



SAVARe

Pozavarovalnica Sava, d. d.

Sava Re d. d. & Sava Re Group 2008 Results

May 2009

Board of Management - Sava Re d. d.

Board of Management

- appointed on 4 November 2008 for a period of five years
- terms of office starting 31 December 2008 (Mag. Zvonko Ivanušič and Jošt Dolničar) and 1 February 2009 (Srečko Čebtron)

Mag. Zvonko Ivanušič, Chairman

Responsible for areas:

- Finance and Accounting
- Controlling
- Administration
- Human resources

Srečko Čebtron, Member

Responsible for areas:

- Reinsurance

Jošt Dolničar, Member

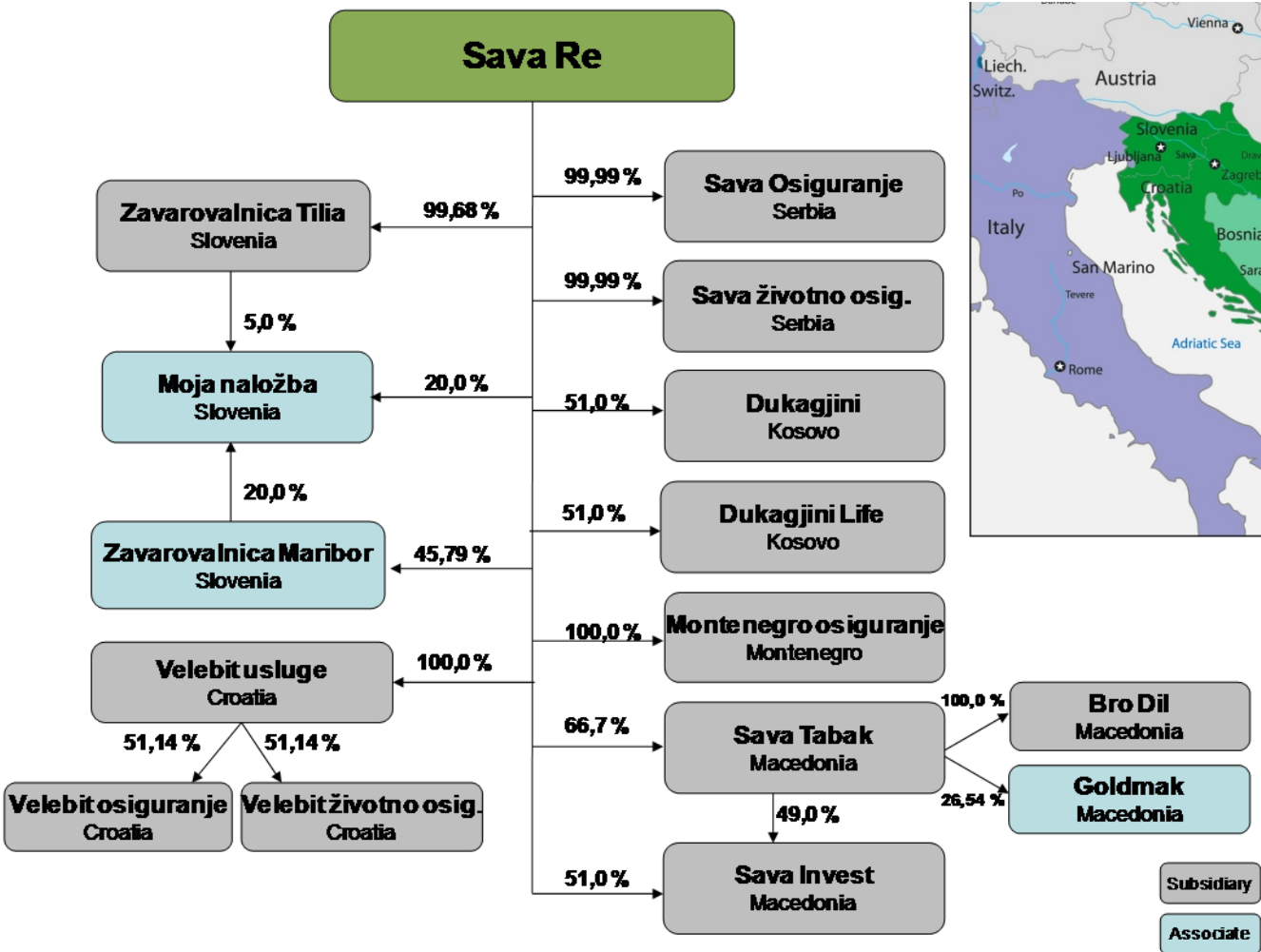
Responsible for areas:

- Primary insurance / strategic investments
- Information technology
- Actuarial

Agenda

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1 The Sava Re Group



2 Results 2008

Sava Re Group	2008	2007
Profit/loss after tax (EUR)	- 8.472.644	20.845.254
Equity as at 31. 12. (EUR)	174.087.055	168.551.461
Net combined ratio ¹	99,3%	95,8%

Sava Re d. d.	2008	2007
Profit/loss after tax (EUR)	- 7.991.649	18.205.424
Equity as at 31. 12. (EUR)	153.740.161	145.637.435
Net combined ratio ¹	105,8%	98,3%
Book value of share as at 31. 12. (EUR) ²	16,42	18,52
	31. 12. 2008	11. 6. 2008 ³
Market value of share (EUR)	11,45	28,00
Market capitalisation (million EUR)	107,2	262,2



94% of the consolidated result derived from the parent company

Notes: 1) (net claims incurred + administrative costs + income/expenses from reinsurance commissions) / net premium earned

2) In 2008 the number of shares increased by 1.500.000. The book value of share on the first balance sheet day after the increase of the called up capital on 30. 6. 2008 amounted to 19,38 EUR.

3) First quoting day on the stock exchange.

