



**Unaudited financial report
of the Sava Insurance Group and
financial statements of Sava Re d.d.
for the six months to 30 June 2020**

Ljubljana, 11 August 2020

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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 2020”, also available from the Company’s website, at www.sava-re.si, as from 20 August 2020.

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 2019. 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



Jošt Dolničar, Member of the Management Board



Polona Pirš Zupančič, Member of the Management Board



Peter Skvarča, Member of the Management Board

Ljubljana, 11 August 2020

1.1 Key financials

EUR, except percentages	Sava Insurance Group	
	1-6/2020	1-6/2019
Total of all operating segments		
Operating revenue	314,173,379	269,555,930
Year-on-year change	16.6%	7.6%
Profit or loss before tax	37,888,074	29,020,729
Year-on-year change	30.6%	57.4%
Profit or loss, net of tax	32,154,449	22,570,259
Year-on-year change	42.5%	59.3%
Comprehensive income	29,859,255	35,386,901
Year-on-year change	-15.6%	207.0%
Return on revenue*	10.1%	8.4%
Net expense ratio, including operating revenue*	30.0%	31.0%
Return on equity	14.3%	12.5%
Earnings or loss per share	2.07	1.45
Return on the investment portfolio*	1.5%	2.3%
Reinsurance + non-life		
Gross premiums written	322,330,973	291,328,681
Year-on-year change	10.6%	10.1%
Net incurred loss ratio*	59.7%	60.8%
Net expense ratio	30.6%	32.3%
Net combined ratio*	91.7%	94.6%
Profit or loss before tax	26,503,317	20,657,956
Year-on-year change	28.3%	74.1%
Life insurance		
Gross premiums written	49,938,328	43,582,767
Year-on-year change	14.6%	2.1%
Net expense ratio	25.9%	27.3%
Profit or loss before tax	12,564,208	6,973,546
Year-on-year change	80.2%	22.5%
Total of all operating segments		
	30 Jun 2020	31 Dec 2019
Total assets	2,424,888,083	1,885,953,003
Change on 31 Dec of prior year	28.6%	10.5%
Shareholders' equity	414,462,227	384,776,847
Change on 31 Dec of prior year	7.7%	13.1%
Net technical provisions	1,600,147,063	1,115,945,868
Change on 31 Dec of prior year	43.4%	1.2%
Book value per share	26.74	24.83
Number of employees (full-time equivalent basis)	2,729.4	2,723.3
Solvency ratio under Solvency II rules	-	220.0%

Notes:

* Excluding the effect of exchange differences. The rate of return on the investment portfolio does not include subordinated debt expenses (nor do 2020 figures include impairment losses on goodwill). The net expense ratio of the Group for 1-6/2020 does not include the positive difference between the fair value of the net assets acquired and the purchase price of the investment in Vita. The Group's rate of return on investments for 1-6/2020, excluding the positive difference between the fair value of the net assets acquired and the purchase price of the investment in Vita, is 8.1%.

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

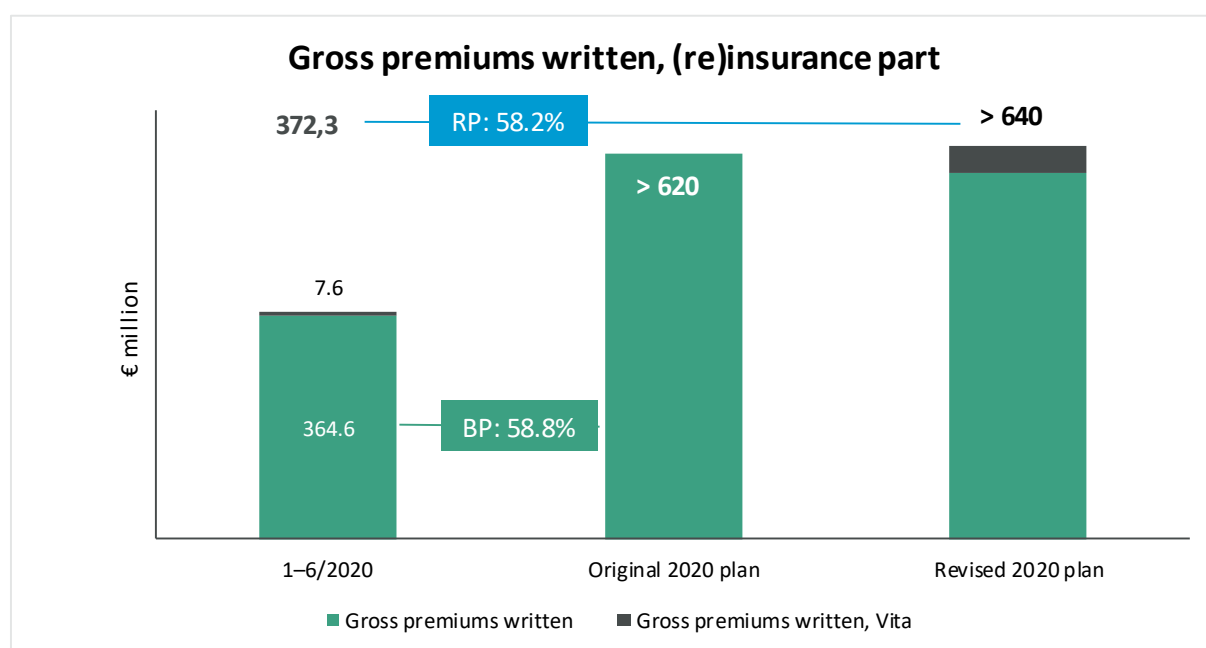
The table below compares actual figures against the original and revised plans for the full year 2020:

EUR million	1–6/2020	Original 2020 plan	As % of plan	Revised 2020 plan	As % of revised plan
Sava Insurance Group					
Operating revenue	314.2	> 610	51.5%	> 640	49.1%
Profit or loss, net of tax	32.2	> 45	71.5%	> 50	64.3%
Return on equity (ROE)	14.3%	> 11%	✓	> 12%	✓
Return on revenue (ROR)*	10.1%	> 7%	✓	> 7%	✓
Net expense ratio	30.0%	33–34%	✓	31–32%	✓
Return on the investment portfolio*	1.5%	1.3%	✓	> 1.2%	✓
(Re)insurance part					
Gross premiums written	372.3	> 620	60.0%	> 640	58.2%
Net incurred loss ratio (reins. + non-life)*	59.7%	59–60%	✓	59–60%	✓
Net combined ratio* (reins. + non-life)*	91.7%	< 94 %	✓	< 94 %	✓

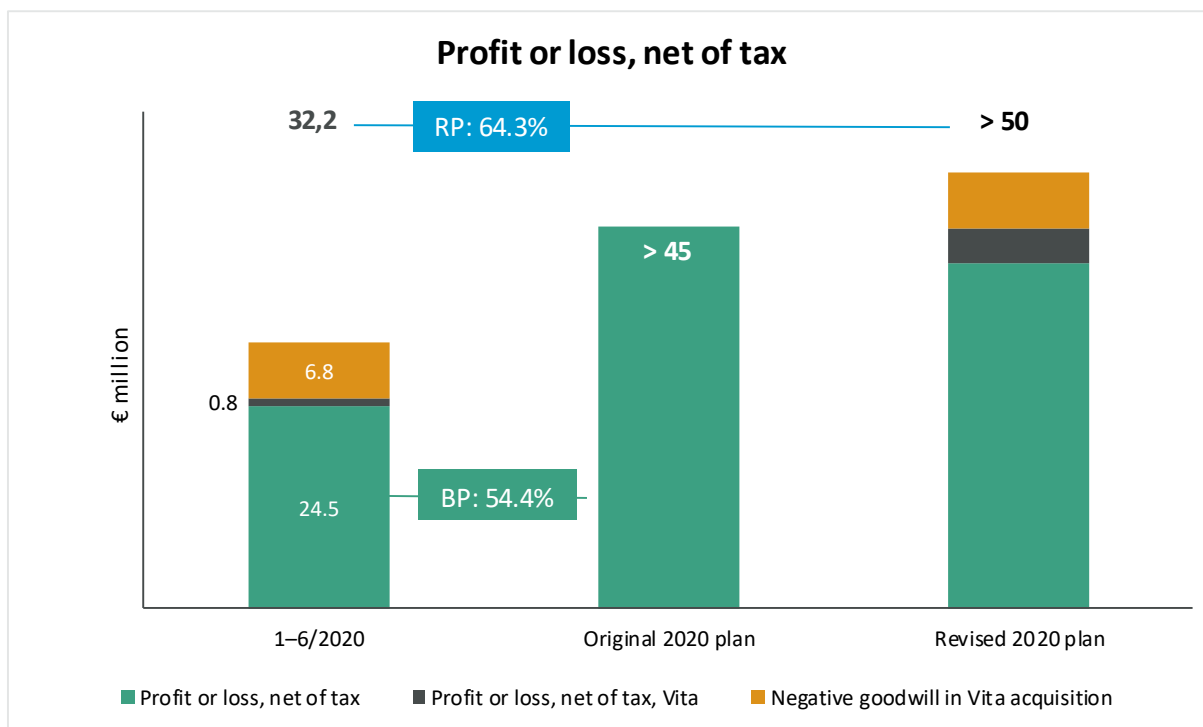
* Excluding the effect of exchange differences.

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

In the period 1–6/2020, the Sava Insurance Group wrote EUR 372.3 million in gross premiums in the (re)insurance segment, up 11.2% year on year. The growth in gross premiums written in 1–6/2020 was also contributed by business written by Zavarovalnica Sava with companies based in the European Union (EUR 22.4 million, or 6.7 p.p. of growth) and business written by the newly acquired Vita (EUR 7.6 million, or 2.3 p.p. of growth). Gross premiums written of the (re)insurance segment reached 58.2% of the full-year revised plan and 60% of the original plan.



The net profit for the period was EUR 32.2 million, accounting for 64.3% of the revised plan for 2020 or 71.5% of the original plan. A contribution of EUR 6.8 million to the net profit for the period came from the positive difference between the fair value of the net assets acquired and the purchase price of the investment in Vita. Without this contribution, in 1–6/2020 the Group achieved 54.4% of the original 2020 plan.



The net expense ratio was better than planned for the first six months of the year. In the reinsurance segment the expense ratio improved on account of lower commission expenses because of the structural shift towards more non-proportional business; in the non-life insurance segment the net expense ratio improved because of lower commission expenses related to lower income from FoS business and improved cost optimisation relating to Covid-19 (personnel costs, commuting expenses, marketing costs, etc.); in the life segment, the largest impact on the expense ratio was the inclusion of Vita in the Group, as it operates on a lower gross expense ratio. The net incurred loss ratio was within the planned range, mainly because of the favourable ratio in the non-life segment. The return on the investment portfolio was slightly higher than planned. The operating revenue of the Sava Insurance Group accounts for about 50% of the full-year 2020 target figure.

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	5063825
Tax identification number	SI17986141
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) Jošt Dolničar Polona Pirš Zupančič Peter Skvarča <u>SUPERVISORY BOARD</u> Mateja Lovšin Herič (chair), Keith William Morris (deputy chair) Andrej Kren Davor Ivan Givoje Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	10 December 1990, Ljubljana District Court
Certified auditor	KPMG Slovenija 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/; August 2020 A /stable/; October 2019
Contact details for financial 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.

The composition of the management board changed in the period 1–6/2020. Srečko Čebon, member of the management board, retired as from 31 May 2020. From 1 June 2020, the management board operated as a three-member body. Having been appointed as a member of the Sava Re management board on 19 December 2019, Peter started his term of office on 19 June 2020. Now that Peter has taken up his office, the Sava Re management board again operates as a four-member body.

Composition of the management board as at 30 June 2020

Member	Title	Beginning of term of office	End of term of office
Marko Jazbec	chair	12/05/2017	12/05/2022
Jošt Dolničar	member	01/06/2018	01/06/2023
Polona Pirš Zupančič	member	14/01/2018	14/01/2023
Peter Skvarča	Member	19/06/2020	19/06/2025

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

The shareholder representatives on the supervisory board are elected by the Company's general meeting, while the two employee representatives are elected by the Company's workers' council.

In its 36th session held on 16 June 2020, the general meeting reappointed Davor I. Gjivoje Jr as a member of the Company's supervisory board representing shareholder interests, for a four-year term of office beginning on 8 March 2021.

The composition of the supervisory board did not change from 1 January to 30 June 2020.

Composition of the supervisory board as at 30 June 2020

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:

- Holdings, Ltd. & Subsidiaries, 89 Headquarters Plaza, North Tower (Suite 1420) Morristown, NJ 07960, USA – chief executive officer;
- Adria Lines Dover, Delaware, USA – chief executive officer

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

Mateja Živec:

- Pinija, d.o.o., Sončna pot 41, 6320 Portorož, Slovenia – managing director of family business

Supervisory board committees

Audit committee

There were no changes in the composition of the supervisory board's audit committee from 1 January to 30 June 2020.

Composition of the supervisory board's audit committee as at 30 June 2020

Member	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 from 1 January to 30 June 2020.

Composition of the supervisory board's risk committee as at 30 June 2020

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	07/03/2021
Slaven Mićković	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 from 1 January to 30 June 2020.

Composition of the supervisory board's nominations and remuneration committee as at 30 June 2020

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 from 1 January to 30 June 2020.

Composition of the fit & proper committee as at 30 June 2020

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 2020.

In accordance with the Company's 2020 financial calendar, the 36th general meeting of shareholders was held on 16 June 2020. Among other things, the general meeting was presented with the annual report for 2019, including the auditor's opinion and the written report of the supervisory board to the annual report, and the annual report on internal auditing for 2019 with the opinion of the supervisory board thereto. The general meeting took note of the remuneration policy for members of supervisory and management bodies of the Sava Insurance Group. 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 the distributable profit of EUR 34,705,806.06 as at 31 December 2019 is to remain unallocated. The general meeting granted a discharge for the financial year 2019 to both the supervisory and management boards. The general meeting elected Davor Ivan Gjivoje Jr as a new member of the Company's supervisory board to represent the shareholders for a new four-year term beginning on 8 March 2021.

1.4 Significant events in the first six months of 2020

- In March 2020, ZTSR d.o.o, a 50-50 joint venture of Sava Re d.d. and Zavarovalnica Triglav d.d., completed the acquisition of the health-care provider Diagnostic Centre Bled d.o.o. (Dignostični center Bled, d.o.o.).
- In the first quarter of 2020, Europe together with the rest of the world was hit by the Covid-19 pandemic, which affected both lives and global capital markets. The Sava Insurance Group also faced with an emergency situation; therefore, in August 2020 it prepared and published a financial plan for the period 2020–2022 adjusted to the new circumstances and that includes impacts of the circumstances related to Covid-19 on business projections as well as impacts of the Vita acquisition.
- In April 2020, Sava Re issued the "Solvency and financial condition report of Sava Re d.d. 2019". The Company's solvency ratio was 289% as at 31 December 2019. The "Solvency and financial condition report of the Sava Insurance Group 2019" was released on 19 May 2020. The Group's solvency ratio was 220% as at 31 December 2019.
- Having met all suspensive conditions of the sales and purchase agreement of 27 December 2019 in May 2020, Sava Re finalised the acquisition of a 100% stake in the company NLB Vita d.d. (now renamed Vita).
- In June 2020, the 36th general meeting of shareholders was held.
- In June 2020, there was a change in the composition of the Sava Re management board. Srečko Čebren, member of the management board, retired as from 31 May 2020 whereupon Peter Skvarča entered his five-year term of office as a member of the management board on 19 June 2020.

1.5 Significant events after the reporting period

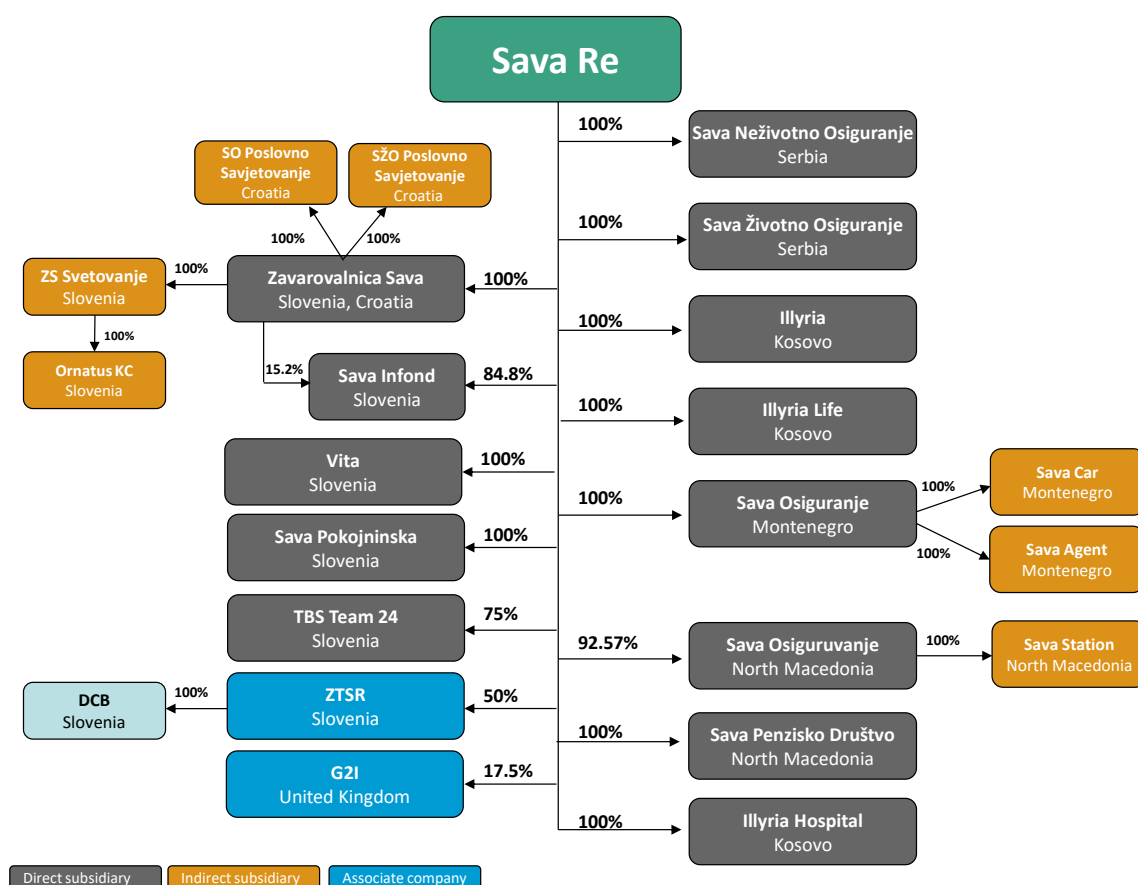
- Following its regular annual rating review, the rating agency Standard & Poor's affirmed the "A" insurer financial strength rating on Sava Re and Zavarovalnica Sava. The outlook was stable.

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 eight insurers based in Slovenia and in the countries of the Adriatic region: the composite insurer Zavarovalnica Sava (SLO); the non-life insurers Sava Neživotno Osiguranje (SRB), Sava Osiguranje (NMK), Illyria (RKS) and Sava Osiguranje (MNE) and the life insurers Vita (SLO), Sava Životno Osiguranje (SRB) and Illyria Life (RKS). In addition to these (re)insurers, the Group consists of:

- Sava Pokojninska (SLO): a Slovenian pension company;
- Sava Penzisko Društvo (NMK): a pension fund manager based in North Macedonia managing second- and third-pillar pension funds;
- Sava Infond (SLO): a subsidiary managing investment funds;
- TBS Team 24 (SLO): a Slovenia-based company providing assistance services relating to motor, health and homeowners insurance;
- ZTSR (SLO): a Sava Re associate company, a holding company and owner of the Diagnostic Centre Bled;
- G2I (GB): an associate company marketing on-line motor policies;
- Illyria Hospital (RKS): a company based in Kosovo that owns some real property but is currently dormant.

Composition of the Sava Insurance Group as at 30 June 2020



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 (SLO)
	SAVA OSIGURANJE, d.d. – Croatian branch office	Zavarovalnica Sava, Slovenian part (in tables)
		Zavarovalnica Sava, Croatian part (in tables)
3	SAVA NEŽIVOTNO OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava Neživotno Osiguranje (Serbia)
4	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Illyria (RKS)
5	SAVA osiguruvanje a.d. Skopje	Sava osiguruvanje (NMK)
6	AKCIONARSKO DRUŠTVO SAVA OSIGURANJE PODGORICA	Sava Osiguranje (Montenegro)
7	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria Life (RKS)
8	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava Životno Osiguranje (Serbia)
9	" Illyria Hospital " SH.P.K.	Illyria Hospital (RKS)
10	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Sava Car (MNE)
11	ZS Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	ZS Svetovanje (SLO)
12	ORNATUS KLICNI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	Ornatus KC (SLO)
13	DRUŠTVO ZA ZASTUPANJE U OSIGURANJU "SAVA AGENT" D.O.O. - Podgorica	Sava Agent (MNE)
14	Društvo za tehničko ispitivanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava Station (NMK)
15	Sava pokojninska družba, d.d.	Sava Pokojninska (SLO)
16	TBS TEAM 24 podjetje za storitvene dejavnosti in trgovino d.o.o.	TBS Team 24 (SLO)
17	Društvo za upravljanje so zadolžiteln i dobrovolin penzisko fondovi SAVA PENZISKO DRUŠTVO A.D Skopje	Sava Penzisko Društvo (NMK)
18	ZTSR, raziskovanje trga, d.o.o.	ZTSR (SLO)
19	Got2Insure Ltd	G2I (GB)
20	SAVA INFOND, družba za upravljanje, d.o.o.	Sava Infond (SLO)
21	SO poslovno savjetovanje d.o.o.	SO Poslovno Savjetovanje (HR)
22	SŽO poslovno savjetovanje d.o.o.	SŽO Poslovno Savjetovanje (HR)
23	Diagnostični center Bled d.o.o.	DCB (SLO)
24	Življenjska zavarovalnica Vita d.d. Ljubljana	Vita (SLO)

1.7 Shareholders and share trading

The first half of 2020 was marked by the fight against the Covid-19 pandemic, which is an additional risk that capital market investors have not faced in recent decades. The year started with optimism, but this sentiment lasted only until mid-February, when the virus started spreading in Europe. Governments imposed harsh measures to slow the spread of infections. A large part of the global economy was virtually shut down overnight. This triggered the largest recession since World War II. The International Monetary Fund forecasts that the global economy will contract by 4.9% this year. Stock markets responded immediately, with the global stock index¹ losing almost 34% (in euro) within one month.

The turnaround in capital markets began at the end of March when the measures to contain the crisis in Europe started showing results. The global stock index gained 30% (in euro terms) from its low at the end of June. At the end of June 2020, global stocks were 7.25% below their levels at the beginning of the year. The Slovenian stock market was also hit by the global pandemic. The SBITOP stock index (the Slovenian blue-chip index) fell by 30%, from the market's quarter high to its quarter low. The Slovenian stock market saw a similar turnaround as the global stock index. At the end of June, the Slovenian stock index, the SBITOP, was 8.7% below its level at the beginning of the year.

POSR share price performance from 1 July 2019 to 30 June 2020 compared to the SBITOP stock index (EUR)



The SBITOP index has been rebased to the same level as the POSR share price (1 July 2019: EUR 17.2), this is followed by the stock index growth rate in real terms.

The share price was EUR 18.00 and EUR 15.90 as at 31 December 2019 and 30 June 2020, respectively, representing an 11.7% fall in the period. The Sava Re share gained 18.66% from its low at the end of March until the end of June. Total turnover in the Sava Re share was EUR 17.7 million in the first half of 2020 and totalled EUR 10.6 million in the full year 2019. The average daily turnover with the share

¹ Source: MSCI AC World Index.

in the first half of 2020 was EUR 144,003, and EUR 43,417 in the full year 2019. The reason for this volatility is investor response to the Covid-19 pandemic and the turn in global stock markets.

Basic details about the POSR share

	30 Jun 2020	30 Jun 2019
Share capital	71,856,376	71,856,376
Number of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
Number of shareholders	4,218	4,151
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of own shares	1,721,966	1,721,966
Consolidated net earnings per share (EUR)	2.07	1.45
Consolidated book value per share (EUR)	26.74	23.27
Share price at end of period (EUR)	15.90	16.70
Market capitalisation (EUR)	273,792,626	287,568,355
	1–6/2020	1–6/2019
Average share price in reporting period (EUR)	17.05	16.62
Period low (EUR)	13.40	14.70
Period high (EUR)	20.60	17.60
Turnover in reporting period (EUR)	17,712,383	4,842,794
Average daily turnover (EUR)	144,003	40,023

Ten largest shareholders and qualifying shareholders under the Slovenian Takeover Act as at 30 June 2020²

	Shareholder	Number of shares	Holding (%)
1	Slovenian Sovereign Holding	3,043,883	17.7%
2	Intercapital securities Ltd. – fiduciary account	2,465,345	14.3%
3	Republic of Slovenia	2,392,436	13.9%
4	Sava Re (own shares)	1,721,966	10.0%
5	European Bank for Reconstruction and Development	1,071,429	6.2%
6	Raiffeisen Bank Austria d.d., fiduciary account	796,540	4.6%
7	Modra Zavarovalnica d.d.	714,285	4.1%
8	Hrvatska Poštanska Banka, fiduciary account	358,500	2.1%
9	Guaranteed civil servants' sub-fund	320,346	1.9%
10	East Capital – East Capital Balkans	259,137	1.5%
	Total	13,143,867	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. The Company has received no subsequent notice of any change in holding from Adris Grupa d.d.

In April 2020, a total of 2,439,852 POSR shares were transferred from the shareholder Zagrebačka Banka d.d., fiduciary account, to the shareholder Interkapital Vrijednosni Papiri d.o.o., and then from that shareholder to INTERCAPITAL Securities Ltd. – fiduciary account.

