Pozavarovalnica Sava, d. d.

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Translation of the UNAUDITED FINANCIAL REPORT OF THE SAVA RE GROUP AND POZAVAROVALNICA SAVA D.D. FOR THE SIX MONTHS TO 30 JUNE 2016

Ljubljana, 23 August 2016

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Glossary of selected terms and computation methods for indicators 95

INTRODUCTION

1 INTRODUCTION

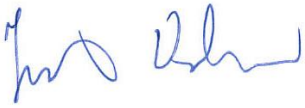
In accordance with the Financial Instruments Market Act and the Rules of the Ljubljana Stock Exchange, Pozavarovalnica Sava d.d. ("Sava Reinsurance Company"), with registered office at Ljubljana, Dunajska 56, hereby publishes the Unaudited Financial Report of the Sava Re Group and Pozavarovalnica Sava d.d. for the Six Months to 30 June 2016.

The Unaudited Financial Report of the Sava Re Group and the financial statements of Pozavarovalnica Sava d.d. for the Six Months to 30 June 2016 will be available as a hardcopy for viewing at the registered office of Sava Reinsurance Company at Dunajska 56, 1000 Ljubljana on every workday between 9:00 and 15:00, and as a softcopy on the Company's website at www.sava-re.si as from 23 August 2016.

Declaration of the Management Board of Sava Reinsurance Company

To the best of our knowledge, the summary financial statements of the Sava Re Group with notes have been prepared to give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group. The interim financial statements for the Sava Re Group and the separate financial statements of Sava Reinsurance Company, which are both condensed, have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting", endorsed by the European Union and should be read together with the annual financial statements for the financial year ended 31 December 2015. The interim financial statements have not been audited.

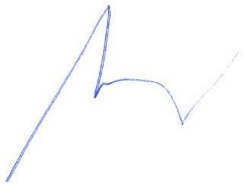
The business report gives a fair view of the development and performance of the Group and the Company, and their financial position, including a description of the principal risks that the consolidated companies are exposed to.



Jošt Dolničar, chairman of the management board



Srečko Čebron, member of the management board



Mateja Treven, member of the management board

Ljubljana, 23 August 2016

1.1 Key financials

(€)	Sava Re Group		Sava Reinsurance Company	
	1–6/2016	1–6/2015	1–6/2016	1–6/2015
Gross premiums written	**280,824,486**	**276,703,724**	**91,416,564**	**90,272,782**
Year-on-year change (%)	1.5 %	3.1 %	1.3 %	9.9 %
Net premiums earned	**225,978,226**	**219,116,387**	**64,243,892**	**56,386,830**
Year-on-year change (%)	3.1 %	0.1 %	13.9 %	-0.8 %
Gross claims paid	**126,953,877**	**131,457,661**	**37,896,569**	**40,205,310**
Year-on-year change (%)	-3.4 %	1.7 %	-5.7 %	9.8 %
Net claims incurred	**131,844,127**	**135,623,076**	**39,297,576**	**39,374,477**
Year-on-year change (%)	-2.8 %	2.6 %	-0.2 %	11.1 %
Net incurred loss ratio	**59.7 %**	**62.4 %**	**61.1 %**	**69.8 %**
Net incurred loss ratio, excluding the effect of exchange differences	**60.2 %**	**59.8 %**	**62.4 %**	**61.5 %**
Operating expenses, including reinsurance commission income	**73,813,418**	**68,501,935**	**19,355,382**	**18,060,298**
Year-on-year change (%)	7.8 %	-1.4 %	7.2 %	-1.5 %
Net expense ratio	**32.7 %**	**31.3 %**	**30.1 %**	**32.0 %**
Net combined ratio	**96.1 %**	**97.0 %**	**92.4 %**	**100.6 %**
Net combined ratio, excluding the effect of exchange differences	**96.3 %**	**94.8 %**	**93.1 %**	**93.9 %**
Net inv. income of the investment portfolio	11,612,176	15,728,942	27,293,712	19,017,936
Return on the investment portfolio	2.3 %	3.2 %	6.6 %	5.8 %
Net inv. income of the investment portfolio, excluding exchange differences	11,895,625	11,938,219	27,596,877	15,195,840
Return on the investment portfolio, excluding exchange differences	2.3 %	2.4 %	6.7 %	4.0 %
Profit/loss, net of tax	**14,340,956**	**17,104,948**	**29,611,904**	**16,553,860**
Year-on-year change (%)	-16.2 %	33.9 %	78.9 %	12.2 %
Pre-tax profit	**19,584,137**	**22,060,110**	**32,558,574**	**18,655,143**
Year-on-year change (%)	-11.2 %	34.2 %	74.5 %	17.7 %
Comprehensive income	**23,418,555**	**10,809,002**	**31,231,583**	**15,235,039**
Annualised return on equity	**9.7 %**	**12.2 %**	**12.4 %**	**8.0 %**
Net earnings/loss per share	0.90	1.04	1.85	1.00
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Total assets	**1,678,883,332**	**1,607,281,060**	**610,797,891**	**570,886,710**
% change on 31 Dec. of prior year	4.5 %	10.5 %	7.0 %	4.3 %
Shareholders' equity	**295,167,859**	**286,401,678**	**280,291,624**	**263,679,403**
% change on 31 Dec. of prior year	3.1 %	5.5 %	6.3 %	2.1 %
Net technical provisions	**1,126,157,414**	**1,070,781,309**	**223,773,493**	**204,875,596**
% change on 31 Dec. of prior year	5.2 %	4.3 %	9.2 %	10.3 %
No. of employees (full-time equivalent basis)	2,553	2,540	89	83
Book value per share	19.05	17.38	18.09	16.00

Notes:

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

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

-In the period 1–6/2015, there was a considerable negative effect of exchange differences on the underwriting result of reinsurance business and a positive effect on the net investment result. The net effect on net profit for the period, however, was relatively minor since the Company is following a strict asset-liability currency management policy. This effect was much smaller in the period 1–6/2016, but indicators have been adjusted to exclude exchange differences to provide better comparability.

The table below gives realised figures together with full-year 2016 planned figures:

(€ million)	1–6/2016	Plan 2016	As % of plan
Consolidated gross premiums written	280.8	487.9	57.6 %
Net profit/loss for the period	14.3	33.4	42.9 %
Annualised return on equity	9.7 %	11.6 %	×
Net combined ratio, excluding the effect of exchange differences*	96.3 %	94.8 %	×
Net incurred loss ratio, excluding the effect of exchange differences*	60.2 %	58.2 %	×
Net expense ratio, excluding the effect of exchange differences	32.7 %	33.2 %	✓
Annualised return on the investment portfolio, excluding exchange differences	2.3 %	2.1 %	✓

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

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

The annualised return on equity was slightly lower than planned for the full year 2016, mainly due to a poorer-than-planned net incurred loss ratio for non-life business, while other indicators are better than planned. Despite certain deviations, the Company is not revising its projections for the full year 2016.

1.2 Basic details about Sava Reinsurance Company

Company name	Pozavarovalnica Sava, d.d.
Business address	Dunajska 56 1000 Ljubljana Slovenia
Telephone (switchboard)	+386 1 47 50 200
Facsimile	+386 1 47 50 264
E-mail	info@sava-re.si
Website	www.sava-re.si
Company ID number	5063825
Tax number	17986141
LEI code	549300P6F1BDSFSW5T72
Share capital:	€ 71,856,376
Shares	17,219,662 no-par-value shares
Management and supervisory bodies	THE MANAGEMENT BOARD Zvonko Ivanušič (chairman) Srečko Čebron Jošt Dolničar Mateja Treven SUPERVISORY BOARD Branko Tomažič (chairman) Mateja Lovšin Herič (deputy chairperson) Slaven Mićković Keith Morris Mateja Živec (employee representative) Andrej Gorazd Kunstek (employee representative)
Date of entry into court register	28 December 1990, Ljubljana District Court
Certified auditor	Ernst & Young d.o.o. Dunajska 111 1000 Ljubljana Slovenia
Largest shareholder and holding	Slovenski državni holding, d.d. (Slovenian Sovereign Holding) 25 % + 1 share (no. of no-par value shares: 4,304,917)
Credit ratings: A.M. Best Standard & Poor's	 A- /stable/ October 2015 A- /stable/ July 2016
The Company has no branches.	

1.3 Bodies of the Company

The management board

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

In the period 1–6/2016, there were no changes in the composition of the management board.

Members of the management board as at 30 June 2016

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

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

Jošt Dolničar:

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

The supervisory board

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

In the period 1–6/2016, there were some changes in the composition of the supervisory board. On 19 February 2016 Helena Dretnik tendered her resignation as member of the supervisory board with effect from the same date. In place of Helena Dretnik, the workers' council appointed Mateja Živec as new member of the supervisory board to represent employee interests for a term of office from 1 April 2016 to 11 June 2019.

Composition of the supervisory board at 30 June 2016

Member	Title	Beginning of term of office	Duration of term of office
Branko Tomažič	chairman	15/07/2013	4 years
Mateja Lovšin Herič	deputy chairperson	15/07/2013	4 years
Slaven Mićković	member	15/07/2013	4 years
Keith Morris	member	15/07/2013	4 years
Andrej Gorazd Kunstek	member (employee representative)	11/06/2015	4 years
Mateja Živec	member (employee representative)	01/04/2016	up until 11/06/2019

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

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

Supervisory board committees

The audit committee

In the nine months to 30 June 2016, there were no changes in the composition of the supervisory board audit committee.

Members of the supervisory board's audit committee at 30 June 2016

Member	Title	Beginning of term of office	Duration of term of office
Mateja Lovšin Herič	chairperson	22/07/2013	15/07/2017
Slaven Mićković	member	22/07/2013	15/07/2017
Ignac Dolenšek	external member	22/07/2013	15/07/2017

Fit & proper committee

In order to implement a fit and proper assessment of members of the management and supervisory boards (including all members and candidates for these bodies), the supervisory board appointed a fit and proper committee on 10 February 2016, composed of Branko Tomažič (chair), Mateja Lovšin Herič and Nika Matjan (members), and Keith Morris (alternate member).

Composition of the fit & proper committee at 30 June 2016

Member	Title	Beginning of term of office	Duration of term of office
Branko Tomažič	chairman	10/02/2016	15/07/2017
Mateja Lovšin Herič	member	10/02/2016	15/07/2017
Nika Matjan	member	10/02/2016	15/07/2017
Keith Morris	alternate member	10/02/2016	15/07/2017

General meeting of shareholders

There was one general meeting of shareholders convened in the six months to 30 June 2016. The general meeting notice was published on 21 April 2016 and the general meeting was scheduled to be held on 24 May 2016. The management board cancelled the general meeting on 23 May 2016. The management and supervisory boards decided to cancel and as a result postpone the general meeting so as to be able to provide answers to the general meeting regarding the transaction to purchase the ACH property at Baraga 5 in Ljubljana, the verification of which would not have been completed by the then scheduled date.

1.4 Significant events in the first half of 2016

- In its session of 23 February 2016, the workers' council of Sava Reinsurance Company was presented with the notice of resignation of Helen Dretnik as member of the supervisory board representing employee interests, and accepted it. Helena Dretnik had handed in her notice of resignation on 19 February 2016 with effect from the same date. Until the appointment of a new member of the supervisory board representing employee interests, the supervisory board of Sava Reinsurance Company operated as a five-member body. In accordance with the Workers' Participation in Management Act,

the workers' council, in its session of 29 March 2016, appointed Mateja Živec as its new representative in the supervisory board. The member so appointed entered her term of office on 1 April 2016.

- In their session of 6 April 2016, the supervisory and management boards of Sava Reinsurance Company drew up a proposal for the general meeting providing for a dividend of € 0.80 gross per share, of which € 0.65 gross per share would comprise the regular dividend (representing an 18-percent increase compared to the 2014 dividend) and € 0.15 gross per share would comprise an extraordinary dividend. The management board of Sava Reinsurance Company cancelled the 31st general meeting to be held on 24 May 2016 and in July 2016 reconvened it for 30 August 2016.
- In April 2016, Sava Reinsurance Company informed all its shareholders about the launch of an OTC own share repurchase programme. The Company invited all its shareholders to submit binding offers for the sale of their shares. After the sending of offers was closed, the Company set the price (€ 15) and purchase volume of POSR shares (845,599) to be repurchased. From 1 April to 22 April 2016, Sava Reinsurance Company purchased a total of 895,796 own shares for a total amount of € 13.4 million in both the regulated market and OTC market. The total number of own shares after the purchases was 1,721,966, which represents 10.0 % less one share of the Company's issued share capital. There were no own shares purchased by the Company after 22 April 2016.
- On 6 May 2016 the management boards of the EU-based Sava Re Group insurers (Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje, Velebit životno osiguranje) involved in the merger process signed a Cross-border Merger Plan and Merger Contract. On 13 May 2016 the supervisory boards of all four companies approved the contract, including a joint report of the management boards on the merger and cross-border merger and an auditor's opinion on the exchange ratio issued by the audit firm BDO revizija d.o.o. In June 2016 the companies Zavarovalnica Maribor, Zavarovalnica Tilia, Velebit osiguranje and Velebit životno osiguranje held their general meetings of shareholders, giving their consent to Zavarovalnica Maribor's merger by acquisition of Zavarovalnica Tilia and the cross-border merger of the two Croatian companies to Zavarovalnica Maribor.
- In early May 2016 after obtaining required approvals from the National Bank of Serbia, the Serbian insurer Sava osiguranje Belgrade assumed the entire portfolio of the insurer AS osiguranje Belgrade.

1.5 Significant events after the reporting period

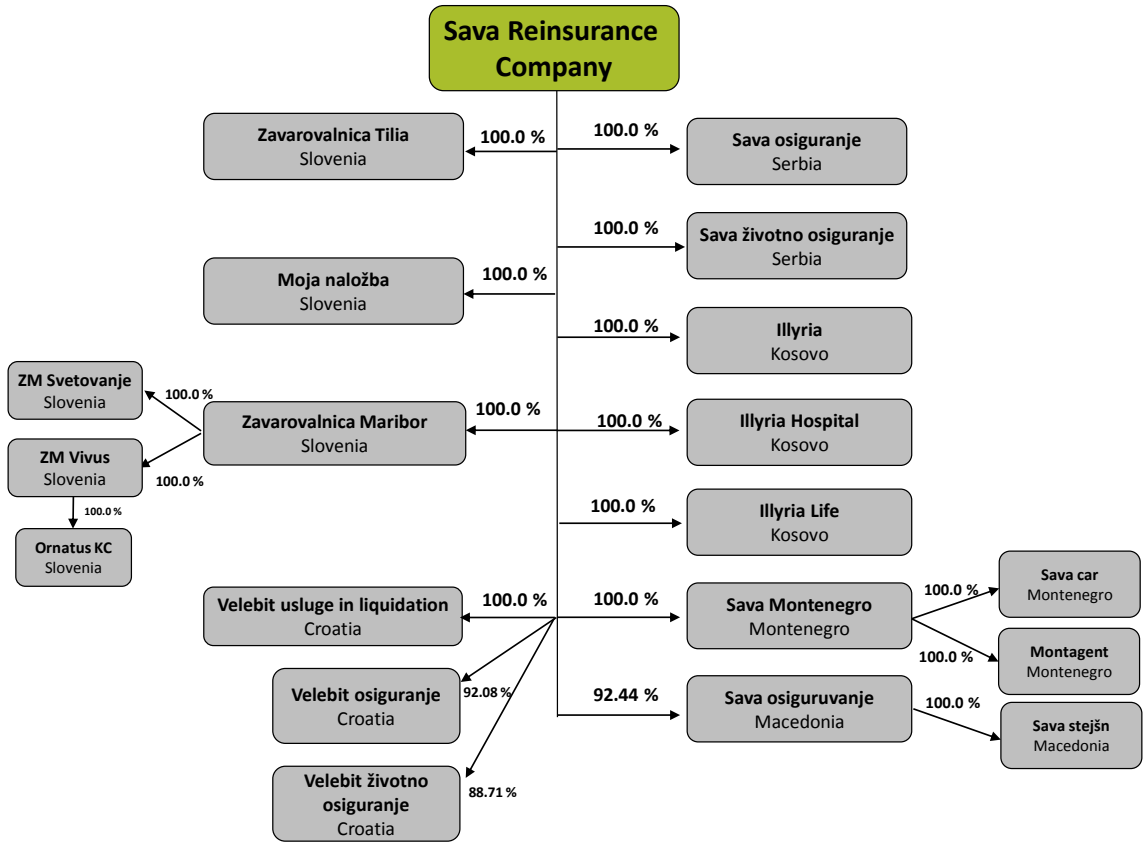
- In July, after its regular annual rating review, rating agency Standard & Poor's reaffirmed the existing "A-" ratings with a stable outlook. The ratings reflects the Company's improved business risk profile, its long-term stability and financial soundness.
- On 29 July 2016 the new notice was published to convene the 31st general meeting of shareholders of Sava Reinsurance Company, to be held on 30 August 2016.
- In August 2016 Sava Reinsurance Company received a letter from the Insurance Supervision Agency (ISA) notifying the Company of its intention to order supervisory measures and noting that Branko Tomažič, chairman of the Company's supervisory board, failed to meet all the conditions for appointment as member of the Company's supervisory board. The ISA will order the Company to eliminate violations. During the granted time limit, the Company will prepare a statement of the facts and circumstances based on a response provided by Branko Tomažič, before a final order to eliminate breaches is to be issued.

- In their recent sessions, the supervisory and management boards discussed the transaction leading to the purchase of the property located at Baragova street in Ljubljana. At the time of preparing this report, the details of the verification of the transaction and further measures are yet unknown.
- In its extraordinary session on 22 August 2016, the supervisory board of Sava Reinsurance Company recalled Zvonko Ivanušič from the position of both chairman and member of the Company's management board as of 23 August 2016. The supervisory board appointed management board member Jošt Dolničar as temporary chairman of the management board as of 23 August 2016, and adopted a decision by which the management board is composed of three members effective 23 August 2016. The supervisory board will immediately start the process of selecting a new chairman of the management board with a regular term of office.

1.6 Composition of the Sava Re Group

At 30 June 2016, in addition to the controlling company Sava Reinsurance Company, the insurance part of the Sava Re Group comprised ten insurers based in Slovenia and other Western Balkan countries and one pension company based in Slovenia.

Composition of the Sava Re Group at 30 June 2016



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

Company names of the Sava Re Group members

	Long name	Short name in this document
	Sava Re Group	Sava Re Group
1	Pozavarovalnica Sava, d.d.	Sava Reinsurance Company
2	ZAVAROVALNICA TILIA d.d., Novo mesto, delniška zavarovalna družba s popolno odgovornostjo	Zavarovalnica Tilia
3	ZAVAROVALNICA MARIBOR delniška zavarovalna družba	Zavarovalnica Maribor or ZM
4	Moja naložba pokojninska družba d.d.	Moja naložba
5	SAVA OSIGURANJE AKCIONARSKO DRUŠTVO ZA OSIGURANJE BEOGRAD	Sava osiguranje Belgrade
6	"SAVA ŽIVOTNO OSIGURANJE" akcionarsko društvo za osiguranje, Beograd	Sava životno osiguranje
7	KOMPANIA E SIGURIMEVE " ILLYRIA " SH.A.	Illyria
8	Kompania për Sigurimin e Jetës " Illyria – Life " SH.A.	Illyria Life
9	Akcionarsko društvo za osiguranje SAVA MONTENEGRO Podgorica	Sava Montenegro
10	SAVA osiguruvanje a.d. Skopje	Sava osiguruvanje Skopje
11	VELEBIT USLUGE d.o.o.	Velebit usluge in liquidation
12	VELEBIT OSIGURANJE dioničko društvo za poslove neživotnog osiguranja	Velebit osiguranje
13	VELEBIT ŽIVOTNO OSIGURANJE dioničko društvo	Velebit životno osiguranje
14	" Illyria Hospital " SH.P.K.	Illyria Hospital
15	Društvo sa ograničenom odgovornošću – SAVA CAR – Podgorica	Sava Car
16	ZM VIVUS zavarovalno zastopniška družba d.o.o.	ZM Vivus
17	ZM Svetovanje, storitve zavarovalnega zastopanja, d.o.o.	ZM Svetovanje
18	ORNATUS KLICNI CENTER, podjetje za posredovanje telefonskih klicov, d.o.o.	Ornatus KC
19	Društvo za zastupanje u osiguranju Montagent DOO Podgorica Montagent	Montagent
20	Društvo za tehničko ispituvanje i analiza na motorni vozila SAVA STEJŠN DOOEL Skopje	Sava stejšn

1.7 Shareholders and share trading

Movement in the POSR share price in the period 1 July 2015 to 30 June 2016 compared to the SBITOP stock index.



The share price at 31 December 2015 was € 12.95 and € 14.39 at 30 June 2016, representing a 11.1 % increase in the period.

Basic details about the POSR share

	30/06/2016	30/06/2015
Share capital	71,856,376	71,856,376
No. of shares	17,219,662	17,219,662
Ticker symbol	POSR	POSR
No. of shareholders	4,767	5,079
Type of share	ordinary	
Listing	Ljubljana Stock Exchange, prime market	
Number of treasury shares	1,721,966	736,066
Net earnings/loss per share (€)	1.85	1.00
Consolidated net earnings per share (€)	0.90	1.04
Book value per share (€)	18.09	16.03
Consolidated book value per share (€)	19.05	16.47
Share price at end of period (€)	14.39	14.01
	1–6/2016	1–6/2015
Average share price in reporting period (€)	13.62	15.94
Minimum share price in reporting period (€)	11.80	14.00
Maximum share price in reporting period (€)	14.80	16.85
Trade volume in reporting period (€)	16,065,110	5,919,452

In the first half-year 2016, the Company did not pay dividends nor did it hold any conditional equity.

At 30 June 2016, 66.3 % of shareholders were Slovenian and 33.7 % were foreign. The largest shareholder of the POSR share is the Slovenian Sovereign Holding (Slovenski državni holding d.d.) with 25 % plus one share.

Shareholder structure of Sava Reinsurance Company at 30 June 2016

Type of Investor	Domestic investors	Foreign investors
Other financial institutions	25.1 %	0.0 %
Insurers and pension companies	19.2 %	0.2 %
Natural persons	9.3 %	0.1 %
Banks	3.8 %	26.4 %
Investment funds and mutual funds	3.8 %	5.8 %
Other commercial companies	2.3 %	1.2 %
Country	2.8 %	0.0 %
Total	66.3 %	33.7 %

The other financial institutions item includes the Slovenian Sovereign Holding with a stake of 25 % plus one share.
Source: Central securities register KDD d.d. and own sources.

Top ten shareholders of Sava Reinsurance Company at 30 June 2016

Shareholder	No. of shares	Holding
Slovenian Sovereign Holding	4,304,917	25.0 %
Zagrebačka banka d.d. – fiduciary account	2,454,432	14.3 %
Pozavarovalnica Sava d.d. (own shares)*	1,721,966	10.0 %
European Bank for Reconstruction and Development	1,071,429	6.2 %
Raiffeisen Bank Austria d.d. (fiduciary account)	776,839	4.5 %
Modra Zavarovalnica d.d.	714,285	4.1 %
Abanka d.d.	655,000	3.8 %
Republic of Slovenia	476,402	2.8 %
Balkan Fund	463,211	2.7 %
Modra Zavarovalnica d.d. – ZVPS	320,346	1.9 %
Total	12,958,827	75.3 %

*Own shares carry no voting rights; this is the balance of the Company's own shares with KDD d.d. at 30 June 2016.
**On 2 June 2016, Sava Reinsurance Company received notification from ADRIS GRUPA, d.d., Croatia, that ADRIS GRUPA, including its subsidiaries, held 21.15 % of POSR voting rights.
Source: number of shares with KDD d.d. at 30 June 2016

Own shares

As at 30 June 2016, the Company held 1,721,966 own shares, representing 10.0 % of share capital less one share. The total value of purchases made in the period 1–6/2016 was € 14.6 million. The Company acquired shares on both the regulated as well as the unregulated capital market.

SAVA RE GROUP
INTERIM BUSINESS REPORT

2 SAVA RE GROUP REVIEW OF OPERATIONS

Summary of the consolidated income statement

(€)	1–6/2016	1–6/2015	Index
Net earned premiums	225,978,226	219,116,387	103.1
Income from investments in associates	0	79,250	-
Investment income	16,677,086	20,523,120	81.3
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	7,477,217	14,945,629	50.0
Other technical income	8,817,975	8,395,794	105.0
Other income	2,980,609	3,267,118	91.2
Net claims incurred	-131,844,127	-135,623,076	97.2
Change in other technical provisions	-5,378,834	-2,092,155	257.1
Change in technical provisions for policyholders who bear the investment risk	-4,613,092	-13,209,592	34.9
Expenses for bonuses and rebates	-693,970	-252,119	275.3
Operating expenses	-75,824,440	-70,515,380	107.5
Expenses for financial assets and liabilities	-5,151,685	-4,839,584	106.4
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	-8,238,772	-6,888,218	119.6
Other technical expenses	-9,450,206	-10,152,789	93.1
Other expenses	-1,151,850	-694,275	165.9
Profit/loss before tax	19,584,137	22,060,110	88.8

Consolidated operating ratios

	1–6/2016	1–6/2015
Net incurred loss ratio (reins. + non-life)	59.7 %	62.4 %
Net incurred loss ratio, excluding the effect of exchange differences (reins. + non-life)	*60.2 %*	*59.8 %*
Net expense ratio	32.7 %	31.3 %
Return on the investment portfolio	2.3 %	3.2 %
Return on the investment portfolio, excluding exchange differences	*2.3 %*	*2.4 %*
Annualised return on equity	9.7 %	12.2 %

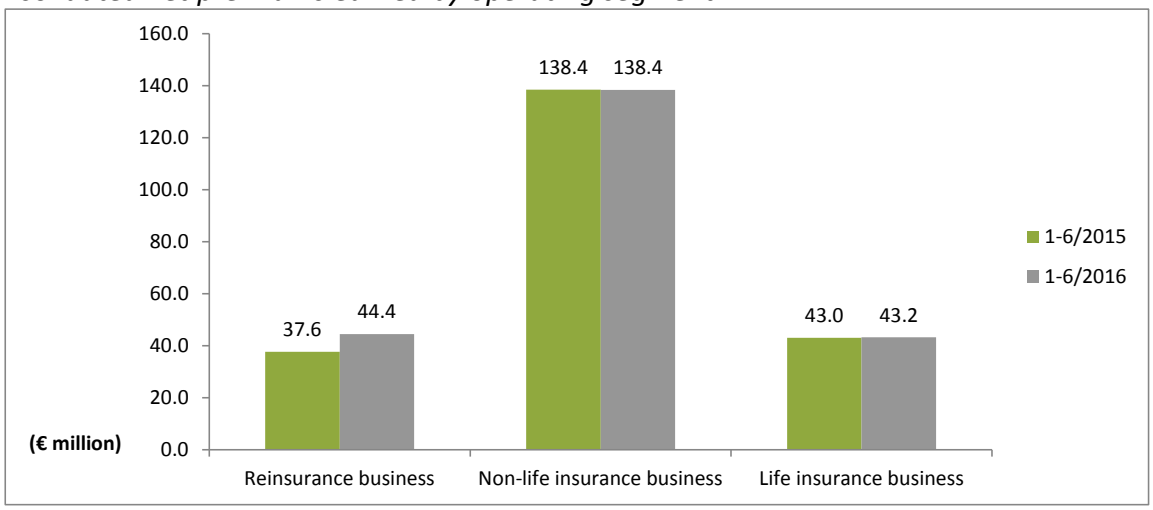
In the period 1–6/2016, exchange differences had a positive impact on the underwriting result of reinsurance business of € 0.4 million (1–6/2015: € -4.2 million) and a negative impact of € 0.2 million on the investment result (1–6/2015: € +3.9 million). The net impact of exchange differences on the net profit for the period was € 0.2 million (1–6/2015: € -0.3 million). The Company follows a policy of asset and liability currency matching. As both effects on profit mainly relate to international reinsurance operations, detailed figures are presented in the section covering reinsurance business later in this report.

