



Translation of the

**Unaudited financial report
of the Sava Insurance Group and
financial statements of Sava Re d.d.
for the six months to 30 June 2019**

Ljubljana, 12 August 2019

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Introduction

1 Introduction

In accordance with the Financial Instruments Market Act and the rules of the Ljubljana Stock Exchange, Sava Re d.d., with registered office at Dunajska 56, Ljubljana, hereby publishes the "Unaudited financial report of the Sava Insurance Group and financial statements of Sava Re d.d. for the six months to 30 June 2019", also available from the Company's website, at www.sava-re.si, as from 22 August 2019.

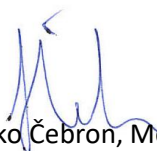
Declaration of the Management Board of Sava Re d.d.

To the best of our knowledge, the summary financial statements of the Sava Insurance Group with notes have been prepared to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim financial statements for the Sava Insurance Group and the separate financial statements of Sava Re d.d., which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting" as endorsed by the European Union and should be read together with the annual financial statements for the financial year ended 31 December 2018. The interim financial statements have not been audited.

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



Marko Jazbec, Chairman of the Management Board



Srečko Čebren, Member of the Management Board



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board

Ljubljana, 12 August 2019

1.1 Key financials

EUR, except percentages	Sava Insurance Group	
	1–6/2019	1–6/2018
Total operating segments		
Operating revenues	273,979,738	254,521,329
Year-on-year change	7.6%	6.4%
Gross premiums written	336,824,954	308,644,926
Year-on-year change	9.1%	3.7%
Net return on revenue (net result / total income other than investment and commission income), excluding the effect of exchange differences	8.3%	5.6%
Net expense ratio, including all income other than from investing and excluding the effect of exchange differences	30.7%	32.7%
Net investment income from the investment portfolio	12,883,845	10,070,267
Return on the investment portfolio	2.4%	1.8%
Net investment income of the investment portfolio, excluding the effect of exchange differences	12,241,378	10,325,132
Return on the investment portfolio, excluding the effect of exchange differences	2.3%	1.9%
Profit or loss before tax	29,020,729	18,436,773
Year-on-year change	57.4%	-17.7%
Profit or loss, net of tax	22,570,259	14,167,227
Year-on-year change	59.3%	-17.2%
Comprehensive income	35,386,901	11,525,523
Year-on-year change	207.0%	-25.1%
Annualised return on equity	12.5%	9.9%
Earnings or loss per share	1.45	0.91
Reinsurance + non-life		
Gross premiums written	291,328,681	264,579,573
Year-on-year change	10.1%	5.1%
Net incurred loss ratio	61.2%	61.0%
Net incurred loss ratio, excluding the effect of exchange differences	60.8%	61.1%
Operating expenses, including reinsurance commission income	68,946,077	67,485,370
Net expense ratio	32.3%	34.4%
Gross expense ratio	26.2%	27.2%
Net combined ratio	95.0%	97.2%
Net combined ratio, excluding the effect of exchange differences	94.6%	97.3%
Reinsurance + non-life + life		
Gross premiums written	334,911,448	307,245,267
Year-on-year change	9.0%	3.6%
Operating expenses, including reinsurance commission income	80,813,571	79,173,335
Net expense ratio	31.4%	33.2%
Gross expense ratio	26.3%	27.3%
Total operating segments	30/06/2019	31/12/2018
Total assets	1,832,713,902	1,705,947,263
Change on 31 Dec of prior year	7.4%	-0.1%
Shareholders' equity	360,675,041	340,175,455
Change on 31 Dec of prior year	6.0%	7.6%
Net technical provisions	1,163,120,530	1,103,231,374
Change on 31 Dec of prior year	5.4%	-2.1%
Book value per share	23.27	21.95
Number of employees (full-time equivalent basis)	2,657.8	2,416.7
Solvency ratio under Solvency II rules	-	218.0%

Notes:

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

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

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

EUR million	1–6/2019	2019 plan	As % of plan
Sava Insurance Group			
Total income, other than from investments	273.4	> 535	51.1%
Profit or loss, net of tax	22.6	≥ 43.0	52.5%
Annualised return on equity	12.5%	> 12%	✓
Investment return, excluding the effect of exchange differences	2.3%	1.7%	✓
(Re)insurance part			
Gross premiums written	336.8	> 555	60.7%
Net premiums earned	259.2	> 515	50.3%
Net expense ratio (reins. + non-life + life)	31.4%	32.4–33.0%	✓
Net incurred loss ratio, excluding the effect of exchange differences (reins. + non-life)	60.8%	59.2–59.7%	✗
Net combined ratio, excluding the effect of exchange differences (reins. + non-life)	94.6%	93.6–94.1%	✗

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

In the period 1–6/2019, the Sava Insurance Group achieved a net profit of EUR 22.6 million, which is 52.5% of the lower value of the planned range for the full year 2019 and a 59.3% increase year on year. The expense ratio for the first half of the year was better than planned as expenses grew slower than net premiums earned. The net combined ratio for the first half of the year was slightly poorer than planned due to a less favourable loss ratio of the reinsurance segment (in the first half of 2019 there was a downturn in the development of previous underwriting years) and non-Slovenian non-life business (impact of larger net claims incurred by Croatian non-life insurers). The investment return was better than planned. The operating revenue of the Sava Insurance Group accounts for 51.1% of the full-year target figure, and we estimate that the full-year 2019 target will be achieved by the year end. We believe that the Group will achieve its performance targets for the full year 2019.

1.2 Sava Re company profile

Company name	Sava Re d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Fax	+386 1 47 50 264
Email	info@sava-re.si
Website	www.sava-re.si
ID number	5,063,825
Tax identification number	17,986,141
LEI code	549300P6F1BDSFSW5T72
Share capital	EUR 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	<u>MANAGEMENT BOARD</u> Marko Jazbec (chairman) Srečko Čebren Jošt Dolničar Polona Pirš Zupančič <u>SUPERVISORY BOARD</u> Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Gjivoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor	KPMG SLOVENIJA, podjetje za revidiranje, d.o.o. Železna cesta 8A 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenian Sovereign Holding 17.7% (no-par-value shares: 3,043,883)
Credit ratings: Standard & Poor's AM Best	A /stable/; July 2019 A /stable/; November 2018
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 1–6/2019, there were no changes in the composition of the management board.

Composition of the management board as at 30 June 2019

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

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

Jošt Dolničar:

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

Supervisory board

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



As the term of office of both employee representatives on the Sava Re supervisory board was to expire on 11 June 2019, the Sava Re workers' council carried out a candidate selection procedure and, in its meeting of 17 May 2019, appointed two representatives to the supervisory board. Andrej Gorazd Kunstek and Mateja Živec were reappointed as employee representatives to serve another term on the Company's supervisory board. Both the appointed members began their new terms of office on 12 June 2019.

Composition of the supervisory board as at 30 June 2019




Member	Title	Beginning of term of office	End of term of office
Mateja Lovšin Herič	chair	16/07/2017	16/07/2021
Keith W. Morris	deputy chair	16/07/2017	16/07/2021
Andrej Kren	member	16/07/2017	16/07/2021
Davor Ivan Gjivoje	member	07/03/2017	07/03/2021
Andrej Gorazd Kunstek	member (employee representative)	12/06/2019	12/06/2023
Mateja Živec	member (employee representative)	12/06/2019	12/06/2023

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



Keith W. Morris:

-  European Reliance S.A., Kifisias Aven. 274, 152 32, Chalandri, Greece – non-executive member of the board of directors.
-  HMS Victory Preservation Endowment Fund Ltd, HM Naval Base (PP66) Portsmouth Hampshire PO1 3NH, United Kingdom – chairman of the board of directors

Davor Ivan Gjivoje, Jr.:

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

There were no changes in the composition of the supervisory board's audit committee in the six months to 30 June 2019.

Composition of the supervisory board's audit committee as at 30 June 2019

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

Risk committee

There were no changes in the composition of the supervisory board's risk committee in the six months to 30 June 2019.

Composition of the supervisory board's risk committee as at 30 June 2019

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

Nominations and remuneration committee

There were no changes in the composition of the supervisory board's nominations and remuneration committee in the six months to 30 June 2019.

Composition of the supervisory board's nominations and remuneration committee as at 30 June 2019

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

Fit and proper committee

There were no changes in the composition of the supervisory board's fit and proper committee in the six months to 30 June 2019.

Composition of the fit & proper committee as at 30 June 2019

Member	Title	Beginning of term of office	End of term of office
Mateja Živec	chair	12/06/2019	16/07/2021
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 2019.

In accordance with the Company's 2019 financial calendar, the 35th general meeting of shareholders was held on 21 May 2019. Among other things, the general meeting was presented the annual report for 2018, including the auditor's opinion and written report of the supervisory board to the annual report, and the annual report on internal auditing for 2018 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 14,722,811.20 be appropriated for dividends, while the remaining part of the distributable profit of EUR 16,312,110.06 be left unappropriated. The general meeting granted a discharge for the financial year 2018 to both the supervisory and management boards. The general meeting appointed the audit firm KPMG Slovenija, podjetje za revidiranje d.o.o., Železna cesta 8A, Ljubljana, to audit the financial statements for the financial years 2019–2021.

1.4 Significant events in the first six months of 2019

- S** On 27 February 2019, Zavarovalnica Sava satisfied all suspensive conditions, becoming the sole owner of the Croatia-based companies ERGO Osiguranje d.d. and ERGO Životno Osiguranje d.d.
- S** In April 2019, Sava Re issued the "Solvency and financial condition report of Sava Re d.d. 2018". The Company's solvency ratio for 2018 is 293%.
- S** In May 2019, the 35th general meeting of shareholders was held.
- S** In June 2019, Sava Re issued the "Sava Insurance Group Solvency and financial condition report 2018". The solvency ratio of the Sava Insurance Group for 2018 is 218%.
- S** On 7 June 2019, having met all the suspensive conditions under the sales agreement of 24 December 2018, Sava Re d.d. acquired a 77% stake in the share capital of Infond d.o.o. and an additional 7% stake under the sales agreement of 15 January 2019, totalling an 84% stake in the share capital, and, taking into account own shares, 85% of the voting rights. With the subsidiary Zavarovalnica Sava already holding a 15% stake in the company, the members of the Sava Insurance Group now hold 100% of the voting rights in Infond d.o.o.

1.5 Significant events after the reporting period

- S** Following its regular annual rating review in July 2019, rating agency Standard & Poor's affirmed the "A" insurer financial strength rating on Sava Re and Zavarovalnica Sava. The outlook is stable.

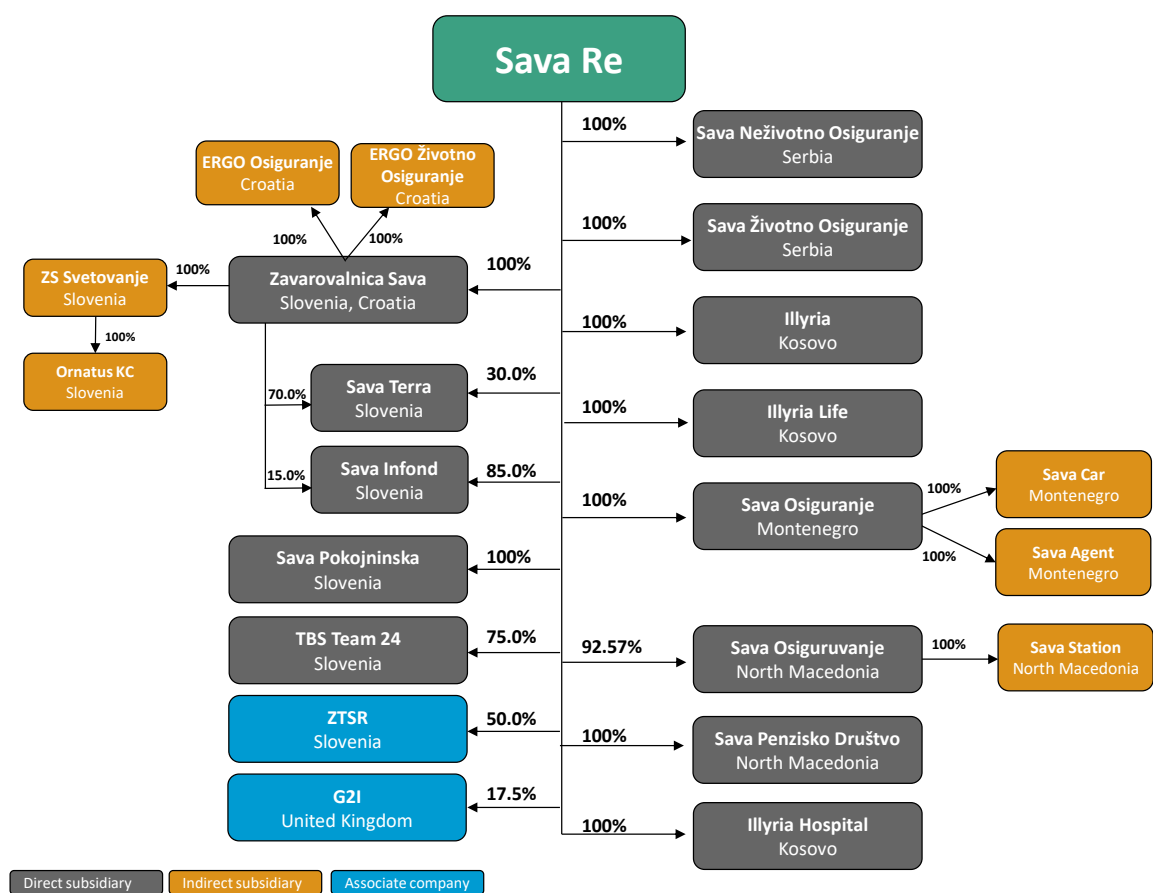
- S** In August 2019, Sava Re as buyer and Cinxro Holdings Ltd. as seller signed a deal for an 80% stake in the equity of the medical service provider Diagnostični Center Bled d.o.o., representing 100% of the voting rights. In addition, Zavarovalnica Triglav d.d. and Sava Re signed an agreement on the joint acquisition of the diagnostic centre, setting out the key steps towards obtaining joint control over Diagnostični center Bled d.o.o. through ZTSR d.o.o., a Zavarovalnica Triglav and Sava Re joint venture.

1.6 Composition of the Sava Insurance Group

Sava Re, the ultimate parent company of the Sava Insurance Group, transacts reinsurance business. The insurance part of the Group is composed of nine insurers based in Slovenia and in the countries of the Adriatic region: the composite insurer Zavarovalnica Sava; the non-life insurers Sava Neživotno Osiguranje (Serbia), Sava Osiguruvanje (North Macedonia), Illyria, Sava Osiguranje (Montenegro) and ERGO Osiguranje; and the life insurers Sava Životno Osiguranje (Serbia), Illyria Life and ERGO Životno Osiguranje. In addition to these (re)insurers, the Group consists of:

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

Composition of the Sava Insurance Group as at 30 June 2019

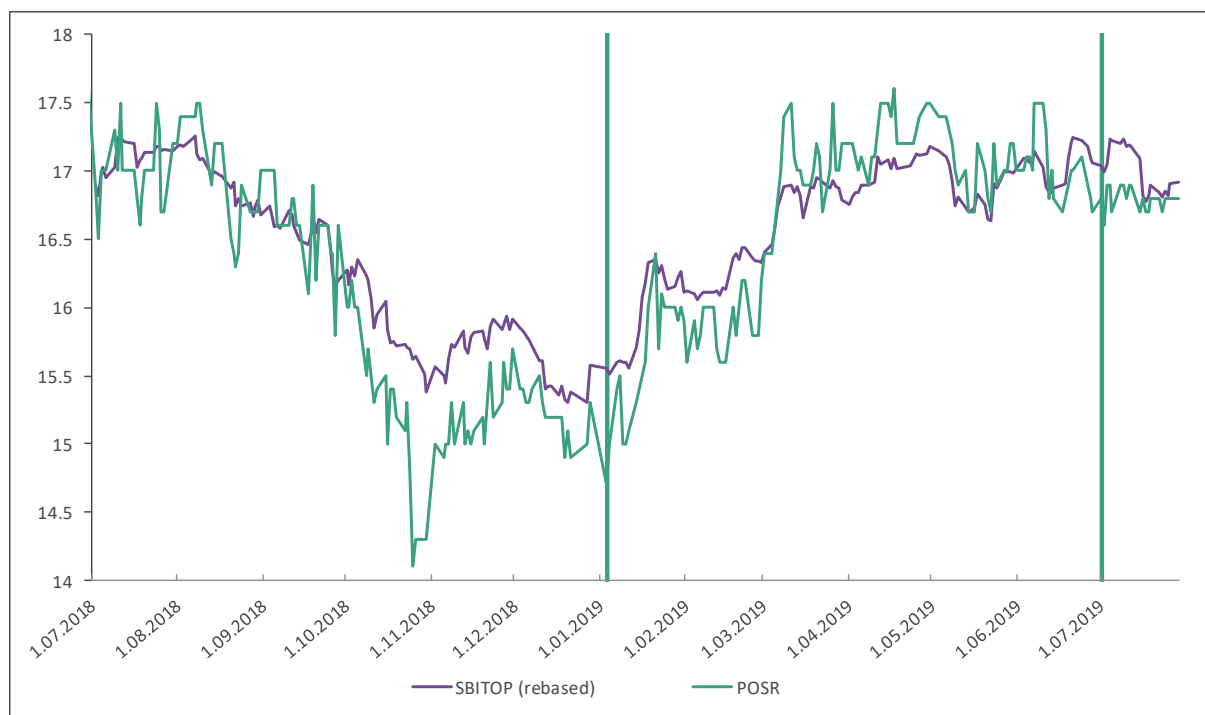


Company names of Sava Insurance Group members

	Official long name	Short name in this document
	Sava Insurance Group	Sava Insurance Group
1	Pozavarovalnica Sava, d.d. / Sava Reinsurance Company d.d.	Sava Re
2	ZAVAROVALNICA SAVA, zavarovalna družba, d.d.	Zavarovalnica Sava
	SAVA OSIGURANJE, d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian part (in tables)
3	Sava pokojninska družba, d.d.	Zavarovalnica Sava, Croatian part (in tables)
4	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava Pokojninska
5	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava Neživotno Osiguranje (Serbia)
6	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Sava Životno Osiguranje (Serbia)
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 (Montenegro)
10	" Illyria Hospital " SH.P.K.	Sava Osiguruvanje (North Macedonia)
11	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Illyria Hospital
12	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	Sava Car
13	ORNATUS KLICNI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	ZM Svetovanje
14	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. – Podgorica	Ornatus
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	Društvo za upravljanje so zadolžitelni i dobrovolin penzisko fondovi SAVA PENZISKO DRUŠTVO A.D Skopje)	TBS Team 24
18	ZTSR, raziskovanje trga, d.o.o.	Sava Penzisko Društvo
19	Sava Terra, družba za upravljanje z nepremičninami, d.o.o.	ZTSR
20	Got2Insure Ltd	Sava Terra
21	ERGO osiguranje d.d.	G2I
22	ERGO životno osiguranje d.d	ERGO Osiguranje
23	SAVA INFOND, družba za upravljanje, d.o.o.	ERGO Životno Osiguranje
		Sava Infond

1.7 Shareholders and share trading

POSR share price performance from 1 July 2018 to 30 June 2019 compared to the SBITOP stock index (EUR)



The SBITOP index has been rebased to the same level as the POSR share price (01/07/2018: EUR 16.90), while below is a presentation of the stock index growth rate in real terms.

The share price was EUR 15.30 and EUR 16.70 as at 31 December 2018 and 30 June 2019, respectively, representing a 9.5% rise in the period. A dividend of EUR 0.95 per share was paid out in the second quarter 2019.

Basic details about the POSR share

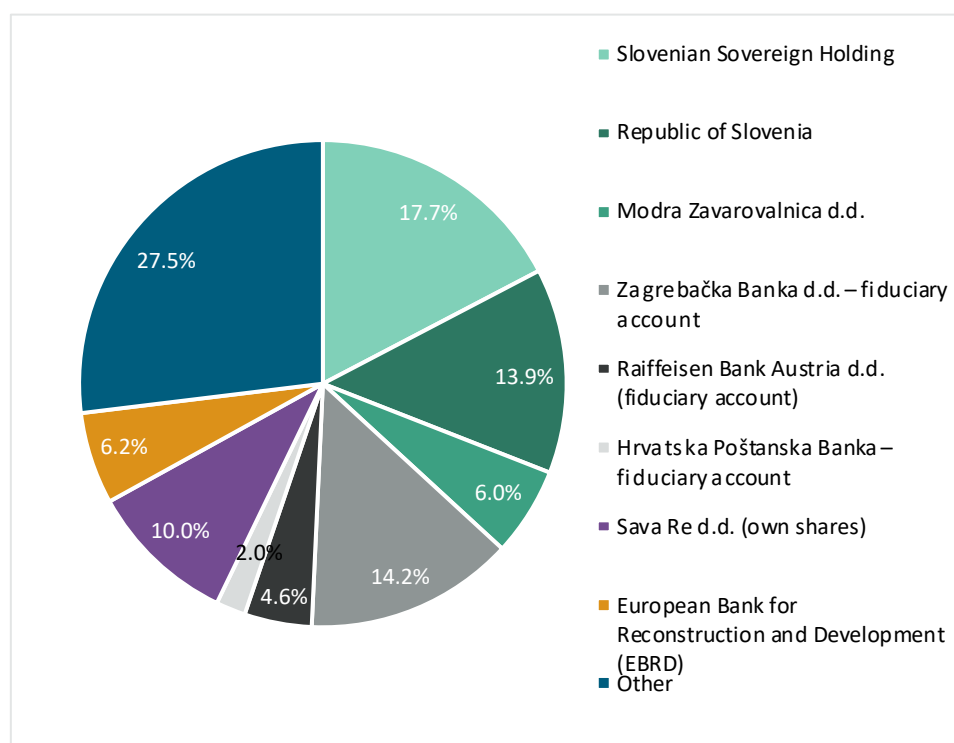
	30/06/2019	30/06/2018
Share capital (EUR)	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,151	4,073
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated earnings per share (EUR)	1.45	0.91
Consolidated book value per share (EUR)	23.27	20.34
Share price at end of period (EUR)	16.70	17.80
Market capitalisation (EUR)	287,568,355	306,509,984
	1-6/2019	1-6/2018
Average share price in reporting period (EUR)	16.62	17.46
Minimum share price in reporting period (EUR)	14.70	15.80
Maximum share price in reporting period (EUR)	17.60	19.00
Turnover in reporting period (EUR)	4,842,794	6,921,346
Average daily turnover for the share (EUR)	40,023	57,201

Top ten shareholders of Sava Re as at 30 June 2019¹

Shareholder	Number of shares	Holding
Slovenian Sovereign Holding	3,043,883	17.7%
Zagrebačka Banka d.d. – fiduciary account	2,439,852	14.2%
Republic of Slovenia	2,392,436	13.9%
Sava Re	1,721,966	10.0%
European Bank for Reconstruction and Development	1,071,429	6.2%
Raiffeisen Bank Austria d.d. – fiduciary account	785,030	4.6%
Modra Zavarovalnica d.d.	714,285	4.1%
Hrvatska Poštanska Banka – fiduciary account	345,000	2.0%
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9%
East Capital – East Capital Balkans	299.03	1.7%
Total	13,133,259	76.3%

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.

Largest shareholders of Sava Re as at 30 June 2019²



As at 30 June 2019, 65.7% of shareholders were Slovenian and 34.3% foreign. The largest shareholder of POSR shares is Slovenian Sovereign Holding (Slovenski državni holding d.d.) with a 17.7% stake. On 24 May 2019, the Republic of Slovenia received 655,000 Sava Re shares (a 3.8% stake) from the Abanka bank as a non-monetary dividend payment. Slovenian Sovereign Holding and the Republic of Slovenia jointly hold 5,436,319 shares accounting for a 31.6% stake.