3 Major result drivers in 2008 / Sava Re d. d.

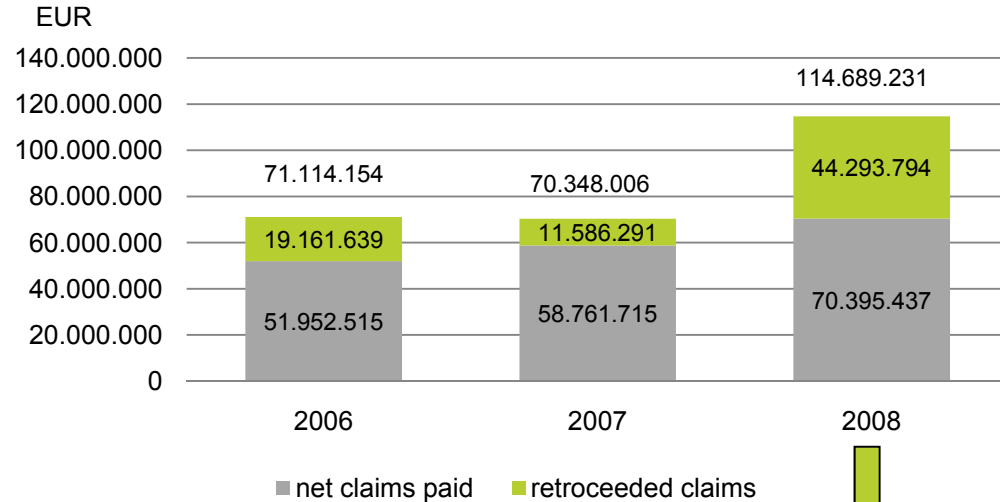
2008 extreme loss events “once-in-a-century losses in Slovenia”

➤ Summer storms in Slovenia:

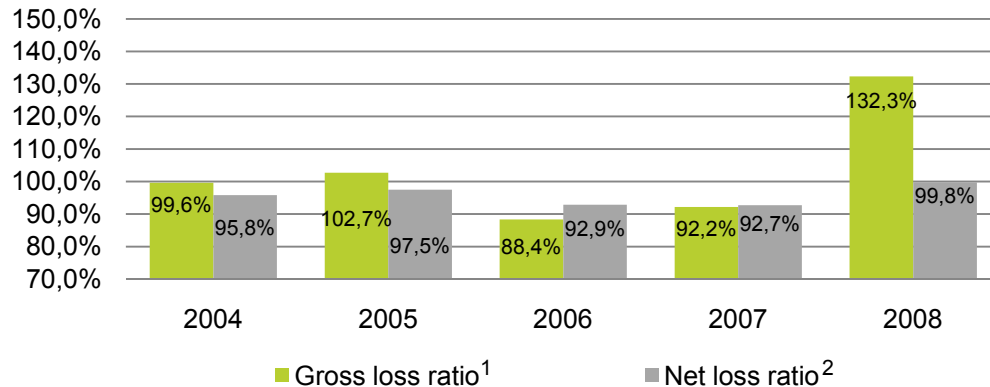
EUR 57m gross claims paid and outstanding
EUR 5m net claims paid and outstanding

➤ more major losses on the foreign portfolio:

cca. EUR 7m net claims paid and outstanding
(losses on large single risks, Emma and Paula)



Gross and net loss ratio



➔ Solid reinsurance protection



Notes:1) Gross loss ratio: $(\text{gross claims paid} + \text{gross commission} + \text{gross claims outstanding}_0 - \text{gross DAC}_0 + \text{gross DAC-1} - \text{gross claims outstanding-1}) / (\text{gross premiums} + \text{gross unearned premium -1} - \text{gross unearned premium}_0)$

2) Net loss ratio: all items adjusted for reinsurance
DAC = deferred acquisition costs

3 Major result drivers in 2008 / Sava Re d. d.

2008 - Year of Impairments

- Impairment of investments (through P&L) in 2008 amounted to EUR 12,6m, which is 4,5% of average value of the investment portfolio in 2008.

An impairment loss is recognised:

1) Bonds, T-Bills

- if the issuer did not pay up the coupon or the principal, or if it can be assumed that the issuer obligation will not be paid in due course (default);
- in case of bankruptcy or liquidation of the issuer.

2) Shares

- a) marketable shares
- b) non-marketable shares (materiality test)

- if the value of a share is more than 40% below its purchasing price; or
- if the value of a share is below its purchasing price for more than 1 year.

3) Mutual funds (debt/equity funds, holding more than 50% in shares are treated as equity funds)

- if the value of a mutual fund is more than 50% below its purchasing price; or
- if the value of a mutual fund is below its purchasing price for more than 1 year and the value of the mutual fund is more than 30% below its purchasing price (on that day); or
- if the market value of a mutual fund is constantly below its purchasing price for more than 3 years.

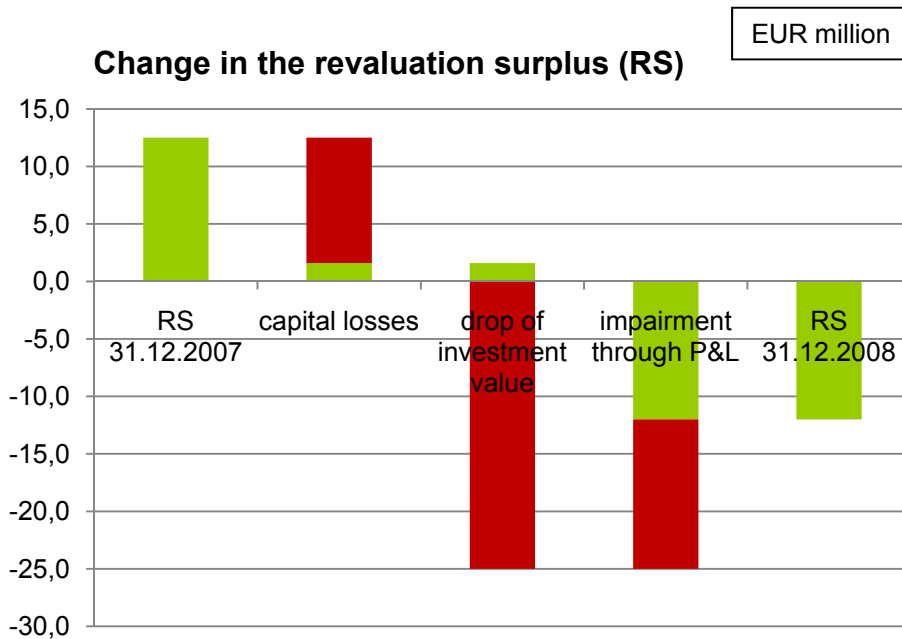
Impairment through P&L	2008
Bonds	2.477.556
Shares	3.862.949
Mutual funds	6.291.369
Total	12.631.875

