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

6 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

6.1 Unaudited consolidated statement of financial position

(EUR)	30/06/2018	31/12/2017
ASSETS	1,755,773,126	1,708,348,067
Intangible assets	36,431,688	22,712,944
Property, plant and equipment	44,510,047	45,438,014
Deferred tax assets	1,478,260	2,107,564
Investment property	17,554,305	15,364,184
Financial investments:	1,013,893,773	1,038,125,019
- loans and deposits	35,109,955	28,029,543
- held to maturity	75,172,639	106,232,327
- available for sale	895,049,634	897,645,279
- at fair value through profit or loss	8,561,545	6,217,870
Funds for the benefit of policyholders who bear the investment risk	211,281,036	227,228,053
Reinsurers' share of technical provisions	34,661,590	30,787,241
Investment contract assets	132,598,319	129,622,131
Receivables	173,221,371	138,455,525
Receivables arising out of primary insurance business	155,400,541	124,324,547
Reinsurance and co-insurance receivables	3,813,360	6,197,717
Current tax assets	2,730,864	17,822
Other receivables	11,276,606	7,915,439
Deferred acquisition costs	21,310,419	18,507,194
Other assets	3,978,358	2,043,395
Cash and cash equivalents	64,853,276	37,956,119
Non-current assets held for sale	684	684
EQUITY AND LIABILITIES	1,755,773,126	1,708,348,067
Equity	315,178,680	316,116,895
Share capital	71,856,376	71,856,376
Capital reserves	42,996,739	43,035,948
Profit reserves	162,659,899	162,548,076
Own shares	-24,938,709	-24,938,709
Fair value reserve	15,663,926	18,331,697
Reserve due to fair value revaluation	766,418	667,518
Retained earnings	35,140,831	33,093,591
Net profit or loss for the period	14,097,616	14,557,220
Translation reserve	-3,424,535	-3,353,304
Equity attributable to owners of the controlling company	314,818,561	315,798,413
Non-controlling interests in equity	360,119	318,482
Technical provisions	989,320,174	931,398,362
Unearned premiums	224,560,911	171,857,259
Technical provisions for life insurance business	268,775,671	271,409,915
Provision for outstanding claims	486,387,215	479,072,582
Other technical provisions	9,596,377	9,058,606
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	213,608,390	226,527,893
Other provisions	7,919,750	7,600,613
Deferred tax liabilities	4,305,977	5,781,494
Investment contract liabilities	132,471,238	129,483,034
Other financial liabilities	398,947	245,205
Liabilities from operating activities	59,134,170	60,598,188
Liabilities from primary insurance business	46,674,199	54,711,289
Liabilities from reinsurance and co-insurance business	8,811,625	5,160,183
Current income tax liabilities	3,648,346	726,716
Other liabilities	33,435,800	30,596,383

6.2 Unaudited consolidated income statement

(EUR)	1-6/2018	1-6/2017
Net earned premiums	240,094,363	230,286,916
Gross premiums written	308,644,926	297,770,558
Written premiums ceded to reinsurers and co-insurers	-19,217,922	-23,270,279
Change in gross unearned premiums	-51,874,256	-51,247,144
Change in unearned premiums, reinsurers' and co-insurers' shares	2,541,615	7,033,781
Investment income	14,268,120	14,460,004
Interest income	8,223,794	9,505,855
Other investment income	6,044,326	4,954,149
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	9,504,130	7,799,252
Other technical income	8,371,622	5,950,357
Commission income	1,830,775	1,197,162
Other technical income	6,540,847	4,753,195
Other income	6,055,344	3,063,319
Net claims incurred	-165,633,594	-141,966,092
Gross claims paid, net of income from recourse receivables	-166,396,406	-149,352,307
Reinsurers' and co-insurers' shares	5,632,964	6,362,980
Change in the gross provision for outstanding claims	-5,790,104	352,294
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	919,952	670,941
Change in other technical provisions	2,064,625	-7,240,195
Change in technical provisions for policyholders who bear the investment risk	11,580,458	6,809,232
Expenses for bonuses and rebates	253,379	772,581
Operating expenses	-84,365,640	-75,371,304
Acquisition costs	-29,198,366	-26,766,713
Change in deferred acquisition costs	2,977,668	4,206,995
Other operating expenses	-58,144,942	-52,811,586
Expenses for financial assets and liabilities	-4,436,202	-6,777,205
Interest expense	-388	-718,353
Other investment expenses	-4,435,814	-6,058,852
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-8,046,044	-5,160,405
Other technical expenses	-9,788,134	-9,413,374
Other expenses	-1,485,654	-817,605
Profit or loss before tax	18,436,773	22,395,481
Income tax expense	-4,269,546	-5,277,950
Net profit or loss for the period	14,167,227	17,117,531
Net profit or loss attributable to owners of the controlling company	14,097,616	17,107,043
Net profit or loss attributable to non-controlling interests	69,611	10,488
Earnings per share (basic and diluted)	0.91	1.10

The change in the weighted average number of shares outstanding is shown in section 7.9.6 'Net earnings or loss per share'.

6.3 Unaudited consolidated statement of comprehensive income

(EUR)	1-6/2018			1-6/2017		
	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	14,097,616	69,611	14,167,227	17,107,043	10,488	17,117,531
OTHER COMPREHENSIVE INCOME, NET OF TAX	-2,640,102	-1,602	-2,641,704	-1,728,758	1,100	-1,727,658
a) Items that will not be reclassified subsequently to profit or loss	98,900	0	98,900	266,972	1,026	267,998
Other items that will not be reclassified subsequently to profit or loss	98,900	0	98,900	266,972	1,026	267,998
b) Items that may be reclassified subsequently to profit or loss	-2,739,002	-1,602	-2,740,604	-1,995,730	74	-1,995,656
Net gains/losses on remeasuring available-for-sale financial assets	-3,300,719	905	-3,299,814	-2,922,975	-2,558	-2,925,533
Net change recognised in the fair value reserve	-2,279,988	905	-2,279,083	-1,931,490	-628	-1,932,118
Net change transferred from fair value reserve to profit or loss	-1,020,731	0	-1,020,731	-991,485	-1,930	-993,415
Tax on items that may be reclassified subsequently to profit or loss	632,948	0	632,948	699,666	1,608	701,274
Net gains/losses from translation of financial statements of non-domestic companies	-71,231	-2,507	-73,738	227,579	1,024	228,603
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	11,457,514	68,009	11,525,523	15,378,285	11,588	15,389,873
Attributable to owners of the controlling company	11,457,514	0	11,457,514	15,378,285	0	15,378,285
Attributable to non-controlling interests	0	68,009	68,009	0	11,588	11,588

6.4 Unaudited consolidated statement of cash flows

(EUR)		1–6/2018	1–6/2017
A. Cash flows from operating activities			
a)	Items of the income statement	43,236,098	50,534,270
1.	Net premiums written in the period	289,427,004	274,500,279
2.	Investment income (other than financial income)	44,225	627,204
3.	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	14,164,149	9,013,676
4.	Net claims payments in the period	-160,763,442	-142,989,327
5.	Expenses for bonuses and rebates	253,379	772,581
6.	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-84,184,112	-75,822,959
7.	Investment expenses (excluding amortisation and financial expenses)	-163,684	-58,255
8.	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-11,271,875	-10,230,979
9.	Tax on profit and other taxes not included in operating expenses	-4,269,546	-5,277,950
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	-43,118,370	-29,618,316
1.	Change in receivables from primary insurance	-31,075,994	-16,408,449
2.	Change in receivables from reinsurance	2,384,357	-12,243,318
3.	Change in other receivables from (re)insurance business	-173,205	126,485
4.	Change in other receivables and other assets	-12,723,711	-5,624,277
5.	Change in deferred tax assets	629,304	121,624
6.	Change in inventories	-31,559	-25,316
7.	Change in liabilities arising out of primary insurance	-8,037,090	711,587
8.	Change in liabilities arising out of reinsurance business	3,651,442	4,970,563
9.	Change in other operating liabilities	10,042,799	5,476,732
10.	Change in other liabilities (except unearned premiums)	-6,309,196	-6,124,473
11.	Change in deferred tax liabilities	-1,475,517	-599,474
c)	Net cash from/used in operating activities (a + b)	117,728	20,915,954
B. Cash flows from investing activities			
a)	Cash receipts from investing activities	673,800,686	768,561,204
1.	Interest received from investing activities	8,223,794	9,505,855
2.	Cash receipts from dividends and participation in the profit of others	750,882	670,486
4.	Proceeds from sale of property, plant and equipment	798,156	633,196
5.	Proceeds from sale of financial investments	664,024,820	757,751,667
b)	Cash disbursements in investing activities	-635,837,731	-746,977,163
1.	Purchase of intangible assets	-210,810	-718,353
2.	Purchase of property, plant and equipment	-813,194	-3,433,517
3.	Purchase of long-term financial investments	-634,813,727	-742,825,293
c)	Net cash from/used in investing activities (a + b)	37,962,955	21,584,041
C. Cash flows from financing activities			
b)	Cash disbursements in financing activities	-12,539,622	-37,182,385
1.	Interest paid	-388	-718,353
3.	Repayment of long-term financial liabilities	0	-24,000,000
5.	Dividends and other profit participations paid	-12,539,234	-12,464,032
c)	Net cash from/used in financing activities (a + b)	-12,539,622	-37,182,385
C2. Closing balance of cash and cash equivalents		64,853,276	39,256,770
x)	Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	25,541,061	5,317,610
y)	Opening balance of cash and cash equivalents	37,956,119	33,939,160
	Opening balance of cash and cash equivalents – acquisition	1,356,096	0

6.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the six months to 30 June 2018