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

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

Shareholder structure of Sava Re as at 30 June 2019³

Type of investor	Domestic investor	International investor
Insurance and pension companies	19.2%	0.0%
Other financial institutions*	17.9%	0.4%
Government	13.9%	0.0%
Natural persons	9.5%	0.1%
Banks	0.1%	29.5%
Investment funds and mutual funds	2.9%	3.1%
Other commercial companies	2.2%	1.2%
Total	65.7%	34.3%

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

** Interests held through fiduciary accounts cannot be classified.

POSR shares held by supervisory and management board members as at 30 June 2019

	Number of shares	Holding (%)
Marko Jazbec	4,300	0.0250%
Srečko Čebren	2,700	0.0157%
Jošt Dolničar	4,363	0.0253%
Polona Pirš Zupančič	2,478	0.0144%
Total management board	13,841	0.0804%
Andrej Gorazd Kunstek	2,900	0.0168%
Total supervisory board	2,900	0.0168%
Total management and supervisory boards	16,741	0.0972%

Own shares

In the period from 1 January 2019 to 30 June 2019, Sava Re did not repurchase its own shares. The total number of own shares as at 30 June 2019 was 1,721,966, representing 10% minus one share of all issued shares.

Dividends

The Company paid a dividend in the second quarter 2019. The dividend per share was EUR 0.95, representing a 5.7% dividend yield on the record date.

Details on dividends⁴

EUR	2015	2016	2017	2018	2019
Dividend distributions	9,065,978	12,398,157	12,398,157	12,398,157	14,722,811
Dividend/share	0.55	ordinary: 0.65 special: 0.15	0.80	0.80	0.95
Dividend yield	3.8%	5.8%	5.0%	4.8%	5.7%

Contingent capital

As at 30 June 2019, the Company had no conditional equity.

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

⁴ Current year dividend distributions from distributable profits of the previous year.

Sava Insurance Group

interim business report

2 Review of operations and financial result of the Sava Insurance Group⁵

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

The following companies are included in the operating segments:

- S** Reinsurance business: Sava Re (extra-Group business), 30% of Sava Terra;
- S** Non-life business, Slovenia: Zavarovalnica Sava (Slovenian part), 70% of Sava Terra;
- S** Non-life business, international: Zavarovalnica Sava (Croatian part), Sava Neživotno Osiguranje (Serbia), Illyria, Sava Osiguranje (Montenegro), Sava Osiguruvanje (North Macedonia), ERGO Osiguranje, Illyria Hospital, Sava Car, Sava Agent, Sava Station;
- S** Life business, Slovenia: Zavarovalnica Sava (Slovenian part), ZS Svetovanje, Ornatus KC;
- S** Life business, international: Zavarovalnica Sava (Croatian part), Sava Životno Osiguranje (Serbia), Illyria Life, ERGO Životno Osiguranje
- S** Pension business: Sava Pokojninska, Sava Penzisko Društvo;
- S** Other: TBS Team 24, Sava Infond (only balance sheet as at 30 June 2019 but not income statement), ZTSR (equity method), G2I (equity method).

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

- S** Reallocations are made from the reinsurance segment to the other segments (Sava Re as the parent company handles the reinsurance of most risks of the subsidiaries within the Sava Insurance Group): in the segment reporting information, reinsurance premiums received by the reinsurer from the subsidiaries are reallocated to the segments from where they arose. The same applies, by analogy, to reinsurance-related claims, commission income, change in unearned premiums, claims provisions and deferred acquisition costs due to reinsurance. In the elimination process, the portions of business retroceded by Sava Re to foreign reinsurers is not allocated to the segments. Retrocession-related expenses usually exceed income (except in the case of catastrophic claims). In order to provide a more appropriate presentation of profitability by segment, the result of retroceded business is also allocated to the segment where it arose. All these items are adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to foreign reinsurers.
- S** Other operating expenses relating to the reinsurance segment are reduced by the portion of expenses attributable to the administration of the Sava Insurance Group. Sava Re operates as a virtual holding company; hence, a part of its expenses relates to the administration of the Group. Such expenses relating to the reinsurance segment are allocated to other segments based on gross premiums written. Such reallocation is made also for other operating expenses relating to intra-group reinsurance transactions. In the period 1–6/2019, Sava Re allocated 64.0% of other operating expenses to segments as monitored by income composition (1–6/2018: 64.4%). 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. In the same way, income is eliminated in the consolidation process.
- S** Investment income and expenses are reallocated from the reinsurance segment to the non-life and life insurance segments using the key for the apportionment of net technical provisions for the rolling year (average of past four quarters).

⁵ A glossary of selected insurance terms and calculation methods for ratios is appended to this report.

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

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

TBS Team 24 was first included in the Sava Insurance Group consolidated financial statements on 31 January 2018, and the companies Energoprojekt Garant and Sava Penzisko Društvo on 31 March 2018. Energoprojekt Garant was merged with Sava Neživotno Osiguranje (Serbia) at year-end 2018. The acquisition of Sava Terra was completed in the third quarter of 2018. The first consolidated accounts of the Sava Insurance Group after Sava Terra joined were prepared as at 31 December 2018. The companies ERGO Osiguranje and ERGO Životno Osiguranje joined the Sava Insurance Group on 31 March 2019, as the result of which they have been included in the consolidated income statement since 1 April 2019 and were already included in the statement of financial position as at 31 March 2019. Sava Infond has been included in the consolidated financial statements of the Sava Insurance Group since 30 June 2019.

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

Summary of the consolidated income statement

EUR	1–6/2019	1–6/2018	Index
Net premiums earned	259,159,700	240,094,363	107.9
Income from investments in associates	2,717,909	0	-
Investment income	12,131,167	14,268,120	85.0
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	21,162,830	9,504,130	222.7
Other technical income	8,959,596	8,371,622	107.0
Other income	5,860,442	6,055,344	96.8
- Of which investment property	663,369	498,337	133.1
Net claims incurred	-187,154,351	-165,633,594	113.0
Change in other technical provisions	19,755,818	2,064,625	956.9
Change in technical provisions for policyholders who bear the investment risk	-7,515,881	11,580,458	-64.9
Expenses for bonuses and rebates	-190,827	253,379	-75.3
Operating expenses	-85,859,076	-84,365,640	101.8
Expenses relating to investments in associates	-24,176	0	-
Expenses for financial assets and liabilities	-2,351,682	-4,436,202	53.0
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-6,871,979	-8,046,044	85.4
Other technical expenses	-9,432,270	-9,788,134	96.4
Other expenses	-1,326,491	-1,485,654	89.3
- Of which investment property	-338,101	-286,324	118.1
Profit or loss before tax	29,020,729	18,436,773	157.4

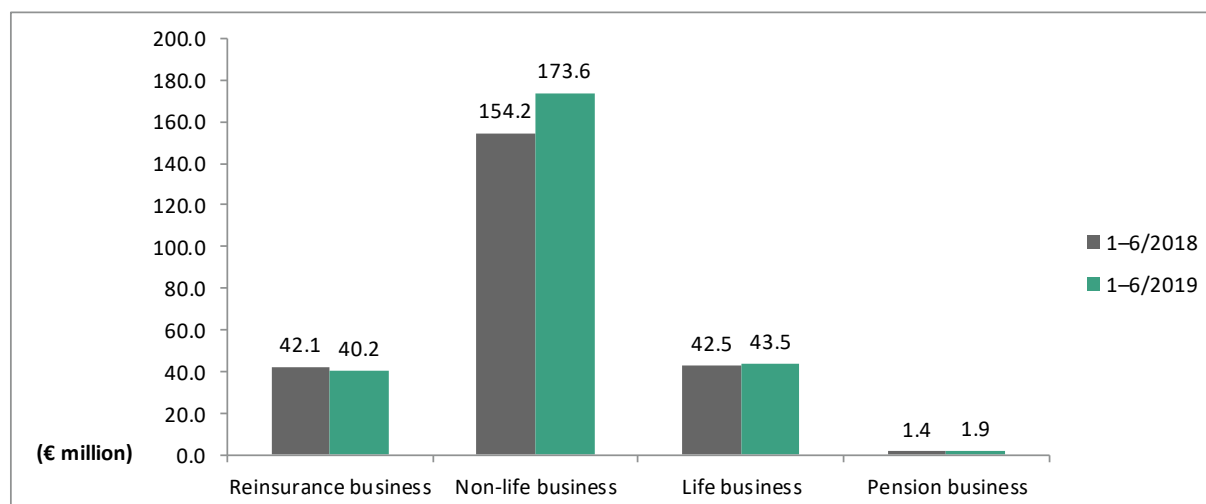
Operating revenues totalled EUR 274.0 million in 1–6/2019, up 7.6% from 1–6/2018. Revenues were primarily driven by the non-life segment and partly by acquisitions. Following is a discussion of the major items of the consolidated income statement.

Consolidated net premiums earned⁶

Consolidated net premiums earned

EUR	1-6/2019	1-6/2018	Index
Gross premiums written	336,824,954	308,644,926	109.1
Net premiums written	310,895,158	289,427,004	107.4
Change in net unearned premiums	-51,735,458	-49,332,641	104.9
Net premiums earned	259,159,700	240,094,363	107.9

Consolidated net premiums earned by operating segment

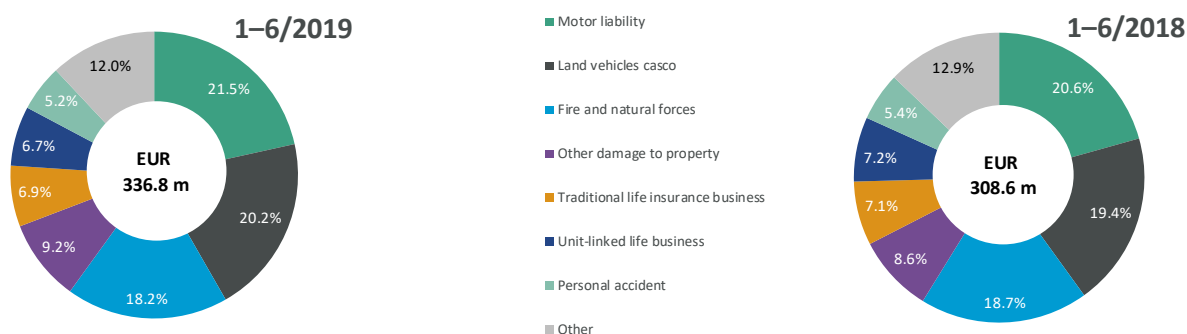


Consolidated net premiums earned by class of business

EUR	1-6/2019	1-6/2018	Index
Personal accident	14,641,058	13,735,563	106.6
Health	2,950,015	3,639,917	81.0
Land vehicles casco	54,043,764	48,390,675	111.7
Railway rolling stock	126,067	74,888	168.3
Aircraft hull	103,473	466,294	22.2
Ships hull	1,322,786	2,138,658	61.9
Goods in transit	1,173,451	2,704,267	43.4
Fire and natural forces	36,540,825	37,716,638	96.9
Other damage to property	19,600,020	16,647,737	117.7
Motor liability	59,286,063	52,970,920	111.9
Aircraft liability	155	59,119	0.3
Liability for ships	164,292	340,983	48.2
General liability	10,006,354	9,562,000	104.6
Credit	1,943,717	2,080,841	93.4
Suretyship	58,015	-17,933	-323.5
Miscellaneous financial loss	3,862,035	1,218,054	317.1
Legal expenses	77,606	109,894	70.6
Assistance	7,727,135	4,321,037	178.8
Traditional life insurance business	22,956,675	21,819,442	105.2
Unit-linked life business	22,576,194	22,115,369	102.1
Total non-life	213,626,831	196,159,552	108.9
Total life	45,532,869	43,934,811	103.6
Total	259,159,700	240,094,363	107.9

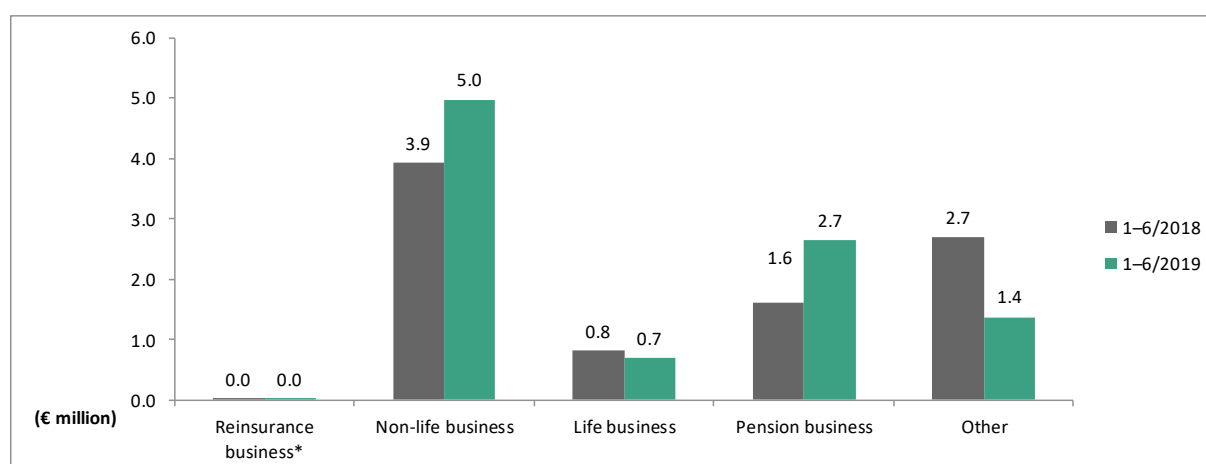
⁶ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

Consolidated gross premiums written by class of business



Consolidated other technical income and other income

Composition of other technical and other income by operating segment



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

Consolidated net claims incurred⁷

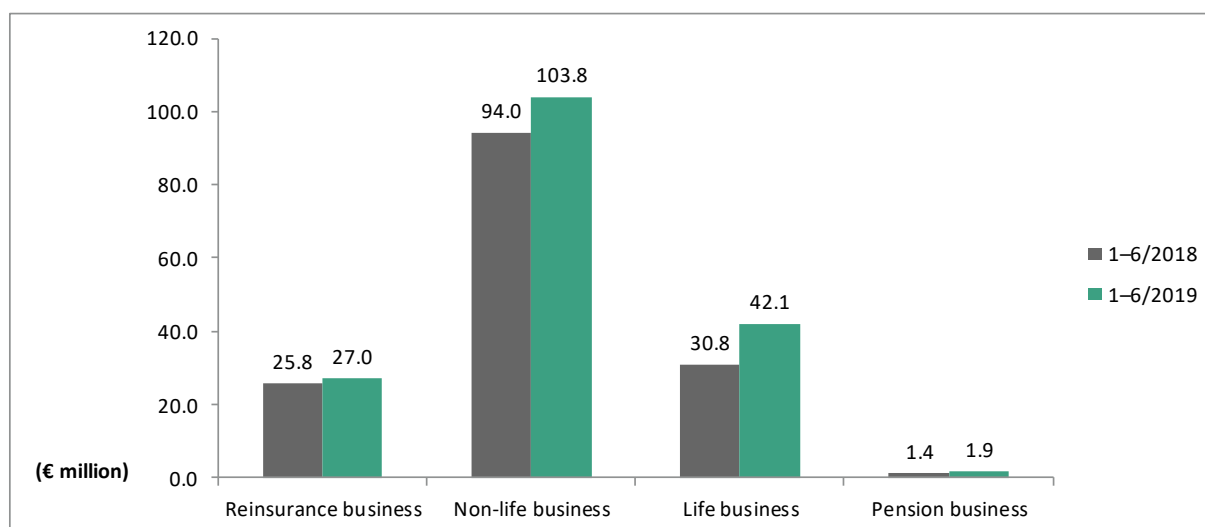
Consolidated net claims incurred, including the change in provisions related to life business

EUR	1-6/2019	1-6/2018	Index
Gross claims paid	189,475,725	166,396,406	113.9
Net claims paid	184,284,455	160,763,442	114.6
Change in the net provision for outstanding claims	2,869,896	4,870,152	58.9
Net claims incurred	187,154,351	165,633,594	113.0
Change in other technical provisions*	-19,755,818	-2,064,625	956.9
Change in technical provisions for policyholders who bear the investment risk	7,515,881	-11,580,458	-64.9
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	174,914,414	151,988,511	115.1

* These provisions mainly comprise mathematical provisions.

⁷ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

Composition of consolidated net claims incurred, including the change in life insurance provisions⁸



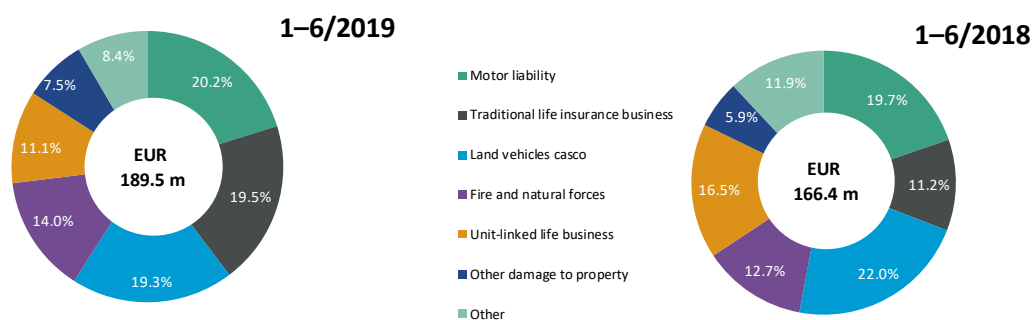
Consolidated net claims incurred by class of business⁹

EUR	1-6/2019	1-6/2018	Index
Personal accident	6,665,486	5,609,033	118.8
Health	2,235,125	2,020,633	110.6
Land vehicles casco	37,694,685	39,042,050	96.5
Railway rolling stock	29,082	53,418	54.4
Aircraft hull	172,134	75,680	227.4
Ships hull	677,844	2,764,400	24.5
Goods in transit	781,461	2,858,509	27.3
Fire and natural forces	23,163,925	22,303,375	103.9
Other damage to property	13,975,808	8,012,775	174.4
Motor liability	38,873,046	32,729,771	118.8
Aircraft liability	37,351	-30,251	-123.5
Liability for ships	125,315	-48,541	-258.2
General liability	4,159,911	2,635,150	157.9
Credit	27,166	-8,916	-304.7
Suretyship	25,039	-36,312	-69.0
Miscellaneous financial loss	385,901	585,486	65.9
Legal expenses	9,474	-9,374	-101.1
Assistance	1,375,797	935,680	147.0
Traditional life insurance business	38,376,345	19,395,655	197.9
Unit-linked life business	18,363,456	26,745,372	68.7
Total non-life	130,414,550	119,492,566	109.1
Total life	56,739,801	46,141,027	123.0
Total	187,154,351	165,633,594	113.0

⁸ 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.

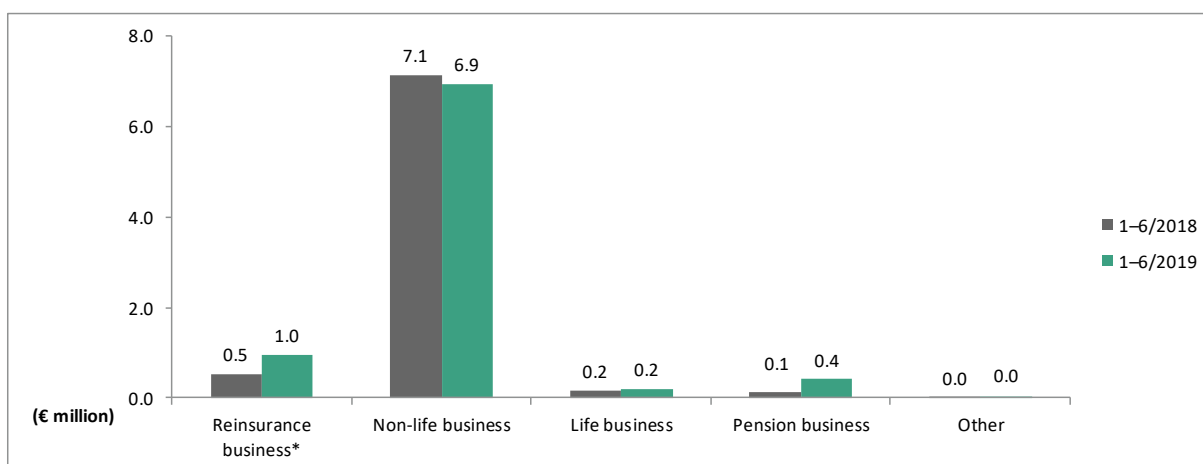
⁹ These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

Consolidated gross claims paid by class of business (including annuities)



Consolidated other technical and other expenses

Composition of other technical and other expenses by operating segment



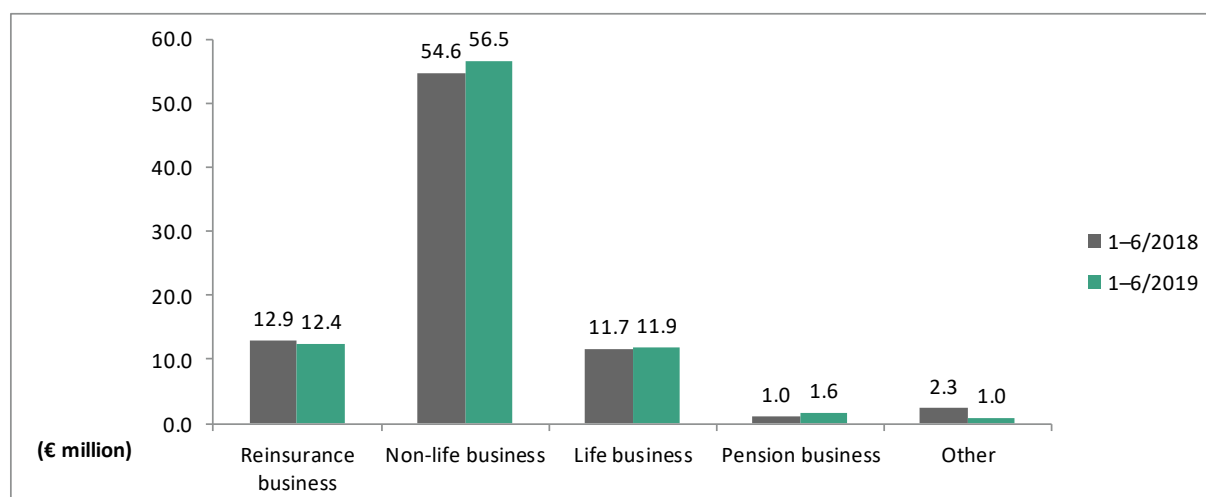
* The reinsurance segment is shown excluding the effect of foreign exchange losses.

Consolidated operating expenses

Consolidated operating expenses

EUR	1-6/2019	1-6/2018	Index
Acquisition costs	34,038,881	29,198,366	116.6
Change in deferred acquisition costs (+/-)	-4,927,477	-2,977,668	165.5
Other operating expenses	56,747,672	58,144,942	97.6
Operating expenses	85,859,076	84,365,640	101.8
Reinsurance commission income	-2,443,823	-1,830,775	133.5
Net operating expenses	83,415,253	82,534,865	101.1

Consolidated net operating expenses by operating segment



Consolidated net investment income

Consolidated net investment income of the investment portfolio

EUR	1-6/2019	1-6/2018	Absolute change
Net investment income from the investment portfolio	12,883,845	10,070,267	2,813,578
Net investment income of the investment portfolio, excluding the effect of exchange differences	12,241,378	10,325,132	1,916,246

* Expenses for financial investments differ from the expenses in the income statement item "interest expenses" because they also include expenses for right-of-use assets of EUR 85 thousand.

