



# Sava Re Group

## Overview of Results

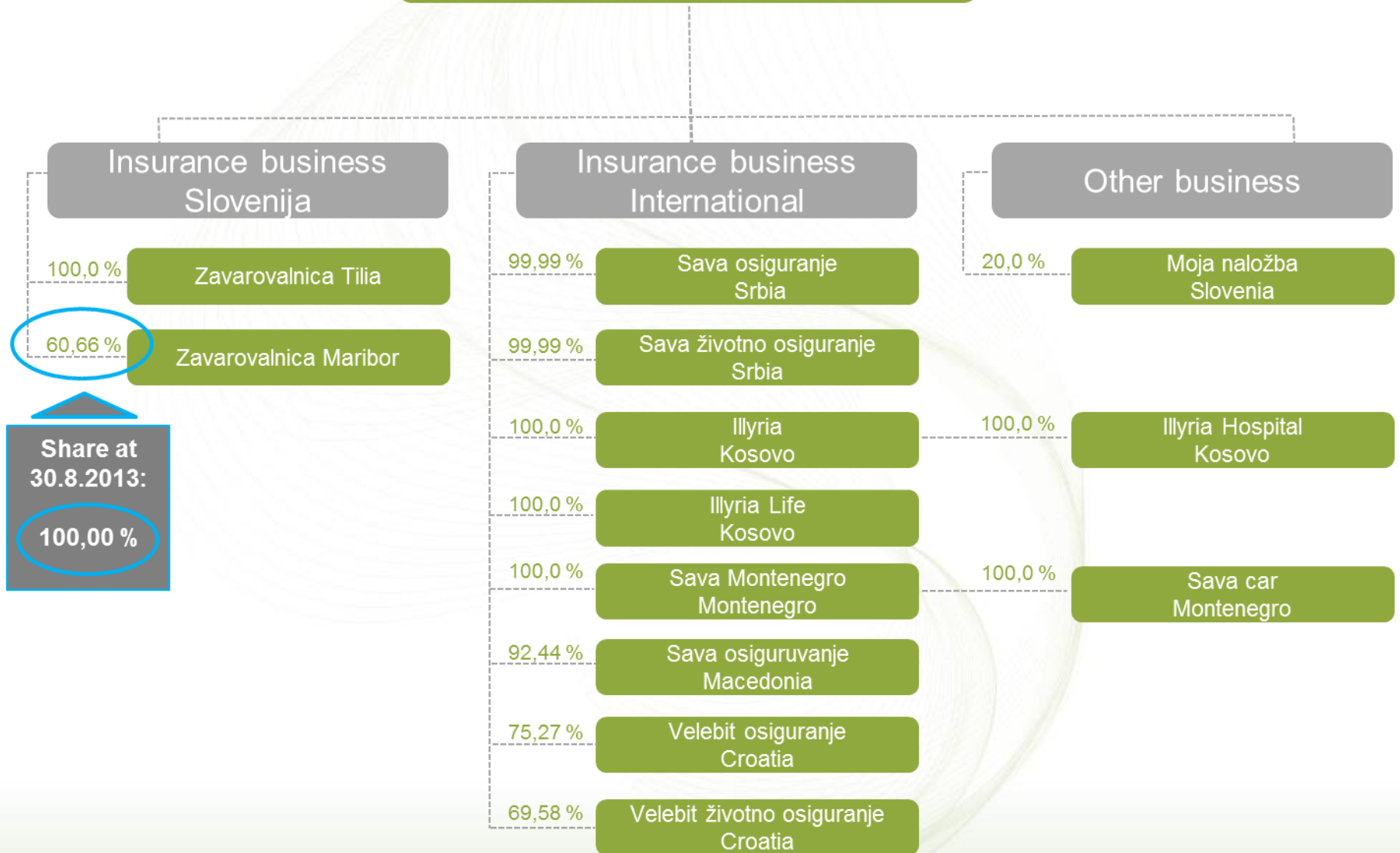
### 1-6/2013

September 2013

## Key achievements in the first half-year:

- ▶ Capital increase completed
- ▶ Majority share in ZM gained
- ▶ S&P "BBB+" rating with stable outlook affirmed
- ▶ Improved return on equity and significantly improved results of non-Slovenian subsidiaries