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

Shareholder structure of Sava Re as at 30 June 2020³

Type of investor	Domestic investor	International investor
Insurance and pension companies	18.2%	0.0%
Other financial institutions	17.9%	14.5%
Government	13.9%	0.0%
Natural persons	10.0%	0.1%
Investment funds and mutual funds	3.9%	2.5%
Other commercial companies	2.3%	1.1%
Banks	0.1%	15.4%
Total	66.4%	33.6%

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

Fiduciary accounts with banks, attorneys and other financial institutions altogether account for 23.2% of all POSR shares.

POSR shares held by members of the supervisory and management boards as at 30 June 2020

	Number of shares	Holding (%)
Marko Jazbec	7,500	0.044%
Jošt Dolničar	4,363	0.025%
Polona Pirš Zupančič	3,748	0.022%
Total management board	15,611	0.091%
Andrej Gorazd Kunstek	2,900	0.017%
Mateja Živec	1,000	0.006%
Total supervisory board	3,900	0.023%
Total management and supervisory boards	19,511	0.113%

Share buy-back

In the period from 1 January 2020 to 30 June 2020, Sava Re did not repurchase its own shares. The total number of own shares as at 30 June 2020 was 1,721,966, representing 10% less one share of all issued shares.

Dividends

The Company did not distribute any dividends in the first half of 2020. On 31 March 2020, Sava Re received a letter from the Slovenian Insurance Supervision Agency calling on insurance, reinsurance and pension companies to temporarily suspend dividend payments and refrain from making any irrevocable commitments to pay dividends. Through this temporarily measure, in force until 1 October 2020, the Insurance Supervision Agency believed insurance companies would increase their resilience to the financial shock resulting from the impact of the Covid-19 epidemic, maintain financial stability and prevent any potential business disruptions.

The general meeting held on 16 June 2020 accepted the proposal of the management and supervisory boards not to distribute the distributable profit in respect of 2019 of EUR 34,705,806.06 so that it remains unallocated.

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

Details on dividends⁴

EUR	For 2013	For 2014	For year 2015	For 2016	For 2017	For 2018	For 2019
Dividend distributions (accounted)	4,386,985	9,065,978	12,398,157	12,398,157	12,398,157	14,722,811	0
Dividend/share	0.26	0.55	ordinary: 0.65 special: 0.15	0.80	0.80	0.95	0.00
Dividend yield	2.0%	3.8%	5.8%	5.0%	4.8%	5.6%	-

Contingent capital

As at 30 June 2020, the Company had no conditional equity.

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:

- reinsurance business: Sava Re (non-Group business);
- non-life, Slovenia: Zavarovalnica Sava (Slovenian part, business that is in substance non-life business; including FoS business, Vita (business that is in substance non-life business);
- non-life, international: Zavarovalnica Sava (Croatian part), Sava Neživotno Osiguranje (SRB), Illyria (RKS), Sava Osiguranje (MNE), Sava Osiguruvanje (NMK), Sava Car (MNE), Sava Agent (MNE), Sava Station (NMK);
- life business, Slovenia: Zavarovalnica Sava (Slovenian part; business that is in substance life business), Vita (business that is in substance life business), ZS Svetovanje (SLO), Ornatus KC (SLO);
- life business, international: Zavarovalnica Sava (Croatian part), Sava Životno Osiguranje (SRB), Illyria Life (RKS);
- pension business: Sava Pokojninska (SLO), Sava Penzisko Društvo (NMK);
- other: TBS Team 24 (SLO), Sava Infond (SLO) – company included in the balance sheet as from 30 June 2019 and in the income statement for the period 7–12/2019, Illyria Hospital (RKS), ZTRS (SLO) – equity method, G2I (GB) – equity method. The “other” segment also includes the costs of subordinate debt.

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

- 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 have arisen. 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 consolidation process, the portion 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 was also allocated to the segment where it had arisen. All these items were adjusted only in the part relating to the risks of subsidiaries retroceded by Sava Re to reinsurers abroad.
- 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 each subsidiary’s gross premiums written. Such reallocation was also made for other operating expenses relating to intra-Group reinsurance transactions. In 2020, Sava Re allocated 68.7% of other operating expenses to operating segments as monitored by income composition (2019: 64.0%). Furthermore, operating expenses of TBS Team 24 incurred in its activities on behalf of other Group companies were reallocated from the “other” segment to the Slovenian and international non-life segments. Revenues associated with the operation of other Group companies are already eliminated in the consolidation process.

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

- 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). In 2020, the “other” segment also includes expenses relating to subordinate debt (EUR 1.4 million) arising out of the parent’s operations. The expenses relating to the investments in associates item in 2020 show goodwill impairment losses in the pensions segment relating to Sava Pokojninska (EUR 1.5 million).
- In 2020, the other income item relating to the Slovenian life segment showed a positive difference between the fair value of the net assets acquired and the purchase price of the investment in Vita (EUR 5.9 million), while the Slovenian non-life segment showed a EUR 0.9 million difference (based on the capital key, which in Vita is divided into non-life and life insurance).

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

- Intangible assets – goodwill is allocated to the segment from which it arose (depending on the acquisition of which subsidiary it relates to).
- The balance of financial investments associated with the Group’s reinsurance share of technical provisions 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).
- With regard to subordinate obligations, the amount of subordinate debt is shown in the “other” segment.

The following table shows the period when subsidiaries were included in the consolidated financial statements:

	Ergo	Vita	Sava Infond
Income statement 1–6/2019	April–June	no	no
Income statement 1–6/2020	January–June	June	January–June
Statement of financial position 30 Jun 2019	yes	no	yes
Statement of financial position 30 June 2020	yes	yes	yes

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

Summary of the consolidated income statement

EUR	1-6/2020	1-6/2019	Index
Net premiums earned	294,860,816	259,159,700	113.8
Income from investments in associates	0	2,717,909	-
Investment income	11,187,130	10,294,015	108.7
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	0	14,290,851	-
Other technical income	6,009,624	6,979,611	86.1
Other income	16,188,034	5,860,442	276.2
Net claims incurred	-201,514,317	-187,154,351	107.7
Change in other technical provisions	17,955,588	19,755,818	90.9
Change in technical provisions for policyholders who bear the investment risk	11,114,400	-7,515,881	-147.9
Expenses for bonuses and rebates	92,321	-190,827	-48.4
Operating expenses	-95,151,107	-85,859,076	110.8
Expenses for investments in associates and impairment losses on goodwill	-1,546,474	-24,176	6,396.7
Expenses for financial assets and liabilities	-5,376,260	-514,530	1,044.9
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	-5,927,685	0	-
Other technical expenses	-8,782,184	-7,452,285	117.8
Other expenses	-1,221,812	-1,326,491	92.1
Profit or loss before tax	37,888,074	29,020,729	130.6

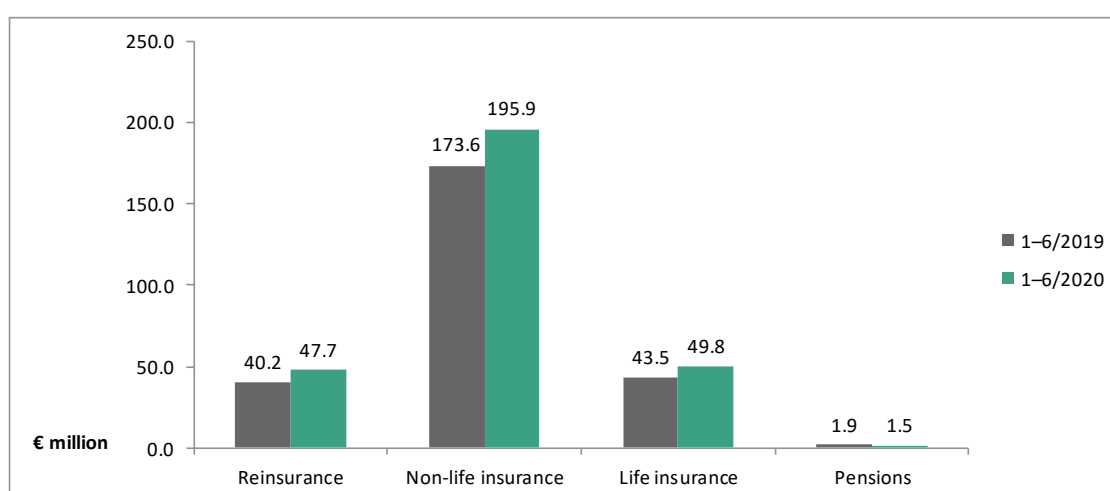
In 1-6/2020 operating revenue totalled EUR 314.2 million, up 16.6% year on year. Revenue was primarily driven by higher non-life and life revenue, a larger volume of business written by Zavarovalnica Sava with various EU companies and partly by the integration of a new company (Vita) into the Group. Following is a discussion of the major items of the consolidated income statement.

Consolidated net premiums earned⁶

Consolidated net premiums earned

EUR	1-6/2020	1-6/2019	Index
Gross premiums written	373,763,231	336,824,954	111.0
Net premiums earned	294,860,816	259,159,700	113.8

Consolidated net premiums earned by operating segment

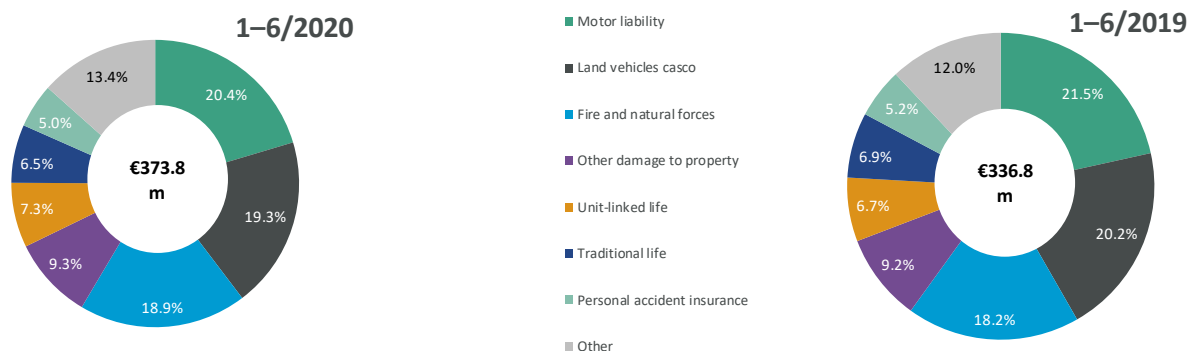


⁶ Included are also items of the pensions segment relating to pension annuity business in the distribution phase.

Consolidated net premiums earned by class of business

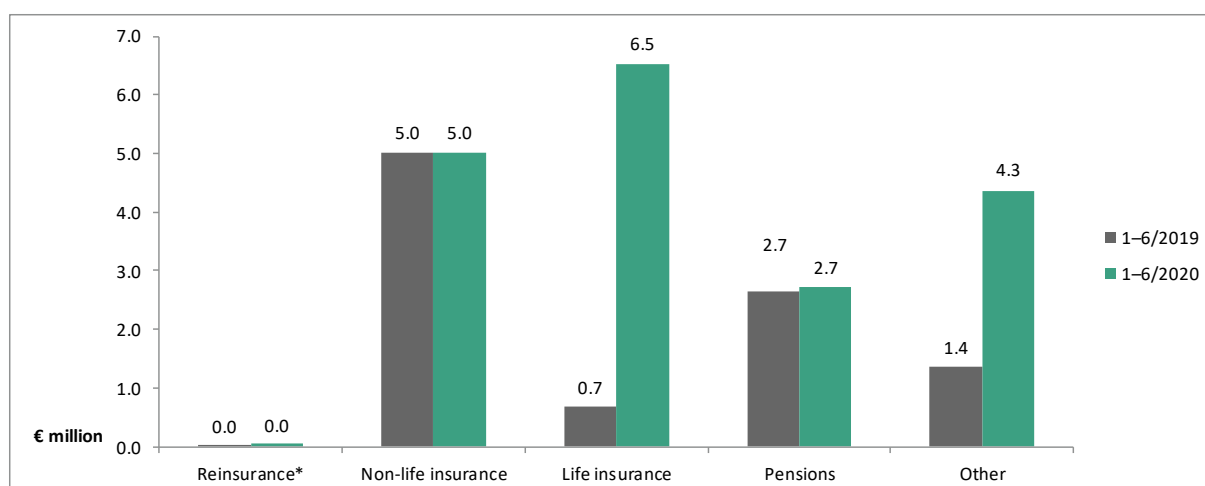
EUR	1-6/2020	1-6/2019	Index
Personal accident	15,858,875	14,641,058	108.3
Health	3,573,572	2,950,015	121.1
Land vehicles casco	60,178,576	54,043,764	111.4
Railway rolling stock	164,972	126,067	130.9
Aircraft hull	136,169	103,473	131.6
Ships hull	3,375,476	1,322,786	255.2
Goods in transit	2,796,742	1,173,451	238.3
Fire and natural forces	43,978,582	36,540,825	120.4
Other damage to property	20,230,911	19,600,020	103.2
Motor liability	67,572,598	59,286,063	114.0
Aircraft liability	30,720	155	19,819.4
Liability for ships	363,045	164,292	221.0
General liability	12,604,230	10,006,354	126.0
Credit	2,382,299	1,943,717	122.6
Suretyship	183,621	58,015	316.5
Miscellaneous financial loss	1,674,475	3,862,035	43.4
Legal expenses	25,223	77,606	32.5
Assistance	8,301,974	7,727,135	107.4
Traditional life	24,232,440	22,956,675	105.6
Unit-linked life	27,196,316	22,576,194	120.5
Total non-life	243,432,060	213,626,831	114.0
Total life	51,428,756	45,532,869	112.9
Total	294,860,816	259,159,700	113.8

Consolidated gross premiums written by class of business



Consolidated other technical income and other income

Composition of other technical income and other income by operating segment⁷



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

Consolidated net claims incurred⁸

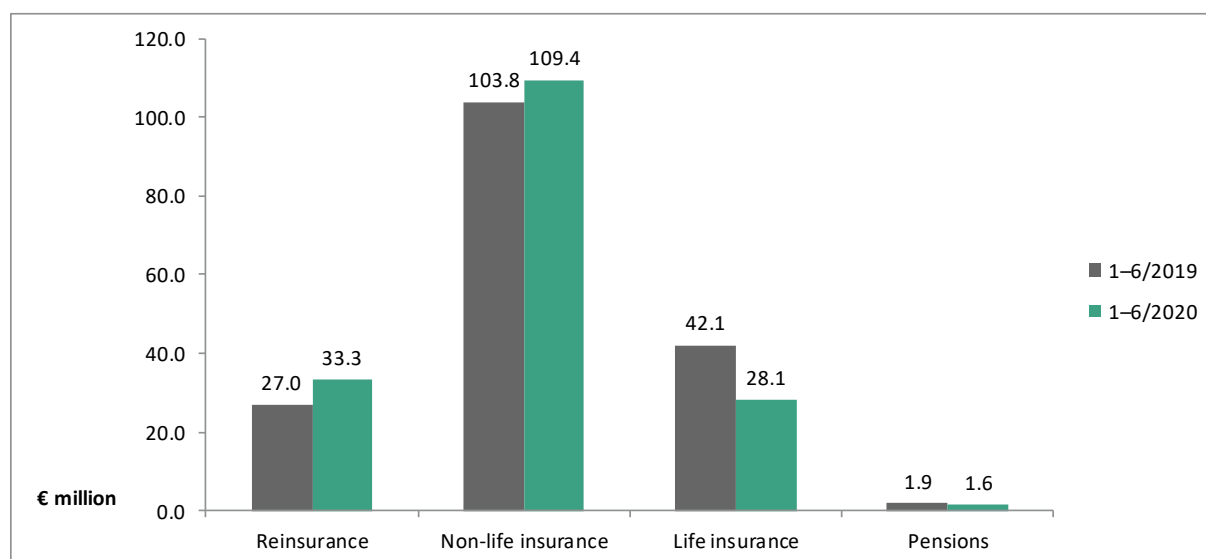
Consolidated net claims incurred, including the change in provisions related to life business

EUR	1-6/2020	1-6/2019	Index
Gross claims paid	192,490,317	189,475,725	101.6
Net claims incurred	201,514,317	187,154,351	107.7
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	172,444,329	174,914,414	98.6

⁷ Commission income is not included.

⁸ 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 provisions⁹



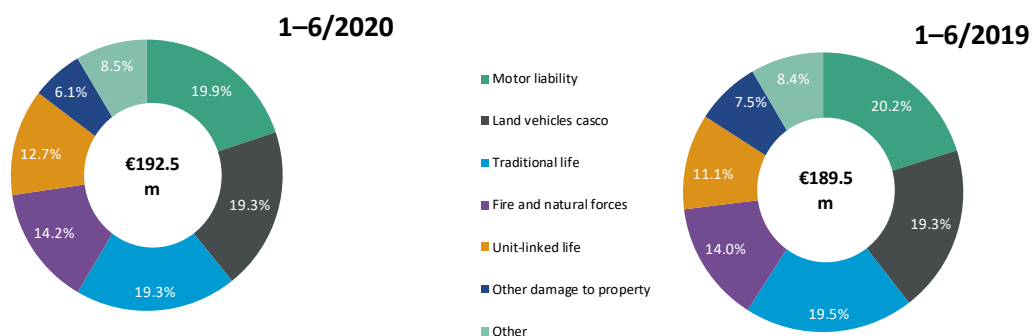
Consolidated net claims incurred by class of business¹⁰

EUR	1-6/2020	1-6/2019	Index
Personal accident	5,005,567	6,665,486	75.1
Health	1,808,279	2,235,125	80.9
Land vehicles casco	32,841,876	37,694,685	87.1
Railway rolling stock	55,471	29,082	190.7
Aircraft hull	93,947	172,134	54.6
Ships hull	5,278,069	677,844	778.7
Goods in transit	2,181,895	781,461	279.2
Fire and natural forces	30,126,377	23,163,925	130.1
Other damage to property	12,722,737	13,975,808	91.0
Motor liability	43,969,321	38,873,046	113.1
Aircraft liability	18,658	37,351	50.0
Liability for ships	220,093	125,315	175.6
General liability	3,715,689	4,159,911	89.3
Credit	-313,991	27,166	-1,155.8
Suretyship	227,532	25,039	908.7
Miscellaneous financial loss	881,681	385,901	228.5
Legal expenses	33,792	9,474	356.7
Assistance	969,421	1,375,797	70.5
Traditional life	36,768,293	38,376,345	95.8
Unit-linked life	24,909,610	18,363,455	135.6
Total non-life	139,836,414	130,414,550	107.2
Total life	61,677,903	56,739,800	108.7
Total	201,514,317	187,154,351	107.7

⁹ 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.

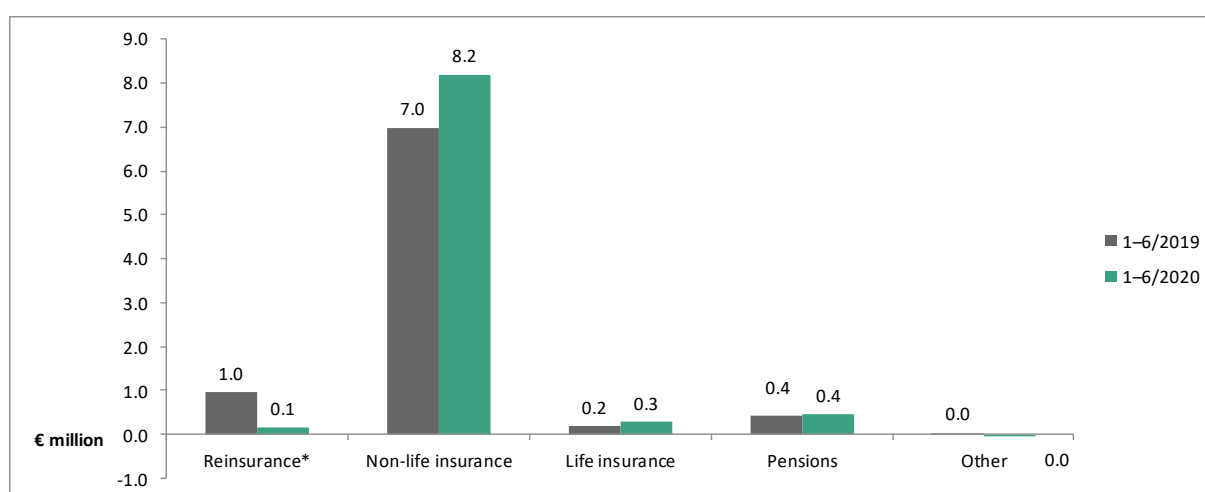
¹⁰ These do not include the change in other technical provisions nor the change in the technical provision for policyholders who bear the investment risk.

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



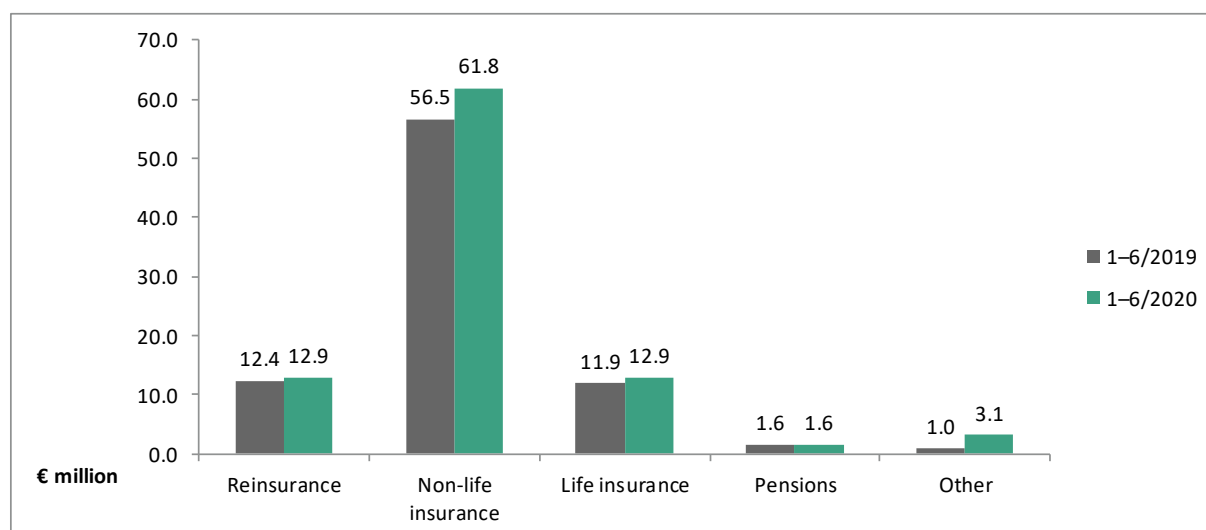
* The reinsurance segment is shown excluding the effect of exchange differences.

Consolidated operating expenses

Consolidated operating expenses

EUR	1-6/2020	1-6/2019	Index
Acquisition costs	38,694,345	34,038,881	113.7
Change in deferred acquisition costs (+/-)	-4,214,779	-4,927,477	85.5
Other operating expenses	60,671,541	56,747,672	106.9
Operating expenses	95,151,107	85,859,076	110.8
Reinsurance commission income	-2,885,095	-2,443,823	118.1
Net operating expenses	92,266,012	83,415,253	110.6

Consolidated net operating expenses by operating segment



Consolidated net investment income

Consolidated net investment income of the investment portfolio

EUR	1-6/2020	1-6/2019	Absolute change
Net investment income			
Net investment income from the investment portfolio	6,344,485	12,883,845	-6,539,360
Net investment income of the investment portfolio, excluding the effect of exchange differences	8,100,374	12,241,378	-4,141,004

Consolidated income and expenses relating to the investment portfolio

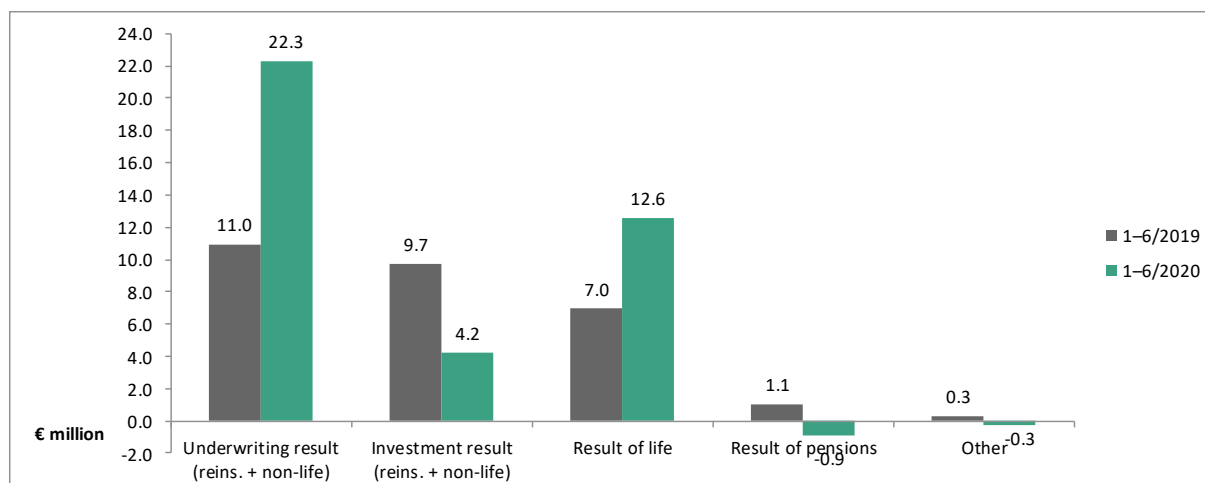
EUR	1-6/2020	1-6/2019	Absolute change
Income			
Interest income	6,660,405	7,008,727	-348,322
Change in fair value and gains on disposal of FVTPL assets	1,304,768	621,577	683,191
Gains on disposal of other IFRS asset categories	2,078,641	559,836	1,518,805
Income from profit of associate companies**	0	2,717,909	-2,717,909
Income from dividends and shares – other investments	190,554	803,977	-613,423
Exchange gains	0	642,467	-642,467
Diverse other income	1,604,610	1,320,800	283,810
Income relating to the investment portfolio	11,838,978	13,675,293	-1,836,315
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	0	14,290,851	-14,290,851
Expenses			
Interest expenses	1,457,777	11,822	1,445,955
Change in fair value and losses on disposal of FVTPL assets	2,007,315	58,675	1,948,640
Losses on disposal of other IFRS asset categories	25,247	105,833	-80,586
Expenses for losses in associate companies	16,654	24,176	-7,522
Exchange losses	1,755,889	0	1,755,889
Other expenses	231,611	590,942	-359,331
Expenses relating to the investment portfolio	5,494,493	791,448	4,703,345
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	5,927,685	0	5,927,685

* 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 (30 June 2020: EUR 90.8 thousand; 30 June 2019: EUR 91.1 thousand).