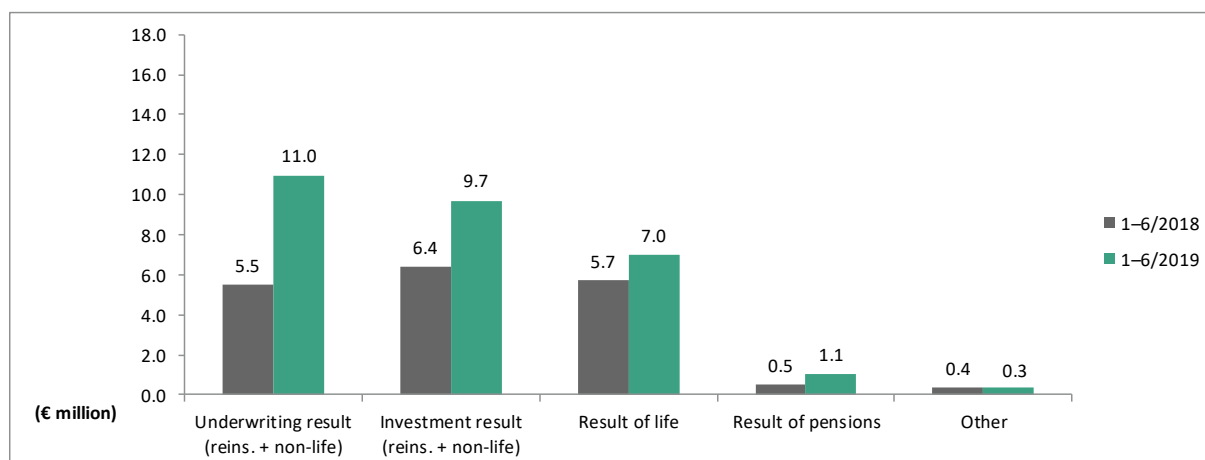
Consolidated income and expenses relating to the investment portfolio

EUR	1-6/2019	1-6/2018	Absolute change
Income			
Interest income	7,008,727	8,223,794	-1,215,067
Change in fair value and gains on disposal of FVPL assets	621,577	37,213	584,364
Gains on disposal of other IFRS asset categories	559,836	1,468,733	-908,897
Income from associate companies	2,717,909	0	2,717,909
Income from dividends and shares – other investments	803,977	750,882	53,095
Exchange gains	2,479,619	3,743,273	-1,263,654
Diverse other income	1,320,800	579,118	741,682
Income relating to the investment portfolio	15,512,445	14,803,013	709,432
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	21,162,830	9,504,130	11,658,700
Expenses			
Interest expenses	11,822	388	11,434
Change in fair value and losses on disposal of FVPL assets	58,675	85,453	-26,778
Losses on disposal of other IFRS asset categories	105,833	188,539	-82,706
Impairment of investments in associates	24,176	0	24,176
Exchange losses	1,837,152	3,998,138	-2,160,986
Other	590,942	460,228	130,714
Expenses relating to the investment portfolio	2,628,600	4,732,746	-2,104,146
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	6,871,979	8,046,044	-1,174,065

* Expenses for financial investments differ from the expenses in the income statement item "interest expenses" because they also include expenses for right-of-use assets of EUR 85 thousand.

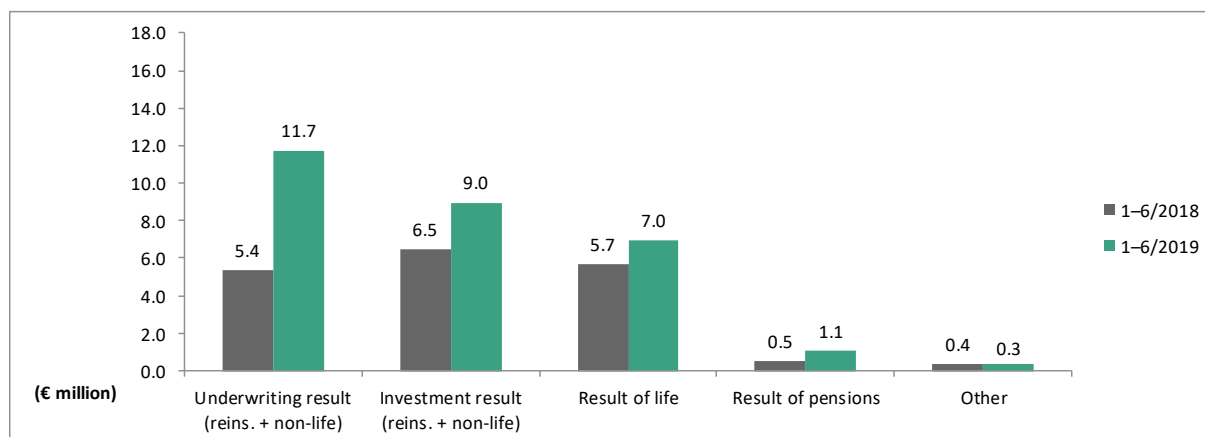
Consolidated gross profit or loss

Composition of the consolidated gross income statement

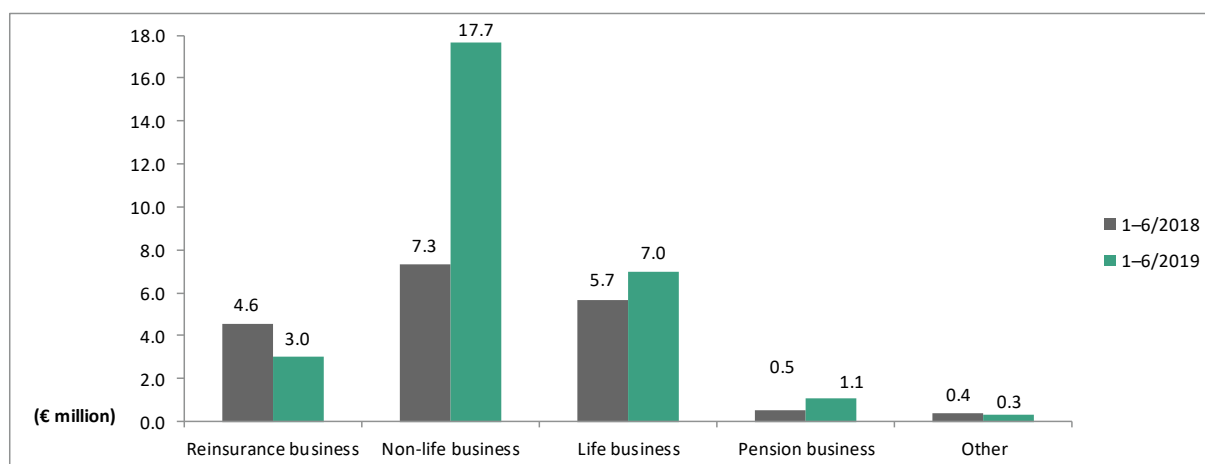


In the period 1-6/2019, exchange differences had a significant impact on the composition of the underwriting and investment results, which is why the results below are presented excluding the effect of exchange differences. The impact of exchange differences on the result by operating segment was as follows: negative effect on the underwriting result of EUR 0.8 million (1-6/2018: EUR 0.1 million positive effect); positive effect on the investment result of EUR 0.7 million (1-6/2018: EUR 0.1 million negative effect). The total negative effect of exchange differences on the 1-6/2019 result is EUR 0.07 million (1-6/2018: EUR 0.03 million negative effect).

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



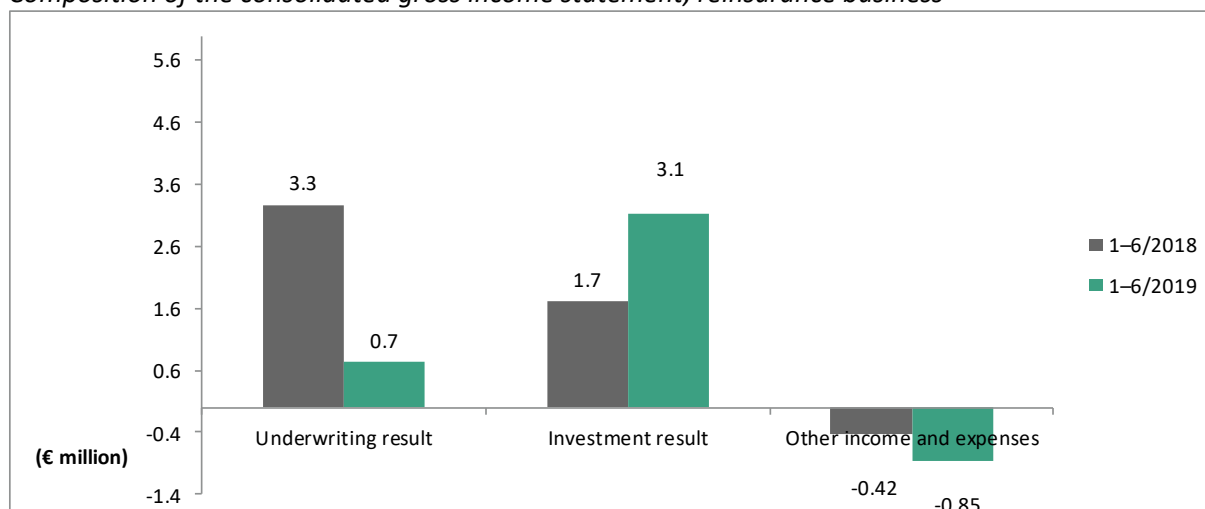
Composition of the consolidated gross profit or loss by operating segment



2.1 Reinsurance business

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 7.7 “Segment reporting”. The reinsurance segment primarily reflects the developments in the portfolio that Sava Re writes outside Slovenia with extra-Group companies.

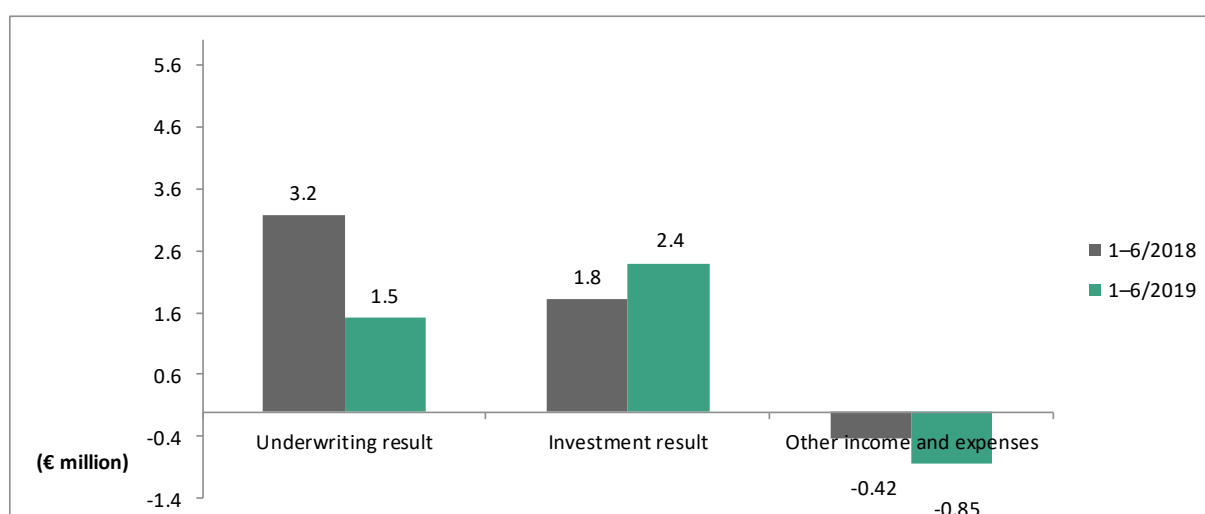
Composition of the consolidated gross income statement; reinsurance business



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

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

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



The underwriting result excluding the impact of exchange differences was poorer in 1-6/2019 year on year, mainly as the result of a negative development (premium- and claims-wise) of previous underwriting years. The investment result excluding the effect of exchange differences was better in

1–6/2019 year on year due to higher income from the partial repayment of corporate bonds previously impaired, higher dividend distributions from financial investments and stronger income from investment properties.

Net premiums earned

Net premiums earned; reinsurance business

EUR	1–6/2019	1–6/2018	Index
Gross premiums written	56,330,966	52,820,955	106.6
Net premiums earned	40,177,552	42,053,722	95.5

In 1–6/2019, gross premiums written of this segment were 6.6% higher year on year. Premium growth was achieved in non-proportional reinsurance, especially in Asian markets (through organic growth and new contracts). In 1–6/2019, net premiums earned were 4.5% lower year on year due to a larger change in net unearned premiums as the result of faster growth of new business compared to the first half of 2018.

Net claims incurred

Net claims incurred; reinsurance business

EUR	1–6/2019	1–6/2018	Index
Gross claims paid	28,906,190	22,258,715	129.9
Net claims incurred	26,908,870	25,608,689	105.1

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

EUR	1–6/2019	1–6/2018	Index
Gross claims paid	28,906,190	22,258,715	129.9
Net claims incurred	25,972,291	25,807,470	100.6

In 1–6/2019, net claims incurred increased by 5.1%. This increase is due to the higher claims incurred of non-proportional business (especially increased claims relating to old underwriting years) and the impact of foreign exchange differences (2019: negative impact of EUR 0.9 million; 2018: positive impact of EUR 0.2 million).

The incurred loss ratio relating to the reinsurance segment (excluding the effect of exchange differences) was 3.3 percentage points poorer year on year, at 64.6% (1–6/2018: 61.4%).

Operating expenses

Consolidated operating expenses; reinsurance business

EUR	1–6/2019	1–6/2018	Index
Acquisition costs	12,127,128	11,464,593	105.8
Change in deferred acquisition costs (+/-)	-1,421,813	-328,244	433.2
Other operating expenses	2,115,226	1,998,119	105.9
Operating expenses	12,820,541	13,134,468	97.6
Reinsurance commission income	-380,768	-207,220	-16.2
Net operating expenses	12,439,774	12,927,248	96.2

In 1–6/2019 acquisition costs rose by 5.8 % against a 6.6 % growth in gross premiums written. Acquisition costs as a percentage of gross premiums written rose by 0.8 percentage points to 20.0% compared to 1–6/2018. The lower increase in commissions compared to gross premiums written is the result of a relative decline in proportional business, which earns higher commission rates than non-proportional business.

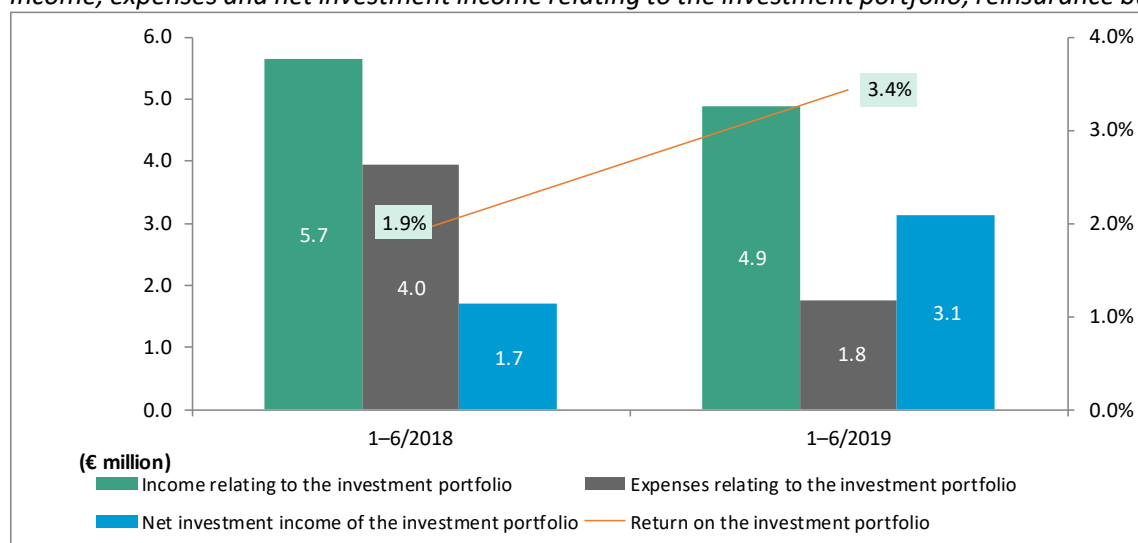
In 1–6/2019, the change in deferred acquisition costs was larger year on year, due to stronger growth in gross premiums written of new business in line with the movement in unearned premiums.

Other operating expenses increased by 5.9%, primarily due to personnel costs following expanded business operations and service costs related to IT development.

In 1–6/2019, the net expense ratio deteriorated by 0.3 percentage points to 31.0% as the result of lower net premiums earned. Acquisition costs, including the change in deferred acquisition costs, were down 3.9% year on year.

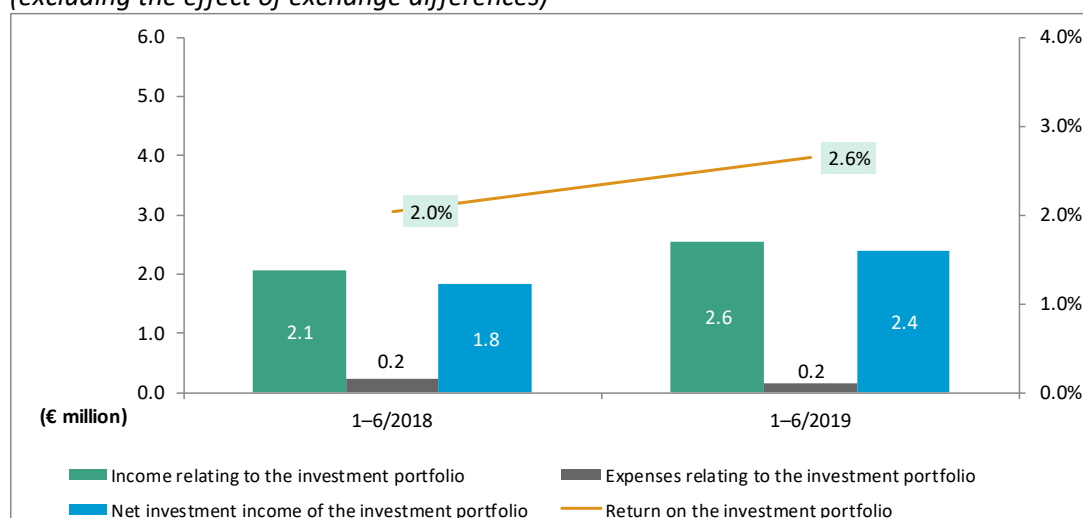
Net investment income

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



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

Income, expenses and net investment income relating to the investment portfolio; reinsurance business (excluding the effect of exchange differences)












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

In 1–6/2019, net investment income totalled EUR 2.4 million, up EUR 0.6 million year on year. Net investment income strengthened as the result of a partial repayment of a bond previously impaired (+ EUR 0.4 million), more dividend income from financial investments (+ EUR 0.2 million) and stronger income from investment property (+ EUR +0.2 million). The return on investment for the period was 2.6%.

2.2 Non-life business

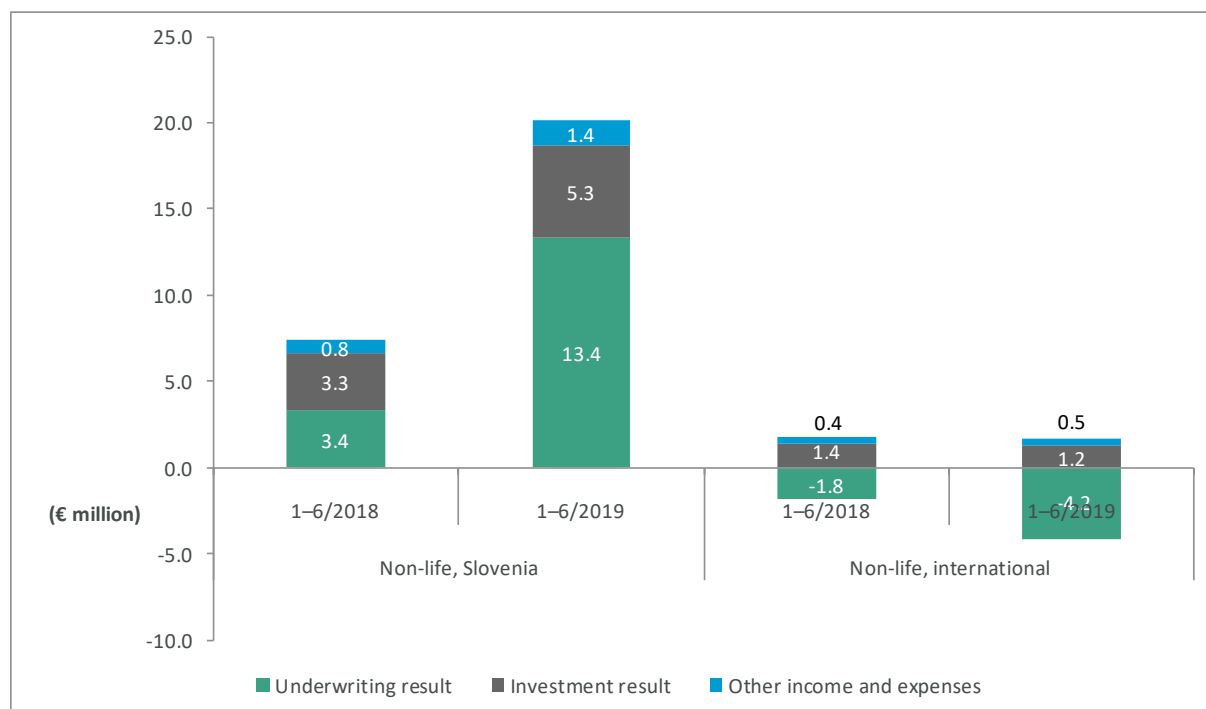
The non-life segment comprises the operations of the following companies:

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

ERGO Osiguranje joined the Sava Insurance Group on 31 March 2019 and has, therefore, already been included in the consolidated statement of financial position as at 30 June 2019, in the income statement since 1 April 2019. The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, while the Croatian part of the company is discussed under international non-life insurance.

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

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



In 1–6/2019, the non-life segment recorded a (EUR 10.3 million) better gross consolidated result year on year. This is the combined result of a EUR 12.7 million better result of the Slovenian insurer and a EUR 2.4 million weaker result of non-Slovenian insurers.

The consolidated underwriting result of the Slovenian non-life insurer improved by EUR 10.0 million, mainly driven by growth in net premiums earned, while net claims incurred were down in 1–6/2019 year on year. Last year's net claims incurred were larger because of the hail storms in southeast Slovenia and increasing motor insurance claims (especially motor casco). The decline in the non-Slovenian underwriting result of non-life insurers of EUR 2.4 million is chiefly attributable to higher net claims incurred of Croatian non-life insurers.

The investment result of the Slovenian non-life insurer improved by EUR 2.0 million as the result of a one-off income from the revaluation of the stake in Sava Infond held by Zavarovalnica Sava of EUR 2.7 million. The investment result of the non-Slovenian non-life insurers remained at about the year-on-year level.

The result of other income and expenses of the Slovenian non-life insurer improved by EUR 0.7 million, chiefly due to lower other expenses in this half year. This year, a change has been made in the presentation of discounts for advance payments: last year, they were recorded as other expenses, this year, as a reduction in gross premiums written. The result of other income and expenses of non-Slovenian non-life insurers remained at the year-on-year level.

Net premiums earned

Net premiums earned; non-life insurance business

EUR	1–6/2019	1–6/2018	Index
Gross premiums written	234,997,715	211,758,618	111.0
Net premiums earned	173,579,784	154,161,989	112.6

Net premiums earned by region; non-life insurance business

EUR	Slovenia			International		
	1–6/2019	1–6/2018	Index	1–6/2019	1–6/2018	Index
Gross premiums written	193,230,401	176,432,393	109.5	41,767,314	35,326,225	118.2
Net premiums earned	140,040,227	124,975,016	112.1	33,539,557	29,186,973	114.9

Unconsolidated gross non-life premiums of Sava Insurance Group members

EUR	1–6/2019	1–6/2018	Index
Zavarovalnica Sava, Slovenian part (non-life)	193,342,307	176,533,227	109.5
Zavarovalnica Sava, Croatian part (non-life)	8,465,901	6,479,519	130.7
Sava Neživotno Osiguranje (Serbia)	11,715,060	11,091,131	105.6
Illyria	4,790,618	4,682,562	102.3
Sava Osiguruvanje (North Macedonia)	7,108,353	6,477,426	109.7
Sava Osiguranje (Montenegro)	7,135,594	6,612,369	107.9
ERGO Osiguranje	2,562,613	-	-
Total	235,120,446	211,876,234	111.0

Gross non-life insurance premiums grew by 11.0% in 1–6/2019 as the result of growth in gross non-life premiums of all non-life insurers.

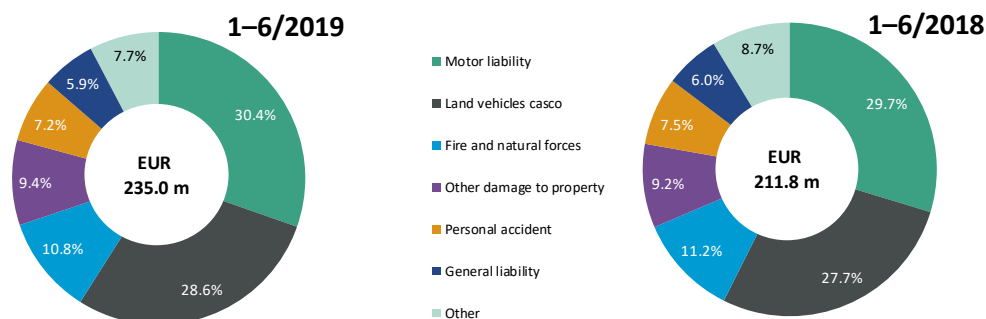
Slovenia-sourced gross non-life premiums grew by 9.5%. Growth was chiefly driven by expanding motor business. A large part of the growth relates to private motor insurance business where the number of policies is rising, along with growth in the average premiums on packages. In addition, favourable economic conditions with rising sales of motor vehicles boosted the sale of upmarket motor

insurance packages. There was also an increase in property gross premiums written due to a change in the timing of renewing annual coverage for a large client that had been invoiced in the second quarter of 2019 but not yet in the first quarter of 2019. The Slovenian non-life insurance market grew at a rate of 7.0% in the period.