Consolidated net earned premiums

Consolidated net earned premiums

(€)	1–6/2016	1–6/2015	Index
Gross premiums written	280,824,486	276,703,724	101.5
Net premiums written	261,309,176	258,206,231	101.2
Change in net unearned premiums	-35,330,950	-39,089,844	90.4
Net earned premiums	225,978,226	219,116,387	103.1

Consolidated net premiums earned by operating segment



Consolidated net earned premiums by class of business

(€)	1–6/2016	1–6/2015	Index
Personal accident	15,299,719	16,585,149	92.2
Health	1,765,388	2,022,639	87.3
Land vehicles casco	39,750,360	41,382,932	96.1
Railway rolling stock	46,363	29,765	155.8
Aircraft hull	183,503	216,441	84.8
Ships hull	2,050,397	2,327,770	88.1
Goods in transit	3,107,425	2,640,108	117.7
Fire and natural forces	37,997,475	31,326,384	121.3
Other damage to property	18,116,764	17,262,792	104.9
Motor liability	49,033,781	50,756,570	96.6
Aircraft liability	135,998	-2,571	-5,289.7
Liability for ships	353,270	215,568	163.9
General liability	8,270,354	7,537,540	109.7
Credit	1,639,999	1,210,549	135.5
Suretyship	159,492	196,216	81.3
Miscellaneous financial loss	2,467,210	688,322	358.4
Legal expenses	146,067	137,421	106.3
Assistance	2,570,636	2,271,966	113.1
Total non-life	183,094,201	176,805,561	103.6
Life insurance	19,094,109	17,307,177	110.3
Unit-linked life	23,778,203	24,995,734	95.1
Capital redemption	11,713	7,915	148.0
Total life	42,884,025	42,310,826	101.4
Total	225,978,226	219,116,387	103.1

Consolidated gross premiums written by class of business

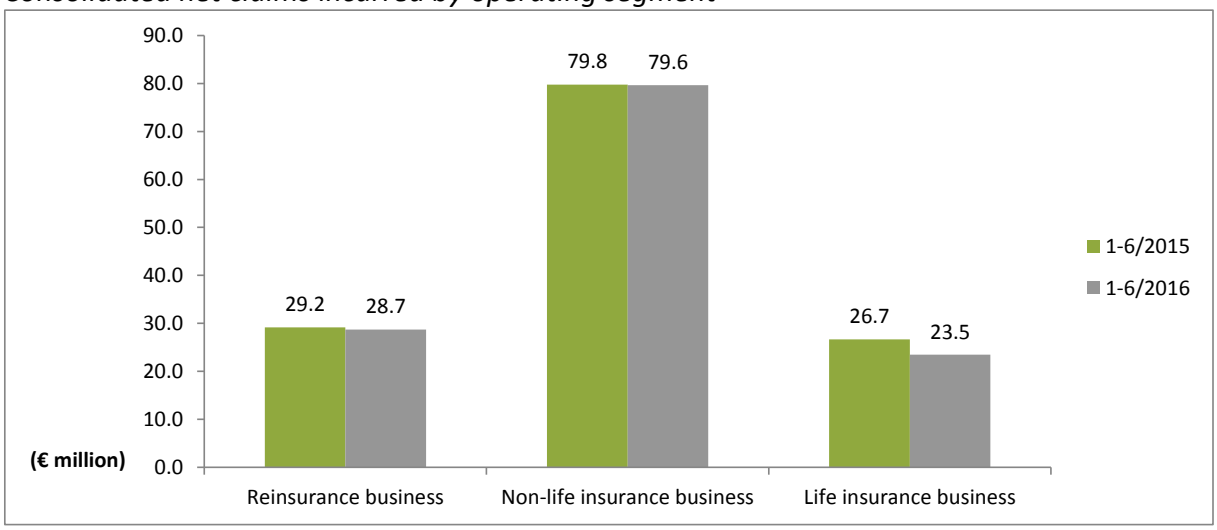


Consolidated net claims incurred

Consolidated net claims incurred

(€)	1–6/2016	1–6/2015	Index
Gross claims paid	126,953,877	131,457,661	96.6
Net claims paid	122,751,355	126,668,770	96.9
Change in the net provision for outstanding claims	9,092,772	8,954,306	101.5
Net claims incurred	131,844,127	135,623,076	97.2

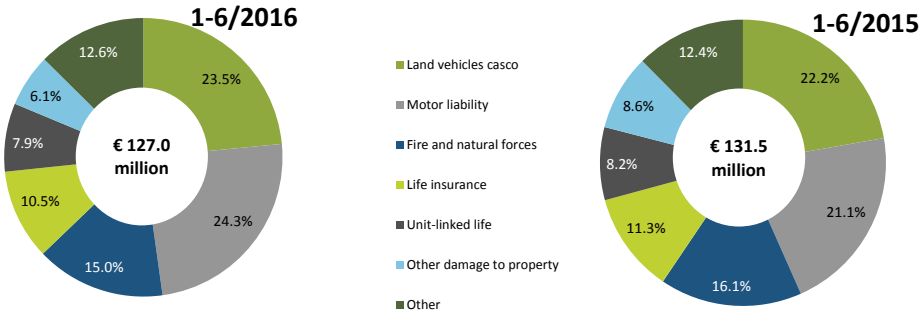
Consolidated net claims incurred by operating segment



Consolidated net claims incurred by class of business

(€)	1–6/2016	1–6/2015	Index
Personal accident	7,225,284	9,291,037	77.8
Health	957,322	1,356,524	70.6
Land vehicles casco	29,793,139	29,186,949	102.1
Railway rolling stock	6,593	0	-
Aircraft hull	528,511	327,476	161.4
Ships hull	4,234,905	1,744,941	242.7
Goods in transit	-203,497	1,933,244	-10.5
Fire and natural forces	23,890,354	18,190,200	131.3
Other damage to property	5,283,416	11,211,616	47.1
Motor liability	31,752,097	29,508,210	107.6
Aircraft liability	-75,813	41,847	-181.2
Liability for ships	327,245	67,264	486.5
General liability	3,139,697	5,063,884	62.0
Credit	-366,400	-133,083	275.3
Suretyship	79,582	304,451	26.1
Miscellaneous financial loss	1,579,066	605,203	260.9
Legal expenses	955	443	215.6
Assistance	368,181	380,367	96.8
Total non-life	108,520,637	109,080,573	99.5
Life insurance	12,809,038	15,112,466	84.8
Unit-linked life	10,512,185	11,430,037	92.0
Capital redemption	2,267	0	-
Total life	23,323,490	26,542,503	87.9
Total	131,844,127	135,623,076	97.2

Consolidated gross premiums written by class of business

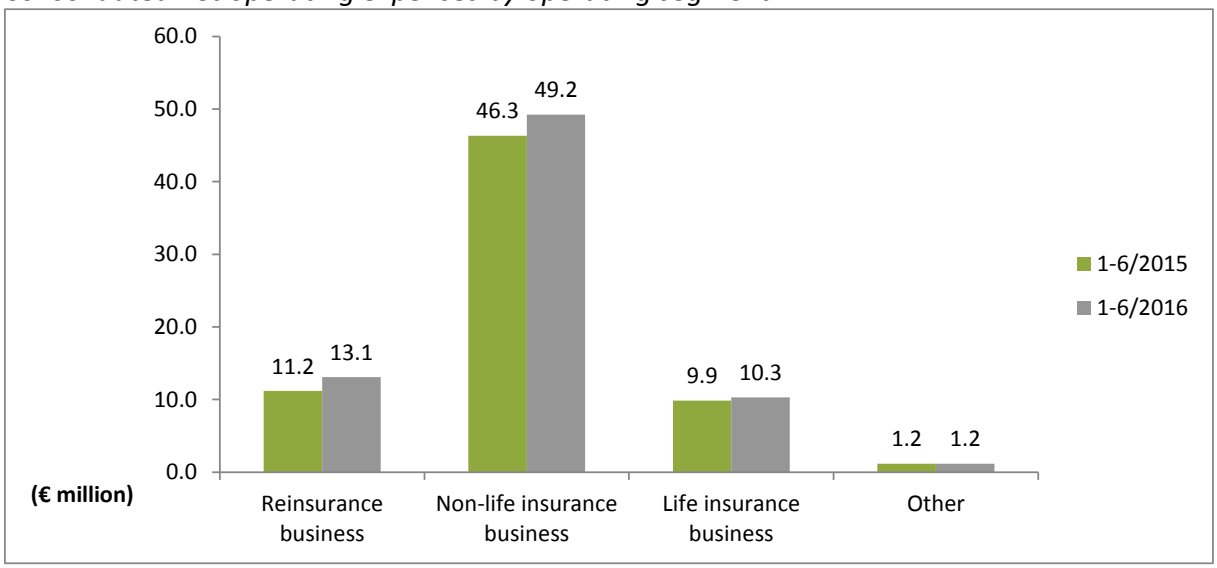


Consolidated operating expenses

Consolidated operating expenses

(€)	1–6/2016	1–6/2015	Index
Acquisition costs	26,387,633	25,678,879	102.8
Change in deferred acquisition costs (+/-)	-1,243,285	-4,713,631	26.4
Other operating expenses	50,680,092	49,550,132	102.3
Operating expenses	75,824,440	70,515,380	107.5
Income from reinsurance commission	-2,011,022	-2,013,445	99.9
Net operating expenses	73,813,418	68,501,935	107.8
Gross expense ratio	27.0 %	25.5 %	
Net expense ratio	32.7 %	31.3 %	

Consolidated net operating expenses by operating segment



Consolidated net investment income

Net inv. income of the investment portfolio

	1–6/2016	1–6/2015	Nominal change
Net investment income from financial investments	11,525,400	15,683,536	-4,158,136
Net investment income of investment property	86,775	45,406	41,369
Net inv. income of the investment portfolio	11,612,175	15,728,942	-4,116,767
Net inv. income of the investment portfolio, excluding exchange differences	11,895,624	11,938,219	-42,595

In the first half of 2016, the Group's net investment income from its investment portfolio totalled € 11.6 million, down € 4.1 million year-on-year. The net investment income was lower mainly because of lower exchange differences.

Since exchange differences have no significant impact on the income statement because exchange differences on the assets side are set off by exchange differences on the liabilities side, it is more meaningful as regards impact on profit to look at the net investment income, excluding exchange differences. The effect of exchange differences on the income statement in the first half of 2016 totalled € 0.2 million.

Excluding the impact of exchange differences, the net investment income of the investment portfolio in the period is € 11.9 million, the same as in the same period last year.

Income and expenses relating to the investment portfolio by type

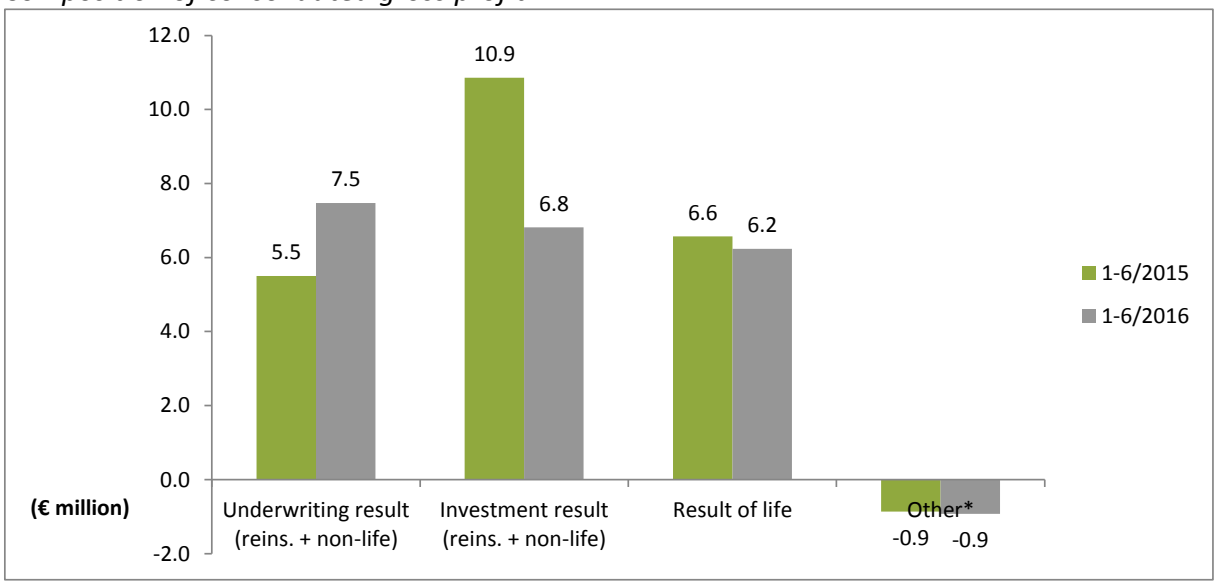
(€)	1–6/2016	1–6/2015	Nominal change
Income			
Interest income	10,641,644	11,272,131	-630,487
Change in fair value and gains on disposal of FVPL assets	362,975	862,721	-499,746
Gains on disposal of other IFRS asset categories	1,192,461	440,552	751,909
Income from dividends and shares – other investments	759,520	656,804	102,716
Exchange gains	3,595,151	7,222,257	-3,627,106
Other income	284,333	182,657	101,676
Income from the investment portfolio	**16,836,084**	**20,637,122**	**-3,801,038**
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	7,477,217	14,945,629	-7,468,412
Expenses			
Interest expenses	423,215	670,484	-247,269
Change in fair value and losses on disposal of FVPL assets	480,608	401,927	78,681
Losses on disposal of other IFRS asset categories	271,490	298,895	-27,405
Impairment losses on investments	78,066	25,464	52,602
Exchange losses	3,878,600	3,431,534	447,066
Other	91,929	79,876	12,053
Expenses relating to the investment portfolio	**5,223,908**	**4,908,180**	**315,728**
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	8,238,772	6,888,218	1,350,554

In 1–6/2016 investment income declined by € 3.8 million year-on-year, but dropped by only € 0.2 million if exchange differences are eliminated. The largest part of income is interest income, which amounted to € 10.6 million in the period 1–6/2016, down € 0.6 million year-on-year.

In the period 1–6/2016 expenses relating to the investment portfolio increased by € 0.3 million, but decreased by € 0.1 million on elimination of exchange differences. In addition to exchange losses, the largest contributors to expenses are expenses arising from changes in market prices and interest on loans.

Consolidated gross profit/loss

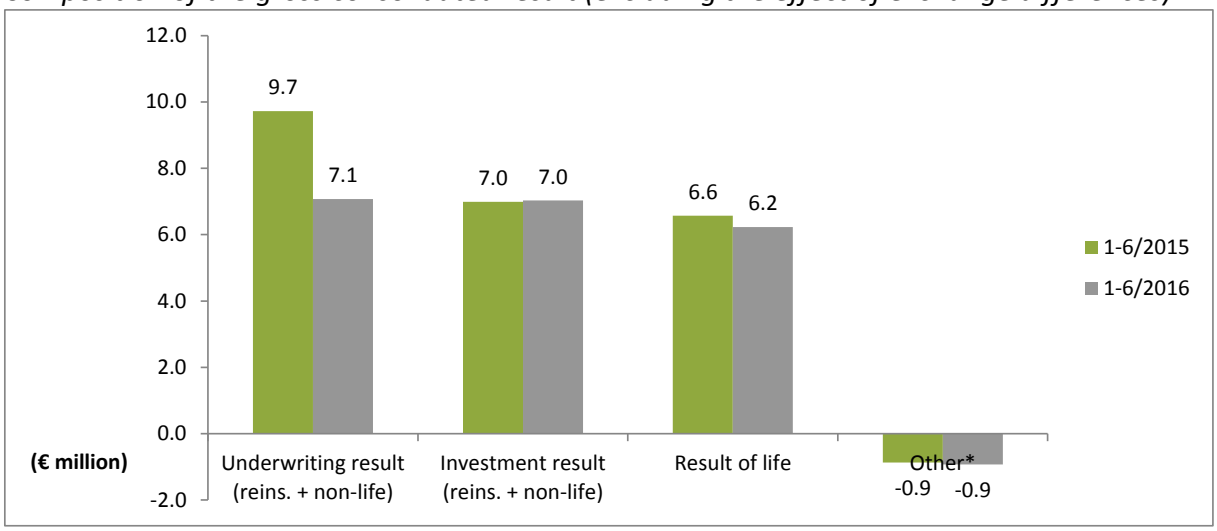
Composition of consolidated gross profit



*Other includes gross profit of the "other" segment.

In 1–6/2016, exchange differences had an impact on the composition of the result, so below we set out results, excluding the effect of exchange differences. In 1–6/2015 this effect was larger. The impact of exchange differences on the result by operating segment was as follows: positive effect on the underwriting result of € 0.4 million (1–6/2015: € 4.2 million negative effect); negative effect on the investment result of € 0.2 million (1–6/2015: € 3.9 million positive effect). The total positive effect of exchange differences on the result of 1–6/2016 amounted to € 0.2 million (1–6/2015: € 0.3 million negative effect).

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

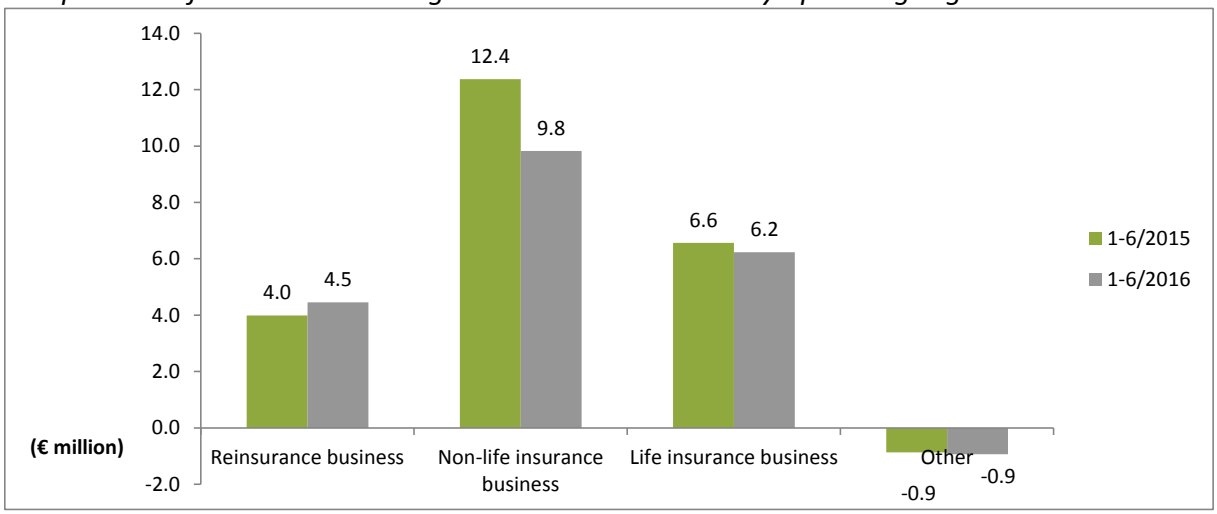


*Other includes gross profit of the "other" segment.

The underwriting result in the period 1–6/2016 was lower than last year as a result of a somewhat weaker underwriting result in the non-life insurance segment. The underwriting result of the reinsurance segment improved this year. The result of the life segment deteriorated slightly, mainly due to a weaker result of Zavarovalnica Maribor (LAT test for traditional life and smaller investment portfolio for unit-linked life). In 1–6/2016 the investments result for the reinsurance segment was slightly better due to lower interest

expenses and lower losses on the disposal of investments; in the life insurance segment the investment result was somewhat less favourable due to lower interest income and lower fair value revaluation changes. Also expenses were lower, especially interest expenses.

Composition of the consolidated gross income statement by operating segment



Following is an overview of results by operating segment.

3 PERFORMANCE OF THE GROUP BY OPERATING SEGMENT

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

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

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

- Other operating expenses of the reinsurance segment were reduced by the portion of expenses attributable to the administration of the Sava Re Group. Sava Reinsurance Company operates as a virtual holding company so a part of its expenses relates to the administration of the Group. Such expenses of the reinsurance segment were allocated to other segments based on gross premiums written. Other operating expenses include costs relating to the management of the Group. In the period 1–6/2016, Sava Reinsurance Company allocated 46.6 % of other operating expenses to operating segments as monitored (non-life and life insurance business) by premium structure (1–6/2015: 47.9 %).

Reallocation of group management expenses to business segments

(€)	Reinsurance business	Non-life business – Slovenia	Non-life, international	Life, Slovenia	Life, intern.
1–6/2016	-2,269,228	1,556,361	276,602	404,824	31,441
1–6/2015	-2,161,051	1,479,616	258,904	395,860	26,671

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

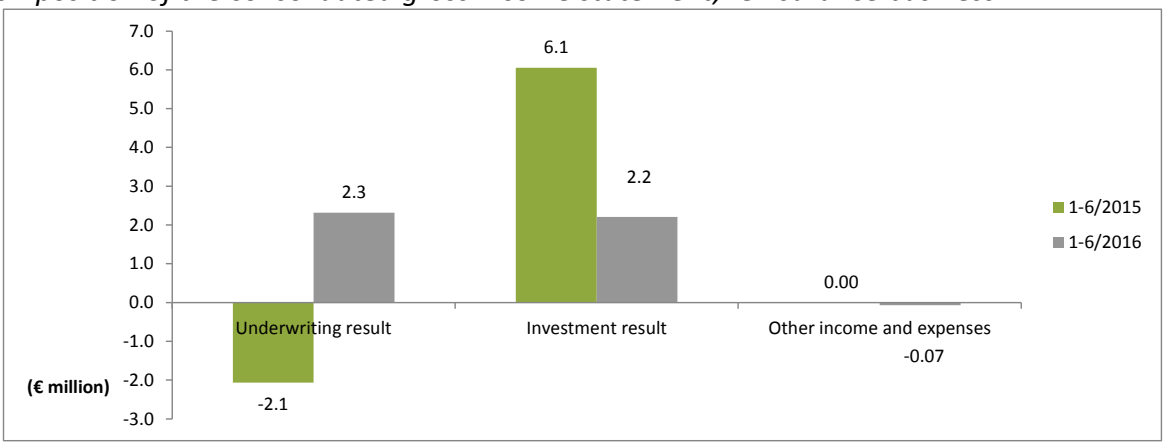
- Intangible assets – goodwill was allocated to the segment from which it arose (it was reallocated from the reinsurance segment to the non-life and life segments depending on which subsidiary it related to).
- Reinsurers' share of technical provisions (reinsurers' share of unearned premiums, claims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

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

3.1 Reinsurance business

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 8.7. The reinsurance segment reflects developments of the reinsurance portfolio written by Sava Reinsurance Company outside the Sava Re Group.

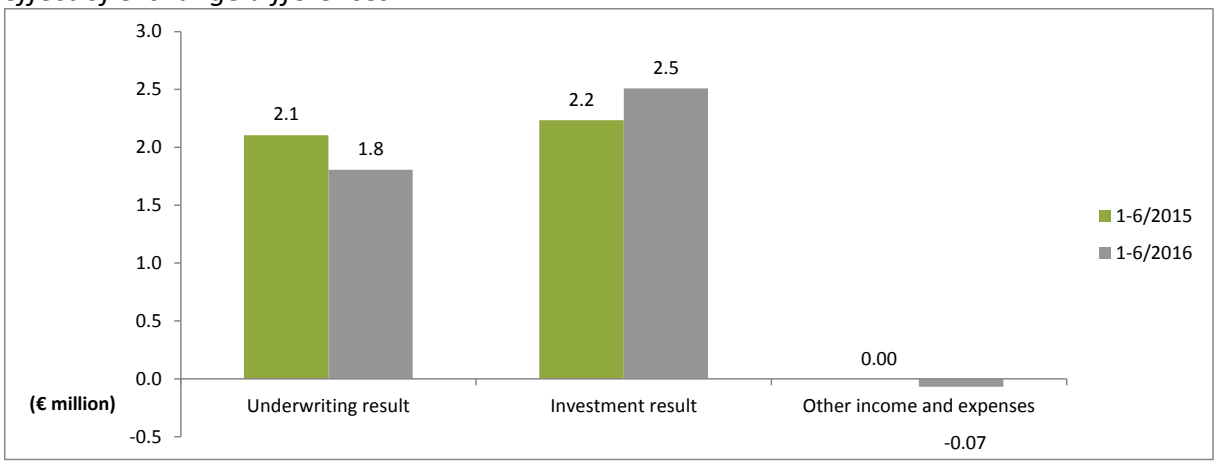
Composition of the consolidated gross income statement; reinsurance business



In 1–6/2015 this segment was significantly affected by exchange differences, therefore parts of the result (underwriting and investments) are not directly comparable. The impact of exchange difference is set out in section 3 under the heading "Consolidated net profit" and refers to the reinsurance segment shown here.