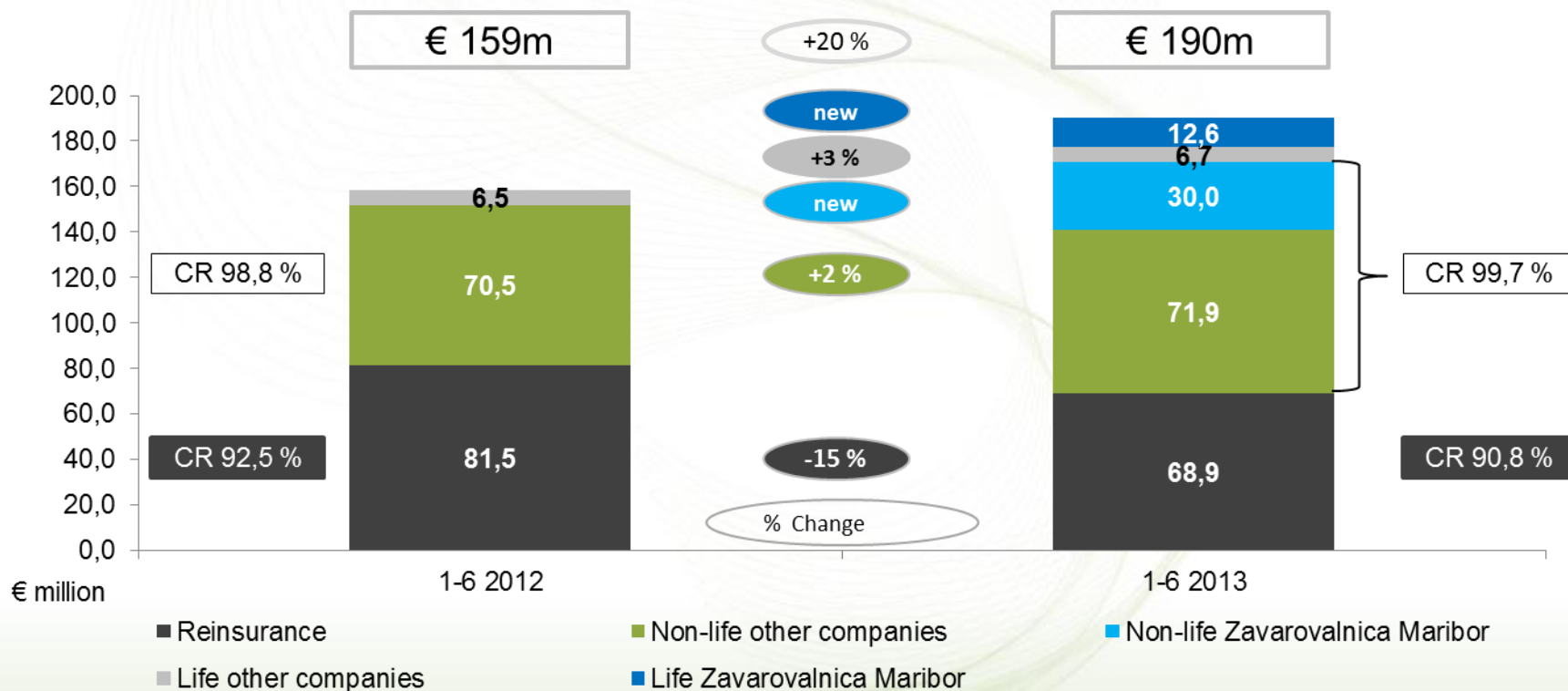
## Sava Reinsurance Company



Sava Re Group	1-6 2012	1-6 2013	% Change 1-6 13/1-6 12
Gross premiums written (€ m)	158,5	190,1	19,9%
Net profit/loss (€ m)	10,3	19,2	86,6%
ROE (not annualised)	6,6%	9,6%	+3,0 p.p.
	31.12.2012	30.6.2013	
Equity (€ m)	171,4	228,4	33,3%

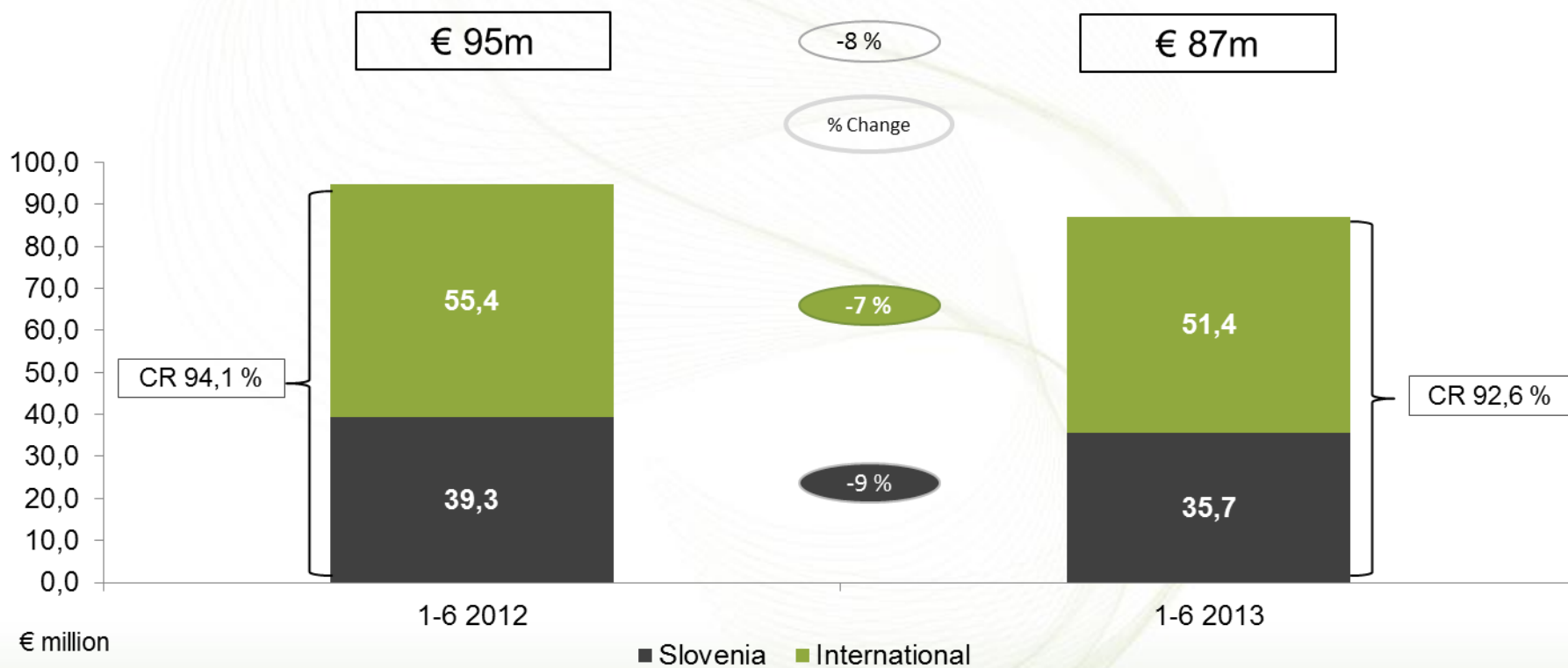
## Consolidated gross premiums written by segment