3 Major result drivers in 2008 / Sava Re d. d.

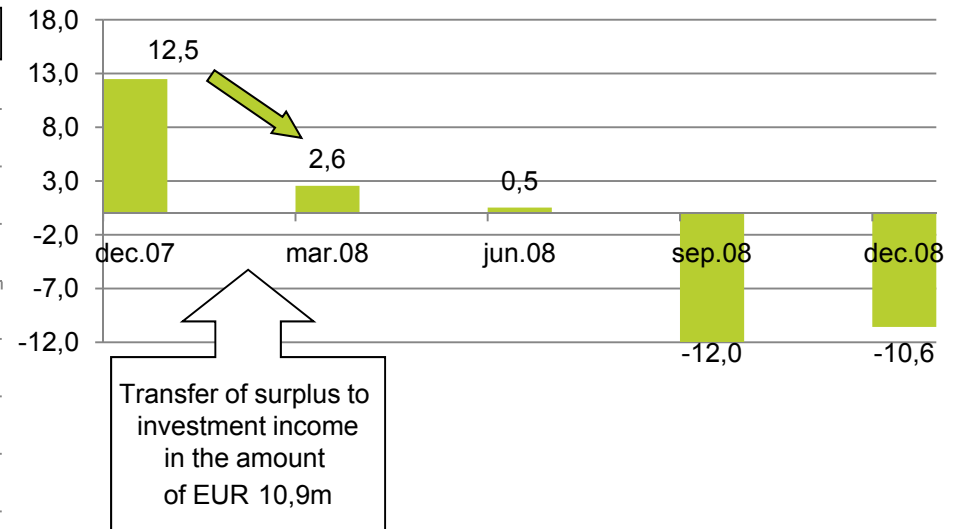
2008 Year of Impairments

- The company has an additional EUR 10,6m in revaluation surplus.
- Impairment losses totalled EUR 25,7m or 9,2% of the average value of the investment portfolio in 2008.

Change in the revaluation surplus (RS)



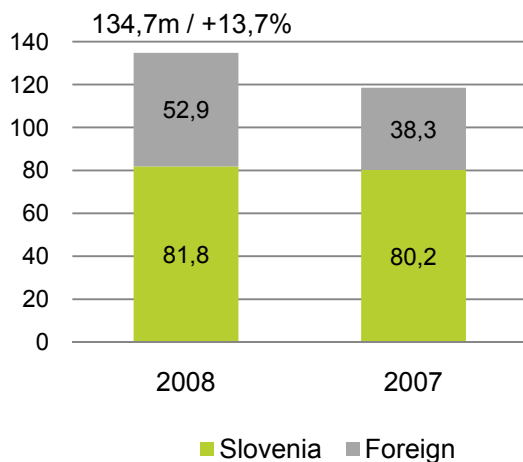
Revaluation surplus



Notes: 1) P&L = profit & loss account
2) RS = revaluation surplus

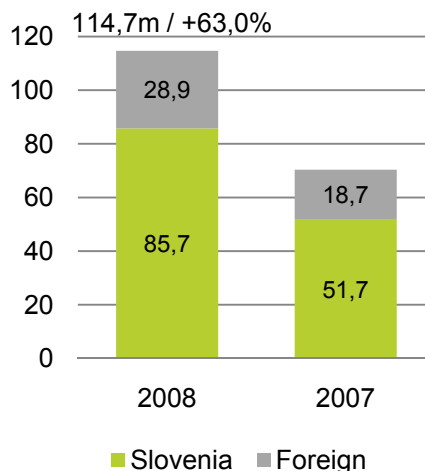
4 Underwriting results – Sava Re d. d.

**Gross Premium Written
(mio EUR)**



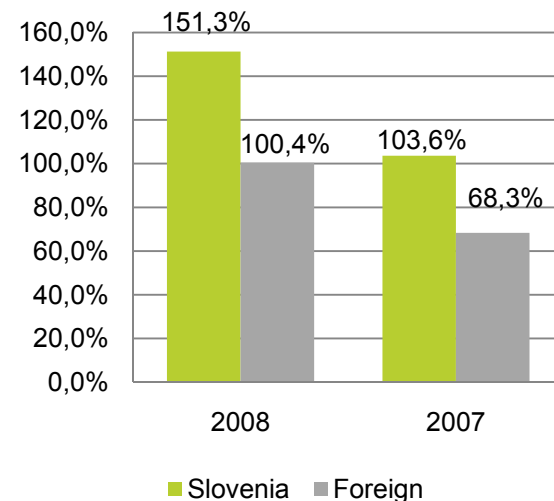
- Total premium growth of 13,7%
- Foreign premium growth of 38,0%

**Gross Claims Paid
(mio EUR)**



- Storms with hail in Slovenia
- Losses on a few large risks on the foreign account

Gross Loss Ratio¹

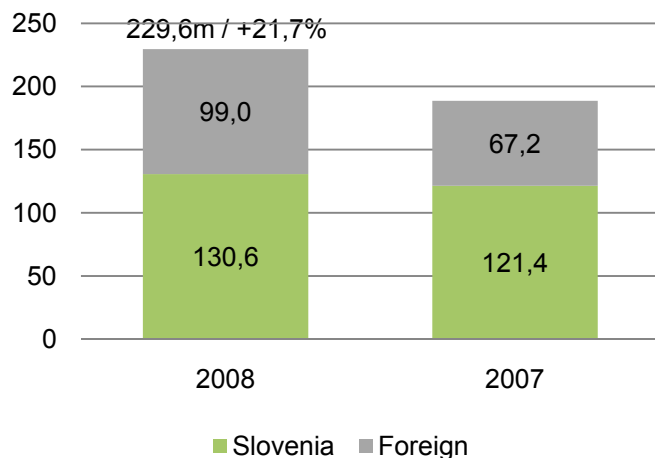


Notes: (1) gross loss ratio = (gross claims paid + gross commission + gross claims outstanding 0 – gross DAC 0 + gross DAC-1 – gross claims outstanding-1) / (gross premium+ gross unearned premium-1 – gross unearned premium 0)

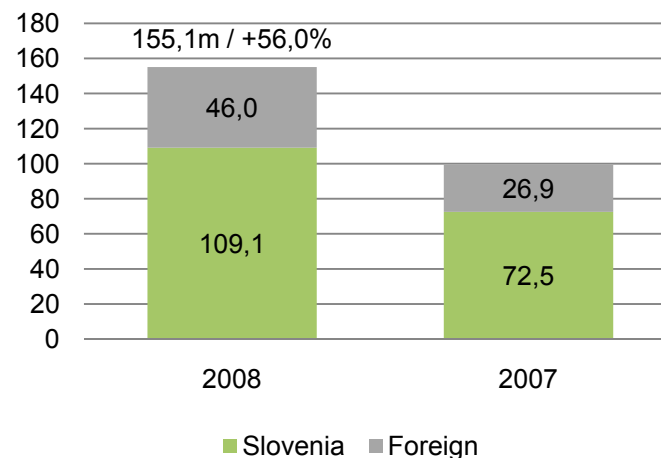
DAC = deferred acquisition costs

4 Underwriting results – Sava Re Group

Consolidated Gross Premium Written (mio EUR)