Gross non-life insurance premiums written abroad rose by 18.2%. Growth was mainly driven by the inclusion of the Croatian non-life insurer ERGO into the Sava Insurance Group as of 1 April 2019. With the largest jump in absolute terms in motor premiums, chiefly as the result of the better sales in Croatia, where amended insurance terms and conditions were introduced. Gross motor premiums also rose in the North Macedonian and Serbian non-life insurers. In Montenegro gross premium growth was chiefly contributed by aviation business. Net non-life insurance premiums earned abroad grew by 14.9% in 1–6/2019.

Total net premiums earned grew by 12.6%.

Unconsolidated gross non-life premiums written by class of business



Net claims incurred

Net claims incurred; non-life insurance business

EUR	1–6/2019	1–6/2018	Index
Gross claims paid	102,614,815	98,115,634	104.6
Net claims incurred	103,513,308	93,809,601	110.3

Net claims incurred by region; non-life insurance business

EUR	Slovenia			International		
	1–6/2019	1–6/2018	Index	1–6/2019	1–6/2018	Index
Gross claims paid	84,675,600	84,079,053	100.7	17,939,215	14,036,581	127.8
Net claims incurred	83,931,797	78,802,863	106.5	19,581,511	15,006,738	130.5

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

EUR	1–6/2019	1–6/2018	Index
Zavarovalnica Sava, Slovenian part (non-life)	84,980,886	85,009,173	100.0
Zavarovalnica Sava, Croatian part (non-life)	4,220,922	2,702,634	156.2
Sava Neživotno Osiguranje (Serbia)	4,176,462	4,009,362	104.2
Illyria	2,649,452	2,610,622	101.5
Sava Osiguruvanje (North Macedonia)	2,858,275	2,679,275	106.7
Sava Osiguranje (Montenegro)	2,570,540	2,141,071	120.1
ERGO Osiguranje	1,473,723	-	-
Total	102,930,260	99,152,138	103.8

Consolidated gross claims paid relating to Slovenian business remained on the year-on-year level in 1–6/2019. Motor liability claims of Zavarovalnica Sava increased year on year because of one large claim and higher average reported incurred claims, while property gross claims written declined. This is because a large amount of weather-related claims were paid in the first half of 2018.

Gross claims paid relating to non-Slovenian business rose by 27.4%. In absolute terms, growth was mainly driven by the inclusion of the non-life insurer ERGO into the Sava Insurance Group. The largest increase was in motor liability claims, followed by motor casco claims. The main reason for the rise in motor claims is a rise in the number of reported claims, which is related to the high growth in the sale of these policies and strengthened external distribution channels and online sales.

Operating expenses

Consolidated operating expenses; non-life segment

EUR	1–6/2019	1–6/2018	Index
Acquisition costs	18,800,509	14,594,797	128.8
Change in deferred acquisition costs (+/-)	-3,531,720	-2,412,106	146.4
Other operating expenses	43,294,336	43,998,987	98.4
Operating expenses	58,563,125	56,181,678	104.2
Reinsurance commission income	-2,056,821	-1,623,555	126.7
Net operating expenses	56,506,303	54,558,123	103.6

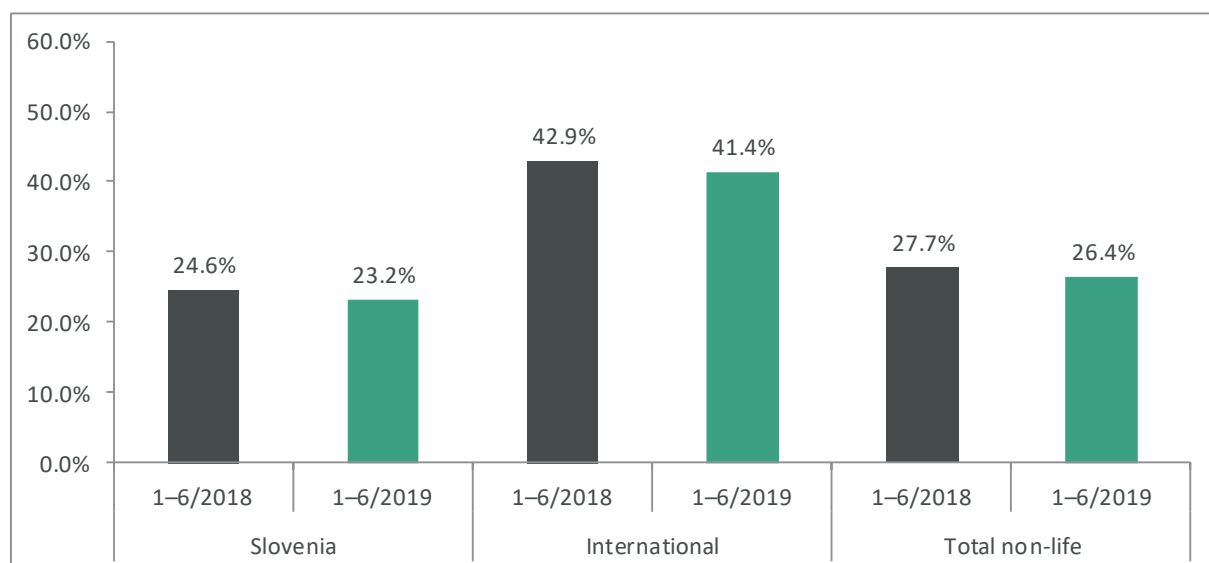
Consolidated gross operating expenses of the non-life segment

EUR	1–6/2019	1–6/2018	Index
Non-life business, Slovenia	44,799,190	43,421,580	103.2
Non-life business, international	17,295,655	15,172,203	114.0

Consolidated acquisition costs were up by 28.8%. The rise in acquisition costs was due to the growth in premiums written through agencies and the inclusion of ERGO into the Sava Insurance Group on 31 March 2019.

Consolidated other operating expenses declined by 1.6%, largely as the result of reduced other operating expenses of the Slovenian non-life insurer. The largest fall was in personnel costs because the bonuses paid out in the first half of 2019 had been accounted already in 2018, whereas those paid in the first half of last year were accounted as the expense of the period.

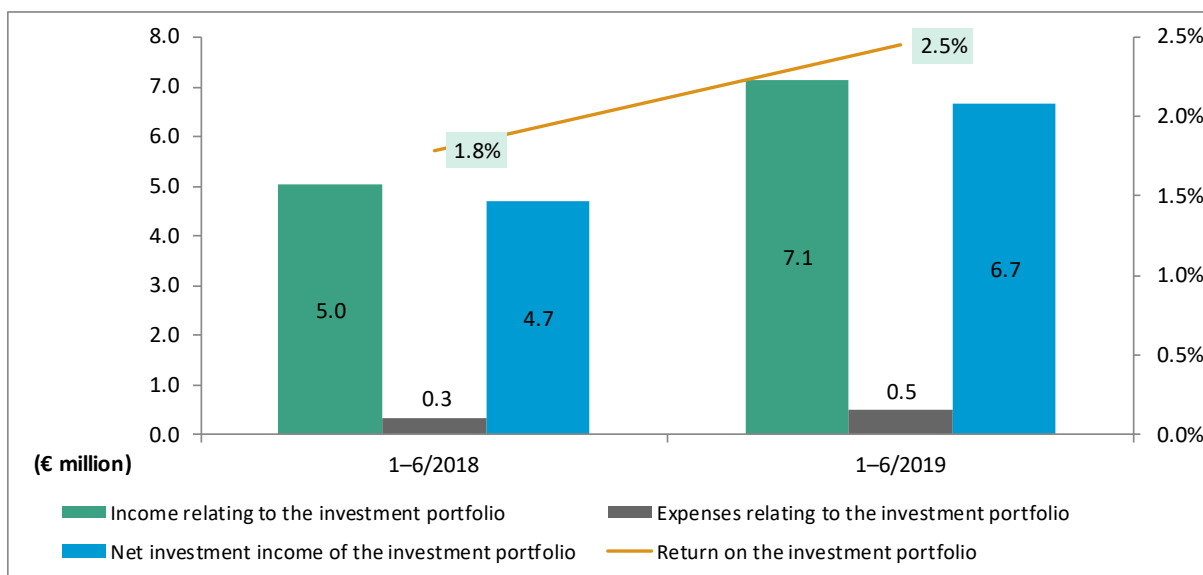
Consolidated gross expense ratio; non-life segment



The consolidated gross expense ratio of the non-life segment dropped by 1.3 p.p. due to the growth in gross premiums written of the Slovenian non-life insurer (decrease in the gross expense ratio of 1.4 p.p.) and growth in gross premiums written of foreign non-life insurers (decrease in the gross expense ratio of 1.5 p.p.).

Net investment income







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



In 1–6/2019, net investment income of non-life companies totalled EUR 6.7 million, up EUR 2.0 million year on year. Investment income strengthened due to a one-off income from the revaluation of the stake in Sava Infond of EUR 2.7 million. The return on investment for the period was 2.5%. If the revaluation income related to Sava Infond is excluded, the rate of return on the investment portfolio is 1.8%.

2.3 Life business

The life segment comprises the operations of the following companies:

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

ERGO Životno Osiguranje joined the Sava Insurance Group on 31 March 2019 and has, therefore, been included in the consolidated statement of financial position as at 30 June 2019. It has been included in the income statement since 1 April 2019. The Slovenian part of Zavarovalnica Sava is discussed as Slovenian life insurance, and the Croatian part of the company is discussed as international life insurance.

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

Net premiums earned

Net premiums earned; life insurance business

EUR	1-6/2019	1-6/2018	Index
Gross premiums written	43,582,767	42,665,694	102.1
Net premiums earned	43,488,858	42,478,992	102.4

Net premiums earned by region; life insurance business

EUR	Slovenia			International		
	1-6/2019	1-6/2018	Index	1-6/2019	1-6/2018	Index
Gross premiums written	39,391,574	38,790,762	101.5	4,191,193	3,874,932	108.2
Net premiums earned	39,289,718	38,685,817	101.6	4,199,140	3,793,175	110.7

Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	1-6/2019	1-6/2018	Index
Zavarovalnica Sava, Slovenian part (life)	39,391,574	38,790,762	101.5
Zavarovalnica Sava, Croatian part (life)	1,671,313	1,836,964	91.0
Illyria Life	1,139,259	1,030,836	110.5
Sava Životno Osiguranje (Serbia)	1,358,232	1,011,320	134.3
ERGO Životno Osiguranje	22,389	-	-
Total	43,582,767	42,669,882	102.1

In 1-6/2019, gross premiums written of the Slovenian life insurer grew by 1.5% year on year. This growth is due to new writings that compensated for premiums lost on account of maturities, deaths and surrenders.

In 1-6/2019, gross premiums written of the non-Slovenian insurer grew by 8.2% year on year, with the largest growth recorded in Serbia reflecting greater efficiency of the own sales network, and also in Kosovo, whereas the Croatian part of Zavarovalnica Sava experienced a decline in gross premiums written as the result of policy expiries (due to maturity, death, surrender) that the company did not manage to compensate by writing new business.

Unconsolidated gross life insurance premiums written by class of business



Net claims incurred

Net claims incurred; life insurance business

EUR	1-6/2019	1-6/2018	Index
Gross claims paid	57,509,694	45,693,302	125.9
Net claims incurred	56,286,947	45,886,549	122.7
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	42,096,292	30,810,160	136.6

Net claims incurred by region; life insurance business

EUR	Slovenia			International		
	1-6/2019	1-6/2018	Index	1-6/2019	1-6/2018	Index
Gross claims paid	55,395,773	44,120,393	125.6	2,113,921	1,572,909	134.4
Net claims incurred	53,999,512	44,261,055	122.0	2,287,435	1,625,494	140.7
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	39,516,628	28,564,399	138.3	2,579,664	2,245,761	114.9

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	1-6/2019	1-6/2018	Index
Zavarovalnica Sava, Slovenian part (life)	55,395,773	44,120,393	125.6
Zavarovalnica Sava, Croatian part (life)	1,016,116	1,114,677	91.2
Illyria Life	304,932	259,312	117.6
Sava Životno Osiguranje (Serbia)	246,033	200,213	122.9
ERGO Životno Osiguranje	546,840	-	-
Total	57,509,694	45,694,595	125.9

In 1-6/2019, gross claims paid in Slovenia rose by 25.6% year on year as the result of a large number of policies reaching maturity. The bulk of the maturities of this period related to traditional life policies (EUR 30.0 million), while maturity payments for life policies where the investment risk is borne by policyholders totalled EUR 13.1 million. Compared to the previous year, total maturities relating to traditional life policies rose by EUR 17.7 million; maturities relating to unit-linked life policies grew by EUR 7.4 million.

Of the non-Slovenian insurers, Sava Životno Osiguranje (Serbia) recorded the largest increase in gross claims paid (from maturities and deaths) at 22.9%. Illyria Life's gross claims paid grew by 17.6% (largely driven by surrenders). The Croatian branch of Zavarovalnica Sava saw gross claims paid decline by 8.8% (fewer claims from maturities and surrenders but more death benefits paid out).

Operating expenses

Consolidated operating expenses; life segment

EUR	1-6/2019	1-6/2018	Index
Acquisition costs	3,095,145	3,133,569	98.8
Change in deferred acquisition costs (+/-)	26,056	-237,318	-11.0
Other operating expenses	8,752,527	8,791,714	99.6
Operating expenses	11,873,728	11,687,965	101.6
Reinsurance commission income	-6,234	-	-
Net operating expenses	11,867,494	11,687,965	101.5

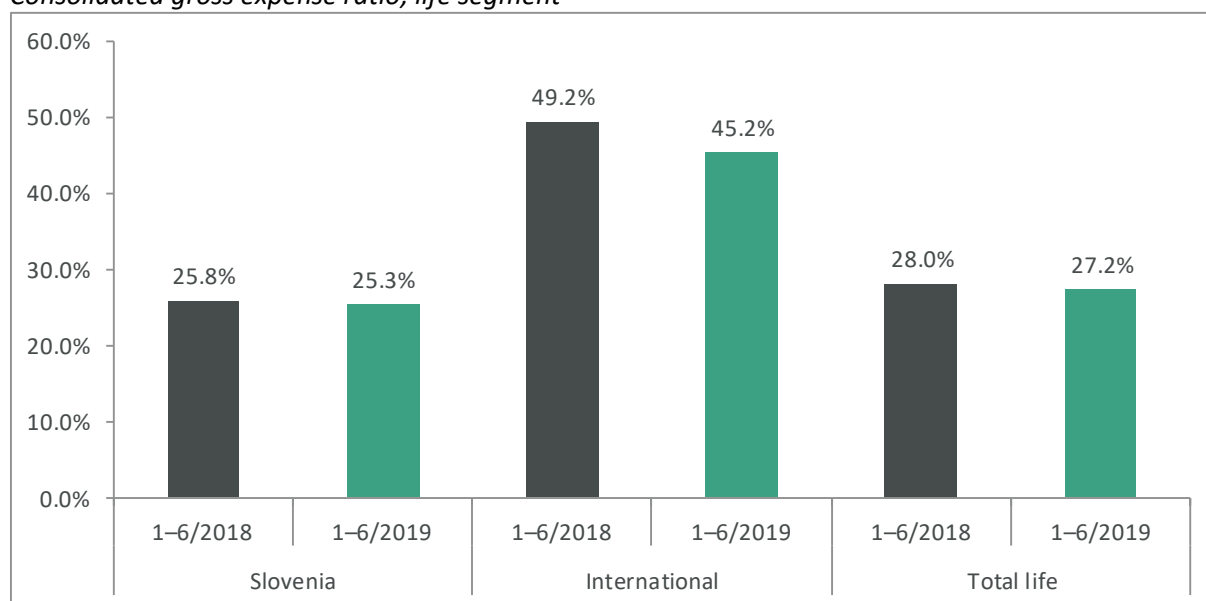
Consolidated gross operating expenses of the life segment

EUR	1-6/2019	1-6/2018	Index
Life business, Slovenia	9,953,191	10,019,052	99.3
Life business, international	1,894,481	1,906,231	99.4

In 1-6/2019, policy acquisition costs dropped by 1.2% year on year: they were lower for life business in Slovenia and Kosovo, but higher for Serbian business. The difference in the change in deferred acquisition costs between the years chiefly relates to Slovenian life business.

In 1-6/2019, other operating expenses fell by 0.4% year on year despite the acquisition of ERGO Životno Osiguranje.

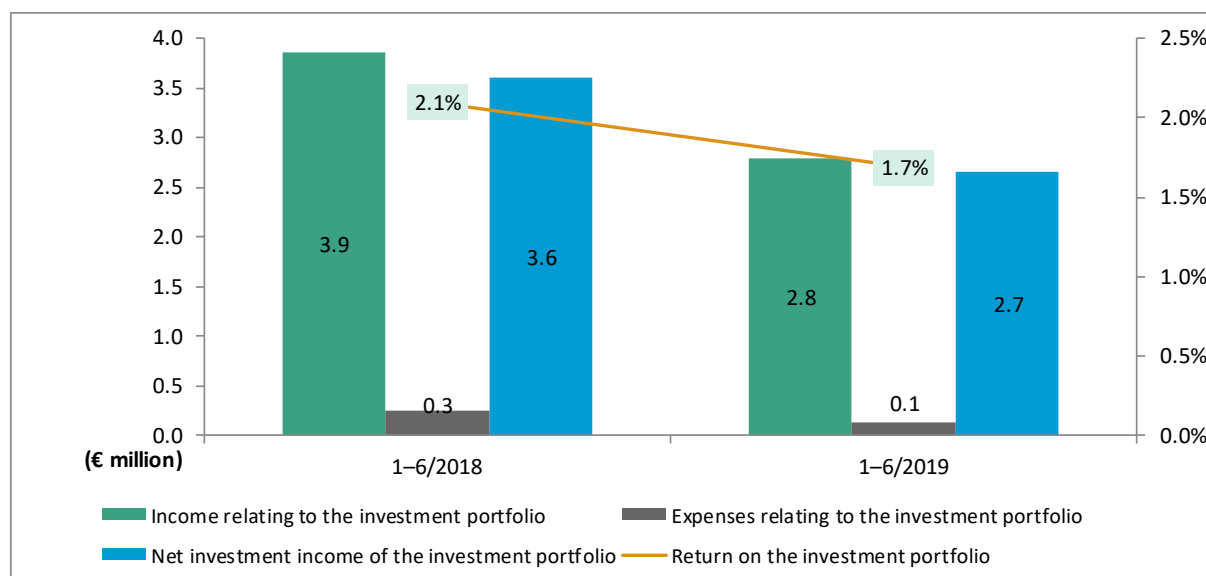
Consolidated gross expense ratio; life segment



The consolidated gross expense ratio dropped by 0.8 p.p. year on year. The Slovenian insurer saw a drop in the gross expense ratio by 0.5 p.p. (larger gross premiums written and slightly reduced policy acquisition costs and other operating expenses), with even larger relative improvements at the non-Slovenian companies as the gross expense ratio dropped by 4.0 p.p. (significantly higher gross premiums written and marginally lower acquisition costs and other operating expenses).

Net investment income



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



In 1-6/2019, net investment income relating to the life insurance investment portfolio totalled EUR 2.7 million, down EUR 0.9 million year on year. Net investment income was lower largely because of lower interest income (EUR 0.8 million) and realised capital gains (EUR 0.2 million). The return on investment for the period was 1.7%.

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, which is why the pensions segment includes comparative data of this company in the statement of financial position, whereas the income statement includes data only since 1 April 2018.

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

Savings phase

Other technical income and other income

EUR	1–6/2019	1–6/2018	Index
Other technical income	835,625	761,088	109.8
Other income	1,820,035	859,337	211.8
Total	2,655,660	1,620,425	163.9

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

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

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

EUR	1–6/2019	1–6/2018	Index
Opening balance of fund assets (31 December)	134,926,064	128,862,922	104.7
Gross fund inflows	5,454,939	5,229,641	104.3
Gross fund outflows	-3,080,655	-3,121,993	98.7
Asset transfers	128,563	425,249	30.2
Net investment income of the fund	4,711,210	479,233	983.1
Entry and exit charges	-94,826	-95,423	99.4
Closing balance of fund assets (30 June)	142,045,296	131,779,629	107.8

Gross inflows into the My-Life-Cycle group of funds of the Slovenian pension company rose by 4.3% in the period 1–6/2019 year on year. Growth was chiefly driven by an increase in the number of policyholders.

In the period 1–6/2019, gross fund outflows from the My-Life-Cycle group of funds of the Slovenian pension insurer declined by 1.3% year on year. Gross outflows may relate to regular or extraordinary terminations. The major part of the latter related to exits.

In the period 1–6/2019, the Company transferred assets in the amount of EUR 366 thousand from other pension service providers and transfers to other providers totalled EUR 238 thousand, resulting in an overall positive net effect.

Net investment income from the funds of EUR 4.7 million is attributable to favourable developments in financial markets in the first half of 2019 (above-average returns).

Entry and exit charges relating to the My-Life-Cycle group of funds dropped by 0.6% in the period 1–6/2019 year on year.

In the first half of 2019, the total assets of the group of long-term business funds grew by 5.3% to EUR 142.0 million as at 30 June 2019.

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

EUR	1–6/2019
Net value of fund assets as at beginning of period (31/12/2018)	502,570,316
Gross fund inflows	38,009,007
Gross fund outflows	-17,349,059
Asset transfers	-58,877
Net investment income of the fund	28,601,890
Entry and exit charges	-813,165
Transfer to liabilities to state pension fund	-2,337,207
Fair value reserve and exchange differences	20,712
Net value of fund assets as at end of period (30/06/2019)	548,643,617

In 1–6/2019, gross inflows into the mandatory and voluntary funds of the North Macedonian pension company totalled EUR 38.0 million and gross pay-outs were EUR 17.3 million. The funds achieved a return of 5.4% in the period.

In the first half of 2019, the net value of fund assets under management grew by 9.2% to EUR 548.6 million as at 30 June 2019.

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

Pension annuities – distribution phase

EUR	1–6/2019	1–6/2018	Index
Gross premiums written	1,913,506	1,399,659	136.7
Gross claims paid	445,026	328,755	135.4
Change in other net technical provisions (+/-)	-1,483,770	-1,066,318	139.1

The annuity part relates to the operation of Sava Pokojninska. The gross premiums written relate to the annuity fund and, in the period 1–6/2019, the fund grew by 36.7% year on year because a number of policyholders opted for additional pension annuities.

Gross claims paid include supplementary pension annuity payouts, which increased by 35.4% in the period 1–6/2019 year on year. Once insured persons meet pension eligibility requirements, their assets are transferred from savings accounts to annuity accounts, which creates growth for annuity funds.