Zavarovalnica Maribor  
 consolidated as of 2Q

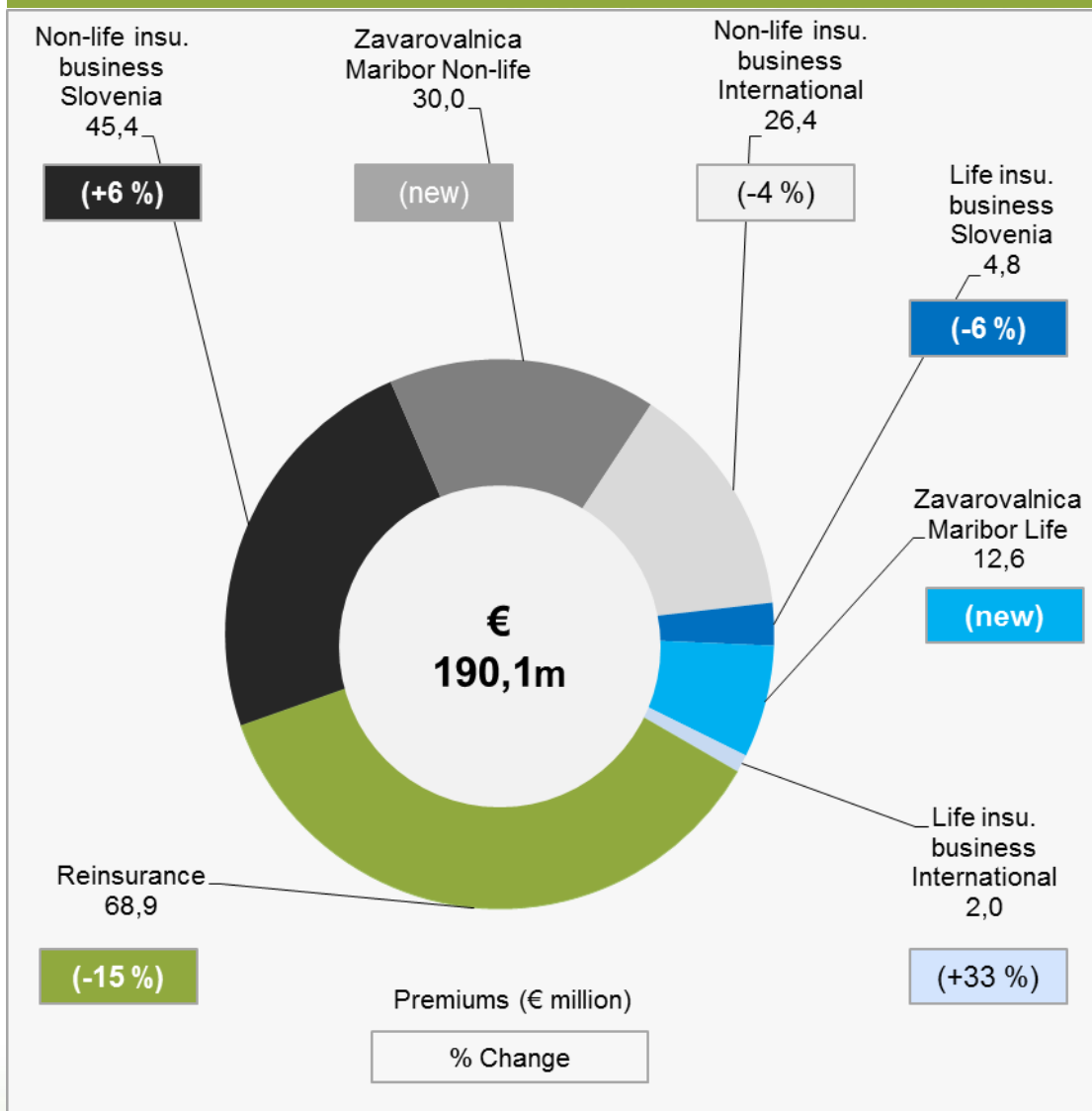


Sava Reinsurance Company	1-6 2012	1-6 2013	% Change 1-6 13/1-6 12
Gross premiums written (€ m)	94,8	87,1	-8,1%
Net profit/loss (€ m)	4,6	9,2	100,1%
ROE (not annualised)	2,8%	5,1%	+2,4 p.p.
	<b>31.12.2012</b>	<b>30.6.2013</b>	
Equity (€ m)	174,8	181,4	3,8%