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

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



The underwriting result, excluding exchange differences, was slightly lower than in the same period of 2015 (combined ratio 1–6/2016: 96.3 %; 1–6/2015: 95.0 %). Despite the absence of major losses, the result deteriorated somewhat because of the soft market for reinsurance business. The investment result (excluding the effect of exchange differences) for the period 1–6/2016 was slightly higher than year-on-year primarily due to lower interest expenses and lower losses on the disposal of investments.

Net premiums earned

Consolidated gross premiums written by region; reinsurance business

(€)	1–6/2016	1–6/2015	Index
Slovenia	428,136	268,581	159.4
International	54,559,975	55,473,746	98.4
Total	54,988,111	55,742,327	98.6

Net premiums earned; reinsurance business

(€)	1–6/2016	1–6/2015	Index
Gross premiums written	54,988,111	55,742,327	98.6
Net premiums written	53,883,002	54,017,618	99.8
Change in net unearned premiums	-9,454,263	-16,383,315	57.7
Net earned premiums	44,428,740	37,634,303	118.1

Gross premiums written of this segment were slightly lower in the first half than year-on-year. This drop is due to lower premiums written abroad (mainly from South Korea, Sweden, Bulgaria), which is partly due to the soft market prevailing in international reinsurance markets and lower growth planned in response thereto, but partly also due to the expiry of certain one-year contracts from South Korea written in 2015.

Despite the drop in gross premiums written, net premiums earned for the period 1–6/2016 were larger than year-on-year. The change in net unearned premiums for the period 1–6/2016 (an increase compared to the end of the prior year) was lower than year-on-year because of slower growth in new business.

In Slovenia, the Company transacts mostly intra-Group business; therefore, the amounts of all categories of the reinsurance segment (extra-Group business) are relatively small.

Net claims incurred

Consolidated gross claims paid by region; reinsurance business

(€)	1–6/2016	1–6/2015	Index
Slovenia	435,018	191,861	226.7
International	25,342,845	25,584,286	99.1
Total	25,777,862	25,776,147	100.0

Net claims incurred; reinsurance business

(€)	1–6/2016	1–6/2015	Index
Gross claims paid	25,777,862	25,776,147	100.0
Net claims paid	24,672,802	24,824,030	99.4
Change in the net provision for outstanding claims	4,054,379	4,334,968	93.5
Net claims incurred	28,727,181	29,158,998	98.5

Net claims incurred, excluding exchange differences reinsurance business

(€)	1–6/2016	1–6/2015	Index
Gross claims paid	25,777,862	25,776,147	100.0
Net claims paid	24,672,802	24,824,030	99.4
Change in the net provision for outstanding claims	4,793,836	-320,156	-1497.3
Net claims incurred	29,466,639	24,503,874	120.3

In 1–6/2016 consolidated gross reinsurance claims stayed on the same level as year-on-year, which is relatively favourable given the high growth of the portfolio in 2015, while it is also true that a large part of the claims incurred in 2015, when growth in claims was significant, are still reserved.

The change in the net provision for outstanding claims (including the impact of exchange differences) was larger in the period 1–6/2016 than year-on year. Claims provisions mainly increased because the established claims provisions for 2016 are relatively higher than premiums written because of the prevailing soft market (incurred loss ratios are expected to be higher).

Operating expenses

Consolidated operating expenses; reinsurance business

(€)	1–6/2016	1–6/2015	Index
Acquisition costs	11,600,920	11,484,309	101.0
Change in deferred acquisition costs (+/-)	-864,288	-2,342,390	36.9
Other operating expenses	2,598,271	2,350,538	110.5
Operating expenses	13,334,903	11,492,457	116.0
Income from reinsurance commission	-240,360	-328,203	-126.8
Net operating expenses	13,094,543	11,164,254	117.3

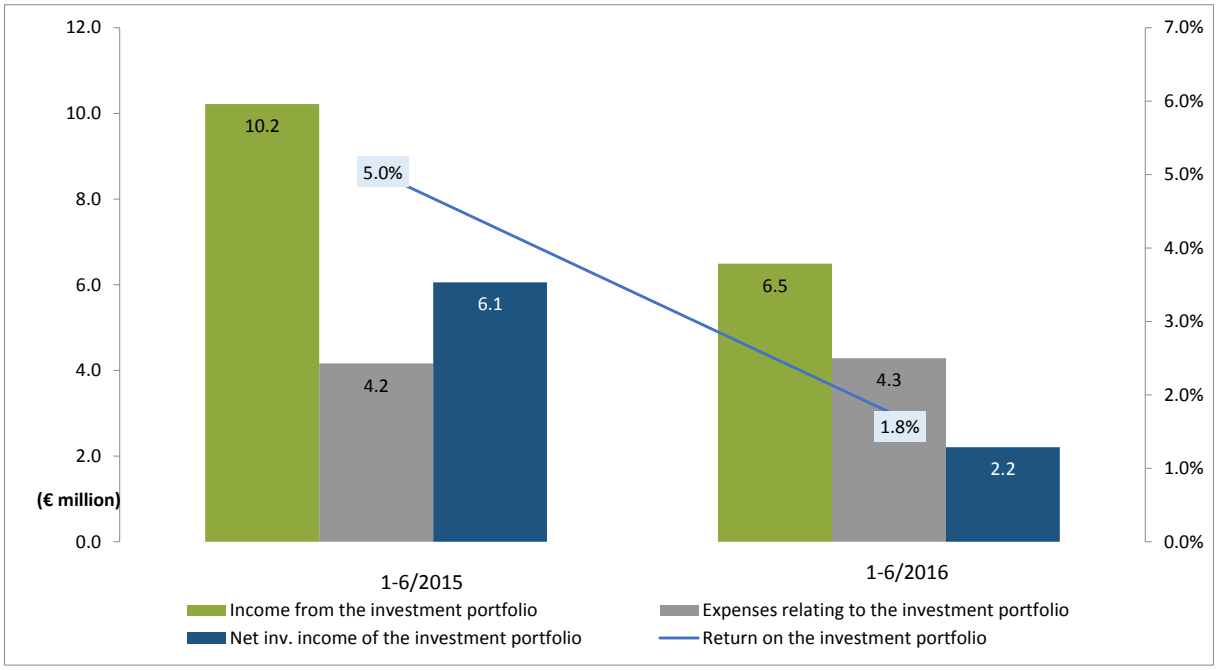
In 1–6/2016 acquisition costs increased by 1.0 %. The proportion of acquisition costs as a percentage of premiums increased by 0.5 percentage points year-on-year (up from 21.1 %).

In 1–6/2016 the change in deferred acquisition costs was smaller year-on-year, mainly reflecting the smaller volume of premiums and, consequently, smaller increase in acquisition costs at the half-year 2016 compared to half-year 2015 and that compared to the half-year 2014. The mechanisms are much the same as with the effect of the movement in gross premiums written on the movement of unearned premiums.

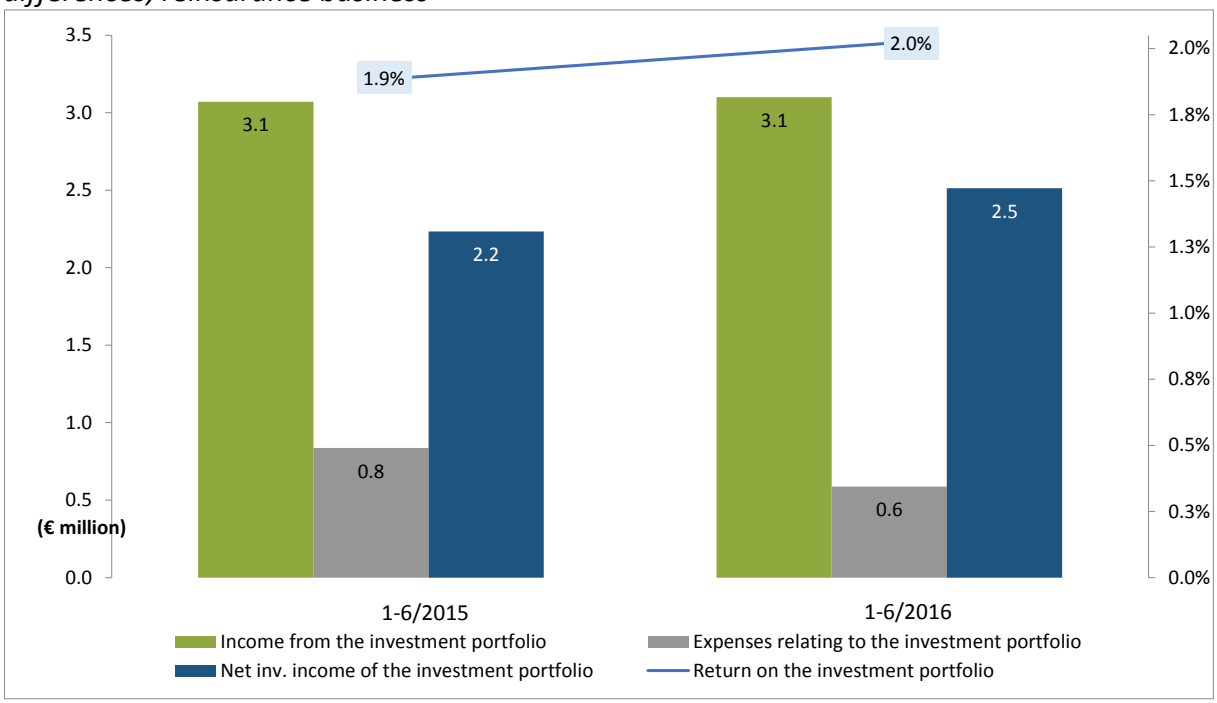
Other operating expenses increased by 10.5 % mainly due to growth in personnel costs (recruitment at Sava Reinsurance Company and the impact of interim recruitment in the prior year).

Net investment income

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



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



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

Compared to the same period last year, the reinsurance segment's net investment income of the investment portfolio increased by € 0.3 million. This higher net investment income year-on-year was mainly a result of lower interest expenses and lower losses on the disposal of investments.

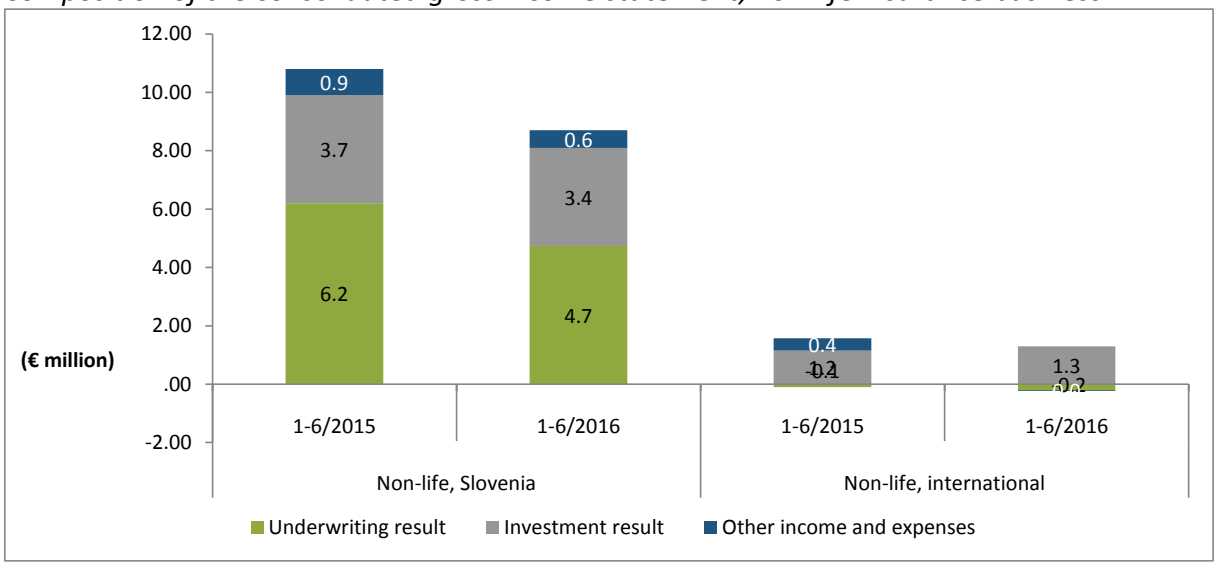
3.2 Non-life insurance business

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

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

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 8.7 "Analysis of operating segments".

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



The non-life insurance segment recorded a lower consolidated net result in 1–6/2016 than in the same period last year.

In this regard, the non-life segment of Slovenian insurance companies deteriorated by 18.9 %, while Sava's foreign non-life operations weakened by 32.1 %. The deterioration is mainly due to the poorer underwriting result of Zavarovalnica Maribor following the decline in net premiums written by 2.1 % because of higher reinsurance premiums for certain classes and higher unearned premiums for the reinsurance part due to the dynamics of contracts. This ratio was mostly affected by the increase in credit insurance business. Another reason is the reduction in commission income as in the second quarter reinsurance commission had already been accounted as part of the reconciliation for previous years, which in the prior year had been accounted in the third quarter. Net claims incurred dropped by 1.5 % year-on-year. There was also an increase in provisions for bonuses and rebates because of the larger volume of credit insurance business through the bancassurance channel. Another decline was in the result of motor business due to the timing of premiums in the Slovenian insurance market. The increase in gross operating expenses was due to a declining change in deferred acquisition costs.

The deterioration in the underwriting result of foreign non-life insurers is mainly the poorer technical result of Sava Montenegro, due to higher net claims incurred as a result of an increase in the gross claims provision. Despite the deterioration, the company still posted a good result.

The investment result of Slovenian non-life insurers deteriorated by € 0.3 million as a result of both lower interest income (lower interest rates in kapital markets) and lower gains on the revaluation of investments at fair value through profit or loss. The investment result of non-Slovenia-based insurers, by contrast, remained on the prior-year level.

Net premiums earned

Consolidated gross non-life premiums by region

(€)	1–6/2016	1–6/2015	Index
Slovenia	154,890,997	151,286,614	102.4
International	27,527,789	26,472,167	104.0
Total	182,418,786	177,758,781	102.6

Net premiums earned; non-life insurance business

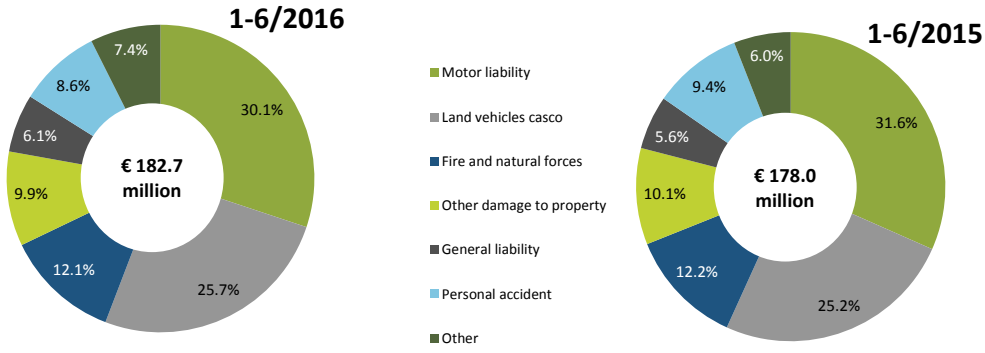
(€)	Slovenia		International	
	1–6/2016	1–6/2015	1–6/2016	1–6/2015
Gross premiums written	154,890,997	151,286,614	27,527,789	26,472,167
Net premiums written	138,612,546	136,522,634	25,557,367	24,613,712
Change in net unearned premiums	-24,068,153	-20,624,630	-1,737,097	-2,072,336
Net earned premiums	114,544,393	115,898,004	23,820,271	22,541,376

Unconsolidated gross non-life premiums of Sava Re Group companies

(€)	1–6/2016	1–6/2015	Index
Zavarovalnica Maribor (non-life)	111,467,377	108,636,515	102.6
Zavarovalnica Tilia (non-life)	43,705,644	42,906,124	101.9
Sava osiguranje Belgrade	7,303,333	7,142,230	102.3
Sava osiguruvanje Skopje	6,264,049	5,731,413	109.3
Sava Montenegro	5,718,203	5,670,902	100.8
Illyria	3,620,061	4,225,056	85.7
Velebit osiguranje	4,624,301	3,704,388	124.8
Total	182,702,968	178,016,628	102.6

In the period 1–6/2016 gross premiums written from Slovenia increased by 2.4 % mainly due to higher non-life insurance premiums of Zavarovalnica Maribor: as a result of an increased volume of credit and property business. Zavarovalnica Tilia also recorded year-on-year growth in non-life premiums of 1.9 % in 1–6/2016. In the period the Slovenian insurance market recorded a 2.0 % growth in non-life business, while the combined life premiums of Zavarovalnica Maribor and Zavarovalnica Tilia grew by 2.4 %. Of the non-Slovenian insurers, all non-life insurers posted year-on-year premium growth, except the Kosovan non-life company. Generally, this growth is a result of increased cooperation with external sales channels and increased productivity of the own sales network. The Kosovan insurer recorded a 14.3 % fall in premiums due to the entry of two new insurers into the Kosovan market in 2015 and the halving of border premiums. The total increase in non-Slovenian consolidated gross premiums written was 4.0 %.

Non-consolidated gross non-life premiums written by class of business



Net claims incurred

Consolidated gross non-life claims by region

(€)	1–6/2016	1–6/2015	Index
Slovenia	67,544,379	70,392,424	96.0
International	10,648,724	9,972,775	106.8
Total	78,193,103	80,365,199	97.3

Net claims incurred; non-life insurance business

(€)	Slovenia		International	
	1–6/2016	1–6/2015	1–6/2016	1–6/2015
Gross claims paid	67,544,379	70,392,424	10,648,724	9,972,775
Net claims paid	65,018,247	66,987,032	10,161,434	9,600,202
Change in the net provision for outstanding claims	3,557,891	2,646,188	906,592	536,763
Net claims incurred	68,576,138	69,633,219	11,068,025	10,136,964

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

(€)	1–6/2016	1–6/2015	Index
Zavarovalnica Maribor (non-life)	46,278,166	49,844,587	92.8
Zavarovalnica Tilia (non-life)	21,500,759	20,767,874	103.5
Sava osiguranje Belgrade	2,802,207	2,756,551	101.7
Sava osiguruvanje Skopje	2,251,595	2,162,283	104.1
Sava Montenegro	1,783,933	1,723,779	103.5
Velebit osiguranje	1,994,482	1,706,452	116.9
Illyria	1,856,251	1,694,054	109.6
Total	78,467,392	80,655,580	97.3

In the period 1–6/2016 gross claims paid relating to Slovenian business declined mainly due to Zavarovalnica Maribor, as the gross claims of 1–6/2015 included ice damage payments of € 2.2 million (2014 loss event) and flood payments (loss event of 2014 and partly 2012) in the amount of € 0.5 million. However, there was a minor increase in gross claims paid of Tilia, especially relating to motor business.

Gross claims paid relating to business from abroad rose by 6.8 % mainly due to increased claims of the Croatian non-life insurer (loss from previous years) and of the Kosovan non-life insurer (two large claims and more smaller claims). While the Croatian non-life insurer improved its gross loss ratio compared to the same period last year as a result of premium

growth that exceeded the increase in claims, for the Kosovan non-life insurer the ratio deteriorated as premiums fell compared to the period 1–6/2015.

Operating expenses

Consolidated operating expenses; non-life insurance business

(€)	1–6/2016	1–6/2015	Index
Acquisition costs	12,041,588	11,588,693	103.9
Change in deferred acquisition costs (+/-)	-426,483	-2,371,649	18.0
Other operating expenses	39,394,796	38,775,017	101.6
Operating expenses	51,009,901	47,992,061	106.3
Income from reinsurance commission	-1,770,663	-1,682,440	105.2
Net operating expenses	49,239,239	46,309,621	106.3

The total consolidated operating expenses of non-life insurance business increased by 6.3 % mainly as a result of a decline in the change in deferred acquisition costs. Consolidated acquisition costs rose by 3.9 %, due to the growth in consolidated non-life premiums and the related increase in commissions for agents. Other operating expenses increased primarily as a result of growth in personnel costs due to the establishment of a new sales system, the expansion of the own sales network and costs associated with the merger.

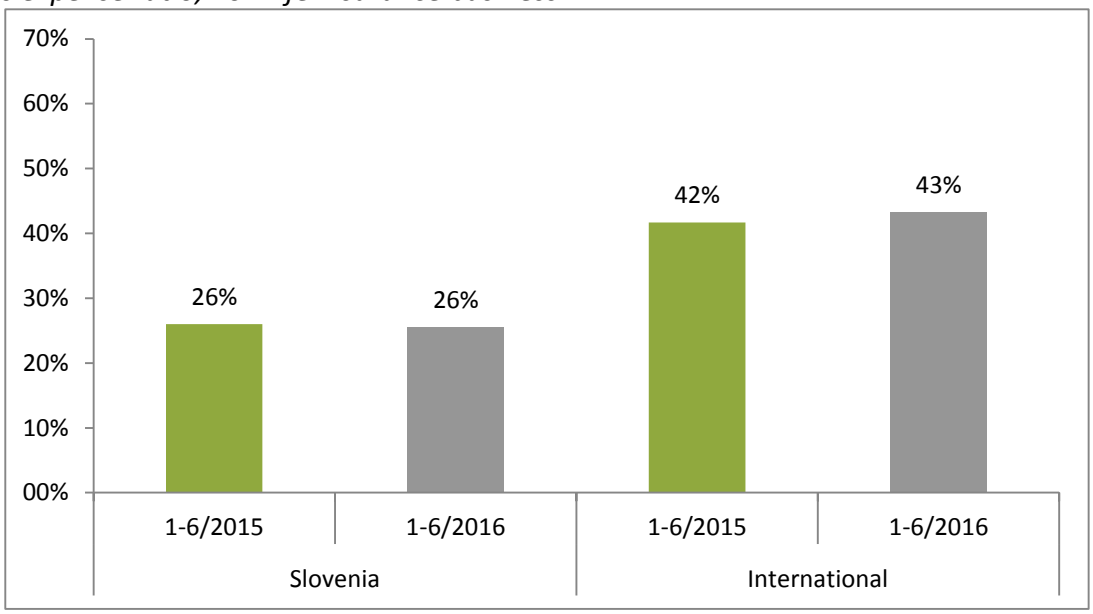
The consolidated gross expense ratio for Slovenian companies dropped by 0.5 percentage points as a result of the increase in gross non-life premiums.

Foreign non-life insurers increased the consolidated gross expense ratio by 1.6 percentage points due to the increase in operating costs, especially acquisition costs.

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

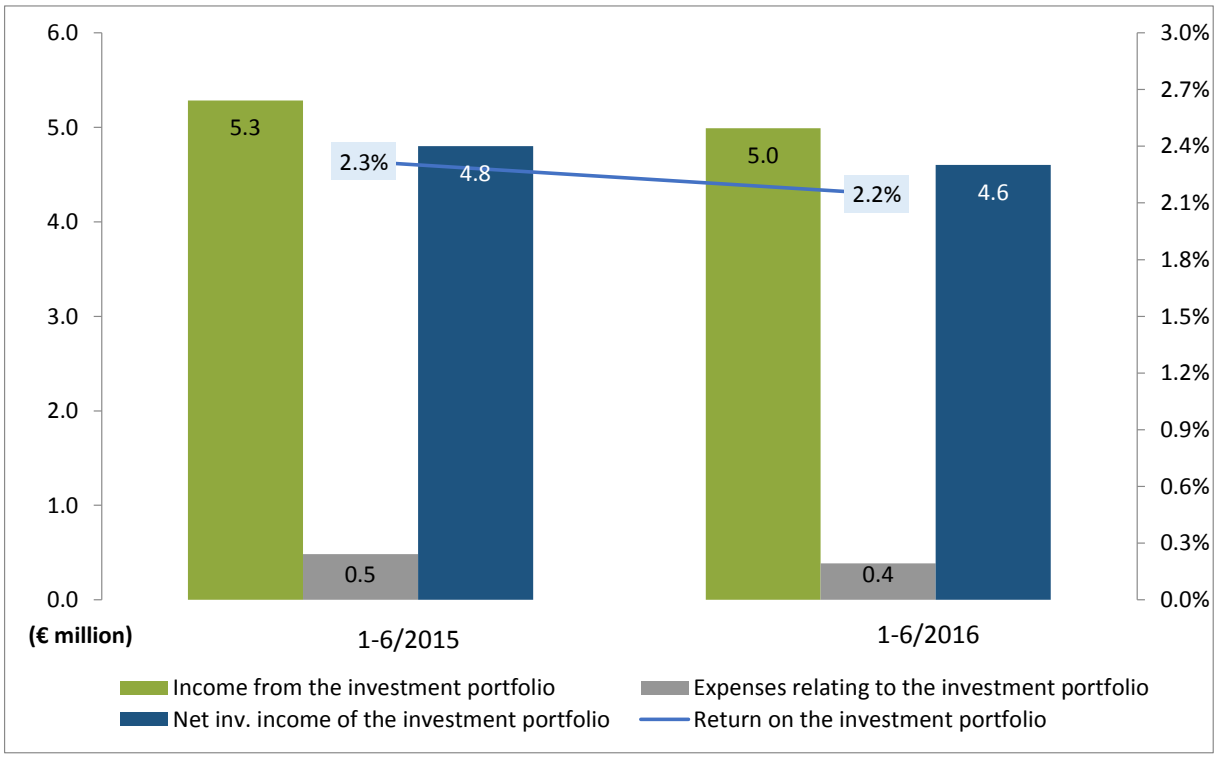
(€)	1–6/2016	1–6/2015	Index
Zavarovalnica Maribor (non-life)	25,468,992	25,062,635	101.6
Zavarovalnica Tilia (non-life)	11,123,853	11,393,533	97.6
Other Group insurers	12,048,097	11,186,661	107.7

Gross expense ratio; non-life insurance business



Net investment income

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



The net investment income of the investment portfolio of non-life insurance business declined by € 0.2 million year-on-year. The net investment income declined mainly due to lower interest income (€ -0.6 million) and lower gains on the revaluation of investments at fair value through profit or loss (€ -0.3 million). Also expenses were lower, especially interest expenses (by € 0.2 million).