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

Operating expenses

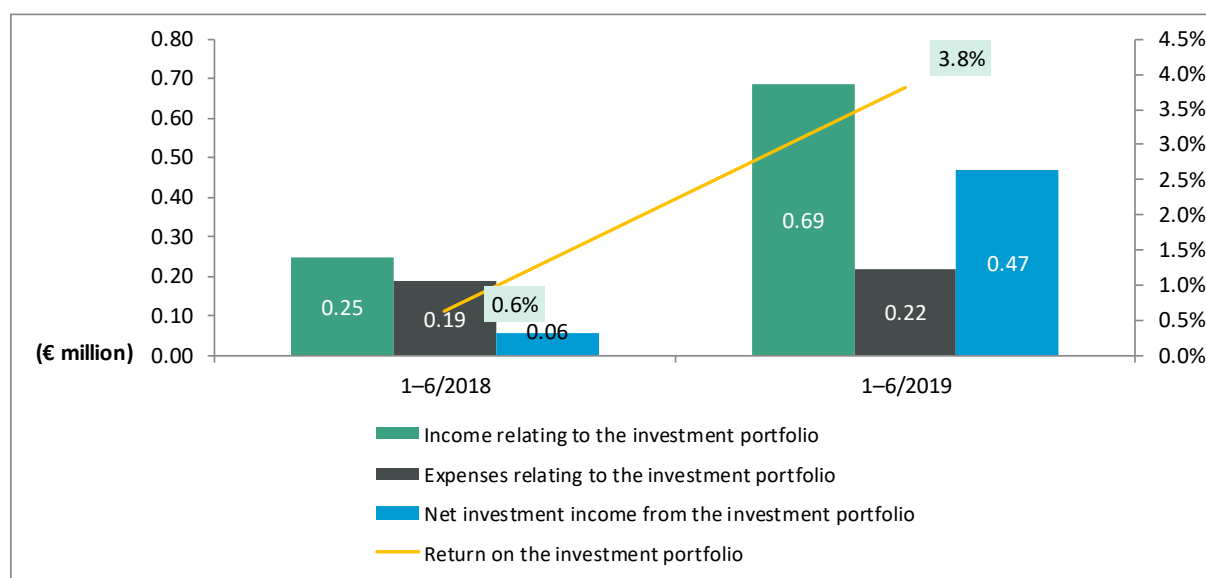
Operating expenses; pensions segment

EUR	1-6/2019	1-6/2018	Index
Operating expenses	1,632,236	1,027,609	158.8

In 1-6/2019, operating expenses rose by 158.8% year on year as the result of including the North Macedonian pension company into the Group on 31 March 2018.

Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); pensions segment¹⁰



Net investment income from the pension companies' investment portfolio totalled EUR 0.5 million in 1-6/2019. In addition to the one-off impact of a partial repayment of a bond previously impaired, net investment income strengthened as the result of the appreciation and gains on the disposal of assets at fair value through profit or loss of EUR 2 million at Sava Pokojninska and higher interest income at Sava Penzisko Društvo of EUR 0.7 million. The return on investment for the period was 3.8%.

2.5 Other

This "other" segment comprises the subsidiaries Sava Infond and TBS Team 24, and the two associates ZTSR and G2I (consolidated using the equity method). TBS Team 24 and Sava Infond were first included in the consolidated accounts on 31 January 2018 and 30 June 2019, respectively. The "other" segment contributed EUR 0.3 million (EUR 1.4 million in income and EUR 1.0 million in expenses, including investment expenses) to the consolidated result in 1-6/2019.

¹⁰ The table includes the portfolio of Sava Pokojninska (excluding investment contracts) and Sava Penzisko Društvo (excluding the return on the funds because the assets managed by Sava Penzisko Društvo are not disclosed in its statement of financial position).

3 Financial position of the Sava Insurance Group

As at 30 June 2019, total assets of the Sava Insurance Group stood at EUR 1,832.7 million, an increase of 7.4% over year-end 2018. Below we set out items of assets and liabilities in excess of 5% of total assets as at 30 June 2019 and items that changed by more than 2% of equity.

3.1 Assets

Consolidated total assets by type

EUR	30/06/2019	As % of total 30/06/2019	31/12/2018	As % of total 31/12/2018
ASSETS	1,832,713,902	100.0%	1,705,947,263	100.0%
1 Intangible assets	61,985,264	3.4%	37,121,118	2.2%
2 Property, plant and equipment	51,271,168	2.8%	42,893,432	2.5%
3 Deferred tax assets	1,156,248	0.1%	1,950,245	0.1%
4 Investment property	20,885,326	1.1%	20,643,019	1.2%
5 Financial investments in associates	611,647	0.0%	462,974	0.0%
6 Financial investments	1,006,508,826	54.9%	1,008,097,470	59.1%
7 Funds for the benefit of policyholders who bear the investment risk	214,082,450	11.7%	204,818,504	12.0%
8 Reinsurers' share of technical provisions	36,928,050	2.0%	27,292,750	1.6%
9 Investment contract assets	142,536,637	7.8%	135,586,965	7.9%
10 Receivables	188,909,453	10.3%	140,550,011	8.2%
11 Deferred acquisition costs	25,464,242	1.4%	19,759,234	1.2%
12 Other assets	3,871,736	0.2%	2,064,220	0.1%
13 Cash and cash equivalents	78,460,381	4.3%	64,657,431	3.8%
14 Non-current assets held for sale	42,474	0.0%	49,890	0.0%

3.1.1 Intangible assets

As at 30 June 2019, intangible assets (1) totalled EUR 62.0 million, up 67.0% compared to 31 December 2018. The rise in this item is mainly the result of the increase in goodwill following the acquisition of Sava Infond (temporary allocation).

3.1.2 Property, plant and equipment

As at 30 June 2019, property, plant and equipment assets (2) totalled EUR 51.3 million, up 19.5% compared to 31 December 2018. The increase is mainly the result of recognising right-of-use assets from long-term leases of land, buildings and equipment in line with the new standard IFRS 16 "Leases", effective as of 1 January 2019. For more details, see section 7.9.2 "Property, plant and equipment".

3.1.3 Investment portfolio

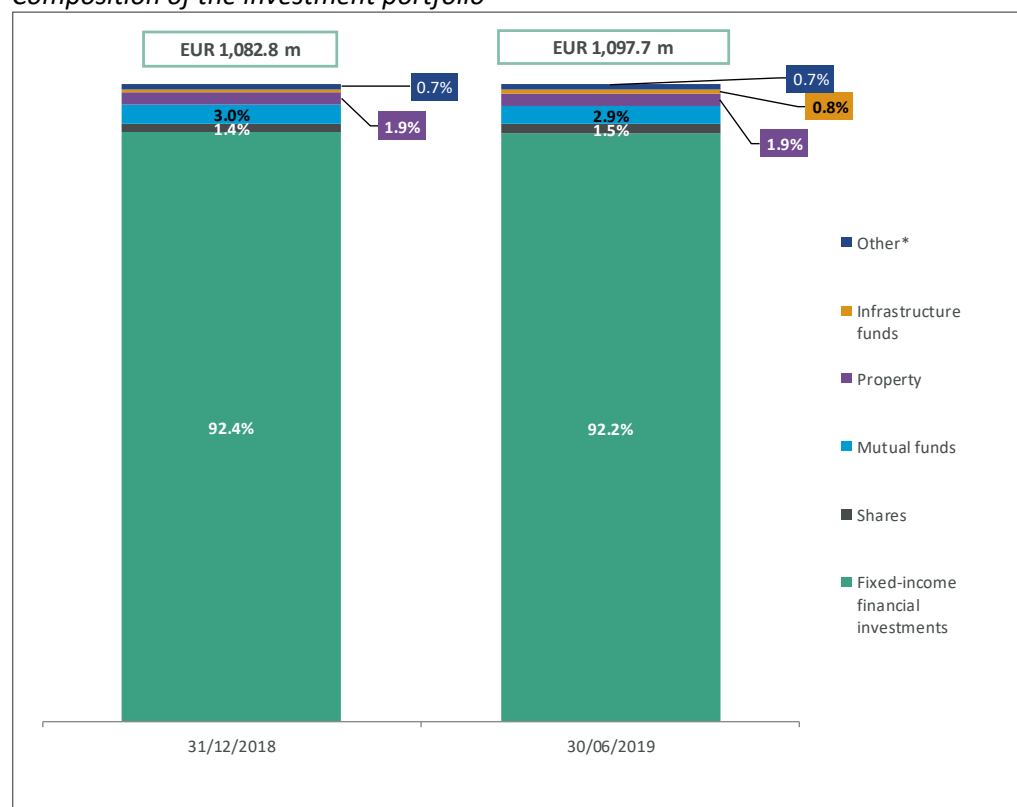
The investment portfolio consists of the following statement of financial position items: financial investments (6), investment property (4), financial investments in associates (5), and cash and cash equivalents (13).

Sava Insurance Group investment portfolio

EUR	30/06/2019	31/12/2018	Absolute change	Index
Deposits	38,150,224	27,740,285	10,409,939	137.5
Government bonds	519,826,587	550,716,600	-30,890,013	94.4
Corporate bonds	384,583,154	368,961,240	15,621,914	104.2
Shares	16,440,544	15,675,616	764,928	104.9
Quoted shares	14,291,582	13,374,486	917,096	106.9
Unquoted shares	2,148,962	2,301,130	-152,168	93.4
Mutual funds	31,399,446	32,347,639	-948,193	97.1
- Bond and money market funds	29,498,766	29,449,173	49,593	100.2
- Equity and mixed mutual funds	1,900,680	2,898,466	-997,786	65.6
Infrastructure funds	8,595,113	5,264,540	3,330,573	163.3
Loans granted	984,924	1,116,240	-131,316	88.2
Deposits with cedants	6,528,834	6,275,310	253,524	104.0
Total financial investments	1,006,508,826	1,008,097,470	-1,588,644	99.8
Financial investments in associates	611,647	462,974	148,673	132.1
Investment property	20,885,326	20,643,019	242,307	101.2
Cash and cash equivalents	69,649,755	53,584,104	16,065,651	130.0
Total investment portfolio	1,097,655,554	1,082,787,567	14,867,987	101.4
Funds for the benefit of policyholders who bear the investment risk	222,893,076	215,891,831	7,001,245	103.2
- Financial investments	214,082,450	204,818,504	9,263,946	104.5
- Cash and cash equivalents	8,810,626	11,073,327	-2,262,701	79.6
Investment contract assets	142,536,637	135,586,965	6,949,672	105.1

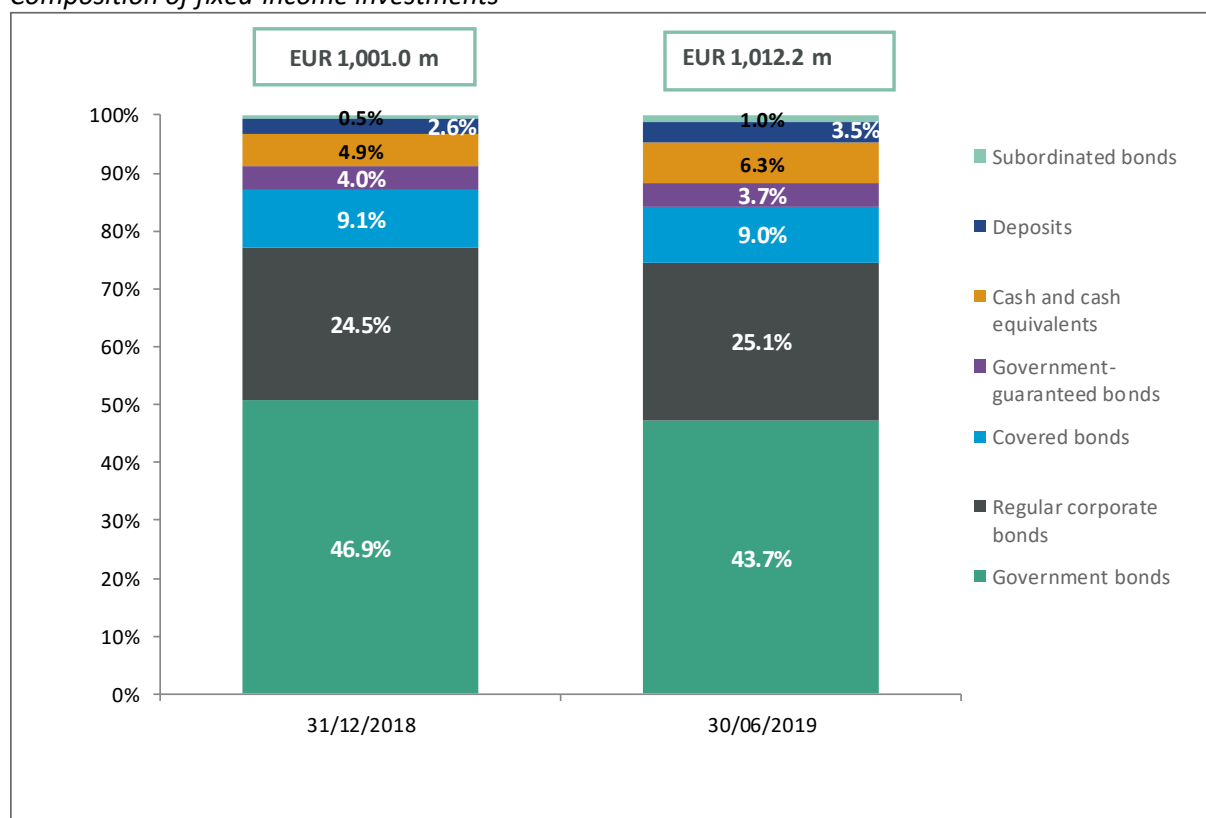
As at 30 June 2019, the investment portfolio of the Sava Insurance Group totalled EUR 1,097.7 million, an increase of EUR 14.9 million from year-end 2018. Positive effects on the balance of the investment portfolio stem from the change in accrued interest, fair value gains, realised gains on the disposal of financial investments and dividend income. Net cash flow from core (re)insurance business was negative in the reporting period.

Composition of the investment portfolio



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

Composition of fixed-income investments



As at 30 June 2019, fixed-income investments accounted for 92.2% of the portfolio, roughly the same as at 31 December 2018. The following movements in the structure of fixed-income investments have been seen:

- lower exposure to government bonds and government-guaranteed corporate bonds of EUR 30.9 million (a 3.5-percentage-point decline in the proportion of fixed-income investments), largely due to investments reaching maturity;
- increased risk exposure to conventional corporate, subordinated and covered bonds in the amount of EUR 15.6 million. The value of investments in regular corporate bonds rose by EUR 10.1 million (larger proportion of fixed-income investments by 0.6 percentage points); the value of subordinated corporate bonds grew by EUR 5.2 million (higher proportion of fixed-income investments by 0.5 percentage points); the value of investments in covered bond remained on the year-end (31 December 2018) level;
- increase in cash and cash equivalents of EUR 16.1 million (1.4 percentage point rise in the proportion of fixed-income investments).

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

Funds for the benefit of policyholders who bear the investment risk is a major asset item (7). Most unit-linked products in the Sava Insurance Group are marketed by Zavarovalnica Sava.

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 2019, funds for the benefit of policyholders who bear the investment risk totalled EUR 222.9, of which EUR 214.1 million was financial investments and EUR 8.8 million was cash and cash equivalents. Funds for the benefit of policyholders who bear the investment risk grew by EUR 7.0 million compared to the previous year end. The growth is mainly due to the positive change in the market value of investments of EUR 12.8

million and accrued interest. Negative effects include core business cash outflows due to maturities and transfers between funds due to dividend payouts.

3.1.5 Reinsurers' share of technical provisions

The reinsurers' and coinsurers' share of technical provisions (8) increased by EUR 9.6 million, or 35.3%, compared to 31 December 2018. Unearned premiums increased by EUR 8.9 million (of which EUR 9.1 million related to Slovenian non-life insurance and FOS business), which is the result of the deferment of premiums for the new underwriting year, which are mostly written at the beginning of the year. Claims provisions increased by EUR 0.7 million on account of new claim reports or reports on increased claims.

3.1.6 Investment contract assets

The investment contract assets item (9) includes liability fund assets relating to the life cycle funds "MOJI Skladi Življenjskega Cikla" that have been managed by the Sava Pokojninska pension company for the benefit of policyholders since 1 January 2016. This group consists of three long-term business funds: Moj Dinamični Sklad (My Dynamic Fund, MDF), Moj Uravnoteženi Sklad (My Balanced Fund, MBF) (in which policyholders bear the full investment risk) and Moj Zajamčeni Sklad (My Guaranteed Fund, MGF), in which policyholders bear the investment risk in excess of the guaranteed funds. As at 30 June 2019, investment contract assets totalled EUR 142.5 million, up 5.1% compared to 31 December 2018. The increase in investment contract assets relates to net flows (EUR 2.3 million; in the reporting period, premiums totalled EUR 5.4 million and outflows EUR 3.1 million) and the positive change in the fair value reserve (EUR 4.7 million).

As at 30 June 2019, financial investments accounted for 87.9% of total assets; the remaining amount comprises receivables, investment property, and cash and cash equivalents.

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

3.1.7 Receivables

Receivables (10) rose by 34.4%, or EUR 48.3 million, compared to year-end 2018 (1–6/2018: increase of 25.1% or EUR 34.8 million). A higher increase in receivables in the first half year is normal.

Increases were recorded in all types of receivables. The largest increase was with receivables arising from primary insurance business, up EUR 45.8 million, or 36.2%, compared to 31 December 2018; however, the lion's share of this increase relates to not-past-due receivables (EUR 41.6 million). In absolute terms, the largest increase was in the non-life segment in Slovenia (increase of EUR 28.9 million; 1–6/2018: EUR 19.0 million), in the reinsurance segment (increase of EUR 12.9 million; 1–6/2018: EUR 8.9 million) and in the international non-life segment (increase of EUR 3.4 million; 1–6/2018: of EUR 2.8 million). The reason for the increase in the non-life segment is the annual renewal of insurance contracts with legal entities; in the reinsurance segment, the increase is due to the renewal of reinsurance contracts with cedants and the timing of making estimates for reinsurance business. The increase in the international non-life segment was also due to the integration of ERGO Osiguranje, which held EUR 0.7 million in receivables arising out of primary insurance business as at 30 June 2019.

3.2 Liabilities

Consolidated total liabilities by type

EUR	30/06/2019	As % of total 30/06/2019	31/12/2018	As % of total 31/12/2018
EQUITY AND LIABILITIES	1,832,713,902	100.0%	1,705,947,263	100.0%
1 Equity	360,675,041	19.7%	340,175,455	19.9%
<i>Share capital</i>	71,856,376	3.9%	71,856,376	4.2%
<i>Capital reserves</i>	43,035,948	2.3%	43,035,948	2.5%
<i>Profit reserves</i>	183,739,632	10.0%	183,606,914	10.8%
<i>Own shares</i>	-24,938,709	-1.4%	-24,938,709	-1.5%
<i>Fair value reserve</i>	24,434,540	1.3%	11,613,059	0.7%
<i>Reserve due to fair value revaluation</i>	746,315	0.0%	836,745	0.0%
<i>Retained earnings</i>	42,128,901	2.3%	35,140,493	2.1%
<i>Net profit or loss for the period</i>	22,533,500	1.2%	21,843,940	1.3%
<i>Translation reserve</i>	-3,284,552	-0.2%	-3,368,928	-0.2%
<i>Equity attributable to owners of the controlling company</i>	360,251,951	19.7%	339,625,838	19.9%
<i>Non-controlling interests in equity</i>	423,090	0.0%	549,617	0.0%
2 Subordinated liabilities	0	0.0%	0	0.0%
3 Technical provisions	984,631,050	53.7%	920,491,487	54.0%
4 Technical provisions for the benefit of life insurance policyholders who bear the investment risk	215,417,530	11.8%	210,032,637	12.3%
5 Other provisions	8,411,784	0.5%	7,730,247	0.5%
6 Deferred tax liabilities	7,598,236	0.4%	3,529,235	0.2%
7 Investment contract liabilities	142,399,559	7.8%	135,441,508	7.9%
8 Other financial liabilities	389,933	0.0%	243,095	0.0%
9 Liabilities from operating activities	65,060,920	3.5%	54,736,601	3.2%
10 Diverse liabilities	48,129,849	2.6%	33,566,998	2.0%

3.2.1 Equity

Equity (1) increased by 6.0%, or EUR 20.5 million, compared to year-end 2018. In the period 1–6/2019, equity increased by the amount of net profit of EUR 22.6 million and EUR 12.8 million due to the increase in the fair value reserve reflecting the remeasurement of available-for-sale financial assets. A charge against equity was the dividend payment of EUR 14.7 million.

3.2.2 Technical provisions

Gross technical provisions (3) are the largest item under liabilities. The figure as at 30 June 2019 was an increase of 7.0%, or EUR 64.1 million, over year-end 2018. The largest growth (EUR 65.2 million) was in gross unearned premiums, which is due to the faster growth in non-life insurance portfolios and the method of setting unearned premiums (deferment): high unearned premiums are set aside for annual premiums written at the beginning of the underwriting year. These are then gradually amortised over the year, and only on 31 December 2019 will they be comparable to the unearned premiums as at 31 December 2018.

Development of consolidated gross technical provisions

EUR	30/06/2019	31/12/2018	Index
Gross unearned premiums	249,339,598	184,101,835	135.4
Gross mathematical provisions	240,518,088	254,849,366	94.4
Gross provision for outstanding claims	482,220,507	470,057,561	102.6
Gross provision for bonuses, rebates and cancellations	1,670,885	1,477,666	113.1
Other gross technical provisions	10,881,972	10,005,059	108.8
Gross technical provisions	984,631,050	920,491,487	107.0

The gross technical provisions attributable to the reinsurance segment grew by 7.6%, or EUR 11.9 million, compared to year-end 2018. The increase is the result of (i) growth in unearned premiums reflecting the business growth in 2019 and (ii) the timing of underwriting reinsurance business, while claims provisions fell by EUR 2.1 million.

Gross technical provisions attributable to the non-life segment grew by 14.0%, or EUR 68.9 million, compared to year-end 2018. Of this, EUR 51.4 million related to the growth in unearned premiums in line with the growth in premium income (1–6/2018: growth of EUR 43.9 million), while provisions for outstanding claims grew by EUR 12.0 million compared to year-end 2018 (chiefly as the result of new acquisitions).

Gross mathematical provisions decreased by 5.6% (or EUR 14.3 million) because the decline due to maturity benefits exceeded growth owing to aging of insured persons plus the growth in the portfolio of traditional life insurance business, including the newly acquired portfolio and pension annuity business in the distribution phase.

Other technical provisions (provisions for bonuses, rebates and cancellations, and other provisions) account for a smaller proportion and grew by a total of EUR 1.1 million. The increase mainly stems from new writings and higher unearned premiums.

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

Gross provisions for unit-linked life business (4) totalled EUR 215.4 million as at 30 June 2019 and increased by 2.6%, or EUR 5.4 million, mainly due to new writings and the integration of ERGO Životno Osiguranje into the Group.

3.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 142.4 million as at 30 June 2019, up 5.1%, or EUR 7.0 million, from year-end 2018. They moved in line with investment contract assets depending on new inflows, outflows and movements in fund unit prices.

3.2.5 Liabilities from operating activities

Liabilities from operating activities (9) increased by 18.9%, or EUR 10.3 million, from year-end 2018, reflecting increased liabilities from reinsurance and coinsurance business (EUR 8.9 million) and liabilities from primary insurance business (EUR 4.0 million). Current income tax liabilities fell by EUR 2.6 million.

3.2.6 Diverse liabilities

Diverse liabilities (10) increased by 43.4%, or EUR 14.6 million, from year-end 2018 as the result of the integration of ERGO Osiguranje and ERGO Životno Osiguranje into the Group as well as the effect of the initial recognition of liabilities under the new standard IFRS 16 “Leases”.

3.3 Capital structure

As at 30 June 2019, the Sava Insurance Group held EUR 360.7 million in equity. It held no subordinated debt and was thus exclusively financed from equity.

3.4 Cash flow

In the period 1–6/2019, the Sava Insurance Group’s net cash from operating activities was negative, at EUR 11.0 million (1-6/2018: positive net cash of EUR 0.1 million). The rise in the net cash outflow from operating activities stemmed from maturing life policies.

In 1–6/2019, the Sava Insurance Group recorded a negative cash flow from financing activities of EUR 15.0 million (largely because of dividend distributions); in 1–6/2018, the negative cash flow was EUR 12.5 million.

The net cash and cash equivalents in the period 1–6/2019 decreased by EUR 14.4 as the result of lower operating cash flow due to maturing life policies.

3.5 Sava Re rating profile

Sava Re is rated by two rating agencies, Standard & Poor’s and AM Best.

Financial strength ratings of Sava Re

Agency	Rating ¹¹	Outlook	Latest review
Standard & Poor’s	A	stable	July 2019: affirmed rating
AM Best	A	stable	November 2018: improved rating

¹¹ The credit rating agency Standard & Poor’s uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (-) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.