### Gross premiums written by region

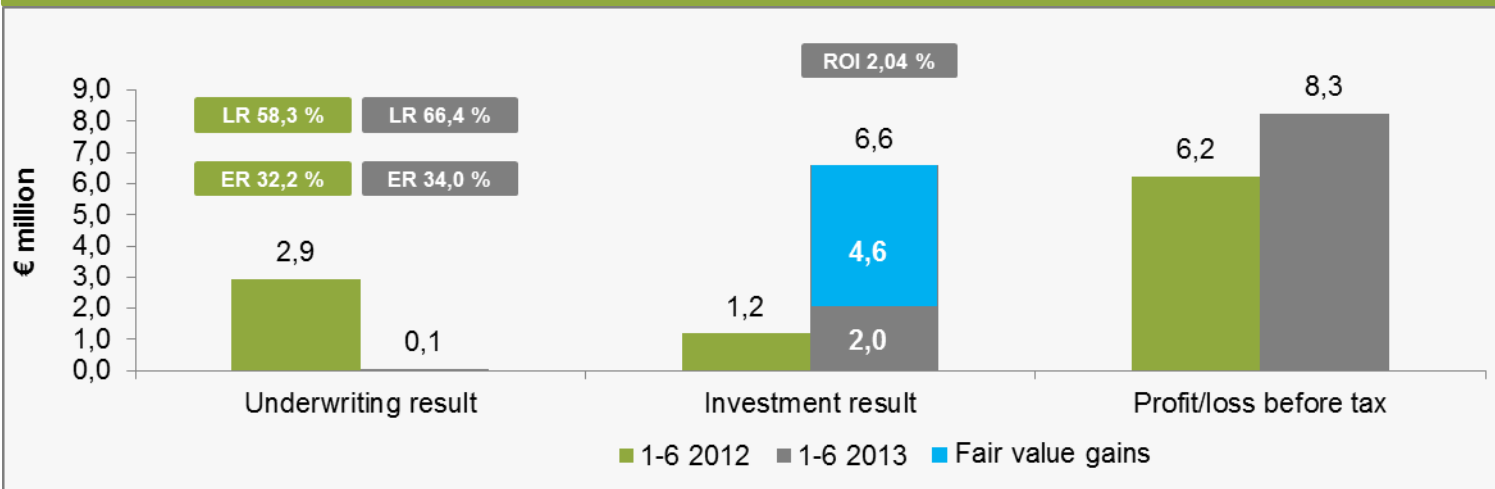


## Consolidated premiums by segment



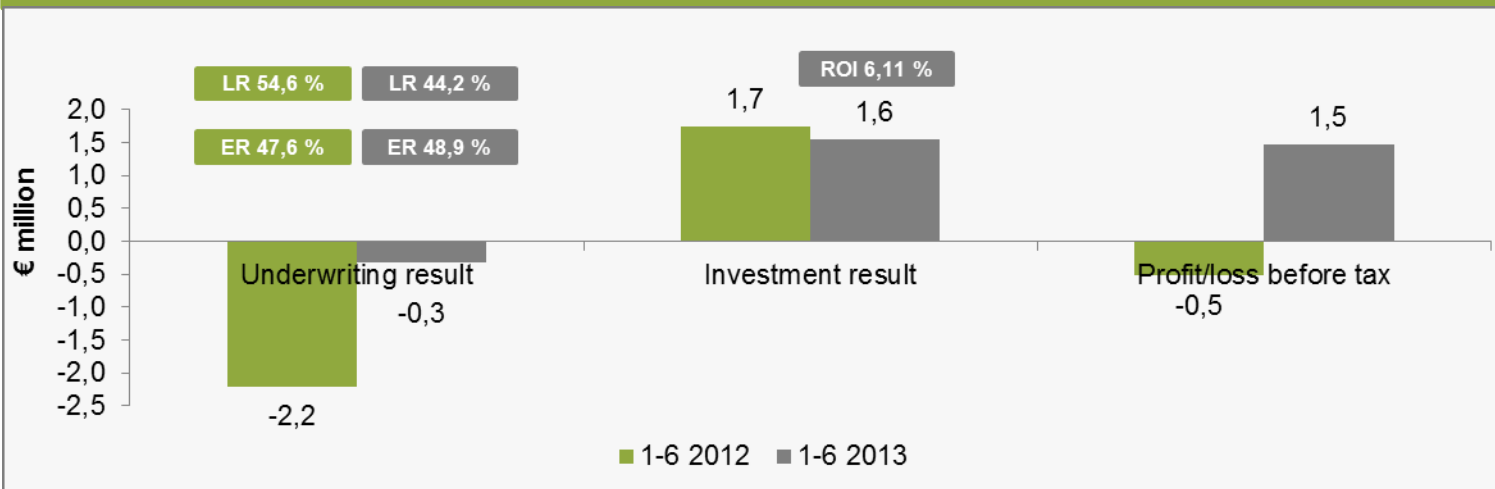
- ZM premiums for May and June 2013 included in the consolidated fin. statements totalled € 42m.
- Drop in reinsurance premiums due to cancellation of certain unprofitable foreign business, due to a lower S&P rating and exclusion of ZM premiums for May and June 2013.
- Favourable growth trends in life business outside Slovenia and in Tilia non-life business.
- Non-life business outside Slovenia recorded a decrease as a result of restricted premium growth in motor business and a loss of a major client in Kosovo; growth trends in other non-life classes are favourable.

Non-life insurance business - Slovenija



Underwriting result deteriorated due to poor results of motor casco business

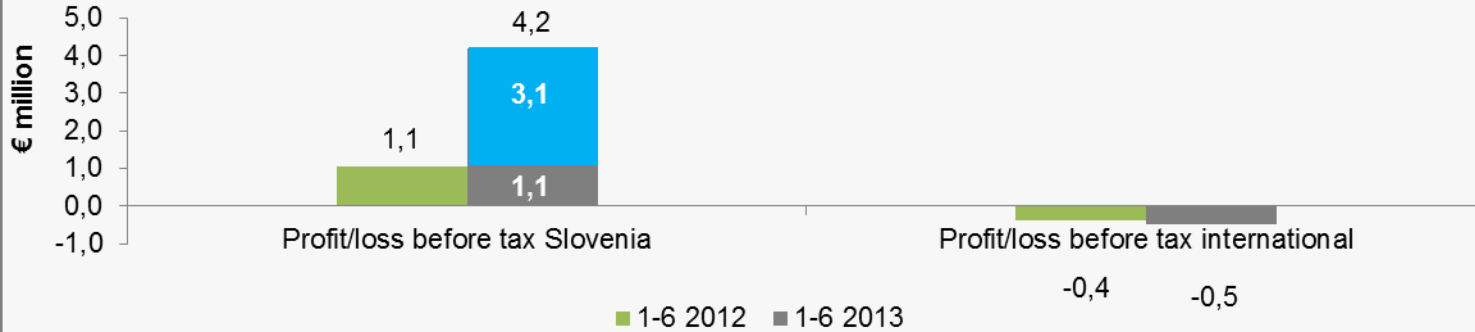
Non-life insurance business - international



Significant improvement in loss ratios; expense ratio up because of premium decline

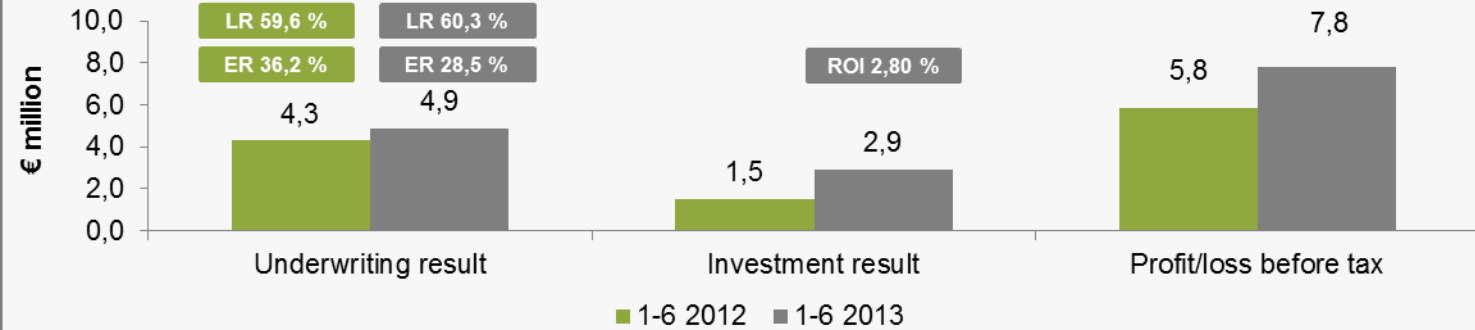
Key:  
 LR - net incurred loss ratio  
 ER - net expense ratio  
 ROI – return on investments (annualised)  
 ROI and Investment result include only financial investments