3.3 Life insurance business

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

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

Income statement and statement of financial position items by operating segment are given in the notes to the financial statements, section 8.7 "Analysis of operating segments".

Net premiums earned

Consolidated gross life insurance premiums by region

(€)	1–6/2016	1–6/2015	Index
Slovenia	40,288,571	40,475,545	99.5
International	3,129,018	2,727,071	114.7
Total	43,417,589	43,202,616	100.5

Net premiums earned; life insurance business

(€)	Slovenia		International	
	1–6/2016	1–6/2015	1–6/2016	1–6/2015
Gross premiums written	40,288,571	40,475,545	3,129,018	2,727,071
Net premiums written	40,129,065	40,326,875	3,127,196	2,725,392
Change in net unearned premiums	-53,152	8,215	-18,286	-17,777
Net earned premiums	40,075,913	40,335,090	3,108,910	2,707,615

Slovenian gross life insurance premiums for the first half of 2016 show a decline from the previous year since both life insurers recorded a decline in gross life premiums written. The life insurance portfolio is shrinking because new business was not sufficient to offset expired business (through maturities or terminations). In the period the Slovenian insurance market recorded a 5.5 % fall in life business, while the combined life premiums of Zavarovalnica Maribor and Zavarovalnica Tilia dropped by 2.3 %.

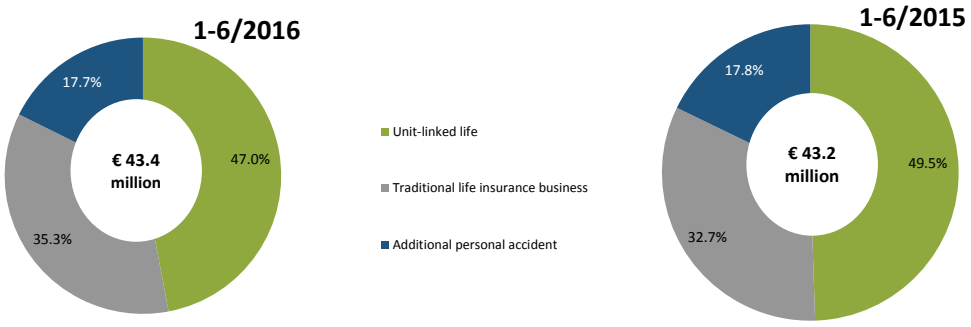
All non-Slovenian life insurers achieved growth in gross premiums written; the largest growth was generated by the Croatian company Velebit životno osiguranje, which recorded a 15.6 % growth in premiums against the background of a 3.2 % drop in the Croatian life insurance market in the first half of 2016. The premium growth achieved by the Croatian insurer is a result of expansion and optimisation of the sales network as well as successful cooperation with a bank.

All three non-Slovenian life insurers have been implementing activities to improve their own sales network through regular education and training of sales personnel, which has already translated in a larger and improved portfolio.

Unconsolidated gross life premiums written by Sava Re Group companies

(€)	1–6/2016	1–6/2015	Index
Zavarovalnica Maribor (life)	35,708,927	36,444,965	98.0
Zavarovalnica Tilia (life)	3,849,825	4,030,580	95.5
Velebit življenjsko osiguranje	1,649,834	1,427,414	115.6
Illyria Life	832,072	766,311	108.6
Sava življenjsko osiguranje	647,111	571,661	113.2
Moja naložba	729,821	-	-
Total	43,417,589	43,240,931	100.4

Unconsolidated gross life insurance premiums by class of business



Net claims incurred

Consolidated gross life insurance premiums by region

(€)	1–6/2016	1–6/2015	Index
Slovenia	22,237,162	24,717,242	90.0
International	745,750	599,073	124.5
Total	22,982,912	25,316,315	90.8

Net claims incurred; life insurance business

(€)	Slovenia		International	
	1–6/2016	1–6/2015	1–6/2016	1–6/2015
Gross claims paid	22,237,162	24,717,242	745,750	599,073
Net claims paid	22,153,120	24,658,434	745,750	599,073
Change in the net provision for outstanding claims	587,710	1,422,007	-13,799	14,381
Net claims incurred	22,740,830	26,080,441	731,951	613,454
Change in other technical provisions*	3,442,349	175,715	1,105,744	937,587
Change in technical provisions for policyholders who bear the investment risk	4,613,757	13,198,053	-665	11,539
Net claims incurred, including the change in the mathematical and UL provisions	30,796,938	39,454,209	1,837,030	1,562,580

*These provisions mainly comprise mathematical provisions.

The decline in gross life insurance claims paid in Slovenia is due to the decline in claims of Zavarovalnica Maribor because of lower claim payments relating to maturities than last year as well as fewer surrenders. In contrast, in the first half of this year Zavarovalnica Tilia paid

more claims based on maturities and death benefits than in the previous year, as well as some surrenders of significant amounts.

The growth in gross claims paid of non-Slovenian insurers is a result of an increase in the claims of the life insurers in Croatia and Kosovo. In the Croatian insurer the number of benefits based on maturities doubled year-on-year and there was also an increase in the number of death benefits paid and surrenders. In the first half of this year, Illyria Life saw an increase in the number of surrenders as a large number of policies became eligible for surrendering.

The change in other technical provisions increased mainly due to an increase in the mathematical provisions of Zavarovalnica Maribor (€ 3.1 million). In 1–6/2016 mathematical provisions grew by € 2.7 million based on portfolio movement. This provision was additionally strengthened by € 0.4 million as a result of a liability adequacy test.

In the same period last year, the mathematical provision increased by € 0.1 million. In the period 1–6/2015 the mathematical provision had increased by € 3.9 million based on portfolio movement; however, it was decreased by € 3.8 million based on a liability adequacy test.

Liability adequacy tests are sensitive to interest rates. This year the interest rate curve had steadily declined, but because of the approaching maturity of a large number of policies, the coverage period was also decreasing; therefore, this year, it was necessary to set aside provisions based on a liability adequacy test.

With Slovenian insurers there has been a significant year-on-year change in technical provisions for policyholders who bear the investment risk, as a result of falling prices of mutual funds.

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

(€)	1–6/2016	1–6/2015	Index
Zavarovalnica Maribor (life)	18,515,989	21,591,845	85.8
Zavarovalnica Tilia (life)	3,585,804	3,125,396	114.7
Velebit življenjsko osiguranje	382,189	270,902	141.1
Sava življenjsko osiguranje	203,447	237,924	85.5
Illyria Life	160,114	90,248	177.4
Moja naložba	135,369	-	-
Total	22,982,911	25,316,314	90.8

Operating expenses

Consolidated operating expenses; life insurance business

(€)	1–6/2016	1–6/2015	Index
Acquisition costs	2,745,125	2,605,877	105.3
Change in deferred acquisition costs (+/-)	47,486	408	11638.7
Other operating expenses	7,514,343	7,264,834	103.4
Operating expenses	10,306,954	9,871,119	104.4
Income from reinsurance commission	0	-2,802	-
Net operating expenses	10,306,954	9,868,317	104.4

The increase in acquisition expenses for life business is primarily a result of growth in insurance business outside Slovenia.

The increase in consolidated other operating expenses is due to the inclusion of Moja naložba in the consolidated statements. If Moja naložba is excluded from other operating expenses for the first half of 2016, these would be lower by 4.8 %.

Compared to the prior year, the consolidated gross expense ratio increased by 1.1 percentage points for Slovenian companies, which is solely the result of reduced gross life expenses as the Slovenian insurance companies both reduced other operating expenses, while the share of Moja naložba in the consolidated gross expenses relative to premiums is negligible.

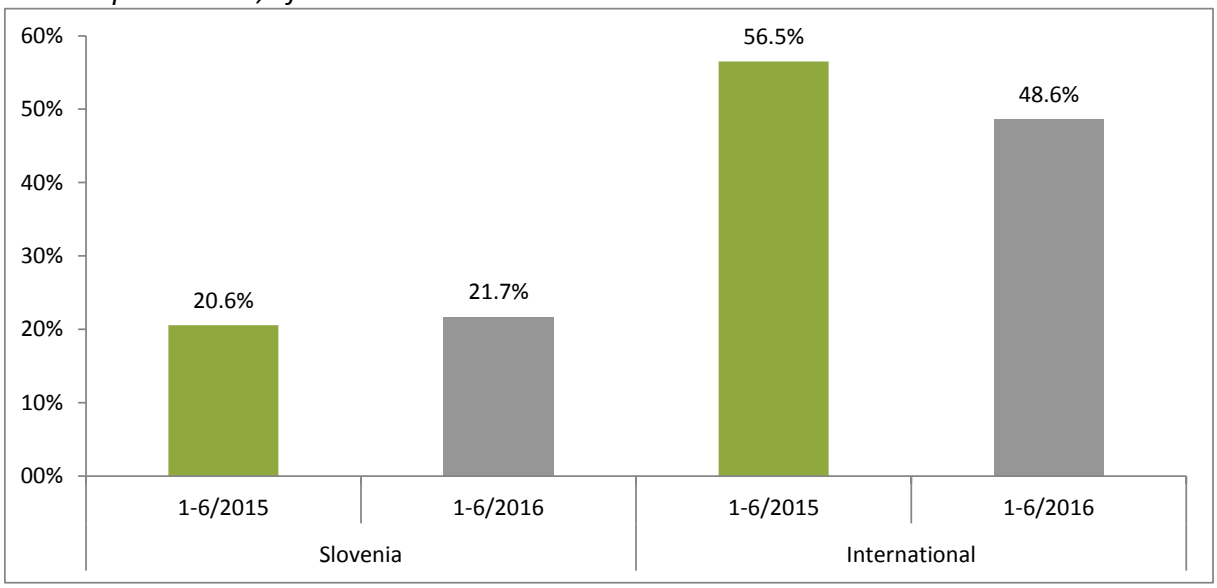
In the non-Slovenian insurers, the consolidated gross expense ratio fell by 7.9 percentage points, both thanks to premium growth as well as cost management.

Unconsolidated gross life operating expenses of Sava Re Group companies

(€)	1–6/2016	1–6/2015	Index
Zavarovalnica Maribor (life)	7,269,295	7,483,478	97.1
Zavarovalnica Tilia (life)	832,341	1,058,799	78.6
Other Group insurers*	2,152,843	1,537,694	140.0

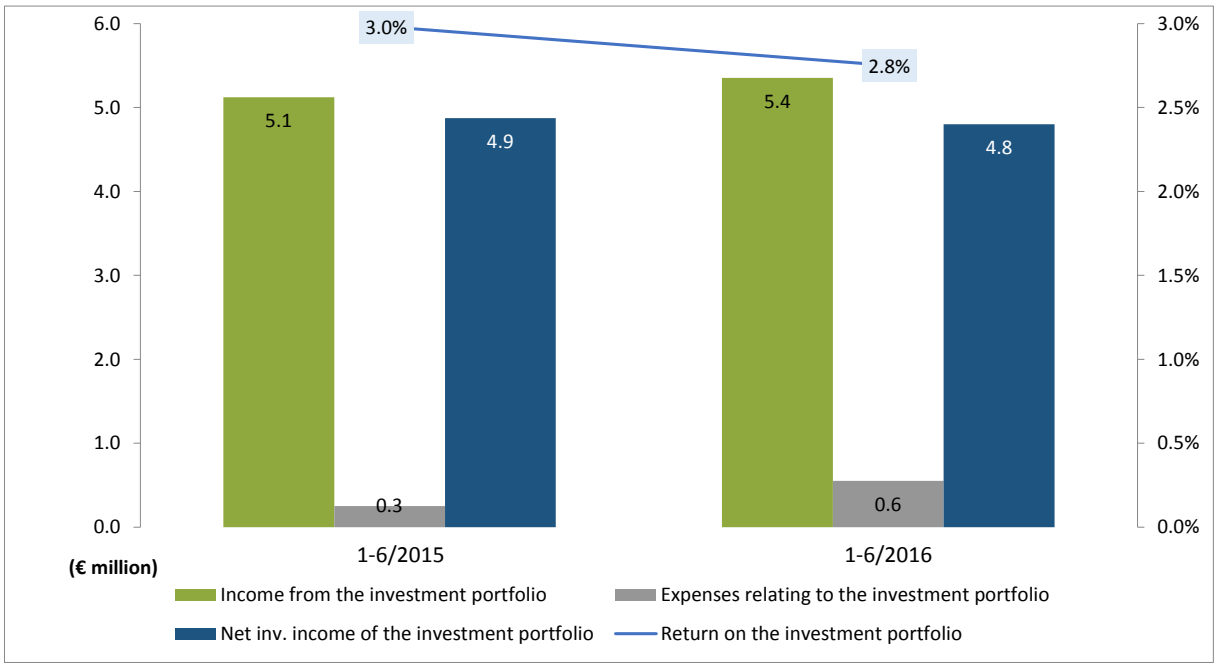
*The 1–6/2016 figure includes expenses of Moja naložba (which are not included in 1–6/2015).

Gross expense ratio; life insurance business



Net investment income

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



The net investment income of the investment portfolio of life insurance business declined by € 0.1 million year-on-year. Income (€ 0.3 million) in the period under review increased as a result of the income on pension business, which had been included in the life segment as from 1 January 2016. In the first quarter of 2016, the Group's expenses for the investment portfolio totalled € 0.6 million, down € 0.3 million year-on-year. Expenses were higher primarily because of the larger realised fair value losses on investments in the FVPL category (€ -0.1 million) and losses on disposal of investments (€ -0.1 million).

4 FINANCIAL POSITION OF THE SAVA RE GROUP

At 30 June 2016, total assets of the Sava Re Group stood at € 1,678.9 million, an increase of 4.5 % over year-end 2015. Below we set out items of assets and liabilities in excess of 5 % of total assets/liabilities at 30 June 2016, or items that changed by more than 2 % of equity.

4.1 Assets

Consolidated total assets by type

(€)	30/06/2016	As % of total at 30 June 2016	31/12/2015	As % of total at 31 December 2015
ASSETS	1,678,883,332	100.0 %	1,607,281,060	100.0 %
Intangible assets	29,004,591	1.7 %	30,465,315	1.9 %
Property and equipment	51,562,935	3.1 %	47,217,311	2.9 %
Deferred tax assets	2,811,172	0.2 %	2,371,857	0.1 %
Investment property	7,913,837	0.5 %	8,040,244	0.5 %
Financial investments in associates	0	0.0 %	0	0.0 %
Financial investments	1,011,923,353	60.3 %	1,015,056,805	63.2 %
Funds for the benefit of policyholders who bear the investment risk	214,607,008	12.8 %	214,189,117	13.3 %
Reinsurers' share of technical provisions	30,986,824	1.8 %	23,877,277	1.5 %
Assets under investment contracts	115,284,406	6.9 %	111,418,244	6.9 %
Receivables	152,017,901	9.1 %	130,663,929	8.1 %
Deferred acquisition costs	19,181,019	1.1 %	17,992,485	1.1 %
Other assets	2,849,523	0.2 %	1,173,159	0.1 %
Cash and cash equivalents	40,653,283	2.4 %	4,710,904	0.3 %
Non-current assets held for sale	87,480	0.0 %	104,413	0.0 %

4.1.1 Investment portfolio

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

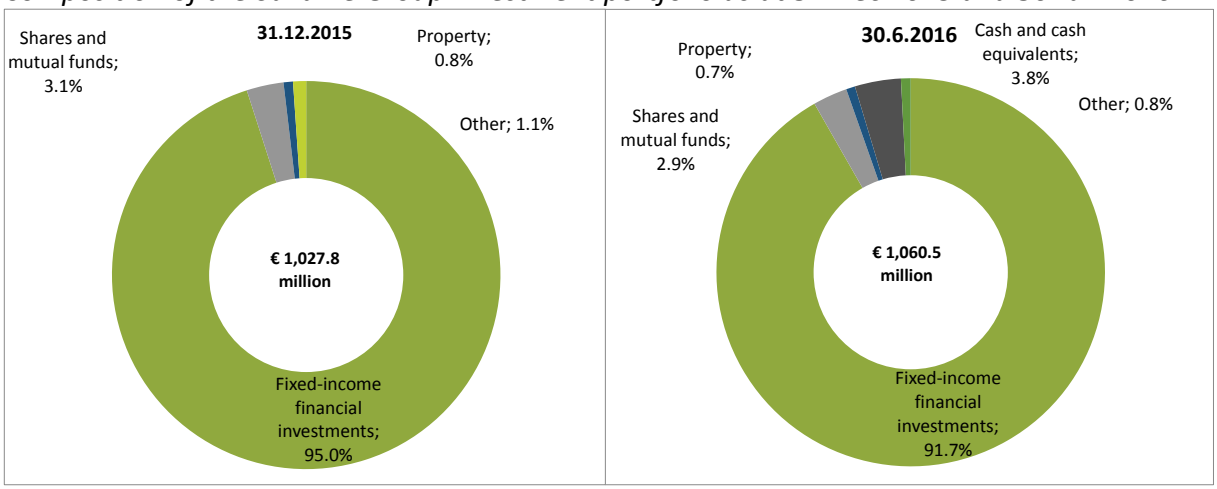
Sava Re Group investment portfolio by class of asset[1]

(€)	30/06/2016	31/12/2015	Nominal change	Index
Deposits	33,177,502	53,052,297	-19,874,795	62.5
Government bonds	553,758,012	554,117,154	-359,142	99.9
Corporate bonds	386,025,893	369,448,048	16,577,845	104.5
Shares	17,816,879	18,906,610	-1,089,731	94.2
Mutual funds	12,597,123	12,758,487	-161,364	98.7
Loans granted and other investments	894,310	1,075,435	-181,125	83.2
Deposits with cedants	7,653,633	5,698,774	1,954,859	134.3
Total financial investments	1,011,923,352	1,015,056,805	-3,133,453	99.7
Investment property	7,913,837	8,040,244	-126,407	98.4
Cash and cash equivalents	40,653,283	4,710,904	35,942,379	863.0
Total investment portfolio	1,060,490,472	1,027,807,953	32,682,519	103.2
Funds for the benefit of policyholders who bear the investment risk	214,607,008	214,189,117	417,891	100.2
Assets under investment contracts	115,284,406	111,418,244	3,866,162	103.5

In the first half of the year, the Group investment portfolio grew by € 32.7 million to € 1.1 billion.

The increase of the investment portfolio was mainly driven by the positive cash flow from (re)insurance business and fair-value gains on investments and the change in accrued interest.

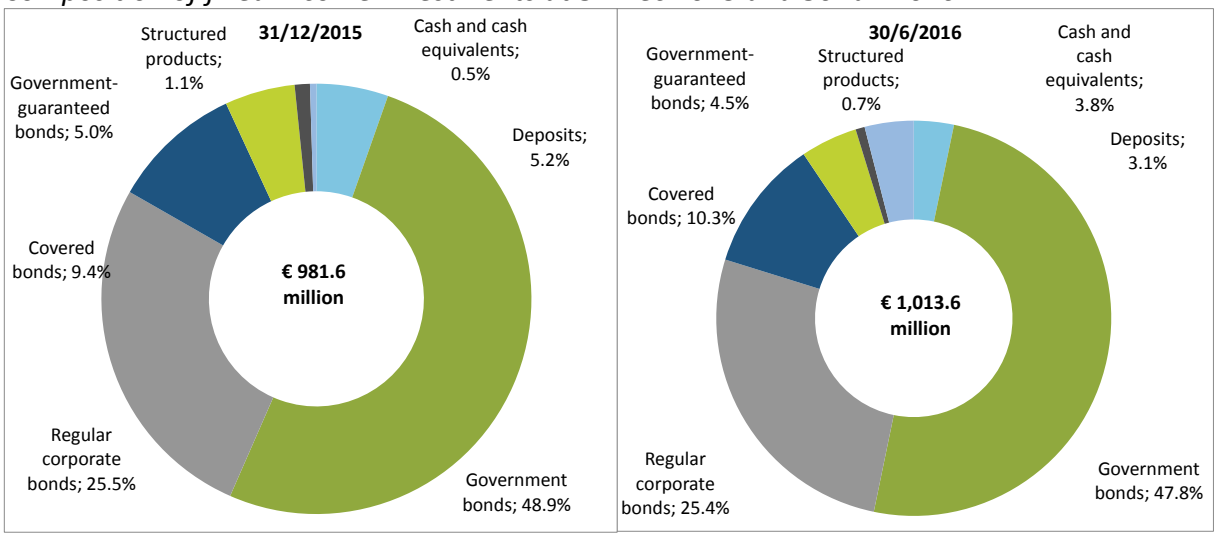
Composition of the Sava Re Group investment portfolio as at 31 Dec 2015 and 30 Jun 2016



**The other item comprises loans granted and deposits with cedants.*

[1] Effective as of 1 January 2016 the Company changed the recording of demand deposits under cash and cash equivalents (in 2015 shown under the deposits item).

Composition of fixed-income investments at 31 Dec 2015 and 30 Jun 2016



In terms of asset allocation compared to year-end 2015, the share of deposits declined by 2.1 percentage points and the share of government securities by 1.8 percentage points, while the share of investments in corporate bonds increased (+0.5 percentage points), mainly due to investments in covered bonds. The decline in the share of deposits is due to the change in recording of demand deposits now recorded under the increased cash and cash equivalents item.

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

Funds for the benefit of policyholders who bear the investment risk is a major asset item. Compared to 31 December 2015, these assets grew by 0.2 %, or € 0.4 million, to € 214.6 million at 30 June 2016. Effective as of 1 January 2016 demand deposits were transferred to cash and cash equivalents, resulting in a decrease of funds for the benefit of policyholders who bear the investment risk of € 5.6 million compared to 31 December 2015 (01/01/2016: € 208.6 million; 31 December 2015: € 214.2 million). Thus funds increased by € 6.0 million compared to 1 January 2016. Investments increased due to positive cash flow (€ 7.0 million), while the effect of the change in unit prices had a negative impact (€ -1.0 million).

There are three Group companies marketing life products where the investment risk is borne by policyholders: Zavarovalnica Maribor, Zavarovalnica Tilia and Velebit življenjsko osiguranje. At 30 June 2016, funds for the benefit of policyholders who bear the investment risk relating to Zavarovalnica Maribor totalled € 181.8 million (31/12/2015: € 179.9 million), funds relating to Zavarovalnica Tilia € 32.8 million (31/12/2015: 34.3 million), while such funds relating to Velebit življenjsko osiguranje are negligible. The level of funds depends on new premium contributions, payouts and changes in unit value of funds.

4.1.3 Reinsurers' share of technical provisions

Reinsurers' share of technical provisions (retroceded technical provisions) increased by € 7.1 million or 29.8 % compared to 31 December 2015. This is mainly because of the high level of retroceded unearned premiums set aside for non-proportional covers that are fully booked at the beginning of the year and for which the unearned premiums represent a deferment; thus retroceded unearned premiums increased by € 4.7 million compared to the beginning

of the year. The reinsurer's share of the claims provision increased by € 1.8 million, mainly due to a large retroceded fire loss incurred by the insured Impol.

4.1.4 Assets under investment contracts

Assets and liabilities under investment contracts were first included in the consolidated statement of financial position on 31 December 2015.

The assets from investment contracts item includes liability fund assets relating to SVPI[2] managed by the Moja naložba pension company for the benefit of policyholders. At 30 June 2016, liability fund assets totalled € 115.3 million, up 3.5 % compared to 31 December 2015. The increase in assets from financial investments was mainly due to the increase in the fair value reserve (€ 2.9 million) and new premiums written (€ 0.8 million).
Financial investments accounted for 99.2 % of total assets, the remaining amount relates to receivables and cash and cash equivalents.

Like the previous category, the movement in assets under investment contracts depends on new premium contributions, payouts and changes in unit value of funds.

4.1.5 Receivables

Receivables increased by 16.3 % or € 21.4 million compared to year-end 2015. This asset type also increased in relative terms.

This increase was a result of both an increase in receivables arising out of primary insurance business as well as an increase in receivables arising out of reinsurance and coinsurance business. Receivables arising out of primary insurance business increased by € 16.3 million compared to 31 December 2015 (prior year: € 14.3 million) as a result of the renewal schedules of annual insurance policies with legal entities. Receivables arising out of co-insurance and reinsurance business primary insurance business increased by € 4.4 million (prior year: € 12.8 million) as a result of the mid-year renewal of reinsurance contracts with cedants and the dynamics of assessing reinsurance business. In both categories there has been an increase especially in not-past-due receivables (95.7 % increase).

[2] SVPI = supplementary voluntary pension insurance

4.2 Liabilities

Balance and structure of equity & liabilities

(€)	30/06/2016	As % of total at 30 June 2016	31/12/2015	As % of total at 31 December 2015
EQUITY AND LIABILITIES	1,678,883,332	100.0 %	1,607,281,060	100.0 %
Equity	295,167,859	17.6 %	286,401,680	17.8 %
Share capital	*71,856,375*	*4.3 %*	*71,856,376*	*4.5 %*
Capital reserves	*43,388,536*	*2.6 %*	*43,388,724*	*2.7 %*
Profit reserves	*136,879,274*	*8.2 %*	*122,954,429*	*7.6 %*
Own shares	*-24,938,709*	*-1.5 %*	*-10,319,347*	*-0.6 %*
Fair value reserve	*21,589,100*	*1.3 %*	*12,684,233*	*0.8 %*
Retained earnings	*49,091,414*	*2.9 %*	*23,490,926*	*1.5 %*
Net profit/loss for the period	*-338,673*	*0.0 %*	*24,849,680*	*1.5 %*
Translation reserve	*-3,306,233*	*-0.2 %*	*-3,467,155*	*-0.2 %*
Equity attributable to owners of the controlling company	*294,221,084*	*17.5 %*	*285,437,865*	*17.8 %*
Non-controlling interest in equity	*946,775*	*0.1 %*	*963,815*	*0.1 %*
Subordinated liabilities	23,549,646	1.4 %	23,534,136	1.5 %
Technical provisions	944,480,351	56.3 %	887,068,500	55.2 %
Technical provision for the benefit of life insurance policyholders who bear the investment risk	212,663,887	12.7 %	207,590,086	12.9 %
Other provisions	7,945,990	0.5 %	7,389,695	0.5 %
Deferred tax liabilities	6,511,467	0.4 %	4,598,731	0.3 %
Liabilities under investment contracts	115,170,650	6.9 %	111,304,383	6.9 %
Other financial liabilities	87,426	0.0 %	206,047	0.0 %
Liabilities from operating activities	50,607,954	3.0 %	54,467,303	3.4 %
Other liabilities	22,698,102	1.4 %	24,720,499	1.5 %

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

4.2.1 Technical provisions

Gross technical provisions are the largest item of liabilities. The figure at 30 June 2016 was an increase of 6.5 % or € 57.4 million compared to year-end 2015. The largest increase was in unearned premiums (€ 40.3 million) as a result of underwriting dynamics during the year.