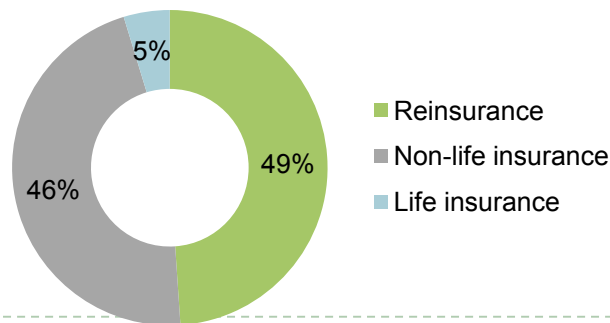


Consolidated Gross Claims Paid (mio EUR)



- Montenegro Ins. Co. included in consolidation
- Solid growth of other insurance companies
- Reinsurance premium from abroad

Segmentation of Premium 2008



- Hail storms in Slovenia (Reinsurance Co. Sava)
- A few losses on large risks on the foreign reins. portfolio (Reinsurance Co. Sava)
- Improving the quality of the insurance portfolios with aim of profitability improvement
- Claims inflation
- Montenegro Ins. Co. included in consolidation

5 Results of our Subsidiaries

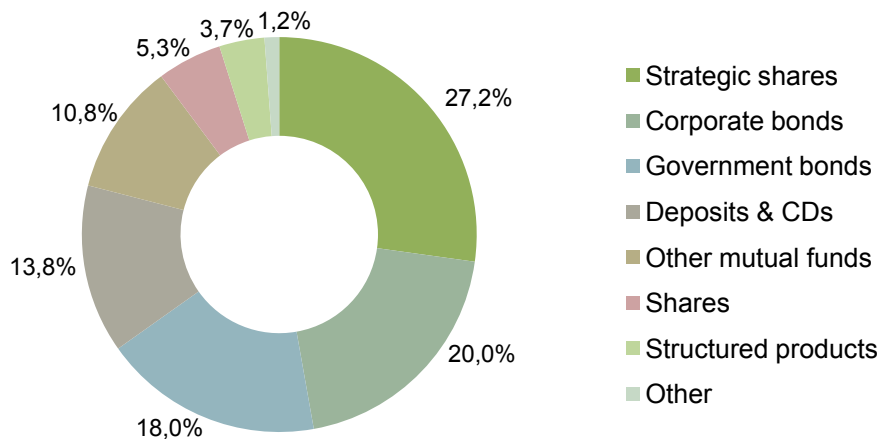
2008 (EUR)	GROUP (CONSOLIDATED DATA)	Tilia Ins. Co.	Sava Osiguranje	Dukagjini	Sava Tabak	Montenegro osiguranje	Dukagjini Life ¹	Sava Life ¹
Gross premiums written	229.606.927	68.274.627	12.603.791	8.472.878	16.431.054	11.544.198	630	0
Gross claims paid	155.131.483	34.239.872	3.426.464	2.765.373	6.113.870	6.049.401	0	0
Net investment income	-3.882.351	1.019.592	1.134.703	156.783	- 573.016	384.888	0	0
Profit/loss for the period	-8.472.644	57.279	360.030	756.207	173.982	- 2.366.141	- 45.580	132.733
Loss ratio net of reinsurance	62,8%	65,3%	49,9%	27,0%	45,1%	69,5%	-	-
Cost ratio net of reinsurance	36,5%	34,8%	59,4%	47,9%	34,1%	45,1%	-	-
Combined ratio net of reinsurance	99,3%	100,1%	109,4%	74,9%	79,2%	114,6%	-	-

Market shares	2008	2007	Trend
Zavarovalnica Tilia (non-life)	4,2%	3,8%	↑
Zavarovalnica Tilia (life)	1,7%	1,6%	↑
Zavarovalnica Tilia (total)	3,4%	3,1%	↑
Sava Osiguranje	2,1%	1,8%	↑
Dukagjini	19,3%	18,7%	↑
Sava Tabak	15,3%	15,1%	↑
Montenegro osiguranje	19,1%	25,8%	↓

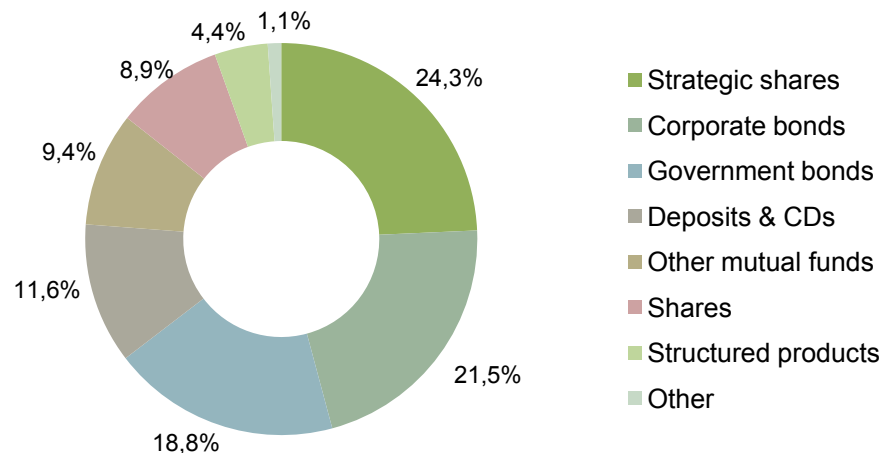
Note: 1) Dukagjini Life and Sava Life were established at year-end 2008.