** In the period 1-6/2019, upon the first consolidation, income of EUR 2.7 million was recognised on the revaluation of the 15% stake in Sava Infond held by the subsidiary Zavarovalnica Sava.

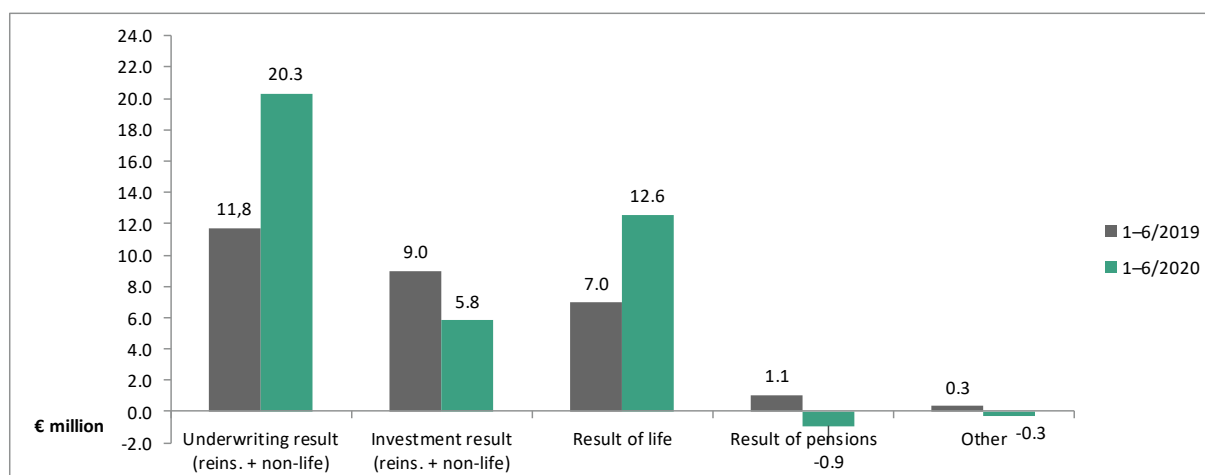
Consolidated gross profit or loss

Composition of the consolidated gross income statement

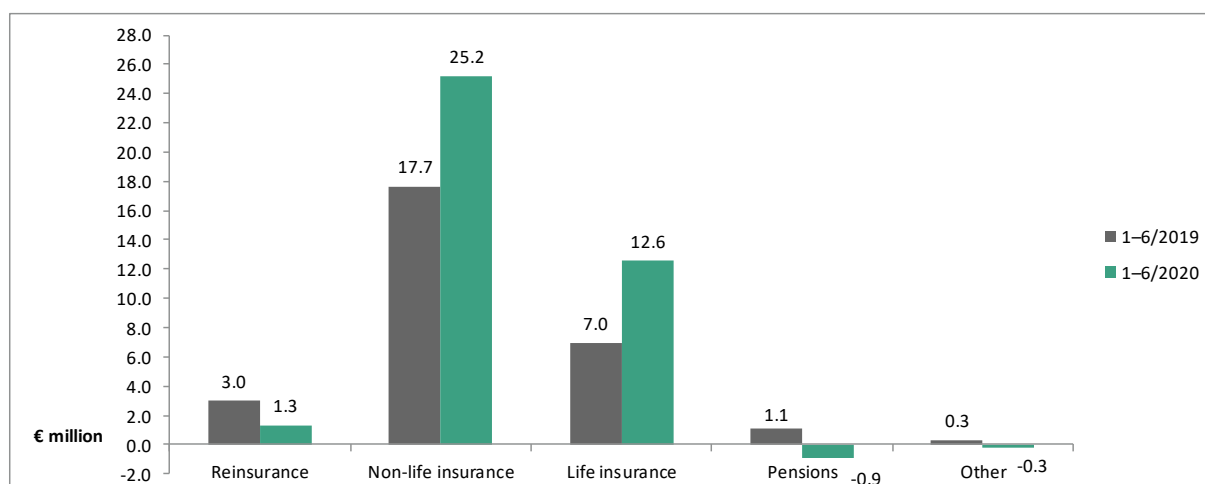


In the period 1-6/2020, exchange differences had a significant impact on the composition of the underwriting and investment results, which is why the results below are presented excluding the effect of exchange differences. The impact of exchange differences on the result by operating segment was as follows: a positive effect on the underwriting result of EUR 2.0 million (1-6/2019: a negative effect of EUR 0.8 million); a negative effect on the investment result of EUR 1.6 million (1-6/2019: a positive effect of EUR 0.7 million). The total positive effect of exchange differences on the 1-6/2020 result was EUR 0.4 million (1-6/2019: a negative effect of EUR 66,973).

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

The income statement and statement of financial position items by operating segment are presented 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.

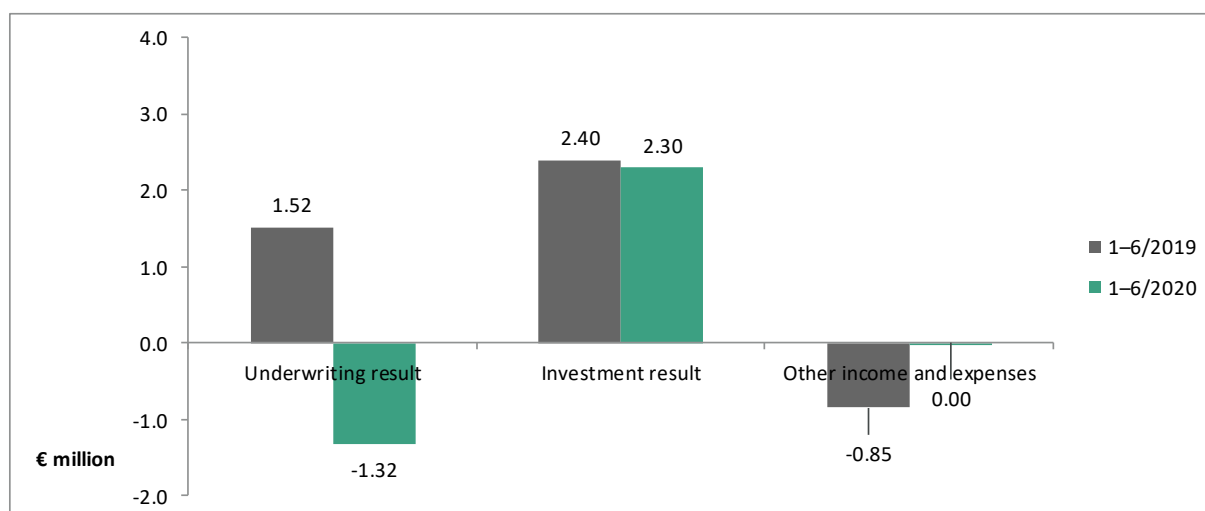
Composition of the consolidated gross income statement; reinsurance business



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 weaker in 1–6/2020 year on year, mainly as the result of high claims incurred (as explained below in this section). In the period 1–6/2020, the investment result (excluding the effect of exchange differences) remained approximately at the same level year on year.

Net premiums earned

Net premiums earned; reinsurance business

EUR	1–6/2020	1–6/2019	Index
Gross premiums written	64,798,763	56,330,966	115.0
Net premiums earned	23,238,933	19,070,122	121.9

In 1–6/2020, gross premiums written in this segment were 15.0% higher year on year. Premium growth was achieved in non-proportional and proportional reinsurance business, especially in Asian markets (through organic growth and new contracts). The premiums for underwriting year 2020 were 7.1% higher than in 2019 (EUR 3.7 million; chiefly reflecting the growth in non-proportional business). The premiums for past underwriting years were also EUR 4.8 million higher. The growth in premiums earned was in line with gross premium growth.

Net claims incurred

Net claims incurred; reinsurance business

EUR	1–6/2020	1–6/2019	Index
Gross claims paid	27,845,063	28,906,190	96.3
Net claims incurred	32,466,330	26,908,870	120.7

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

EUR	1–6/2020	1–6/2019	Index
Gross claims paid	27,845,063	28,906,190	96.3
Net claims incurred	34,770,605	25,972,291	133.9

In 1–6/2020, exchange differences had a positive impact on net claims incurred in the amount of EUR 2.3 million (1–6/2019: negative impact of EUR 0.9 million). Net claims incurred, excluding the effect of exchange differences, rose by 33.9% because this year more major loss events occurred (a fire loss in South Korea, Covid-19 claims of EUR 1.6 million cumulatively, a ship stranded in Brazil), whereas there were no events of a similar magnitude in the same period last year. The growth in net

claims incurred was also driven by organic growth of business (net premiums earned rose by 21.9%). The net incurred loss ratio relating to the reinsurance segment (excluding the effect of exchange differences) deteriorated by 9.7 p.p. year on year, to 74.7% (1–6/2019: 65.0%).

Operating expenses

Consolidated operating expenses; reinsurance business

EUR	1–6/2020	1–6/2019	Index
Acquisition costs	12,864,484	12,127,128	106.1
Change in deferred acquisition costs (+/-)	-1,611,989	-1,421,813	113.4
Other operating expenses	1,909,980	2,115,226	90.3
Operating expenses	13,162,475	12,820,541	102.7
Reinsurance commission income	-300,985	-380,768	-121.0
Net operating expenses	12,861,490	12,439,774	103.4

In 1–6/2020, acquisition costs rose by 6.1%, against 15.0% growth in gross premiums written. Acquisition costs as a percentage of gross premiums written rose by 1.6 p.p. year on year to 19.9% compared to 1–6/2019.

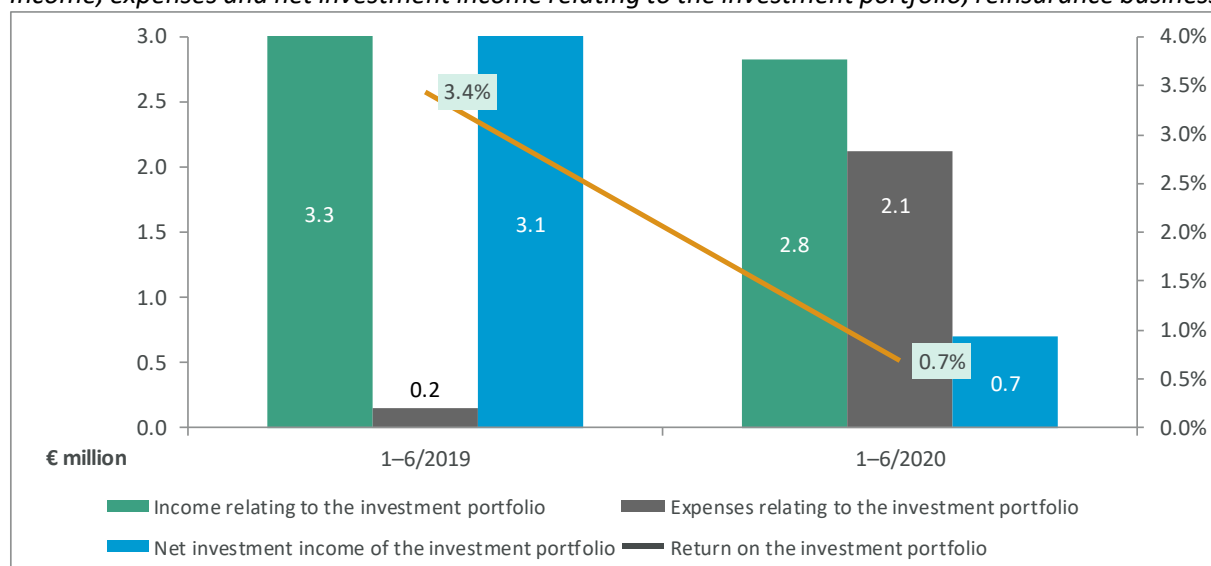
In 1–6/2020, the change in deferred acquisition costs was slightly larger year on year, due to stronger growth in gross premiums written for new business, in line with the movement in unearned premiums.

Other operating expenses declined by 9.7%, reflecting cost optimisation due to adjustments to Covid-19 operating conditions (reduced travel, lower commuting expenses and other adjustments).

In 1–6/2020, the net expense ratio improved by 4.1 p.p. as the result of faster growth in net premiums earned compared to net operating expenses. In 1–6/2020, acquisition costs, including the change in deferred acquisition costs, were up 5.1% year on year.

Net investment income

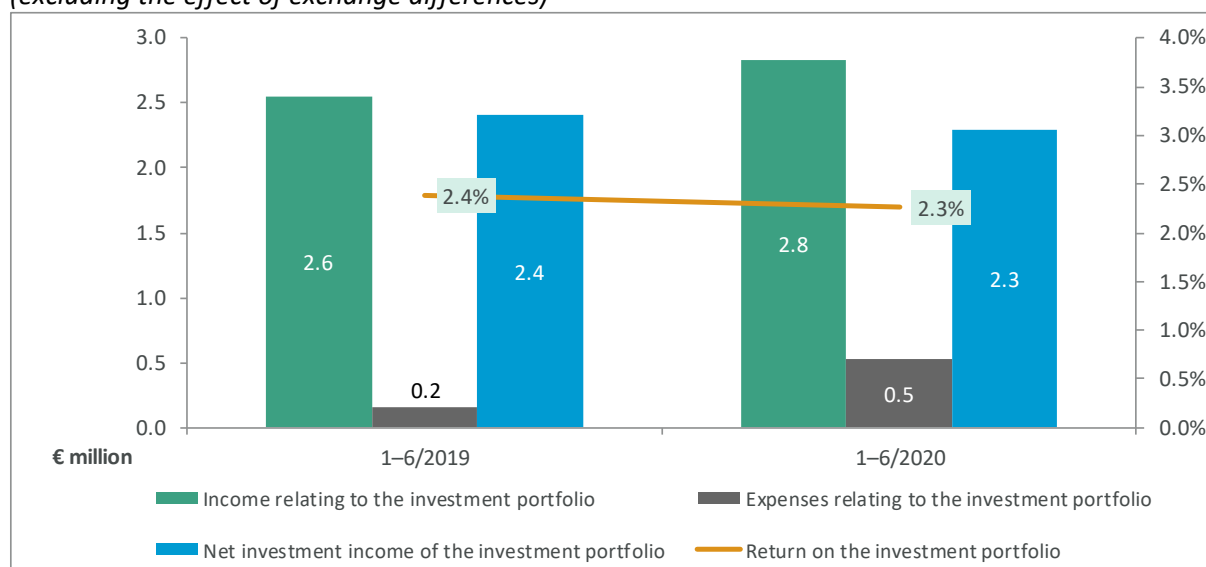
Income, expenses and net investment income relating to the investment portfolio; reinsurance business



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

Income and expenses for 1–6/2019 differ from those presented in the financial report for 1–6/2019 because exchange gains and losses were presented separately, while the 1–6/2020 report shows the net effect of exchange differences.

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 1-6/2020, net investment income totalled EUR 2.3 million and was flat year on year. The investment return for the period was 2.3%.

2.2 Non-life business

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

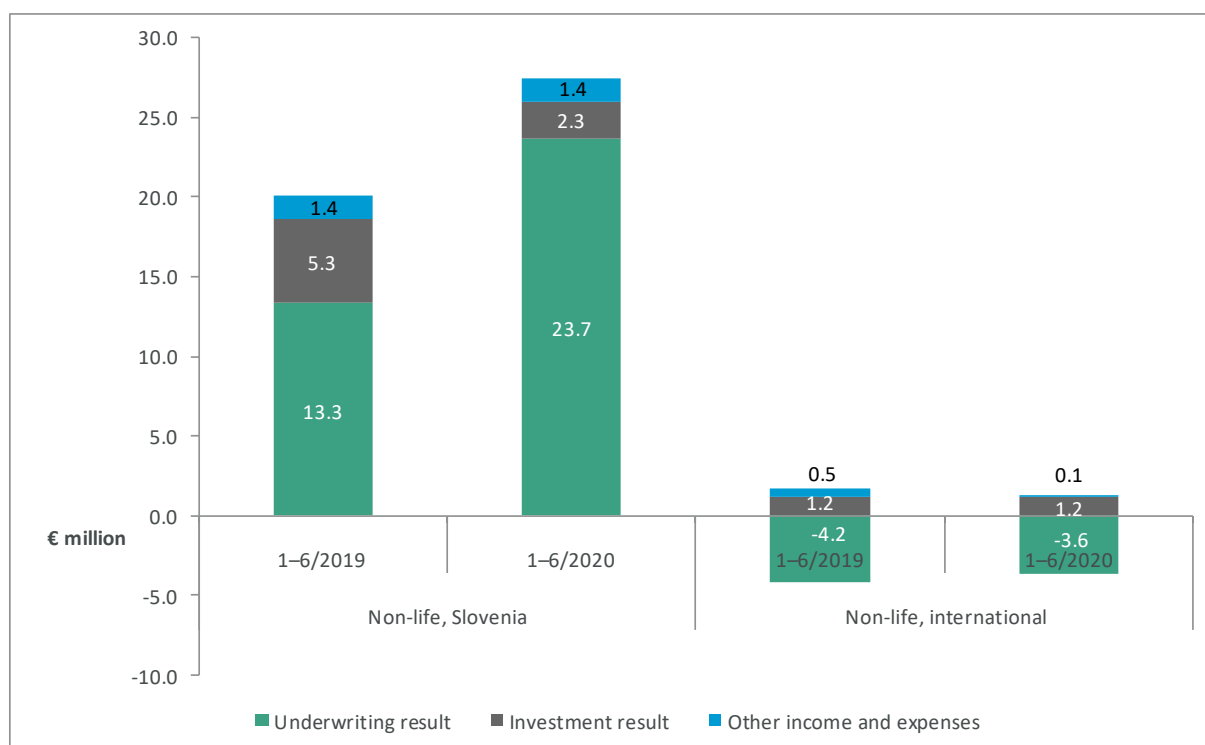
- Zavarovalnica Sava (SLO): business that is in substance non-life business
- Vita (SLO): business that is in substance non-life business
- Sava Osiguranje (Montenegro)
- Sava Neživotno Osiguranje (Serbia)
- Sava osiguruvanje (NMK)
- Illyria (RKS)
- Sava Car (MNE)
- Sava Agent (MNE)
- Sava Station (NMK)

Since its inclusion in the Group on 31 May 2020, Vita (business that is in substance non-life business) is included in the Slovenian non-life segment.

The Slovenian part of Zavarovalnica Sava is discussed under Slovenian non-life insurance, and the Croatian part of the company is discussed under international non-life insurance. FoS business is shown in the Slovenian non-life insurance segment.

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

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



The non-life segment recorded a EUR 7.5 million improvement in the consolidated pre-tax result in 1–6/2020 compared to the same period last year. The lion's share of the improvement, EUR 7.3 million, was achieved in Slovenian business.

The consolidated underwriting result of the Slovenian non-life segment improved by EUR 10.4 million, mainly driven by growth in net premiums earned, whereas the increase in net claims incurred is small. Likewise, the underwriting performance of non-Slovenian non-life insurers improved by EUR 0.6 million, largely as the result of higher net earned premiums due to a smaller change in unearned premiums and more favourable claims development. The improvement in the underwriting result would have been greater if there had not been a change in court practice regarding non-pecuniary losses in Croatia. For this reason, the insurer strengthened its claims provisions and provisions for unexpired risks by EUR 3.5 million.

The investment result of the Slovenian non-life segment deteriorated by EUR 3.0 million, chiefly because of a one-off income relating to the revaluation of the investment in Sava Infond in 2019 (a stake held by Zavarovalnica Sava) in the amount of EUR 2.7 million; the remaining drop relates to a change in the fair value and loss on the disposal of FVTPL investments.

The result of other income and expenses of the Slovenian non-life insurers remained at about the year-on-year level, whereas the result of other income and expenses of non-Slovenian non-life insurers declined by EUR 0.4 million, owing to increased other expenses of the Serbian non-life insurance company.

Net premiums earned

Net premiums earned; non-life insurance business

EUR	1–6/2020	1–6/2019	Index
Gross premiums written	257,532,210	234,997,715	109.6
Net premiums earned	195,855,364	173,579,784	112.8

Net premiums earned by region; non-life insurance business

EUR	Slovenia			International		
	1–6/2020	1–6/2019	Index	1–6/2020	1–6/2019	Index
Gross premiums written	216,645,763	193,230,401	112.1	40,886,447	41,767,314	97.9
Net premiums earned	159,151,684	140,040,227	113.6	36,703,679	33,539,557	109.4

Unconsolidated gross non-life premiums of Sava Insurance Group members

EUR	1–6/2020	1–6/2019	Index
Zavarovalnica Sava, Slovenian part (non-life)	216,439,716	193,342,307	111.9
Sava Neživotno Osiguranje (SRB)	11,676,662	11,715,060	99.7
Zavarovalnica Sava, Croatian part (non-life)	10,531,348	11,028,514	95.5
Sava osiguruvanje (NMK)	6,708,905	7,108,353	94.4
Sava Osiguranje (Montenegro)	6,403,035	7,135,594	89.7
Illyria (RKS)	5,583,494	4,790,618	116.6
Vita (SLO)	308,805	0	-
Total	257,651,966	235,120,446	109.6

Gross non-life insurance premiums grew by 9.6% in 1–6/2020, chiefly as the result of growth in gross non-life premiums of the Slovenian insurer. Accordingly, net premiums earned also grew, by 12.8% in total. The movement in gross premiums in most other markets was impacted by developments connected with the Covid-19 pandemic.

Slovenia-sourced gross non-life premiums grew by 12.1%, or EUR 23.4 million. This growth is mostly the result of growth in gross premiums of freedom of services (FoS) business of EUR 16.4 million that Zavarovalnica Sava generated in cooperation with various EU partners. This chiefly relates to property, ships, general liability and motor business. The remaining EUR 6.7 million increase in gross premiums written relates to growth in gross non-life premiums of the Slovenian part of Zavarovalnica Sava, excluding FoS business. Most of the growth in gross premiums of the Slovenian non-life insurance company, excluding FoS business, was achieved with private motor business as a result of an increase in the number of policies and higher coverages sold. In March and April 2020, motor sales were down because of Covid-19 restrictions; however, Zavarovalnica Sava managed to offset lost premiums after restrictions were lifted, achieving 4.4% growth in gross casco premiums. There was also an increase in gross property premiums, in particular because of strong sales of the new homeowner's policies. In the aforementioned period, the Slovenian insurance market registered 3.8% growth in non-life gross premiums, excluding FoS business and accepted co-insurance, and the Slovenian part of Zavarovalnica Sava achieved 3.6% premium growth. Net non-life insurance premiums earned in Slovenia grew by 13.6% in 1–6/2020, mostly reflecting growth in FoS business.

Gross non-life insurance premiums written abroad dropped by 2.1%. In absolute terms, the largest fall was in assistance premiums, especially in Serbia, as Covid-19 restrictions made travel very difficult and the sales of products for tourists plunged dramatically. Due to the Covid-19 pandemic there was also a decline in the sales of motor policies and companies recorded lower gross premiums, except for the Kosovo insurer, who saw an increase in premiums per motor policy at the end of 2019.

Composition of unconsolidated gross non-life insurance premiums by class of business



Net claims incurred

Net claims incurred; non-life insurance business

EUR	1-6/2020	1-6/2019	Index
Gross claims paid	103,065,972	102,614,815	100.4
Net claims incurred	107,398,917	103,513,308	103.8

Net claims incurred by region; non-life insurance business

EUR	Slovenia			International		
	1-6/2020	1-6/2019	Index	1-6/2020	1-6/2019	Index
Gross claims paid	85,657,113	84,687,482	101.1	17,408,859	17,927,333	97.1
Net claims incurred	86,207,029	83,943,679	102.7	21,191,887	19,569,629	108.3

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

EUR	1-6/2020	1-6/2019	Index
Zavarovalnica Sava, Slovenian part (non-life)	87,127,566	84,980,886	102.5
Zavarovalnica Sava, Croatian part (non-life)	5,656,759	5,694,645	99.3
Sava Neživotno Osiguranje (SRB)	4,685,785	4,176,462	112.2
Sava osiguruvanje (NMK)	2,737,036	2,858,275	95.8
Sava Osiguranje (Montenegro)	2,245,111	2,570,540	87.3
Illyria (RKS)	2,114,862	2,649,452	79.8
Vita (SLO)	46,552	0	-
Total	104,613,670	102,930,260	101.6

Consolidated gross non-life claims grew by 0.4% in 1-6/2020 as the result of growth in gross non-life claims of Zavarovalnica Sava and the inclusion of Vita in the consolidated accounts.

Consolidated gross claims paid in 1-6/2020 relating to Slovenian non-life business rose by 1.1% year on year. There was a EUR 4.0 million increase in gross claims incurred from FoS business due to portfolio growth. Gross claims incurred on policies written in Slovenia declined as the result of a lower loss frequency under motor policies during the Covid-19 lockdown when there were fewer traffic accidents because of reduced motor traffic.