Movements in consolidated gross technical provisions

(€)	Sava Re Group		
	30/06/2016	31/12/2015	Index
Gross unearned premiums	196,330,491	156,039,680	125.8
Gross mathematical provisions	266,161,281	262,052,426	101.6
Gross provision for claims	471,159,027	459,012,655	102.6
Gross provision for bonuses, rebates and cancellations	1,110,654	1,132,456	98.1
Other gross technical provisions	9,718,898	8,831,283	110.1
Gross technical provisions	944,480,351	887,068,500	106.5

The gross technical provisions attributable to the reinsurance segment grew by 9.0 % or € 13.5 million compared to year-end 2015. The increase is due to the seasonal pattern in the

movement of unearned premiums (increase of € 8.7 million). Claims provisions of the segment increased by € 4.8 million mainly as a result of growth in business in 2015, for which provisions have not been released yet (claims are yet to be settled) and a contract written in 2016.

The gross technical provisions attributable to the non-life insurance segment recorded an increase of 8.6 % or € 39.7 million compared to year-end 2015. Of these, € 31.6 million relates to the increase in unearned premiums and € 7.2 million to the provision for claims outstanding.

The gross provision for traditional life policies increased by 1.5 % compared to year-end 2015 (by € 4.3 million), mainly as a result of the increase in the mathematical provision.

4.2.2 Equity

The second largest item on the liabilities side is equity, which increased by 3.1 % or € 8.8 million from year-end 2015.

The most significant positive effects on equity were from the net profit for the period 1–6/2016 in the amount of € 14.4 million and the increase in the fair value reserve of € 9.0 million; the most significant negative effect was the consideration for own share repurchases of € 14.6 million (the reserve for treasury shares was largely established from net profit for the period, and is consequently a negative item in the statement of financial position).

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

The technical provision for the benefit of policyholders who bear the investment risk at 30 June 2016 grew by 2.4 % or € 5.1 million compared to year-end 2015. This provision moves in line with funds of policyholders who bear the investment risk (depending on contributions and value of units).

4.2.4 Liabilities under investment contracts

Liabilities under investment contracts of Moja naložba totalled € 115.2 million at 30 June 2016, up 3.5 % or € 3.9 million from year-end 2015. They move in line with assets under investment contracts.

4.3 Capital structure

At 30 June 2016 the Sava Re Group had € 295.2 million of equity capital and € 23.5 million of subordinated liabilities. At 30 June 2016, debt capital accounted for 8.0 % of equity. Subordinated liabilities relate to the subordinated debt of Sava Reinsurance Company taken out to expand to the Western Balkans.

4.4 Cash flow

Net cash from operating activities of the Sava Re Group in the period 1–6/2016 totalled € 27.0 million (1–6/2015: € 30.1 million), reflecting positive cash flow from core business.

Net disbursements used in financing activities of the Sava Re Group in the period 1–6/2016 totalled € 15.0 million (1–6/2015: € 1.8 million). In the period 1–6/2016 net disbursements used in financing activities related primarily to purchases of own shares.

The net increase in cash and cash equivalents for the period 1–6/2016 was larger by € 35.9 million as a result of a change in the disclosure of demand deposits and deposits with an original maturity of up to three months. The related impact is set out in section 8.8.5.

4.5 Credit ratings of Sava Reinsurance Company

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

Credit ratings of Sava Reinsurance Company

Agency	Rating [3]	Outlook	Latest review
Standard & Poor's	A –	stable	July 2016: affirmed existing rating
A.M. Best	A –	stable	October 2015: affirmed existing rating

[3] Credit rating agency Standard & Poor's uses the following scale for assessing financial strength: AAA (extremely strong), AA (very strong), A (strong), BBB (adequate), BB (less vulnerable), B (more vulnerable), CCC (currently vulnerable), CC (highly vulnerable), R (under regulatory supervision), SD (selectively defaulted), D (defaulted), NR (not rated). Plus (+) or minus (–) following the credit rating from AA to CCC indicates the relative ranking within the major credit categories.
A.M. Best uses for the following categories to assess financial strength: A++, A+ (superior), A, A– (excellent), B++, B+ (Good), B, B– (fair), C++, C+ (marginal), C, C– (weak), D (poor), E (under regulatory supervision), F (in liquidation), S (suspended).

5 PERSONNEL

Staffing figures for Group members

	30/06/2016	31/12/2015	Change
Zavarovalnica Maribor	773.25	762.93	10.32
Zavarovalnica Tilia	367.62	371.00	-3.38
Sava osiguranje Belgrade	333.00	327.50	5.50
Illyria	203.00	227.00	-24.00
Sava osiguruvanje Skopje	200.00	185.50	14.50
Velebit osiguranje	155.26	155.75	-0.50
Sava Montenegro	137.00	136.25	0.75
Illyria Life	36.25	35.38	0.88
Sava Reinsurance Company	89.33	82.95	6.38
Sava življenjsko osiguranje	72.88	74.63	-1.76
Velebit življenjsko osiguranje	66.38	59.63	6.75
Sava Car	34.50	31.25	3.25
Montagent	18.25	20.50	-2.25
Moja naložba	13.25	13.25	0.00
Sava stejšn	4.00	5.00	-1.00
ZM Svetovanje	11.75	11.75	0.00
ZM Vivus	27.00	29.00	-2.00
Ornatus KC	10.00	11.00	-1.00
Total	2,552.70	2,540.26	12.44

The table above shows the number of employees calculated on a full-time equivalent basis. The number of employees in the Group is subject to fluctuations mainly due to fluctuation in the agency network.

6 RISK MANAGEMENT

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

6.1 Underwriting risks

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

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

premium rates are determined for new products, the pricing risk can be monitored by prudently modelling loss experience, by comparing against others' experience, and by comparing the actual loss experience against estimates.

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

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

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

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

In order to manage underwriting risk of life insurance business, the Group regularly monitors mortality and morbidity rates, termination of life policies, looking for specific trends. In addition, it regularly conducts adequacy testing of provisions. The Group manages underwriting risk in its life insurance business by employing underwriting procedures. Underwriting guidelines specify criteria and terms of risk acceptance.

6.2 Risks associated with policies where policyholders bear the investment risk

With policies where policyholders bear the investment risk, risks are substantially transferred to policyholders, as mathematical provisions move in line with assets. Within the set of products where policyholders bear the investment risk, the Sava Re Group also offers products that, to a certain extent, provide a guaranteed return. At 30 June 2016 assets under such contracts totalled € 30.7 million (31 December 2015: € 27.3 million). With respect to such assets, there is a risk of failing to achieve the guaranteed return.

Zavarovalnica Maribor offers a guaranteed return for the investment fund ZM Zajamčeni and the ZM Hibrid product of the ZM Garant investment fund.

The guaranteed return for assets in the ZM Zajamčeni fund is 2.75 %. Mathematical provisions comprise liabilities for guaranteed funds (net contributions plus guaranteed return) and additional liabilities for profit attribution based on the difference between the actual and the required rate of return (liabilities for exceeding the return). Fund managers maintain data for each policyholder on the individual policy level, comprising net premiums paid, guaranteed return and amounts for exceeding the guaranteed return (provisions for profit attribution). In years when the guaranteed return is exceeded, liabilities for exceeding the guaranteed return are increased; if, however, realised return is below the guaranteed

level, these liabilities are decreased. If these liabilities are negative, they need to be covered by the insurer from own funds (the balance of additional liabilities is set to zero in the accounting books), but in years when the guaranteed return is again reached, the insurer first has to cover the negative balance through profit attribution. The described control of guaranteed return is carried out at the level of individual policies.

The assets underlying policies of the ZM Hibrid product are invested in two investment funds, DWS Garant 80 and ZM Garant. Each month on the cut-off date, the portion of assets in each fund are recalculated using a specific algorithm to ensure the achievement of the investment objective (selected by the policyholder) at the policy expiry. Fund managers maintain data for each policyholder on the individual policy level, comprising net premiums paid, current level of selected investment objective and balance of liabilities in both investment funds.

For the DWS Garant 80 investment fund, the guarantee that the unit value cannot fall by more than 20 % in one month is provided by DWS Investment GmbH. The guaranteed return for assets in the ZM Garant fund is 2.25 %. Mathematical provisions comprise liabilities for guaranteed funds (net premiums paid and guaranteed return). There are no additional liabilities for profit attribution for this fund. Fund managers maintain data for each policyholder on the individual policy level, comprising net premiums paid and guaranteed return. If the guaranteed return is not achieved, the insurer is to cover the loss from own funds.

6.3 Risks associated with investment contracts

The Group classifies as investment contracts its supplementary voluntary pension insurance (SVPI) business of the pension insurer Moja naložba during the accumulation phase, as part of the company's SVPI liability fund. Liabilities under investment contracts are not included in the consolidated technical provisions item, and are, therefore, not included in the presentation of underwriting risk. Assets under investment contracts are not included in the consolidated financial investments item, and are, therefore, not included in the presentation of financial risks. In addition, there is a risk of failing to achieve the guaranteed return associated with assets and liabilities under investment contracts.

SVPI policyholders (members) bear the investment risk in excess of the guaranteed return of the liability fund with guaranteed return. The two pension plans of Moja naložba provide a guaranteed return of 60 % of the average annual interest rate on government securities with a maturity of over one year. Liabilities under investment contracts include liabilities for guaranteed funds (net contributions plus guaranteed return) and additional liabilities to cover any deficit resulting from the difference between the actual and the required rate of return (liability to exceed the return). For each member, the manager keeps a personal account with accumulating net contributions, guaranteed returns and assets to exceed the guaranteed return (provisions). In years when the return in excess of guaranteed return is realised, liabilities for return in excess of guaranteed return are increased; if, however, realised return is below the guaranteed level, this part of liabilities decreases until the provision is fully exhausted. The described control of guaranteed return is carried out at the level of individual personal accounts. In the event that individual provisions of any account

are not sufficient to cover the guaranteed return, the difference is covered from the pension company's own funds (there were no transfers in 2016).

The risk of failing to realise guaranteed returns for both contracts where the investment risk is born by the policyholder as well as for assets under investment contracts, is managed primarily through appropriate management of policyholder assets and liabilities, an appropriate investment strategy and provisioning.

6.4 Financial risks

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

6.4.1 Market risks

Balance of investments sensitive to market risk

Type of investment (€)	30/06/2016	31/12/2015	Absolute difference 31/03/2016 / 31/12/2015
Deposits	33,177,502	53,052,297	-19,874,795
Government bonds	553,758,012	502,263,965	51,494,047
Corporate bonds	386,025,893	421,301,237	-35,275,344
Shares	17,816,879	18,906,610	-1,089,731
Mutual funds	12,597,122	12,758,487	-161,365
bond and money market	340,887	341,158	-271
mixed funds	1,683,161	1,730,327	-47,166
equity funds	9,882,619	10,020,709	-138,090
other	690,455	666,292	24,163
Loans granted and other investments	894,310	1,075,435	-181,125
Deposits with cedants	7,653,633	5,698,774	1,954,859
Financial investments	1,011,923,351	1,015,056,805	-3,133,454
Investment property	7,913,837	8,040,244	-126,407
Cash and cash equivalents	40,653,283	4,710,904	35,942,379
Investment portfolio	1,060,490,471	1,027,807,953	32,682,518

The investment portfolio sensitive to market risk grew by € 32.7 million compared to 31 December 2015. Details are provided in section 4.1.1 "Investment portfolio".

6.4.1.1 Interest rate risk

Interest rate risk is measured through a sensitivity analysis, by observing the change in the value of investments in bonds or the value of mathematical provisions in case of a change in interest rates. The analysed investments do not include held-to-maturity bonds as they are measured at amortised cost. Interest rate risk is managed through each company's efforts to optimise maturity matching of assets and liabilities so that any movement on the assets side neutralises the movement on the liabilities side.

On 30 June 2016, the value of interest-sensitive financial investments stood at € 845.7 million (31/12/2015: € 760.2 million). Of this, the value of interest-sensitive financial investments of non-life funds was € 583.1 million (31/12/2015: € 524.3 million); the value of interest-sensitive financial investments of life funds was € 262.5 million (31/12/2015: € 235.9 million).

The sensitivity analysis for data at 30 June 2015 showed that in the event of an upward shift of the yield curve by 50 basis points, the value of non-life insurance investments would drop by € 10.2 million or 1.8 % (31/12/2015: € 4.5 million or 0.9 %). The value of life insurance investments would decline by € 5.7 million or 2.2 % (31/12/2015: € 4.7 million or 2.0 %).

6.4.1.2 Equity risk

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

In case of a 10 % drop in the market prices of equity securities at 30 June 2016, the value of investments would decrease by € 2.9 million (31/12/2015: € 3.0 million).

The risk did not change significantly compared to year-end 2015.

6.4.1.3 Property risk

Property risk is the risk that the value of property will decrease due to fluctuations in real estate markets.

Exposure to property risk is monitored through a stress test assuming a 25 % drop in prices. The basis for the calculation is the balance of investment property.

In case of a 25 % drop in property prices, the value of investments at 30 June 2016 would decrease by € 2.0 million (31/12/2015: € 2.0 million).

The risk did not change compared to year-end 2015.

6.4.1.4 Currency risk

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

Sava Reinsurance Company reduces its currency risk by matching assets and liabilities denominated in foreign currencies. Currencies are matched at the accounting currency level. If capital markets are not available in the accounting currency, currencies are matched at the transaction currency level.

The tables below show currency matching of Sava Reinsurance Company with effects on the statement of financial position and the income statement at 30 June 2016.

Currency 2016	Assets	Liabilities	Mismatch	% of matched liabilities
Euro (€)	**496,980,675**	**492,607,310**		
Foreign currencies	**113,817,216**	**118,190,582**	**28,486,536**	**96.3**
US dollar (USD)	45,439,715	34,529,255	10,910,460	131.6
Korean won (KRW)	12,754,150	13,461,553	707,403	94.7
Indian rupee (INR).	8,510,357	8,052,808	457,549	105.7
Taka (BDT)	3,240,509	7,619,649	4,379,140	42.5
Chinese yuan (CNY)	7,762,586	7,074,009	688,577	109.7
Other	36,109,899	47,453,307	11,343,408	76.1
Total	611,606,376	611,606,376		
% of currency matched liabilities			95.3 %	

At 30 June 2016, the Company had a surplus of assets over liabilities in US dollar (€ 10.9 million). This surplus was due to asset-liability management practices where the Company ties to the US dollar a number of foreign currencies that are at least 90 % correlated with the US dollar. When these correlations are taken into account, the surplus of assets over liabilities in US dollar is reduced to € 4.2 million.

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

When assets and liabilities are 100 % matched in terms of foreign currencies, changes in foreign exchange rates have no impact on profit or loss. This is because any change in the value of assets denominated in a foreign currency as a result of a change in the exchange rate is offset by the change in the value of liabilities denominated in that foreign currency. As Sava Reinsurance Company's assets and liabilities are 95.3 % currency matched, changes in foreign exchange rates still affect the income statement to some extent. The following table shows the impact of exchange differences.

Effect of exchange differences on the income statement for 1–6/2016

Statement of financial position item	**Exchange differences**		
Euro (€)	**30/06/2016**	**30/06/2015**	**31/12/2015**
Investments	-303,165	3,822,096	3,227,501
Technical provisions and deferred commissions	785,676	-4,723,538	-3,635,776
Receivables and liabilities	-303,144	550,337	230,791
Total effect on the income statement	**179,367**	**-351,105**	**-177,484**

6.4.2 Credit risk

The Group mitigates credit risk by investing in highly rated debt securities. At 30 June 2016 a share of 80.9 % of the fixed income portfolio was rated "investment grade" (BBB– or better) (31/12/2015: 83.0 %), and 45.9 % of investments were rated A- or better (31/12/2015: 47.6 %).

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

The investment portfolio of the Sava Re Group is reasonably diversified in accordance with local law and Group internal rules in order to avoid large concentration in a certain type of

investment, large concentration with any counterparty or economic sector or other potential forms of concentration.

The Group's largest regional concentration is with EU countries (30/06/2016: 49.7 %; 31/12/2015: 47.7 %). In terms of industry, the Group is mainly exposed to governments (30/06/2016: 52.2 %; 31/12/2015: 54.0%), followed by the banking sector (30/06/2016: 22.3 %; 31/12/2015: 21.0 %). In the banking sector, covered bonds represent 46.2 % of the exposure (31/12/2015: 43.8 %). The Group holds covered bonds as a form of low-risk investment. Exposure to the 10 largest issuers accounted for 35.7 % of the investment portfolio (31/12/2015: 37.4%), with the largest exposure to the Republic of Slovenia (31/03/2016: 20.7 %; 31/12/2015: 22.9%), while exposure to any other single issuer does not exceed 3 % of the investment portfolio.

We estimate that credit risk has not changed significantly compared to the year-end, while concentration risk decreased primarily due to the reduced concentration of government bonds of the Republic of Slovenia.

6.4.3 Liquidity risk

Liquidity risk is managed through prudent forecasting of future cash flow requirements.

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

For the purpose of liquidity risk management, Sava Reinsurance Company has arranged a credit line with a commercial bank in the total amount of € 10 million.

The Slovenia-based companies maintain a high proportion of their portfolio in highly liquid assets that are readily available to provide liquidity in the event of unexpected liquidity requirements (liquidity class L1A according to the ECB classification of assets eligible for collateral).

In the case of extraordinary liquidity needs of both Slovenia- and non-Slovenia based companies, the parent company would provide necessary funds from the parent's surplus funds or through loans.

In terms of liquidity of Group companies, the matching of the assets with the technical and mathematical provisions covered is very important. Each Group company is responsible for monitoring the matching of assets with liability funds for life and non-life business and for regularly reporting the status of both to the parent company and supervisory institutions.

We believe that liquidity risk is low and manageable.

6.5 Operational risks

The Group's operational risk policy lays down the processes and accountability in the management of such risks. Both on the company and Group level, operational risks are regular identified, assessed and monitored in each company's and the Group's risk register. The main operational risk categories to which individual companies and the Group are exposed are:

- risk of internal and external fraud,
- employment practices and workplace safety,
- risks associated with clients, products and business practices,
- risk of damage to physical assets,
- risk of business disruption and system failures,
- risk of process management and execution and
- compliance risk (laws and regulations).

Operational risk generally arises together with other risks (e.g. underwriting risk, market risk), having a tendency to compound them. Inconsistencies in the underwriting process, for example, may significantly increase underwriting risks.

For effective management of operational risks, Group companies – in line with the risk management policy – establish processes for identifying, measuring, monitoring, managing and reporting of operational risks. To manage operational risk, the Group companies have in place an effective internal control system (their use is regulated in the Group's internal control policy) and a business process management system.

Significant operational risks are managed by Group companies as follows:

- Each Group company has in place procedures (set down in writing) for detecting and preventing insurance fraud.
- To manage IT risks, companies have adopted security policies in accordance with the ISO 27001 standard. Documentation related to information security management encompasses three levels: the rules of procedure regarding information security, security policies, and systemic procedures and instructions.
- As part of operational risk management, Group companies have drawn up business continuity plans for all critical processes in case of incidents or external events. In this way, the Group mitigates the risk of unpreparedness for incidents and external events and any resulting business interruption.
- For the purpose of operational risk management, the Sava Re Group has put in place adequate IT-supported procedures and controls in the most important areas of operation. In addition, such risks are managed through the internal audit function, through staff training and enhanced risk awareness.

6.6 Strategic risks

The Sava Re Group and its Group members are also exposed to internal and external strategic risk. Strategic risks at the individual company and Group level are regularly identified and assessed; such data being recorded in the risk register. The risk management service monitors and regularly reports on strategic risks to the risk management committee and the management board. Strategic risk management is carried out mainly through the governance system of individual companies and the Group as well as through systematic risk management at both the company and Group level.

We estimated that the Group is particularly exposed to strategic risks associated with the merger of the Group's EU-based insurers. The Group is aware of the risks involved in the project, monitoring and assessing them on a regular basis to identify and manage them as early as possible.

Other important categories of strategic risk relate to adequacy and the allocation of capital because the new Solvency II regulation effective as of 1 January 2016 completely changed the notions of required capital and eligible own funds.

As part of its risk strategy, the Sava Re Group identified reputation risk as a key risk. For this purpose, the Group has laid down criteria as to which practices are unacceptable in the Sava Re Group.

6.7 Insolvency risk

The Sava Re Group has calculated the opening balance of the Group's capital requirements as at 1 January 2016 in accordance with Solvency II regulations. The Group held eligible own funds of € 403 million, of which most were tier 1 funds. The valuation of both assets and liabilities for determining eligible own funds was carried out in accordance with economic principles. The Solvency Capital Requirement of the Group was € 200 million. The solvency ratio at 1 January 2016 stood at 201 %, which indicates that the capital position of the Sava Re Group is good.

The Group's eligible own funds at 30 March 2016 dropped slightly to € 390 million. It is worth noting that the Solvency II balance sheet is based on market value and is as a result much more volatile than are valuations in accordance with IFRS, which is why we also expect greater volatility of eligible own funds.

The calculation of eligible own funds at day 30 June 2016 is underway, but no significant deviation from the last calculation is expected. The Group does not calculate a detailed quarterly Solvency Capital Requirement, but monitors its risk profile through various risk indicators. Based on these indicators, we estimate that the Group' capital adequacy is at a high level at 30 June 2016.

As the Group's capital position is very good, we estimate that compliance with regulatory requirements is not at risk and that the insolvency risk is very small.

6.8 Risk exposure up until year-end 2016

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

The year 2016 will bring about many changes in the Sava Re Group. The most important change is surely the combination of EU-based Group insurers (EU project); therefore, in addition to underwriting and market risk, the Group will also be significantly exposed to operational and strategic risks associated with the project. We expect that strategic and operational risks associated with the EU project will remain at a high level until the completion of the project.

SUMMARY OF
SAVA RE GROUP
FINANCIAL STATEMENTS
WITH NOTES

7 UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

7.1 Unaudited consolidated statement of financial position

(€)	30/06/2016	31/12/2015
ASSETS	**1,678,883,332**	**1,607,281,060**
Intangible assets	**29,004,591**	**30,465,315**
Property and equipment	**51,562,935**	**47,217,311**
Deferred tax assets	**2,811,172**	**2,371,857**
Investment property	**7,913,837**	**8,040,244**
Financial investments:	**1,011,923,353**	**1,015,056,805**
- loans and deposits	40,138,774	57,721,961
- held to maturity	128,379,076	165,444,270
- available for sale	829,869,024	773,486,797
- at fair value through profit or loss	13,536,479	18,403,777
Funds for the benefit of policyholders who bear the investment risk	**214,607,008**	**214,189,117**
Reinsurers' share of technical provisions	**30,986,824**	**23,877,277**
Assets under investment contracts	**115,284,406**	**111,418,244**
Receivables	**152,017,901**	**130,663,929**
Receivables arising out of primary insurance business	67,851,702	51,510,767
Reinsurance receivables	73,133,534	68,757,586
Current tax assets	915,726	1,734,294
Other receivables	10,116,939	8,661,282
Deferred acquisition costs	**19,181,019**	**17,992,485**
Other assets	**2,849,523**	**1,173,159**
Cash and cash equivalents	**40,653,283**	**4,710,904**
Non-current assets held for sale	**87,480**	**104,413**
EQUITY AND LIABILITIES	**1,678,883,332**	**1,607,281,060**
Equity	**295,167,859**	**286,401,678**
Share capital	71,856,376	71,856,376
Capital reserves	43,388,536	43,388,724
Profit reserves	136,879,274	122,954,429
Own shares	-24,938,709	-10,319,347
Fair value reserve	21,687,883	12,721,705
Reserve due to fair value revaluation	-98,783	-37,472
Retained earnings	49,091,414	23,490,926
Net profit/loss for the period	-338,673	24,849,678
Translation reserve	-3,306,233	-3,467,155
Equity attributable to owners of the controlling company	**294,221,084**	**285,437,863**
Non-controlling interest in equity	**946,775**	**963,815**
Subordinated liabilities	**23,549,646**	**23,534,136**
Technical provisions	**944,480,351**	**887,068,500**
Unearned premiums	196,330,491	156,039,680
Technical provisions for life insurance business	266,161,281	262,052,426
Provision for outstanding claims	471,159,027	459,012,655
Other technical provisions	10,829,552	9,963,739
Technical provision for the benefit of life insurance policyholders who bear the investment risk	**212,663,887**	**207,590,086**
Other provisions	**7,945,990**	**7,389,695**
Deferred tax liabilities	**6,511,467**	**4,598,731**
Liabilities under investment contracts	**115,170,650**	**111,304,383**
Other financial liabilities	**87,426**	**206,047**
Liabilities from operating activities	**50,607,954**	**54,467,303**
Liabilities from primary insurance business	11,500,057	10,968,865
Reinsurance payables	34,532,640	39,739,412
Current income tax liabilities	4,575,257	3,759,026
Other liabilities	**22,698,102**	**24,720,501**

7.2 Unaudited consolidated income statement

(€)	1–6/2016	1–6/2015
Net earned premiums	**225,978,226**	**219,116,387**
Gross premiums written	280,824,486	276,703,724
Written premiums ceded to reinsurers and co-insurers	-19,515,310	-18,497,493
Change in gross unearned premiums	-40,204,016	-42,731,602
Change in unearned premiums for the reinsurance and co-insurance part	4,873,066	3,641,758
Income from investments in associates	**0**	**79,250**
Profit from investments in equity-accounted associate companies	0	79,250
Investment income	**16,677,086**	**20,523,120**
Interest income	10,641,644	11,272,131
Other investment income	6,035,442	9,250,989
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	**7,477,217**	**14,945,629**
Other technical income	**8,817,975**	**8,395,794**
Commission income	2,011,022	2,013,445
Other technical income	6,806,953	6,382,349
Other income	**2,980,609**	**3,267,118**
Net claims incurred	**-131,844,127**	**-135,623,076**
Gross claims payments less income from recourse receivables	-126,953,877	-131,457,661
Reinsurers' and co-insurers' shares	4,202,522	4,788,891
Change in the gross claims provision	-10,515,486	-6,290,245
Change in the provision for outstanding claims for the reinsurance and co-insurance part	1,422,714	-2,664,061
Change in other technical provisions	**-5,378,834**	**-2,092,155**
Change in technical provisions for policyholders who bear the investment risk	**-4,613,092**	**-13,209,592**
Expenses for bonuses and rebates	**-693,970**	**-252,119**
Operating expenses	**-75,824,440**	**-70,515,380**
Acquisition costs	-26,387,633	-25,678,879
Change in deferred acquisition costs	1,243,285	4,713,631
Other operating expenses	-50,680,092	-49,550,132
Expenses for financial assets and liabilities	**-5,151,685**	**-4,839,584**
Impairment losses on financial assets not at fair value through profit or loss	-62,629	-11,529
Interest expense	-423,215	-670,484
Other investment expenses	-4,665,841	-4,157,571
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	**-8,238,772**	**-6,888,218**
Other technical expenses	**-9,450,206**	**-10,152,789**
Other expenses	**-1,151,850**	**-694,275**
Profit/loss before tax	19,584,137	22,060,110
Income tax expense	**-5,243,181**	**-4,955,162**
Net profit/loss for the period	14,340,956	17,104,948
Net profit/loss attributable to owners of the controlling company	**14,363,913**	**17,106,884**
Net profit/loss attributable to non-controlling interests	**-22,957**	**-1,936**
Basic and diluted earnings per share	**0.90**	**1.04**

The change in the weighted average number of shares outstanding is shown in section 8.8.8 "Net earnings/loss per share".