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,035,948	11,578,919	24,938,709	11,225,068	114,805,380	18,331,697	667,518	33,093,591	14,557,220	-24,938,709	-3,353,304	315,798,413	318,482	316,116,895
Opening balance in the financial period	71,856,376	43,035,948	11,578,919	24,938,709	11,225,068	114,805,380	18,331,697	667,518	33,093,591	14,557,220	-24,938,709	-3,353,304	315,798,413	318,482	316,116,895
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-2,667,771	98,900	0	14,097,616	0	-71,231	11,457,514	68,009	11,525,523
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	14,097,616	0	0	14,097,616	69,611	14,167,227
b) Other comprehensive income	0	0	0	0	0	0	-2,667,771	98,900	0	0	0	-71,231	-2,640,102	-1,602	-2,641,704
Dividend payouts	0	0	0	0	0	0	0	0	-12,398,157	0	0	0	-12,398,157	-141,077	-12,539,234
Allocation of net profit to profit reserve	0	0	111,823	0	0	0	0	0	-111,823	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	14,557,220	-14,557,220	0	0	0	0	0
Acquisition, subsidiary	0	0	0	0	0	0	0	0	0	0	0	0	0	590,749	590,749
Acquisition of non-controlling interests	0	-39,209	0	0	0	0	0	0	0	0	0	0	-39,209	-476,044	-515,253
Closing balance in the financial period	71,856,376	42,996,739	11,690,742	24,938,709	11,225,068	114,805,380	15,663,926	766,418	35,140,831	14,097,616	-24,938,709	-3,424,535	314,818,561	360,119	315,178,680

Unaudited consolidated statement of changes in equity for the six months to 30 June 2017

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,681,441	11,411,550	24,938,709	11,225,068	98,318,285	17,458,948	351,655	36,778,941	9,049,238	-24,938,709	-3,854,182	296,277,319	761,008	297,038,327
Opening balance in the financial period	71,856,376	43,681,441	11,411,550	24,938,709	11,225,068	98,318,285	17,458,948	351,655	36,778,941	9,049,238	-24,938,709	-3,854,182	296,277,319	761,008	297,038,327
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-2,223,309	266,972	0	17,107,043	0	227,579	15,378,285	11,588	15,389,873
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	17,107,043	0	0	17,107,043	10,488	17,117,531
b) Other comprehensive income	0	0	0	0	0	0	-2,223,309	266,972	0	0	0	227,579	-1,728,758	1,100	-1,727,658
Dividend payouts	0	0	0	0	0	0	0	0	-12,398,158	0	0	0	-12,398,158	-65,874	-12,464,032
Allocation of net profit to profit reserve	0	0	145,423	0	0	0	0	0	-145,423	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	9,049,238	-9,049,238	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,681,441	11,556,973	24,938,709	11,225,068	98,318,285	15,235,639	618,627	33,284,600	17,107,043	-24,938,709	-3,626,603	299,257,447	706,721	299,964,168

7 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The selected notes to the financial statements for the six months to 30 June are significant to an understanding of the changes in the financial position and performance of the Group in the first six months of 2018 as compared to both the first six months of 2017 and the year-end 2017.

7.1 Overview of major accounting policies

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

In accordance with IAS 34, explanatory notes are provided for events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial report, which was prepared for 2017.

The financial statements with notes as at and for the six months to 30 June 2018 have not been audited.

The interim financial statements as at 30 June 2018 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2017.

7.2 Seasonality and cyclicity of interim operations

The operations of the Group are not seasonal in nature. Pursuant to underwriting 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.

7.3 Nature and amount of extraordinary items

There were no extraordinary items in terms of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the period 1–6/2018.

7.4 Materiality

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2% thereof, which is EUR 6.3 million as at 30 June 2018. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been presented in detail in interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are given in the report, even though they may not exceed the materiality threshold.

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

The Group issued no new debt or equity securities.

7.6 Key accounting estimates and judgements

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

7.7 Segment reporting

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

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

Business is broken down by operating segment: reinsurance, non-life, life, pensions and the 'other' segment. Non-life and life business are separately monitored whether sourced in Slovenia or abroad (international); the predominant part of the reinsurance segment is foreign-sourced. Performance of these segments is monitored based on different indicators, a common performance indicator for all segments being net profit calculated in accordance with IFRSs.

Statement of financial position items by operating segment – assets as at 30 June 2018

30/06/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	288,482,636	581,220,933	132,691,286	713,912,219	551,171,936	27,809,148	578,981,084	169,540,047	4,857,140	1,755,773,126
Intangible assets	801,756	5,209,180	8,722,466	13,931,646	5,841,291	33,994	5,875,285	13,351,226	2,471,775	36,431,688
Property, plant and equipment	2,492,155	24,392,122	13,226,062	37,618,184	2,050,211	2,174,425	4,224,636	80,817	94,255	44,510,047
Deferred tax assets	1,369,322	9,888	98,705	108,593	0	345	345	0	0	1,478,260
Investment property	8,469,100	3,066,220	5,978,706	9,044,926	40,279	0	40,279	0	0	17,554,305
Financial investments:	165,046,032	420,524,823	75,288,470	495,813,293	308,253,599	23,857,157	332,110,755	20,923,692	0	1,013,893,773
- loans and deposits	5,731,438	2,957,687	18,780,513	21,738,199	6,204	4,146,425	4,152,630	3,487,688	0	35,109,955
- held to maturity	1,413,112	34,437,518	3,400,539	37,838,057	29,907,862	2,892,629	32,800,490	3,120,980	0	75,172,639
- available for sale	157,553,898	382,987,208	50,345,181	433,332,389	278,339,157	16,518,942	294,858,099	9,305,248	0	895,049,634
- at fair value through profit or loss	347,584	142,411	2,762,238	2,904,648	376	299,161	299,537	5,009,776	0	8,561,545
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	211,226,276	54,760	211,281,036	0	0	211,281,036
Reinsurers' share of technical provisions	7,440,449	22,152,038	4,905,177	27,057,215	161,890	2,036	163,926	0	0	34,661,590
Investment contract assets	0	0	0	0	0	0	0	132,598,319	0	132,598,319
Receivables	85,153,253	70,393,180	13,682,773	84,075,953	1,884,356	682,493	2,566,849	12,150	1,413,166	173,221,371
Receivables arising out of primary insurance business	80,631,943	64,203,830	9,204,015	73,407,845	755,781	596,706	1,352,487	8,266	0	155,400,541
Reinsurance and co-insurance receivables	2,174,780	1,381,960	256,620	1,638,580	0	0	0	0	0	3,813,360
Current tax assets	0	1,701,271	22,165	1,723,436	1,004,803	0	1,004,803	0	2,625	2,730,864
Other receivables	2,346,530	3,106,119	4,199,973	7,306,092	123,772	85,787	209,559	3,884	1,410,541	11,276,606
Deferred acquisition costs	5,944,211	11,266,803	3,720,858	14,987,661	376,352	2,195	378,547	0	0	21,310,419
Other assets	678,411	1,961,837	503,745	2,465,582	16,875	30,092	46,967	325,332	462,066	3,978,358
Cash and cash equivalents	11,087,947	22,244,158	6,564,324	28,808,482	21,320,807	971,651	22,292,458	2,248,511	415,878	64,853,276
Non-current assets held for sale	0	684	0	684	0	0	0	0	0	684

Statement of financial position items by operating segment – equity and liabilities as at 30 June 2018

30/06/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	364,846,120	532,535,734	125,846,016	658,381,751	528,765,870	28,333,013	557,098,885	170,442,348	5,004,024	1,755,773,126
Equity	149,968,074	48,936,338	35,963,639	84,899,977	37,252,644	10,755,036	48,007,680	29,381,441	2,921,508	315,178,680
Equity attributable to owners of the controlling company	149,968,074	48,936,338	35,640,181	84,576,519	37,252,644	10,755,036	48,007,680	29,381,441	2,884,847	314,818,561
Non-controlling interests in equity	0	0	323,458	323,458	0	0	0	0	36,661	360,119
Technical provisions	167,347,196	454,418,831	80,558,057	534,976,888	262,845,608	16,528,446	279,374,054	7,622,036	0	989,320,174
Unearned premiums	36,512,203	154,606,509	32,361,922	186,968,431	780,663	299,614	1,080,277	0	0	224,560,911
Mathematical provisions	0	0	0	0	245,225,656	15,927,979	261,153,635	7,622,036	0	268,775,671
Provision for outstanding claims	130,295,312	292,858,198	46,094,108	338,952,306	16,839,289	300,308	17,139,597	0	0	486,387,215
Other technical provisions	539,681	6,954,124	2,102,027	9,056,151	0	545	545	0	0	9,596,377
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	213,562,482	45,908	213,608,390	0	0	213,608,390
Other provisions	404,541	5,512,270	720,530	6,232,800	1,175,671	2,778	1,178,449	103,960	0	7,919,750
Deferred tax liabilities	0	1,813,258	251,513	2,064,771	2,183,327	40,877	2,224,204	17,002	0	4,305,977
Investment contract liabilities	0	0	0	0	0	0	0	132,471,238	0	132,471,238
Other financial liabilities	91,072	1	201,683	201,684	0	243	243	140	105,808	398,947
Liabilities from operating activities	37,834,793	7,498,470	3,997,948	11,496,418	9,510,429	268,614	9,779,043	23,916	0	59,134,170
Liabilities from primary insurance business	32,588,332	4,636,503	987,580	5,624,083	8,244,621	217,113	8,461,734	50	0	46,674,199
Liabilities from reinsurance and co-insurance business	4,533,094	1,501,242	2,762,642	4,263,884	14,647	0	14,647	0	0	8,811,625
Current income tax liabilities	713,367	1,360,725	247,726	1,608,451	1,251,161	51,501	1,302,662	23,866	0	3,648,346
Other liabilities	9,200,442	14,356,566	4,152,647	18,509,213	2,235,711	691,111	2,926,822	822,615	1,976,708	33,435,800

Statement of financial position items by operating segment – assets as at 31 December 2017