Consolidated gross claims paid relating to non-Slovenian business dropped by 2.9%. There was a decline in claims under accident, health, property and assistance policies. The decline is mainly a result of fewer claims made due to the Covid-19 pandemic. There was also a drop in the number of motor claims made.

Operating expenses

Consolidated operating expenses; non-life segment

EUR	1-6/2020	1-6/2019	Index
Acquisition costs	22,771,125	18,800,509	121.1
Change in deferred acquisition costs (+/-)	-2,965,950	-3,531,720	84.0
Other operating expenses	44,539,108	43,294,749	102.9
Operating expenses	64,344,283	58,563,538	109.9
Reinsurance commission income	-2,582,621	-2,056,821	125.6
Net operating expenses	61,761,662	56,506,717	109.3

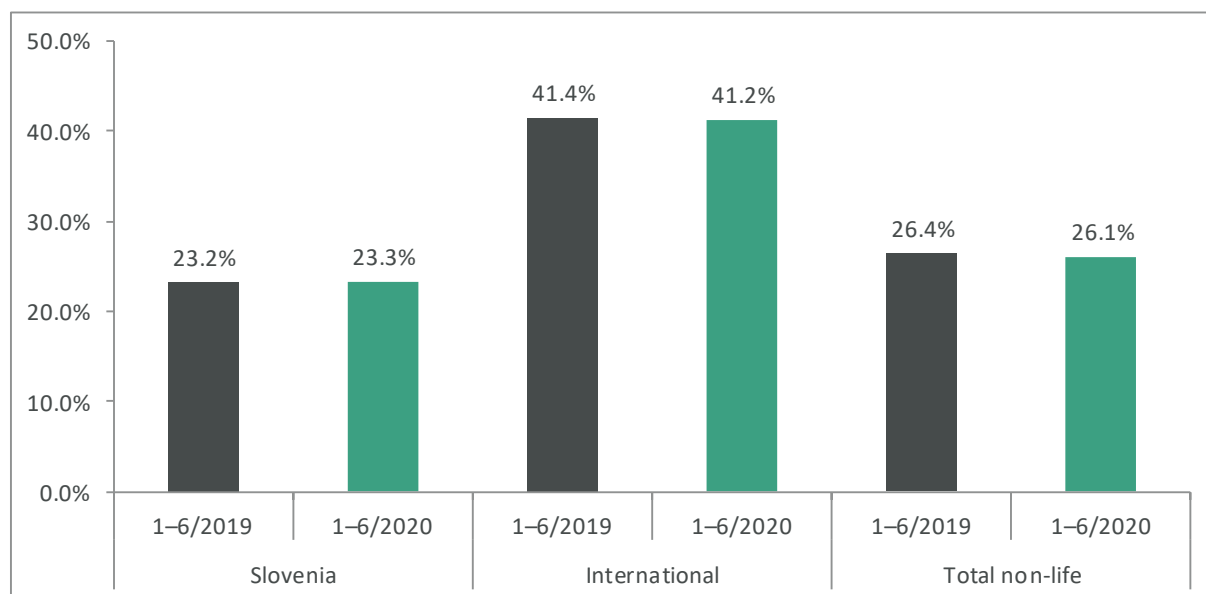
Consolidated gross operating expenses of the non-life segment

EUR	1-6/2020	1-6/2019	Index
Non-life business, Slovenia	50,457,353	44,799,771	112.6
Non-life business, international	16,852,880	17,295,487	97.4

Consolidated acquisition costs were up by 21.1%. Growth in acquisition costs is mainly related to growth in FoS business of the non-life part of Zavarovalnica Sava in Slovenia.

In the first half of 2020, consolidated other operating expenses increased by 2.9% due to the increase in operating expenses of the Slovenian part of Zavarovalnica Sava, which incurred higher personnel costs and costs of IT services as the result of development projects. All non-Slovenian Group companies saw a drop in other operating expenses, except the Croatian part of Zavarovalnica Sava because of the previous year's only partial consolidation of ERGO (in 2019, the insurance company ERGO was included into the consolidated accounts from April, whereas this year it is part of the Croatian part of Zavarovalnica Sava for the full year).

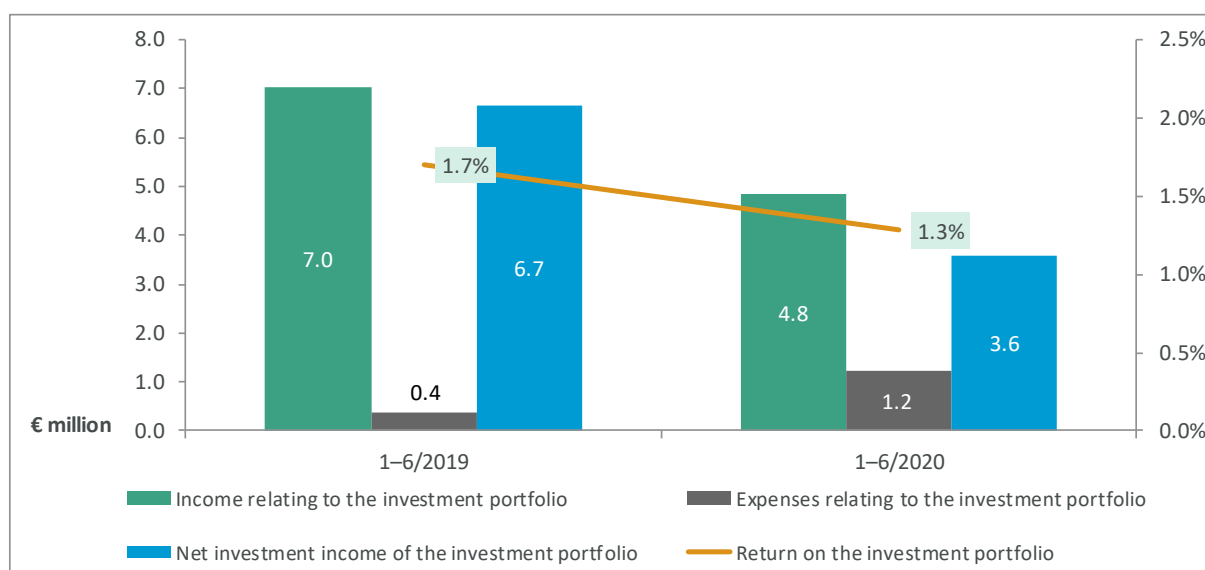
Consolidated gross expense ratio; non-life segment



The consolidated gross expense ratio of the non-life segment dropped by 0.3 p.p. The gross expense ratio of the Slovenian non-life insurers increased by 0.1 p.p. due to higher acquisition costs, while the gross expense ratio of non-Slovenian non-life insurers dropped by 0.2 p.p. as the result of lower gross operating expenses, which were higher in relative terms than the drop in gross premiums written.

Net investment income

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



Income and expenses for 1-6/2019 differ from those presented in the financial report for 1-6/2019 because exchange gains and losses were presented separately, while the 1-6/2020 report shows the net effect of exchange differences.

In 1-6/2020, net investment income of non-life companies totalled EUR 3.6 million, down EUR 3.1 million year on year. In the same period last year, investment income strengthened due to a one-off income from the revaluation of the stake in Sava Infond of EUR 2.7 million. When this one-off income is excluded, the return is EUR 0.4 million lower in the reporting period. Lower net investment income was largely due to fair value changes and losses on the disposal of FVTPL assets. The return on investment for the period was 1.3%.

2.3 Life insurance

The life segment comprises the operations of the following companies:

- Zavarovalnica Sava (SLO): business that is in substance life business
- Vita (SLO): business that is in substance life business
- Sava Životno Osiguranje (SRB)
- Illyria Life (RKS)
- ZS Svetovanje (SLO): insurance agency
- Ornatus KC (SLO): call centre

Since its inclusion in the Group on 31 May 2020, Vita (business that is in substance life business) has been included in the Slovenian life segment.

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.

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

Net premiums earned

Net premiums earned; life insurance business

EUR	1-6/2020	1-6/2019	Index
Gross premiums written	49,938,328	43,582,767	114.6
Net premiums earned	49,787,362	43,488,858	114.5

Net premiums earned by region; life insurance business

EUR	Slovenia			International		
	1-6/2020	1-6/2019	Index	1-6/2020	1-6/2019	Index
Gross premiums written	45,028,307	39,391,574	114.3	4,910,021	4,191,193	117.2
Net premiums earned	44,891,798	39,289,718	114.3	4,895,564	4,199,140	116.6

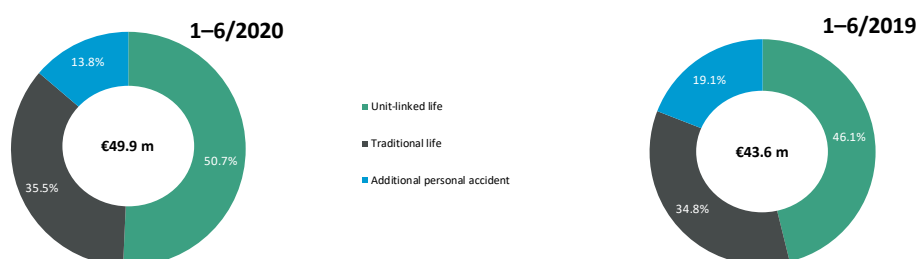
Unconsolidated gross life premiums of Sava Insurance Group companies

EUR	1-6/2020	1-6/2019	Index
Zavarovalnica Sava, Slovenian part (life)	37,702,815	39,391,574	95.7
Vita (SLO)	7,325,491	0	-
Sava Životno Osiguranje (SRB)	1,852,605	1,358,232	136.4
Zavarovalnica Sava, Croatian part (life)	1,832,364	1,693,702	108.2
Illyria Life (RKS)	1,232,325	1,139,259	108.2
Total	49,945,600	43,582,767	114.6

In 1-6/2020, gross premiums written by Slovenian life insurers rose by 14.3% year on year, chiefly as the result of including Vita into the consolidated accounts. In 1-6/2020, gross premiums written by the life insurance part of Zavarovalnica Sava in Slovenia dropped by 4.3% year on year. The company did not manage to write sufficient new business to fully offset premiums lost due to policy maturities, surrenders and deaths. Since its inclusion in the Group (in one month), Vita wrote EUR 7.3 million in gross premiums.

In 1-6/2020, gross premiums written by the Group's non-Slovenian life insurers rose by 17.2% year on year, most strongly in Serbia, reflecting increased productivity of the insurer's own agency network.

Unconsolidated gross life insurance premiums written by class of business



Net claims incurred

Net claims incurred; life insurance business

EUR	1-6/2020	1-6/2019	Index
Gross claims paid	61,126,111	57,509,694	106.3
Net claims incurred	61,195,584	56,286,947	108.7
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	28,131,187	42,096,292	66.8

Net claims incurred by region; life insurance business

EUR	Slovenia			International		
	1-6/2020	1-6/2019	Index	1-6/2020	1-6/2019	Index
Gross claims paid	58,689,981	55,395,773	105.9	2,436,130	2,113,921	115.2
Net claims incurred	58,661,128	53,999,512	108.6	2,534,455	2,287,435	110.8
Consolidated net claims incurred, including the change in other provisions and the change in the provision for unit-linked business	25,003,081	39,516,628	63.3	3,128,105	2,579,664	121.3

Unconsolidated gross life claims paid by Sava Insurance Group companies

EUR	1-6/2020	1-6/2019	Index
Zavarovalnica Sava, Slovenian part (life)	56,375,667	55,395,773	101.8
Vita (SLO)	2,314,314	0	-
Zavarovalnica Sava, Croatian part (life)	1,725,170	1,562,956	110.4
Sava Životno Osiguranje (SRB)	477,678	246,033	194.2
Illyria Life (RKS)	233,569	304,932	76.6
Total	61,126,398	57,509,694	106.3

In 1-6/2020, gross claims paid in Slovenia rose by 5.9% year on year, chiefly as the result of including Vita into the consolidated accounts. In the life insurance part of Zavarovalnica Sava in Slovenia, the bulk of the maturity benefits incurred in the period related to traditional life policies, specifically EUR 29.1 million, a decline of EUR 0.9 million year on year. Unit-linked life business where policyholders bear the investment risk paid out EUR 9.8 million in surrenders and advance payments, up EUR 4.9 million year on year, whereas this class of insurance incurred EUR 2.4 million lower maturity benefits than in the previous year.

Of the non-Slovenian insurers, Sava Životno Osiguranje (SRB) recorded the largest increase in gross claims paid, at 94.2% (especially claims relating to deaths and maturities), due to high premium growth.

Operating expenses

Consolidated operating expenses; life segment

EUR	1-6/2020	1-6/2019	Index
Acquisition costs	3,052,559	3,095,145	98.6
Change in deferred acquisition costs (+/-)	363,160	26,056	1,393.8
Other operating expenses	9,473,904	8,752,109	108.2
Operating expenses	12,889,623	11,873,310	108.6
Reinsurance commission income	-1,489	-6,234	23.9
Net operating expenses	12,888,134	11,867,077	108.6

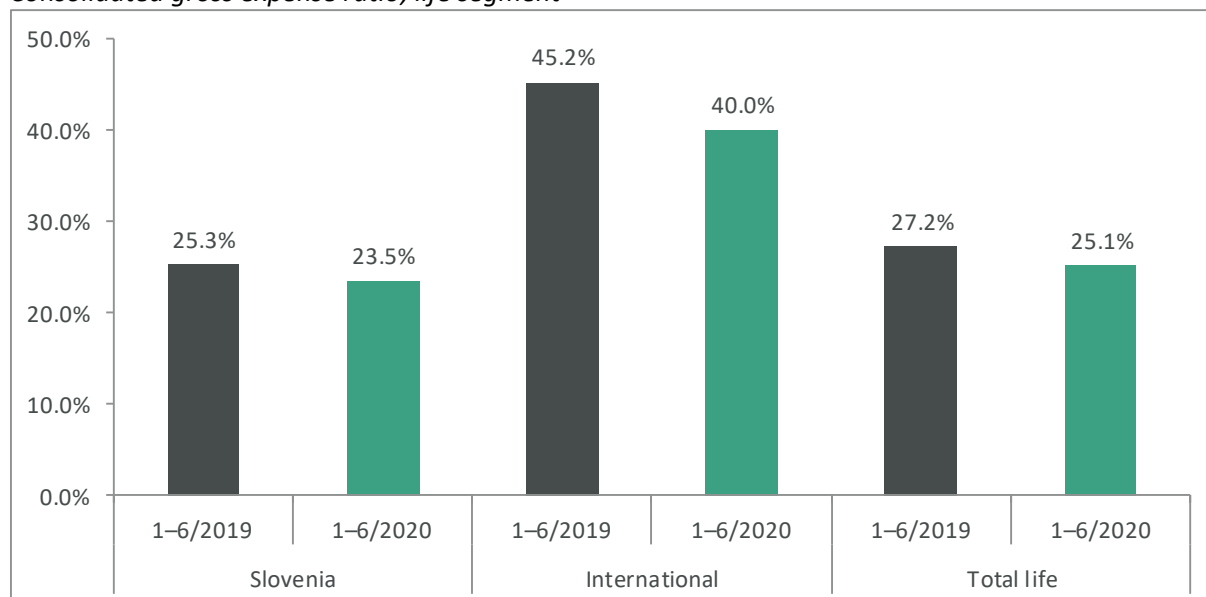
Consolidated gross operating expenses of the life segment

EUR	1-6/2020	1-6/2019	Index
Life business, Slovenia	10,560,147	9,953,159	106.1
Life business, international	1,966,316	1,894,095	103.8

In 1–6/2020, policy acquisition expenses dropped by 1.4% year on year despite the inclusion of Vita in the Group. The difference in the change in deferred acquisition costs between the years chiefly relates to Slovenian life business.

In the first half of 2020, other operating expenses rose by 8.2% year on year, mostly due to the inclusion of Vita in the Group.

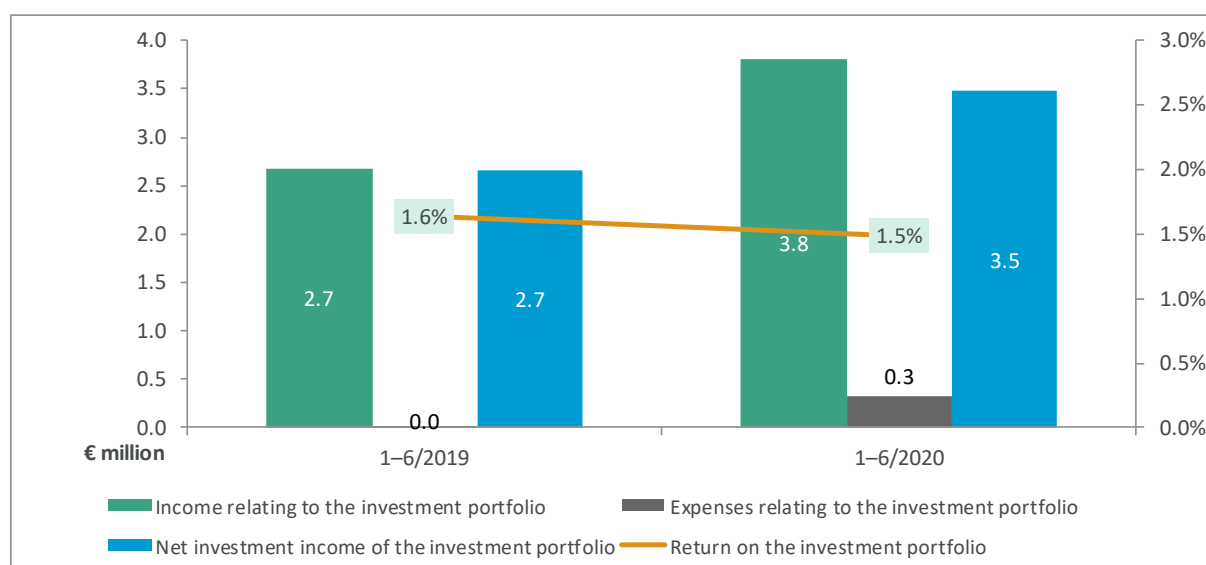
Consolidated gross expense ratio; life segment



The consolidated gross expense ratio dropped by 1.9 p.p. year on year, as the result of the inclusion of Vita, which operates at a lower gross expense ratio. Life insurance companies outside Slovenia saw a decline in the gross expense ratio of 5.2 p.p. (growth in gross premiums written exceeded growth in 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 1–6/2020, net investment income of life companies totalled EUR 3.5 million, up EUR 0.8 million year on year. Despite the higher net investment income, the return on the investment portfolio of life

insurance companies remained at about the same level, at 1.5%. One underlying reason is the significantly higher average investment portfolio position relating to the life segment compared to the same period in the previous year. The increase in the average position was mostly contributed by the inclusion of the Vita portfolio.

2.4 Pensions

The pensions segment comprises the operations of the following companies:

- Sava Pokojninska (SLO)
- Sava Penzisko Društvo (NMK)

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

Savings phase

Other technical income and other income

EUR	1-6/2020	1-6/2019	Index
Other technical income and other income	2,724,659	2,655,644	102.6

Other technical income and other income include:

- income of the Slovenian pension company relating to entry charges paid by customers, exit charges, management fees that belong to the company in the management of the life cycle funds MOJI Skladi Življenjskega Cikla, and overheads charged to customers when transferring assets from the savings part to the annuity part; and
- income of the North Macedonian pension company relating to entry charges paid by customers and management fees to which the company is entitled for the management of mandatory and voluntary pension funds.

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

EUR	1-6/2020	1-6/2019	Index
Opening balance of fund assets (31 Dec)	148,585,345	134,926,064	110.1
Gross fund inflows	5,793,508	5,454,939	106.2
Gross fund outflows	-3,504,618	-3,080,655	113.8
Asset transfers	21,714	128,563	16.9
Fund return	-4,939,859	4,711,210	-
Entry and exit charges	-99,059	-94,826	104.5
Closing balance of fund assets (30 June)	145,857,030	142,045,296	102.7

The difference in the balance of fund assets and the balance sheet item assets of financial investments are the receivables of financial investments. Gross inflows into the My-Life-Cycle Funds of the Slovenian pension company rose by 6.2% in the period 1-6/2020 year on year, which is chiefly the result of higher average premium contributions but also reflects an increase in the number of policyholders.

In the period 1-6/2020, gross fund outflows from the My-Life-Cycle Funds of the Slovenian pension insurer were planned to exceed the year-on-year figure by 13.8%. This was due to higher ordinary lapses (which includes transfers to annuities and surrenders by persons who retire), whereas extraordinary lapses were lower (cancelled policies and deaths).

In the period 1–6/2020, the Company transferred assets in the amount of EUR 226 thousand from other pension service providers, and transfers to other providers totalled EUR 205 thousand, resulting in an overall positive net effect.

In the first half of 2020, funds recorded a negative return of EUR 4.9 million, reflecting unfavourable movements in financial markets in the first quarter of 2020 related to the Covid-19 pandemic. Conditions in financial markets improved in the second quarter of 2020. In the first half of 2020, the total assets of the group of long-term business funds thus dropped by 1.8% to EUR 145.9 million as at 30 June 2020.

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

EUR	1–6/2020	1–6/2019	Index
Opening balance of net value of fund assets in period (31 Dec)	594,459,173	502,570,316	118.3
Gross fund inflows	35,149,205	38,009,007	92.5
Gross fund outflows	-523,005	-17,349,059	3.0
Asset transfers	-1,945,010	-58,877	3,303.5
Fund return	-3,442,653	28,601,890	-
Entry and exit charges	-711,483	-813,165	87.5
Transfer to liabilities due to state pension fund	0	-2,337,207	0.0
Fair value reserve and exchange differences	-3,155,868	20,712	-
Closing balance of net value of fund assets in period (30 June)	619,830,359	548,643,617	113.0

In 1–6/2020, gross inflows into the mandatory and voluntary funds of the North Macedonian pension company totalled EUR 35.1 million, and gross outflows were EUR 0.5 million. In the period, the return on funds was negative, at 0.6%, owing to the negative trends in financial markets. Conditions in financial markets improved in the second quarter of 2020.

Despite the negative trends in financial markets in the first half of 2020, the net asset value of funds under management rose by 4.3% to EUR 619.8 million as at 30 June 2020.

The asset value of funds under the management of the North Macedonian pension company is not included in the Company's financial accounts, in accordance with regulations.

Pension annuities – distribution phase

EUR	1–6/2020	1–6/2019	Index
Gross premiums written	1,493,930	1,913,506	78.1
Gross claims paid	453,486	445,226	101.9
Change in other net technical provisions (+/-)	-1,143,289	-1,483,770	77.1

The annuity part relates to the operation of Sava Pokojninska. The gross premiums written relate to the annuity fund and decreased by 21.9% in the period 1–6/2020 year on year.

Gross claims paid include supplementary pension annuity payouts, which increased by 1.9% in the period 1–6/2020 year on year. After 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. These rose by EUR 1.1 million in the first half of 2020, or by 22.9% less than in the first half of the previous year, because of lower new premium contributions at roughly unchanged claim payments.

Operating expenses

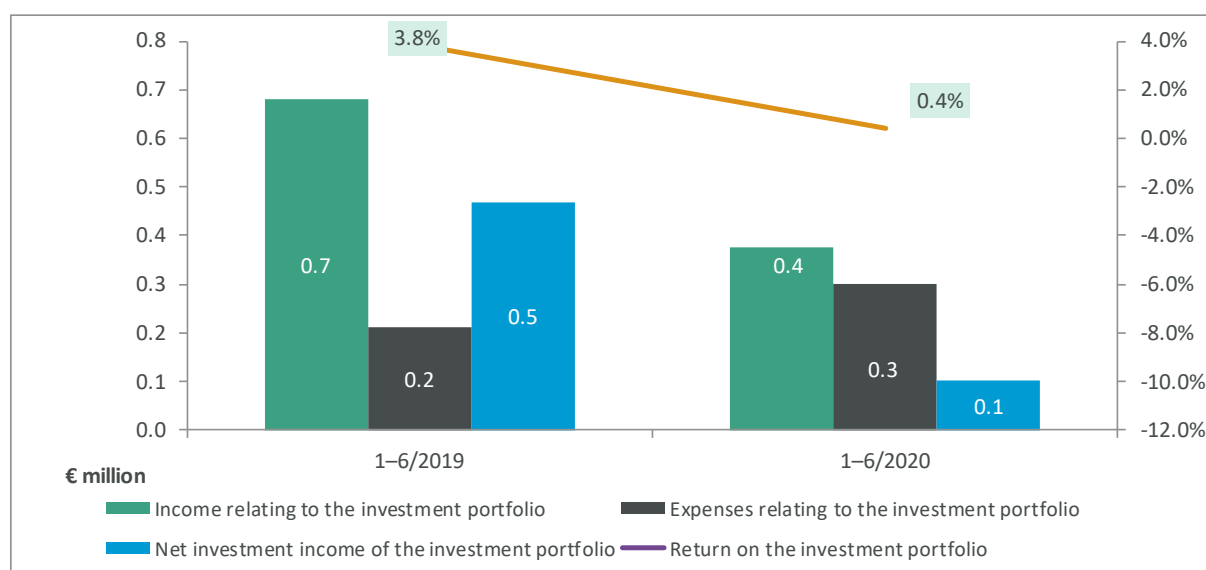
Operating expenses; pensions segment

EUR	1-6/2020	1-6/2019	Index
Operating expenses	1,611,870	1,632,232	98.8

In the period 1-6/2020, operating expenses decreased by 1.2% year on year: they dropped in the Slovenian pension company but were higher in the North Macedonian pension company due to the amortisation of a client list set up as an intangible asset of the Group after the company entered the Group.