7.3 Unaudited consolidated statement of comprehensive income

(€)	1–6/2016			1–6/2015		
	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total	Attributable to owners of the controlling company	Attributable to non-controlling interest	Total
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	**14,363,913**	**-22,957**	**14,340,956**	**17,106,884**	**-1,936**	**17,104,948**
OTHER COMPREHENSIVE INCOME, NET OF TAX	**9,065,789**	**11,810**	**9,077,599**	**-6,283,508**	**-12,438**	**-6,295,946**
a) Items that will not be reclassified subsequently to profit or loss	**-61,311**	**0**	**-61,311**	**-3,193**	**0**	**-3,193**
Other items that will not be reclassified subsequently to profit or loss	-71,358	0	-71,358	-3,193	0	-3,193
Tax on items that will not be reclassified subsequently to profit or loss	10,047	0	10,047	0	0	0
b) Items that may be reclassified subsequently to profit or loss	**9,127,100**	**11,810**	**9,138,910**	**-6,280,315**	**-12,438**	**-6,292,753**
Net gains/losses on remeasuring available-for-sale financial assets	**10,755,942**	**4,257**	**10,760,199**	**-6,907,278**	**-23,859**	**-6,931,137**
Net change recognised in the fair value reserve	10,051,952	4,257	10,056,209	-6,303,951	-23,859	-6,327,810
Net change transferred from fair value reserve to profit or loss	703,990	0	703,990	-603,327	0	-603,327
Net gains/losses attributable to the Group recognised in fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies	**0**	**0**	**0**	**-13,441**	**0**	**-13,441**
Tax on items that may be reclassified subsequently to profit or loss	**-1,789,764**	**-2,107**	**-1,791,871**	**547,030**	**3,564**	**550,594**
Net gains/losses from translation of financial statements of non-domestic companies	**160,922**	**9,660**	**170,582**	**93,374**	**7,857**	**101,231**
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**23,429,702**	**-11,147**	**23,418,555**	**10,823,376**	**-14,374**	**10,809,002**
Attributable to owners of the controlling company	**23,429,702**	**0**	**23,429,702**	**10,823,376**	**0**	**10,823,376**
Attributable to non-controlling interest	**0**	**-11,147**	**-11,147**	**0**	**-14,374**	**-14,374**

7.4 Unaudited consolidated statement of cash flows

(€)				1–6/2016	1–6/2015
A.	**Cash flows from operating activities**				
	a.)		**Items of the income statement**	**60,589,553**	**55,752,494**
		1.	Net premiums written in the period	261,309,176	258,206,231
		2.	Investment income (other than financial income)	53,643	68,655
		3.	Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	11,798,584	11,662,911
		4.	Net claims payments in the period	-122,751,355	-126,668,770
		5.	Expenses for bonuses and rebates	-693,970	-252,119
		6.	Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-73,261,582	-71,450,908
		7.	Investment expenses (excluding amortisation and financial expenses)	-19,706	-11,280
		8.	Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-10,602,056	-10,847,064
		9.	Tax on profit and other taxes not included in operating expenses	-5,243,181	-4,955,162
	b.)		**Changes in net operating assets (receivables for premium, other receivables, other assets and deferred tax assets/liabilities) of operating items of the income statement**	**-33,610,850**	**-25,667,367**
		1.	Change in receivables from primary insurance	-16,340,935	-14,271,730
		2.	Change in receivables from reinsurance	-4,375,948	-13,032,513
		3.	Change in other receivables from (re)insurance business	-298,034	533,751
		4.	Change in other receivables and other assets	-3,169,648	-2,540,187
		5.	Change in deferred tax assets	-439,315	-25,973
		6.	Change in inventories	-34,305	-23,445
		7.	Change in liabilities arising out of primary insurance	531,192	-76,182
		8.	Change in liabilities arising out of reinsurance business	-5,206,772	7,654,098
		9.	Change in other operating liabilities	2,316,157	637,774
		10.	Change in other liabilities (except unearned premiums)	-8,505,978	-4,131,425
		11.	Change in deferred tax liabilities	1,912,736	-391,535
	c.)		**Net cash from/used in operating activities (a + b)**	**26,978,703**	**30,085,127**
B.	**Cash flows from investing activities**				
	a.)		**Cash receipts from investing activities**	**787,842,698**	**464,492,927**
		1.	Interest received from investing activities relating to:	10,641,644	11,272,131
		2.	Proceeds from dividends and shares in the profit of others, relating to:	759,520	656,804
		3.	Proceeds from sale of intangible assets, financed from:	63,660	42,900
		4.	Proceeds from sale of property and equipment, financed from:	2,212,145	411,939
		5.	Proceeds from sale of financial investments	774,165,729	452,109,153
	b.)		**Cash disbursements in investing activities**	**-763,836,445**	**-493,376,220**
		1.	Purchase of intangible assets	-408,351	-380,261
		2.	Purchase of property and equipment, financed from:	-6,520,821	-1,752,326
		3.	Purchase of long-term financial investments, financed from:	-756,907,273	-491,243,633
	c.)		**Net cash from/used in investing activities (a + b)**	**24,006,253**	**-28,883,293**
C.	**Cash flows from financing activities**				
	b.)		**Cash disbursements in financing activities**	**-15,042,577**	**-1,833,342**
		1.	Interest paid	-423,215	-670,484
		4.	Repayment of short-term financial liabilities	0	-1,030,857
		6.	Own share repurchases	-14,619,362	-132,001
	c.)		**Net cash from/used in financing activities (a + b)**	**-15,042,577**	**-1,833,342**
C2.	**Closing balance of cash and cash equivalents**			**40,653,283**	**5,011,693**
			Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	**35,942,379**	**-631,508**
	Opening balance of cash and cash equivalents			**4,710,904**	**5,643,201**

7.5 Unaudited consolidated statement of changes in equity

Unaudited consolidated statement of changes in equity for the six months to 30 June 2016

(€)	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/loss for the period	VII. Treasury shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interest in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	**71,856,376**	**43,388,724**	**11,242,766**	**10,319,347**	**976,191**	**11,225,068**	**89,191,057**	**12,721,705**	**-37,472**	**23,490,926**	**24,849,678**	**-10,319,347**	**-3,467,155**	**285,437,863**	**963,815**	**286,401,678**
Opening balance in the financial period	**71,856,376**	**43,388,724**	**11,242,766**	**10,319,347**	**976,191**	**11,225,068**	**89,191,057**	**12,721,705**	**-37,472**	**23,490,926**	**24,849,678**	**-10,319,347**	**-3,467,155**	**285,437,863**	**963,815**	**286,401,678**
Comprehensive income for the period, net of tax	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**8,966,178**	**-61,311**	**0**	**14,363,913**	**0**	**160,922**	**23,429,702**	**-11,147**	**23,418,555**
a) Net profit/loss for the period	0	0	0	0	0	0	0	0		0	14,363,913	0		14,363,913	-22,957	**14,340,956**
b) Other comprehensive income	0	0	0	0	0	0	0	8,966,178	-61,311	0	0		160,922	9,065,789	11,810	**9,077,599**
Net purchase/sale of treasury shares	0	0	0	14,619,362	0	0	0	0	0	0	-14,619,362	-14,619,362	0	**-14,619,362**	0	**-14,619,362**
Allocation of net profit to profit reserve	0	0	140,144	0	0	0	0	0	0	-140,144	0	0	0	**0**	0	**0**
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-908,878	74,217	0	0	0	917,885	-83,224	0	0	**0**	0	**0**
Acquisition of non-controlling interests	0	-188	0	0	0	0	0	0	0	0	0		0	**-188**	-5,893	**-6,081**
Transfer of profit	0	0	0	0	0	0	0	0	0	24,849,678	-24,849,678	0	0	**0**	0	**0**
Other	0	0	0	0	0	0	0	0	0	-26,934	0	0	0	**-26,934**	0	**-26,934**
Closing balance in the financial period	**71,856,376**	**43,388,536**	**11,382,910**	**24,938,709**	**67,313**	**11,299,285**	**89,191,057**	**21,687,883**	**-98,783**	**49,091,414**	**-338,673**	**-24,938,709**	**-3,306,233**	**294,221,084**	**946,775**	**295,167,859**

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

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares	VIII. Translation reserve	IX. Equity attributable to owners of the controlling company	X. Non-controlling interest in equity	Total (15 + +16)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other									
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.	15.	16.	17.
Closing balance in previous financial year	**71,856,376**	**44,638,799**	**11,140,269**	**10,115,023**	**876,938**	**11,744,474**	**81,269,632**	**18,594,753**	**-146,012**	**15,652,780**	**17,474,558**	**-10,115,023**	**-3,489,433**	**269,613,133**	**1,915,490**	**271,528,623**
Prior-period adjustments	0	0	0	0	0	0	0	0	0	-1,099,111	0	0	0	-1,099,111	0	**-1,099,111**
Opening balance in the financial period	**71,856,376**	**44,638,799**	**11,140,269**	**10,115,023**	**876,938**	**11,744,474**	**81,269,632**	**18,594,753**	**-146,012**	**14,553,669**	**17,474,558**	**-10,115,023**	**-3,489,433**	**268,514,022**	**1,915,490**	**270,429,512**
Comprehensive income for the period, net of tax	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-6,373,689**	**-3,193**	**0**	**17,106,884**	**0**	**93,374**	**10,823,376**	**-14,374**	**10,809,002**
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	17,106,884	0	0	17,106,884	-1,936	**17,104,948**
b) Other comprehensive income	0	0	0	0	0	0	0	-6,373,689	-3,193	0	0	0	93,374	-6,283,508	-12,438	**-6,295,946**
Net purchase/sale of treasury shares	0	0	0	132,001	0	0	0	0	0	0	-132,001	-132,001	0	**-132,001**	0	**-132,001**
Dividend payouts	0	0	0	0	0	0	0	0	0	-9,065,978	0	0	0	**-9,065,978**	0	**-9,065,978**
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	26,250	62,335	0	0	0	0	-88,585	0	0	0	0	**0**
Acquisition of non-controlling interests	0	-308,790	0	0	0	0	0	0	0	0	0	0	0	-308,790	-227,659	**-536,449**
Transfer of profit	0	0	0	0	0	0	0	0	0	17,474,558	-17,474,558	0	0	**0**	0	**0**
Closing balance in the financial period	**71,856,376**	**44,330,009**	**11,140,269**	**10,247,024**	**903,188**	**11,806,809**	**81,269,632**	**12,221,064**	**-149,205**	**22,962,247**	**16,886,298**	**-10,247,024**	**-3,396,059**	**269,830,626**	**1,673,457**	**271,504,083**

8 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The selected notes to the half-yearly financial statements are significant to an understanding of the changes in financial position and performance of the Group in the first half-year of 2016 as compared to both the first half-year of 2015 and end-of-year 2015.

8.1 Overview of major accounting policies

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

Pursuant to IAS 34, notes are provided in relation to major business events that are required to understand the financial position and performance of the Group compared to the previous annual financial report prepared for 2015.

The financial statements with notes as at and for the six months to 30 June 2016 have not been audited.

The interim financial statements at 30 June 2016 have been prepared following the same accounting policies and computation methods as the annual financial statements for 2015.

As of 1 January 2016, the Group changed the disclosure of cash assets to include cash equivalents. Previously, in the statement of financial position at 31 December 2015 these were disclosed under financial investments. Thus, the statement of financial position and cash flow item "cash and cash equivalents" comprises:

- cash, including cash on hand, cash in bank accounts of commercial banks or other financial institutions and overnight deposits, and
- cash equivalents, including demand deposits and deposits with an original maturity of up to three months.

Detailed information on this change is provided in note 8.8.5 "Cash and cash equivalents".

8.2 Seasonality and cyclicality of interim operations

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

8.3 The nature and amount of unusual items

There were no items unusual because of their nature, size or incidence that would affect assets, liabilities, equity, net profit or cash flows in the period 1–6/2016.

8.4 Materiality

Equity was used as a basis in determining a materiality threshold for the consolidated financial statements, specifically 2 % thereof at 30 June 2016, which is € 5.9 million. Changes in the balance of statement of financial position items that did not exceed the set materiality threshold have not been presented in detail in interim financial statements. Disclosures and notes that the Group is required to present under IAS 34 or statutory requirements are given in the report, even though they may not exceed the materiality threshold.

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

The Group issued no new debt or equity securities.

8.6 Key accounting estimates and judgements

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

8.7 Analysis of operating segments

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

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

Operating segments include reinsurance business, non-life insurance business, life insurance business, and 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.

Statement of financial position items by operating segment – assets at 30 June 2016

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	**362,846,349**	**498,037,087**	**108,067,872**	**606,104,960**	**681,810,861**	**22,824,702**	**704,635,563**	**5,296,460**	**1,678,883,332**
Intangible assets	716,071	10,850,708	10,409,825	21,260,533	6,965,654	43,791	7,009,445	18,542	29,004,591
Property and equipment	7,803,029	26,118,118	10,613,787	36,731,905	2,417,332	2,452,431	4,869,763	2,158,238	51,562,935
Deferred tax assets	1,948,425	482,019	26,076	508,095	354,492	160	354,652	0	2,811,172
Investment property	2,943,167	284,667	4,391,144	4,675,811	42,962	251,897	294,859	0	7,913,837
Financial investments:	242,649,938	359,248,838	60,654,321	419,903,159	331,231,715	18,085,472	349,317,187	53,069	1,011,923,353
- loans and deposits	11,984,857	9,313,371	14,570,716	23,884,087	167,543	4,051,050	4,218,593	51,237	40,138,774
- held to maturity	2,022,941	40,346,118	5,223,546	45,569,664	77,907,503	2,878,968	80,786,471	0	128,379,076
- available for sale	226,910,930	309,099,399	40,195,911	349,295,310	242,808,318	10,852,634	253,660,952	1,832	829,869,024
- at fair value through profit or loss	1,731,210	489,950	664,148	1,154,098	10,348,351	302,820	10,651,171	0	13,536,479
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	214,571,815	35,193	214,607,008	0	214,607,008
Reinsurers' share of technical provisions	10,700,517	14,846,717	5,251,410	20,098,127	186,122	2,058	188,180	0	30,986,824
- from unearned premiums	352,633	9,409,840	1,437,356	10,847,196	29,543	556	30,099	0	11,229,928
- from provisions for claims outstanding	10,347,884	6,116,558	3,814,054	9,930,611	156,579	1,502	158,081	0	20,436,576
- from other technical provisions	0	-679,680	0	-679,680	0	0	0	0	-679,680
Assets under investment contracts	0	0	0	0	115,284,406	0	115,284,406	0	115,284,406
Receivables	71,484,444	64,716,645	10,721,170	75,437,815	2,274,818	219,292	2,494,110	2,601,532	152,017,901
- Receivables arising out of primary insurance business	0	59,195,278	7,652,056	66,847,334	892,326	112,042	1,004,368	0	67,851,702
- Receivables arising out of reinsurance and co-insurance business	71,181,652	1,167,349	784,527	1,951,876	6	0	6	0	73,133,534
- Current tax assets	0	0	127,466	127,466	788,260	0	788,260	0	915,726
- Other receivables	302,792	4,354,018	2,157,121	6,511,139	594,226	107,250	701,476	2,601,532	10,116,939
Deferred acquisition costs	6,335,007	10,104,403	2,474,753	12,579,156	264,876	1,980	266,856	0	19,181,019
Other assets	542,240	1,753,834	436,108	2,189,942	55,163	32,191	87,354	29,987	2,849,523
Cash and cash equivalents	17,723,512	9,547,422	3,089,278	12,636,700	8,161,506	1,696,473	9,857,979	435,092	40,653,283
Non-current assets held for sale	0	83,716	0	83,716	0	3,764	3,764	0	87,480

Statement of financial position items by operating segment – equity and liabilities at 30 June 2016

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	**356,270,748**	**528,835,712**	**109,810,615**	**638,646,328**	**663,754,077**	**18,672,202**	**682,426,279**	**1,539,976**	**1,678,883,332**
Equity	132,019,027	71,063,039	33,211,989	104,275,029	50,725,731	6,826,863	57,552,594	1,321,208	295,167,859
Equity attributable to owners of the controlling company	132,019,027	71,063,039	32,659,327	103,722,367	50,725,731	6,434,956	57,160,687	1,319,002	294,221,084
Non-controlling interest in equity	0	0	552,662	552,662	0	391,907	391,907	2,206	946,775
Subordinated liabilities	23,549,646	0	0	0	0	0	0	0	23,549,646
Technical provisions	162,752,939	430,387,511	69,866,311	500,253,822	270,087,131	11,386,459	281,473,590	0	944,480,351
- Unearned premiums	38,068,517	131,867,477	25,443,607	157,311,084	815,084	135,806	950,890	0	196,330,491
- Mathematical provisions	0	0	0	0	255,173,329	10,987,952	266,161,281	0	266,161,281
- Provision for outstanding claims	124,604,981	288,295,134	43,897,493	332,192,627	14,098,718	262,701	14,361,419	0	471,159,027
- Other technical provisions	79,441	10,224,900	525,211	10,750,111	0	0	0	0	10,829,552
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	212,628,694	35,193	212,663,887	0	212,663,887
Other provisions	400,046	5,754,970	506,127	6,261,097	1,268,597	13,633	1,282,230	2,617	7,945,990
Deferred tax liabilities	0	3,403,470	79,941	3,483,411	3,014,855	7,480	3,022,335	5,721	6,511,467
Liabilities under investment contracts	0	0	0	0	115,170,650	0	115,170,650	0	115,170,650
Other financial liabilities	87,426	0	0	0	0	0	0	0	87,426
Liabilities from operating activities	34,106,552	6,760,369	2,087,431	8,847,800	7,509,086	137,645	7,646,731	6,871	50,607,954
- Liabilities from primary insurance business	0	4,063,356	847,664	4,911,020	6,482,930	106,107	6,589,037	0	11,500,057
- Liabilities from reinsurance and co-insurance business	31,792,269	1,658,559	1,080,473	2,739,032	605	734	1,339	0	34,532,640
- Current income tax liabilities	2,314,283	1,038,454	159,294	1,197,748	1,025,551	30,804	1,056,355	6,871	4,575,257
Other liabilities	3,355,112	11,466,353	4,058,816	15,525,169	3,349,333	264,929	3,614,262	203,559	22,698,102

Statement of financial position items by operating segment – assets at 31 December 2015

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
ASSETS	**335,113,208**	**471,097,412**	**104,110,885**	**575,208,297**	**670,046,218**	**21,697,243**	**691,743,461**	**5,216,094**	**1,607,281,060**
Intangible assets	666,490	12,420,044	10,392,378	22,812,422	6,909,849	59,058	6,968,907	17,496	30,465,315
Property and equipment	2,455,343	27,257,037	10,555,501	37,812,538	2,284,427	2,482,888	4,767,315	2,182,115	47,217,311
Deferred tax assets	2,285,448	47,144	29,669	76,813	0	9,596	9,596	0	2,371,857
Investment property	2,999,742	292,527	4,455,919	4,748,446	43,633	248,423	292,056	0	8,040,244
Financial investments:	239,798,250	364,469,374	60,136,040	424,605,414	332,938,023	17,662,049	350,600,072	53,069	1,015,056,805
- loans and deposits	10,622,047	18,420,623	18,257,288	36,677,911	6,245,235	4,125,531	10,370,766	51,237	57,721,961
- held to maturity	2,074,258	61,090,644	4,645,070	65,735,714	94,148,976	3,485,322	97,634,298	0	165,444,270
- available for sale	223,973,704	282,608,171	36,499,745	319,107,916	220,701,045	9,702,300	230,403,345	1,832	773,486,797
- at fair value through profit or loss	3,128,241	2,349,936	733,937	3,083,873	11,842,767	348,896	12,191,663	0	18,403,777
Funds for the benefit of policyholders who bear the investment risk	0	0	0	0	214,153,769	35,348	214,189,117	0	214,189,117
Reinsurers' share of technical provisions	10,715,168	8,387,854	4,513,367	12,901,222	258,387	2,500	260,887	0	23,877,277
Assets under investment contracts	0	0	0	0	111,418,244	0	111,418,244	0	111,418,244
Receivables	69,471,292	48,160,043	8,884,189	57,044,232	1,447,432	205,633	1,653,065	2,495,340	130,663,929
- Receivables arising out of primary insurance business	0	44,597,018	6,000,526	50,597,544	804,966	108,257	913,223	0	51,510,767
- Receivables arising out of reinsurance and co-insurance business	67,730,863	502,027	522,877	1,024,904	4	1,815	1,819	0	68,757,586
- Current tax assets	1,633,620	0	100,378	100,378	0	0	0	296	1,734,294
- Other receivables	106,809	3,060,998	2,260,408	5,321,406	642,462	95,561	738,023	2,495,044	8,661,282
Deferred acquisition costs	6,054,860	9,278,328	2,285,249	11,563,578	372,199	1,848	374,047	0	17,992,485
Other assets	380,665	453,619	237,894	691,513	33,717	28,402	62,119	38,862	1,173,159
Cash and cash equivalents	285,950	227,028	2,620,678	2,847,706	186,538	961,498	1,148,036	429,212	4,710,904
Non-current assets held for sale	0	104,413	0	104,413	0	0	0	0	104,413

Statement of financial position items by operating segment – equity and liabilities at 31 December 2015

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
		Slovenia	International	Total	Slovenia	International	Total		
EQUITY AND LIABILITIES	**319,043,959**	**508,862,351**	**108,192,139**	**617,054,490**	**653,391,027**	**17,657,935**	**671,048,962**	**133,650**	**1,607,281,060**
Equity	106,575,645	83,959,570	36,329,811	120,289,381	52,620,232	6,997,920	59,618,152	-81,499	286,401,678
Equity attributable to owners of the controlling company	106,575,645	83,959,570	35,758,746	119,718,316	52,620,232	6,606,036	59,226,268	-82,365	285,437,863
Non-controlling interest in equity	0	0	571,065	571,065	0	391,884	391,884	866	963,815
Subordinated liabilities	23,534,136	0	0	0	0	0	0	0	23,534,136
Technical provisions	149,301,490	395,062,053	65,487,744	460,549,797	267,016,594	10,200,619	277,217,213	0	887,068,500
- Unearned premiums	29,416,771	102,286,783	23,467,843	125,754,626	750,713	117,570	868,283	0	156,039,680
- Mathematical provisions	0	0	0	0	252,244,030	9,808,396	262,052,426	0	262,052,426
- Provision for outstanding claims	119,762,737	283,785,036	41,168,951	324,953,987	14,021,851	274,080	14,295,931	0	459,012,655
- Other technical provisions	121,982	8,990,234	850,950	9,841,184	0	573	573	0	9,963,739
Technical provision for the benefit of life insurance policyholders who bear the investment risk	0	0	0	0	207,554,738	35,348	207,590,086	0	207,590,086
Other provisions	347,277	5,233,222	565,043	5,798,265	1,232,293	10,704	1,242,997	1,156	7,389,695
Deferred tax liabilities	0	2,558,159	77,210	2,635,369	1,957,641	0	1,957,641	5,721	4,598,731
Liabilities under investment contracts	0	0	0	0	111,304,383	0	111,304,383	0	111,304,383
Other financial liabilities	91,896	3	114,148	114,151	0	0	0	0	206,047
Liabilities from operating activities	37,058,444	7,525,440	1,779,680	9,305,120	7,939,771	143,842	8,083,613	20,126	54,467,303
- Liabilities from primary insurance business	0	3,533,129	443,609	3,976,738	6,879,987	112,140	6,992,127	0	10,968,865
- Liabilities from reinsurance and co-insurance business	37,058,444	1,651,833	1,000,059	2,651,892	25,610	3,466	29,076	0	39,739,412
- Current income tax liabilities	0	2,340,478	336,012	2,676,490	1,034,174	28,236	1,062,410	20,126	3,759,026
Other liabilities	2,135,071	14,523,904	3,838,503	18,362,407	3,765,375	269,502	4,034,877	188,146	24,720,501