6 Investments 2008 – Sava Re d. d.

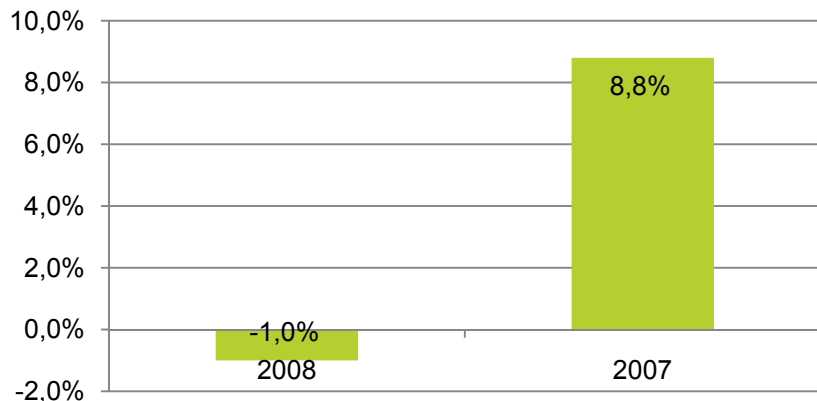
Structure of investments as at 31.12.2008



Structure of investments as at 31.12.2007



Return on investments

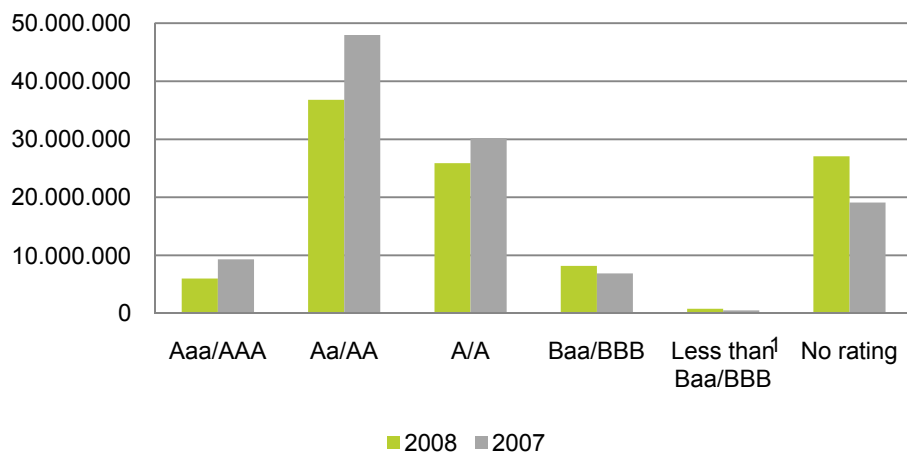


In 2008 - impairment (12.6m EUR)

In 2007 - high capital gains

6 Investments 2008 – Sava Re d. d.

Structure of investments in bonds by rating
as at 31.12.2008



➤ **67% of bonds rated A- or better**

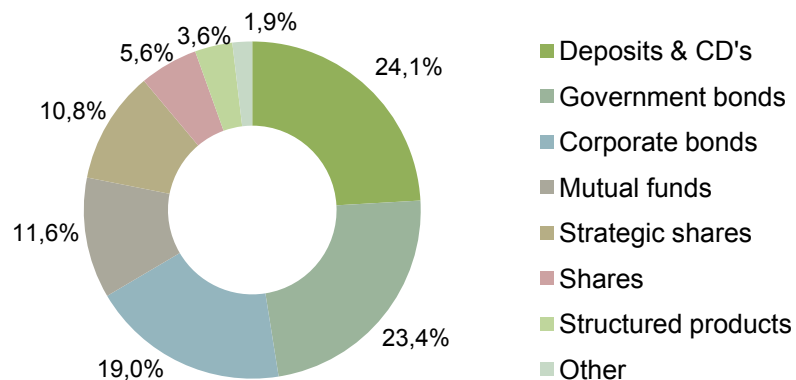
(in EUR)	2008	2007
Strategic shares	74.999.030	68.816.774
Corporate bonds	55.139.038	60.704.018
Government bonds	49.622.249	53.291.116
Deposits & CDs	38.207.922	26.571.404
Mutual Funds	29.759.367	32.863.990
Shares	14.693.075	25.142.599
Structured products	10.225.740	12.448.172
Other	3.260.566	3.087.233
Total	275.906.987	282.925.306

	2008	2007
Bonds with fixed yield	70,1%	63,8%
Bonds with variable yield	21,9%	25,9%
Other bonds	8,0%	10,3%
Total	100,0%	100,0%