31/12/2017	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	276,777,815	562,908,852	121,083,650	683,992,502	573,395,292	29,257,618	602,652,910	144,924,839	0	1,708,348,067
Intangible assets	807,011	5,930,640	8,669,940	14,600,580	7,213,397	38,444	7,251,841	53,512	0	22,712,944
Property, plant and equipment	2,485,645	25,240,112	13,318,247	38,558,359	2,116,782	2,197,557	4,314,339	79,671	0	45,438,014
Deferred tax assets	1,238,826	534,480	95,467	629,947	238,446	345	238,791	0	0	2,107,564
Investment property	8,230,878	3,066,546	4,025,810	7,092,356	40,950	0	40,950	0	0	15,364,184
Financial investments:	165,705,134	440,654,143	71,018,548	511,672,691	323,558,775	24,247,593	347,806,367	12,940,827	0	1,038,125,019
- loans and deposits	5,540,491	3,026,235	15,203,684	18,229,919	6,926	4,242,206	4,249,131	10,001	0	28,029,543
- held to maturity	1,396,816	40,299,903	3,651,181	43,951,084	55,863,552	2,881,934	58,745,486	2,138,941	0	106,232,327
- available for sale	158,492,132	397,200,750	52,154,364	449,355,114	266,897,438	16,810,484	283,707,922	6,090,111	0	897,645,279
- at fair value through profit or loss	275,695	127,256	9,318	136,574	790,859	312,968	1,103,827	4,701,774	0	6,217,870
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	227,172,652	55,401	227,228,053	0	0	227,228,053
Reinsurers' share of technical provisions	9,744,947	16,212,812	4,626,944	20,839,757	198,672	3,866	202,538	0	0	30,787,241
Investment contract assets	0	0	0	0	0	0	0	129,622,131	0	129,622,131
Receivables	74,851,935	47,924,024	12,954,338	60,878,362	856,334	1,867,321	2,723,655	1,573	0	138,455,525
Receivables arising out of primary insurance business	71,773,739	45,187,064	6,451,723	51,638,787	741,601	170,420	912,021	0	0	124,324,547
Reinsurance and co-insurance receivables	2,906,051	567,453	2,721,346	3,288,799	0	2,867	2,867	0	0	6,197,717
Current tax assets	0	0	17,822	17,822	0	0	0	0	0	17,822
Other receivables	172,145	2,169,507	3,763,447	5,932,954	114,733	1,694,034	1,808,767	1,573	0	7,915,439
Deferred acquisition costs	6,235,348	8,743,590	3,214,513	11,958,103	311,809	1,933	313,742	0	0	18,507,194
Other assets	799,634	880,008	324,817	1,204,825	1,391	30,286	31,677	7,259	0	2,043,395
Cash and cash equivalents	6,678,458	13,721,812	2,835,026	16,556,838	11,686,085	814,872	12,500,957	2,219,866	0	37,956,119
Non-current assets held for sale	0	684	0	684	0	0	0	0	0	684

Statement of financial position items by operating segment – equity and liabilities as at 31 December 2017

31/12/2017	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	345,352,373	515,078,617	120,152,010	635,230,627	554,636,153	27,411,026	582,047,178	145,717,890	0	1,708,348,067
Equity	143,382,173	67,041,741	37,684,149	104,725,890	47,700,274	11,099,491	58,799,765	9,209,069	0	316,116,895
Equity attributable to owners of the controlling company	143,382,173	67,041,741	37,365,667	104,407,408	47,700,274	11,099,491	58,799,765	9,209,069	0	315,798,413
Non-controlling interests in equity	0	0	318,482	318,482	0	0	0	0	0	318,482
Technical provisions	155,981,500	413,731,878	73,020,045	486,751,923	266,379,368	15,729,853	282,109,221	6,555,718	0	931,398,362
Unearned premiums	27,784,980	115,284,582	27,763,773	143,048,355	794,499	229,425	1,023,924	0	0	171,857,259
Mathematical provisions	0	0	0	0	249,604,958	15,249,239	264,854,197	6,555,718	0	271,409,915
Provision for outstanding claims	127,827,170	290,994,868	44,020,475	335,015,343	15,979,911	250,158	16,230,069	0	0	479,072,582
Other technical provisions	369,350	7,452,428	1,235,797	8,688,225	0	1,031	1,031	0	0	9,058,606
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	226,472,492	55,401	226,527,893	0	0	226,527,893
Other provisions	351,250	5,356,300	664,997	6,021,297	1,154,362	31,137	1,185,499	42,567	0	7,600,613
Deferred tax liabilities	0	2,674,519	257,798	2,932,317	2,799,681	49,496	2,849,177	0	0	5,781,494
Investment contract liabilities	0	0	0	0	0	0	0	129,483,034	0	129,483,034
Other financial liabilities	91,181	0	154,023	154,023	1	0	1	0	0	245,205
Liabilities from operating activities	43,115,652	5,423,252	4,101,107	9,524,359	7,683,212	274,965	7,958,177	0	0	60,598,188
Liabilities from primary insurance business	39,870,845	4,204,601	2,989,748	7,194,349	7,464,498	181,597	7,646,095	0	0	54,711,289
Liabilities from reinsurance and co-insurance business	3,090,008	1,218,651	845,443	2,064,094	1,308	4,773	6,081	0	0	5,160,183
Current income tax liabilities	154,799	0	265,916	265,916	217,406	88,595	306,001	0	0	726,716
Other liabilities	2,430,618	20,850,927	4,269,891	25,120,818	2,446,762	170,683	2,617,445	427,502	0	30,596,383

Income statement items by operating segment 1–6/2018

(EUR) 1–6/2018	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net earned premiums	42,053,722	124,975,016	29,186,973	154,161,989	38,685,817	3,793,175	42,478,992	1,399,659	0	240,094,363
Gross premiums written	52,820,955	176,432,393	35,326,225	211,758,618	38,790,762	3,874,932	42,665,694	1,399,659	0	308,644,926
Written premiums ceded to reinsurers and co-insurers	-991,093	-15,602,133	-2,501,678	-18,103,811	-121,183	-1,835	-123,018	0	0	-19,217,922
Change in gross unearned premiums	-8,727,221	-39,222,162	-3,872,664	-43,094,826	17,534	-69,743	-52,209	0	0	-51,874,256
Change in unearned premiums, reinsurers' and co-insurers' shares	-1,048,919	3,366,918	235,090	3,602,008	-1,295	-10,179	-11,474	0	0	2,541,615
Investment income	5,363,694	3,427,578	1,363,607	4,791,185	3,432,974	433,877	3,866,851	246,390	0	14,268,120
Interest income	1,212,242	2,333,573	1,102,506	3,436,079	3,020,436	369,013	3,389,449	186,023	0	8,223,794
Other investment income	4,151,452	1,094,005	261,101	1,355,106	412,538	64,863	477,401	60,367	0	6,044,326
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	9,503,892	238	9,504,130	0	0	9,504,130
Other technical income	3,255,457	2,340,609	1,317,418	3,658,027	633,292	63,758	697,050	761,088	0	8,371,622
Commission income	207,220	1,292,510	331,045	1,623,555	0	0	0	0	0	1,830,775
Other technical income	3,048,237	1,048,099	986,373	2,034,472	633,292	63,758	697,050	761,088	0	6,540,847
Other income	297,347	1,407,639	681,196	2,088,835	103,201	11,927	115,128	859,337	2,694,697	6,055,344
Net claims incurred	-25,608,689	-78,802,863	-15,006,738	-93,809,602	-44,261,054	-1,625,494	-45,886,549	-328,755	0	-165,633,594
Gross claims paid, net of income from recourse receivables	-22,258,715	-84,079,053	-14,036,581	-98,115,634	-44,120,393	-1,572,909	-45,693,302	-328,755	0	-166,396,406
Reinsurers' and co-insurers' shares	373,745	4,660,256	573,736	5,233,992	25,227	0	25,227	0	0	5,632,964
Change in the gross provision for outstanding claims	-2,468,141	-1,671,779	-1,467,196	-3,138,975	-130,403	-52,585	-182,988	0	0	-5,790,104
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,255,578	2,287,713	-76,697	2,211,016	-35,486	0	-35,486	0	0	919,952
Change in other technical provisions	-170,327	222,259	-416,920	-194,661	4,126,042	-630,111	3,495,931	-1,066,318	0	2,064,625
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	11,570,614	9,844	11,580,458	0	0	11,580,458
Expenses for bonuses and rebates	0	276,045	-22,666	253,379	0	0	0	0	0	253,379
Operating expenses	-13,134,468	-41,212,164	-14,653,391	-55,865,556	-9,781,996	-1,905,969	-11,687,965	-1,027,609	-2,650,042	-84,365,640
Acquisition costs	-11,464,593	-12,333,431	-2,261,366	-14,594,797	-2,872,101	-261,468	-3,133,569	-5,407	0	-29,198,366
Change in deferred acquisition costs	328,244	1,893,293	518,813	2,412,106	237,056	262	237,318	0	0	2,977,668
Other operating expenses	-1,998,119	-30,772,026	-12,910,838	-43,682,865	-7,146,951	-1,644,763	-8,791,714	-1,022,202	-2,650,042	-58,144,942
Expenses for financial assets and liabilities	-3,792,829	-109,238	-87,675	-196,913	-19,943	-236,828	-256,771	-188,054	-1,634	-4,436,202
Interest expense	0	0	1,247	1,247	0	0	0	-1	-1,634	-388
Other investment expenses	-3,792,829	-109,238	-88,922	-198,160	-19,943	-236,828	-256,771	-188,053	0	-4,435,814
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-8,044,766	-1,278	-8,046,044	0	0	-8,046,044
Other technical expenses	-3,126,125	-4,129,500	-2,245,499	-6,374,999	-71,044	-80,124	-151,168	-135,577	-265	-9,788,134
Other expenses	-583,898	-682,159	-201,607	-883,766	-12,282	-4,839	-17,121	-165	-704	-1,485,654
Profit or loss before tax	4,553,884	7,713,221	-85,301	7,627,920	5,864,745	-171,824	5,692,921	519,996	42,052	18,436,773
Income tax expense										-4,269,546
Net profit or loss for the period										14,167,227
Net profit or loss attributable to owners of the controlling company										14,097,616
Net profit or loss attributable to non-controlling interests										69,611