**Life insurance business**



Year-on-year results on the same level

**Reinsurance**



Favourable profit due to improved investment result and expense ratio

Key:

LR - net incurred loss ratio

ER - net expense ratio

ROI – return on investments (annualised)

ROI and Investment result include only financial investments



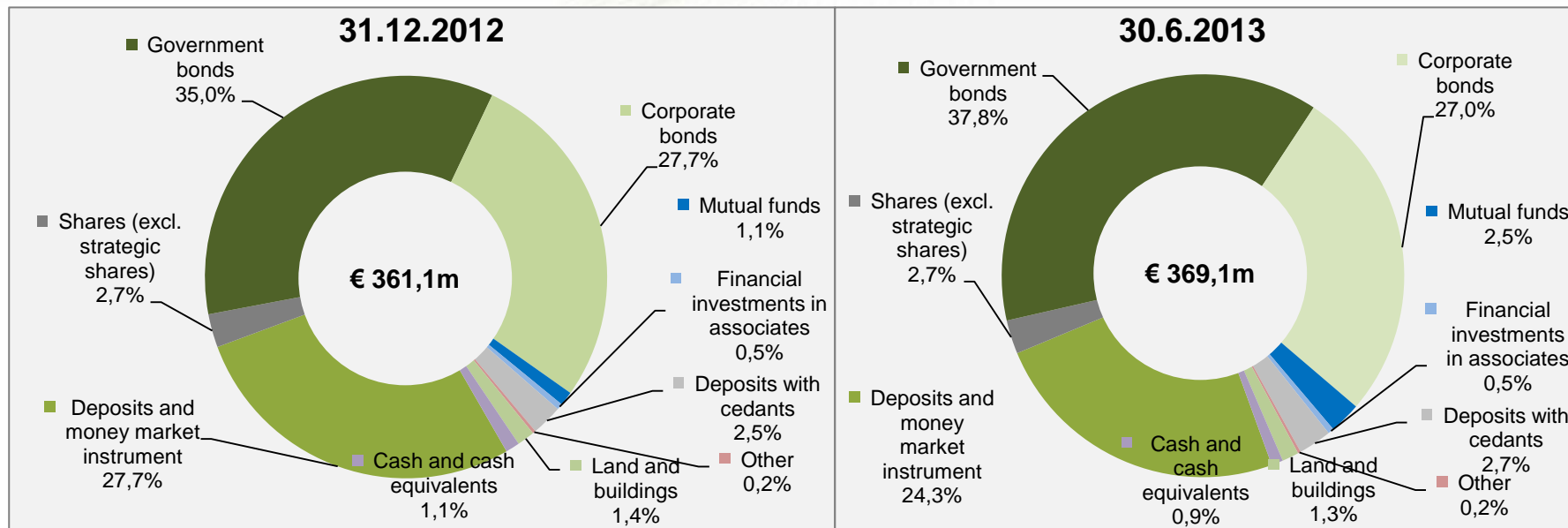
	1	2	3	4	5	6=4/2	7
(€ million)	31.12.2012	31.12.2012 excl. ZM	30.6.2013	30.6.2013 excl. ZM	30.6.2013 ZM	Index 30.6.2013/3 1.12.2012 excl. ZM	Change 30.6.2013/ 31.12.2012 excl. ZM
Deposits and money market instruments	100,0	100,0	182,3	89,6	92,7	89,6	↓
Government bonds	126,5	126,5	431,8	139,7	292,2	110,4	↑
Corporate bonds	100,1	100,1	251,3	99,6	151,7	99,5	↓
<i>Regular corporate bonds</i>	66,7	66,7	193,7	67,9	125,8	101,8	↑
<i>Covered bonds</i>	18,7	18,7	23,9	23,9	0,0	127,7	↑
<i>Government-guaranteed bonds</i>	14,7	14,7	25,1	7,8	17,4	52,9	↓
<i>Structured products</i>	0,0	0,0	8,5	0,0	8,5	0,0	=
Shares (excl. strategic shares)	9,7	9,7	15,7	10,0	5,7	103,2	↑
Mutual funds	4,1	4,1	25,3	9,4	15,9	228,5	↑
Loans granted	0,8	0,8	1,4	0,7	0,6	90,9	↓
Other	0,1	0,1	0,1	0,1	0,1	161,9	↑
Deposits with cedants	9,0	9,0	9,9	9,9	0,0	109,3	↑
<b>Total</b>	<b>350,2</b>	<b>350,2</b>	<b>917,7</b>	<b>358,9</b>	<b>558,8</b>	<b>102,5</b>	↑
Financial investments in associates	55,3	1,7	3,1	1,8	4,1	101,6	↑
Land and buildings	5,1	5,1	5,4	5,0	0,5	97,2	↓
Cash and cash equivalents	4,1	4,1	4,2	3,4	0,7	84,9	↓
<b>Total investment portfolio</b>	<b>414,7</b>	<b>361,1</b>	<b>930,4</b>	<b>369,1</b>	<b>564,2</b>	<b>102,2</b>	↑
Investments for the benefit of life insurance policyholders who bear the investment risk	27,6	27,6	162,8	28,4	134,4	102,8	↑

#### Investment portfolio incl. Zavarovalnica Maribor

- Increased investment portfolio compared with 31.12.2012 due to consolidation of Zavarovalnica Maribor.
- As a result of the acquisition of Zavarovalnica Maribor, the amount of financial investments in associates decreased compared with 31.12.2012.

#### Investment portfolio excl. Zavarovalnica Maribor

- Due to the uncertain conditions of the Slovenian banking system reducing exposure to the banking sector. As a result, reducing share of deposits and increasing share of foreign bonds.
- Increasing share of government bonds and reducing share of corporate bonds due to maturity and sale of Slovenian bank bonds.
- Bond structure change - increasing share of covered bonds due to security of investment portfolio.