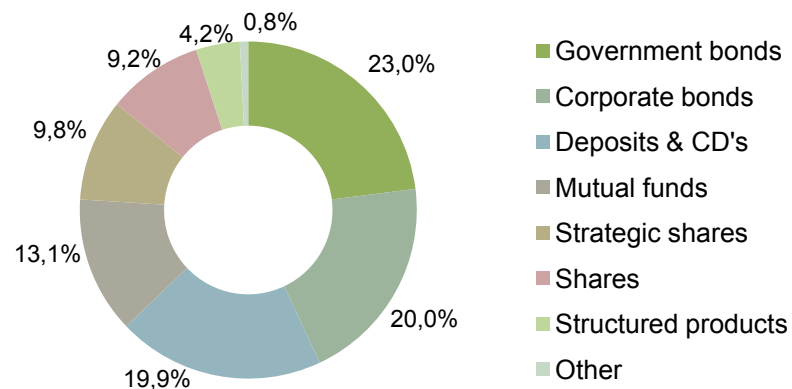
Note: 1) mostly bonds of domestic banks

6 Investments 2008 – Sava Re Group

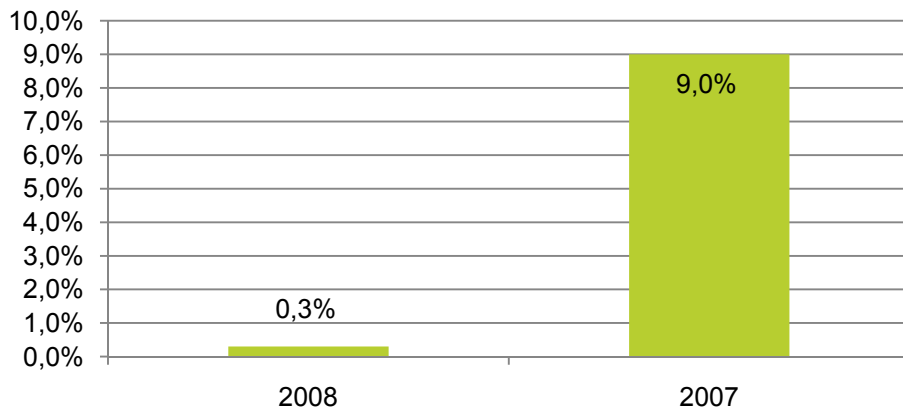
Investment structure as at 31.12.2008



Investment structure as at 31.12.2007



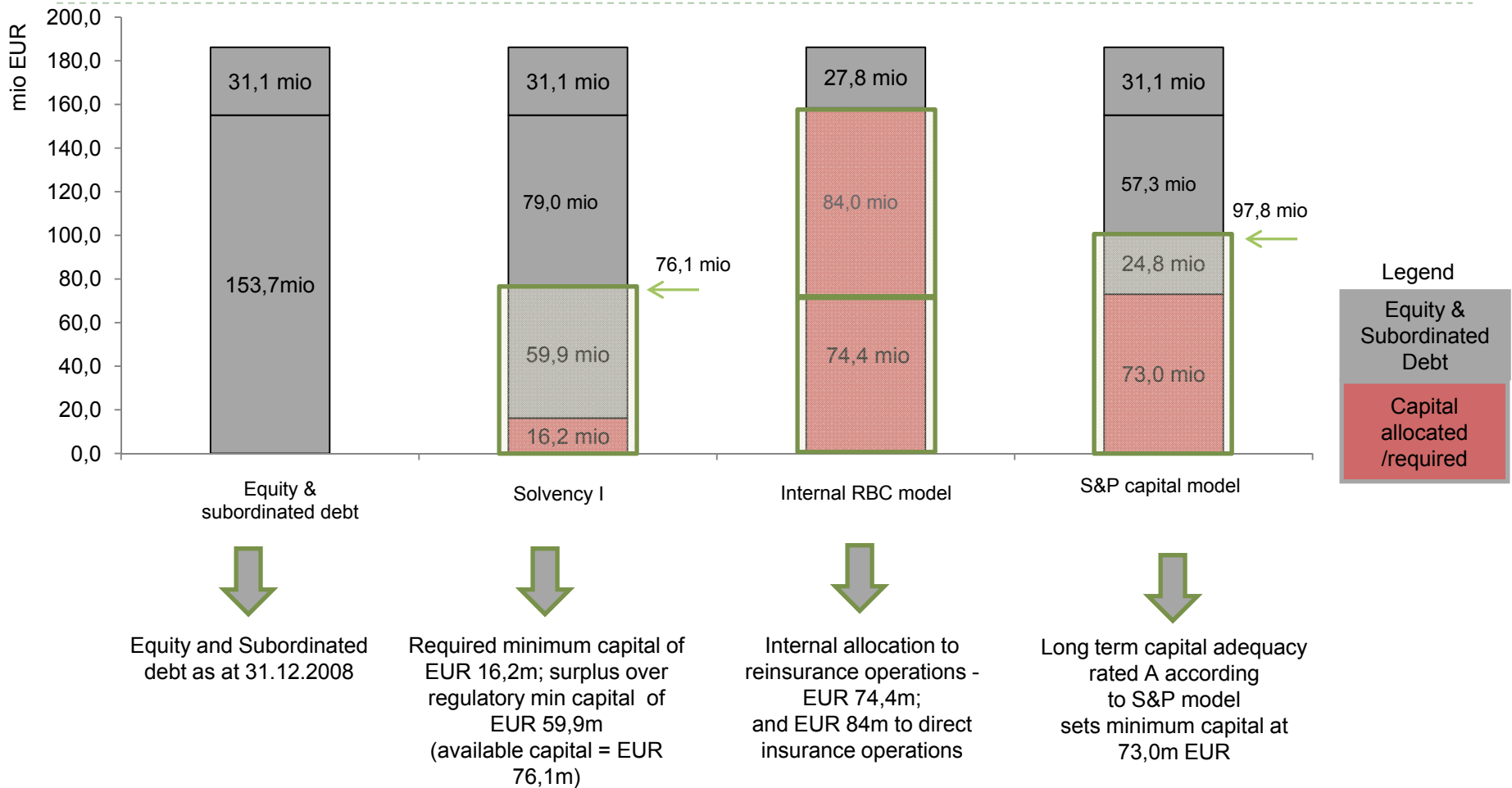
Return on investments



In 2008 - impairment (14.5m EUR) on a group level

In 2007 - high capital gains

7 Equity as at 31. 12. 2008 – Sava Re d. d.



Notes: 1) Solvency I minimum capital – capital calculated according to the Slovenian Insurance Companies Act
 2) RBC Model "risk base capital" – internally used capital allocation model

8 Major events 2008

EVENTS UNTIL 31.12.2008

JUNE: IPO

▶ Increase in called up capital to EUR 39,2m

JULY, AUGUST: SUMMER STORMS IN SLOVENIA

▶ Net effect on 2008 result of EUR 5,6m

SEPTEMBER: STANDARD AND POOR'S

▶ Rating upgraded to A- with stable outlook

OCTOBER: ESTABLISHMENT OF SAVA INVEST

▶ Expanding into investment fund management

NOVEMBER: ESTABLISHMENT OF DUKAGJINI LIFE

▶ First life insurance company in Kosovo

NOVEMBER: ESTABLISHMENT OF SAVA ŽIVOTNO OSIGURANJE

▶ Broadening the product mix on Serbian market with life insurance products

EVENTS AFTER 31.12.2008

FEBRUARY: ACQUISITION OF MAJORITY SHARE IN VELEBIT USLUGE

▶ Affiliation of two insurance companies and strategic entry of Croatian insurance market

9 Major goals for 2009

REINSURANCE

SPREAD AND GROWTH OF REINSURANCE PORTFOLIO

- ▶ Growing the foreign portfolio to account for 41% of total premium income

IMPROVE PROFITABILITY OF REINSURANCE PORTFOLIO

- ▶ Targeting a 98% combined ratio (2% profit margin)

CAPITAL PROTECTION

- ▶ Maintaining high capital adequacy

COST BALANCING

- ▶ Keeping the expense ratio low

INTERNAL EFFICIENCY

- ▶ Reorganising with modern incentive schemes

PRIMARY INSURANCE

EFFICIENCY OF THE INSURANCE SEGMENT

- ▶ Lowering the expense ratios
- ▶ Reorganising

DEVELOPMENT OF IT SYSTEMS

- ▶ Using developed IT solutions for life and non life companies

DEVELOPING MARKET NETWORKS

- ▶ Opening sales units and educating agents

9 Investment - activities

MAIN GOALS

CONSERVATIVE INVESTMENT POLICY

- ▶ Increasing the fixed income portfolio
- ▶ Giving preference to government bonds

ASSURING SUFFICIENT LIQUIDITY

- ▶ Asset liability management (ALM)
- ▶ Making arrangements with banks

9 Reinsurance – activities

MAIN GOALS

SELECTIVE GROWTH OF FOREIGN PORTFOLIO

- ▶ Taking advantage of the cycle turn and high capital adequacy

IMPROVING UNDERWRITING PROFITABILITY

- ▶ Diversifying geographical accumulation risk by lowering the exposure in Slovenia and growing the foreign portfolio
- ▶ Focusing on risk selection

ENSURING ADEQUATE REINSURANCE PROTECTION SUITED TO TARGETED PORTFOLIO CHANGES

- ▶ Strict monitoring of exposure to catastrophic events
- ▶ Monitoring of ratings of Sava Re reinsurers

9 Insurance - activities

MAIN GOALS

GROWTH AND DEVELOPMENT OF SALES NETWORK

- ▶ Building own sales network
 - opening sales points
 - educating agents (sales techniques, products)
- ▶ Contracts with other sales channels

INCREASING BUSINESS EFFICIENCY (COST MANAGEMENT)

- ▶ Organisational changes (people, process)
- ▶ Searching for synergies (advertising, IT...)