Income statement items by operating segment 1–6/2016

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	**44,428,740**	**114,544,393**	**23,820,271**	**138,364,664**	**40,075,913**	**3,108,910**	**43,184,823**	**0**	**225,978,226**
Gross premiums written	54,988,111	154,890,997	27,527,789	182,418,786	40,288,571	3,129,018	43,417,589	0	280,824,486
Written premiums ceded to reinsurers and co-insurers	-1,105,109	-16,278,451	-1,970,422	-18,248,873	-159,506	-1,822	-161,328	0	-19,515,310
Change in gross unearned premiums	-8,651,746	-29,450,824	-2,034,599	-31,485,423	-48,670	-18,177	-66,847	0	-40,204,016
Change in unearned premiums for the reinsurance and co-insurance part	-802,517	5,382,671	297,502	5,680,174	-4,482	-109	-4,591	0	4,873,066
Investment income	**6,462,583**	**3,572,199**	**1,290,586**	**4,862,785**	**4,952,413**	**399,305**	**5,351,718**	**0**	**16,677,086**
Interest income	2,157,214	2,668,445	1,083,816	3,752,261	4,429,954	302,215	4,732,169	0	10,641,644
Other investment income	4,305,369	903,754	206,770	1,110,524	522,459	97,090	619,549	0	6,035,442
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	**0**	**0**	**0**	**0**	**7,477,217**	**0**	**7,477,217**	**0**	**7,477,217**
Other technical income	**3,710,946**	**2,884,566**	**986,396**	**3,870,963**	**1,130,661**	**24,001**	**1,154,662**	**81,405**	**8,817,975**
Commission income	240,360	1,522,420	248,242	1,770,663	0	0	0	0	2,011,022
Other technical income	3,470,586	1,362,146	738,154	2,100,300	1,130,661	24,001	1,154,662	81,405	6,806,953
Other income	**26,716**	**1,341,744**	**440,393**	**1,782,137**	**994,381**	**10,445**	**1,004,826**	**166,930**	**2,980,609**
Net claims incurred	**-28,727,181**	**-68,576,138**	**-11,068,026**	**-79,644,164**	**-22,740,830**	**-731,951**	**-23,472,782**	**0**	**-131,844,127**
Gross claims payments less income from recourse receivables	-25,777,862	-67,544,379	-10,648,724	-78,193,103	-22,237,162	-745,750	-22,982,912	0	-126,953,877
Reinsurers' and co-insurers' shares	1,105,060	2,526,132	487,290	3,013,422	84,040	0	84,040	0	4,202,522
Change in the gross claims provision	-4,842,243	-4,509,010	-657,389	-5,166,399	-519,927	13,083	-506,844	0	-10,515,486
Change in the provision for outstanding claims for the reinsurance and co-insurance part	787,864	951,119	-249,203	701,916	-67,783	716	-67,067	0	1,422,714
Change in other technical provisions	**42,544**	**-1,250,119**	**376,834**	**-873,285**	**-3,442,349**	**-1,105,744**	**-4,548,093**	**0**	**-5,378,834**
Change in technical provisions for policyholders who bear the investment risk	**0**	**0**	**0**	**0**	**-4,613,757**	**665**	**-4,613,092**	**0**	**-4,613,092**
Expenses for bonuses and rebates	**1**	**-668,717**	**-25,254**	**-693,971**	**0**	**0**	**0**	**0**	**-693,970**
Operating expenses	**-13,334,903**	**-39,256,875**	**-11,753,026**	**-51,009,901**	**-8,784,933**	**-1,522,021**	**-10,306,954**	**-1,172,682**	**-75,824,440**
Acquisition costs	-11,600,920	-9,970,985	-2,070,603	-12,041,588	-2,261,041	-484,084	-2,745,125	0	-26,387,633
Change in deferred acquisition costs	864,288	247,386	179,097	426,483	-47,618	132	-47,486	0	1,243,285
Other operating expenses	-2,598,271	-29,533,276	-9,861,520	-39,394,796	-6,476,274	-1,038,069	-7,514,343	-1,172,682	-50,680,092
Expenses for financial assets and liabilities	**-4,255,725**	**-255,049**	**-89,837**	**-344,886**	**-432,111**	**-118,963**	**-551,074**	**0**	**-5,151,685**
Impairment losses on financial assets not at fair value through profit or loss	0	-55,084	-554	-55,638	0	-6,991	-6,991	0	-62,629
Interest expense	-423,020	0	-195	-195	0	0	0	0	-423,215
Other investment expenses	-3,832,705	-199,965	-89,088	-289,053	-432,111	-111,972	-544,083	0	-4,665,841
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	**0**	**0**	**0**	**0**	**-8,238,108**	**-664**	**-8,238,772**	**0**	**-8,238,772**
Other technical expenses	**-3,832,034**	**-2,898,025**	**-2,511,039**	**-5,409,064**	**-111,428**	**-97,678**	**-209,106**	**-2**	**-9,450,206**
Other expenses	**-63,737**	**-675,103**	**-406,001**	**-1,081,104**	**-57**	**-2,111**	**-2,168**	**-4,841**	**-1,151,850**
Profit/loss before tax	**4,457,949**	**8,762,877**	**1,061,297**	**9,824,174**	**6,267,010**	**-35,806**	**6,231,204**	**-929,190**	**19,584,137**
Income tax expense									-5,243,181
Net profit/loss for the period									**14,340,956**
Net profit/loss attributable to owners of the controlling company									14,363,913
Net profit/loss attributable to non-controlling interest									-22,957

Income statement items by operating segment 1–6/2015

(€)	Reinsurance business	Non-life insurance business			Life insurance business			Other	Total
	Total	Slovenia	International	Total	Slovenia	International	Total	Total	
Net earned premiums	**37,634,303**	**115,898,004**	**22,541,376**	**138,439,380**	**40,335,090**	**2,707,615**	**43,042,705**	**0**	**219,116,387**
Gross premiums written	55,742,327	151,286,614	26,472,167	177,758,781	40,475,545	2,727,071	43,202,616	0	276,703,724
Written premiums ceded to reinsurers and co-insurers	-1,724,709	-14,763,980	-1,858,455	-16,622,435	-148,670	-1,679	-150,349	0	-18,497,493
Change in gross unearned premiums	-15,738,764	-25,201,989	-1,792,976	-26,994,965	19,145	-17,018	2,127	0	-42,731,602
Change in unearned premiums for the reinsurance and co-insurance part	-644,551	4,577,359	-279,360	4,297,999	-10,930	-759	-11,690	0	3,641,758
Income from investments in subsidiary and associate companies	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**79,250**	**79,250**
Profit from investments in equity-accounted associate companies	0	0	0	0	0	0	0	79,250	79,250
Investment income	**10,218,867**	**3,990,240**	**1,190,822**	**5,181,062**	**4,830,930**	**292,261**	**5,123,191**	**0**	**20,523,120**
Interest income	2,256,730	3,174,005	1,127,635	4,301,640	4,454,622	259,139	4,713,761	0	11,272,131
Other investment income	7,962,137	816,235	63,187	879,422	376,308	33,122	409,430	0	9,250,989
Net unrealised gains on investments of life insurance policyholders who bear the investment risk	**0**	**0**	**0**	**0**	**14,945,513**	**116**	**14,945,629**	**0**	**14,945,629**
Other technical income	**4,588,599**	**2,241,869**	**888,453**	**3,130,322**	**566,845**	**54,684**	**621,529**	**55,344**	**8,395,794**
Commission income	328,203	1,270,305	412,135	1,682,440	2,713	89	2,802	0	2,013,445
Other technical income	4,260,396	971,564	476,318	1,447,882	564,132	54,595	618,727	55,344	6,382,349
Other income	**1,090**	**1,398,276**	**709,709**	**2,107,985**	**966,158**	**29,669**	**995,827**	**162,216**	**3,267,118**
Net claims incurred	**-29,158,998**	**-69,633,219**	**-10,136,964**	**-79,770,184**	**-26,080,441**	**-613,454**	**-26,693,895**	**0**	**-135,623,077**
Gross claims payments less income from recourse receivables	-25,776,147	-70,392,424	-9,972,775	-80,365,199	-24,717,242	-599,073	-25,316,315	0	-131,457,661
Reinsurers' and co-insurers' shares	952,117	3,405,392	372,573	3,777,966	58,808	0	58,808	0	4,788,891
Change in the gross claims provision	-4,258,339	-164,272	-503,803	-668,075	-1,349,314	-14,517	-1,363,831	0	-6,290,245
Change in the provision for outstanding claims for the reinsurance and co-insurance part	-76,629	-2,481,916	-32,960	-2,514,875	-72,693	136	-72,557	0	-2,664,062
Change in other technical provisions	**0**	**-970,503**	**-8,350**	**-978,853**	**-175,715**	**-937,587**	**-1,113,302**	**0**	**-2,092,155**
Change in technical provisions for policyholders who bear the investment risk	**0**	**0**	**0**	**0**	**-13,198,053**	**-11,539**	**-13,209,592**	**0**	**-13,209,592**
Expenses for bonuses and rebates	**353**	**-207,561**	**-44,911**	**-252,472**	**0**	**0**	**0**	**0**	**-252,119**
Operating expenses	**-11,492,457**	**-37,220,652**	**-10,771,409**	**-47,992,061**	**-8,330,031**	**-1,541,088**	**-9,871,119**	**-1,159,743**	**-70,515,380**
Acquisition costs	-11,484,309	-9,868,907	-1,719,786	-11,588,693	-2,138,498	-467,379	-2,605,877	0	-25,678,879
Change in deferred acquisition costs	2,342,390	2,103,872	267,777	2,371,649	-978	570	-408	0	4,713,631
Other operating expenses	-2,350,538	-29,455,617	-9,319,400	-38,775,017	-6,190,555	-1,074,279	-7,264,834	-1,159,743	-49,550,132
Expenses for financial assets and liabilities	**-4,162,681**	**-378,986**	**-47,342**	**-426,328**	**-152,876**	**-97,699**	**-250,575**	**0**	**-4,839,584**
Impairment losses on financial assets not at fair value through profit or loss	0	0	-456	-456	0	-11,073	-11,073	0	-11,529
Interest expense	-471,118	-196,087	-22	-196,109	0	-3,257	-3,257	0	-670,484
Other investment expenses	-3,691,563	-182,899	-46,864	-229,763	-152,876	-83,369	-236,245	0	-4,157,571
Net unrealised losses on investments of life insurance policyholders who bear the investment risk	**0**	**0**	**0**	**0**	**-6,887,809**	**-409**	**-6,888,218**	**0**	**-6,888,218**
Other technical expenses	**-3,639,884**	**-3,882,024**	**-2,505,912**	**-6,387,936**	**-63,885**	**-61,062**	**-124,947**	**-22**	**-10,152,789**
Other expenses	**0**	**-428,708**	**-253,379**	**-682,087**	**-6,554**	**-1,527**	**-8,081**	**-4,107**	**-694,275**
Profit/loss before tax	**3,989,192**	**10,806,735**	**1,562,092**	**12,368,828**	**6,749,172**	**-180,021**	**6,569,151**	**-867,063**	**22,060,110**
Income tax expense									-4,955,162
Net profit/loss for the period									**17,104,948**
Net profit/loss attributable to owners of the controlling company									17,106,884
Net profit/loss attributable to non-controlling interest									-1,936

Inter-segment business

(€)	Reinsurance business		Non-life insurance business		Life insurance business		Other	
	1–6/2016	1–6/2015	1–6/2016	1–6/2015	1–6/2016	1–6/2015	1–6/2016	1–6/2015
Net earned premiums	36,428,453	34,530,456	284,185	257,848	0	0	0	0
Net claims incurred	-12,118,707	-14,429,163	-30,075	-39,161	0	0	0	0
Operating expenses	-5,402,539	-5,810,785	-581,455	-278,744	-386,675	-631,738	-69,990	-57,688
Investment income	79,215	100,999	351	2,192	0	0	0	0
Other income	12,648	15,105	113,016	75,406	448	279	970,963	1,939,239

8.8 Notes to significant changes in the statement of financial position

8.8.1 Property and equipment

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

(€)	Land	Buildings	Equipment	Other property and equipment	Total
Cost					
01/01/2016	8,019,657	48,886,307	23,962,466	462,257	81,330,687
Additions	0	5,586,203	1,135,884	0	6,722,087
Disposals	0	-198,851	-2,707,151	0	-2,906,002
Exchange differences	10,771	-16,549	-12,752	-3,104	-21,634
30/06/2016	8,030,428	54,257,110	22,378,447	459,153	85,125,138
Accumulated depreciation and impairment losses					
01/01/2016	0	16,060,017	17,799,123	254,237	34,113,377
Additions	0	629,914	1,186,056	15,297	1,831,267
Disposals	0	0	-2,362,445	0	-2,362,445
Exchange differences	0	-9,571	-7,569	-2,855	-19,995
30/06/2016	0	16,680,360	16,615,165	266,679	33,562,204
Carrying amount as at 01/01/2016	8,019,657	32,826,290	6,163,343	208,020	47,217,311
Carrying amount as at 30 June 2016	8,030,428	37,576,750	5,763,282	192,474	51,562,935

8.8.2 Financial investments

In the first six months of 2016 financial investments decreased by € 3.1 million compared to year-end 2015. The item decreased because as of 1 January 2016, demand deposits and deposits with an original maturity of up to three months in the amount of € 22 million were transferred to the item cash and cash equivalents (demand deposits of € 20.4 million and deposits with an original maturity of up to three months of € 1.6 million). Had this reclassification been made at 31 December 2015, financial investments at 31 December 2015 would have totalled € 993 million. With regard to the above, financial investments as at 30 June 2016 increased by € 18.9 million compared to the adjusted balance as at 31 December 2015.

Financial investments at 30 June 2016

(€)	Held-to-maturity	At fair value through P/L		Available-for-sale	Loans and receivables	Total
		Non-derivative	Designated to this category			
30/06/2016						
Debt instruments	128,379,076	11,845,759		801,099,263	32,485,141	973,809,239
Deposits and CDs	1,540,192	0		0	31,637,310	33,177,502
Government bonds	126,625,382	2,157,549		377,755,322	0	506,538,253
Corporate bonds	213,502	9,688,210		423,343,941	0	433,245,653
Loans granted	0	0		0	847,831	847,831
Equity instruments	0	1,690,720		28,723,282	0	30,414,002
Shares	0	548,776		17,268,103	0	17,816,879
Mutual funds	0	1,141,944		11,455,179	0	12,597,123
Other investments	0	0		46,479	0	46,479
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0		0	7,653,633	7,653,633
Total	128,379,076	13,536,479		829,869,024	40,138,774	1,011,923,353

Financial investments at 31 December 2015

(€) 31/12/2015	Held-to-maturity	At fair value through P/L Non-derivative Designated to this category	Available-for-sale	Loans and receivables	Total
Debt instruments	165,444,270	16,488,823	743,376,443	52,023,187	977,332,723
Deposits and CDs	1,744,334	0	0	51,307,963	53,052,297
Government bonds	163,402,183	3,481,001	335,380,781	0	502,263,965
Corporate bonds	297,753	13,007,822	407,995,662	0	421,301,237
Loans granted	0		0	715,224	715,224
Equity instruments	0	1,728,773	29,936,324	0	31,665,097
Shares	0	595,678	18,310,932	0	18,906,610
Mutual funds	0	1,133,095	11,625,392	0	12,758,487
Other investments	0	186,181	174,030	0	360,211
Financial investments of reinsurers i.r.o. reinsurance contracts with cedants	0	0	0	5,698,774	5,698,774
Total	165,444,270	18,403,777	773,486,797	57,721,961	1,015,056,805

8.8.3 Reinsurers' share of technical provisions

Reinsurers' share of technical provisions (retroceded technical provisions) increased by € 7.1 million or 29.8 % compared to 31 December 2015. This is mainly because of the high level of retroceded unearned premiums set aside for non-proportional covers that are fully booked at the beginning of the year and for which the unearned premiums represent a deferment; thus retroceded unearned premium increased by € 4.7 million compared to the beginning of the year. The reinsurer's share of the claims provision increased by € 1.8 million, mainly due to a large retroceded fire loss incurred by the insured Impol.

Reinsurer's share of technical provisions

(€)	30/06/2016	31/12/2015
From unearned premiums	11,229,928	6,176,167
From provisions for claims outstanding	20,436,576	18,374,900
From other technical provisions	-679,680	-673,790
Total	30,986,824	23,877,277

8.8.4 Receivables

Receivables increased by € 21.4 million compared to year-end 2015. Receivables arising out of primary insurance business increased by € 16.3 million due to the annual renewal of insurance contracts. There was also an increase of € 4.4 million in receivables arising out of reinsurance and co-insurance business as a result of renewals of foreign-sourced reinsurance contracts written by Sava Reinsurance Company.

Receivables by type

(€)	30/06/2016			31/12/2015		
	Gross amount	Allowance	Receivables	Gross amount	Allowance	Receivables
Receivables due from policyholders	94,534,062	-29,131,964	65,402,098	78,920,875	-28,975,503	49,945,372
Receivables from insurance brokers	2,845,911	-497,589	2,348,322	1,871,270	-466,986	1,404,284
Other receivables arising out of primary insurance business	240,672	-139,390	101,282	301,787	-140,676	161,111
Receivables arising out of primary insurance business	97,620,645	-29,768,943	67,851,702	81,093,932	-29,583,165	51,510,767
Receivables for premiums arising out of reinsurance and co-insurance	68,769,732	-361,391	68,408,341	63,733,597	-370,139	63,363,458
Receivables for shares in claims payments	4,087,353	-75,004	4,012,349	4,706,823	-75,004	4,631,819
Other receivables from co-insurance and reinsurance	712,844	0	712,844	762,309	0	762,309
Reinsurance receivables	73,569,929	-436,395	73,133,534	69,202,729	-445,143	68,757,586
Current tax assets	915,726	0	915,726	1,734,294	0	1,734,294
Other short-term receivables arising out of insurance business	26,300,409	-22,682,275	3,618,134	26,727,874	-23,407,774	3,320,100
Receivables arising out of investments	1,736,878	-1,184,976	551,902	2,016,806	-1,203,491	813,315
Other receivables	7,356,743	-1,409,840	5,946,903	6,015,464	-1,487,597	4,527,867
Other receivables	35,394,030	-25,277,091	10,116,939	34,760,144	-26,098,862	8,661,282
Total	207,500,330	-55,482,429	152,017,901	186,791,099	-56,127,170	130,663,929

Movement in allowance for receivables

(€)	01/01/2016	Additions	Reversals	Write-offs	Exchange differences	30/06/2016
Receivables due from policyholders	-28,975,503	-587,724	-498,170	932,429	-2,996	-29,131,964
Receivables from insurance brokers	-466,986	-32,562	199	20	1,740	-497,589
Other receivables arising out of primary insurance business	-140,676	-872	2,048	0	110	-139,390
Receivables arising out of primary insurance business	-29,583,165	-621,158	-495,923	932,449	-1,146	-29,768,943
Receivables for premiums arising out of reinsurance and co-insurance	-370,139	-17,014	25,762	0	0	-361,391
Receivables for shares in claims payments	-75,004	0	0	0	0	-75,004
Reinsurance receivables	-445,143	-17,014	25,762	0	0	-436,395
Other short-term receivables arising out of insurance business	-23,407,774	104,929	49,342	560,258	10,970	-22,682,275
Receivables arising out of investments	-1,203,491	1,030	3,637	0	13,848	-1,184,976
Other short-term receivables	-1,487,597	15,632	56,148	4,200	1,777	-1,409,840
Other receivables	-26,098,862	121,591	109,127	564,458	26,595	-25,277,091
Total	-56,127,170	-516,581	-361,034	1,496,907	25,449	-55,482,429

Receivables ageing analysis

(€) 30/06/2016	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	52,333,777	9,765,505	3,302,816	65,402,098
Receivables from insurance brokers	1,003,695	1,326,103	18,524	2,348,322
Other receivables arising out of primary insurance business	52,776	41,342	7,164	101,282
Receivables arising out of primary insurance business	53,390,248	11,132,950	3,328,504	67,851,702
Receivables for premiums arising out of assumed reinsurance and co-insurance	55,820,346	9,346,607	3,241,388	68,408,341
Receivables for reinsurers' shares in claims	3,273,602	591,604	147,143	4,012,349
Other receivables from co-insurance and reinsurance	687,394	18,084	7,366	712,844
Reinsurance receivables	59,781,342	9,956,295	3,395,897	73,133,534
Current tax assets	915,726	0	0	915,726
Other short-term receivables arising out of insurance business	3,214,720	319,465	83,949	3,618,134
Short-term receivables arising out of financing	270,043	226,821	55,038	551,902
Other short-term receivables	4,635,780	579,083	732,040	5,946,903
Other receivables	8,120,543	1,125,369	871,027	10,116,939
Total	122,207,859	22,214,614	7,595,428	152,017,901

(€) 31/12/2015	Not past due	Past due up to 180 days	Past due more than 180 days	Total
Receivables due from policyholders	37,098,068	9,065,428	3,781,876	49,945,372
Receivables from insurance brokers	769,415	611,082	23,787	1,404,284
Other receivables arising out of primary insurance business	114,592	9,498	37,021	161,111
Receivables arising out of primary insurance business	37,982,075	9,686,008	3,842,684	51,510,767
Receivables for premiums arising out of assumed reinsurance and co-insurance	51,218,164	9,610,038	2,535,256	63,363,458
Receivables for reinsurers' shares in claims	3,633,779	363,779	634,261	4,631,819
Other receivables from co-insurance and reinsurance	644,654	104,306	13,349	762,309
Reinsurance receivables	55,496,597	10,078,123	3,182,866	68,757,586
Current tax assets	1,734,294	0	0	1,734,294
Other short-term receivables arising out of insurance business	2,149,062	1,088,551	82,487	3,320,100
Short-term receivables arising out of financing	689,965	70,247	53,103	813,315
Other short-term receivables	3,711,991	266,571	549,305	4,527,867
Other receivables	6,551,018	1,425,369	684,895	8,661,282
Total	101,763,984	21,189,500	7,710,445	130,663,929

8.8.5 Cash and cash equivalents

(€)	30/06/2016	31/12/2015
Cash on hand	68,697	46,946
Cash in bank accounts	6,603,319	4,587,530
Cash equivalents	33,981,267	76,428
Total	40,653,283	4,710,904

As set out in section 8.1 "Overview of major accounting policies", as of 1 January 2016 the Group has disclosed demand deposits and deposits with an original maturity of up to three months under the cash equivalents item. Had the reallocation been completed at 31 December 2015, the balance of cash and cash equivalents at 31 December 2015 would have been higher by € 22 million and would have totalled € 26.7 million.

8.8.6 Fair value reserve

The fair value reserve comprises the change in fair value of available-for-sale financial assets.

(€)	2016	2015
As at 1 January	12,721,705	18,448,741
Change in fair value	10,051,952	-9,348,058
Transfer of the negative fair value reserve to the IS due to impairment	-62,629	-726,066
Transfer from fair value reserve to the IS due to disposal	766,619	3,124,009
Net gains/losses attributable to the Group recognised in the fair value reserve and retained profit/loss relating to investments in equity-accounted associate companies	0	-33,187
Other net profits/losses	0	143,267
Deferred tax	-1,789,764	1,112,999
Total fair value reserve	21,687,883	12,721,705

8.8.7 Own shares

At 30 June 2016, the Group held a total of 1,721,966 own shares (31/12/2015: 741,521) with ticker POSR (accounting for 10 % of shares issued) for a value of € 24,938,709 (31/12/2015: € 10,319,347).

Own shares are a contra account of equity.

8.8.8 Net earnings/loss per share

The weighted average number of shares outstanding in the financial period was 16,043,252. At 30 June 2016, the controlling company owned 1,721,966 treasury shares, which are excluded when calculating the weighted average number of shares.

Net earnings/loss per share

(€)	1–6/2016	1–6/2015
Net profit/loss for the period	14,340,956	17,104,948
Net profit/loss for the period attributable to owners of the controlling company	14,363,913	17,106,884
Weighted average number of shares	16,043,252	16,484,972
Net earnings/loss per share	**0.90**	**1.04**

Comprehensive income per share

(€)	1–6/2016	1–6/2015
Comprehensive income for the period	23,418,555	10,809,002
Comprehensive income for the period attributable to owners of the controlling company	23,429,702	10,823,376
Weighted average number of shares	16,043,252	16,484,972
Comprehensive income per share	**1.46**	**0.66**

8.8.9 Technical provisions

Technical provisions increased by € 57.4 million or 6.5 % compared to 31 December 2015. The largest increase was recorded in gross unearned premiums (€ 40.3 million) as a result of establishing high unearned premiums for coverages for which the full-year premiums were booked at the beginning of the year. Gross claims provisions increased by 2.6 % (€ 12.1 million) mainly due to (i) non-Group reinsurance business as a result of growth in 2015, (ii) Slovenian non-life business as a result of a large fire loss and (iii) the assumption of a minor portfolio in Serbia in run-off. The gross provision for traditional life policies increased by 1.6 % (or € 4.1 million) compared to year-end 2015. Provisions for bonuses, rebates and cancellations remained at approximately the same level as at the end of 2015, while the provision for unexpired risks increased in line with the growth in unearned premiums.