### Investment portfolio excl. Zavarovalnica Maribor

- Reduced share of deposits and increased share of foreign government bonds due to uncertain conditions in the Slovenian banking system.
- Increased share of government bonds and reduced share of corporate bonds due to maturity and sale of Slovenian bank bonds.
- Increased share of mutual funds due to purchase of new money market mutual funds.

- The "Other" item includes loans granted and other.
- The investment portfolio did not include unit-linked assets.
- On 31.12.2012 the investment portfolio did not include Zavarovalnica Maribor as associate company. On 30.6.2013 the investment portfolio did not include investments of Zavarovalnica Maribor.

(€ million)	30.6.2013	30.6.2012	Growth/decline 2013/2012
Investment income	8,6	9,5	-9,5%
Investment expenses	2,0	3,1	-35,6%
Financing costs	0,6	0,9	-25,5%
Net income of investment portfolio (excl. financing costs)	6,7	6,5	2,8%
Net income of investment portfolio (incl. financing costs)	6,0	5,6	7,2%
Investment return (excl. financing costs)	3,8%	3,8%	0,0 b.p.
Investment return (incl. financing costs)	3,4%	3,3%	+0,1 b.p.

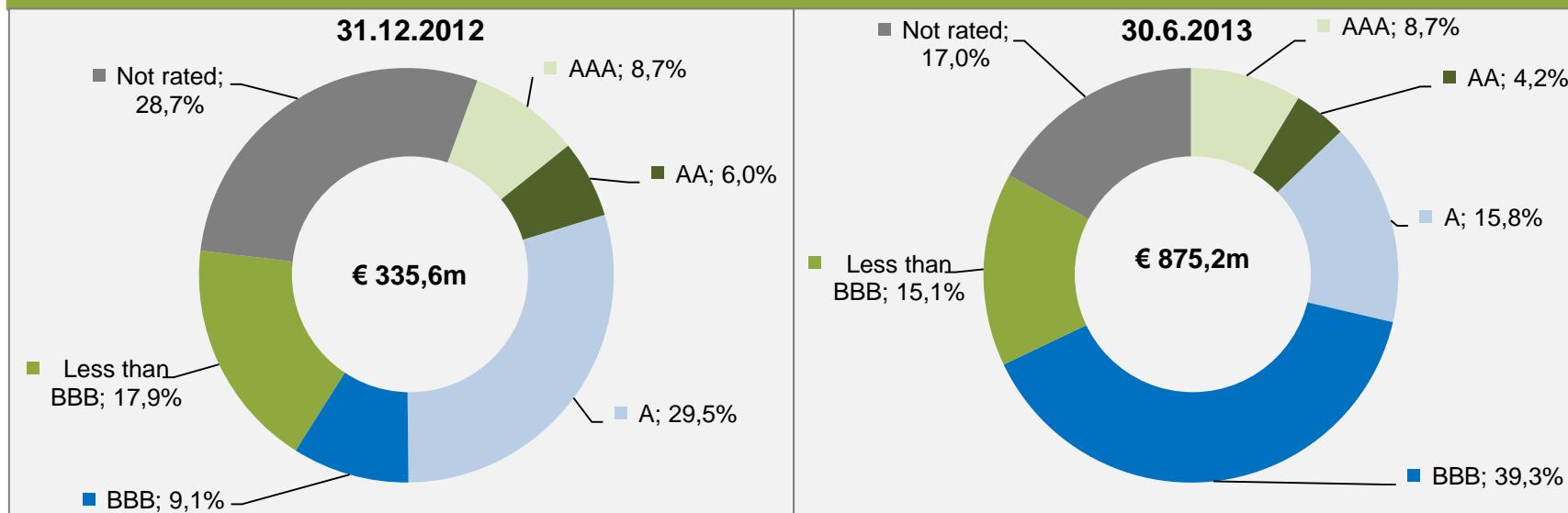
If we exclude the effects of revaluation, equity-method accounting and consolidated revenues for May and June 2013 of Zavarovalnica Maribor, net income of the investment portfolio (incl. financing costs) was € 6m, an increase of 7.2% compared with the same period last year.

The investment return (incl. financing costs) at 30 June 2013 was 3.4 % and was 0.1 basic point higher compared with the same period last year.