Income statement items by operating segment 1–6/2017

(EUR) 1–6/2017	Reinsurance business	Non-life business			Life business			Pensions	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net earned premiums	40,547,963	118,003,097	25,704,201	143,707,298	41,348,383	3,454,435	44,802,818	1,228,837	0	230,286,916
Gross premiums written	56,838,583	164,353,094	30,466,661	194,819,755	41,413,782	3,469,601	44,883,383	1,228,837	0	297,770,558
Written premiums ceded to reinsurers and co-insurers	-830,955	-19,770,576	-2,529,728	-22,300,304	-136,180	-2,839	-139,019	0	0	-23,270,279
Change in gross unearned premiums	-14,543,847	-33,696,605	-3,059,435	-36,756,040	70,405	-17,662	52,743	0	0	-51,247,144
Change in unearned premiums, reinsurers' and co-insurers' shares	-915,818	7,117,184	826,703	7,943,887	377	5,335	5,712	0	0	7,033,781
Investment income	3,835,243	3,846,072	1,244,324	5,090,396	4,761,990	411,597	5,173,587	360,777	0	14,460,004
Interest income	1,352,551	2,810,648	1,099,340	3,909,988	3,736,915	298,197	4,035,112	208,205	0	9,505,855
Other investment income	2,482,693	1,035,425	144,984	1,180,409	1,025,075	113,400	1,138,476	152,572	0	4,954,149
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	7,798,778	474	7,799,252	0	0	7,799,252
Other technical income	2,008,641	1,839,029	976,076	2,815,105	229,921	74,970	304,891	713,269	108,451	5,950,357
Commission income	147,701	807,114	245,349	1,052,463	-3,002	0	-3,002	0	0	1,197,162
Other technical income	1,860,940	1,031,915	730,727	1,762,642	232,923	74,970	307,893	713,269	108,451	4,753,195
Other income	156,106	1,597,883	412,561	2,010,444	692,820	7,171	699,991	5,450	191,328	3,063,319
Net claims incurred	-22,097,678	-67,068,285	-12,960,428	-80,028,713	-38,847,046	-789,298	-39,636,344	-203,357	0	-141,966,092
Gross claims paid, net of income from recourse receivables	-24,126,581	-74,397,893	-11,791,105	-86,188,998	-38,046,442	-786,929	-38,833,371	-203,357	0	-149,352,307
Reinsurers' and co-insurers' shares	160,518	5,368,045	777,929	6,145,974	56,489	0	56,489	0	0	6,362,980
Change in the gross provision for outstanding claims	2,406,237	2,610,612	-3,805,987	-1,195,375	-859,909	1,341	-858,568	0	0	352,294
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-537,852	-649,049	1,858,735	1,209,686	2,816	-3,710	-894	0	0	670,941
Change in other technical provisions	-143,182	-1,677,351	-467,092	-2,144,443	-2,554,542	-1,271,594	-3,826,136	-1,126,434	0	-7,240,195
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	6,817,113	-7,881	6,809,232	0	0	6,809,232
Expenses for bonuses and rebates	2	803,440	-30,861	772,579	0	0	0	0	0	772,581
Operating expenses	-11,523,826	-38,791,108	-12,365,435	-51,156,542	-9,203,853	-1,612,304	-10,816,157	-709,431	-1,165,348	-75,371,304
Acquisition costs	-11,864,960	-10,396,952	-1,487,266	-11,884,218	-2,720,747	-274,023	-2,994,770	-22,765	0	-26,766,713
Change in deferred acquisition costs	2,319,816	1,071,214	665,383	1,736,597	150,363	219	150,582	0	0	4,206,995
Other operating expenses	-1,978,682	-29,465,370	-11,543,552	-41,008,921	-6,633,469	-1,338,500	-7,971,969	-686,666	-1,165,348	-52,811,586
Expenses for financial assets and liabilities	-5,928,150	-248,969	-135,571	-384,540	-7,329	-337,489	-344,818	-119,696	0	-6,777,205
Interest expense	-718,338	0	-15	-15	0	0	0	0	0	-718,353
Other investment expenses	-5,209,812	-248,969	-135,556	-384,525	-7,329	-337,489	-344,818	-119,696	0	-6,058,852
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-5,159,958	-447	-5,160,405	0	0	-5,160,405
Other technical expenses	-2,648,058	-4,236,886	-2,347,889	-6,584,775	-98,049	-63,954	-162,003	-18,471	-67	-9,413,374
Other expenses	-61,324	-473,509	-179,902	-653,411	-93,958	-1,307	-95,265	-154	-7,451	-817,605
Profit or loss before tax	4,145,736	13,593,415	-150,017	13,443,398	5,684,270	-135,627	5,548,643	130,790	-873,087	22,395,481
Income tax expense										-5,277,950
Net profit or loss for the period										17,117,531
Net profit or loss attributable to owners of the controlling company										17,107,043
Net profit or loss attributable to non-controlling interests										10,488

Inter-segment business

(EUR)	Reinsurance business		Non-life business		Life business		Pensions		Other	
	1-6/2018	1-6/2017	1-6/2018	1-6/2017	1-6/2018	1-6/2017	1-6/2018	1-6/2017	1-6/2018	1-6/2017
Net earned premiums	40,409,181	38,550,906	109,166	108,063	0	0	0	0	0	0
Net claims incurred	-14,701,090	-13,752,350	-613,652	-99,404	0	0	0	0	0	0
Operating expenses	-5,745,456	-5,598,481	-702,553	-639,936	-455,464	-198,268	-20,289	0	-92,507	-70,830
Investment income	32,866	47,809	124	2,003	0	0	0	0	0	0
Other income	152,527	11,705	96,690	56,346	21	1	0	0	1,983,828	848,007

7.8 Business combinations

In January 2018, the acquisition of the Slovenian-based company TBS Team 24 was finalised. The controlling company became the company's majority owner with a stake of 75%. TBS Team 24 was first consolidated in the Group financial statement on 31 January 2018. The following table shows the fair value of the net assets of the acquired company in the business combination and goodwill recognised.

(EUR)	TBS Team 24
Intangible assets	2,942
Property, plant and equipment	106,510
Receivables	2,003,806
Cash and cash equivalents	14,951
Other assets	180,198
A. Total assets	2,308,407
Liabilities from operating activities and other liabilities	1,852,281
B. Total liabilities	1,852,281
Fair value of net assets acquired (A – B)	456,126
Non-controlling interests in equity as at 31/01/2018	114,030
Goodwill	2,470,404
Market value of investment as at 31/01/2018	2,812,500

Cash flow on acquisition of the company TBS Team 24

(EUR)	TBS Team 24
Acquisitions of interest	-2,812,500
Net cash and cash equivalents acquired in the business combination	14,951
Net cash relating to the business combination	-2,797,549

In March 2018, the acquisitions of the companies Energoprojekt Garant and Sava penzisko društvo were finalised. The controlling company became the owner of a 92.94% stake in Energoprojekt Garant and the sole owner of Sava penzisko društvo. Energoprojekt Garant and Sava penzisko društvo were first consolidated in the Group financial statement on 31 March 2018. The following tables show the fair value of the net assets of the acquired companies in the business combinations and goodwill recognised.

(EUR)	Energoprojekt Garant
Intangible assets	16,156
Property, plant and equipment	32,992
Investment property	1,972,586
Financial investments	5,425,457
Reinsurers' share of technical provisions	181,305
Receivables	340,752
Cash and cash equivalents	751,942
Other assets	29,023
A. Total assets	8,750,213
Technical provisions	1,846,333
Other provisions	3,011
Deferred tax liabilities	1,032
Liabilities from operating activities and other liabilities	147,437
B. Total liabilities	1,997,814
Fair value of net assets acquired (A – B)	6,752,398
Non-controlling interests in equity as at 31/03/2018	476,719
Goodwill	54,356
Market value of investment as at 31/03/2018	6,330,035

Cash flow on acquisition of the company Energoprojekt Garant

(EUR)	Energoprojekt Garant
Acquisitions of interest	-6,330,035
Net cash and cash equivalents acquired in the business combination	751,942
Net cash relating to the business combination	-5,578,093

(EUR)	Sava penzisko društvo
Intangible assets	38,971
Property, plant and equipment	17,448
Financial investments	7,917,244
Receivables	13,076
Cash and cash equivalents	46,440
Other assets	311,408
A. Total assets	8,344,587
Other provisions	60,602
Deferred tax liabilities	17,812
Liabilities from operating activities and other liabilities	441,600
B. Total liabilities	520,014
Fair value of net assets acquired (A – B)	7,824,573
Goodwill	11,710,411
Market value of investment as at 31/03/2018	19,534,984

Cash flow on acquisition of the company Sava penzisko društvo

(EUR)	Sava penzisko društvo
Acquisitions of interest	-19,534,984
Net cash and cash equivalents acquired in the business combination	46,440
Net cash relating to the business combination	-19,488,544

7.9 Notes to significant changes in the statement of financial position

7.9.1 Intangible assets

In the first quarter, there was a material increase in intangible assets. It mainly relates to the increase in goodwill of EUR 14.2 million as a result of acquisitions. The disclosure of newly recognised goodwill by company is shown in section 7.8. 'Business combinations'.

(EUR)	Software	Goodwill	Property rights	Deferred acquisition costs	Other intangible assets	Total
Cost						
01/01/2018	11,062,977	14,548,585	0	3,883,806	15,292,194	44,787,562
Additions – acquisition of companies	460,613	14,235,171	7,205	0	0	14,702,989
Additions	722,555	0	0	172,513	76,041	971,109
Disposals	-5,301	0	0	0	0	-5,301
Exchange differences	-21,456	0	0	0	0	-21,456
30/06/2018	12,219,388	28,783,756	7,205	4,056,319	15,368,235	60,434,903
Accumulated amortisation and impairment losses						
01/01/2018	8,074,618	0	0	0	14,000,000	22,074,618
Additions – acquisition of companies	397,815	0	7,205	0	0	405,020
Additions	544,463	0	0	0	1,000,000	1,544,463
Disposals	-2,414	0	0	0	0	-2,414
Exchange differences	-18,472	0	0	0	0	-18,472
30/06/2018	8,996,010	0	7,205	0	15,000,000	24,003,215
Carrying amount as at 01/01/2018	2,988,359	14,548,585	0	3,883,806	1,292,194	22,712,944
Carrying amount as at 30/06/2018	3,223,378	28,783,756	0	4,056,319	368,235	36,431,688

7.9.2 Property, plant and equipment

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

(EUR)	Land	Buildings	Equipment	Other property , plant and equipment	Total
Cost					
01/01/2018	7,834,841	49,629,117	23,976,932	242,407	81,683,297
Additions – acquisition of companies	0	0	289,181	252,926	542,107
Additions	6,336	63,189	797,388	6,564	873,477
Disposals	-2,957	-173,003	-773,626	0	-949,586
Reclassification			-67,518	-32,885	-100,403
Exchange differences	0	-32,167	-9,006	83	-41,090
30/06/2018	7,838,220	49,487,136	24,213,351	469,095	82,007,802
Accumulated depreciation and impairment losses					
01/01/2018	0	17,924,007	18,243,994	77,283	36,245,284
Additions – acquisition of companies	0	0	235,821	146,417	382,238
Additions	0	620,397	1,000,028	23,816	1,644,241
Disposals	0	-95,238	-610,955	0	-706,193
Reclassification	0	0	-45,756	-3,220	-48,976
Exchange differences	0	-12,251	-6,588	0	-18,839
30/06/2018	0	18,436,915	18,816,544	244,296	37,497,755
Carrying amount as at 01/01/2018	7,834,841	31,705,110	5,732,938	165,124	45,438,014
Carrying amount as at 30/06/2018	7,838,220	31,050,221	5,396,807	224,799	44,510,047

7.9.3 Financial investments

At the end of the first half of 2018, financial investments shrank by EUR 24.2 million compared with year-end 2017 owing to the maturing of the portion of the investment portfolio that the Group partly records as an increase in cash and cash equivalents. Another reason is the reinvestment of the portion of matured financial investments into the finalised acquisition of companies that joined the Sava Re Group in the first quarter of 2018.