IMPROVING THE QUALITY OF THE INSURANCE PORTFOLIO

- ▶ Analysing assumed risks and taking adequate measures to increase profitability by risk/business line (loss ratios; payments)
 - adjustment of tariffs
 - adjustment of terms and conditions
 - change of contracts
- ▶ Active management of receivables

IMPROVING IT SUPPORT

- ▶ Converging of IT systems through data models
- ▶ Reducing the number of IT solutions

10 Strategy of Sava Re d. d.

1. The Group will be recognisable in its target markets for the highest-quality insurance, reinsurance and other financial products and as the most flexible and professional financial group.
2. As regards intra-Group reinsurance services, the Group will aim at transparency, and will base its decisions exclusively on professional aspects.
3. Return on equity on consolidated level will reach 8% at the end of the five-year planning period.
4. Premium growth on each target market will be above the industry average in each of the markets covered, but in any case secondary to the above targets, i.e. profitability. The Group's primary objective is quality of services and profitability of each Group member.
5. In the second half of the plan period, the Group will continue expanding to the markets of the South-East Europe, however never jeopardising thereby its sound corporate governance. The Albanian and the Bosnian market are our priority target markets.
6. For the markets where the Group is already marketing non-life products, Sava Re d. d. will prepare analyses for possibilities of launching life products by establishing life insurance companies and companies for investment fund management.
7. Sava Re d. d. will make certain organisational changes to enhance transparency in two segments – reinsurance and strategic investment management.
8. The Group will revise and implement in full the Group corporate governance policy
9. The Group will upgrade business processes on all levels with efficient process and information technology.
10. The Group will also develop a modern, Group-specific corporate culture based on high-quality corporate governance, continuous internal and external training, and implementation of the Group Code of Ethics.

11 Our strategic goals

REINSURANCE

GROWTH OF THE INTERNATIONAL REINSURANCE PORTFOLIO

- ▶ Average 8% growth in the period 2009-2013; 50% of total GPW

IMPROVEMENT OF REINSURANCE PROFITABILITY

- ▶ Lowering the loss ratio to achieve a 3% profit margin

RETURN ON EQUITY

- ▶ Target ROE at 8% (at the end of planned period)

BALANCING COSTS

- ▶ Lowering the expense ratio by 2 percentage points

PRIMARY INSURANCE

GROWTH OF NON-LIFE GPW

- ▶ Above 10% growth rate in the period 2009-2013

GROWTH OF LIFE GPW

- ▶ Above 20% growth rate in the period 2009-2013

EFFICIENCY OF THE INSURANCE SEGMENT

- ▶ Lowering the expense ratio of the insurance segment by 4 percentage points

DEVELOP OWN SALES NETWORK

- ▶ By 2013 at least 50% of sales through own network

IMPROVE CUSTOMER SERVICE

- ▶ Fluctuation of customers lower than 10%; storno of life policies below 15%

CONSOLIDATED RETURN ON EQUITY

- ▶ Target ROE (consolidated) at 8% (at the end of planned period)

12 Appendix – Sava Re d. d. Balance Sheet

(EUR)	2008	2007
ASSETS	399.152.651	356.701.026
Intangible assets	189.498	162.140
Property and equipment	1.852.158	1.907.468
Deferred tax assets	5.383.818	131.804
Investment property	1.262.310	728.514
Investments in Group companies and associates	80.178.379	72.487.296
Financial investments	199.773.234	215.610.292
Reinsurers' share of technical provisions	37.690.671	21.473.195
Receivables	55.604.218	35.484.845
Other assets	16.359.990	8.576.418
Tax receivables	846.920	0
Cash and cash equivalents	11.454	139.054
LIABILITIES AND EQUITY	399.152.651	356.701.026
Equity	153.740.161	145.637.435
Subordinated liabilities	31.139.605	31.136.034
Technical provisions	159.309.008	129.483.842
Other provisions	226.667	165.762
Deferred tax liabilities	0	3.585.825
Financial liabilities	160	2.308
Other liabilities	54.737.049	36.523.792
Current income tax liabilities	0	10.166.029

12 Appendix – Sava Re d. d. Income Statement

(EUR)	2008	2007
Net earned premiums	109.098.508	93.681.613
Income from investments in affiliates	493.864	1.133.600
Investment income	22.025.312	26.706.893
Other technical income	2.898.066	3.263.317
Other income	1.314	30.157
Net insurance claims and benefits incurred	- 79.061.685	- 63.085.858
Change in other technical provisions	- 182.999	342.460
Operating expenses	- 39.127.544	- 32.133.935
Expenses relating to investments in affiliates	- 1.329.362	0
Investment expenses	- 23.730.466	- 5.833.028
Other technical expenses	- 573.706	- 567.303
Other expenses	- 1.370	- 1.258
PROFIT BEFORE TAX	- 9.490.069	23.536.658
Current tax	- 3.666.923	- 7.966.107
Deferred tax	5.165.343	2.634.873
PROFIT FOR THE PERIOD	- 7.991.649	18.205.424