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

4 Personnel

Number of employees by Sava Insurance Group member

	30/06/2019	31/12/2018	Change
Zavarovalnica Sava	1,194.4	1,192.5	1.9
Sava Neživotno Osiguranje (Serbia)	349.0	330.8	18.2
Sava Osiguruvanje (North Macedonia)	214.8	196.8	18.0
Illyria	156.0	140.5	15.5
ERGO Osiguranje	145.1	0.0	145.1
Sava Osiguranje (Montenegro)	125.5	129.0	-3.5
Sava Re	114.4	110.1	4.3
Sava Životno Osiguranje (Serbia)	82.3	80.4	1.9
Illyria Life	55.5	57.0	-1.5
Sava Car	46.0	40.8	5.2
Sava Penzisko Društvo	32.0	31.0	1.0
TBS Team 24	31.7	29.2	2.5
Sava Infond	31.0	0.0	31.0
ZM Svetovanje	29.5	30.0	-0.5
Sava Agent	19.8	20.5	-0.7
Sava Pokojninska	13.0	13.0	0.0
Ornatus	8.0	9.0	-1.0
Sava Station	5.8	6.3	-0.5
ERGO Životno Osiguranje	4.0	0.0	4.0
Total	2,657.8	2,416.7	240.9

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees of insurance companies is subject to change, mainly due to fluctuations in the agency network. The rise in the Group's headcount also reflects new acquisitions (180.1).

5 Risk management

In their operation, the Group companies are exposed to various categories of risk: insolvency risk, underwriting risk, risks associated with policies where policyholders bear the investment risk, risk associated with investment contracts, financial risk, operational risk and strategic risk. The Group companies identify, measure, manage, monitor and report on these risks in line with prescribed risk management processes. In addition, these risk management processes are set up at the Group level. The processes and methods of measuring and managing risk, and the exposure of the Group to the various categories of risk are detailed in the Sava Insurance Group annual report 2018 and are therefore not repeated in this report.

5.1 Capital adequacy and capital management in the Sava Insurance Group

The Sava Insurance Group uses the Solvency II standard formula for its solvency calculations. The most recent solvency calculation was carried out as at 31 December 2018. As at 31 December 2018, the Group was well capitalised and had a solvency ratio of 218%. Details on the valuation, the calculation of eligible own funds and the Group's SCR as at 31 December 2018 are set out in the "Sava Insurance Group Solvency and financial condition report 2018" and are available on the Sava Re website.

The Group's eligible own funds as at 31 March 2019¹² increased somewhat compared to 31 December 2018, while the risk profile remained roughly the same compared to year-end 2018, remaining in line with the Group's risk management strategy. The Group's solvency ratio as at 31 March 2019 stood at 222% (calculated using the Group's solvency capital requirement as at 31 December 2018 and eligible own funds as at 31 March 2019). The Group has a strong solvency ratio and its insolvency risk is small.

5.2 Underwriting risk

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

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

An increase in realised underwriting risk would essentially result in an increase in net claims. As the Group has in place an adequate retrocession programme, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic losses. A more likely scenario that the Group is exposed to is the deterioration of the net combined ratio as a result of an increase in claims or expenses along with a decrease in premiums. A rise/drop in the Group's net combined ratio of one percentage point would decrease/increase its profit before tax by EUR 2.24 million (30/06/2018: EUR 2.1 million).

The Group's exposure to underwriting risk did not change significantly in the first half of 2019 compared to year-end 2018. Reinsurance and retrocession protection increased in line with the growth in business volume. In addition to contracts for covering FOS business, we wrote an aggregate cover for Slovenia to protect against a higher frequency of catastrophe events and arranged an additional reinstatement for events abroad along with an increase in the treaty capacity.

¹² Most recent data as at the reporting date. Eligible own funds are calculated and reported later than IFRS data.

5.3 Financial risks

In their financial operations, individual Group companies are exposed to financial risks, such as market, liquidity, and credit risk as well as the risk of failure to realise guaranteed returns on life business.

The risk of failure to realise guaranteed returns also includes the risk of investment contracts relating to the long-term business funds of the voluntary supplementary pension insurance (VSPI) that Sava Pokojninska manages for the benefit of policyholders.

5.3.1 Risk of failure to realise guaranteed returns

Investment contracts

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

The value of the investments covering investment contract liabilities totalled EUR 142.5 million as at 30 June 2019, up EUR 6.9 million from 31 December 2018.

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

Traditional and unit-linked life insurance contracts

With regard to its traditional and unit-linked life insurance business with a guaranteed unit value, the insurer is exposed to the risk of failure to realise the guaranteed return. The impact of failing to achieve the guaranteed return taking into account registers where the guaranteed return exceeds book return in the period 1–6/2019 was assessed at EUR 473.7 thousand.

5.3.2 Market risk

The investment portfolio sensitive to market risk as at 30 June 2019 of EUR 1,171.1 million grew by EUR 6.2 million since 31 December 2018.

Interest rate risk

The value of investments included in the interest-rate risk calculation as at 30 June 2019 was EUR 934.7 million (31/12/2018: EUR 930.2 million). Of this, EUR 609.0 million (31/12/2018: EUR 580.3 million) relates to assets of non-life insurers and the reinsurer and EUR 325.8 million (31/12/2018: EUR 350.7 million) to assets of life insurers.

The average maturity of non-life insurance and reinsurance assets was 3.07 years as at 30 June 2019 (31/12/2018: 2.98 years), while the expected maturity of non-life and reinsurance obligations was 2.40 years (31/12/2018: 2.77 years).

The average maturity of life insurance assets was 3.64 years as at 30 June 2019 (31/12/2018: 3.48 years), while the expected duration of life insurance obligations was 5.74 (31/12/2018: 4.39).

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

Equity risk

The value of investments that the Company included in the equity risk calculation totalled EUR 18.3 million as at 30 June 2019 (31/12/2018: EUR 18.5 million). A 10% drop in equity prices would result in a decline of EUR 1.8 million (31/12/2018: EUR 1.9 million).

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

Alternative investment risk

As at 30 June 2019, the Group's alternative investments totalled EUR 29.5 million (31/03/2018: EUR 25.9 million), comprising infrastructure fund investments and investment property. The risk of alternative investments has been determined based on stressed values as prescribed under Solvency II regulations for the capital adequacy calculation. A drop of 25% was used for investment property and a drop of 49% for infrastructure funds, since we did not apply a look-through approach to these funds, which resulted in an absolute decrease of EUR 9.4 million in total (31/12/2018: EUR 7.7 million).

There was a marginal increase in risk compared to year-end 2018.

Currency risk

The Company monitors the matching of assets and liabilities by both the ALM aspect (by accounting currency) and the accounting aspect (by transaction currency). As at 30 June 2019, the position was 96.5% matched according to the ALM aspect (31/12/2018: 96.8%) and 97.0% matched according to the accounting aspect (31/12/2018: 98.8%).

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

5.3.3 Credit risk

As at 30 June 2019, fixed-income investments rated "A" or better accounted for 62.5% of the total fixed-income portfolio (31/12/2018: 68.2%). In the 2019 reporting period, the share of the best-rated investments dropped compared to the prior year-end. This is due to the increased balance of deposits and cash equivalents (unrated).

As at 30 June 2019, the exposure to the ten largest issuers was EUR 382.0 million, representing 32.6% of financial investments (31/12/2018: EUR 403.5 million; 34.6%), with the largest exposure of the Group to any single issuer, the Republic of Slovenia (30/06/2019: EUR 76.8 million; 6.6%; 31/12/2018: EUR 138.8 million; 11.9%), while exposure to any other single commercial issuer does not exceed 2.3% of financial investments.

Based on the above, we estimate that particularly through reducing their exposure to Slovenia and increased diversification by issuer, region and industry the Sava Insurance Group companies managed their exposure to credit risk well in 1–6/2019, reducing it compared to year-end 2018.

5.3.4 Liquidity risk

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

We believe that liquidity risk is low and well managed.

5.4 Operational risks

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

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

5.5 Strategic risks

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

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

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

5.6 Risk exposure up until year-end 2019

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

Summary of Sava Insurance Group financial statements with notes

6 Unaudited condensed consolidated financial statements

6.1 Unaudited consolidated statement of financial position

EUR	30/06/2019	31/12/2018
ASSETS	1,832,713,902	1,705,947,263
Intangible assets	61,985,264	37,121,118
Property, plant and equipment	51,271,168	42,893,432
Deferred tax assets	1,156,248	1,950,245
Investment property	20,885,326	20,643,019
Financial investments in associates	611,647	462,974
Financial investments:	1,006,508,826	1,008,097,470
- Loans and deposits	44,063,040	33,542,347
- Held to maturity	46,565,368	77,122,037
- Available for sale	893,866,686	885,017,410
- At fair value through profit or loss	22,013,732	12,415,676
Funds for the benefit of policyholders who bear the investment risk	214,082,450	204,818,504
Reinsurers' share of technical provisions	36,928,050	27,292,750
Investment contract assets	142,536,637	135,586,965
Receivables	188,909,453	140,550,011
Receivables arising out of primary insurance business	172,308,857	126,533,761
Reinsurance and coinsurance receivables	6,530,971	5,835,798
Current tax assets	225,722	169,727
Other receivables	9,843,903	8,010,725
Deferred acquisition costs	25,464,242	19,759,234
Other assets	3,871,736	2,064,220
Cash and cash equivalents	78,460,381	64,657,431
Non-current assets held for sale	42,474	49,890
EQUITY AND LIABILITIES	1,832,713,902	1,705,947,263
Equity	360,675,041	340,175,455
Share capital	71,856,376	71,856,376
Capital reserves	43,035,948	43,035,948
Profit reserves	183,739,632	183,606,914
Own shares	-24,938,709	-24,938,709
Fair value reserve	24,434,540	11,613,059
Reserve due to fair value revaluation	746,315	836,745
Retained earnings	42,128,901	35,140,493
Net profit or loss for the period	22,533,500	21,843,940
Translation reserve	-3,284,552	-3,368,928
Equity attributable to owners of the controlling company	360,251,951	339,625,838
Non-controlling interests in equity	423,090	549,617
Technical provisions	984,631,050	920,491,487
Unearned premiums	249,339,598	184,101,835
Technical provisions for life insurance business	240,518,088	254,849,366
Provision for outstanding claims	482,220,507	470,057,561
Other technical provisions	12,552,857	11,482,725
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	215,417,530	210,032,637
Other provisions	8,411,784	7,730,247
Deferred tax liabilities	7,598,236	3,529,235
Investment contract liabilities	142,399,559	135,441,508
Other financial liabilities	389,933	243,095
Liabilities from operating activities	65,060,920	54,736,601
Liabilities from primary insurance business	48,326,236	44,278,514
Liabilities from reinsurance and coinsurance business	15,098,046	6,176,032
Current income tax liabilities	1,636,638	4,282,055
Diverse liabilities	48,129,849	33,566,998

6.2 Unaudited consolidated income statement

EUR	1–6/2019	1–6/2018
Net premiums earned	259,159,700	240,094,363
Gross premiums written	336,824,954	308,644,926
Written premiums ceded to reinsurers and co-insurers	-25,929,796	-19,217,922
Change in gross unearned premiums	-60,579,338	-51,874,256
Change in unearned premiums, reinsurers' and co-insurers' shares	8,843,880	2,541,615
Income from investments in associates	2,717,909	0
Other income	2,717,909	0
Investment income	12,131,167	14,268,120
Interest income	7,008,727	8,223,794
Other investment income	5,122,440	6,044,326
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	21,162,830	9,504,130
Other technical income	8,959,596	8,371,622
Commission income	2,443,823	1,830,775
Other technical income	6,515,773	6,540,847
Other income	5,860,442	6,055,344
Net claims incurred	-187,154,351	-165,633,594
Gross claims paid, net of income from recourse receivables	-189,475,725	-166,396,406
Reinsurers' and co-insurers' shares	5,191,270	5,632,964
Change in the gross provision for outstanding claims	-3,195,059	-5,790,104
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	325,163	919,952
Change in other technical provisions	19,755,818	2,064,625
Change in technical provisions for policyholders who bear the investment risk	-7,515,881	11,580,458
Expenses for bonuses and rebates	-190,827	253,379
Operating expenses	-85,859,076	-84,365,640
Acquisition costs	-34,038,881	-29,198,366
Change in deferred acquisition costs	4,927,477	2,977,668
Other operating expenses	-56,747,672	-58,144,942
Expenses for investments in associates and impairment losses on goodwill	-24,176	0
Loss arising out of investments in equity-accounted associate	-24,176	0
Expenses for financial assets and liabilities	-2,351,682	-4,436,202
Interest expense	-97,181	-388
Other investment expenses	-2,254,501	-4,435,814
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-6,871,979	-8,046,044
Other technical expenses	-9,432,270	-9,788,134
Other expenses	-1,326,491	-1,485,654
Profit or loss before tax	29,020,729	18,436,773
Income tax expense	-6,450,470	-4,269,546
Net profit or loss for the period	22,570,259	14,167,227
Net profit or loss attributable to owners of the controlling company	22,533,500	14,097,616
Net profit or loss attributable to non-controlling interests	36,759	69,611
Earnings per share (basic and diluted)	1.45	0.91

The change in the weighted average number of shares outstanding is shown in section 7.9.6 “Earnings or loss per share”.

6.3 Unaudited consolidated statement of other comprehensive income

EUR	1-6/2019			1-6/2018		
	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total	Attributable to owners of the controlling company	Attributable to non-controlling interests	Total
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	22,533,500	36,759	22,570,259	14,097,616	69,611	14,167,227
OTHER COMPREHENSIVE INCOME, NET OF TAX	12,815,427	1,215	12,816,642	-2,640,102	-1,602	-2,641,704
a) Items that will not be reclassified subsequently to profit or loss	-90,432	0	-90,432	98,900	0	98,900
Other items that will not be reclassified subsequently to profit or loss	-90,432	0	-90,432	98,900	0	98,900
b) Items that may be reclassified subsequently to profit or loss	12,905,859	1,215	12,907,074	-2,739,002	-1,602	-2,740,604
Net gains or losses on remeasuring available-for-sale financial assets	15,667,622	1,203	15,668,825	-3,300,719	905	-3,299,814
Net change recognised in the fair value reserve	15,813,600	1,203	15,814,803	-2,279,988	905	-2,279,083
Net change transferred from fair value reserve to profit or loss	-145,978	0	-145,978	-1,020,731	0	-1,020,731
Tax on items that may be reclassified subsequently to profit or loss	-2,846,139	0	-2,846,139	632,948	0	632,948
Net gains or losses from translation of financial statements of non-domestic companies	84,376	12	84,388	-71,231	-2,507	-73,738
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	35,348,927	37,974	35,386,901	11,457,514	68,009	11,525,523
Attributable to owners of the controlling company	35,348,927	0	35,348,927	11,457,514	0	11,457,514
Attributable to non-controlling interests	0	37,974	37,974	0	68,009	68,009

6.4 Unaudited consolidated statement of cash flows

EUR	1–6/2019	1–6/2018
A. Cash flows from operating activities		
a) Items of the income statement	36,940,166	43,236,098
1. Net premiums written in the period	310,895,158	289,427,004
2. Investment income (other than finance income)	657,431	44,225
3. Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	14,820,038	14,164,149
4. Net claims paid in the period	-184,284,455	-160,763,442
5. Expenses for bonuses and rebates	-190,827	253,379
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-87,495,107	-84,184,112
7. Investment expenses (excluding amortisation and financial expenses)	-252,841	-163,684
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-10,758,761	-11,271,875
9. Tax on profit and other taxes not included in operating expenses	-6,450,470	-4,269,546
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	-47,967,897	-43,118,370
1. Change in receivables from primary insurance	-45,775,096	-31,075,994
2. Change in receivables from reinsurance	-695,173	2,384,357
3. Change in other receivables from (re)insurance business	243,378	-173,205
4. Change in other receivables and other assets	-3,927,689	-12,723,711
5. Change in deferred tax assets	-242,307	629,304
6. Change in inventories	-6,189	-31,559
7. Change in liabilities arising out of primary insurance	4,047,722	-8,037,090
8. Change in liabilities arising out of reinsurance business	8,922,014	3,651,442
9. Change in other operating liabilities	-9,685,762	10,042,799
10. Change in diverse liabilities (except unearned premiums)	-4,917,796	-6,309,196
11. Change in deferred tax liabilities	4,069,001	-1,475,517
c) Net cash from/used in operating activities (a + b)	-11,027,731	117,728
B. Cash flows from investing activities		
a) Cash receipts from investing activities	1,056,341,982	673,800,686
1. Interest received from investing activities	7,008,727	8,223,794
2. Cash receipts from dividends and participation in the profit of others	3,521,886	750,882
3. Proceeds from sale of intangible assets	0	3,034
4. Proceeds from sale of property, plant and equipment	408,964	798,156
5. Proceeds from sale of financial investments	1,045,402,405	664,024,820
b) Cash disbursements in investing activities	-1,019,230,766	-635,837,731
1. Purchase of intangible assets	-402,712	-210,810
2. Purchase of property, plant and equipment	-983,975	-813,194
3. Purchase of long-term financial investments	-1,017,844,079	-634,813,727
c) Net cash from/used in investing activities (a + b)	37,111,216	37,962,955
C. Cash flows from financing activities		
b) Cash disbursements in financing activities	-14,984,494	-12,539,622
1. Interest paid	-97,181	-388
5. Dividends and other profit participations paid	-14,887,313	-12,539,234
c) Net cash from/used in financing activities (a + b)	-14,984,494	-12,539,622
C2. Closing balance of cash and cash equivalents	78,460,381	64,853,276
x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	11,098,991	25,541,061
y) Opening balance of cash and cash equivalents	64,657,431	37,956,119
Opening balance of cash and cash equivalents – acquisition	2,703,959	1,356,096

6.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the period 1 January – 30 June 2019

EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interests in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	71,856,376	43,035,948	11,704,009	24,938,709	11,225,068	135,739,128	11,613,059	836,745	35,140,493	21,843,940	-24,938,709	-3,368,928	339,625,838	549,617	340,175,455
Opening balance in the financial period	71,856,376	43,035,948	11,704,009	24,938,709	11,225,068	135,739,128	11,613,059	836,745	35,140,493	21,843,940	-24,938,709	-3,368,928	339,625,838	549,617	340,175,455
Comprehensive income for the period, net of tax	0	0	0	0	0	0	12,821,482	-90,432	0	22,533,500	0	84,376	35,348,926	37,974	35,386,900
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	22,533,500	0	0	22,533,500	36,759	22,570,259
b) Other comprehensive income	0	0	0	0	0	0	12,821,482	-90,432	0	0	0	84,376	12,815,426	1,215	12,816,641
Dividend distributions	0	0	0	0	0	0	0	0	-14,722,811	0	0	0	-14,722,811	-164,502	-14,887,313
Allocation of net profit to profit reserve	0	0	122,062	0	0	10,656	0	0	-132,718	0	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	21,843,940	-21,843,940	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,035,948	11,826,071	24,938,709	11,225,068	135,749,784	24,434,540	746,315	42,128,901	22,533,500	-24,938,709	-3,284,552	360,251,951	423,090	360,675,041

Unaudited consolidated statement of changes in equity for the period 1 January – 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 distributions	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
Additions due to acquisition of subsidiary	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

7 Notes to the consolidated financial statements

The selected notes to the half yearly financial statements are significant to an understanding of the changes in the financial position and performance of the Group in the first six months of 2019 as compared to both the first six months of 2018 and the year-end 2018.

7.1 Overview of major accounting policies

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

In accordance with IAS 34, explanatory notes are provided for events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the last annual financial report prepared for 2018.

The financial statements with notes as at and for the six months to 30 June 2019 have not been audited.

The interim financial statements as at 30 June 2019 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2018, except for the policies related to IFRS 16 “Leases”. As at 1 January 2019, the Group recognised right-of-use assets and lease liabilities relating to its leases. Right-of-use assets were initially measured at cost, while lease liabilities were measured at the present value of future lease payments. After the recognition, the Group measures right-of-use assets at cost less any accumulated depreciation and any accumulated impairment losses. Lease payments associated with short-term leases and low-value leases are recognised as an expense on a straight-line basis over the lease term.

7.2 Seasonality and cyclicity of interim operations

The operations of the Group are not seasonal in nature. Pursuant to underwriting rules, the Group’s insurance companies defer those costs (expenses and income) that may or must be deferred at the year end.

7.3 Nature and amount of extraordinary items

There were no extraordinary items in terms of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the period 1–6/2019.

7.4 Materiality

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2% thereof, which is EUR 7.2 million as at 30 June 2019. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been presented in detail in interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are given in the report, even though they may not exceed the materiality threshold.

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

The Group issued no new debt or equity securities.

7.6 Key accounting estimates and judgements

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

7.7 Segment reporting

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

Business is broken down by operating segment: reinsurance, non-life, life, pensions and the “other” segment. Performance of these segments is monitored based on different indicators, a common performance indicator for all segments being net profit calculated in accordance with IFRSs. The management board monitors performance by segment to the level of underwriting results, net investment income and other aggregated performance indicators, as well as the amounts of assets, equity and technical provisions on a quarterly basis.

Statement of financial position items by operating segment – assets as at 30 June 2019

EUR	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	292,123,943	604,099,510	169,522,688	773,622,198	510,189,097	39,500,765	549,689,861	184,805,248	32,472,652	1,832,713,902
Intangible assets	842,039	5,715,392	8,583,733	14,299,125	5,975,599	32,323	6,007,922	15,160,052	25,676,126	61,985,264
Property, plant and equipment	2,620,844	25,921,703	17,653,494	43,575,197	1,920,920	2,176,183	4,097,103	448,703	529,321	51,271,168
Deferred tax assets	1,058,652	9,888	70,611	80,499	0	444	444	0	16,653	1,156,248
Investment property	9,301,075	6,338,200	4,780,114	11,118,314	38,937	0	38,937	0	427,000	20,885,326
Financial investments:	170,209,242	409,901,125	100,374,773	510,275,898	266,146,244	33,925,192	300,071,435	24,203,185	1,749,066	1,006,508,826
- Loans and deposits	5,459,232	2,530,768	17,103,914	19,634,682	12,012,883	1,744,260	13,757,144	5,211,982	0	44,063,040
- Held to maturity	1,422,927	16,755,276	3,411,448	20,166,724	15,455,919	4,316,355	19,772,274	5,203,443	0	46,565,368
- Available for sale	159,500,282	385,210,646	77,449,444	462,660,090	235,377,419	27,144,877	262,522,296	9,184,018	0	893,866,686
- At fair value through profit or loss	3,826,800	5,404,435	2,409,968	7,814,402	3,300,023	719,699	4,019,722	4,603,742	1,749,066	22,013,732
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	213,264,347	818,103	214,082,450	0	0	214,082,450
Reinsurers' share of technical provisions	6,875,353	23,997,006	5,952,202	29,949,208	101,746	1,743	103,489	0	0	36,928,050
Investment contract assets	0	0	0	0	0	0	0	142,536,637	0	142,536,637
Receivables	84,399,901	84,245,438	17,274,911	101,520,349	842,850	696,773	1,539,623	111,627	1,337,953	188,909,453
Receivables arising out of primary insurance business	79,878,658	79,857,343	11,171,950	91,029,293	770,434	624,469	1,394,903	6,003	0	172,308,857
Reinsurance and coinsurance receivables	3,890,344	2,271,444	369,074	2,640,518	0	109	109	0	0	6,530,971
Current tax assets	134,660	0	91,062	91,062	0	0	0	0	0	225,722
Other receivables	496,239	2,116,651	5,642,825	7,759,476	72,416	72,195	144,611	105,624	1,337,953	9,843,903
Deferred acquisition costs	6,382,293	12,969,870	5,680,471	18,650,341	403,311	28,297	431,608	0	0	25,464,242
Other assets	641,845	1,996,593	695,497	2,692,090	20,092	63,820	83,912	279,528	174,361	3,871,736
Cash and cash equivalents	9,792,699	32,961,821	8,456,882	41,418,703	21,475,051	1,757,887	23,232,938	2,065,516	1,950,525	78,460,381
Non-current assets held for sale	0	42,474	0	42,474	0	0	0	0	0	42,474

Statement of financial position items by operating segment – equity and liabilities as at 30 June 2019