Net investment income

Income, expenses and net investment income relating to the investment portfolio (EUR); pensions segment¹¹



Income and expenses for 1-6/2019 differ from those presented in the financial report for 1-6/2019 because exchange gains and losses were presented separately, while the 1-6/2020 report shows the net effect of exchange differences.

Net investment income from the pension companies' investment portfolio totalled EUR 0.1 million in 1-6/2020. Net investment income was lower due to fair value movements in disposals of investments. The investment return for the period was 0.4%.

2.5 Other

This "other" segment comprises the subsidiaries Sava Infond (SLO), TBS Team 24 (SLO) and Illyria Hospital (RKS), and the two associates ZTSR (SLO) and G2I (GB), both consolidated using the equity method. Sava Infond was first included in the consolidated accounts of the Sava Insurance Group on 30 June 2019, which means that it was not fully included in the income statement for 1-6/2019.

The "other" segment reduced the consolidated result for 1-6/2020 by EUR 0.3 million, mainly due to interest expenses on subordinated debt (EUR 1.4 million). The "other" segment improved the consolidated result for 1-6/2019 by EUR 0.3 million.

¹¹ 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 2020, total assets of the Sava Insurance Group stood at EUR 2,424.9 million, an increase of 28.6% over year-end 2019. Below we set out items of assets and liabilities in excess of 5% of total assets as at 30 June 2020 and items that changed by more than 2% of equity. For the sake of presenting a full overview, the investment portfolio is presented as made up of financial investments, investment property, financial investments in associates, and cash and cash equivalents (although certain categories do not achieve the threshold mentioned above).

3.1 Assets

Consolidated total assets by type

EUR	30 Jun 2020	As % of total 30 Jun 2020	31 Dec 2019	As % of total 31 Dec 2019
ASSETS	2,424,888,083	100.0%	1,885,953,003	100.0%
1 Intangible assets	60,903,095	2.5%	61,060,069	3.2%
2 Property, plant and equipment	48,780,833	2.0%	47,615,710	2.5%
3 Right-of-use assets	10,373,000	0.4%	9,974,252	0.5%
4 Deferred tax assets	3,230,412	0.1%	2,044,124	0.1%
5 Investment property	16,696,364	0.7%	16,695,132	0.9%
6 Financial investments in associates	14,064,451	0.6%	581,104	0.0%
7 Financial investments	1,371,007,338	56.5%	1,064,874,239	56.5%
8 Assets held for the benefit of policyholders who bear the investment risk	359,902,304	14.8%	213,159,889	11.3%
9 Reinsurers' share of technical provisions	51,838,681	2.1%	38,620,539	2.0%
10 Investment contract assets	148,885,603	6.1%	151,197,102	8.0%
11 Receivables	200,306,277	8.3%	159,413,917	8.5%
12 Deferred acquisition costs	28,041,227	1.2%	23,500,521	1.2%
13 Other assets	5,722,391	0.2%	2,841,516	0.2%
14 Cash and cash equivalents	104,567,336	4.3%	93,804,031	5.0%
15 Non-current assets held for sale	568,771	0.0%	570,858	0.0%

3.1.1 Investment portfolio

The investment portfolio consists of the following statement of financial position items: financial investments (7), investment property (5), financial investments in associates (6), and cash and cash equivalents (14).

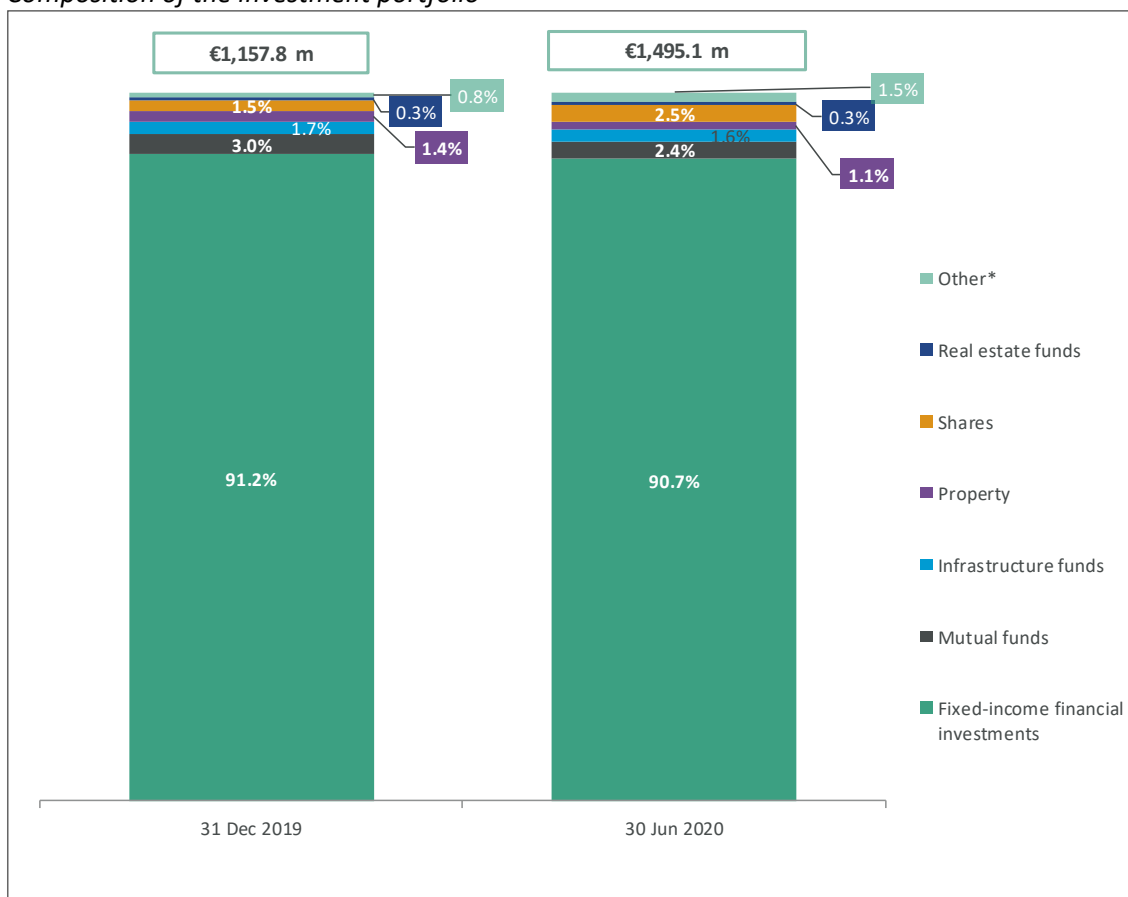
Sava Insurance Group investment portfolio

EUR	30 Jun 2020	31 Dec 2019	Absolute change	Index
Deposits	21,155,526	46,667,934	-25,512,408	45.3
Government bonds	611,208,606	539,303,226	71,905,379	113.3
Corporate bonds	630,224,067	394,677,700	235,546,367	159.7
Shares	37,255,973	17,503,726	19,752,247	212.8
Quoted shares	35,107,008	15,354,718	19,752,290	228.6
Unquoted shares	2,148,965	2,149,008	-43	100.0
Mutual funds	35,443,711	34,270,743	1,172,968	103.4
Bond and money market funds	28,154,347	28,944,568	-790,221	97.3
Equity and mixed mutual funds	7,289,364	5,326,175	1,963,189	136.9
Infrastructure funds	23,912,530	20,159,022	3,753,508	118.6
Real estate funds	3,920,368	4,000,000	-79,632	98.0
Loans granted	1,347,892	1,202,867	145,025	112.1
Deposits with cedants	6,538,665	7,089,021	-550,355	92.2
Total financial investments	1,371,007,338	1,064,874,239	306,133,098	128.7
Financial investments in associates	14,064,451	581,104	13,483,347	2,420.3
Investment property	16,696,364	16,695,132	1,232	100.0
Cash and cash equivalents	93,355,706	75,657,844	17,697,862	123.4
Total investment portfolio	1,495,123,858	1,157,808,319	337,315,539	129.1
Assets held for the benefit of policyholders who bear the investment risk				
- Financial investments	371,113,934	231,306,076	139,807,858	160.4
- Cash and cash equivalents	359,902,304	213,159,889	146,742,415	168.8
- Cash and cash equivalents	11,211,630	18,146,187	-6,934,557	61.8
Investment contract assets	148,885,603	151,197,102	-2,311,499	98.5

As at 30 June 2020, the investment portfolio of the Sava Insurance Group totalled EUR 1,495.1 million, an increase of EUR 337.3 million from year-end 2019. The growth in the investment portfolio was mainly a result of the inclusion of Vita. The balance of financial investments in associates increased following the recapitalisation of ZTSR, which acted as a source for the investment in DCB.

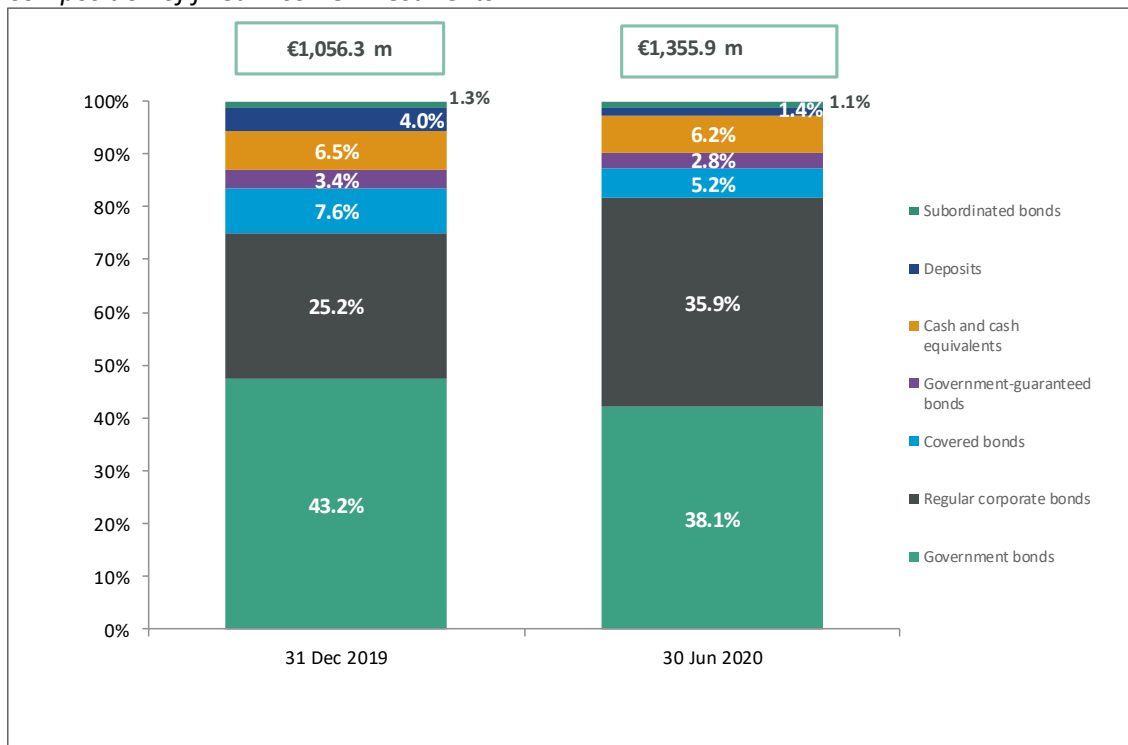
The increase in shares is due to the first consolidation of the Vita portfolio.

Composition of the investment portfolio



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

Composition of fixed-income investments



As at 30 June 2020, fixed-income investments accounted for 90.7% of the portfolio, down 0.5 p.p. compared to the end of the previous year. The portfolio of fixed-income investments was strongly

affected by the inclusion of Vita, increasing by 28%. This significantly altered the allocation by type of investment. The following movements in the structure of fixed-income investments have been seen:

- a drop in the proportion of government bonds and government-guaranteed corporate bonds of 5.7 p.p. (an increase in the value of government bonds and government-guaranteed corporate bonds of EUR 71.9 million in absolute terms);
- an increase in the proportion of regular corporate bonds of 10.6 p.p. (an increase in regular corporate bonds of EUR 235.5 million in absolute terms);
- a decrease in the proportion of deposits of 2.6 p.p., mainly due to reinvested assets upon the acquisition of Vita.

3.1.2 Assets held for the benefit of policyholders who bear the investment risk.

Assets held for the benefit of policyholders who bear the investment risk are a major asset item (8). Most unit-linked products of the Sava Insurance Group are marketed by Zavarovalnica Sava and Vita.

Assets 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 2020, funds for the benefit of policyholders who bear the investment risk totalled EUR 371.1, of which EUR 359.9 million was financial investments and EUR 11.2 million was cash and cash equivalents. Assets held for the benefit of policyholders who bear the investment risk grew by EUR 139.8 million, which is due to the inclusion of the insurer Vita in the Group.

3.1.3 Reinsurers' share of technical provisions

The reinsurers' and co-insurers' share of technical provisions (9) increased by EUR 13.2 million, or 34.2%, compared to 31 December 2019. Unearned premiums increased by EUR 8.4 million (seasonal movement – set aside for contracts effective as of 1 January), and claims provisions rose by EUR 4.9 million (FoS business of Group cedants and inclusion of a new company in the Group).

3.1.4 Investment contract assets

The investment contract assets item (9) includes liability fund assets relating to the group of life cycle funds MOJI Skladi Življenjskega Cikla (MY Life-Cycle Funds) 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 2020, investment contract assets totalled EUR 148.9 million, down 1.5% from 31 December 2019. The return achieved in the first quarter was negative, at EUR 2.7 million.

Positive effects were derived from the difference between inflows and outflows of EUR 2.2 million (in the first half of 2020, inflows totalled EUR 7.2 million, outflows EUR 5 million) and EUR 0.4 million from annuity policies, which are classified as investment insurance contracts because of the insufficient level of risk transfer. The negative effect relates to the negative net investment income of EUR 4.9 million, reflecting the fall in prices of financial investments in financial markets. As at 30 June 2020, investment contract assets accounted for 90.4% of total assets relating to investment contracts; the rest were receivables, investment property, and cash and cash equivalents.

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

3.1.5 Receivables

Receivables (11) increased by 25.7%, or EUR 40.9 million, compared to year-end 2019 (compared to 30 June 2019: an increase of 34.4%, or EUR 48.4 million). The largest increase was with receivables arising from primary insurance business, up EUR 42.9 million, or 30.7%, compared to 31 December 2019; however, the lion's share of this increase, EUR 42.7 million, relates to not-past-due receivables. In absolute terms, the largest increase was in the non-life segment in Slovenia (an increase of EUR 27.0 million; 30 June 2019: EUR 28.9 million), in the reinsurance segment (an increase of EUR 11.9 million; 30 June 2019: EUR 12.9 million) and in the international non-life segment (an increase of EUR 3.5 million; 30 June 2019: EUR 3.4 million). The reason for the increase in the non-life segment in Slovenia is the growth in the volume of FoS business and the time lag in invoicing policies due to restrictions on movement and vehicle registration during the Covid-19 lockdown; in the reinsurance segment the increase is mainly related to growth in business volume.

3.2 Equity and liabilities

Consolidated total equity and liabilities by type

EUR	30 Jun 2020	As % of total 30 Jun 2020	31 Dec 2019	As % of total 31 Dec 2019
EQUITY AND LIABILITIES	2,424,888,083	100.0%	1,885,953,003	100.0%
1 Equity	414,462,227	17.1%	384,776,847	20.4%
<i>Share capital</i>	71,856,376	3.0%	71,856,376	3.8%
<i>Capital reserves</i>	43,035,948	1.8%	43,035,948	2.3%
<i>Profit reserves</i>	202,260,340	8.3%	202,170,501	10.7%
<i>Share buy-back</i>	-24,938,709	-1.0%	-24,938,709	-1.3%
<i>Fair value reserve</i>	18,815,067	0.8%	20,718,610	1.1%
<i>Reserve due to fair value revaluation</i>	809,166	0.0%	924,038	0.0%
<i>Retained earnings</i>	73,585,362	3.0%	42,128,483	2.2%
<i>Net profit or loss for the period</i>	32,076,257	1.3%	31,546,718	1.7%
<i>Translation reserve</i>	-3,443,735	-0.1%	-3,168,414	-0.2%
<i>Equity attributable to owners of the controlling company</i>	414,056,072	17.1%	384,273,551	20.4%
<i>Non-controlling interests in equity</i>	406,155	0.0%	503,296	0.0%
2 Subordinated liabilities	76,245,375	3.1%	74,822,710	4.0%
3 Technical provisions	1,287,260,443	53.1%	933,952,709	49.5%
4 Technical provisions for the benefit of life insurance policyholders who bear the investment risk	364,725,301	15.0%	220,613,698	11.7%
5 Other provisions	9,698,770	0.4%	8,705,469	0.5%
6 Deferred tax liabilities	9,390,278	0.4%	5,294,664	0.3%
7 Investment contract liabilities	148,746,877	6.1%	151,040,643	8.0%
8 Other financial liabilities	383,107	0.0%	355,908	0.0%
9 Liabilities from operating activities	66,858,142	2.8%	61,290,549	3.2%
10 Lease liability	11,005,132	0.5%	10,448,915	0.6%
11 Other liabilities	36,112,431	1.5%	34,650,891	1.8%

3.2.1 Equity

Equity (1) increased by 7.7%, or EUR 29.7 million, compared to year-end 2019. The net profit for the year had a positive impact on the change in equity, of EUR 32.2 million. A reduction came from a decline in the fair value reserve (EUR 2.5 million).

Retained earnings increased year on year by EUR 31.5 million because of the allocation of the full profit for the year 2019 to this item (with no effect on increase in equity as at 30 June 2020).

3.2.2 Technical provisions

Gross technical provisions (3) are the largest item on the liabilities side. The figure as at 30 June 2020 was an increase of 37.8%, or EUR 353.3 million, over year-end 2019. The largest increase was in mathematical provisions (of EUR 270.5 million – inclusion of Vita in the Group), unearned premiums (of EUR 57.9 million) and claims provisions (of EUR 21.9 million – inclusion of Vita in the Group).

Development of consolidated gross technical provisions

EUR	30 Jun 2020	31 Dec 2019	Index
Gross unearned premiums	265,810,627	207,895,397	127.9
Gross mathematical provisions	482,396,406	211,877,103	227.7
Gross provision for outstanding claims	524,853,436	502,914,277	104.4
Provision for bonuses, rebates and cancellations	1,100,582	1,234,753	89.1
Other gross technical provisions	13,099,392	10,031,179	130.6
Gross technical provisions	1,287,260,443	933,952,709	137.8

The gross technical provisions attributable to the reinsurance segment grew by 11.7%, or EUR 19.9 million, compared to year-end 2019. The increase is due to the rise in unearned premiums as the result of growth in business volume in 2020 (increase of EUR 14.4 million; in 1–6/2019 of EUR 13.8 million) or the establishing of high unearned premiums for coverages for which the full-year premiums were accounted for at the beginning of the coverage period.

Gross technical provisions attributable to the non-life segment grew by 11.0%, or EUR 58.8 million, compared to year-end 2019. Of this, unearned premiums grew – in line with business growth – by EUR 42.3 million (1–6/2019: growth of EUR 51.4 million).

The gross mathematical provision increased by 127.7% (by EUR 270.5 million) as the result of the inclusion of Vita in the Group (EUR 291.0 million). The increase in the gross provision is less than the Vita contribution because, for the rest of the portfolio, maturity payments exceed the growth in new business of traditional life policies including pension annuities in the distribution phase.

The provisions for bonuses, rebates and cancellations represent smaller parts and grew by a total of EUR 0.1 million compared to year-end 2019.

Other gross technical provisions include gross provisions for unexpired risks. These rose by EUR 3.1 million from year-end 2019 (reinsurance: + EUR 0.9 million; non-life, Slovenia: + EUR 0.9 million; non-life, international: + EUR 1.2 million).

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

Gross technical provisions for the benefit of life insurance policyholders who bear the investment risk (4) totalled EUR 364.7 million as at 30 June 2020 and increased by 65.3%, or EUR 144.1 million, mainly due to the integration of Vita into the Group (EUR 162.7 million). The general decline is the result of the movement in fund values, portfolio deaths, maturities and lapses.

3.2.4 Investment contract liabilities

Investment contract liabilities (7) of Sava Pokojninska totalled EUR 148.7 million as at 30 June 2020, down 1.5%, or EUR 2.3 million, from year-end 2019. Their movement is in line with investment contract assets, driven largely by new premium contributions, payouts and changes in fund unit prices.

3.3 Capital structure

As at 30 June 2020, the Sava Insurance Group held EUR 414.5 million in equity. The market value of subordinated debt totalled EUR 76.2 million. The ratio of debt to equity financing was 18.5%.

3.4 Cash flow

In the period 1–6/2020, the Sava Insurance Group's net cash from operating activities was positive, at EUR 15.3 million (1–6/2019: negative net cash of EUR 3.1 million). The net cash position was affected mainly by the increased Group net profit due to higher premiums written (+ EUR 33.1 million), against a rise in net claims of just EUR 7.6 million. In addition, the net cash position was affected by higher operating liabilities and technical provisions as the result of a larger business volume, while the increase in receivables had a negative impact on cash flow.

In the same period, the Sava Insurance Group recorded a negative net cash position in investing activities of EUR 15.2 million (1–6/2019: positive net cash position of EUR 37.1 million). The negative position was mainly due to the investment in Vita in May 2020.

The Sava Insurance Group did not distribute dividends in the first half of 2020; therefore, the net disbursement in financing (EUR 2.3 million) was smaller year on year (EUR 15.0 million). In the period 1–6/2020, the negative cash flow from financing was mainly due to interest expenses for subordinated debt.

The closing balance of cash and cash equivalents increased by EUR 12.9 million from year-end 2019, also due to the acquisition of Vita. In 1–6/2020, net cash flow was EUR 21.1 million below the year-on-year figure, mainly due to cash disbursements in investing activities.

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 ¹²	Outlook	Latest review
Standard & Poor's	A	stable	August 2020: affirmed existing rating
AM Best	A	stable	October 2019: affirmed existing rating

¹² 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 Jun 2020	31 Dec 2019	Change
Zavarovalnica Sava (SLO)	1,334.7	1,332.3	2.4
Sava Neživotno Osiguranje (SRB)	338.0	358.5	-20.5
Sava osiguruvanje (NMK)	214.8	224.8	-9.9
Illyria (RKS)	198.0	195.5	2.5
Sava Osiguranje (Montenegro)	129.3	127.5	1.8
Sava Re (SLO)	114.4	115.1	-0.7
Sava Životno Osiguranje (SRB)	83.0	80.9	2.1
Illyria Life (RKS)	55.0	70.0	-15.0
Vita (SLO)	46.3	0.0	46.3
Sava Car (MNE)	46.0	47.0	-1.0
Sava Penzisko Društvo (NMK)	34.0	32.0	2.0
Sava Infond (SLO)	31.5	32.2	-0.7
ZS Svetovanje (SLO)	27.5	26.5	1.0
TBS Team 24 (SLO)	27.3	33.0	-5.7
Sava Agent (MNE)	18.3	18.3	0.0
Sava Pokojninska (SLO)	13.0	13.0	0.0
Ornatus KC (SLO)	8.0	8.0	0.0
Sava Station (NMK)	10.3	8.8	1.6
Total	2,729.4	2,723.3	6.1

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.

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, risk affecting the investment portfolio, 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 2019 and are therefore not repeated in this report.

5.1 Capital adequacy and capital management at the Sava Insurance Group

The Sava Insurance Group calculates its solvency position using the Solvency II standard formula. The most recent calculation of the Group's solvency position as at 31 December 2019 indicates that the Group is well capitalised and has a solvency ratio of 220%. The Group's Solvency Capital Requirement (hereinafter: Group SCR) totalled EUR 237.7 million as at 31 December 2019, and eligible own funds to meet the Group SCR were EUR 522.0 million. Details on the valuation, the calculation of eligible own funds and the Group's SCR as at 31 December 2019 are set out in the "Solvency and financial condition report of the Sava Insurance Group 2019" available on the Sava Re website.

The Group's eligible own funds as at 31 March 2020 decreased somewhat compared to 31 December 2019, while the risk profile remained roughly the same compared to year-end 2019, remaining in line with the Group's risk strategy. The lower eligible own funds position is chiefly the result of the situation in capital markets as at 31 March 2020, with a downturn in the risk-free yield curve, a widening of the credit spread and falling stock prices. The Group's unaudited solvency ratio as at 31 March 2020 stood at 214% (calculated using the Group's SCR as at 31 December 2019 and eligible own funds as at 31 March 2020). Even under Covid-19 conditions the Group maintains a high solvency ratio with a low risk of insolvency.

To assess the impact of Covid-19 on operations, we revised the 2020 plan and reassessed the Group's solvency position at the end of 2020. Despite the pandemic, the Group's solvency position remains at a high level and meets statutory requirements as well as requirements under the Group's risk strategy.

5.2 Underwriting risk

The Group's insurance companies assume risk from policyholders and mostly transfer excess risk to Sava Re. Sava Re also assumes risks 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. Because the Group has an adequate retrocession programme in place, it is not exposed to the risk of a sharp increase in net claims, not even in the case of catastrophic loss events. 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 relating to non-life (re)insurance business of one p.p. in the first half of 2020, would decrease/increase its profit before tax by EUR 2.5 million in the period (1–6/2019: EUR 2.2 million).

The Group's exposure to underwriting risk did not change significantly in the period 1–6/2020 compared to year-end 2019. While the first half of 2020 was strongly marked by Covid-19, the health emergency did not have a material impact on the operations of the Group because of the Group's risk profile with low exposure to underwriting risks sensitive to Covid-19 (event cancellation, trip cancellation, business interruption due to pandemic and similar). In addition to its impact on claims, the Covid-19 pandemic resulted in lower premium income generated by the Group's non-Slovenian non-life insurers. The Group's other operating segments were unaffected premium-wise by the pandemic.