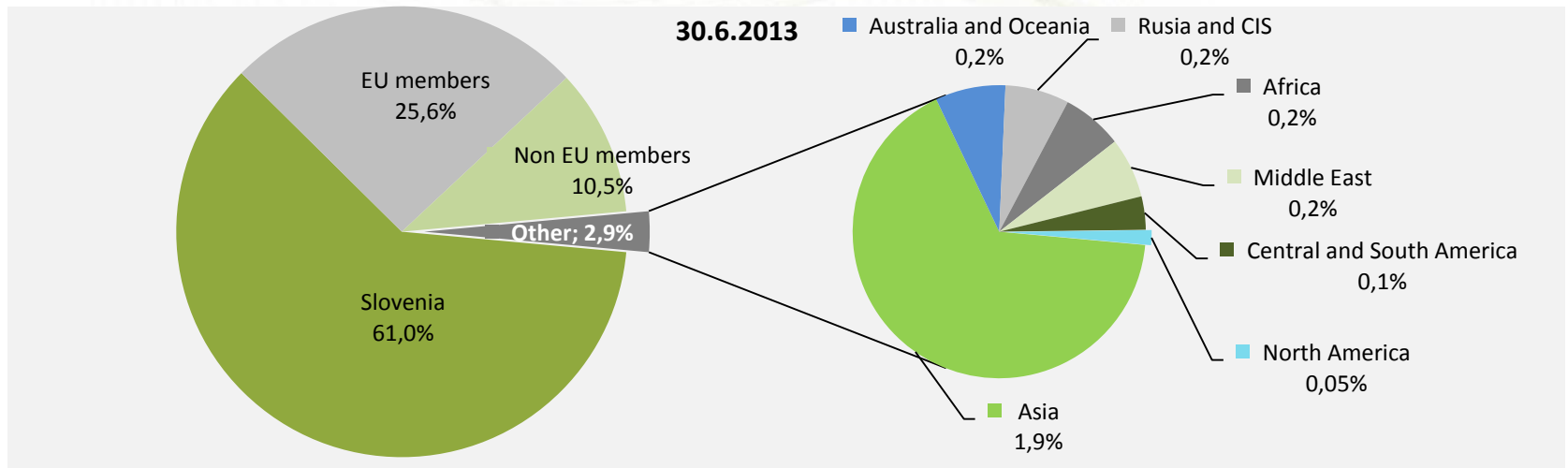
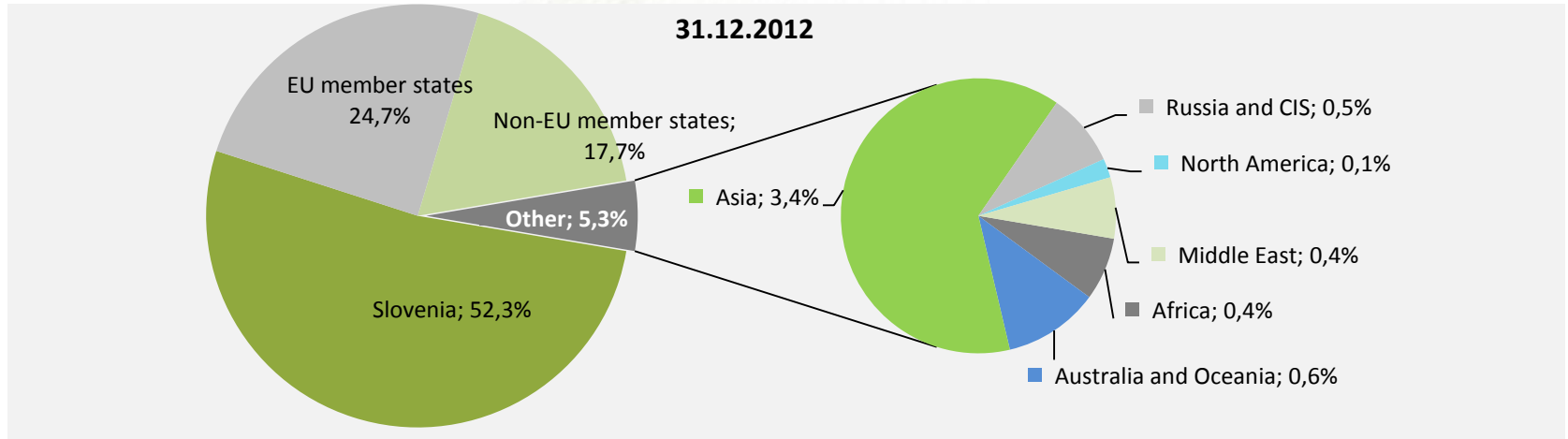
Net income of the investment portfolio (incl. financing costs) for the period 1-6/2013 of Zavarovalnica Maribor was € 10,5 million and the investment return (incl. financing costs) was 3.9 %.

- The "Other" item includes loans granted and other.
- The investment portfolio did not include unit-linked assets.
- Net income and investment return are calculated excluding effects related to the revaluation, equity-method accounting and consolidated revenues for May and June 2013 of Zavarovalnica Maribor.

**Rating structure of deposits, bonds and deposits with cedants**



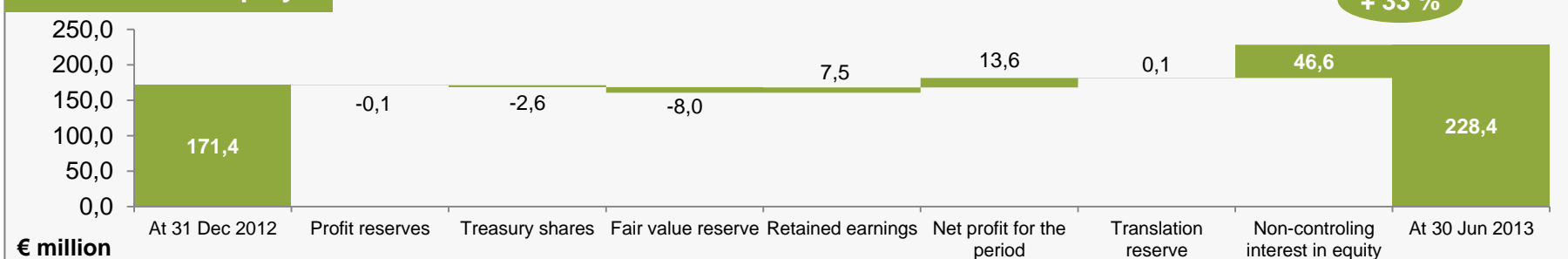
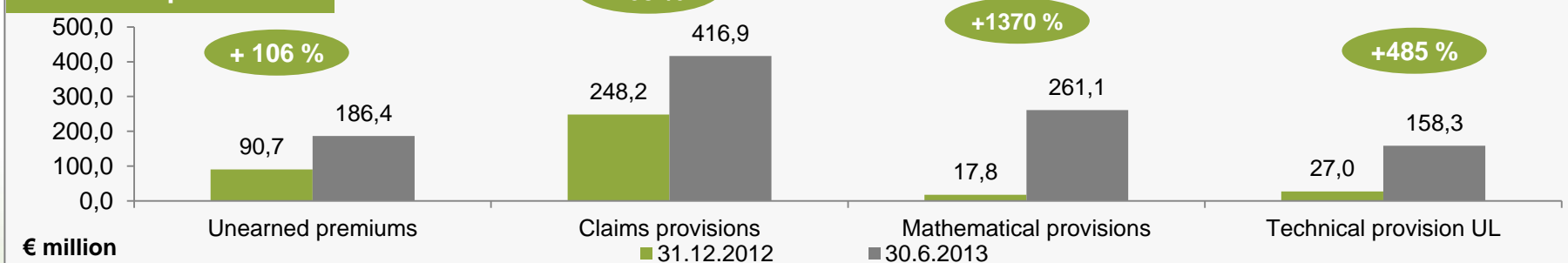
- Decline in investments rated lower than BBB and unrated investments from 46,6% to 32,1% due to decreased amount of deposits in Slovenian banks of all Group companies.
- Investments rated BBB increased by 30,2 percentage points due to lower rating of Slovenia.