EUR	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	396,460,332	555,123,942	158,045,722	713,169,666	494,332,989	38,073,223	532,406,214	184,765,196	5,912,494	1,832,713,902
Equity	181,881,501	56,519,664	36,057,112	92,576,777	40,763,459	12,028,306	52,791,765	29,634,050	3,790,947	360,675,041
Equity attributable to owners of the controlling company	181,881,501	56,519,664	35,708,375	92,228,040	40,763,459	12,028,306	52,791,765	29,634,050	3,716,594	360,251,951
Non-controlling interests in equity	0	0	348,737	348,737	0	0	0	0	74,353	423,090
Technical provisions	168,680,579	459,842,843	101,456,598	561,299,441	223,557,500	21,463,945	245,021,445	9,629,585	0	984,631,050
Unearned premiums	38,871,586	168,601,383	40,846,941	209,448,324	732,733	286,955	1,019,688	0	0	249,339,598
Mathematical provisions	0	0	4,553,872	4,553,872	206,325,473	20,009,358	226,334,831	9,629,385	0	240,518,088
Provision for outstanding claims	129,037,514	281,970,094	53,545,773	335,515,867	16,499,294	1,167,632	17,666,926	200	0	482,220,507
Other technical provisions	771,479	9,271,366	2,510,012	11,781,378	0	0	0	0	0	12,552,857
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	214,599,427	818,103	215,417,530	0	0	215,417,530
Other provisions	418,957	5,592,716	940,356	6,533,072	1,120,708	3,172	1,123,880	109,459	226,416	8,411,784
Deferred tax liabilities	0	2,533,192	427,655	2,960,847	2,582,170	142,099	2,724,269	1,913,120	0	7,598,236
Investment contract liabilities	0	0	0	0	0	0	0	142,399,559	0	142,399,559
Other financial liabilities	87,498	1	238,712	238,713	0	2,035	2,035	0	61,688	389,933
Liabilities from operating activities	41,929,472	9,088,497	3,909,229	12,997,726	9,747,083	253,594	10,000,677	7,871	125,174	65,060,920
Liabilities from primary insurance business	32,362,232	5,469,477	923,611	6,393,088	9,348,189	222,526	9,570,715	201	0	48,326,236
Reinsurance and coinsurance payables	9,567,239	2,808,064	2,707,836	5,515,900	14,588	319	14,907	0	0	15,098,046
Current income tax liabilities	1	810,956	277,782	1,088,738	384,306	30,749	415,055	7,670	125,174	1,636,638
Diverse liabilities	3,462,325	21,547,029	15,016,061	36,563,090	1,962,644	3,361,969	5,324,613	1,071,552	1,708,269	48,129,849

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

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

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

EUR	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	349,273,105	515,219,990	123,367,425	638,587,415	508,045,120	30,376,834	538,421,953	174,699,787	4,965,003	1,705,947,263
Equity	153,206,458	64,183,650	38,017,218	102,200,868	39,847,893	11,281,453	51,129,346	30,251,271	3,387,513	340,175,455
Equity attributable to owners of the controlling company	153,206,458	64,183,650	37,665,813	101,849,463	39,847,893	11,281,453	51,129,346	30,251,271	3,189,301	339,625,838
Non-controlling interests in equity	0	0	351,405	351,405	0	0	0	0	198,212	549,617
Technical provisions	156,779,256	416,360,199	75,985,712	492,345,911	245,113,488	18,107,217	263,220,705	8,145,615	0	920,491,487
Unearned premiums	25,023,103	127,408,821	30,627,563	158,036,384	742,616	299,732	1,042,348	0	0	184,101,835
Mathematical provisions	0	0	0	0	229,055,266	17,648,485	246,703,751	8,145,615	0	254,849,366
Provision for outstanding claims	131,117,879	279,281,319	44,183,757	323,465,076	15,315,606	159,000	15,474,606	0	0	470,057,561
Other technical provisions	638,274	9,670,059	1,174,392	10,844,451	0	0	0	0	0	11,482,725
Technical provisions for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	209,984,866	47,771	210,032,637	0	0	210,032,637
Other provisions	376,521	5,348,757	738,365	6,087,122	1,081,458	2,695	1,084,153	140,451	42,000	7,730,247
Deferred tax liabilities	45,343	1,589,895	234,300	1,824,195	1,594,732	38,398	1,633,130	26,567	0	3,529,235
Investment contract liabilities	0	0	0	0	0	0	0	135,441,508	0	135,441,508
Other financial liabilities	87,506	-1	155,154	155,153	0	436	436	0	0	243,095
Liabilities from operating activities	35,618,804	6,439,968	3,934,306	10,374,274	8,256,894	268,718	8,525,612	34,160	183,751	54,736,601
Liabilities from primary insurance business	30,472,253	4,465,905	1,037,780	5,503,685	8,102,962	199,614	8,302,576	0	0	44,278,514
Liabilities from reinsurance and coinsurance business	3,149,394	594,814	2,417,287	3,012,101	1,790	12,747	14,537	0	0	6,176,032
Current income tax liabilities	1,997,157	1,379,249	479,239	1,858,488	152,142	56,357	208,499	34,160	183,751	4,282,055
Diverse liabilities	3,159,218	21,297,522	4,302,370	25,599,892	2,165,788	630,146	2,795,934	660,215	1,351,739	33,566,998

Income statement items by operating segment 1–6/2019

EUR 1–6/2019	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	40,177,552	140,040,227	33,539,557	173,579,784	39,289,718	4,199,140	43,488,858	1,913,506	0	259,159,700
Gross premiums written	56,330,966	193,230,401	41,767,314	234,997,715	39,391,574	4,191,193	43,582,767	1,913,506	0	336,824,954
Written premiums ceded to reinsurers and co-insurers	-1,462,336	-21,133,308	-3,218,228	-24,351,536	-110,849	-5,075	-115,924	0	0	-25,929,796
Change in gross unearned premiums	-13,848,482	-41,129,449	-5,624,399	-46,753,848	9,967	13,025	22,992	0	0	-60,579,338
Change in unearned premiums, reinsurers' and co-insurers' shares	-842,596	9,072,583	614,870	9,687,453	-974	-3	-977	0	0	8,843,880
Investment income	4,498,159	2,831,167	1,318,394	4,149,561	2,246,485	548,887	2,795,372	688,075	0	12,131,167
Interest income	1,158,709	1,881,203	1,123,391	3,004,593	2,106,796	465,029	2,571,825	273,599	0	7,008,727
Other investment income	3,339,450	949,964	195,003	1,144,967	139,689	83,858	223,547	414,476	0	5,122,440
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	21,163,294	-464	21,162,830	0	0	21,162,830
Other technical income	2,386,260	3,715,673	1,383,485	5,099,158	605,482	33,071	638,553	835,625	0	8,959,596
Commission income	380,768	1,544,551	512,270	2,056,821	6,234	0	6,234	0	0	2,443,823
Other technical income	2,005,492	2,171,122	871,215	3,042,337	599,248	33,071	632,319	835,625	0	6,515,773
Other income	396,361	1,583,757	622,741	2,206,498	54,196	16,636	70,832	1,820,035	1,366,716	5,860,442
Net claims incurred	-26,908,870	-83,931,797	-19,581,511	-103,513,309	-53,999,510	-2,287,435	-56,286,946	-445,226	0	-187,154,351
Gross claims paid, net of income from recourse receivables	-28,906,190	-84,675,600	-17,939,215	-102,614,815	-55,395,773	-2,113,921	-57,509,694	-445,026	0	-189,475,725
Reinsurers' and co-insurers' shares	1,220,808	2,792,930	1,150,609	3,943,539	26,881	42	26,923	0	0	5,191,270
Change in the gross provision for outstanding claims	2,078,527	-2,618,405	-3,893,023	-6,511,428	1,411,585	-173,543	1,238,042	-200	0	-3,195,059
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-1,302,015	569,278	1,100,118	1,669,396	-42,204	-13	-42,217	0	0	325,163
Change in other technical provisions	-133,206	549,027	-882,769	-333,742	22,613,797	-907,261	21,706,536	-1,483,770	0	19,755,818
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	-8,130,913	615,032	-7,515,881	0	0	-7,515,881
Expenses for bonuses and rebates	-1	-150,334	-40,492	-190,826	0	0	0	0	0	-190,827
Operating expenses	-12,820,542	-42,434,610	-16,128,514	-58,563,124	-9,984,611	-1,889,117	-11,873,728	-1,632,237	-969,446	-85,859,076
Acquisition costs	-12,127,128	-15,371,976	-3,428,533	-18,800,509	-2,810,814	-284,331	-3,095,145	-16,099	0	-34,038,881
Change in deferred acquisition costs	1,421,813	2,364,579	1,167,141	3,531,720	-31,420	5,364	-26,056	0	0	4,927,477
Other operating expenses	-2,115,227	-29,427,213	-13,867,122	-43,294,335	-7,142,377	-1,610,150	-8,752,527	-1,616,138	-969,446	-56,747,672
Expenses relating to investments in related parties	0	0	0	0	0	0	0	0	-24,176	-24,176
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	-24,176	-24,176
Expenses for financial assets and liabilities	-1,666,204	-121,549	-204,658	-326,207	-15,885	-113,740	-129,626	-222,423	-7,223	-2,351,682
Interest expense	-293	-23,508	-62,579	-86,087	0	-416	-416	-3,162	-7,223	-97,181
Other investment expenses	-1,665,910	-98,041	-142,079	-240,120	-15,885	-113,324	-129,210	-219,261	0	-2,254,501
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-6,871,718	-261	-6,871,979	0	0	-6,871,979
Other technical expenses	-1,974,968	-4,436,218	-2,463,201	-6,899,419	-118,009	-90,079	-208,088	-347,778	-2,017	-9,432,270
Other expenses	-957,073	-240,328	-25,055	-265,383	-900	-2,704	-3,604	-66,646	-33,785	-1,326,491
Profit or loss before tax	2,997,468	20,122,924	-2,462,022	17,660,902	6,851,424	121,705	6,973,128	1,059,161	330,069	29,020,729
Income tax expense										-6,450,470
Net profit or loss for the period										22,570,259
Net profit or loss attributable to owners of the controlling company										22,533,500
Net profit or loss attributable to non-controlling interests										36,759

Income statement items by operating segment 1–6/2018

EUR 1–6/2018	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	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	-93,809,601	-44,261,055	-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	-41,528,287	-14,653,391	-56,181,679	-9,781,996	-1,905,969	-11,687,965	-1,027,609	-2,333,919	-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	-31,088,149	-12,910,838	-43,998,988	-7,146,951	-1,644,763	-8,791,714	-1,022,202	-2,333,919	-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	7,397,098	-85,302	7,311,797	5,864,745	-171,824	5,692,921	519,996	358,175	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

Inter-segment business

EUR	Reinsurance business		Non-life business		Life business		Pension business		Other	
	1-6/2019	1-6/2018	1-6/2019	1-6/2018	1-6/2019	1-6/2018	1-6/2019	1-6/2018	1-6/2019	1-6/2018
Net premiums earned	49,167,113	38,550,906	122,732	108,063	0	0	0	0	0	0
Net claims incurred	-15,493,303	-13,752,350	-3,135,103	-99,404	0	0	0	0	0	0
Operating expenses	-8,382,508	-5,598,481	-767,333	-639,936	-449,773	-198,268	-33,290	0	-88,201	-70,830
Investment income	39,757	47,809	10,559	2,003	0	0	0	0	0	0
Other income	174,329	11,705	146,716	56,346	7,402	1	0	0	4,592,742	848,007
Other expenses	0	0	0	0	0	0	31,206	0	0	0

7.8 Business combinations

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

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

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

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

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

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

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

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

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

In June 2019, Sava Re acquired a 85% stake in KBM Infond (now Sava Infond). The first consolidated accounts of the Sava Insurance Group after Sava Infond joined were prepared as at 30 June 2019. The following tables show the fair value of the net assets of the company acquired in the business combination. The difference was temporarily allocated to goodwill. On the first consolidation, income of EUR 2.7 million was recognised on the remeasurement of the 15% stake in Sava Infond held by Zavarovalnica Sava.

EUR	Sava Infond
Intangible assets	2,703,026
Property, plant and equipment	377,326
Deferred tax assets	16,653
Investment property	427,000
Financial investments	1,749,066
Receivables	579,413
Cash and cash equivalents	5,331,720
Other assets	79,522
A. Total assets	11,263,728
Other provisions	184,417
Liabilities from operating activities and other liabilities	500,332
B. Total liabilities	684,749
Fair value of net assets acquired (A - B)	10,578,979
Temporary allocation to goodwill	20,184,085
Market value of investment as at 30/06/2019	30,763,064

EUR	Sava Infond
Acquisition of stake	-30,763,064
Revaluation of stake	2,717,909
Net cash and cash equivalents acquired in the business combination	5,331,720
Net cash relating to the business combination	-22,713,435

7.9 Notes to significant changes in the statement of financial position

7.9.1 Intangible assets

Movement in cost and accumulated amortisation of intangible assets

EUR	Software	Goodwill	Property rights	Deferred acquisition costs	Other intangible assets	Total
Cost						
01/01/2019	12,925,423	29,006,121	43,158	4,223,022	15,430,893	61,628,617
Additions – acquisition of company	723,267	20,184,085	0	0	11,643,373	32,550,725
Additions	374,325	0	0	0	415,187	789,512
Disposals	-181,350	0	-35,953	-2,799	-272	-220,374
Reclassification	0	-8,135,293	0	0	8,135,293	0
Exchange differences	4,806	0	0	0	1,649	6,455
30/06/2019	13,846,471	41,054,912	7,205	4,220,223	35,626,123	94,754,935
Accumulated amortisation						
01/01/2019	-9,500,294	0	-7,205	0	-15,000,000	-24,507,499
Additions – acquisition of company	-527,152	0	0	0	-7,244,576	-7,771,728
Additions	-566,401	0	0	0	-100,237	-666,638
Disposals	180,147	0	0	0	0	180,147
Exchange differences	-3,936	0	0	0	-16	-3,952
30/06/2019	-10,417,636	0	-7,205	0	-22,344,829	-32,769,670
Carrying amount as at 01/01/2019	3,425,129	29,006,121	35,953	4,223,022	430,893	37,121,118
Carrying amount as at 30/06/2019	3,428,835	41,054,912	0	4,220,223	13,281,294	61,985,264

Movement in goodwill

EUR	
Total amount carried over at 31/12/2018	29,006,121
Additions in current year	20,184,085
Sava Infond (temporary allocation)	20,184,085
Disposals in current year	-8,135,293
Sava Penzisko Društvo	-8,135,293
Balance as at 30/06/2019	41,054,912
Sava Neživotno Osiguranje (Serbia)	4,565,229
Sava Osiguranje (Montenegro)	3,648,534
Zavarovalnica Sava	4,761,733
Sava Agent	2,718
Sava Pokojninska	1,529,820
TBS Team 24	2,787,676
Sava Penzisko Društvo	3,575,118
Sava Infond (temporary allocation)	20,184,085

7.9.2 Property, plant and equipment

Since 1 January 2019, property, plant and equipment assets have also included the right-of-use assets from long-term lease of land, buildings and equipment of EUR 8.9 million.

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

EUR	Land	Buildings	Right-of-use land and buildings	Equipment	Other property, plant and equipment assets	Right-of- use equipment	Total
Cost							
01/01/2019	7,627,769	48,032,081	0	24,364,840	464,389	0	80,489,079
Additions – acquisition of company	54,194	662,840	0	1,410,012	0	0	2,127,046
Additions	0	42,404	9,134,859	1,306,241	2,512	840,123	11,326,139
Disposals	0	0	0	-3,087,056	-22	0	-3,087,078
Impairment	-94,199	0	0	-6,082	0	0	-100,281
Exchange differences	1,256	24,000	0	9,939	484	0	35,679
30/06/2019	7,589,020	48,761,325	9,134,859	23,997,894	467,363	840,123	90,790,584
Accumulated depreciation and impairment losses							
01/01/2019	0	19,063,393	0	18,326,574	205,680	0	37,595,647
Additions – acquisition of company	0	565,086	0	988,901	0	0	1,553,987
Additions	0	595,199	888,503	939,964	22,926	127,860	2,574,452
Disposals	0	0	0	-2,816,104	-22	0	-2,816,126
Impairment	0	598,581	0	0	0	0	-598,581
Exchange differences	0	6,308	0	6,565	2	0	-12,875
30/06/2019	0	20,828,567	888,503	17,445,900	228,586	127,860	-39,519,416
Carrying amount as at 01/01/2019	7,627,769	28,968,688	0	6,038,266	258,709	0	42,893,432
Carrying amount as at 30/06/2019	7,589,020	27,932,758	8,246,356	6,551,994	238,777	712,263	51,271,168

7.9.3 Financial investments

At the end of the half year 2019, financial investments totalled EUR 1,006.5 million and remained at the year-end 2018 level. Compared to the end of last year, the asset mix changed somewhat. Held-to-maturity assets shrank due to maturing investments, while there was an increase in the fair-value-through-profit-or-loss group of assets (more subordinated bond investments) as well as in the loans and receivables category.

Financial investments as at 30 June 2019

EUR	Held-to-maturity	At fair value through P/L	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
30/06/2019					
Debt instruments	46,565,368	18,876,452	840,568,863	37,534,206	943,544,889
Deposits and CDs	0	1,600,942	0	36,549,282	38,150,224
Government bonds	44,099,188	2,846,354	472,881,045	0	519,826,587
Corporate bonds	2,466,180	14,429,156	367,687,818	0	384,583,154
Loans granted	0	0	0	984,924	984,924
Equity instruments	0	3,137,280	44,702,710	0	47,839,990
Shares	0	564,581	15,875,963	0	16,440,544
Mutual funds	0	2,572,699	28,826,747	0	31,399,446
Investments in infrastructure funds	0	0	8,595,113	0	8,595,113
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	6,528,834	6,528,834
Total	46,565,368	22,013,732	893,866,686	44,063,040	1,006,508,826

Financial investments as at 31 December 2018

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

Funds for the benefit of policyholders who bear the investment risk as at 30 June 2019

EUR	Held-to-maturity	At fair value through P/L	Available for sale	Loans and receivables	Total
		Non-derivative Designated to this category			
30/06/2019					
Investments for the benefit of life-insurance policyholders who bear the investment risk	6,422,877	149,217,138	58,442,435	0	214,082,450

Funds for the benefit of policyholders who bear the investment risk as at 31 December 2018

EUR	Held-to-maturity	At fair value through P/L	Available for sale	Loans and receivables	Total
		Non-derivative Designated to this category			
31/12/2018					
Investments for the benefit of life-insurance policyholders who bear the investment risk	9,674,439	133,270,213	61,873,852	0	204,818,504

7.9.4 Receivables

Receivables grew by EUR 48.4 million compared to the balance as at year-end 2018, chiefly due to the annual renewal of insurance contracts with legal entities but partly also because of the annual renewal of reinsurance contracts with cedants and the dynamics of assessing reinsurance business. The increase in receivables was partly driven by the acquisitions finalised in the first half year.

Receivables by type

EUR	30/06/2019			31/12/2018		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	192,797,267	-24,004,505	168,792,762	147,595,873	-23,607,937	123,987,936
Receivables due from insurance brokers	3,800,647	-845,242	2,955,405	3,085,381	-1,071,991	2,013,390
Other receivables arising out of primary insurance business	698,300	-137,610	560,690	662,312	-129,877	532,435
Receivables arising out of primary insurance business	197,296,214	-24,987,357	172,308,857	151,343,566	-24,809,805	126,533,761
Receivables for shares in claims payments	5,320,716	-177,654	5,143,062	5,368,904	-176,979	5,191,925
Other receivables from coinsurance and reinsurance	1,387,909	0	1,387,909	643,873	0	643,873
Reinsurance and coinsurance receivables	6,708,625	-177,654	6,530,971	6,012,777	-176,979	5,835,798
Current tax assets	225,722	0	225,722	169,727	0	169,727
Other short-term receivables arising out of insurance business	20,717,986	-18,143,526	2,574,460	21,724,100	-18,906,262	2,817,838
Receivables arising out of investments	2,561,448	-1,243,152	1,318,296	2,222,130	-1,239,850	982,280
Other receivables	7,186,644	-1,235,497	5,951,147	5,591,808	-1,381,201	4,210,607
Other receivables	30,466,078	-20,622,175	9,843,903	29,538,038	-21,527,313	8,010,725
Total	234,696,639	-45,787,186	188,909,453	187,064,108	-46,514,097	140,550,011

Movements in allowance for receivables

EUR	01/01/2019	Additions	Collection	Write-offs	Additions – acquisition of company	Exchange differences	30/06/2019
Receivables due from policyholders	-23,607,937	-1,197,378	1,036,917	86,318	-310,715	-11,710	-24,004,505
Receivables due from insurance brokers	-1,071,991	-58,988	288,091	0	0	-2,354	-845,242
Other receivables arising out of primary insurance business	-129,877	-7,744	0	0	0	11	-137,610
Receivables arising out of primary insurance business	-24,809,805	-1,264,110	1,325,008	86,318	-310,715	-14,053	-24,987,357
Receivables for shares in claims payments	-176,979	0	0	0	0	-675	-177,654
Reinsurance and coinsurance receivables	-176,979	0	0	0	0	-675	-177,654
Other short-term receivables arising out of insurance business	-18,906,262	-8,876	775,242	0	0	-3,630	-18,143,526
Receivables arising out of investments	-1,239,850	-120	1,444	0	0	-4,626	-1,243,152
Other short-term receivables	-1,381,201	-2,570	56,400	93,766	0	-1,892	-1,235,497
Other receivables	-21,527,313	-11,566	833,086	93,766	0	-10,148	-20,622,175
Total	-46,514,097	-1,275,676	2,158,094	180,084	-310,715	-24,876	-45,787,186

Receivables ageing analysis

EUR	Not past due	Past due up to 180 days	Past due more than 180 days	Total
30/06/2019				
Receivables due from policyholders	137,825,422	21,799,091	9,168,249	168,792,762
Receivables due from insurance brokers	927,480	1,996,219	31,706	2,955,405
Other receivables arising out of primary insurance business	226,752	165,594	168,344	560,690
Receivables arising out of primary insurance business	138,979,654	23,960,904	9,368,299	172,308,857
Receivables for reinsurers' shares in claims	4,391,869	410,554	340,639	5,143,062
Other receivables from coinsurance and reinsurance	1,231,999	153,958	1,952	1,387,909
Reinsurance and coinsurance receivables	5,623,868	564,512	342,591	6,530,971
Current tax assets	225,722	0	0	225,722
Other short-term receivables arising out of insurance business	1,094,214	628,628	851,618	2,574,460
Short-term receivables arising out of financing	1,267,857	4,813	45,626	1,318,296
Other short-term receivables	5,619,770	205,196	126,181	5,951,147
Other receivables	7,981,841	838,637	1,023,425	9,843,903
Total	152,811,085	25,364,053	10,734,315	188,909,453

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

7.9.5 Cash and cash equivalents

EUR	30/06/2019	31/12/2018
Cash in hand	20,324	23,867
Cash in bank accounts	24,506,183	25,830,801
Cash equivalents	53,933,874	38,802,763
Total	78,460,381	64,657,431

Compared to year-end 2018, the balance of cash and cash equivalents increased by EUR 13.8 million, and decreased by EUR 36.3 million compared to 31 March 2019. The balance of cash and cash equivalents at the end of the year was higher because of the lack of favourable reinvestment opportunities in financial markets. The decline compared to 31 March 2019 relates to the payment of the consideration to acquire a company and dividend distributions of the parent company.

7.9.6 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 June 2019, the parent company held 1,721,966 own shares, which are excluded when calculating the weighted average number of shares.

Earnings or loss per share

EUR	1-6/2019	1-6/2018
Net profit or loss for the period	22,570,259	14,167,227
Net profit or loss for the period attributable to owners of the controlling company	22,533,500	14,097,616
Weighted average number of shares	15,497,696	15,497,696
Earnings or loss per share	1.45	0.91

Comprehensive income per share

EUR	1-6/2019	1-6/2018
Comprehensive income for the period	35,386,901	11,525,523
Comprehensive income for the period attributable to owners of the controlling company	35,348,927	11,457,514
Weighted average number of shares	15,497,696	15,497,696
Comprehensive income per share	2.28	0.74

7.9.7 Technical provisions

Technical provisions increased by EUR 64.1 million, or 7.0%, compared to 31 December 2018. The largest increase was recorded in gross unearned premiums (EUR 65.2 million) and relates mainly to the establishment of high unearned premiums for coverages for which the annual premiums were accounted for at the inception of the coverage and partly to the growth in non-life insurance business. Gross claims provisions increased by 2.6% (EUR 12.2 million), of which the lion's share (EUR 6.2 million) relates to the acquisition of companies (ERGO Osiguranje and ERGO Životno Osiguranje), the remaining reflecting direct insurance portfolio growth. The gross provision for traditional life policies decreased by 5.6% (or EUR 12.2 million) – as much as the decline due to maturity benefits exceeded growth owing to aging of insureds and the growth in the portfolio of traditional life insurance business, including newly acquired companies and pension annuity business in the distribution phase. As part of other gross technical provisions, the provision for unexpired risks increased by EUR 0.9 million due to new writings and higher unearned premiums.