5.3 Financial risks

In their financial operations, individual Group companies are exposed to investment portfolio risk such as investment property risk, and 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 148.9 million as at 30 June 2020, up EUR 2.3 million from 31 December 2019.

Financial market volatility decreased in the second quarter. The rise in the value of financial instruments in the second quarter improved returns on financial investments and allowed for lower provisions set aside to cover potential losses incurred in the event of failure to realise guaranteed returns.

The risk of failing to achieve guaranteed returns decreased modestly compared to year-end 2019.

Traditional and unit-linked life insurance contracts

With regard to its traditional life insurance and unit-linked life insurance business with a guaranteed unit value (value of a unit of the fund), the Group is exposed to the risk of failure to realise the guaranteed return. Taking into account the realised book return on financial investments and the guaranteed return on the liabilities side in the period 1–6/2020, the effect of not achieving the guaranteed return is a loss of EUR 164.2 thousand (1–6/2019: EUR -473.7 thousand).

5.3.2 Investment property risk

As at 30 June 2020, the value of the Group's investments exposed to property risk stood at EUR 20.6 million (31 December 2019: EUR 20.7 million) and did not substantially change compared to the previous period.

In addition to investment property, real estate funds shown as alternative investments under financial investments are also exposed to the risk.

The risk of alternative investments has been determined based on stressed values as prescribed under Solvency II regulations for the capital adequacy calculation. We assumed a 15% decrease in the value of investment property and real estate funds.

A shock would reduce the value of the Group's investments exposed to investment property risk by EUR 3.1 million (31 December 2019: EUR 3.1 million).

Property risk remained at approximately the same level.

5.3.3 Market risk

As part of market risks, the Group makes assessments of interest rate risk, equity risk and currency risk.

The investment portfolio sensitive to market risk as at 30 June 2020 of EUR 1,543.9 million grew by EUR 302.5 million since 31 December 2019, mainly due to Vita joining the Group.

Interest rate risk

The total value of investments included in the calculation as at 30 June 2020 was EUR 1,354.84 million (31 December 2019: EUR 1,100.0 million). Of this, EUR 654.0 million (31 December 2019: EUR 706.6 million) relates to assets of non-life insurers and the reinsurer and EUR 700.7 million (31 December 2019: EUR 393.5 million) to assets of life insurers.

The average maturity of non-life insurance and reinsurance assets was 3.96 years as at 30 June 2020, whereas the expected maturity of non-life and reinsurance obligations was 2.12 years.

The average maturity of life insurance assets was 5.85 years as at 30 June 2020, and the expected duration of life insurance obligations was 6.37 years.

Interest rate risk increased moderately in the latest reporting period.

Equity risk

The value of investments that the Company included in the equity risk calculation totalled EUR 70.0 million as at 30 June 2020 (31 December 2019: EUR 42.9 million). A 10% drop in equity prices would result in a decline of EUR 7.0 million (31 December 2019: EUR 4.3 million). The increased balance in equity securities is related to the integration of the Vita portfolio.

We estimate that there has been no material increase in the risk in the period despite considerable volatility.

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 2020, the position was 98.8% matched according to the ALM aspect (31 December 2019: 99.6%) and 96.8% matched according to the accounting aspect (31 December 2019: 96.0%).

Matching risk remained on about the same level in the period.

5.3.4 Credit risk

As at 30 June 2020, fixed-income investments rated “A” or better accounted for 59.7% of the total fixed-income portfolio (31 December 2019: 60.9%). In the reporting period 2020, the proportions of the best-rated investments dropped moderately compared to the prior year-end.

As at 30 June 2020, the exposure to the ten largest issuers was EUR 431.2 million, representing 27.6% of financial investments (31 December 2019: EUR 388.4 million; 30.7%), with the largest exposure of the Group to any single issuer being the Republic of Slovenia (30 June 2020: EUR 142.2 million; 6.1%; 31 December 2019: EUR 79.2 million; 6.3%), while the maximum single exposure to any commercial issuer was 2.5% 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 1–6/2020.

The Covid-19 outbreak led to reduced economic activity and destabilised financial markets, affecting the credit risk relating to the portfolio of financial investments. We estimate that credit risk increased due to the Covid-19 pandemic and the associated lower economic activity.

5.3.5 Liquidity risk

In the reporting period, the Company did not change the monitoring or management of liquidity risk. Nor did the Company register any situation associated with the Covid-19 outbreak that would affect the provision of liquidity in a material way. We assess that liquidity risk did rise moderately as the result of the pandemic, but remains low.

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.

Operational risks are not among the Group’s most significant risks. In the second quarter, the Group’s exposure to operational risk increased compared to year-end 2019, but decreased compared to the first quarter. In the first quarter, the Group started analysing developments related to Covid-19 and took appropriate measures. These activities continued in the second quarter. All Group companies prepared appropriate measures to ensure the smooth running of all critical business functions and processes. Business processes continued running smoothly, nearly with no disruptions, even though steered by staff working from home. Activities launched were also aimed at limiting and adequately managing cyber risk. We assess that the Group’s operational risk was managed adequately during the emergency situation.

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 subsidiaries 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 first half of 2020, there was a significant rise in the Group's exposure to strategic risk due to Covid-19 compared to year-end 2019. In the first quarter of the year, falls in financial markets led to reduced returns on financial investments and, consequently, to smaller profits, whereas the second quarter saw financial markets recover at least partially. The health crisis also had a negative impact on underwriting, and the loss experience was more benign due to restrictions on movement and activities.

As early as in the first quarter, the Group started assessing the situation and introducing relevant mitigating measures, which were continued in the second quarter. Intensified monitoring of developments in the Group companies and introduction of activities to mitigate negative impacts on operations; continuous monitoring of sales and business performance; analyses of potential impacts of Covid-19; and preparing a revised strategic plan.

We assess that the Group's strategic risk was also managed adequately during the emergency situation.

5.6 Risk exposure up to year-end 2020

The main risks that the Group is exposed to remain underwriting risk, followed by market risk. The realisation of underwriting risk is fortuitous. Underwriting risk could be realised to a larger extent as the result of a larger number of catastrophic events (in Slovenia and abroad), but we do not expect a material increase in underwriting risk due to Covid-19. After the fall in the value of investments in the first quarter as financial markets responded to Covid-19, we saw a rise in the value of investments in the second quarter of 2020. Until the year-end financial risk could be realised to a larger extent because of unfavourable movements in financial markets. The likelihood of such a scenario is heightened because of Covid-19 in view of the unpredictable situation in financial markets. Risks also arise out of the overall economic downturn and the fact that certain industries have been weakened by the measures aimed at containing the crisis. We expect that the exposure to strategic and operational risks will gradually decrease until the end of 2020. However, we assess the situation as unpredictable and will, therefore, continue to closely monitor developments.

Summary of Sava Insurance Group financial statements with notes

6 Unaudited condensed financial statements

6.1 Unaudited statement of financial position

EUR	Sava Insurance Group		Sava Re	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
ASSETS	2,424,888,083	1,885,953,003	777,939,609	735,585,561
Intangible assets	60,903,095	61,060,069	1,506,777	1,294,110
Property, plant and equipment	48,780,833	47,615,710	2,416,394	2,507,611
Right-of-use assets	10,373,000	9,974,252	176,241	115,400
Deferred tax assets	3,230,412	2,044,124	1,251,770	1,141,098
Investment property	16,696,364	16,695,132	8,105,212	8,142,714
Financial investments in subsidiaries and associates	14,064,451	581,104	318,805,559	238,177,654
Financial investments:	1,371,007,338	1,064,874,239	258,514,087	296,096,594
- Loans and deposits	29,042,084	53,363,639	13,137,353	32,047,969
- Held to maturity	39,819,481	41,586,644	2,022,625	2,075,784
- Available for sale	1,276,662,748	943,663,578	235,979,962	255,270,080
- At fair value through profit or loss	25,483,025	26,260,378	7,374,146	6,702,761
Assets held for the benefit of policyholders who bear the investment risk	359,902,304	213,159,889	0	0
Reinsurers' share of technical provisions	51,838,681	38,620,539	39,372,856	31,159,308
Investment contract assets	148,885,603	151,197,102	0	0
Receivables	200,306,277	159,413,917	115,320,396	97,024,000
Receivables arising out of primary insurance business	182,897,136	139,954,356	110,072,271	89,537,760
Receivables arising out of reinsurance and co-insurance business	7,111,136	6,734,564	3,686,572	4,214,830
Current tax assets	285,053	3,002,507	64,665	2,802,044
Other receivables	10,012,952	9,722,490	1,496,889	469,366
Deferred acquisition costs	28,041,227	23,500,521	10,552,337	6,554,598
Other assets	5,722,391	2,841,516	702,082	441,253
Cash and cash equivalents	104,567,336	93,804,031	21,215,898	52,931,222
Non-current assets held for sale	568,771	570,858	0	0
EQUITY AND LIABILITIES	2,424,888,083	1,885,953,003	777,939,609	735,585,561
Equity	414,462,227	384,776,847	344,256,873	343,920,689
Share capital	71,856,376	71,856,376	71,856,376	71,856,376
Capital reserves	43,035,948	43,035,948	54,239,757	54,239,757
Profit reserves	202,260,340	202,170,501	202,818,558	202,818,558
Share buy-back	-24,938,709	-24,938,709	-24,938,709	-24,938,709
Fair value reserve	18,815,067	20,718,610	4,431,433	5,217,524
Reserve due to fair value revaluation	809,166	924,038	4,523	21,376
Retained earnings	73,585,362	42,128,483	34,705,806	14,517,789
Net profit or loss for the period	32,076,257	31,546,718	1,139,128	20,188,017
Translation reserve	-3,443,735	-3,168,414	0	0
Equity attributable to owners of the controlling company	414,056,072	384,273,551	344,256,873	343,920,689
Non-controlling interests in equity	406,155	503,296	0	0
Subordinated liabilities	76,245,375	74,822,710	76,245,375	74,822,710
Technical provisions	1,287,260,443	933,952,709	302,043,826	261,338,591
Unearned premiums	265,810,627	207,895,397	83,917,858	54,588,057
Technical provisions for life insurance business	482,396,406	211,877,103	0	0
Provision for outstanding claims	524,853,436	502,914,277	215,633,133	205,064,638
Other technical provisions	14,199,974	11,265,932	2,492,836	1,685,896
Technical provision for the benefit of life insurance policyholders who bear the investment risk	364,725,301	220,613,698	0	0
Other provisions	9,698,770	8,705,469	460,416	466,901
Deferred tax liabilities	9,390,278	5,294,664	76,227	76,227
Investment contract liabilities	148,746,877	151,040,643	0	0
Other financial liabilities	383,107	355,908	87,504	87,504
Liabilities from operating activities	66,858,142	61,290,549	50,609,508	51,086,602
Liabilities from primary insurance business	53,245,793	50,356,998	43,329,425	44,373,937
Liabilities from reinsurance and co-insurance business	11,769,662	9,300,437	7,280,083	6,712,665
Current income tax liabilities	1,842,687	1,633,114	0	0
Lease liability	11,005,132	10,448,915	176,321	115,491
Other liabilities	36,112,431	34,650,891	3,983,558	3,670,845

6.2 Unaudited income statement

EUR	Sava Insurance Group		Sava Re	
	1–6/2020	1–6/2019	1–6/2020	1–6/2019
Net premiums earned	294,860,816	259,159,700	75,503,526	64,428,453
Gross premiums written	373,763,231	336,824,954	120,921,970	105,498,079
Written premiums ceded to reinsurers and co-insurers	-29,761,679	-25,929,796	-21,683,573	-18,500,069
Change in gross unearned premiums	-57,524,242	-60,579,338	-29,329,801	-29,067,702
Change in unearned premiums, reinsurers' and co-insurers' shares	8,383,506	8,843,880	5,594,930	6,498,146
Income from profits of associate companies	0	2,717,909	1,411,321	34,947,396
Other income	0	2,717,909	1,411,321	0
Investment income	11,187,130	10,294,015	3,449,298	3,834,879
Interest income	6,660,405	7,008,727	1,594,226	1,687,837
Other investment income	4,526,725	3,285,288	1,855,072	2,147,043
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	0	14,290,851	0	0
Other technical income	6,009,624	6,979,611	2,191,246	1,975,630
Commission income	2,885,095	2,443,823	1,978,742	1,675,882
Other technical income	3,124,529	4,535,788	212,504	299,748
Other income	16,188,034	5,860,442	400,467	393,088
Net claims incurred	-201,514,317	-187,154,351	-48,903,478	-41,388,418
Gross claims paid, net of income from recourse receivables	-192,490,317	-189,475,725	-43,238,265	-44,399,494
Reinsurers' and co-insurers' shares	2,593,759	5,191,270	2,284,663	3,496,146
Change in the gross provision for outstanding claims	-15,139,753	-3,195,059	-10,568,495	475,532
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	3,521,994	325,163	2,618,618	-960,602
Change in other technical provisions	17,955,588	19,755,818	-873,545	-133,206
Change in technical provisions for policyholders who bear the investment risk	11,114,400	-7,515,881	0	0
Expenses for bonuses and rebates	92,321	-190,827	66,605	7,849
Operating expenses	-95,151,107	-85,859,076	-25,684,706	-24,961,311
Acquisition costs	-38,694,345	-34,038,881	-23,509,322	-21,069,645
Change in deferred acquisition costs	4,214,779	4,927,477	3,997,738	2,067,633
Other operating expenses	-60,671,541	-56,747,672	-6,173,122	-5,959,299
Expenses for losses in associate companies and impairment losses on goodwill	-1,546,474	-24,176	-1,672,139	0
Impairment loss on goodwill	-1,529,820	0	-1,672,139	0
Loss arising out of investments in equity-accounted associate	-16,654	-24,176	0	0
Expenses for financial assets and liabilities	-5,376,260	-514,530	-3,615,639	-72,053
Interest expense	-1,548,444	-97,181	-1,434,800	-293
Other investment expenses	-3,827,817	-417,349	-2,180,839	-71,760
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	-5,927,685	0	0	0
Other technical expenses	-8,782,184	-7,452,285	-905,525	-94,894
Other expenses	-1,221,812	-1,326,491	-110,765	-147,998
Profit or loss before tax	37,888,074	29,020,729	1,256,667	38,789,415
Income tax expense	-5,733,625	-6,450,470	-117,540	-1,407,798
Net profit or loss for the period	32,154,449	22,570,259	1,139,128	37,381,618
Net profit or loss attributable to owners of the controlling company	32,076,257	22,533,500	-	-
Net profit or loss attributable to non-controlling interests	78,192	36,759	-	-
Earnings per share (basic and diluted)	2.07	1.45	-	-

The change in the weighted average number of shares outstanding is shown in section 7.9.9 "Earnings or loss per share".

6.3 Unaudited statement of other comprehensive income

EUR	Sava Insurance Group		Sava Re	
	1–6/2020	1–6/2019	1–6/2020	1–6/2019
PROFIT OR LOSS FOR THE PERIOD, NET OF TAX	32,154,449	22,570,259	1,139,128	37,381,618
OTHER COMPREHENSIVE INCOME, NET OF TAX	-2,295,194	12,816,642	-802,943	3,103,006
a) Items that will not be reclassified subsequently to profit or loss	-114,872	-90,432	-16,853	-39,339
Other items that will not be reclassified subsequently to profit or loss	-212,400	-90,432	-16,853	-39,339
Tax on items that will not be reclassified subsequently to profit or loss	97,528	0	0	0
b) Items that may be reclassified subsequently to profit or loss	-2,180,322	12,907,074	-786,091	3,142,345
Net gains/losses on remeasuring available-for-sale financial assets	-2,210,335	15,668,825	-970,484	3,879,439
Net change recognised in the fair value reserve	-1,041,958	15,814,803	-970,484	3,800,746
Net change transferred from fair value reserve to profit or loss	-1,168,377	-145,978	0	78,693
Tax on items that may be reclassified subsequently to profit or loss	307,005	-2,846,139	184,393	-737,094
Net gains or losses from translation of financial statements of non-domestic companies	-276,992	84,388	0	0
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	29,859,255	35,386,901	336,184	40,484,624
Attributable to owners of the controlling company	29,782,521	35,348,927	-	-
Attributable to non-controlling interests	76,734	37,974	-	-

6.4 Unaudited statement of cash flows

		Sava Insurance Group		Sava Re	
EUR		1-6/2020	1-6/2019	1-6/2020	1-6/2019
A. Cash flows from operating activities					
a)	Items of the income statement	41,600,564	7,513,107	2,321,221	690,803
	Net profit or loss for the period	32,154,449	22,570,259	1,139,128	37,381,618
	Adjustments for:				
2	Realised gains or losses on the disposal of property, plant and equipment assets	-34,217	-89,961	-22,033	-11,236
3	Gains or losses of equity-accounted subsidiary	16,654	0	0	0
4	Impairment loss on intangible assets and goodwill	1,529,820	0	0	0
5	Other financial expenses/income	-5,811,395	-25,692,852	-628,785	-37,607,381
6	Depreciation/amortisation	4,730,205	3,495,770	347,258	355,187
7	Income tax expense	5,733,625	6,450,470	117,540	1,406,732
8	Net exchange differences	3,281,423	779,421	1,368,114	-834,116
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	-26,273,878	-10,642,034	5,854,629	-2,591,276
1.	Change in receivables from primary insurance	-42,942,780	-45,775,096	-20,534,511	-28,034,148
2.	Change in receivables from reinsurance	-376,572	-695,173	528,258	951,935
3.	Change in other receivables from (re)insurance business	306,842	243,378	0	0
4.	Change in other receivables and other assets	-15,555,520	-4,169,996	-2,659,382	69,033
6.	Change in inventories	-44,603	-6,189	0	0
7.	Change in liabilities arising out of primary insurance	2,888,795	4,047,722	-1,044,513	2,390,837
8.	Change in liabilities arising out of reinsurance business	2,469,225	8,922,014	567,418	6,417,845
9.	Change in other operating liabilities	5,128,716	-9,685,762	-2,943,327	-4,152,864
10.	Change in other liabilities (except unearned premiums)	-5,660,497	-848,795	366,584	44,439
11.	Change in technical provisions	31,688,507	42,365,417	32,491,687	23,187,833
	- change in unearned premiums	49,140,736	51,735,458	23,734,871	22,569,557
	- change in provision for outstanding claims	11,617,759	2,869,896	7,949,877	485,070
	- change in other technical provisions	3,063,758	-20,222,766	806,940	133,206
	- change in mathematical provision	-21,019,346	466,948	0	0
	- change in mathematical provision for policyholders who bear the investment risk	-11,114,400	7,515,881	0	0
12	Tax expense	-4,175,991	-5,039,554	-917,586	-3,466,185
c)	Net cash from/used in operating activities (a + b)	15,326,686	-3,128,927	8,175,849	-1,900,472
B. Cash flows from investing activities					
a)	Cash receipts from investing activities	292,329,715	64,410,391	93,041,235	95,435,392
1.	Interest received from investing activities	6,660,405	7,008,727	1,594,226	1,687,837
2.	Cash receipts from dividends and participation in the profit of others	190,554	3,521,886	1,437,244	35,554,255
3.	Proceeds from sale of intangible assets	28,551	0	0	0
4.	Proceeds from sale of property, plant and equipment	261,144	408,964	35,264	6,515
5.	Proceeds from disposal of financial investments	285,189,061	53,470,814	89,974,501	58,186,785
5.2.	Other proceeds from disposal of financial investments	285,189,061	53,470,814	89,974,501	58,186,785
b)	Cash disbursements in investing activities	307,532,470	-27,299,175	-131,443,607	-79,687,515
1.	Purchase of intangible assets	-2,504,673	-402,712	-332,462	-94,056
2.	Purchase of property, plant and equipment	-3,103,594	-983,975	-46,303	-78,240
3.	Purchase of long-term financial investments	301,924,203	-25,912,488	-131,064,842	-79,515,219
3.1.	Purchase of subsidiary companies	-82,300,000	-31,719,764	-82,300,000	-28,054,305
3.2.	Other disbursements to acquire financial investments	219,624,203	5,807,276	-48,764,842	-51,460,913
c)	Net cash from/used in investing activities (a + b)	-15,202,755	37,111,216	-38,402,371	15,747,877
C. Cash flows from financing activities					
b)	Cash disbursements in financing activities	-2,260,017	-14,984,494	-1,488,802	-14,723,104
1.	Interest paid	-1,548,444	-97,181	-1,434,800	-293
3.	Repayment of long-term financial liabilities	-537,698	0	-54,002	0
5.	Dividends and other profit participations paid	-173,875	-14,887,313	0	-14,722,811
c)	Net cash from/used in financing activities (a + b)	-2,260,017	-14,984,494	-1,488,802	-14,723,104
C2.	Closing balance of cash and cash equivalents	104,567,336	86,359,185	21,215,898	9,775,752
x)	Net increase or decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	-2,136,086	18,997,795	-31,715,325	-875,699
y)	Opening balance of cash and cash equivalents	93,804,031	64,657,431	52,931,222	10,651,452
	Opening balance of cash and cash equivalents – acquisition	12,899,391	2,703,959	0	0

6.5 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the period 1 January – 30 Jun 2020

Sava Insurance Group															
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	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847
Opening balance in the financial period	71,856,376	43,035,948	11,863,211	24,938,709	11,225,068	154,143,513	20,718,610	924,038	42,128,483	31,546,718	-24,938,709	-3,168,414	384,273,551	503,296	384,776,847
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-1,903,543	-114,872	0	32,076,257	0	-275,321	29,782,521	76,734	29,859,255
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	32,076,257	0	0	32,076,257	78,192	32,154,449
b) Other comprehensive income	0	0	0	0	0	0	-1,903,543	-114,872	0	0	0	-275,321	-2,293,736	-1,458	-2,295,194
Transactions with owners – payouts	0	0	62,120	0	0	27,719	0	0	-89,839	0	0	0	0	-173,875	-173,875
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	0	0	0	0	0	-173,875	-173,875
Allocation of net profit to profit reserve	0	0	62,120	0	0	27,719	0	0	-89,839	0	0	0	0	0	0
Movements within equity	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0
Transfer of profit	0	0	0	0	0	0	0	0	31,546,718	-31,546,718	0	0	0	0	0
Closing balance in the financial period	71,856,376	43,035,948	11,925,331	24,938,709	11,225,068	154,171,232	18,815,067	809,166	73,585,362	32,076,257	-24,938,709	-3,443,735	414,056,072	406,155	414,462,227

Sava Re												
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	Total (12 + 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	152,893,325	5,217,524	21,376	14,517,789	20,188,017	-24,938,709	343,920,689
Opening balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	5,217,525	21,376	14,517,789	20,188,017	-24,938,709	343,920,690
Comprehensive income for the period, net of tax	0	0	0	0	0	0	-786,091	-16,853	0	1,139,128	0	336,184
a) Net profit or loss for the period	0	0	0	0	0	0	0	0	0	1,139,128	0	1,139,128
b) Other comprehensive income	0	0	0	0	0	0	-786,091	-16,853	0	0	0	-802,943
Movements within equity	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Transfer of profit	0	0	0	0	0	0	0	0	20,188,017	-20,188,017	0	0
Closing balance in the financial period	71,856,376	54,239,757	14,986,525	24,938,709	10,000,000	152,893,325	4,431,433	4,523	34,705,806	1,139,128	-24,938,709	344,256,873

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

Sava Insurance Group																
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	
Transactions with owners – payouts	0	0	122,062	0	0	10,656	0	0	-14,855,530	0	0	0	-14,722,812	-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	
Movements within equity	0	0	0	0	0	0	0	0	21,843,940	-21,843,940	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	24,434,541	746,313	42,128,904	22,533,500	-24,938,709	-3,284,552	360,251,952	423,090	360,675,041	

Sava Re												
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	Total (12 + 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
Transactions with owners – payouts	0	0	0	0	0	0	0	0	-14,722,811	0	0	-14,722,811
Dividend distributions (accounted)	0	0	0	0	0	0	0	0	-14,722,811	0	0	-14,722,811
Movements within equity	0	0	0	0	0	0	0	0	20,933,749	-20,933,749	0	0
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

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 financial position of the Group at the end of June 2020 compared to year-end 2019 and the performance of the Group in the first six months of 2020 compared to the first six months of 2019.

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 2019.

The financial statements with notes as at and for the six months to 30 June 2020 have not been audited.

The interim financial statements as at 30 June 2020 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2019.

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 1–6/2020 other than the effects of the Covid-19 pandemic on operations, on which the Group reported in detail in its announcement titled “Assessed impact of COVID-19 on 2020 performance reflects expected high resilience of Sava Insurance Group in terms of profit and solvency” published on 17 April 2020, and the information reported in section 5 “Risk management”.