Financial investments as at 30 June 2018

(EUR)	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and deposits	Total
		Non-derivative Designated to this category			
30/06/2018					
Debt instruments	75,172,639	6,876,112	813,431,379	29,223,564	924,703,694
Deposits and CDs	0	0	0	28,619,684	28,619,684
Government bonds	74,816,161	4,054,227	433,467,615	0	512,338,003
Corporate bonds	356,478	2,821,885	379,963,764	0	383,142,127
Loans granted	0	0	0	603,880	603,880
Equity instruments	0	1,685,433	77,340,991	0	79,026,424
Shares	0	538,714	17,328,783	0	17,867,497
Mutual funds	0	1,146,719	60,012,208	0	61,158,927
Investments in infrastructure funds	0	0	4,277,264	0	4,277,264
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	5,886,391	5,886,391
Total	75,172,639	8,561,545	895,049,634	35,109,955	1,013,893,773

Financial investments as at 31 December 2017

(EUR)	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and deposits	Total
		Non-derivative Designated to this category			
31/12/2017					
Debt instruments	106,232,327	4,998,211	849,482,348	22,197,196	982,910,082
Deposits and CDs	0	0	0	21,605,211	21,605,211
Government bonds	106,033,885	1,479,811	459,002,227	0	566,515,923
Corporate bonds	198,442	3,518,400	390,480,121	0	394,196,963
Loans granted	0	0	0	591,985	591,985
Equity instruments	0	1,219,659	48,162,931	0	49,382,590
Shares	0	561,191	16,963,643	0	17,524,834
Mutual funds	0	658,468	31,199,288	0	31,857,756
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	5,832,347	5,832,347
Total	106,232,327	6,217,870	897,645,279	28,029,543	1,038,125,019

(EUR)	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and deposits	Total
		Non-derivative Designated to this category			
30/06/2018					
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,587,395	141,038,648	59,146,762	1,508,231	211,281,036

(EUR)	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and deposits	Total
		Non-derivative			
		Designated to this category			
31/12/2017					
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,903,616	145,131,820	58,665,766	13,526,851	227,228,053

7.9.4 Receivables

Receivables grew by EUR 34.7 million compared to the balance as at the end of 2017, chiefly due to the annual renewal of insurance contracts with legal entities but also with cedants, and due to the dynamics of assessing reinsurance business. Some effect on the increase in receivables is also derived from the acquisitions finalised in the first quarter.

Receivables by type

(EUR)	30/06/2018			31/12/2017		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	178,200,119	-27,099,332	151,100,787	148,688,925	-26,763,334	121,925,591
Receivables due from insurance brokers	3,870,758	-875,195	2,995,563	3,117,305	-897,079	2,220,226
Other receivables arising out of primary insurance business	1,431,848	-127,657	1,304,191	311,426	-132,696	178,730
Receivables arising out of primary insurance business	183,502,725	-28,102,184	155,400,541	152,117,656	-27,793,109	124,324,547
Receivables for shares in claims payments	3,169,496	-176,977	2,992,519	6,013,897	-176,975	5,836,922
Other receivables from co-insurance and reinsurance	820,841	0	820,841	360,795	0	360,795
Reinsurance and co-insurance receivables	3,990,337	-176,977	3,813,360	6,374,692	-176,975	6,197,717
Current tax assets	2,730,864	0	2,730,864	17,822	0	17,822
Other short-term receivables arising out of insurance business	22,236,278	-19,777,457	2,458,821	22,890,785	-20,605,169	2,285,616
Receivables arising out of investments	3,829,756	-1,211,339	2,618,417	2,047,648	-1,212,006	835,642
Other receivables	7,686,310	-1,486,942	6,199,368	6,231,887	-1,437,706	4,794,181
Other receivables	33,752,344	-22,475,738	11,276,606	31,170,320	-23,254,881	7,915,439
Total	223,976,270	-50,754,899	173,221,371	189,680,490	-51,224,965	138,455,525

Movement in allowance for receivables

(EUR)	01/01/2018	Additions	Collection	Write-offs	Additions – acquisition of company	Exchange differences	30/06/2018
30/06/2018							
Receivables due from policyholders	-26,763,334	-1,570,588	356,270	898,557	-38,014	17,777	-27,099,332
Receivables due from insurance brokers	-897,079	-104,983	117,843	8,382	-83	725	-875,195
Other receivables arising out of primary insurance business	-132,696	-3,354	7,169	0	0	1,224	-127,657
Receivables arising out of primary insurance business	-27,793,109	-1,678,925	481,282	906,939	-38,097	19,726	-28,102,184
Receivables for premiums arising out of reinsurance and co-insurance	0	0	0	0	0	0	0
Receivables for shares in claims payments	-176,975	0	0	0	0	-2	-176,977
Reinsurance and co-insurance receivables	-176,975	0	0	0	0	-2	-176,977
Other short-term receivables arising out of insurance business	-20,605,169	-12,294	71,104	747,903	0	20,999	-19,777,457
Receivables arising out of investments	-1,212,006	-74	0	0	0	741	-1,211,339
Other short-term receivables	-1,437,706	-65,474	16,436	125	0	-323	-1,486,942
Other receivables	-23,254,881	-77,842	87,540	748,028	0	21,417	-22,475,738
Total	-51,224,965	-1,756,767	568,822	1,654,967	-38,097	41,141	-50,754,899

Receivables ageing analysis

(EUR) 30/06/2018	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	122,730,302	19,714,517	8,655,968	151,100,787
Receivables due from insurance brokers	941,955	2,026,035	27,573	2,995,563
Other receivables arising out of primary insurance business	566,146	574,220	163,825	1,304,191
Receivables arising out of primary insurance business	124,238,403	22,314,772	8,847,366	155,400,541
Receivables for reinsurers' shares in claims	2,363,448	270,727	358,344	2,992,519
Other receivables from co-insurance and reinsurance	811,728	8,379	734	820,841
Reinsurance and co-insurance receivables	3,175,176	279,106	359,078	3,813,360
Current tax assets	2,730,864	0	0	2,730,864
Other short-term receivables arising out of insurance business	1,900,881	521,583	36,357	2,458,821
Short-term receivables arising out of financing	2,502,218	76,686	39,513	2,618,417
Other short-term receivables	5,038,144	1,074,875	86,349	6,199,368
Other receivables	9,441,243	1,673,144	162,219	11,276,606
Total	139,585,686	24,267,022	9,368,663	173,221,371

(EUR) 31/12/2017	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	95,115,426	19,205,728	7,604,437	121,925,591
Receivables from insurance brokers	910,753	1,269,562	39,911	2,220,226
Other receivables arising out of primary insurance business	106,151	66,590	5,989	178,730
Receivables arising out of primary insurance business	96,132,330	20,541,880	7,650,337	124,324,547
Receivables for reinsurers' shares in claims	2,734,526	2,580,876	521,520	5,836,922
Other receivables from co-insurance and reinsurance	343,008	17,787	0	360,795
Reinsurance and co-insurance receivables	3,077,534	2,598,663	521,520	6,197,717
Current tax assets	17,822	0	0	17,822
Other short-term receivables arising out of insurance business	1,832,858	404,434	48,324	2,285,616
Short-term receivables arising out of financing	777,596	15,578	42,468	835,642
Other short-term receivables	4,369,177	341,327	83,677	4,794,181
Other receivables	6,979,631	761,339	174,469	7,915,439
Total	106,207,317	23,901,882	8,346,326	138,455,525

7.9.5 Cash and cash equivalents

(EUR)	30/06/2018	31/12/2017
Cash in hand	50,408	25,546
Cash in bank accounts	20,967,615	10,759,226
Cash equivalents	43,835,253	27,171,347
Total	64,853,276	37,956,119

As explained in the disclosure in section 7.9.3 'Financial investments', in the first half of 2018, cash in bank accounts and cash equivalents increased compared to year-end 2017, mainly as a result maturing financial investments that had not been reinvested by the report date.

7.9.6 Net earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 June 2018, the controlling company owned 1,721,966 own shares, which are excluded when calculating the weighted average number of shares.

Net earnings or loss per share

(EUR)	1-6/2018	1-6/2017
Net profit or loss for the period	14,167,227	17,117,531
Net profit or loss for the period attributable to owners of the controlling company	14,097,616	17,107,043
Weighted average number of shares	15,497,696	15,497,696
Net earnings or loss per share	0.91	1.10

Comprehensive income per share

(EUR)	1-6/2018	1-6/2017
Comprehensive income for the period	11,525,523	15,389,873
Comprehensive income for the period attributable to owners of the controlling company	11,457,514	15,378,285
Weighted average number of shares	15,497,696	15,497,696
Comprehensive income per share	0.74	0.99

7.9.7 Technical provisions

Technical provisions increased by EUR 57.9 million, or 6.2%, compared with 31 December 2017. The largest increase was recorded in gross unearned premiums (EUR 52.7 million) and relates mainly to the establishment of high unearned premiums for coverages for which the annual premiums were accounted for at the beginning of the year and partly to the growth in non-life insurance business. The gross provision for traditional life policies decreased by 1.0% (or EUR 2.6 million), as much as the decline due to maturity benefits exceeded growth owing to aging of insureds and the growth in the portfolio of traditional life insurance business, including pension annuity business during the distribution phase. The gross provision for outstanding claims increased by 1.5% or (EUR 7.3 million), chiefly because of new claims and portfolio growth. Other technical provisions (bonuses and discounts, unexpired risks, diverse other) account for a smaller proportion and grew in total by EUR 0.5 million.

Gross mathematical provisions associated with unit-linked life business decreased by 5.7%, or EUR 12.9 million, mainly due to maturity benefits.