Movements in gross technical provisions

(€)	01/01/2016	Additions	Uses and releases	Exchange differences	30/06/2016
Gross unearned premiums	156,039,680	147,016,770	-106,614,401	-111,558	196,330,491
Technical provisions for life insurance business	262,052,426	15,153,374	-11,093,260	48,741	266,161,281
Gross provision for claims	459,012,655	88,960,703	-75,986,643	-827,688	471,159,027
Gross provision for bonuses, rebates and cancellations	1,132,456	543,404	-565,052	-154	1,110,654
Other gross technical provisions	8,831,283	3,281,658	-2,389,818	-4,225	9,718,898
Total	887,068,500	254,955,909	-196,649,174	-894,884	944,480,351

8.8.10 Fair values of assets and liabilities

Financial assets measured at fair value by level of the fair value hierarchy at 30 June 2016

(€) 30/06/2016	Carrying amount (CA)	Fair value			Difference between FV and CA
		Level 1	Level 2	Level 3	
Investments measured at fair value	***843,405,502***	***669,457,909***	***164,392,180***	***12,346,525***	***2,791,111***
At fair value through P/L	***13,536,479***	***3,797,149***	***9,597,575***	***144,108***	***2,353***
Designated to this category	*13,536,479*	*3,797,149*	*9,597,575*	*144,108*	*2,353*
Debt instruments	11,845,758	2,534,994	9,169,010	144,108	2,353
Equity instruments	1,690,720	1,262,155	428,565	0	0
Available-for-sale	***829,869,024***	***665,660,760***	***154,794,605***	***12,202,417***	***2,788,758***
Debt instruments	801,099,263	654,070,628	142,226,560	7,590,833	2,788,758
Equity instruments	28,723,282	11,590,132	12,568,045	4,565,105	0
Other investments	46,479	0	0	46,479	0
Investments not measured at fair value	***168,517,850***	***129,300,326***	***43,501,500***	***12,825,435***	***17,109,410***
Held-to-maturity assets	***128,379,076***	***118,643,950***	***25,431,512***	***0***	***15,696,386***
Debt instruments	128,379,076	118,643,950	25,431,512		15,696,386
Loans and receivables	***40,138,774***	***10,656,376***	***18,069,988***	***12,825,435***	***1,413,024***
Deposits	31,637,311	10,445,463	18,069,988	4,534,884	1,413,025
Loans granted	847,831	210,913	0	636,918	0
Deposits with cedants	7,653,633	0	0	7,653,633	0

Financial assets measured at fair value by level of the fair value hierarchy at 31 December 2015

(€) 31/12/2015	Carrying amount	Fair value				Difference between FV and CA
		Level 1	Level 2	Level 3	Total fair value	
Investments measured at fair value	***791,890,574***	***609,121,776***	***170,264,955***	***12,503,843***	***791,890,574***	***0***
At fair value through P/L	***18,403,775***	***4,659,094***	***13,744,682***	***0***	***18,403,776***	***0***
Designated to this category	*18,403,775*	*4,659,094*	*13,744,681*	*0*	*18,403,775*	*0*
Debt instruments	16,488,821	3,394,741	13,094,080	0	16,488,821	0
Equity instruments	1,728,773	1,264,353	464,420	0	1,728,773	0
Other investments	186,181	0	186,181	0	186,181	0
Available-for-sale	***773,486,798***	***604,462,682***	***156,520,273***	***12,503,843***	***773,486,798***	***0***
Debt instruments	743,376,444	592,835,458	142,648,726	7,892,260	743,376,444	0
Equity instruments	29,936,324	11,627,224	13,743,996	4,565,104	29,936,324	0
Other investments	174,030	0	127,551	46,479	174,030	
Investments not measured at fair value	***223,166,231***	***166,653,085***	***71,779,708***	***1,096,225***	***239,529,018***	***16,362,787***
Held-to-maturity assets	***165,444,270***	***123,671,948***	***56,613,888***	***600,301***	***180,886,136***	***15,441,867***
Debt instruments	165,444,270	123,671,948	56,613,888	600,301	180,886,136	15,441,867
Loans and receivables	***57,721,961***	***42,981,138***	***15,165,820***	***495,924***	***58,642,882***	***920,921***
Deposits	52,023,187	37,196,717	15,165,820	495,924	52,858,461	835,274
Deposits with cedants	5,698,774	0	0	5,698,774	5,698,774	0

Movements in level 3 financial assets

(€)	Debt instruments		Equity instruments		Other investments	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Opening balance	***7,892,260***	***0***	***4,565,104***	***4,638,249***	***46,479***	***0***
Additions	304,034	7,892,260	1	0	0	0
Impairment losses	0	0	0	-686,472	0	0
Maturity	-605,303	0	0	0	0	0
Revaluation to fair value	-158	0	0	0	0	0
Reclassification into other levels	0	0	0	-2,770	0	0
Reclassification into level	0	0	0	616,097	0	46,479
Closing balance	***7,590,833***	***7,892,260***	***4,565,105***	***4,565,104***	***46,479***	***46,479***

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

30/06/2016	Date of fair value measurement	Carrying amount at reporting date	Fair value at reporting date	Determination of fair values
Real estate				
Owner-occupied property	30/06/2016	45,607,179	42,590,932	market approach and income approach (weighted 50: 50), new purchases at cost
Investment property	30/06/2016	7,913,837	8,367,005	
Total		53,521,016	50,957,937	

Changes in fair value of property in the period 1–6/2016

(€)	Opening balance	Acquisitions	Disposals	Change in fair value	Exchange differences	Closing balance
Owner-occupied property	37,048,744	5,516,169	-198,851	196,625	28,245	42,590,932
Investment property	8,443,933	0	-56,718	8,768	-28,978	8,367,005
Total	45,492,677	5,516,169	-255,569	205,393	-733	50,957,937

Reclassification of assets and financial liabilities between levels in the period 1–6/2016

(€)	Level 1	Level 2	Level 3
Available-for-sale	***4,157,983***	***-4,157,983***	***0***
Debt instruments	4,157,983	-4,157,983	0
Total	***4,157,983***	***-4,157,983***	***0***

9 RELATED-PARTY DISCLOSURES

Fixed remuneration of management board members for performing their function in the first half year of 2016 totalled € 304,114 (1–6/2015: € 305,935). Variable remuneration amounted to € 58,956 (1–6/2015: € 100,660). Fringe benefits were € 22,259 (1–6/2015: € 18,850).

Remuneration paid to supervisory board members and members of the supervisory board audit committee and fit and proper committee in the first half of 2016 totalled € 74,339 (1–6/2015: € 70,985).

Remuneration of management board members in 1–6/2016

(€)	Gross salary – fixed amount	Gross salary – variable amount	Fringe benefits – insurance premiums	Fringe benefits – use of company car	Total
Zvonko Ivanušič	84,876	15,936	3,144	4,476	108,432
Jošt Dolničar	69,441	14,340	2,617	1,122	87,521
Srečko Čebron	76,896	14,340	2,729	1,032	94,997
Mateja Treven	72,900	14,340	2,611	4,527	94,379
Total	304,114	58,956	11,101	11,157	385,328

Liabilities to members of the management board based on gross remuneration

(€)	30/06/2016	31/12/2015
Zvonko Ivanušič	13,946	13,946
Jošt Dolničar	11,950	11,950
Srečko Čebron	12,616	12,616
Mateja Treven	11,950	11,950
Total	50,462	50,462

Remuneration of members of the supervisory board, audit committee and fit and proper committee for fit and proper assessments in the period 1–6/2016

(€)		Attendance fees	Remuneration for performing the function	Expenses reimbursed	Total
Supervisory board members					
Branko Tomažič	chairman of the SB	2,090	9,750	2,382	14,222
Mateja Lovšin Herič	deputy chair of the SB	2,090	7,150	185	9,425
Slaven Mićković	member of the SB	2,090	6,500	160	8,750
Gorazd Andrej Kunstek	member of the SB	2,090	6,500	175	8,765
Keith William Morris	member of the SB	2,090	6,500	2,266	10,856
Helena Dretnik	member of the SB	550	2,167	170	2,887
Mateja Živec	member of the SB	990	3,250	0	4,240
Total supervisory board members		11,990	41,817	5,339	59,146
Audit committee members					
Mateja Lovšin Herič	chair of the AC	1,496	2,438	0	3,934
Slaven Mićković	member of the AC	1,496	1,625	7	3,128
Ignac Dolenšek	external member		7,538	155	7,692
Total audit committee members		2,992	11,600	162	14,754
Members of the fit & proper committee					
Mateja Lovšin Herič	member	220	0	0	220
Branko Tomažič	member	220	0	0	220
Nika Matjan	member	0	0	0	0
Members of the fit & proper committee		440	0	0	440

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

(€)	30/06/2016	31/12/2015
Branko Tomažič	2,450	2,230
Mateja Lovšin Herič	2,093	2,093
Slaven Mićković	1,849	1,849
Gorazd Andrej Kunstek	1,578	1,358
Keith William Morris	4,515	13,621
Helena Dretnik	0	1,358
Ignac Dolenšek	1,578	4,332
Total	14,063	26,841

Transactions with subsidiaries

Investments in and amounts due from Group companies

(€)	30/06/2016	31/12/2015
Debt securities and loans granted to Group companies	2,834,953	2,834,953
Receivables for premiums arising out of reinsurance assumed	18,862,374	14,722,143
Short-term receivables arising out of financing	33,120	28,091
Other short-term receivables	6,488	204,223
Short-term deferred acquisition costs	5,806,462	4,166,332
Total	27,543,397	21,955,742

Liabilities to Group companies

(€)	30/06/2016	31/12/2015
Liabilities for shares in reinsurance claims due to Group companies	9,835,856	7,892,615
Other liabilities from co-insurance and reinsurance	4,168,092	2,920,851
Other short-term liabilities	12,544,791	12,325,063
Total (excl. provisions)	26,548,739	23,138,529

Income and expenses relating to Group companies

(€)	1–6/2016	1–6/2015
Gross premiums written	36,428,453	34,788,304
Change in gross unearned premiums	-9,664,620	-8,504,044
Gross claims payments	-12,745,629	-14,468,324
Change in the gross claims provision	-1,436,478	5,110,555
Income from gross recourse receivables	626,922	651,330
Other operating expenses	-56,325	-408,114
Dividend income	24,999,093	12,894,956
Interest income	79,215	100,494
Acquisition costs	-6,986,315	-8,050,569
Change in deferred acquisition costs	1,640,099	1,396,584
Other technical income	7,072	18,235
Other non-life income	0	24,405
Total	32,891,487	23,553,812

Transactions with the state and majority state-owned entities

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

(€)	30/06/2016	31/12/2015
Interests in companies	9,151,964	8,770,698
Debt securities and loans	298,245,613	311,386,506
Receivables due from policyholders	903,703	358,169
Total	308,301,280	320,515,374

Liabilities to the state and majority state-owned companies

(€)	30/06/2016	31/12/2015
Liabilities for shares in claims	11,943	80,548
Total	11,943	80,548

Income and expenses relating to majority state-owned companies

(€)	1–6/2016	1–6/2015
Gross premiums written	10,748,433	8,858,894
Gross claims payments	-1,360,014	-3,901,699
Interest income	5,087,528	5,891,666
Other investment income	717,114	801,304
Total	15,193,061	11,434,462

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

UNAUDITED CONDENSED FINANCIAL STATEMENTS OF SAVA REINSURANCE COMPANY

10 UNAUDITED CONDENSED SEPARATE FINANCIAL STATEMENTS

10.1 Unaudited statement of financial position

(€)	30/06/2016	31/12/2015
ASSETS	610,797,891	570,886,710
Intangible assets	**716,071**	**666,490**
Property and equipment	**7,803,029**	**2,455,343**
Deferred tax assets	**1,948,425**	**2,285,448**
Investment property	**2,943,167**	**2,999,742**
Financial investments in subsidiaries and associates	**208,237,801**	**208,231,721**
Financial investments:	**245,484,891**	**242,633,203**
- loans and deposits	14,819,810	13,457,000
- held to maturity	2,022,941	2,074,258
- available for sale	226,910,930	223,973,704
- at fair value through profit or loss	1,731,210	3,128,241
Reinsurers' share of technical provisions	**21,685,253**	**16,026,358**
Receivables	**90,713,794**	**84,425,749**
Reinsurance receivables	90,371,394	82,453,006
Current tax assets	0	1,633,620
Other receivables	342,400	339,123
Deferred acquisition costs	**12,999,708**	**10,496,041**
Other assets	**542,240**	**380,665**
Cash and cash equivalents	**17,723,512**	**285,950**
EQUITY AND LIABILITIES	610,797,891	570,886,710
Equity	**280,291,624**	**263,679,403**
Share capital	71,856,376	71,856,376
Capital reserves	54,239,757	54,239,757
Profit reserves	137,876,791	124,175,314
Own shares	-24,938,709	-10,319,347
Fair value reserve	4,652,166	3,006,703
Reserve due to fair value revaluation	-68,619	-42,835
Retained earnings	21,681,320	12,769,646
Net profit/loss for the period	14,992,542	7,993,789
Subordinated liabilities	**23,549,646**	**23,534,136**
Technical provisions	**245,458,746**	**220,901,954**
Unearned premiums	64,862,431	46,546,065
Provision for outstanding claims	180,191,631	173,912,911
Other technical provisions	404,684	442,978
Other provisions	**400,046**	**347,277**
Other financial liabilities	**87,427**	**91,897**
Liabilities from operating activities	**45,110,500**	**47,871,910**
Reinsurance payables	42,796,217	47,871,910
Current income tax liabilities	2,314,283	0
Other liabilities	**15,899,902**	**14,460,133**

10.2 Unaudited income statement

(€)	Note	1–6/2016	1–6/2015
Net earned premiums	24	**64,243,892**	**56,386,830**
Gross premiums written		91,416,564	90,272,783
Written premiums ceded to reinsurers and co-insurers		-12,557,132	-12,464,221
Change in gross unearned premiums		-18,316,366	-24,216,818
Change in unearned premiums for the reinsurance and co-insurance part		3,700,826	2,795,086
Income from investments in subsidiaries and associates	25	**24,999,093**	**12,854,219**
Investment income	26	**6,541,798**	**10,319,866**
Interest income		2,236,429	2,357,729
Other investment income		4,305,369	7,962,137
Other technical income	27	**5,134,522**	**5,679,098**
Commission income		1,651,288	1,403,995
Other income		3,483,234	4,275,103
Other income	28	**26,716**	**1,488**
Net claims incurred	29	**-39,297,576**	**-39,374,478**
Gross claims payments less income from recourse receivables		-37,896,569	-40,205,310
Reinsurers' and co-insurers' shares		2,919,646	3,258,803
Change in the gross claims provision		-6,278,721	854,439
Change in the provision for outstanding claims for the reinsurance and co-insurance part		1,958,068	-3,282,410
Change in other technical provisions	30	**42,544**	**0**
Expenses for bonuses and rebates	30	**-4,249**	**14,241**
Operating expenses	31	**-21,006,670**	**-19,464,293**
Acquisition costs		-18,587,235	-18,635,112
Change in deferred acquisition costs		2,504,387	3,731,433
Other operating expenses		-4,923,822	-4,560,614
Expenses for financial assets and liabilities	26	**-4,255,725**	**-4,162,681**
Interest expenses		-423,020	-471,118
Diverse other expenses		-3,832,705	-3,691,563
Other technical expenses	32	**-3,802,034**	**-3,599,147**
Other expenses	28	**-63,737**	**0**
Profit/loss before tax		**32,558,574**	**18,655,143**
Income tax expense	33	**-2,946,670**	**-2,101,283**
Net profit/loss for the period		**29,611,904**	**16,553,860**
Net diluted earnings/loss per share		**1.85**	**1.00**

10.3 Unaudited statement of comprehensive income

(€)	1–6/2016	1–6/2015
PROFIT/LOSS FOR THE PERIOD, NET OF TAX	**29,611,904**	**16,553,860**
OTHER COMPREHENSIVE INCOME, NET OF TAX	**1,619,679**	**-1,318,821**
a) Items that will not be reclassified subsequently to profit or loss	**-25,784**	**-3,193**
Other items that will not be reclassified subsequently to profit or loss	-25,784	-3,193
b) Items that may be reclassified subsequently to profit or loss	**1,645,463**	**-1,315,628**
Net gains/losses on remeasuring available-for-sale financial assets	**1,982,487**	**-796,281**
Net change recognised in the fair value reserve	1,870,090	249,561
Net change transferred from fair value reserve to profit or loss	112,397	-1,045,842
Tax on items that may be reclassified subsequently to profit or loss	**-337,024**	**-519,347**
COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX	**31,231,583**	**15,235,039**

10.4 Unaudited statement of changes in equity

Unaudited statement of changes in equity for the six months to 30 June 2016

(€)	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/loss for the period	VII. Treasury shares (contra account)	Total (1–13)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	**71,856,376**	**54,239,757**	**14,986,525**	**10,319,347**	**917,885**	**10,000,000**	**87,951,558**	**3,006,703**	**-42,835**	**12,769,646**	**7,993,789**	**-10,319,347**	**263,679,403**
Opening balance in the financial period	**71,856,376**	**54,239,757**	**14,986,525**	**10,319,347**	**917,885**	**10,000,000**	**87,951,558**	**3,006,703**	**-42,835**	**12,769,646**	**7,993,789**	**-10,319,347**	**263,679,403**
Comprehensive income for the period, net of tax	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1,645,463**	**-25,784**	**0**	**29,611,904**	**0**	**31,231,583**
a) Net profit/loss for the period	0	0	0	0	0	0	0	0		0	29,611,904	0	**29,611,904**
b) Other comprehensive income	0	0	0	0	0	0	0	1,645,463	-25,784	0	0	0	**1,619,679**
Net purchase/sale of treasury shares	0	0	0	14,619,362	0	0	0	0		0	-14,619,362	-14,619,362	**-14,619,362**
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	-917,885	0	0	0		917,885	0	0	**0**
Transfer of profit	0	0	0	0	0	0	0	0		7,993,789	-7,993,789	0	**0**
Closing balance in the financial period	**71,856,376**	**54,239,757**	**14,986,525**	**24,938,709**	**0**	**10,000,000**	**87,951,558**	**4,652,166**	**-68,619**	**21,681,320**	**14,992,542**	**-24,938,709**	**280,291,624**

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

(€)	I. Share capital	II. Capital reserves	III. Profit reserves					IV. Fair value reserve	Reserve due to fair value revaluation	V. Retained earnings	VI. Net profit/loss for the period	VII. Treasury shares (contra account)	Total (1–13)
			Legal reserves and reserves provided for in the articles of association	Reserve for treasury shares	Reserves for credit risks	Catastrophe equalisation reserve	Other						
	1.	2.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
Closing balance in previous financial year	**71,856,376**	**54,239,757**	**14,986,525**	**10,115,023**	**845,522**	**10,000,000**	**80,030,132**	**4,357,599**	**-15,860**	**15,713,039**	**6,122,585**	**-10,115,023**	**258,135,674**
Opening balance in the financial period	**71,856,376**	**54,239,757**	**14,986,525**	**10,115,023**	**845,522**	**10,000,000**	**80,030,132**	**4,357,599**	**-15,860**	**15,713,039**	**6,122,585**	**-10,115,023**	**258,135,674**
Comprehensive income for the period, net of tax	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**-1,315,628**	**-3,193**	**0**	**16,553,860**	**0**	**15,235,039**
a) Net profit/loss for the period	0	0	0	0	0	0	0	0	0	0	16,553,860	0	**16,553,860**
b) Other comprehensive income	0	0	0	0	0	0	0	-1,315,628	-3,193	0	0	0	**-1,318,821**
Net purchase/sale of treasury shares	0	0	0	132,001	0	0	0	0	0	0	-132,001	-132,001	**-132,001**
Dividend payouts	0	0	0	0	0	0	0	0	0	-9,065,978	0	0	**-9,065,978**
Additions/uses of credit risk equalisation reserve and catastrophe equalisation reserve	0	0	0	0	12,543	0	0	0	0	0	-12,543	0	**0**
Transfer of profit	0	0	0	0	0	0	0	0	0	6,122,585	-6,122,585	0	**0**
Closing balance in the financial period	**71,856,376**	**54,239,757**	**14,986,525**	**10,247,024**	**858,065**	**10,000,000**	**80,030,132**	**3,041,971**	**-19,053**	**12,769,646**	**16,409,315**	**-10,247,024**	**264,172,734**

10.5 Unaudited statement of cash flows

(€)			1–6/2016	1–6/2015
A.	**Cash flows from operating activities**			
	a.)	**Items of the income statement**	**18,902,516**	**17,793,681**
		Net premiums written in the period	78,859,432	77,808,562
		Investment income (other than financial income)	3,814	880
		Other operating income (excl. revaluation income and releases from provisions) and financial income from operating receivables	5,161,747	5,680,586
		Net claims payments in the period	-34,976,923	-36,946,507
		Expenses for bonuses and rebates	-4,249	14,241
		Net operating expenses excl. depreciation/amortisation and change in deferred acquisition costs	-23,357,995	-23,063,502
		Investment expenses (excluding amortisation and financial expenses)	-309	-149
		Other operating expenses excl. depreciation/amortisation (other than for revaluation and excl. additions to provisions)	-3,836,331	-3,599,147
		Tax on profit and other taxes not included in operating expenses	-2,946,670	-2,101,283
	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**	**-11,191,788**	**-15,521,341**
		Change in receivables from reinsurance	-7,918,388	-16,080,575
		Change in other receivables and other assets	1,469,487	-4,936,687
		Change in deferred tax assets	337,023	612,935
		Change in liabilities arising out of reinsurance business	-5,075,693	5,181,383
		Change in other operating liabilities	2,026,839	-737,773
		Change in other liabilities (except unearned premiums)	-2,031,056	439,376
	c.)	**Net cash from/used in operating activities (a + b)**	**7,710,728**	**2,272,339**
B.	**Cash flows from investing activities**			
	a.)	**Cash receipts from investing activities**	**368,781,693**	**113,004,535**
		Interest received from investing activities	2,236,429	2,357,729
		Cash receipts from dividends and participation in the profit of others	25,557,904	13,427,054
		Proceeds from sale of property and equipment	10,007	2,336
		Proceeds from sale of financial investments	340,977,353	97,217,416
	b.)	**Cash disbursements in investing activities**	**-344,006,397**	**-113,595,047**
		Purchase of intangible assets	-51,058	-141,832
		Purchase of property and equipment	-3,922,166	-135,374
		Purchase of financial investments	-340,033,173	-113,317,841
	c.)	**Net cash from/used in investing activities (a + b)**	**24,775,296**	**-590,512**
C.	**Cash flows from financing activities**			
	b.)	**Cash disbursements in financing activities**	**-15,048,462**	**-1,633,976**
		Interest paid	-423,020	-471,118
		Repayment of short-term financial liabilities	-6,080	-1,030,857
		Own share repurchases	-14,619,362	-132,001
	c.)	**Net cash from/used in financing activities (a + b)**	**-15,048,462**	**-1,633,976**
C2.	**Closing balance of cash and cash equivalents**		**17,723,512**	**560,194**
		Net increase/decrease in cash and cash equivalents for the period (Ac + Bc + Cc)	**17,437,562**	**47,852**
C2.	**Opening balance of cash and cash equivalents**		**285,950**	**512,342**

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 comrising 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 payments. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses. Gross/net – before/after deduction of reinsurance. **Gross claims paid are gross claims payments less subrogation receivables. Net claims paid is short for net claims payments.**

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

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

Comprehensive income. The sum of net profit for the period and other comprehensive income for the period, net of tax. The latter comprises the effects of other gains and losses not recognised in the income statement that affect equity, mainly through the fair value reserve.

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

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

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

Credit risk. The risk of loss or of adverse change in the financial situation, resulting from fluctuations in the credit standing of issuers of securities, counterparties and any debtors to which insurance and reinsurance undertakings are exposed, in the form of counterparty default risk, or spread risk, or market risk concentrations.

Currency risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of currency exchange rates.

Dividend yield. Ratio of dividend per share to the price per share two days after the general meeting.

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

EIOPA. European Insurance and Occupational Pensions Authority.

Eligible own funds. The value of own funds eligible to cover the solvency capital requirement.

Equity risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the level or in the volatility of market prices of equities.

Excess of loss reinsurance. A type of reinsurance in which the insurer agrees to pay a specified portion of a claim and the reinsurer agrees to pay all or a part of the claim above the specified currency amount or "retention".

Facultative reinsurance. A type of reinsurance under which the ceding company has the option to cede and the reinsurer has the option to accept or decline individual risks of the underlying policy. Typically used to reinsure large individual risks or for amounts in excess of limits on risks already reinsured elsewhere.

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

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

Gross claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables. Gross claims paid are claims before deduction of reinsurance.

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

Gross incurred loss ratio. Gross claims paid, including the change in the gross provision for outstanding claims, as a percentage of gross premiums written gross of the change in gross unearned premiums.

Gross operating expenses. Operating expenses, excluding commission income.

Gross premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross premiums written are premiums before deduction of reinsurance.

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

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

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

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

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

Interest rate risk. The sensitivity of the values of assets, liabilities and financial instruments to changes in the term structure of interest rates, or in the volatility of interest rates.

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

Liability fund. Assets covering technical provisions.

Life insurance liability fund. Assets covering mathematical provisions.

Liquidity risk. The risk that insurance and reinsurance undertakings are unable to realise investments and other assets in order to settle their financial obligations when they fall due.

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

Minimum capital requirement (MCR). The minimum capital requirement must be equal to the amount of eligible own funds under which policyholders, insured persons and other beneficiaries under insurance contracts would be exposed to an unacceptable risk level if the undertaking were allowed to continue operations.

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

Net claims paid. Claims and benefits booked during a given period for claims resolved either fully or in part, including loss adjustment expenses, and net of recourse receivables and reinsurers' and co-insurers' share of claims paid. **Gross claims paid are gross claims payments less subrogation receivables.**

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

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

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

Net investment income of the investment portfolio. Calculated from income statements items: income from investments in subsidiaries and associates + investment income + income from investment property – expenses for investments in subsidiaries and associates – expenses for financial assets and liabilities – expenses for investment property. Income from and expenses for investment property are included in the other income / other expenses item. Net investment income of the investment portfolio does not include net unrealised gains/losses on investments of life insurance policyholders who bear the investment risk as these do not affect the income statement. These items move in line with the mathematical provision of policyholders who bear the investment risk.

Net operating expenses. Operating expenses net of commission income.

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

Net premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Net premiums written are premiums after deduction of reinsurance.

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

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

Non-proportional reinsurance (excess reinsurance). A reinsurance arrangement whereby the reinsurer indemnifies a ceding company above a specified level (usually a monetary amount) of losses that the ceding company has underwritten. A deductible amount is set and any loss exceeding that amount is paid by the reinsurer.

Operational limit. Operational limits for particular areas are determined on the basis of expressed risk tolerance limits. In absolute terms, this is the maximum amount acceptable for a particular risk so that the Company remains within its risk appetite framework.

Operational risk. The risk of loss arising from inadequate or failed internal processes, personnel or systems, or from external events.

ORSA. Own risk and solvency assessment: an own assessment of the risks associated with an insurer's business and strategic plan, and the sufficiency of own funds to support those risks

OTC market. Engl. Over-The-Counter market. OTC market transactions are transactions outside the regulated market.

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

Premiums written. The total premiums on all policies written or renewed during a given period regardless of what portions have been earned. Gross/net – before/after deduction of reinsurance.

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

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

Proportional reinsurance. A reinsurance arrangement whereby the reinsurer indemnifies a ceding company for a pre-agreed proportion of premiums and losses of each policy that the ceding company has underwritten. It can be subdivided into two main types: quota-share reinsurance and surplus reinsurance.

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

Recourse receivables. Amount of recourse claims which were recognised in the period as recourse receivables based on (i) any agreement with any third parties under recourse issues, (ii) court decisions, or (iii) for credit

business – settlement of insurance claim.

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.

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

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

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

Retention. The amount or portion of risk (loss) that a ceding company retains for its own account, and does not reinsure. Losses and loss expenses in excess of the retention level are then paid by the reinsurer to the ceding company up to the limit of indemnity, if any, set out in the reinsurance contract. In proportional reinsurance, the retention may be a percentage of the original policy's limit. In non-proportional insurance, the retention is usually a monetary amount of loss, a percentage of loss or a loss-to-premium ratio.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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