12 Appendix – Key financial ratios

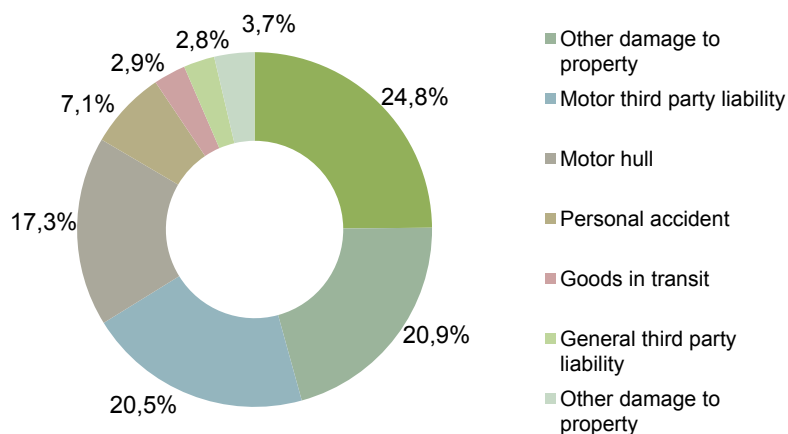
Sava Re d. d.	2008	2007	2006
Retention ratio ¹	84,5%	82,0%	82,9%
Net loss ratio ²	72,5%	67,3%	66,8%
Net expense ratio ³	33,3%	31,0%	31,8%
Net combined ratio ⁴	105,8%	98,3%	98,6%
Investment profitability ⁵	- 1,0%	8,8%	5,2%
Return on equity ⁶	- 5,3%	13,8%	8,5%

Sava Re Group	2008	2007	2006
Retention ratio ¹	89,7%	87,5%	87,3%
Net loss ratio ²	62,8%	62,0%	65,3%
Net expense ratio ³	36,5%	33,8%	32,5%
Net combined ratio ⁴	99,3%	95,8%	97,8%
Investment profitability ⁵	0,3%	9,0%	6,2%
Return on equity ⁶	- 4,9%	13,5%	10,1%

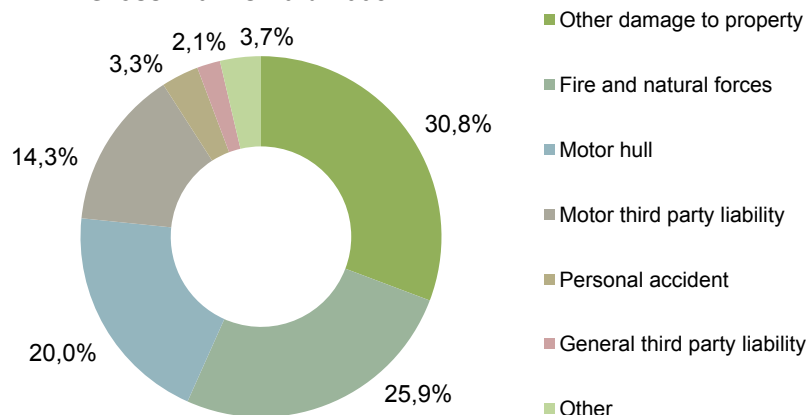
- Ratios:
- 1) net premium written / gross premium written
 - 2) net claims incurred / net premiums earned
 - 3) administrative costs (incl. reinsurance commission income/expenses) / net premiums earned
 - 4) net loss ratio + net expense ratio
 - 5) net investment income (with net inv. income from subsidiaries and affiliates) / average investment value (including investment property, investment in subsidiaries and affiliates and other investments)
 - 6) result for the period / average value of equity

12 Appendix – Reinsurance

Gross Premium Written 2008



Gross Claims Paid 2008



(EUR)	2008	2007
Slovenia	81.821.496	80.196.155
Europe	35.184.540	22.714.548
Ex YU countries	8.368.397	9.291.090
Other	9.369.286	6.338.146
Total	134.743.719	118.539.939

(EUR)	2008	2007
Slovenia	85.747.041	51.685.980
Europe	19.390.993	12.251.709
Ex YU countries	4.769.657	3.540.811
Other	4.781.540	2.869.506
Total	114.689.231	70.348.006

12 Appendix – Consolidated Balance Sheet

(EUR)	2008	2007
ASSETS	535.346.611	478.960.480
Intangible assets	24.794.625	25.393.041
Property and equipment	22.232.413	20.943.727
Non-current assets held for sale	1.196.451	1.422.509
Deferred tax assets	5.860.267	342.453
Investment property	5.243.407	1.320.833
Investments in group companies and associates	33.093.963	31.004.948
Financial investments	280.667.606	299.929.526
Reinsurers' share of technical provisions	40.141.021	22.421.167
Inventories	263.416	128.684
Receivables	83.940.441	57.630.105
Other assets	22.827.652	13.740.448
Tax receivables	956.382	101.386
Cash and cash equivalents	14.128.967	4.581.653
LIABILITIES AND EQUITY	535.346.611	478.960.480
Equity	174.087.055	168.551.461
Subordinated liabilities	31.139.605	31.136.034
Technical provisions	267.055.699	224.108.822
Other provisions	777.616	628.707
Deferred tax liabilities	60.746	4.068.866
Financial liabilities	600.160	37.211
Other liabilities	61.305.265	40.044.752
Current income tax liabilities	320.465	10.384.627

12 Appendix – Consolidated Income Statement

(EUR)	2008	2007
Net earned premiums	194.113.774	157.735.900
Income from investments in affiliates	1.392.002	1.655.883
Investment income	27.965.291	31.896.219
Other technical income	4.157.752	4.269.539
Other income	1.345.365	2.470.099
Net insurance claims and benefits incurred	- 121.848.431	- 97.852.916
Change in other technical provisions	- 1.163.331	- 4.363.895
Operating expenses	- 594.472	- 1.307.780
Expenses relating to investments in affiliates	- 73.868.273	- 56.648.222
Investment expenses	- 33.239.644	- 6.405.090
Other technical expenses	- 3.989.886	- 2.927.236
Other expenses	- 3.063.901	- 1.330.421
PROFIT BEFORE TAX	- 8.793.754	27.192.080
Current tax	- 5.051.983	- 8.961.318
Deferred tax	5.373.093	2.614.492
PROFIT FOR THE PERIOD	- 8.472.644	20.845.254

12 Appendix – Important dates 2009

	Date ¹
Unaudited financial statements of Sava Re d. d. for 2008	31. 3. 2009
Audited annual report for Sava Re d.d. & Sava Re Group for 2008	30. 4. 2009
Declaration of compliance with the Corporate Governance Code	30. 4. 2009
Unaudited interim report for Sava Re d. d. for the period January–March 2009	29. 5. 2009
Notice of Annual General Meeting	end of May
Annual document – list of all information published by the Sava Re d. d. over the past 12 months	12. 6. 2009
Annual General Meeting of Sava Re d. d.	end of June
AGM resolutions published	one day after AGM
Unaudited interim report for Sava Re d. d. & Sava Re Group for the period January–June 2009	31. 8. 2009
Unaudited interim report for Sava Re d. d. for the period January–September 2009	30. 11. 2009

Note: 1) Stock Exchange publications are made after 13:30 hrs on the date of publication.