Movements in gross technical provisions

(EUR)	01/01/2018	Additions	Uses and releases	Additions – acquisition of company	Exchange differences	30/06/2018
Gross unearned premiums	171,857,259	158,306,790	-106,415,403	715,562	96,703	224,560,911
Technical provisions for life insurance business	271,409,915	12,118,603	-14,754,752	0	1,905	268,775,671
Gross provision for outstanding claims	479,072,582	127,211,530	-120,284,125	674,115	-286,887	486,387,215
Gross provision for bonuses, rebates and cancellations	1,780,231	455,288	-713,788	0	-417	1,521,314
Other gross technical provisions	7,278,375	5,209,943	-4,861,153	448,977	-1,079	8,075,063
Total	931,398,362	303,302,154	-247,029,221	1,838,654	-189,775	989,320,174
Net technical provisions for the benefit of life insurance policyholders who bear the investment risk	226,527,893	15,878,376	-28,797,879	0	0	213,608,390

7.9.8 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy as at 30 June 2018

(EUR) 30/06/2018	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	903,611,179	744,175,121	143,287,535	16,148,523	903,611,179	0
<i>At fair value through P/L</i>	<i>8,561,545</i>	<i>4,057,274</i>	<i>4,143,653</i>	<i>360,618</i>	<i>8,561,545</i>	<i>0</i>
<i>Designated to this category</i>	<i>8,561,545</i>	<i>4,057,274</i>	<i>4,143,653</i>	<i>360,618</i>	<i>8,561,545</i>	<i>0</i>
Debt instruments	6,876,112	2,894,943	3,632,014	349,155	6,876,112	0
Equity instruments	1,685,433	1,162,331	511,639	11,463	1,685,433	0
Available-for-sale	895,049,634	740,117,847	139,143,882	15,787,905	895,049,634	0
Debt instruments	813,431,379	679,857,967	126,307,876	7,265,536	813,431,379	0
Equity instruments	77,340,991	60,259,880	12,836,006	4,245,105	77,340,991	0
Investments in infrastructure funds	4,277,264	0	0	4,277,264	4,277,264	0
Inv. for the benefit of life policyholders who bear the inv. risk	200,185,410	196,244,201	3,941,209	0	200,185,410	0
Investments not measured at fair value	110,282,594	73,667,598	36,925,906	6,490,271	117,083,775	6,801,181
Held-to-maturity assets	75,172,639	73,667,598	7,444,450	0	81,112,048	5,939,409
Debt instruments	75,172,639	73,667,598	7,444,450	0	81,112,048	5,939,409
Loans and receivables	35,109,955	0	29,481,456	6,490,271	35,971,727	861,772
Deposits	28,619,684	0	29,481,456	0	29,481,456	861,772
Loans granted	603,880	0	0	603,880	603,880	0
Deposits with cedants	5,886,391	0	0	5,886,391	5,886,391	0
Inv. for the benefit of life policyholders who bear the inv. risk	11,095,626	10,358,768	1,509,111	0	11,867,879	772,253
Total investments	1,013,893,773	817,842,719	180,213,441	22,638,794	1,020,694,954	6,801,181
Total investments for the benefit of life policyholders who bear the inv. risk	211,281,036	206,602,969	5,450,320	0	212,053,289	772,253

Financial assets measured at fair value by level of the fair value hierarchy as at 31 December 2017

(EUR) 31/12/2017	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	903,863,149	693,779,164	195,278,191	14,805,794	903,863,149	0
<i>At fair value through P/L</i>	<i>6,217,870</i>	<i>3,522,808</i>	<i>2,384,776</i>	<i>310,286</i>	<i>6,217,870</i>	<i>0</i>
<i>Designated to this category</i>	<i>6,217,870</i>	<i>3,522,808</i>	<i>2,384,776</i>	<i>310,286</i>	<i>6,217,870</i>	<i>0</i>
Debt instruments	4,998,211	2,821,388	1,866,537	310,286	4,998,211	0
Equity instruments	1,219,659	701,420	518,239	0	1,219,659	0
Available-for-sale	897,645,279	690,256,356	192,893,415	14,495,508	897,645,279	0
Debt instruments	849,482,348	658,821,312	180,410,633	10,250,403	849,482,348	0
Equity instruments	48,162,931	31,435,044	12,482,782	4,245,105	48,162,931	0
Investments for the benefit of policyholders who bear the investment risk	203,797,586	192,098,788	11,698,798	0	203,797,586	0
Investments not measured at fair value	134,261,870	85,121,533	51,603,990	6,424,332	143,149,855	8,887,985
Held-to-maturity assets	106,232,327	85,121,533	29,118,080	0	114,239,613	8,007,286
Debt instruments	106,232,327	85,121,533	29,118,080	0	114,239,613	8,007,286
Loans and receivables	28,029,543	0	22,485,910	6,424,332	28,910,242	880,699
Deposits	21,605,211	0	22,485,910	0	22,485,910	880,699
Loans granted	591,985	0	0	591,985	591,985	0
Deposits with cedants	5,832,347	0	0	5,832,347	5,832,347	0
Investments for the benefit of policyholders who bear the investment risk	23,430,467	10,650,182	13,729,849	0	24,380,031	949,564
Total investments	1,038,125,019	778,900,697	246,882,181	21,230,126	1,047,013,004	8,887,985
Total investments for the benefit of life policyholders who bear the investment risk	227,228,053	202,748,970	25,428,647	0	228,177,617	949,564

Movements in level 3 FVPL financial assets

(EUR)	Debt instruments		Equity instruments		Investments in infrastructure funds	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Opening balance	10,560,689	7,138,804	4,245,105	4,565,105	0	0
Exchange differences	0	0	-16	0	0	0
Additions	2,018,906	3,344,783	0	0	5,286,290	0
Impairment	0	0	0	-320,000	0	0
Disposals	0	0	0	0	-1,048,541	0
Maturities	-4,903,606	-354,754	0	0	0	0
Revaluation to fair value	-61,298	431,856	0	0	39,515	0
Reclassification into level	0	0	11,479	0	0	0
Closing balance	7,614,691	10,560,689	4,256,568	4,245,105	4,277,264	0

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

(EUR) 30/06/2018	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Property				
Owner-occupied property	30/06/2018	38,888,441	36,931,444	market approach and income approach (weighted 50:50), new purchases at cost
Investment property	30/06/2018	17,306,843	17,888,201	
Total		56,195,284	54,819,645	

31/12/2017	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Property				
Owner-occupied property	31/12/2017	39,539,952	37,093,592	market approach and income approach (weighted 50:50), new purchases at cost
Investment property	31/12/2017	15,364,184	15,831,277	
Total		54,904,136	52,924,869	

Changes in fair value of property in the period 1–6/2018

(EUR)	Opening balance	Acquisitions	Disposals	Change in fair value	Additions – acquisition of non- controlling interests	Exchange differences	Closing balance
Owner-occupied property	37,093,592	69,525	-87,700	-124,313	0	-19,660	36,931,444
Investment property	15,831,277	121,168	-12,027	-16,642	1,964,383	42	17,888,201
Total	52,924,869	190,693	-99,727	-140,955	1,964,383	-19,618	54,819,645

Reclassification of assets and financial liabilities between levels in the period 1–6/2018

(EUR)	Level 1	Level 2	Level 3
At fair value through P/L	35,262,510	-32,518,022	-2,744,488
<i>Designated to this category</i>	35,262,510	-32,518,022	-2,744,488
Debt instruments	35,262,510	-32,518,022	-2,744,488
Available for sale	-202,835	202,835	0
Debt instruments	-202,835	202,835	0
Total	35,059,675	-32,315,187	-2,744,488

The classification into a different level compared with the previous period is the result of the reclassification of debt securities into level 1 owing to the improved reliability of the price source (CBBT¹¹ price) and due to the classification of listed debt securities into level 2.

¹¹ Engl. Composite Bloomberg Bond Trader. Closing price published by the Bloomberg system based on binding bids.

8 RELATED-PARTY DISCLOSURES

Fixed remuneration of management board members for performing their function in the first half year of 2018 totalled EUR 303,007 (1–6/2017: EUR 250,688), in the first half of 2018, variable remuneration totalled EUR 55,663 (1–6/2017: EUR 29,253). Benefits in kind were EUR 21,632 (1–6/2017: EUR 21,028).

Remunerations paid to supervisory board members and the members of SB committees in the first half of 2018 totalled EUR 84,272 (1–6/2017: EUR 71,310).

Remuneration of management board members in 1–6/2018

(EUR)	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	80,880	12,630	121	4,098	97,729
Jošt Dolničar	72,900	18,655	2,647	4,223	98,425
Srečko Čebren	76,896	12,189	2,622	2,898	94,605
Polona Pirš Zupančič	67,135	0	2,794	2,230	72,159
Mateja Treven	5,196	12,189	0	0	17,385
Total	303,007	55,663	8,183	13,449	380,302

Liabilities to members of the management board based on gross remuneration

(EUR)	30/06/2018	31/12/2017
Marko Jazbec	13,280	13,280
Jošt Dolničar	11,950	11,950
Srečko Čebren	12,616	12,616
Polona Pirš Zupančič	11,950	0
Mateja Treven	0	11,950
Total	49,796	49,796

Remuneration of the members of the supervisory board and its committees in 1–6/2018

(EUR)		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Benefits in kind	Total
Supervisory board members						
Mateja Lovšin Herič	chair	1,375	9,750	0	0	11,125
Keith William Morris	deputy chair	1,375	7,150	6,238	0	14,763
Gorazd Andrej Kunstek	member	1,375	6,500	93	0	7,968
Mateja Živec	member	1,100	6,500	81	0	7,681
Davor Ivan Gjivoje	member	1,430	6,500	4,869	0	12,799
Andrej Kren	member	1,375	6,500	163	0	8,038
Total supervisory board members		8,030	42,900	11,444	0	62,374
Audit committee members						
Andrej Kren	chair	880	2,438	97	0	3,414
Mateja Lovšin Herič	member	880	1,625	0	0	2,505
Ignac Dolenšek	external member	0	5,175	77	0	5,252
Total audit committee members		1,760	9,237	174	0	11,172
Members of the nominations and remuneration committee						
Mateja Lovšin Herič	chair	440	0	0	0	440
Keith William Morris	member	440	0	0	0	440
Davor Ivan Gjivoje	member	528	0	0	0	528
Andrej Kren	member	440	0	0	0	440
Total nominations committee members		1,848	0	0	0	1,848
Members of the risk committee						
Keith William Morris	chair	660	2,438	0	0	3,098
Davor Ivan Gjivoje	member	660	1,896	0	0	2,556
Slaven Mičković	external member	0	3,225	0	0	3,225
Total risk committee members		1,320	7,558	0	0	8,878