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 8.3 million as at 30 June 2020. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been disaggregated in the interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are provided in this report although 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 this 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 2020

Sava Insurance Group											
EUR 30 Jun 2020	Reinsurance business	Non-life business			Life business			Pension business	Other	Total	
		Slovenia	International	Total	Slovenia	International	Total				
ASSETS	312,709,248	672,471,592	161,188,675	833,660,267	994,915,487	48,675,408	1,043,590,896	188,767,030	46,160,646	2,424,888,083	
Intangible assets	1,506,778	8,408,991	8,692,176	17,101,167	6,301,719	23,936	6,325,655	11,343,972	24,625,524	60,903,095	
Property, plant and equipment	2,416,393	28,125,985	13,793,884	41,919,869	1,965,741	1,961,819	3,927,560	112,352	404,659	48,780,833	
Right-of-use assets	114,492	3,908,877	5,419,438	9,328,315	777,877	16,885	794,762	102,889	32,542	10,373,000	
Deferred tax assets	1,251,771	1,151,274	29,123	1,180,397	757,911	22,096	780,007	727	17,510	3,230,412	
Investment property	8,105,212	3,345,630	4,789,050	8,134,680	37,596	0	37,596	0	418,876	16,696,364	
Financial investments in associates	0	0	0	0	0	0	0	0	14,064,451	14,064,451	
Financial investments:	180,514,070	440,474,547	91,217,066	531,691,613	591,621,582	40,315,845	631,937,428	25,139,385	1,724,843	1,371,007,338	
- Loans and deposits	5,145,690	2,307,925	15,772,448	18,080,373	5,400	1,736,777	1,742,177	4,073,844	0	29,042,084	
- Held to maturity	1,447,274	1,516,149	3,090,878	4,607,027	26,433,806	2,329,077	28,762,883	5,002,298	0	39,819,481	
- Available for sale	168,853,662	429,454,693	70,927,030	500,381,723	560,727,638	35,534,048	596,261,685	11,165,678	0	1,276,662,748	
- at fair value through profit or loss	5,067,444	7,195,781	1,426,710	8,622,491	4,454,739	715,943	5,170,682	4,897,565	1,724,843	25,483,025	
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	359,421,638	480,666	359,902,304	0	0	359,902,304	
Reinsurers' share of technical provisions	6,839,783	37,240,105	6,990,726	44,230,831	765,077	2,990	768,067	0	0	51,838,681	
Investment contract assets	0	0	0	0	0	0	0	148,885,603	0	148,885,603	
Receivables	84,548,986	94,940,967	17,465,265	112,406,232	1,465,875	830,579	2,296,454	6,124	1,048,482	200,306,277	
Receivables arising out of primary insurance business	80,184,861	88,997,565	11,854,055	100,851,620	1,158,338	700,536	1,858,874	1,781	0	182,897,136	
Receivables arising out of reinsurance and co-insurance business	3,686,572	2,920,361	453,627	3,373,988	50,576	0	50,576	0	0	7,111,136	
Current tax assets	64,665	0	220,388	220,388	0	0	0	0	0	285,053	
Other receivables	612,888	3,023,041	4,937,195	7,960,236	256,961	130,043	387,004	4,343	1,048,482	10,012,952	
Deferred acquisition costs	5,493,783	17,472,675	4,599,296	22,071,971	427,890	47,583	475,473	0	0	28,041,227	
Other assets	702,082	2,798,063	911,204	3,709,267	324,472	43,716	368,188	270,172	672,682	5,722,391	
Cash and cash equivalents	21,215,898	34,580,026	6,737,127	41,317,153	31,048,109	4,929,293	35,977,402	2,905,806	3,151,077	104,567,336	
Non-current assets held for sale	0	24,451	544,320	568,771	0	0	0	0	0	568,771	

Statement of financial position items by operating segment – equity and liabilities as at 30 June 2020

Sava Insurance Group EUR 30 Jun 2020	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	370,292,443	590,761,775	155,192,501	745,954,276	969,705,199	42,716,473	1,012,421,673	188,067,159	108,152,529	2,424,888,083
Equity	138,848,690	55,624,615	32,265,380	87,889,995	117,599,991	12,003,953	129,603,945	28,413,524	29,706,069	414,462,227
Equity attributable to owners of the controlling company	138,848,690	55,624,615	31,867,543	87,492,158	117,599,991	12,003,953	129,603,945	28,413,524	29,697,751	414,056,072
Non-controlling interests in equity	0	0	397,837	397,837	0	0	0	0	8,318	406,155
Subordinated liabilities	0	0	0	0	0	0	0	0	76,245,375	76,245,375
Technical provisions	189,989,997	488,596,810	104,745,336	593,342,146	465,813,819	28,372,785	494,186,604	9,741,696	0	1,287,260,443
Unearned premiums	39,518,377	185,944,227	39,129,182	225,073,409	927,997	290,844	1,218,841	0	0	265,810,627
Mathematical provisions	0	0	0	0	445,478,752	27,176,325	472,655,077	9,741,329	0	482,396,406
Provision for outstanding claims	148,182,120	294,404,514	61,953,749	356,358,263	19,407,070	905,616	20,312,686	367	0	524,853,436
Other technical provisions	2,289,500	8,248,069	3,662,405	11,910,474	0	0	0	0	0	14,199,974
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	363,618,579	1,106,722	364,725,301	0	0	364,725,301
Other provisions	460,416	5,761,081	1,464,952	7,226,033	1,541,082	8,525	1,549,607	239,065	223,649	9,698,770
Deferred tax liabilities	76,227	2,593,347	129,137	2,722,484	6,558,555	91,269	6,649,824	-58,257	0	9,390,278
Investment contract liabilities	0	0	0	0	0	0	0	148,746,877	0	148,746,877
Other financial liabilities	87,504	3	295,361	295,364	0	239	239	0	0	383,107
Liabilities from operating activities	36,739,726	15,044,689	4,245,545	19,290,234	10,293,334	416,185	10,709,519	23,191	95,472	66,858,142
Liabilities from primary insurance business	29,459,643	10,815,476	2,526,490	13,341,966	10,063,485	380,699	10,444,184	0	0	53,245,793
Liabilities from reinsurance and co-insurance business	7,280,083	2,999,212	1,403,849	4,403,061	86,518	0	86,518	0	0	11,769,662
Current income tax liabilities	0	1,230,001	315,206	1,545,207	143,331	35,486	178,817	23,191	95,472	1,842,687
Lease liability	113,655	4,026,024	5,960,124	9,986,148	746,119	17,329	763,448	109,194	32,687	11,005,132
Other liabilities	3,976,225	19,115,205	6,086,667	25,201,872	3,533,720	699,466	4,233,186	851,869	1,849,279	36,112,431

Statement of financial position items by operating segment – assets as at 31 December 2019

EUR 31 Dec 2019	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
ASSETS	298,625,514	603,147,268	154,705,530	757,852,797	490,007,934	45,893,861	535,901,795	190,884,814	102,688,084	1,885,953,003
Intangible assets	891,724	7,354,868	8,654,223	16,009,091	5,896,408	29,086	5,925,494	13,099,839	25,133,921	61,060,069
Property, plant and equipment	2,507,609	26,714,599	13,909,984	40,624,583	1,889,359	2,007,331	3,896,690	119,278	467,550	47,615,710
Right-of-use assets	30,853	4,463,261	5,350,660	9,813,921	0	21,532	21,532	105,436	2,510	9,974,252
Deferred tax assets	1,141,099	639,920	0	639,920	244,178	1,030	245,208	387	17,510	2,044,124
Investment property	8,142,714	3,300,880	4,790,362	8,091,242	38,266	0	38,266	0	422,910	16,695,132
Financial investments in associates	0	0	0	0	0	0	0	0	581,103	581,104
Financial investments:	174,162,291	448,185,266	92,607,855	540,793,120	245,743,594	38,199,758	283,943,353	25,191,766	40,783,709	1,064,874,239
- Loans and deposits	5,779,224	2,881,423	13,681,894	16,563,317	4,010,208	2,556,408	6,566,616	4,453,975	20,000,508	53,363,639
- Held to maturity	1,426,459	17,190,551	3,506,122	20,696,673	11,113,743	4,025,478	15,139,221	4,324,291	0	41,586,644
- Available for sale	162,350,533	421,046,903	72,948,012	493,994,915	225,821,861	30,696,014	256,517,876	11,782,721	19,017,533	943,663,578
- at fair value through profit or loss	4,606,075	7,066,389	2,471,827	9,538,216	4,797,782	921,858	5,719,640	4,630,779	1,765,668	26,260,378
Assets held for the benefit of policyholders who bear the investment risk	0	0	0	0	212,284,264	875,625	213,159,889	0	0	213,159,889
Reinsurers' share of technical provisions	8,683,681	24,178,390	5,628,400	29,806,790	107,813	22,255	130,068	0	0	38,620,539
Investment contract assets	0	0	0	0	0	0	0	151,197,102	0	151,197,102
Receivables	75,742,820	67,105,872	13,290,126	80,395,998	806,629	677,652	1,484,281	55,819	1,734,999	159,413,917
Receivables arising out of primary insurance business	68,309,854	61,956,001	8,311,675	70,267,676	765,470	599,472	1,364,942	11,884	0	139,954,356
Receivables arising out of reinsurance and co-insurance business	4,214,830	2,083,275	430,592	2,513,867	0	5,867	5,867	0	0	6,734,564
Current tax assets	2,802,044	0	159,219	159,219	0	0	0	41,244	0	3,002,507
Other receivables	416,092	3,066,596	4,388,640	7,455,236	41,159	72,313	113,472	2,691	1,734,999	9,722,490
Deferred acquisition costs	4,950,425	13,092,210	4,979,149	18,071,359	439,559	39,178	478,737	0	0	23,500,521
Other assets	441,253	1,216,743	707,741	1,924,484	0	29,051	29,051	260,699	186,029	2,841,516
Cash and cash equivalents	21,931,044	6,870,808	4,240,623	11,111,431	22,557,864	3,991,362	26,549,226	854,488	33,357,842	93,804,031
Non-current assets held for sale	0	24,451	546,407	570,858	0	0	0	0	0	570,858

Statement of financial position items by operating segment – equity and liabilities as at 31 December 2019

EUR 31 Dec 2019	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
EQUITY AND LIABILITIES	367,798,941	552,898,523	150,448,073	703,346,596	472,078,939	44,714,957	516,793,896	191,096,763	106,916,803	1,885,953,003
Equity	155,445,408	74,314,493	35,589,466	109,903,959	44,949,546	14,459,766	59,409,312	30,489,571	29,528,592	384,776,847
Equity attributable to owners of the controlling company	155,445,408	74,314,493	35,224,038	109,538,531	44,949,546	14,459,766	59,409,312	30,489,571	29,390,724	384,273,551
Non-controlling interests in equity	0	0	365,428	365,428	0	0	0	0	137,868	503,296
Subordinated liabilities	0	0	0	0	0	0	0	0	74,822,710	74,822,710
Technical provisions	170,080,102	436,211,501	98,321,928	534,533,429	193,127,114	27,613,972	220,741,086	8,598,092	0	933,952,709
Unearned premiums	25,100,729	143,184,999	38,631,915	181,816,914	689,607	288,147	977,754	0	0	207,895,397
Mathematical provisions	0	0	0	0	176,803,531	26,475,532	203,279,063	8,598,040	0	211,877,103
Provision for outstanding claims	143,563,417	285,671,540	57,194,999	342,866,539	15,633,976	850,293	16,484,269	52	0	502,914,277
Other technical provisions	1,415,956	7,354,962	2,495,014	9,849,976	0	0	0	0	0	11,265,932
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	219,142,364	1,471,334	220,613,698	0	0	220,613,698
Other provisions	466,901	5,384,572	1,334,068	6,718,640	1,137,841	6,617	1,144,458	150,441	225,029	8,705,469
Deferred tax liabilities	76,227	2,433,270	204,397	2,637,667	2,471,341	119,701	2,591,042	-10,272	0	5,294,664
Investment contract liabilities	0	0	0	0	0	0	0	151,040,643	0	151,040,643
Other financial liabilities	87,505	0	267,374	267,374	0	1,029	1,029	0	0	355,908
Liabilities from operating activities	37,944,541	9,912,042	3,569,373	13,481,415	9,204,616	319,943	9,524,559	0	340,034	61,290,549
Liabilities from primary insurance business	31,231,876	7,524,823	2,488,649	10,013,472	8,830,988	280,662	9,111,650	0	0	50,356,998
Liabilities from reinsurance and co-insurance business	6,712,665	1,764,935	788,214	2,553,149	12,353	22,270	34,623	0	0	9,300,437
Current income tax liabilities	0	622,284	292,510	914,794	361,275	17,011	378,286	0	340,034	1,633,114
Lease liability	30,942	4,535,643	5,676,898	10,212,541	0	21,894	21,894	150,899	32,639	10,448,915
Other liabilities	3,667,315	20,107,002	5,484,569	25,591,571	2,046,117	700,701	2,746,818	677,389	1,967,799	34,650,891

Income statement items by operating segment 1–6/2020

Sava Insurance Group EUR 1–6/2020	Reinsurance business	Non-life business			Life business			Pension business	Other	Total
		Slovenia	International	Total	Slovenia	International	Total			
Net premiums earned	47,724,160	159,151,684	36,703,679	195,855,364	44,891,798	4,895,564	49,787,362	1,493,930	0	294,860,816
Gross premiums written	64,798,763	216,645,763	40,886,447	257,532,210	45,028,307	4,910,021	49,938,328	1,493,930	0	373,763,231
Written premiums ceded to reinsurers and co-insurers	-1,323,649	-24,006,618	-4,302,650	-28,309,268	-119,841	-8,921	-128,762	0	0	-29,761,679
Change in gross unearned premiums	-14,417,648	-42,109,861	-984,562	-43,094,423	-8,160	-4,011	-12,171	0	0	-57,524,242
Change in unearned premiums, reinsurers' and co-insurers' shares	-1,333,306	8,622,400	1,104,444	9,726,844	-8,507	-1,525	-10,032	0	0	8,383,506
Investment income	2,434,705	3,350,452	1,218,438	4,568,890	3,281,438	526,680	3,808,118	375,417	0	11,187,130
Interest income	1,107,322	1,540,980	1,060,900	2,601,881	2,159,527	526,826	2,686,354	264,849	0	6,660,405
Other investment income	1,327,383	1,809,471	157,538	1,967,009	1,121,911	-147	1,121,764	110,568	0	4,526,725
Other technical income	334,403	3,742,680	1,446,867	5,189,547	440,728	1,204	441,932	24,725	19,017	6,009,624
Commission income	300,985	1,919,702	662,919	2,582,621	1,062	427	1,489	0	0	2,885,095
Other technical income	33,418	1,822,978	783,948	2,606,926	439,666	777	440,443	24,725	19,017	3,124,529
Other income	400,556	2,007,943	665,802	2,673,745	6,051,090	34,176	6,085,266	2,699,934	4,328,533	16,188,034
Net claims incurred	-32,466,330	-86,207,029	-21,191,888	-107,398,918	-58,661,127	-2,534,455	-61,195,583	-453,486	0	-201,514,317
Gross claims paid, net of income from recourse receivables	-27,845,063	-85,657,113	-17,408,859	-103,065,972	-58,689,981	-2,436,130	-61,126,111	-453,171	0	-192,490,317
Reinsurers' and co-insurers' shares	507,650	1,010,558	1,041,491	2,052,049	34,002	58	34,060	0	0	2,593,759
Change in the gross provision for outstanding claims	-4,618,325	-5,233,850	-5,189,659	-10,423,509	-10,859	-86,745	-97,604	-315	0	-15,139,753
Change in the provision for outstanding claims, reinsurers' and co-insurers' shares	-510,592	3,673,376	365,139	4,038,515	5,710	-11,638	-5,928	0	0	3,521,994
Change in other technical provisions	-873,545	-979,485	-998,090	-1,977,575	22,908,047	-958,050	21,949,997	-1,143,289	0	17,955,588
Change in technical provisions for policyholders who bear the investment risk	0	0	0	0	10,750,000	364,400	11,114,400	0	0	11,114,400
Expenses for bonuses and rebates	0	86,378	5,943	92,321	0	0	0	0	0	92,321
Operating expenses	-13,162,475	-47,139,253	-17,205,030	-64,344,283	-10,931,863	-1,957,760	-12,889,623	-1,611,870	-3,142,855	-95,151,107
Acquisition costs	-12,864,484	-20,184,470	-2,586,655	-22,771,125	-2,754,350	-298,209	-3,052,559	-6,177	0	-38,694,345
Change in deferred acquisition costs	1,611,989	3,318,100	-352,150	2,965,950	-371,716	8,556	-363,160	0	0	4,214,779
Other operating expenses	-1,909,980	-30,272,883	-14,266,225	-44,539,108	-7,805,797	-1,668,107	-9,473,904	-1,605,693	-3,142,855	-60,671,541
Expenses relating to investments in related parties	0	0	0	0	0	0	0	-1,529,820	-16,654	-1,546,474
Loss arising out of investments in equity-accounted associate companies	0	0	0	0	0	0	0	0	-16,654	-16,654
Expenses for financial assets and liabilities	-2,027,422	-1,114,857	-111,323	-1,226,181	-491,743	159,833	-331,910	-325,245	-1,465,502	-5,376,260
Interest expense	-12,511	-28,809	-71,065	-99,874	-9,512	-284	-9,796	-1,586	-1,424,677	-1,548,444
Other investment expenses	-2,014,911	-1,086,048	-40,259	-1,126,307	-482,231	160,117	-322,114	-323,660	-40,825	-3,827,817
Net unrealised and realised losses on investments of life insurance policyholders who bear the investment risk	0	0	0	0	-5,930,673	2,988	-5,927,685	0	0	-5,927,685
Other technical expenses	-910,622	-4,962,800	-2,325,179	-7,287,979	-164,768	-110,343	-275,111	-319,505	11,033	-8,782,184
Other expenses	-110,812	-502,362	-481,871	-984,233	-1,273	-1,681	-2,954	-123,565	-248	-1,221,812
Profit or loss before tax	1,342,618	27,433,351	-2,272,652	25,160,699	12,141,653	422,555	12,564,208	-912,774	-266,677	37,888,074
Income tax expense										-5,733,625
Net profit or loss for the period										32,154,449
Net profit or loss attributable to owners of the controlling company										32,076,257
Net profit or loss attributable to non-controlling interests										78,192

Income statement items by operating segment 1–6/2019

Sava Insurance Group 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	2,882,700	2,831,167	1,226,396	4,057,563	2,246,485	428,252	2,674,737	679,015	0	10,294,015
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	1,723,991	949,964	103,005	1,052,969	139,689	-36,777	102,912	405,416	0	3,285,288
Net unrealised and realised gains on investments of life insurance policyholders who bear the investment risk	0	0	0	0	14,291,576	-725	14,290,851	0	0	14,290,851
Other technical income	394,380	3,760,286	1,375,167	5,135,453	605,482	8,687	614,169	835,609	0	6,979,611
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	13,612	2,215,735	862,897	3,078,632	599,248	8,687	607,935	835,609	0	4,535,788
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	-83,943,679	-19,569,629	-103,513,309	-53,999,511	-2,287,435	-56,286,946	-445,226	0	-187,154,351
Gross claims paid, net of income from recourse receivables	-28,906,190	-84,687,482	-17,927,333	-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	1,669,395	-42,205	-13	-42,218	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	-42,435,192	-16,128,347	-58,563,539	-9,984,579	-1,888,731	-11,873,310	-1,632,233	-969,454	-85,859,077
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	-29,427,795	-13,866,955	-43,294,750	-7,142,345	-1,609,764	-8,752,109	-1,616,134	-969,454	-56,747,673
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	-50,745	-121,549	-112,660	-234,209	-15,885	6,895	-8,991	-213,363	-7,223	-514,530
Interest expense	-293	-23,508	-62,579	-86,087	0	-416	-416	-3,162	-7,223	-97,181
Other investment expenses	-50,451	-98,041	-50,081	-148,122	-15,885	7,311	-8,575	-210,201	0	-417,349
Other technical expenses	16,912	-4,480,831	-2,454,883	-6,935,714	-118,009	-65,695	-183,704	-347,762	-2,017	-7,452,285
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	20,110,461	-2,449,974	17,660,487	6,851,456	122,091	6,973,547	1,059,165	330,061	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

Inter-segment business

EUR	Reinsurance business		Non-life business		Life business		Pension business		Other	
	1-6/2020	1-6/2019	1-6/2020	1-6/2019	1-6/2020	1-6/2019	1-6/2020	1-6/2019	1-6/2020	1-6/2019
Gross premiums written	120,921,970	105,498,079	257,645,747	235,120,447	50,472,431	44,704,511	967,279	791,762	0	0
Net premiums written	64,798,763	56,330,966	257,532,210	234,997,715	49,938,328	44,704,511	1,493,930	791,762	0	0
Net claims incurred	-15,393,201	-15,493,303	-2,669,075	-3,135,103	0	0	0	0	0	0
Operating expenses	-8,329,161	-8,382,508	-795,678	-767,333	-371,929	-449,773	-49,353	-33,290	-409,190	-88,201
Investment income	46,699	39,757	0	10,559	0	0	1,461	0	0	0
Other technical income	184,182	174,329	8,402,628	8,429,025	303,780	7,402	0	0	558,676	605,410
Other income	0	0	10,649	146,716	0	0	0	0	3,587,752	3,987,332

7.8 Business combinations

Having satisfied all suspensive conditions, Sava Re became the sole owner of the Slovenia-based company NLB Vita d.d. (now renamed Vita, Živiljenjska Zavarovalnica) on 29 May 2020. Vita was first included in the consolidated accounts on 31 May 2020.

The acquisition of Vita resulted in a gain on the bargain purchase of EUR 6.8 million (excess of the fair value of the net assets as at 31 May 2020 over the paid purchase price).

EUR	Vita (SLO)
Intangible assets	748,673
Property, plant and equipment	169,754
Right-of-use assets	763,884
Financial investments	369,115,374
Assets held for the benefit of policyholders who bear the investment risk	153,446,464
Reinsurers' share of technical provisions	1,278,717
Receivables	828,062
Cash and cash equivalents	10,296,429
Other assets	103,957
A. Total assets	536,751,315
Technical provisions	299,823,160
Technical provision for the benefit of life insurance policyholders who bear the investment risk	154,409,933
Other provisions	274,062
Deferred tax liabilities	3,366,146
Liabilities from operating activities and other liabilities	5,040,842
B. Total liabilities	462,914,143
Fair value of net assets acquired (A - B)	73,837,172
Gain on bargain purchase	6,837,172
Market value of investment as at 31 May 2020	67,000,000

EUR	Vita (SLO)
Acquisition of stake	-67,000,000
Net cash and cash equivalents acquired in the business combination	10,296,429
Net cash relating to the business combination	-56,703,571

7.9 Notes to significant changes in the statement of financial position

7.9.1 Property, plant and equipment

Movements in cost of and value adjustments to property, plant and equipment assets

EUR	Land	Buildings	Equipment	Other property, plant and equipment assets	Total
Cost					
1 Jan 2020	5,630,200	54,557,162	24,110,963	319,159	84,617,486
Additions – acquisition of subsidiary	0	0	136,926	0	136,926
Additions	1,190,086	913,913	1,110,321	23,038	3,237,358
Disposals	0	0	-1,219,659	0	-1,219,659
Reclassification	-14,115	-82,237	-1,665	0	-98,017
Exchange differences	0	-35,331	-18,007	-380	-53,718
30 Jun 2020	6,806,172	55,353,508	24,118,880	341,817	86,620,376
Accumulated depreciation and impairment losses					
1 Jan 2020	0	20,540,637	16,368,020	93,118	37,001,775
Additions	0	570,648	908,589	25,369	1,504,606
Disposals	0	0	-628,762	0	-628,762
Reclassification	0	-5,072	-6,636	0	-11,708
Exchange differences	0	-12,085	-14,279	-4	-26,368
30 Jun 2020	0	21,094,128	16,626,932	118,483	37,839,543
Carrying amount as at 1 Jan 2020	5,630,200	34,016,525	7,742,943	226,041	47,615,710
Carrying amount as at 30 Jun 2020	6,806,171	34,259,380	7,491,948	223,334	48,780,833

7.9.2 Financial investments in associates

Sava Insurance Group									
EUR	1 Jan 2020			Additions		Attributed profit or loss 1–6/2020	30 Jun 2020		Share of voting rights (%)
	Holding	Value	Share of voting rights (%)	Holding	Value		Holding	Value	
ZTSR (SLO)	50.00%	41,303	50.00%	0.00%	13,500,000	-129,633	50.00%	13,411,670	50.00%
G2I (GB)	17.50%	539,801	25.00%	0.00%	0	112,978	17.50%	652,779	25.00%
Total		581,104			13,500,000	-16,654		14,064,451	

The EUR 13.5 million increase in the value of ZTSR relates to the company's recapitalisation for the sake of the investment in Diagnostic Centre Bled.

Sava Insurance Group		
EUR	30 Jun 2020	31 Dec 2019
ZTSR (SLO)		
Value of assets	21,436,113	95,491
Liabilities	10,588,440	12,885
Equity	10,847,673	82,605
Income	2,742,476	48,300
Net profit or loss for the period	-259,265	-122,518
Part of the profit or loss attributable to the Group	-129,633	-61,258
G2I (GB)		
Value of assets	4,502,899	3,477,661
Liabilities	2,993,949	2,585,680
Equity	1,508,950	891,981
Income	3,207,775	3,045,607
Net profit or loss for the period	645,590	37,350
Part of the profit or loss attributable to the Group	112,978	5,565

7.9.3 Financial investments

At the end of the first half of 2020, financial investments totalled EUR 1,371.0 million, up EUR 306.1 million from year-end 2019. Compared to year-end 2019, there was an increase in available-for-sale financial investments as the result of the inclusion of the Vita portfolio and a related decrease in the “loans and receivables” item of the accounts. Held-to-maturity and FVTPL investments remained at a similar level.