Movements in gross technical provisions

EUR	01/01/2019	Additions	Uses and releases	Additions – acquisition of company	Exchange differences	30/06/2019
Gross unearned premiums	184,101,835	179,019,338	-118,308,870	4,512,575	14,720	249,339,598
Technical provisions for life insurance business	254,849,366	12,373,126	-33,047,476	6,301,254	41,818	240,518,088
Gross provision for outstanding claims	470,057,561	135,783,486	-130,942,560	6,207,166	1,114,854	482,220,507
Gross provision for bonuses, rebates and cancellations	1,477,666	674,660	-506,842	25,289	112	1,670,885
Other gross technical provisions	10,005,059	7,806,694	-6,998,357	63,633	4,943	10,881,972
Total	920,491,487	335,657,304	-289,804,105	17,109,917	1,176,447	984,631,050

7.9.8 Liabilities from operating activities

Liabilities from operating activities rose by EUR 10.3 million from year-end 2018, primarily as the result of the renewal of annual reinsurance contracts and consequently higher liabilities for reinsurance and coinsurance premiums.

EUR	30/06/2019	31/12/2018
Liabilities to policyholders	16,134,604	15,647,149
Liabilities to insurance intermediaries	3,056,336	2,774,299
Other liabilities from primary insurance business	29,135,296	25,857,066
Liabilities from primary insurance business	48,326,236	44,278,514
Liabilities for reinsurance and coinsurance premiums	13,450,897	4,430,348
Liabilities for shares in reinsurance claims	52,007	157,718
Other liabilities from reinsurance and coinsurance business	1,595,142	1,587,966
Liabilities from reinsurance and coinsurance business	15,098,046	6,176,032
Current income tax liabilities	1,636,638	4,282,055
Total	65,060,920	54,736,601

EUR 30/06/2019	Maturity		
	From 1 to 5 years	Up to 1 year	Total
Liabilities to policyholders	0	16,134,604	16,134,604
Liabilities to insurance intermediaries	2,370	3,053,966	3,056,336
Other liabilities from primary insurance business	3,035	29,132,261	29,135,296
Liabilities from primary insurance business	5,405	48,320,831	48,326,236
Liabilities for reinsurance and coinsurance premiums	2,492	13,448,405	13,450,897
Liabilities for shares in reinsurance claims	0	52,007	52,007
Other liabilities from reinsurance and coinsurance business	0	1,595,142	1,595,142
Reinsurance and coinsurance payables	2,492	15,095,554	15,098,046
Current income tax liabilities	0	1,636,638	1,636,638
Total	7,897	65,053,023	65,060,920

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

7.9.9 Diverse liabilities

EUR 30/06/2019	Maturity		
	Over 1 year	Up to 1 year	Total
Other liabilities	2,189,852	31,624,924	33,814,776
Deferred income and accrued expenses	0	14,315,073	14,315,073
Total	2,189,852	45,939,997	48,129,849

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

Other liabilities

EUR	30/06/2019	31/12/2018
Short-term liabilities due to employees	3,402,804	2,805,998
Diverse other short-term liabilities for insurance business	5,441,039	3,853,572
Short-term trade liabilities	4,925,857	4,474,289
Diverse other short-term liabilities	10,865,038	3,161,322
Non-current lease liabilities	9,165,450	26,007
Other long-term liabilities	14,588	12,941
Total	33,814,776	14,334,129

Other liabilities rose by EUR 19.5 million compared to year-end 2018. Diverse other short-term liabilities increased as the result of the integration of new companies into the Sava Insurance Group and the temporary allocation of badwill of EUR 7.5 million arisen in the acquisition of the ERGO

insurers. Non-current lease liabilities comprise those relating to operating leases (most liabilities) and finance leases, in line with the new standard IFRS 16 “Leases”. The increase from year-end 2018 of EUR 9.1 million relates to long-term operating leases.

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

EUR	01/01/2019	Additions	Uses	Releases	Additions – acquisition of non-controlling interests	Exchange differences	30/06/2019
Short-term accrued expenses	6,877,041	6,959,178	-7,916,040	-2,739	427,334	700	6,345,474
Other accrued expenses and deferred income	12,355,828	14,095,794	-18,698,742	0	208,948	7,773	7,969,601
Total	19,232,869	21,054,972	-26,614,782	-2,739	636,282	8,473	14,315,073

Short-term provisions comprise accrued costs (expenses) and deferred income. These comprise accrued expenses for deferred commission.

7.9.10 Fair values of assets and liabilities

Shown is the change in fair value levels after 1–6/2019 compared to the year-end 2018, specifically due to the reclassification of debt instruments from level 2 into level 1. As at 31 December 2018, BID CBBT prices were unavailable for a large part of the bond portfolio; therefore, the Group used instead BVAL prices as at 31 December 2018. Consequently, debt instruments had to be shown one level lower (level 2), in accordance with the methodology for determining fair value levels. As at 30 June 2019, BID CBBT prices were available, which is why debt instruments could be reclassified from level 2 into level 1.

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

Financial assets measured at fair value by level of the fair value hierarchy as at 30 June 2019

EUR 30/06/2019	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	915,880,418	708,755,926	179,293,306	27,994,887	916,044,119	163,701
<i>At fair value through P/L</i>	<i>22,013,732</i>	<i>5,538,174</i>	<i>14,786,725</i>	<i>1,688,833</i>	<i>22,013,732</i>	<i>0</i>
<i>Designated to this category</i>	<i>22,013,732</i>	<i>5,538,174</i>	<i>14,786,725</i>	<i>1,688,833</i>	<i>22,013,732</i>	<i>0</i>
Debt instruments	18,876,452	2,965,475	14,233,676	1,677,301	18,876,452	0
Equity instruments	3,137,280	2,572,699	553,049	11,532	3,137,280	0
Available-for-sale	893,866,686	703,217,752	164,506,581	26,306,054	894,030,387	163,701
Debt instruments	840,568,863	674,388,269	150,876,800	15,303,794	840,568,863	0
Equity instruments	44,702,710	28,829,483	13,629,781	2,407,147	44,866,411	163,701
Investments in infrastructure funds	8,595,113	0	0	8,595,113	8,595,113	0
Investments for the benefit of life policyholders who bear the investment risk	207,659,573	203,507,277	4,152,296	0	207,659,573	0
Investments not measured at fair value	90,628,408	23,909,497	63,433,995	7,513,758	94,857,250	4,228,842
Held-to-maturity assets	46,565,368	23,909,497	26,884,713	0	50,794,210	4,228,842
Debt instruments	46,565,368	23,909,497	26,884,713	0	50,794,210	4,228,842
Loans and receivables	44,063,040	0	36,549,282	7,513,758	44,063,040	0
Deposits	36,549,282	0	36,549,282	0	36,549,282	0
Loans granted	984,924	0	0	984,924	984,924	0
Deposits with cedants	6,528,834	0	0	6,528,834	6,528,834	0
Investments for the benefit of life policyholders who bear the investment risk	6,422,877	7,018,770	0	0	7,018,770	595,893
Total investments	1,006,508,826	732,665,423	242,727,301	35,508,645	1,010,901,369	4,392,543
Total investments for the benefit of life policyholders who bear the investment risk	214,082,450	210,526,047	4,152,296	0	214,678,343	595,893

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

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

Movements in level 3 FVPL financial assets

EUR	Debt instruments		Equity instruments		Investments in infrastructure funds	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Opening balance	15,250,825	10,560,689	2,401,281	4,245,105	5,264,540	0
Additions – acquisition of company	0	0	0	0	0	0
Exchange differences	1	0	39	0	0	0
Additions	1,917,663	3,842,167	0	0	3,365,453	5,976,467
Impairment	0	0	0	-1,943,974	0	0
Disposals	-238,167	0	0	0	-155,768	-1,048,541
Maturities	-300,000	-769,922	0	0	0	0
Revaluation to fair value	350,773	-59,545	5,866	0	120,888	336,614
Reclassification into level	0	1,677,436	11,493	100,150	0	0
Closing balance	16,981,095	15,250,825	2,418,679	2,401,281	8,595,113	5,264,540

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

30/06/2019	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Property				
Owner-occupied property	30/06/2019	35,521,778	38,139,641	market approach and income approach (weighted 50 : 50), new purchases at cost
Investment property	30/06/2019	20,783,455	21,539,835	
Total		56,305,233	59,679,476	

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

Changes in fair value of property in the period 1–6/2019

EUR	Opening balance	Acquisitions	Change in fair value	Additions – acquisition of non-controlling interests	Exchange differences	Closing balance
Owner-occupied property	37,492,575	42,404	-67,520	655,000	17,182	38,139,641
Investment property	21,115,553	1,650	-22,363	427,000	17,995	21,539,835
Total	58,608,128	44,054	-89,883	1,082,000	35,177	59,679,476

Reclassification of assets and financial liabilities between levels in the period 1–6/2019

EUR	Level 1	Level 2	Level 3
At fair value through P/L	-1,770,512	1,759,019	11,493
<i>Designated to this category</i>	<i>-1,770,512</i>	<i>1,759,019</i>	<i>11,493</i>
Debt instruments	-1,759,019	1,759,019	0
Equity instruments	-11,493	0	11,493
Available for sale	321,508,305	-321,508,305	0
Debt instruments	321,825,394	-321,825,394	0
Equity instruments	-317,089	317,089	0
Total	319,737,793	-319,749,286	11,493

The classification into a different level compared to the previous period is the result of the reclassification of debt securities (of EUR 319.7 million) into level 1, as mentioned, owing to the improved reliability of the price source (CBBT price).

8 Related-party transactions

Fixed remuneration of management board members for performing their function in the first six months of 2019 totalled EUR 326,938 (1–6/2018: EUR 303,007), in the six months of 2019, variable remuneration totalled EUR 175,365 (1–6/2018: 55,663). Benefits in kind were EUR 20,058 (1–6/2018: EUR 21,632).

Remuneration of management board members in 1–6/2019

EUR	Gross salary – fixed amount	Gross salary – variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Total
Marko Jazbec	87,320	47,808	127	3,486	138,741
Jošt Dolničar	78,222	43,020	2,635	3,030	126,907
Srečko Čebren	82,696	43,020	2,622	2,370	130,708
Polona Pirš Zupančič	78,700	41,517	3,585	2,201	126,003
Total	326,938	175,365	8,971	11,087	522,360

Liabilities to members of the management board based on gross remuneration

EUR	30/06/2019	31/12/2018
Marko Jazbec	16,500	13,280
Jošt Dolničar	14,850	11,950
Srečko Čebren	15,516	12,616
Polona Pirš Zupančič	14,850	11,950
Total	61,716	49,796

Remuneration of supervisory board members and the members of its committees in 1–6/2019

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Mateja Lovšin Herič	chair	1,375	9,750	257	11,382
Keith William Morris	deputy chair	1,375	7,150	6,491	15,016
Andrej Gorazd Kunstek	member of the SB	1,375	6,500	0	7,875
Mateja Živec	member of the SB	1,375	6,500	0	7,875
Davor Ivan Gjivoje	member of the SB	1,375	6,500	46,022	53,897
Andrej Kren	member of the SB	1,375	6,500	393	8,268
Total supervisory board members		8,250	42,900	53,162	104,312
Audit committee members					
Andrej Kren	chairman	880	2,438	130	3,448
Mateja Lovšin Herič	member	880	1,625	0	2,505
Ignac Dolenšek	external member	0	5,925	97	6,022
Total audit committee members		1,760	9,987	227	11,975
Members of the nominations and remuneration committee					
Mateja Lovšin Herič	chair	440	406	0	846
Keith William Morris	member	440	271	0	711
Davor Ivan Gjivoje	member	440	271	0	711
Andrej Kren	member	440	271	0	711
Total nominations committee members		1,760	1,219	0	2,979
Members of the risk committee					
Keith William Morris	chair	660	2,438	0	3,098
Davor Ivan Gjivoje	member	660	1,625	0	2,285
Dr. Slaven Mičković	external member	0	2,900	0	2,900
Total risk committee members		1,320	6,962	0	8,282
Members of the fit & proper committee					
Mateja Živec	chair	0	406	0	406
Keith William Morris	member	0	271	0	271
Rok Saje	external member	0	271	0	271
Andrej Kren	alternate member	0	271	0	271
Total members of the fit & proper committee		0	1,219	0	1,219

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

EUR	30/06/2019	31/12/2018
Mateja Lovšin Herič	2,559	0
Slaven Mičković	0	350
Gorazd Andrej Kunstek	1,083	0
Keith William Morris	13,806	0
Mateja Živec	1,490	0
Davor Ivan Gjivoje	0	0
Andrej Kren	2,261	0
Ignac Dolenšek	169	0
Total	21,369	350

Transactions with subsidiaries

Investments in and amounts due from Group companies

EUR	30/06/2019	31/12/2018
Debt securities and loans granted to Group companies	4,463,812	2,532,183
Receivables for premiums arising out of reinsurance assumed	30,674,126	15,107,402
Short-term receivables arising out of financing	254,329	4,472
Other short-term receivables	72,106	179,570
Short-term deferred acquisition costs	2,524,901	1,879,080
Total	37,989,274	19,702,708

Liabilities to Group companies

EUR	30/06/2019	31/12/2018
Liabilities for shares in reinsurance claims due to Group companies	8,174,063	9,800,555
Other liabilities from coinsurance and reinsurance	5,893,672	3,766,321
Other short-term liabilities	2,153	2,760
Total (excluding provisions)	14,069,888	13,569,636

Income and expenses relating to Group companies

EUR	1-6/2019	1-6/2018
Gross premiums written	49,167,113	40,409,181
Change in gross unearned premiums	-15,219,220	-11,156,344
Gross claims paid	-16,134,747	-15,177,831
Change in the gross provision for outstanding claims	-1,602,994	-2,769,760
Income from gross recourse receivables	641,444	476,741
Other operating expenses	-85,812	-57,983
Dividend income	34,947,396	32,983,069
Interest income	39,757	32,866
Acquisition costs	-8,942,517	-7,968,417
Change in deferred acquisition costs	645,820	2,280,944
Other technical income	174,329	146,951
Total	43,630,569	39,199,417

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	30/06/2019	31/12/2018
Interests in companies	8,064,959	9,641,217
Debt securities and loans	110,336,402	168,175,326
Receivables due from policyholders	852,372	94,606
Total	119,253,733	177,911,148

Liabilities to the state and majority state-owned companies

EUR	30/06/2019	31/12/2018
Liabilities for shares in claims	5,224	9,041
Total	5,224	9,041

Income and expenses relating to majority state-owned companies

EUR	1-6/2019	1-6/2018
Gross premiums written	10,371,507	11,376,548
Gross claims paid	-1,915,441	-2,112,260
Dividend income	496,860	0
Interest income	1,870,874	4,241,805
Total	10,823,799	13,506,093

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	30/06/2019	31/12/2018
ASSETS	668,037,442	606,331,055
Intangible assets	842,039	892,724
Property, plant and equipment	2,698,124	2,654,540
Deferred tax assets	1,058,653	1,867,370
Investment property	8,213,866	8,285,733
Financial investments in subsidiaries and associates	245,993,915	220,219,086
Financial investments:	246,559,303	244,291,434
- Loans and deposits	12,228,699	10,107,498
- Held to maturity	2,023,887	2,075,425
- Available for sale	226,863,704	228,151,616
- At fair value through profit or loss	5,443,013	3,956,895
Reinsurers' share of technical provisions	26,974,763	21,437,221
Receivables	115,393,724	87,830,299
Receivables arising out of primary insurance business	110,552,783	82,518,635
Reinsurance and coinsurance receivables	3,890,344	4,842,279
Current tax assets	134,660	0
Other receivables	815,936	469,385
Deferred acquisition costs	9,889,565	7,821,932
Other assets	637,737	379,264
Cash and cash equivalents	9,775,752	10,651,452
EQUITY AND LIABILITIES	668,037,442	606,331,055
Equity	345,117,173	319,355,361
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	184,424,862	184,424,862
Own shares	-24,938,709	-24,938,709
Fair value reserve	5,839,726	2,697,381
Reserve due to fair value revaluation	1,433	40,772
Retained earnings	16,312,110	10,101,172
Net profit or loss for the period	37,381,618	20,933,749
Technical provisions	262,890,606	234,173,078
Unearned premiums	76,215,208	47,147,505
Provision for outstanding claims	185,513,096	185,988,628
Other technical provisions	1,162,302	1,036,945
Other provisions	418,957	376,521
Other financial liabilities	87,504	87,504
Liabilities from operating activities	55,997,206	49,185,680
Liabilities from primary insurance business	46,429,966	44,039,129
Liabilities from reinsurance and coinsurance business	9,567,239	3,149,394
Current income tax liabilities	0	1,997,157
Diverse liabilities	3,525,996	3,152,911

9.2 Unaudited income statement

EUR	1–6/2019	1–6/2018
Net premiums earned	64,428,453	63,435,770
Gross premiums written	105,498,079	93,230,136
Written premiums ceded to reinsurers and co-insurers	-18,500,069	-13,137,588
Change in gross unearned premiums	-29,067,702	-19,883,565
Change in unearned premiums, reinsurers' and co-insurers' shares	6,498,146	3,226,788
Income from investments in subsidiaries and associates	34,947,396	32,983,069
Investment income	5,450,338	6,163,247
Interest income	1,687,837	1,768,763
Other investment income	3,762,501	4,394,485
Other technical income	3,855,703	4,494,088
Commission income	1,675,882	1,298,900
Other income	2,179,821	3,195,188
Other income	393,088	302,923
Net claims incurred	-41,388,418	-38,657,313
Gross claims paid, net of income from recourse receivables	-44,399,494	-36,959,805
Reinsurers' and co-insurers' shares	3,496,146	2,027,977
Change in the gross provision for outstanding claims	475,532	-5,237,901
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-960,602	1,512,416
Change in other technical provisions	-133,206	-170,327
Expenses for bonuses and rebates	7,849	82,718
Operating expenses	-24,961,311	-22,489,557
Acquisition costs	-21,069,645	-19,433,010
Change in deferred acquisition costs	2,067,633	2,609,187
Other operating expenses	-5,959,299	-5,665,734
Expenses for financial assets and liabilities	-1,687,512	-3,826,808
Interest expenses	-293	0
Diverse other expenses	-1,687,219	-3,826,808
Other technical expenses	-1,974,967	-3,126,125
Other expenses	-147,998	-164,665
Profit or loss before tax	38,789,415	39,027,021
Income tax expense	-1,407,798	-1,406,732
Net profit or loss for the period	37,381,618	37,620,289
Earnings or loss per share (basic and diluted)	2.41	2.43

9.3 Unaudited statement of other comprehensive income

EUR	1–6/2019	1–6/2018
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	37,381,618	37,620,289
OTHER COMPREHENSIVE INCOME, NET OF TAX	3,103,006	-565,135
a) Items that will not be reclassified subsequently to profit or loss	-39,339	-8,812
Other items that will not be reclassified subsequently to profit or loss	-39,339	-8,812
b) Items that may be reclassified subsequently to profit or loss	3,142,345	-556,323
Net gains or losses on remeasuring available-for-sale financial assets	3,879,439	-686,820
Net change recognised in the fair value reserve	3,800,746	-555,213
Net change transferred from fair value reserve to profit or loss	78,693	-131,607
Tax on items that may be reclassified subsequently to profit or loss	-737,094	130,497
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	40,484,624	37,055,154

9.4 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the six months to 30 June 2019

EUR	I. Share capital	II. Capital reserves	III. Profit reserves				IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit or loss for the period	VII. Own shares (contra account)	Total (1–13)
			Legal reserves and reserves provided for in the articles of association	Reserve for own shares	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,629	2,697,381	40,772	10,101,172	20,933,748	-24,938,709	319,355,361
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,629	2,697,381	40,772	10,101,172	20,933,748	-24,938,709	319,355,361
Comprehensive income for the period, net of tax	0	0	0	0	0	0	3,142,345	-39,339	0	37,381,618	0	40,484,624
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	37,381,618	0	37,381,618
b) Other comprehensive income	0	0	0	0	0	0	3,142,345	-39,339	0	0	0	3,103,006
Dividend distributions	0	0	0	0	0	0	0	0	-14,722,811	0	0	-14,722,811
Transfer of profit	0	0	0	0	0	0	0	0	20,933,749	-20,933,749	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	134,499,629	5,839,726	1,433	16,312,110	37,381,618	-24,938,709	345,117,173

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	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	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	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	-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	37,620,289	0	37,620,289
b) Other comprehensive income	0	0	0	0	0	0	-556,323	-8,812	0	0	0	-565,135
Dividend distributions	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	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	10,000,000	113,565,881	3,248,441	4,712	10,101,172	37,620,289	-24,938,709	315,623,153

9.5 Unaudited statement of cash flows

EUR	1–6/2019	1–6/2018
A. Cash flows from operating activities		
a.) Items of the income statement	20,456,891	20,584,488
1. Net premiums written in the period	86,998,010	80,092,547
2. Investment income (other than finance income)	382,518	2,844
3. Other operating income (excl. revaluation income and releases from provisions) and finance income from operating receivables	4,248,791	4,797,011
4. Net claims paid in the period	-40,903,347	-34,931,828
5. Expenses for bonuses and rebates	7,849	82,718
6. Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-26,744,182	-24,864,291
7. Investment expenses (excluding amortisation and financial expenses)	-1,985	0
8. Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-2,122,965	-3,122,324
9. Tax on profit and other taxes not included in operating expenses	-1,407,798	-1,472,189
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	-22,357,363	-21,076,615
1. Change in receivables from primary insurance	-28,034,148	-1,331,593
2. Change in receivables from reinsurance	951,935	-15,395,356
4. Change in other receivables and other assets	-739,684	-6,961,717
5. Change in deferred tax assets	808,717	-130,496
7. Change in liabilities arising out of primary insurance	2,390,837	-5,956,714
6. Change in liabilities arising out of reinsurance business	6,417,845	1,443,086
7. Change in other operating liabilities	-5,581,280	7,024,531
8. Change in diverse liabilities (except unearned premiums)	1,428,415	231,644
c.) Net cash from/used in operating activities (a + b)	-1,900,472	-492,127
B. Cash flows from investing activities		
a.) Cash receipts from investing activities	721,973,006	495,242,150
1. Interest received from investing activities	1,687,837	1,768,763
2. Cash receipts from dividends and participation in the profit of others	35,554,255	33,418,082
4. Proceeds from sale of property, plant and equipment	6,515	5,366
5. Proceeds from sale of financial investments	684,724,399	460,049,940
b.) Cash disbursements in investing activities	-706,225,129	-477,942,378
1. Purchase of intangible assets	-94,056	-46,266
2. Purchase of property, plant and equipment	-78,240	-138,137
3. Purchase of financial investments	-706,052,833	-477,757,975
c.) Net cash from/used in investing activities (a + b)	15,747,877	17,299,773
C. Cash flows from financing activities		
b.) Cash disbursements in financing activities	-14,723,104	-12,398,157
1. Interest paid	-293	0
5. Dividends and other profit participations paid	-14,722,811	-12,398,157
c.) Net cash from/used in financing activities (a + b)	-14,723,104	-12,398,157
C2. Closing balance of cash and cash equivalents	9,775,752	11,087,947
x) Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	-875,700	4,409,489
y) Opening balance of cash and cash equivalents	10,651,452	6,678,458

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.
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.
Financial risk. It comprises the risk of failure to achieve the guaranteed return, interest rate risk, equity risk, risk of alternative investments, currency risk, liquidity risk and credit risk.
FOS business. Freedom of Services business. Business written within the European Economic Area based on the freedom of services right to provide services on a cross-border basis.
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 or losses on investments of life insurance policyholders who bear the investment risk as these do not affect the income statement. These items move in line with the mathematical provision of policyholders who bear the investment risk.
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.
Operating revenues. Total income less investment income.
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.
Reserve risk. Risk that technical provisions are not sufficient to cover the commitments of the (re)insurance business assumed.
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 process risk. Risk of financial loss due to incorrect selection and approval of risks to be (re)insured.

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

Underwriting risk. Risk of loss or of adverse change in the value of insurance liabilities due to inadequate pricing and provisioning assumptions. Underwriting risk comprises underwriting process risk, pricing risk, claims risk, retention risk and reserving risk.

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.