Liabilities to members of the supervisory board and its committee based on gross remuneration

(EUR)	30/06/2018	31/12/2017
Mateja Lovšin Herič	2,171	2,391
Slaven Mičković	1,125	788
Gorazd Andrej Kunstek, member	1,451	1,358
Keith William Morris	12,791	3,714
Mateja Živec	1,440	1,358
Davor Ivan Gjivoje	1,849	1,534
Andrej Kren	1,831	2,023
Ignac Dolenšek	0	844
Total	22,658	14,011

Transactions with subsidiaries

Investments in and amounts due from Group companies

(EUR)	30/06/2018	31/12/2017
Debt securities and loans granted to Group companies	1,800,021	4,609,924
Receivables for premiums arising out of reinsurance assumed	22,024,250	13,394,084
Short-term receivables arising out of financing	9,201	6,308
Other short-term receivables	39,552	53,154
Short-term deferred acquisition costs	3,463,865	1,182,922
Total	27,336,889	19,246,392

Liabilities to Group companies

(EUR)	30/06/2018	31/12/2017
Liabilities for shares in reinsurance claims due to Group companies	7,741,483	8,248,985
Other liabilities from co-insurance and reinsurance	4,873,585	3,040,284
Other short-term liabilities	6,996	2,891
Total (excl. provisions)	12,622,064	11,292,160

Income and expenses relating to Group companies

(EUR)	1-6/2018	1-6/2017
Gross premiums written	40,409,181	38,550,906
Change in gross unearned premiums	-11,156,344	-11,794,536
Gross claims paid	-15,177,831	-14,362,363
Change in the gross provision for outstanding claims	-2,769,760	1,579,237
Income from gross recourse receivables	476,741	610,013
Other operating expenses	-57,983	-43,870
Dividend income	32,983,069	26,036,830
Interest income	32,866	47,809
Acquisition costs	-7,968,417	-7,473,125
Change in deferred acquisition costs	2,280,944	1,918,514
Other technical income	146,951	5,736
Other non-life income	0	393
Total	39,199,417	35,075,544

Transactions with the state and majority state-owned entities

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

(EUR)	30/06/2018	31/12/2017
Interests in companies	9,942,801	9,645,208
Debt securities and loans	165,319,729	203,987,529
Receivables due from policyholders	603,048	126,693
Total	175,865,577	213,759,429

Liabilities to the state and majority state-owned companies

(EUR)	30/06/2018	31/12/2017
Liabilities for shares in claims	86,217	19,478

Income and expenses relating to majority state-owned companies

(EUR)	1-6/2018	1-6/2017
Gross premiums written	9,699,098	11,376,548
Gross claims paid	-3,015,308	-2,112,260
Dividend income	245,770	245,770
Interest income	2,973,628	4,241,805
Other investment income	413,235	414,300
Total	10,316,423	14,166,163

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

**UNAUDITED CONDENSED SEPARATE
FINANCIAL STATEMENTS OF
SAVA RE**

9 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

9.1 Unaudited statement of financial position

(EUR)	30/06/2018	31/12/2017
ASSETS	633,624,300	580,886,180
Intangible assets	801,756	807,011
Property, plant and equipment	2,492,155	2,485,645
Deferred tax assets	1,369,322	1,238,826
Investment property	8,469,100	8,230,878
Financial investments in subsidiaries and associates	222,971,524	193,409,578
Financial investments:	238,141,342	250,781,685
- loans and deposits	10,007,281	12,840,885
- held to maturity	2,023,537	2,075,111
- available for sale	225,612,794	235,456,116
- at fair value through profit or loss	497,730	409,573
Reinsurers' share of technical provisions	24,812,774	20,073,571
Receivables	112,412,283	88,602,395
Receivables arising out of primary insurance business	102,922,917	85,167,822
Reinsurance and co-insurance receivables	2,174,780	3,202,926
Other receivables	7,314,586	231,647
Deferred acquisition costs	10,387,686	7,778,499
Other assets	678,411	799,634
Cash and cash equivalents	11,087,947	6,678,458
EQUITY AND LIABILITIES	633,624,300	580,886,180
Equity	315,623,153	290,966,155
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	163,491,114	163,491,114
Own shares	-24,938,709	-24,938,709
Fair value reserve	3,248,441	3,804,764
Reserve due to fair value revaluation	4,712	13,524
Retained earnings	10,101,172	6,012,233
Net profit or loss for the period	37,620,289	16,487,096
Technical provisions	257,848,238	232,639,163
Unearned premiums	67,486,023	47,602,457
Provision for outstanding claims	189,507,393	184,269,492
Other technical provisions	854,822	767,214
Other provisions	404,541	351,250
Other financial liabilities	91,077	91,182
Liabilities from operating activities	50,449,861	54,404,921
Liabilities from primary insurance business	45,203,400	51,160,114
Liabilities from reinsurance and co-insurance business	4,533,094	3,090,008
Current income tax liabilities	713,367	154,799
Other liabilities	9,207,430	2,433,509

9.2 Unaudited income statement

(EUR)	1-6/2018	1-6/2017
Net earned premiums	63,435,770	59,837,679
Gross premiums written	93,230,136	95,389,489
Written premiums ceded to reinsurers and co-insurers	-13,137,588	-14,046,411
Change in gross unearned premiums	-19,883,565	-26,338,383
Change in unearned premiums, reinsurers' and co-insurers' shares	3,226,788	4,832,984
Income from investments in subsidiaries and associates	32,983,069	26,036,830
Investment income	6,163,247	4,800,973
Interest income	1,768,763	2,000,002
Other investment income	4,394,485	2,800,971
Other technical income	4,494,088	2,745,699
Commission income	1,298,900	736,953
Other income	3,195,188	2,008,746
Other income	302,923	20,005
Net claims incurred	-38,657,313	-31,958,124
Gross claims paid, net of income from recourse receivables	-36,959,805	-37,878,931
Reinsurers' and co-insurers' shares	2,027,977	2,906,073
Change in the gross provision for outstanding claims	-5,237,901	3,985,474
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	1,512,416	-970,740
Change in other technical provisions	-170,327	-143,182
Expenses for bonuses and rebates	82,718	210,276
Operating expenses	-22,489,557	-20,283,059
Acquisition costs	-19,433,010	-19,338,085
Change in deferred acquisition costs	2,609,187	4,238,330
Other operating expenses	-5,665,734	-5,183,304
Expenses for financial assets and liabilities	-3,826,808	-5,946,846
Interest expenses	0	-718,338
Diverse other expenses	-3,826,808	-5,228,508
Other technical expenses	-3,126,125	-2,624,707
Other expenses	-164,665	-29,678
Profit or loss before tax	39,027,021	32,665,866
Income tax expense	-1,406,732	-1,296,115
Net profit or loss for the period	37,620,289	31,369,751
Earnings/loss per share (basic and diluted)	2.43	2.02

9.3 Unaudited statement of comprehensive income

(EUR)	1–6/2018	1–6/2017
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	37,620,289	31,369,751
OTHER COMPREHENSIVE INCOME, NET OF TAX	-565,135	-363,368
a) Items that will not be reclassified subsequently to profit or loss	-8,812	17,283
Other items that will not be reclassified subsequently to profit or loss	-8,812	17,283
b) Items that may be reclassified subsequently to profit or loss	-556,323	-380,650
Net gains/losses on remeasuring available-for-sale financial assets	-686,820	-469,940
Net change recognised in the fair value reserve	-555,213	-210,501
Net change transferred from fair value reserve to profit or loss	-131,607	-259,438
Tax on items that may be reclassified subsequently to profit or loss	130,497	89,289
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	37,055,154	31,006,383

9.4 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the six months to 30 June 2018

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares (contra account)	Total (1–13)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Reserves for credit risk	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	0	10,000,000	113,565,881	3,804,764	13,524	6,012,233	16,487,096	-24,938,709	290,966,155
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	0	10,000,000	113,565,881	3,804,764	13,524	6,012,233	16,487,096	-24,938,709	290,966,155
Comprehensive income for the period, net of tax	0	0	0	0	0	0	0	-556,323	-8,812	0	37,620,289	0	37,055,154
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	0	37,620,289	0	37,620,289
b) Other comprehensive income	0	0	0	0	0	0	0	-556,323	-8,812	0	0	0	-565,135
Dividend payouts	0	0	0	0	0	0	0	0	0	-12,398,157	0	0	-12,398,157
Transfer of profit	0	0	0	0	0	0	0	0	0	16,487,096	-16,487,096	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	0	10,000,000	113,565,881	3,248,441	4,712	10,101,172	37,620,289	-24,938,709	315,623,153

Unaudited statement of changes in equity for the six months to 30 June 2017

(EUR)	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares (contra account)	Total (1–13)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	97,078,786	3,785,553	-1,765	9,283,163	9,127,228	-24,938,709	270,355,622
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	97,078,786	3,785,553	-1,765	9,283,163	9,127,228	-24,938,709	270,355,622
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-380,650	17,283	0	31,369,751	0	31,006,383
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	31,369,751	0	31,369,751
b) Other comprehensive income	0	0	0	0	0	0	-380,650	17,283	0	0	0	-363,368
Dividend payouts	0	0	0	0	0	0	0	0	-12,398,158	0	0	-12,398,158
Transfer of profit	0	0	0	0	0	0	0	0	9,127,228	-9,127,228	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	97,078,786	3,404,903	15,518	6,012,233	31,369,751	-24,938,709	288,963,848