Financial investments as at 30 June 2020

EUR 30 Jun 2020	Held-to-maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
Debt instruments	39,819,481	22,820,677	1,178,792,514	22,503,418	1,263,936,090
Deposits and CDs	0	0	0	21,155,526	21,155,526
Government bonds	30,129,560	1,844,222	579,234,823	0	611,208,605
Corporate bonds	9,689,921	20,976,455	599,557,691	0	630,224,067
Loans granted	0	0	0	1,347,892	1,347,892
Equity instruments	0	2,662,348	70,037,336	0	72,699,684
Shares	0	715,623	36,540,350	0	37,255,973
Mutual funds	0	1,946,725	33,496,986	0	35,443,711
Investments in infrastructure funds	0	0	23,912,530	0	23,912,530
Investments in property funds	0	0	3,920,368	0	3,920,368
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	6,538,666	6,538,666
Total	39,819,481	25,483,025	1,276,662,748	29,042,084	1,371,007,338

Financial investments as at 31 December 2019

EUR 31 Dec 2019	Held-to-maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative Designated to this category			
Debt instruments	41,586,644	22,984,531	871,005,933	46,274,618	981,851,726
Deposits and CDs	0	1,596,183	0	45,071,751	46,667,934
Government bonds	39,556,443	2,764,926	497,082,775	0	539,404,144
Corporate bonds	2,030,201	18,623,422	373,923,158	0	394,576,781
Loans granted	0	0	0	1,202,867	1,202,867
Equity instruments	0	3,275,847	48,498,622	0	51,774,469
Shares	0	647,824	16,855,902	0	17,503,726
Mutual funds	0	2,628,023	31,642,720	0	34,270,743
Investments in infrastructure funds	0	0	20,159,022	0	20,159,022
Investments in property funds	0	0	4,000,000	0	4,000,000
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	7,089,021	7,089,021
Total	41,586,644	26,260,378	943,663,578	53,363,639	1,064,874,239

7.9.4 Assets held for the benefit of policyholders who bear the investment risk

Assets held for the benefit of policyholders who bear the investment risk as at 30 June 2020

Sava Insurance Group					
EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
30 Jun 2020					
Debt instruments	5,830,830	1,096,583	68,629,655	4,004,978	79,562,046
Deposits and CDs	0	0	0	4,004,978	4,004,978
Government bonds	1,621,930	0	39,131,048	0	40,752,977
Corporate bonds	4,208,900	1,096,583	29,498,607	0	34,804,090
Equity instruments	0	277,009,706	3,330,553	0	280,340,259
Mutual funds	0	277,009,706	3,330,553	0	280,340,259
Total	5,830,830	278,106,289	71,960,208	4,004,978	359,902,304

Assets held for the benefit of policyholders who bear the investment risk as at 31 December 2019

Sava Insurance Group					
EUR	Held to maturity	FVTPL	Available-for-sale	Loans and receivables	Total
		Non-derivative			
		Designated to this category			
31 Dec 2019					
Debt instruments	6,444,636	1,823,699	71,068,660	4,000,954	83,337,949
Deposits and CDs	0	0	0	4,000,954	4,000,954
Government bonds	1,904,811	0	38,796,630	0	40,701,441
Corporate bonds	4,539,825	1,823,699	32,272,030	0	38,635,554
Equity instruments	0	126,437,769	3,384,170	0	129,821,939
Mutual funds	0	126,437,769	3,384,170	0	129,821,939
Total	6,444,636	128,261,468	74,452,830	4,000,954	213,159,889

7.9.5 Reinsurers' share of technical provisions

EUR	30 Jun 2020	31 Dec 2019
From unearned premiums	19,091,362	10,705,397
From provisions for claims outstanding	32,747,319	27,915,142
Total	51,838,681	38,620,539

The reinsurers' share of technical provisions increased by EUR 13.2 million. The largest increase was in unearned premiums, up EUR 8.4 million, which relates to reserve strengthening for contracts with inception as from 1 January 2020 (seasonal trend). The reinsurers' share of claims provisions grew by EUR 4.9 million, mainly on account of FoS business but also due to the acquisition of a new company.

7.9.6 Receivables

Gross receivables rose by EUR 40.7 million compared to year-end 2019, chiefly because of the renewal of most annual non-life (re)insurance contracts with major clients (companies and cedants) in the first half of the year. The allowance for receivables declined by EUR 0.2 million (establishment of allowance of EUR 1.4 million, uses of EUR 0.5 million, write-offs of EUR 1.2 million and negative effect of acquisition of new company of EUR 0.2 million; most changes relate to insurance receivables). Receivables rose by EUR 40.9 million compared to year-end 2019. Receivables of the new subsidiary Vita totalled EUR 11.5 million as at 30 June 2020.

The largest increase was in not-past-due insurance receivables, up EUR 42.0 million, while current tax assets declined by EUR 2.7 million. There was also a EUR 1.8 million decrease in receivables past due up to 180 days.

Receivables by type

EUR	30 Jun 2020			31 Dec 2019		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	202,153,275	-23,292,695	178,860,580	160,675,555	-23,040,976	137,634,579
Receivables due from insurance brokers	4,369,191	-862,189	3,507,002	2,640,726	-964,939	1,675,787
Other receivables arising out of primary insurance business	692,375	-162,821	529,554	766,506	-122,516	643,990
Receivables arising out of primary insurance business	207,214,841	-24,317,705	182,897,136	164,082,787	-24,128,431	139,954,356
Receivables for shares in claims	5,811,692	-177,654	5,634,038	5,928,753	-177,662	5,751,091
Other receivables arising out of co-insurance and reinsurance business	1,477,098	0	1,477,098	983,473	0	983,473
Receivables arising out of reinsurance and co-insurance business	7,288,790	-177,654	7,111,136	6,912,226	-177,662	6,734,564
Current tax assets	285,053	0	285,053	3,002,507	0	3,002,507
Other short-term receivables arising out of insurance business	19,797,332	-17,286,336	2,510,996	20,113,224	-17,646,665	2,466,559
Receivables arising out of investments	2,765,039	-1,220,790	1,544,249	2,384,139	-1,226,600	1,157,539
Other receivables	7,222,975	-1,265,268	5,957,707	7,351,916	-1,253,524	6,098,392
Other receivables	29,785,346	-19,772,394	10,012,952	29,849,279	-20,126,789	9,722,490
Total	244,574,030	-44,267,753	200,306,277	203,846,799	-44,432,882	159,413,917

Movements in allowance for receivables

EUR	1 Jan 2020	Additions	Collection	Write-offs	Additions – acquisition of company	Exchange differences	30 Jun 2020
30 Jun 2020							
Receivables due from policyholders	-23,040,976	-1,110,751	285,244	750,522	-221,713	44,979	-23,292,695
Receivables due from insurance intermediaries	-964,939	-27,197	127,454	0	0	2,493	-862,189
Other receivables arising out of primary insurance business	-122,516	-42,157	1,181	0	0	671	-162,821
Receivables arising out of primary insurance business	-24,128,431	-1,180,105	413,879	750,522	-221,713	48,143	-24,317,705
Receivables for shares in claims	-177,662	0	0	0	0	8	-177,654
Receivables arising out of reinsurance and co-insurance business	-177,662	0	0	0	0	8	-177,654
Other short-term receivables arising out of insurance business	-17,646,665	-133,277	6,515	472,419	0	14,672	-17,286,336
Receivables arising out of investments	-1,226,600	0	1,342	0	0	4,468	-1,220,790
Other short-term receivables	-1,253,524	-58,221	44,831	0	0	1,646	-1,265,268
Other receivables	-20,126,789	-191,498	52,688	472,419	0	20,786	-19,772,394
Total	-44,432,882	-1,371,603	466,567	1,222,941	-221,713	68,937	-44,267,753

Receivables ageing analysis

EUR 30 Jun 2020	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	137,802,637	29,834,907	3,980,169	7,242,867	178,860,580
Receivables due from insurance intermediaries	1,699,399	1,789,915	5,588	12,103	3,507,002
Other receivables arising out of primary insurance business	129,185	330,279	13,153	56,938	529,554
Receivables arising out of primary insurance business	139,631,221	31,955,101	3,998,910	7,311,908	182,897,136
Receivables for reinsurers' shares in claims	4,481,922	634,374	121,817	395,923	5,634,038
Other receivables arising out of co-insurance and reinsurance business	1,441,073	17,509	1,103	17,414	1,477,098
Receivables arising out of reins- and co-ins. business	5,922,995	651,883	122,920	413,337	7,111,136
Current tax assets	285,053	0	0	0	285,053
Other short-term receivables arising out of ins. business	796,770	729,131	324,647	660,451	2,510,996
Short-term receivables arising out of financing	1,520,607	1,507	2,490	19,645	1,544,249
Other short-term receivables	5,538,358	298,044	51,122	70,183	5,957,707
Other receivables	7,855,735	1,028,682	378,259	750,279	10,012,952
Total	153,695,004	33,635,666	4,500,089	8,475,524	200,306,277

EUR 31 Dec 2019	Not past due	Past due up to 180 days	Past due from 181 days to 1 year	Past due over 1 year	Total
Receivables due from policyholders	95,758,889	31,644,784	3,874,248	6,356,658	137,634,579
Receivables due from insurance brokers	587,073	1,065,597	4,254	18,863	1,675,787
Other receivables arising out of primary insurance business	541,983	18,497	29,979	53,531	643,990
Receivables arising out of primary insurance business	96,887,945	32,728,878	3,908,481	6,429,052	139,954,356
Receivables for reinsurers' shares in claims	4,379,202	692,022	358,812	321,055	5,751,091
Other receivables arising out of co-insurance and reinsurance business	870,233	71,068	38,580	3,592	983,473
Receivables arising out of reinsurance and co-insurance business	5,249,435	763,090	397,392	324,647	6,734,564
Current tax assets	3,002,507	0	0	0	3,002,507
Other short-term receivables arising out of insurance business	503,612	1,109,979	234,679	618,289	2,466,559
Short-term receivables arising out of financing	1,107,957	1,423	2,474	45,685	1,157,539
Other short-term receivables	5,205,345	805,882	23,284	63,881	6,098,392
Other receivables	6,816,914	1,917,284	260,437	727,855	9,722,490
Total	111,956,801	35,409,252	4,566,310	7,481,554	159,413,917

7.9.7 Cash and cash equivalents

EUR	30 Jun 2020	31 Dec 2019
Cash in hand	27,501	18,284
Cash in bank accounts	64,374,454	32,260,496
Cash equivalents	40,165,381	61,525,251
Total	104,567,336	93,804,031

Compared to year-end 2019, the balance of cash and cash equivalents increased by EUR 10.8 million. 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. Proceeds from maturities and disposals were not fully reinvested but held in transaction accounts.

7.9.8 Retained earnings

Retained earnings grew by EUR 31.5 million because the distributable profit in respect of 2019 remained unallocated.

7.9.9 Earnings or loss per share

The weighted average number of shares outstanding in the financial period was 15,497,696. As at 30 June 2020, the parent company held 1,721,966 own shares, which are subtracted when calculating the weighted average number of shares.

Earnings or loss per share

EUR	1-6/2020	1-6/2019
Net profit or loss for the period	32,154,449	22,570,259
Net profit or loss for the period attributable to owners of the controlling company	32,076,257	22,533,500
Weighted average number of shares	15,497,696	15,497,696
Earnings or loss per share	2.07	1.45

Comprehensive income per share

EUR	1-6/2020	1-6/2019
Comprehensive income for the period	29,859,255	35,386,901
Comprehensive income for the period attributable to owners of the controlling company	29,782,521	35,348,927
Weighted average number of shares	15,497,696	15,497,696
Comprehensive income per share	1.92	2.28

7.9.10 Technical provisions and technical provisions for the benefit of life insurance policyholders who bear the investment risk

Technical provisions increased by EUR 353.3 million, or 37.8%, compared to 31 December 2019. The largest increase was in the mathematical provision (technical provision for life business), which grew by EUR 270.5 million, mostly on account of the integration of a new company into the Group; other than provisions for traditional life policies, the mathematical provision includes funds set aside for the guaranteed part of unit-linked life policies. The increase in gross unearned premiums (EUR 57.9 million) mainly relates to the establishment of high unearned premiums for coverages for which 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 EUR 21.9 million. Most of this amount is due to the inclusion of a new company in the Group and certain large claims and/or adjustments to align the non-life (re)insurance portfolio to Slovenian and Croatian regulations.

The gross provision relating to unit-linked business rose by EUR 144.1 million due to the inclusion of a new company in the consolidated accounts.

Movements in gross technical provisions

EUR	1 Jan 2020	Additions	Uses and releases	Additions – acquisition of company	Exchange differences	30 Jun 2020
Gross unearned premiums	207,895,397	192,253,645	-134,656,773	850,303	-531,945	265,810,627
Technical provisions for life insurance business	211,877,103	13,256,349	-33,701,653	290,984,318	-19,711	482,396,406
Gross provision for outstanding claims	502,914,277	146,578,097	-129,746,391	7,566,382	-2,458,929	524,853,436
Gross provision for bonuses, rebates and cancellations	1,234,753	53,983	-187,857	0	-297	1,100,582
Other gross technical provisions	10,031,179	10,450,122	-7,379,372	0	-2,537	13,099,392
Total	933,952,709	362,592,196	-305,672,046	299,401,003	-3,013,419	1,287,260,443
Net technical provision for the benefit of life insurance policyholders who bear the investment risk	220,613,698	23,991,487	-34,711,975	154,832,091	0	364,725,301

7.9.11 Investment contract liabilities

Investment contract liabilities related to Sava Pokojninska and totalled EUR 148.7 million as at 30 June 2020, down 1.5%, or EUR 2.3 million, from year-end 2019. Their movement is in line with investment contract assets, driven largely by new premium contributions, payouts and changes in fund unit prices.

7.9.12 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy as at 30 June 2020

EUR 30 Jun 2020	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	1,302,145,773	1,077,784,369	172,205,925	52,155,479	1,302,145,773	0
<i>At fair value through P/L</i>	<i>25,483,025</i>	<i>5,002,294</i>	<i>18,058,519</i>	<i>2,422,212</i>	<i>25,483,025</i>	<i>0</i>
<i>Designated to this category</i>	<i>25,483,025</i>	<i>5,002,294</i>	<i>18,058,519</i>	<i>2,422,212</i>	<i>25,483,025</i>	<i>0</i>
Debt instruments	22,820,677	3,055,569	17,354,430	2,410,678	22,820,677	0
Equity instruments	2,662,348	1,946,725	704,089	11,534	2,662,348	0
Available-for-sale	1,276,662,748	1,072,782,075	154,147,406	49,733,267	1,276,662,748	0
Debt instruments	1,178,792,514	1,019,436,844	139,672,749	19,682,921	1,178,792,514	0
Equity instruments	70,037,336	53,345,231	14,474,657	2,217,448	70,037,336	0
Investments in infrastructure funds	23,912,530	0	0	23,912,530	23,912,530	0
Investments in property funds	3,920,368	0	0	3,920,368	3,920,368	0
Investments for the benefit of life policyholders who bear the investment risk	350,066,496	346,656,041	3,410,455	0	350,066,496	0
Investments not measured at fair value	68,861,565	35,667,459	6,723,950	29,762,740	72,154,149	3,292,585
<i>Held-to-maturity assets</i>	<i>39,819,481</i>	<i>35,667,459</i>	<i>6,723,950</i>	<i>720,656</i>	<i>43,112,065</i>	<i>3,292,584</i>
Debt instruments	39,819,481	35,667,459	6,723,950	720,656	43,112,065	3,292,584
Loans and receivables	29,042,084	0	0	29,042,084	29,042,084	1
Deposits	21,155,525	0	0	21,155,526	21,155,526	1
Loans granted	1,347,892	0	0	1,347,892	1,347,892	0
Deposits with cedants	6,538,666	0	0	6,538,666	6,538,666	0
Investments for the benefit of life policyholders who bear the investment risk	9,835,808	6,199,173	0	4,004,978	10,204,151	368,343
Total investments	1,371,007,338	1,113,451,828	178,929,875	81,918,219	1,374,299,922	3,292,585
Total investments for the benefit of life policyholders who bear the investment risk	359,902,304	352,855,214	3,410,455	4,004,978	360,270,647	368,343

Financial assets measured at fair value by level of the fair value hierarchy as at 31 December 2019

EUR 31 Dec 2019	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	969,923,955	759,148,773	165,450,052	45,325,130	969,923,955	0
<i>At fair value through P/L</i>	<i>26,260,378</i>	<i>5,991,532</i>	<i>18,585,312</i>	<i>1,683,534</i>	<i>26,260,378</i>	<i>0</i>
<i>Designated to this category</i>	<i>26,260,378</i>	<i>5,991,532</i>	<i>18,585,312</i>	<i>1,683,534</i>	<i>26,260,378</i>	<i>0</i>
Debt instruments	22,984,531	3,363,509	17,949,066	1,671,956	22,984,531	0
Equity instruments	3,275,847	2,628,023	636,246	11,578	3,275,847	0
Available-for-sale	943,663,578	753,157,241	146,864,740	43,641,596	943,663,577	0
Debt instruments	871,005,933	721,504,536	132,260,355	17,241,042	871,005,933	0
Equity instruments	48,498,622	31,652,705	14,604,385	2,241,532	48,498,622	0
Investments in infrastructure funds	20,159,022	0	0	20,159,022	20,159,022	0
Investments in property funds	4,000,000	0	0	4,000,000	4,000,000	0
Investments for the benefit of policyholders who bear the investment risk	202,714,299	198,183,199	4,531,100	0	202,714,299	0
Investments not measured at fair value	94,950,283	35,542,413	16,735,930	45,695,843	97,974,186	3,023,903
<i>Held-to-maturity assets</i>	<i>41,586,644</i>	<i>35,542,413</i>	<i>9,068,134</i>	<i>0</i>	<i>44,610,547</i>	<i>3,023,903</i>
Debt instruments	41,586,644	35,542,413	9,068,134	0	44,610,547	3,023,903
Loans and receivables	53,363,639	0	7,667,796	45,695,843	53,363,639	0
Deposits	45,071,751	0	0	45,071,751	45,071,751	0
Loans granted	1,202,867	0	578,775	624,092	1,202,867	0
Deposits with cedants	7,089,021	0	7,089,021	0	7,089,021	0
Investments for the benefit of policyholders who bear the investment risk	10,445,590	6,916,526	0	4,000,954	10,917,480	471,890
Total investments	1,064,874,239	794,691,186	182,185,982	91,020,973	1,067,898,141	3,023,903
Total investments for the benefit of life policyholders who bear the investment risk	213,159,889	205,099,725	4,531,100	4,000,954	213,631,779	471,890

Movements in level 3 FVTPL financial assets

EUR	Debt instruments		Equity instruments		Investments in infrastructure funds		Investments in property funds	
	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019	30 Jun 2020	31 Dec 2019
Opening balance	18,912,998	15,250,825	2,253,110	2,401,281	20,159,022	5,264,540	4,000,000	0
Additions	2,378,840	3,949,569	0	11,578	4,324,641	17,513,526	0	4,001,949
Disposals	0	-739,638	0	-163,700	0	-2,164,017	0	0
Maturities	0	-377,000	0	0	0	0	0	0
Revaluation to fair value	81,065	829,241	-24,128	3,951	-571,134	-455,028	-79,632	-1,949
Reclassification into level	720,696	0	0	0	0	0	0	0
Closing balance	22,093,599	18,912,998	2,228,982	2,253,110	23,912,530	20,159,022	3,920,368	4,000,000

Reclassification of assets and financial liabilities between levels in the period 1–6/2020

EUR	Level 1	Level 2
FVTPL	-100,620	100,620
Debt instruments	-100,620	100,620
Available for sale	880,269	-880,269
Debt instruments	880,269	-880,269
Total	779,649	-779,649

The Group primarily measures its OTC debt assets based on BID CBBT prices representing unadjusted quoted prices, thus meeting the criteria for classification into level 1. Level 1 also includes mutual fund assets and listed securities that satisfy the active market requirement.

8 Related-party transactions

The Group makes separate disclosures for the following groups of related parties:

- owners and related enterprises;
- key management personnel: management board and supervisory board, including its committees;
- subsidiary companies;
- associates.

Owners and related enterprises

The Group's largest shareholder is Slovenian Sovereign Holding with a 17.7% stake.

Management board and supervisory board, including its committees

Fixed remuneration of management board members for performing their function in the first six months of 2020 totalled EUR 343,147 (1–6/2019: EUR 326,938), in the first six months of 2019, variable remuneration totalled EUR 235,667 (1–6/2019: 175,365). Benefits in kind were EUR 16,425 (1–6/2019: EUR 20,258). Other payments relate to severance pay for a management board member.

Remuneration of management board members in 1–6/2020

EUR	Gross salary, fixed amount	Gross salary, variable amount	Benefits in kind – insurance premiums	Benefits in kind – use of company car	Other payments	Total
Marko Jazbec	94,500	55,536	95	2,868	-	152,999
Jošt Dolničar	85,035	49,980	2,609	2,382	-	140,006
Srečko Čebren	73,177	80,171	1,535	2,170	89,100	246,153
Polona Pirš Zupančič	85,035	49,980	2,603	1,786	-	139,404
Peter Skvarča	5,400	-	157	220	-	5,777
Total	343,147	235,667	6,999	9,426	89,100	684,340

Liabilities to members of the management board based on gross remuneration

EUR	30 Jun 2020	31 Dec 2019
Marko Jazbec	16,500	16,500
Jošt Dolničar	14,850	14,850
Srečko Čebren	-	15,516
Polona Pirš Zupančič	14,850	14,850
Peter Skvarča	5,400	-
Total	51,600	61,716

Remuneration of supervisory board members and members of its committees in 1–6/2020

EUR		Attendance fees	Remuneration for performing the function	Reimbursement of expenses and training	Total
Supervisory board members					
Mateja Lovšin Herič	chair	853	8,288	-	9,141
Keith William Morris	deputy chair	853	6,209	1,200	8,262
Gorazd Andrej Kunstek	member of the SB	853	5,525	-	6,378
Mateja Živec	member of the SB	853	5,525	-	6,378
Davor Ivan Gjivoje	member of the SB	853	5,525	5,119	11,497
Andrej Kren	member of the SB	853	5,525	33	6,411
Total supervisory board members		5,118	36,597	6,352	48,067
Audit committee members					
Andrej Kren	chairman	902	2,072	65	3,039
Mateja Lovšin Herič	member	902	1,381	-	2,283
Ignac Dolenšek	external member	-	5,021	41	5,062
Total audit committee members		1,804	8,474	106	10,384
Members of the nominations and remuneration committee					
Mateja Lovšin Herič	chair	308	2,072	-	2,380
Keith William Morris	member	308	1,381	300	1,989
Davor Ivan Gjivoje	member	154	1,381	1,280	2,815
Andrej Kren	member	308	1,381	-	1,689
Total nominations committee members		1,078	6,215	1,580	8,873
Members of the risk committee					
Keith William Morris	chair	154	2,072	300	2,526
Davor Ivan Gjivoje	member	154	1,447	1,280	2,881
Slaven Mičković	external member	-	3,615	-	3,615
Total risk committee members		308	7,134	1,580	9,022
Members of the fit & proper committee					
Mateja Živec	chair	154	2,072	-	2,226
Keith William Morris	member	154	1,381	300	1,835
Rok Saje	external member	374	1,381	-	1,755
Andrej Kren	alternate member	374	1,381	-	1,755
Total members of the fit & proper committee		1,056	6,215	300	7,571

As at 30 June 2020, the Company had no liabilities due to any members of the supervisory board or its committees.

Transactions with subsidiaries

Investments in and amounts due from Group companies

EUR	30 Jun 2020	31 Dec 2019
Loans granted to Group companies	5,946,039	3,637,532
Receivables for premiums arising out of reinsurance assumed	29,628,941	21,227,908
Short-term receivables arising out of financing	814,175	2,939
Other short-term receivables	69,825	50,336
Short-term deferred acquisition costs	3,327,450	941,701
Total	39,786,429	25,860,416

Liabilities to Group companies

EUR	30 Jun 2020	31 Dec 2019
Liabilities for shares in reinsurance claims due to Group companies	7,116,916	8,658,814
Other liabilities from co-insurance and reinsurance	6,752,865	4,483,248
Other short-term liabilities	7,336	3,533
Total (excluding provisions)	13,877,117	13,145,595

Income and expenses relating to Group companies

EUR	1-6/2020	1-6/2019
Gross premiums written	56,123,207	49,167,113
Change in gross unearned premiums	-14,912,153	-15,219,220
Gross claims paid	-15,906,221	-16,134,747
Change in the gross provision for outstanding claims	-5,950,170	-1,602,994
Income from gross recourse receivables	513,020	641,444
Other operating expenses	-70,072	-85,812
Dividend income	1,411,321	34,947,396
Interest income	46,699	39,757
Acquisition costs	-10,644,838	-8,942,517
Change in deferred acquisition costs	2,385,749	645,820
Other technical income	184,182	174,329
Total	13,180,725	43,630,569

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 Jun 2020	31 Dec 2019
Interests in companies	6,852,957	8,013,877
Debt securities	105,097,989	112,723,578
Receivables due from policyholders	1,561,647	147,237
Total	113,512,593	120,884,693

Liabilities to the state and majority state-owned companies

EUR	30 Jun 2020	31 Dec 2019
Liabilities for shares in claims	7,385	1,093
Total	7,385	1,093

Income and expenses relating to majority state-owned companies

EUR	1-6/2020	1-6/2019
Gross premiums written	11,083,897	10,371,507
Gross claims paid	-1,243,877	-1,915,441
Dividend income	0	496,860
Interest income	820,039	1,870,874
Other investment income	143,781	0
Total	10,803,840	10,823,799

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

Characteristics of loans granted to subsidiaries

Sava Re				
Borrower	Principal	Type of loan	Maturity	Interest rate
Sava Neživotno Osiguranje (SRB)	500,000	ordinary	15/07/2021	2.30%
Sava Neživotno Osiguranje (SRB)	800,000	ordinary	15/07/2020	3.00%
Illyria (RKS)	642,000	ordinary	15/07/2022	3.00%
Illyria (RKS)	400,000	ordinary	15/07/2020	1.20%
Illyria (RKS)	500,000	subordinated	26/07/2029	3.00%
Sava Životno Osiguranje (SRB)	770,000	ordinary	15/11/2020	0.90%
Sava Životno Osiguranje (SRB)	2,300,000	ordinary	15/01/2021	0.90%
Total	5,912,000			

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.
FVTPL. Financial instruments measured at fair value through profit or loss.
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.
HR. Croatia.
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.
MNE. Montenegro.
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.
NMK. North Macedonia.
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 revenue (ROR). Ratio of net profit for the year to operating revenues.

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.

RKS. Kosovo.

SLO. Slovenia.

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.

SRB. Serbia.

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.