Increased exposure to Slovenia due to consolidation of Zavarovalnica Maribor. Sava Re Group is planning to gradually reduce its exposure to Slovenia.

\*The charts do not include: investments in affiliates and unit -linked assets.

	1	2	3	4
(€ million)	31. 12. 2012	30. 6. 2013	Zavarovalnica Maribor 30.6.2013	% Change 2013/2012
<b>ASSETS</b>	640,6	1.402,1	875,9	118,9%
Financial investments in associates	55,3	3,1	1,5	-94,5%
Financial investments	355,4	923,2	558,8	159,8%
Reinsurers' share of technical provisions	37,4	39,2	70,5	4,7%
Receivables	99,0	166,2	75,9	67,8%
<b>EQUITY AND LIABILITIES</b>	640,6	1.402,1	875,9	118,9%
Equity	171,4	228,4	116,2	33,3%
Subordinated liabilities	31,2	38,3	7,0	22,5%
Technical provisions	360,1	880,1	562,0	144,4%
Liabilities from operating activities	36,6	56,3	36,6	53,7%
Other liabilities	9,8	22,0	12,9	125,4%

**Movements in equity**

**Technical provisions**




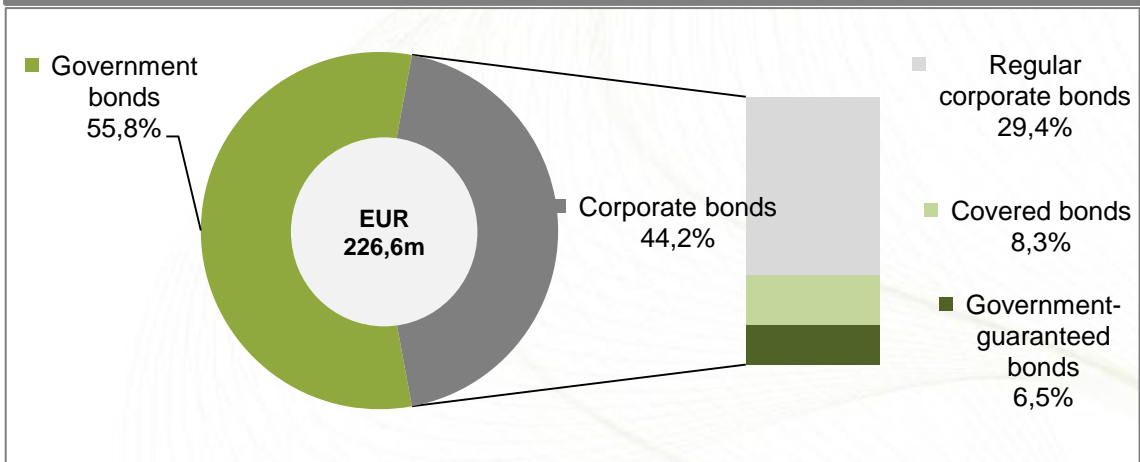
Thank you for your attention

# Appendices

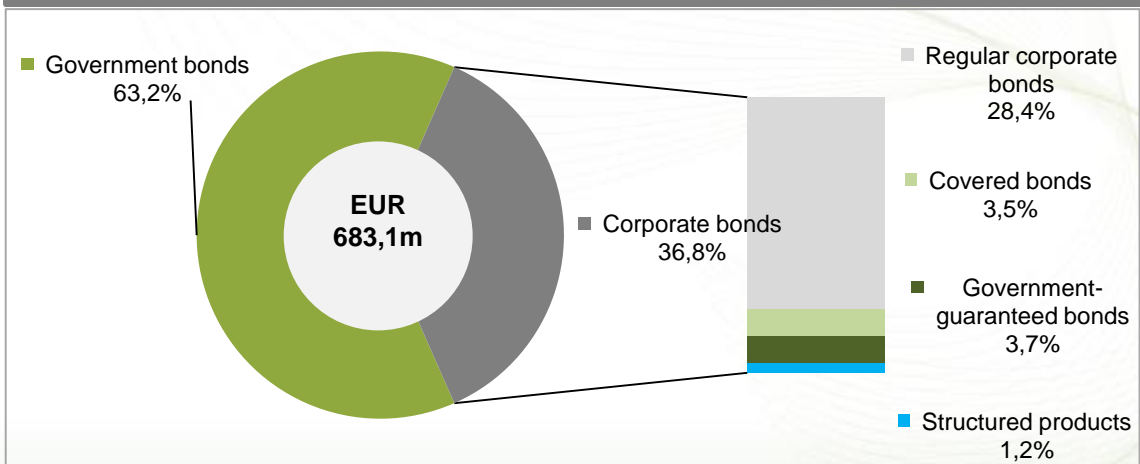


**Bonds**

**Structure at 31.12.2012**



**Structure at 30.6.2013**



Changes in bond portfolio structure due to consolidation of Zavarovalnica Maribor.

## Exposure to Slovenia

31.12. 2012

Country of risk	Type of issuer	Value (€ million)
Slovenia	bank	98,0
	government	60,1
	other	27,7
<b>TOTAL</b>		<b>185,8</b>

30.6.2013

Country of risk	Type of issuer	Value (€ million)
Slovenia	bank	237,6
	government	280,5
	other	47,3
<b>TOTAL</b>		<b>565,4</b>

Increase of € 379m due to consolidation of Zavarovalnica Maribor.

At 30.6.2013, Zavarovalnica Maribor's exposure to Slovenia is € 400m, representing 71 % of the ZM investment portfolio.

## Exposure to PIIGS

31.12. 2012

Country of risk	Type of investment	Value (€ million)
Italy	corporate bond	1,0
<b>TOTAL</b>		<b>1,0</b>

30.6.2013

Country of risk	Type of investment	Value (€ million)
Italy	corporate bond	0,6
Spain	corporate bond	1,2
<b>TOTAL</b>		<b>1,8</b>

\*Date of maturity was February 2013.

Exposure to PIIGS of Sava Re Group increased by € 1,8m due to consolidation of Zavarovalnica Maribor.

\*The tables do not include: investments in associates and unit-linked assets.