9.5 Unaudited statement of cash flows

(EUR)		1–6/2018	1–6/2017
A. Cash flows from operating activities			
a.) Items of the income statement		20,584,488	21,076,912
1. Net premiums written in the period		80,092,547	81,343,078
2. Investment income (other than financial income)		2,844	6,016
3. Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables		4,797,011	2,765,704
4. Net claims payments in the period		-34,931,828	-34,972,858
5. Expenses for bonuses and rebates		82,718	210,276
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs		-24,864,291	-24,324,382
7. Investment expenses (excluding amortisation and financial expenses)		0	-422
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)		-3,122,324	-2,654,385
9. Tax on profit and other taxes not included in operating expenses		-1,472,189	-1,296,115
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		-21,076,615	-13,581,629
1. Change in receivables from primary insurance		-1,331,593	0
2. Change in receivables from reinsurance		-15,395,356	-20,561,343
4. Change in other receivables and other assets		-6,961,717	-1,043,630
5. Change in deferred tax assets		-130,496	128,187
7. Change in liabilities arising out of primary insurance		-5,956,714	0
6. Change in liabilities arising out of reinsurance business		1,443,086	5,413,209
7. Change in other operating liabilities		7,024,531	886,309
8. Change in other liabilities (except unearned premiums)		231,644	1,595,639
c.) Net cash from/used in operating activities (a + b)		-492,127	7,495,283
B. Cash flows from investing activities			
a.) Cash receipts from investing activities		495,242,150	395,666,808
1. Interest received from investing activities		1,768,763	2,000,002
2. Cash receipts from dividends and participation in the profit of others		33,418,082	26,550,375
4. Proceeds from sale of property, plant and equipment		5,366	1,512
5. Proceeds from sale of financial investments		460,049,940	367,114,919
b.) Cash disbursements in investing activities		-477,942,378	-367,641,930
1. Purchase of intangible assets		-46,266	-110,700
2. Purchase of property, plant and equipment		-138,137	-131,039
3. Purchase of financial investments		-477,757,975	-367,400,191
c.) Net cash from/used in investing activities (a + b)		17,299,773	28,024,879
C. Cash flows from financing activities			
b.) Cash disbursements in financing activities		-12,398,157	-37,116,495
1. Interest paid		0	-718,338
3. Repayment of long-term financial liabilities		0	-24,000,000
5. Dividends and other profit participations paid		-12,398,157	-12,398,157
c.) Net cash from/used in financing activities (a + b)		-12,398,157	-37,116,495
C2. Closing balance of cash and cash equivalents		11,087,947	6,393,486
x) Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)		4,409,489	-1,596,333
y) Opening balance of cash and cash equivalents		6,678,458	7,989,819

**APPENDIX –
Glossary of selected terms and
calculation methodologies for
indicators**

Appendix – Glossary of selected terms and calculation methodologies for indicators

Accounting currency. A local currency used in the accounting documentation. Reinsurance contracts may be accounted for using various accounting currencies. Generally, this is the currency in which are denominated liabilities and receivables in relation to the cedant, and hence also the reinsurer.
Administrative expense ratio. The ratio of operating expenses net of acquisition costs and change in deferred acquisition costs as a percentage of gross premiums written.
Associate. An entity over which the investor has significant influence (the power to participate in the financial and operating policy decisions) and that is neither a subsidiary nor an interest in a joint venture.
Book value per share. Ratio of total equity to weighted average number of shares outstanding.
Business continuity plan. Document comprising procedures for ensuring continuity of key business processes and systems. The contingency plan is an integral part of the business continuity plan, setting out technical and organisational measures to return to normal operation and minimise the consequences of severe business disruptions.
BVAL price. Engl. Bloomberg valuation price. The price obtained from the Bloomberg information system.
Capital fund. Assets representing the capital of the Company.
CBBT price. Engl. Composite Bloomberg Bond Trader price. Closing price available in the Bloomberg information system based on binding bids.
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 paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses. Gross/net – before/after deduction of reinsurance. Gross claims paid are gross claims paid less subrogation receivables. Net claims paid is short for net claims payments.
Claims risk. The risk that the number of claims or the average claim amount will be higher than expected.
Composite insurer. Insurer that writes both life and non-life business.
Comprehensive income. The sum of net profit for the period and other comprehensive income for the period, net of tax. The latter comprises the effects of other gains and losses not recognised in the income statement that affect equity, mainly through the fair value reserve.
Concentration risk. The risk that due to excessive concentration of investments in a geographic area, economic sector or issuer, unfavourable movements could result in a concurrent decrease in the value of investments.
Consolidated book value per share. Ratio of consolidated total equity to weighted average number of shares outstanding.
Consolidated earnings per share. Ratio of net profit/loss attributable to equity holders of the controlling company as a percentage of the weighted average number of shares outstanding.
Credit risk. The risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.
Currency risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.
Dividend yield. Ratio of dividend per share to the average price per share in the period.
Earnings per share. Ratio of net profit/loss as a percentage of the weighted average number of shares outstanding.
EIOPA. European Insurance and Occupational Pensions Authority.
Eligible own funds. The value of own funds eligible to cover the solvency capital requirement.
Equity risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.
Excess of loss reinsurance. A type of reinsurance in which the insurer agrees to pay a specified portion of a claim and the reinsurer agrees to pay all or a part of the claim above the specified currency amount or "retention".
Facultative reinsurance. A type of reinsurance under which the ceding company has the option to cede and the reinsurer has the option to accept or decline individual risks of the underlying policy. Typically used to reinsure large individual risks or for amounts in excess of limits on risks already reinsured elsewhere.
FATCA. Foreign Account Tax Compliance Act; for details see http://www.sava-re.si/en/o-druzbi/FATCA/
Financial investments. Financial investments do not include financial investments in associates, investment property nor cash and cash equivalents.
Gross claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables. Gross claims paid are claims before deduction of reinsurance.
Gross expense ratio. The ratio of operating expenses as a percentage of gross premiums written.
Gross incurred loss ratio. Gross claims paid, including the change in the gross provision for outstanding claims, as a percentage of gross premiums written gross of the change in gross unearned premiums.
Gross operating expenses. Operating expenses, excluding commission income.
Gross premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross premiums written are premiums before deduction of reinsurance.
Gross/net. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.
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 sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.
Investment portfolio. The investment portfolio includes financial investments in associates, investment property, and cash and cash equivalents.
Liability fund. Assets covering technical provisions.
Life insurance register of assets. Register of assets used to cover mathematical provisions.
Liquidity risk. The risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.
Market risks. Include interest rate risk, equity risk and currency risk.
Minimum capital requirement (MCR). The minimum capital requirement must be equal to the amount of eligible own funds under which policyholders, insured persons and other beneficiaries under insurance contracts would be exposed to an unacceptable risk level if the undertaking were allowed to continue operations.
Net claims incurred. Net claims payments (short: net claims paid) in the period gross of the change in the net provision for outstanding claims.
Net claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables and reinsurers' and co-insurers' share of claims paid. Gross claims paid are gross claims paid less subrogation receivables.
Net combined ratio. Ratio of total expenses net of investment expenses as a percentage of total income net of investment income.
Net expense ratio. The ratio of operating expenses, net of commission income, as a percentage of net earned premiums.
Net incurred loss ratio. Net claims incurred gross of the change in other technical provisions as a percentage of net premiums earned.
Net investment income of the investment portfolio. Calculated from income statements items: income from investments in subsidiaries and associates + investment income + income from investment property – expenses for investments in subsidiaries and associates – expenses for financial assets and liabilities – expenses for investment property. Income from and expenses for investment property are included in the other income / other expenses item. Net investment income of the investment portfolio does not include net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk as these do not affect the income statement. These items move in line with the mathematical provision of policyholders who bear the investment risk.
Net operating expenses. Operating expenses net of commission income.
Net premiums earned. Net premiums written for a given period adjusted for the change in net unearned premiums.
Net premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Net premiums written are premiums after deduction of reinsurance.
Net retention risk. The risk that higher retention of insurance loss exposures results in large losses due to catastrophic or concentrated claims experience.
Net/gross. In insurance terminology, the terms gross and net usually denote figures before and after deduction of reinsurance.
Non-life insurance register of assets. Register of assets used to cover non-life technical provisions.
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.
Operational limit. Operational limits for particular areas are determined on the basis of expressed risk tolerance limits. In absolute terms, this is the maximum amount acceptable for a particular risk so that the Company remains within its risk appetite framework.
Operational risk. The risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.
ORSA. Own risk and solvency assessment: an own assessment of the risks associated with an insurer's business and strategic plan, and the sufficiency of own funds to support those risks
OTC market. Engl. Over-The-Counter market. OTC market transactions are transactions outside the regulated market.
Paid loss ratio. The ratio of gross claims paid as a percentage of gross premiums written.
Premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross/net – before/after deduction of reinsurance.
Pricing risk. The risk that (re)insurance premiums charged will be insufficient to cover future obligations arising from (re)insurance contracts.
Primary insurer. Insurance company that has a direct contractual relationship with the holder of the insurance policy (private individual, firm or organisation).
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.
Reputation risk. Risk of loss due to the Company's negative image as perceived by its policyholders, business partners, owners and investors, supervisors or other stakeholders.
Reserving risk. The risk that technical provisions will be inadequate.
Retention ratio. Ratio of net premiums written as a percentage of gross premiums written.
Retention. The amount or portion of risk (loss) that a ceding company retains for its own account, and does not reinsure. Losses and loss expenses in excess of the retention level are then paid by the reinsurer to the ceding company up to the limit of indemnity, if any, set out in the reinsurance contract. In proportional reinsurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention is usually a monetary amount of loss, a percentage of loss or a loss-to-premium ratio.
Retrocession. The reinsurance bought by reinsurers; a transaction by which a reinsurer cedes risks to another reinsurer.
Return on equity (ROE). The ratio of net profit for the period as a percentage of average equity in the period.

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

Risk appetite. The level of risk that a company is willing to take in pursuit of its strategic objectives. It is determined based on the acceptable solvency ratio, ratio of high-quality liquid assets as a percentage of the investment portfolio, profitability of insurance products and reputation risk.

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

Solvency capital requirement (SCR). Level of capital calculated as prescribed by law based on all measurable risks, including life and non-life insurance risk, health insurance risk, market risk, counterparty default risk and operational risk.

Solvency ratio. The ratio of eligible own funds as a percentage of the SCR. A solvency ratio in excess of 100% indicates that the firm has sufficient resources to meet the SCR.

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

Strategic risk. Risk of unexpected decline in the company's value due to adverse impact of wrong business decisions, changes to the business or legal environment and market development.

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

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

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

Underwriting risk. The risk of loss or of adverse change in the value of insurance liabilities, due to inadequate pricing and provisioning assumptions.

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.
